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Standardisation of the Selling Process in Franchising

A Take on Sales Funnel Management

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Abstract

This paper addresses the two opposing extremes of standardisation in franchising and the dynamics of sales in search of a juncture point in order to reduce franchisees’ uncertainties in sales and improve sales performance. A conceptual framework is developed based on both theory and practice in order to investigate the sales process of a specific franchise network. The research is conducted over a period of six weeks in form of a customised sales report considering the sales funnel concept and performance indicators along the sales process. The received quantitative data is analysed through descriptive statistics and logistic regressions in respect to what variations in the sales process can be discovered and what practices yield higher performance. The results indicate an advantage of a prioritisation guideline regarding the activities and choices to make as a salesperson over strict standardisation. Defining the sales funnel plus engaging in the process of monitoring sales in itself has proven to be a way of reducing uncertainty as the franchisor and franchisees alike inherently gain a greater understanding of the process. The extended knowledge gained from this research allowed for both practical as well as theoretical implications and expands the knowledge on standardisation of sales and the appropriateness of the sales funnel and its management for dealing with the dilemma between standardisation and flexibility of sales in franchising contexts.

Key words

Acknowledgments

We would like to thank Teknikdalens Incubator and the rockstars of Jörgen Bond and Jörgen Steen. Your ideas, consultation and contacts got us into this mess but essentially made this paper possible. Thank you Rickard Eriksson and the entire sales crew of Skylstället for taking part in this study. Your time and effort was highly appreciated. A huge thank you goes out to our supervisor Carin Nordström. You too rocked our world with your positive energy and the support and advice you have given us. And last but not least, Reza Mortazavi. Thank you very much for your help on STATA and always putting up with us.
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1. Introduction

1.1 Problem

Selling commodities and starting new companies has been an integral part of society’s progress since humans began trading. From the entrepreneurial perspective the ways of starting a company vary with degrees of uncertainty (Welsh, Desplaces & Davis, 2011). The highest uncertainty exists when operating as a sole player on a newly invented market whereas creating an enterprise for an already discovered market minimises the uncertainty.

In order to minimise uncertainties in respect to new markets as well as products and remain in force, a generally less risky alternative for entrepreneurs is to engage in franchising (Pardo-del-Val, Martinez-Fuentes, López-Sánchez & Minguela-Rata, 2014; Welsh et al., 2011). Franchising is an organisational form where an established marketer of a product or service (franchisor) rents his know-how and exclusive rights to a local entrepreneur (franchisee) (Kavaliauskè & Vaiginienè, 2011). Originating from the US, franchising is considered to be one of the oldest enterprise concepts (Anwar, 2011), which has developed to an increasingly important vehicle for entrepreneurship lowering the entrepreneurial uncertainty to a large extent in exchange for a part of shareholder profits (Chiou & Droge, 2015). Using the franchisor’s business model, processes, trademarks and brand name, the franchisee is stepping into a business that, generally, has already been proven to be successful. For the franchisor it is a business expansion strategy allowing rapid growth with lower capital investment (Kumar, 2015; Pardo-del-Val et al., 2014; Ribeiro & Akehurst, 2014). As an important form of strategic alliance, franchising has shown itself adaptable in a variety of industries and professions (Nyadzayo, Matanda & Ewing, 2015) and has become an economic powerhouse spreading on a global scale (Welsh et al., 2011).

Given the “economic powerhouse” status, franchising has naturally also been given much attention by academics throughout the years. Researchers have taken viewpoints from both franchisor and franchisee, writing about relationship trusts and dependencies (Harmon & Griffiths, 2008; Altinay & Brookes, 2012), success rates versus independent businesses (Welsh et al., 2011), brand image (Nyadzayo et al., 2015), motivations for engaging in franchising, the different categories and trends (Anwar, 2011), as well as standardisation aspects (Chiou & Droge,

As the concept’s principle is to replicate a tested business model, franchising is by nature linked to standardisation which implies control. The enticement of such control is that it allows for business efficiency, economies of scale and a faster market penetration with lower costs through standardisation of purchasing, marketing and product development (Cochet, Dormann & Ehrmann, 2008; Pardo-del-Val et al., 2014). One fundamental aspect for a company’s achievement is yet difficult to standardise: The interaction between seller and buyer in order to convert potential demand into sale, which can be summarised as the selling process (Söhnchen & Albers, 2010). Åge (2011, p.1574) describes the process of selling as “an inherently complex phenomenon because it is ultimately dependent on solving problems in the context of personal human interactions”. Hence, the human factor and the dynamics involved make a replication of the process impossible. The degree of possible standardisation of the personal selling process illustrates an example of the unique dilemma in franchising between standardisation and flexibility in a sales context. Pardo-del-Val et al. (2014) describe the dilemma as the balancing act between the gains of standardisation and control such as economies of scale and the benefits of motivation, as well as flexibility in adapting to local markets associated with the independent business.

While franchising appears to be a well researched field, there seems to be little or no research on the topic of sales and the importance of generating sales through franchisees. The dilemma whether to control and standardise or not in respect to the sales process and if standardisations in the sales processes can contribute to increased performance is not discussed in detail either (Cox & Mason, 2007). In addition, beside it being an uncertain variable for franchisees and subject to the question of standardisation for franchisors, sales is one of the main causes for startups to fail (Blank, 2006). In particular, it is the market penetration of the product that makes it difficult for startups to succeed. A franchisee is not by definition a startup since products for instance have already been marketed, but in terms of their experience similarities can be drawn (Paternoster, Giardino, Unterkalmsteiner, Gorschek & Abrahamsson, 2014). Given the franchisor’s aim to grow and expand, it can be assumed that the network constantly faces new franchisees in the startup-phase. As a result, while in an ideal situation most things are set for the franchisee, the crucial part seems to stem from sales and management rather than the product
(Paternoster et al., 2014; Söhnchen & Albers, 2010). In other words, the sales process, as a critical variable and component of successful business, and the activities and choices to make along such that process, remain uncertain for the franchisees but will essentially decide whether they will be successful.

Since selling products or services is an integral part of any economic activity, it has led to a multitude of academic literature and research from various perspectives (Kotler, Rackham & Krishnaswamy, 2006). Sales discipline topics are subject to change due to societal and environmental conditions as well as trends such as technology, global sales issues like culture and sales ethics (Honeycutt, Ford & Simintras, 2003). Answering questions concerning what is sold to whom and how, sales literature comprises the selling of products or services in business-to-business (B2B) or business-to-consumer (B2C) markets and covers numerous sales strategies, methods and selling techniques (Cravens, Le Meunier-FitzHugh, Piercy, 2012). Besides, the role of salespeople and their characteristics has been given much attention (Reday, Marshall & Parasuraman, 2009). Furthermore the relationship between sales and other functions, especially with marketing has been subject to many debates (Kolouchová & Rožek, 2015; Le Meunier-FitzHugh, Piercy, 2011). Additional research has resulted in conceptual knowledge of the selling process (Söhnchen & Albers, 2010).

The personal selling process extends over several phases, from prospecting and product presenting to finally closing the sale (Moncrief & Marshall, 2005; Söhnchen & Albers, 2010). Most existing models of the selling process are based on “The Seven Steps of Selling”, which is a paradigm first expressed in the 1920s and to date one of the most widely accepted and fundamental models within the sales discipline (Moncrief & Marshall, 2005). Even though there has not been major change, the theory has continued to evolve, gradually expanding and changing in orientations and perspectives. For instance, instead of a monadic conceptualisation, recent literature perceives the selling process to include several relationships (Borg & Young, 2014). Besides team-based approaches to selling, the use of technology and increased buyer knowledge are topics discussed in sales process literature (Moncrief & Marshall, 2005). In contrast to the traditional model, the steps occur over time and not necessarily in any given sequence (Moncrief & Marshall, 2005). Recent contributions to the topic deal with a more customer-oriented selling process which is adjusted to today's complex and dynamic nature of selling (Åge, 2011).
There are many ways to look at and evaluate sales and the selling process, one of which is well known among practitioners and called “The Sales Funnel”. The expression is derived from the funnel shape which characterises the selling process (Cooper & Budd, 2007). The metaphor suggests a certain structure of this process, something wide at the top and narrower at the bottom (Patterson, 2007). Different sections of the funnel represent the various stages as a prospect moves forward in the sales process. The decreasing diameter of the funnel illustrates a smaller and smaller number of prospects reaching each successive stage (Duncan & Elkan, 2015).

The management of this process is referred to as “Sales Funnel Management”, a metric-based approach to opportunity and customer development that forms an increasingly important backbone for sales management (Söhnchen & Albers, 2010; Kotler et al., 2006; Patterson, 2007). The idea behind funnel management is that one can collect data throughout the process and continuously monitor multiple metrics such as, for example, conversion rates (Cooper & Budd, 2007). Awareness of the sales funnel structure and concrete quantitative data allow management to improve its decisions and initiate suitable actions for increased efficiency and economic performance (Söhnchen & Albers, 2010).

While there is apparently vast literature on sales and comprehensive conceptual knowledge of the selling process, the concept of the sales funnel and sales funnel management are rarely discussed in academic literature. Söhnchen and Albers (2010, p.1357) state: “the sales funnel concept is known and accepted in principle, but scientific articles on its structure and benefit are rare. There is neither empirical research on the actual shape of the sales funnel and its potential problems, nor on its potential impact on success.” In practice the management of the sales funnel is often conducted with help of customer relationship management systems (CRM) such as Sales Force Automation (SFA) (Buttle, Ang & Iriana, 2006). While these have become more common and less costly, they may still prove to be too difficult to implement and expensive for some companies (Buttle, Ang & Iriana, 2006) and there is yet no academic literature or research on its use for standardisation issues in franchising contexts. And even though the sales funnel and its management are well known among practitioners in the business world, the monitoring of the sales process is realised only in a limited manner leaving significant potential unutilised (Cooper & Budd, 2007; Söhnchen & Albers, 2010).

To sum up, research focused on the topics franchising and sales is nothing new. However, very few have looked into the importance of sales in franchising and virtually none have focused down
on the sales process and its management. The joint reflection of these topics is very interesting for the following reasons: First, personal sales processes are impossible to replicate in contrast to most other aspects of the franchisor’s already proven concept and therefore leaving the success of the franchisee uncertain. Second, this fact raises the dilemma of balancing possible standardisation of the sales process in order to reduce the uncertainty in respect to sales activities and actions taken by the franchisees, without hampering entrepreneurial motivation and the benefits of flexibly adapting to local markets. Third, sales is of particular relevance in franchising contexts for new franchisees entering the network.

1.2 Aim

In order to gain insight in sales within franchising contexts, in the scope of our possibilities, a case study will be conducted in a smaller franchise network in Sweden operating in the utility industry. By studying the franchisees, their sales processes and performance we aim at identifying whether there are activities or actions taken in the sales processes that can be standardised in order to reduce franchisees’ uncertainties in sales and improve sales performance throughout the franchise network.

Consequently, the research questions are as follows:

*What variations can be identified in the sales processes and sales performances throughout the franchise network? Are there any activities in the sales processes or actions taken by the salespersons which yield higher performance in sales?*

Answering these questions will result in practical implications and an increased understanding of sales funnel management within franchise contexts and of how franchisors can support their franchisees’ performance in sales. The paper will thereby help to gain insights and expand the general academic knowledge. By identifying further research questions we moreover hope to entice other researchers to engage in this interesting topic.
1.3 Structure

The remainder of this paper is arranged in seven main sections, as illustrated in figure 1. The next and second section presents a frame of references of the relevant assumptions and standards reviewed in sales and franchising literature. The chapters comprise the dilemma of standardisation in franchising, an overview of conceptualisations of the personal selling process, the concept of the sales funnel and its common stages as well as the idea of sales funnel management and what it implies. In the third section, we describe and explain the methodology of this paper. The research strategy and the case are presented as well as the methods and procedure of data collection and analysis. Overall the methodology is structured according to the process of our research, thus ending with the research approach and data quality aspects. Section four introduces the analytical model, which is based on both a preliminary data collection and the frame of references. It builds the frame for our main research directed at fulfilling the aim of this paper. The results are presented in section five and evaluated according to the research questions. First the variations in the sales processes are identified and structured in accordance with each step of the sales funnel. Second, the overall sales performance is portrayed. Third, the activities and actions and their respective sales performance are presented based on both frequencies as well as logistic regressions and average marginal effects. Section six comprises the analysis of the results: Firstly, an analysis and comparison of the case’s sales process and individual sales funnel against the background of the reviewed literature in the frame of references. Secondly, an analysis of the results with regard to the aim of this paper where both general conclusions concerning the standardisation of sales are developed and the dilemma between standardisation and flexibility is discussed. The paper then concludes with a discussion and summary of the major conclusions for both theory and practice, research limitations and implications for further research.

Figure 1.1: Structure of the paper. Source: authors’ own.
2. Frame of References

2.1 Standardisation in Franchising

Franchising is a business format based on a contractually stipulated exchange of rights and knowledge for royalties and a share of profits under specific operational conditions. Franchisees receive the right to operate under the franchisor’s brand, sell its products or services and benefit from defined procedures and know-how (Pardo-del-Val et al., 2014). Thus, the concept’s principle is to replicate a tested business in new market areas by standardising for example purchasing, marketing and product development activities as well as customer service standards (Chiou & Droge, 2015; Pardo-del-Val et al., 2014).

Said standardisations allow for economies of scale and scope and reduce the costs of controlling the franchisees. Besides cost minimisation, brand image continuity and innovation are the main reasons for standardisation and uniformity discussed in franchising literature (Chiou & Droge, 2015; Pardo-del-Val et al. 2014). Standardisation supports a common perception of the brand image, which is a major benefit in franchising as it reduces the uncertainties in franchisees’ achievements. Standardisation benefits innovation as it facilitates the spreading of new ideas and findings throughout the network. Furthermore, Chiou and Droge (2015) argue that directly improved sales performance and indirectly enhanced satisfaction are advantages of standardisation especially during the growth stage of the franchise network.

Such standardisation implies control; control which is not only used to increase business efficiency and fasten market penetration, but which minimises the chances of franchisees to act opportunistically. There is a central risk that franchisees freeride on the franchisor’s brand name (Cochet et al., 2008) and may, for instance, not comply with certain rules and standards. This dilemma is described in the principal-agent-theory, a theory of the firm which is widely discussed in franchising contexts. Due to inconsistencies in objectives, the agent (franchisee) may act in an opportunistic way towards the principal (franchisor) (Cochet et al., 2008). To avoid that and reduce agency problems, control in form of standardisation is used. (Cochet et al., 2008).

Despite the advantages, standardisation can also have negative consequences such as a poor fit of the product or service to the local market, lower innovation rates due to discouraged
entrepreneurial behaviour and negative effects on the franchisee’s satisfaction (Chiou & Droge, 2015). Franchisees are in direct contact with the customers and therefore have the chance to gain specific knowledge of the local market. Paying attention to the differentiated nature of these markets and adapting to them can lead to increased performance and benefit the entire network (Pardo-del-Val et al. 2014). Thus it requires certain flexibility for franchisees to identify and implement local adaptations and generate ideas for innovations (Chiou & Droge, 2015). Beside the benefits that derive from localized operations, certain flexibility is also claimed to sustain the franchisees’ satisfaction and motivation to perform and be a part of the network (Cochet et al., 2008).

The balancing act between the gains of standardisation and control and the benefits of flexibility (Pardo-del-Val et al. 2014) is argued to be one of the most difficult management challenges franchisors face (Chiou & Droge, 2015). Essentially, the franchisor’s need for standardisation and the franchisees’ claim for flexibility must be lumped in order to benefit from both. According to Kaufmann and Eroglu (1999) there are two types of elements which must be balanced differently. On the one hand there are core elements that are indispensable for the franchise network to stay in force and thus constitute competitive advantages. The importance of these elements and the fact that these advantages increase if shared throughout the network suggest that they should be subject to higher standardisation and control by the franchisor. On the other hand there are peripheral elements which can be arranged more flexibly and modified by each franchisee in order to adapt to specific circumstances and profit from the related benefits.

Beside economic gains and competitive advantages, benefits of adjusting to differences in the local markets and incentives of the franchisees to act opportunistically, the life cycle of the franchise network plays a role in the assessment between standardisation and flexibility. The maturer the franchise network gets, the less standardisation is needed (Kaufmann & Eroglu, 1999). Over time uncertainties are reduced as the franchisees become more experienced and gain deeper knowledge of the business and local market. Also, limitations on their operational freedom increasingly threaten their entrepreneurial spirit.

While standardisation is of greater relevance in the growing stage where franchisees have higher acceptance for introduced standards and are in need of standardised training programs and guidelines, standardisation is always part of the business format and critical for not only image development and economies of scale but also for franchisee sales performance (Chiou & Droge,
Eventually, the success of both franchisor and franchisee depends on the profitability of the franchisee. Under conditions of common economic interests between the parties the full economic potential of both standardisation and flexibility can be realised (Cochet et al., 2008).

2.2 Conceptualisations of the Personal Selling Process

The selling process is a complex and dynamic value co-creation process for economic exchange between sellers and buyers (Liu, Leach & Chugh, 2015). One of the oldest and most widely accepted models of the personal selling process is “The Seven Steps of Selling” focusing on the interaction between only one salesperson and buyer (Moncrief and Marshall, 2005). First expressed in the 1920s, this conceptualisation views the sales process from the salesperson’s perspective, defining a series of discrete sequential steps the salesperson undertakes in order to turn a prospect into a customer. With regard to one sales call the traditional seven steps of selling comprise 1) prospecting, 2) preapproach, 3) approach, 4) presentation, 5) overcoming objections, 6) close and 7) follow-up. While the amount of time spent and effort made may differ in each step, all of them are meant to occur in order to complete the sale (Moncrief & Marshall, 2005).

Over time the theory of the personal selling process has evolved. Not only have the steps been changed in number and definition, but various academics have taken new perspectives and included different concepts doing justice to changing conditions and trends (Åge, 2009). Differences in number and definitions are made by Söhnchen and Albers (2010) and by Patterson (2007). Söhnchen and Albers (2010), for instance, are not considering any steps after closing the sale and Patterson’s (2007) conceptualisation includes twelve steps in total, focusing down to specific activities. A recent contribution to the sales process by Plouffe, Nelson and Beuk (2013) considers the increase in competition and the elongation of selling cycles and emphasises the step of negotiation in the sales process. Long, Tellefsen and Lichtenthal (2007) take into account the increased role technology plays in the sales process, evaluating the effect of the internet along the selling process. Green (2006) defines the concept of trust-based selling based on the traditional paradigm by applying trust values and a trust creation process to the seven steps of selling. The importance of managing the environment is recognised by Plank and Dempsey (1980). They combine the notion of a sequential selling process with the concept of
Weitz (1978) introduces a multistage model of the selling process around activities influencing customer preferences. The increased focus on the customer or buyer also becomes apparent in the conceptualisation of the sales process by Sharpo and Posner (1976). They include the concepts of customer centricity and justification in an eight step-by-step process. The last step in the process is “nurturing the account relationship” and reflects the enhanced importance of long-term relationships in sales. Likewise, Wilson (1975) points at the significance of “relationship maintenance” and includes the concept of legitimisation in a dyadic and sequential model. Instead of a monadic conceptualisation, the selling process includes several relationships and develops the buyer-seller relationship.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Plouffe, Nelson and Beuk (2013)</td>
<td>Process-based perspectives of selling including two additional phases: Downstream Deal-Level Selling-Related Behaviors and the outcomes of those behaviors</td>
</tr>
<tr>
<td>Söhnchen and Albers (2010)</td>
<td>1) qualification, 2) approach, 3) product presentation, 4) design of an offer, 5) handling objections/overcoming resistance and 6) closure</td>
</tr>
<tr>
<td>Long et al. (2007)</td>
<td>1) prospecting, 2) qualifying, 3) preapproach, 4) approach, 5) presentation and demonstration, 6) handling objections, 7) closing and 8) follow-up.</td>
</tr>
<tr>
<td>Patterson (2007)</td>
<td>1) qualified lead, 2) initial communication, 3) initial meeting/needs assessment, 4) solution presentation, 5) customer evaluation, 6) request for proposal, 7) negotiation, 8) verbal commitment, 9) written purchase, 10) order/contract, 11) delivery and 12) payment.</td>
</tr>
<tr>
<td>Green (2006)</td>
<td>Application of trust values (client focus, transparency, long-term collaboration) and a trust creation process (engage, listen, frame, envision, commit) to the seven steps of selling</td>
</tr>
<tr>
<td>Plank and Dempsey (1980)</td>
<td>1) setting the stage, 2) determining the buyer’s need, 3) presentation and 4) exit.</td>
</tr>
<tr>
<td>Weitz (1978)</td>
<td>1) developing impressions, 2) formulation strategies, 3) transmitting messages, 4) evaluating reactions and 5) making appropriate adjustments</td>
</tr>
<tr>
<td>Sharpo and Posner (1976)</td>
<td>1) opening the sales process, 2) qualifying the prospect, 3) developing the sales strategy, 4) organising justification, 5) making the presentation, 6) coordinating resources and personnel, 7) closing the sale and 8) nurturing the account relationship.</td>
</tr>
<tr>
<td>Wilson (1975)</td>
<td>1) source legitimisation, 2) information exchange, 3) attribute delineation, 4) attribute value negotiation and 5) relationship maintenance.</td>
</tr>
</tbody>
</table>

Table 2.1: Conceptualisations of the selling process with sequential steps. Source: authors’ own.
Although these conceptualisations, presented in table 2.1, enhance the perception and understanding of the sales process, the increasing importance of technology and relationships with customers has led to modifications and the development of more dynamic non-sequential models of the contemporary selling process (see table 2.2), where the steps are not required to happen in consecutive order (Åge, 2009; Moncrief & Marshall, 2005).

Spiro, Perreault and Reynold (1977), for instance, expand the selling process by including both the salespersons’ and the buyers’ perspectives and were among the first to include a dynamic perspective contrasting the previous static models. Their conceptualisation is based on different influence strategies used by the salesperson in the selling process. In line with Sharpo and Posner (1976) and Wilson (1975), Persson (1999) focuses on the relationship with customers and proposes an alleged sequential model. Since Persson (1999) suggests that the process can be interrupted at any stage and restarted from the beginning, his model is essentially recursive and dynamic in nature. Like Green (2006), Ingram, LaForge, Avila, Schwepker and Williams (2008) include the concept of trust, but in a non-sequential sales model. The conceptualisation of the sales process being most dynamic, as stated by Åge (2009), is the “evolved selling process” by Moncrief and Marshall (2005). In their model the process components revolve around the customer relationship dimension which is the centre of the conceptualisation. Åge (2009) provides empirical examples of the concept of dynamism in a complex selling process he presents as “business manoeuvring”. His conceptualisation describes the basic social process of complex selling around the core category of business manoeuvring which advances from a dynamic interaction of four interrelated categories that describe different selling activities.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Conceptualisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiro et al. (1977)</td>
<td>legitimate, expert, referent, ingratiation, impression management</td>
</tr>
<tr>
<td>Persson (1999)</td>
<td>relationship maintenance, problem identification, technical proposal, offering, technical and commercial negotiation, instructions for production, installation and service</td>
</tr>
<tr>
<td>Ingram et al. (2008)</td>
<td>initiating customer relationships, developing customer relationships, enhancing customer relationships</td>
</tr>
<tr>
<td>Moncrief and Marshall (2005)</td>
<td>customer retention and deletion, database and knowledge management, nurturing the relationship, marketing the product, problem solving, adding value/satisfying needs, customer relationship maintenance</td>
</tr>
<tr>
<td>Åge (2009)</td>
<td>The manoeuvred activities: business standardisation, business fraternisation, personalisation, probationary business rationalisation</td>
</tr>
</tbody>
</table>

Table 2.2: Conceptualisations of the selling process with non-sequential steps. Source: authors’ own.

It can be concluded that the steps of selling have been redefined and the process's conceptualisation has evolved since the development of the traditional seven steps of selling. However, even if the steps may have been altered and may not necessarily occur in any given sequence, the basic nature of the original model remains dominant in sales theory. The customer and the value of long-term relationships have gained focus and trends such as technological developments have increasingly been taken into consideration.

2.3 The Sales Funnel

Sales processes in practice are not generalisable but individual in accordance with, for instance, the company and the product or service being sold (Rothman, 2014). The various consecutive steps that must successfully be completed in order to close a sale vary and must be defined for each company resulting in an individual sales funnel (Patterson, 2007). Regardless of the individualised steps of the process, the general metaphor for the funnel suggests a certain structure of this process as something wide at the top and narrower at the bottom. This structure results from the observed and natural effect of drop-outs in the process as only a number of potential customers are converted from section to section of the funnel (Bulygo, 2015). Thus, the
activities and events of each section within the funnel have the purpose of moving the potential customer to the next section or step of the sales process (Schiffman, 2002).

When comparing the various conceptualisations of the selling process it seems that there are certain activities and events that are commonly part of sales processes and are therefore likely to occur in many individual sales funnels based on personal selling.

First, the procedure of searching and selecting potential new customers is described in the traditional step of “prospecting” as well as in “prospecting” and “qualifying” (Long et al., 2007), “qualification” (Söhnchen & Albers, 2010), “qualified lead” (Patterson, 2007) and “source legitimisation” (Wilson, 1975). According to Cooper and Budd (2007) this is the crucial first step of the sales funnel. It includes segmentation, targeting and qualification of the prospects in order to reduce resource waste and customer acquisition costs that may result from engaging with unpromising leads in the subsequent stages of the process (Söhnchen & Albers, 2010). Prospects are qualified based on certain criteria with help of screening procedures such as using scorecards (Cooper & Budd, 2007; Duncan & Elkan, 2015). Examples of applied criteria are the amount of interest in the product, the demographic fit for purchasing, the amount of revenue, a particular industry and different motives for purchase (Duncan & Elkan, 2015; Nick & Koenig, 2004). Even though this step is part of the traditional sales process, there is a conventional view that generating leads in the prospecting stage is the responsibility of marketing (Duncan & Elkan, 2015; Kotler et al., 2006). According to Patterson (2007) and Kotler et al. (2006) marketing programs have the purpose of identifying and bringing qualified prospects into the sales funnel and sales is in charge of following up focusing on closing the opportunity. Regardless of what function is responsible here, it is important to note that both marketing and sales carry weight in the selling of products and services and that ultimately the task itself determines whether the next stage will be reached (Patterson, 2007).

Second, the step characterised by the “initial communication” (Patterson, 2007) is also defined as “approach” (Long et al., 2007; Söhnchen & Albers, 2010) and “opening the sales process” (Sharpo & Posner, 1976). In the traditional model this step is accomplished via phone, but in more recent models there is no such restriction. Depending on for instance the relation with the potential customer, the purpose of this step can be to qualify and educate the prospect or to catch up and define the current need (Nick & Koenig, 2004). Some conceptualisations of the selling process disclose the activities involved as separate steps such as “qualifying the prospect” (Sharpo &
“determining the buyer’s need” (Plank & Dempsey, 1980), “problem identification” (Persson, 1999) and “information exchange” (Wilson, 1975). The additional qualifying determines if the prospect meets the criteria to become a genuine sales opportunity (Duncan & Elkan, 2015). The need for the product or service being sold or a respective discontent must be given and the prospect must have the authority as well as the budget to make a purchase (Davis, 2011; Duncan & Elkan 2015, Nick & Koenig, 2004). Furthermore, the right timing determines if it is worthwhile to further engage at this moment (Patterson, 2007).

Third, all sequential models contain the step where the product’s or service’s attributes and capabilities are presented. In the model of Wilson (1975) the activity of presenting is part of “attribute delineation”, in the one by Long et al. (2007) it is “presentation and demonstration” and in Weitz’s (1978) conceptualisation the step is called “transmitting messages”. By visualizing the solution to the prospect’s pain, issue or goal the seller is trying to persuade the prospect to become a new customer or repeatedly buy the product or service being sold (Davis, 2011; Nick & Koenig, 2004; Patterson, 2007). According to Moncrief and Marshall (2005) the presentation is built around the sales proposal which is a precondition for a sale irrespective of the nature of the customer. The proposal includes information on the product or service, its price and other key contractual terms. Söhnchen and Albers (2010), Patterson (2007) and Persson (1999) make the activity of offering or requesting the proposal an additional step in their selling processes.

Fourth, the traditional step “overcoming objections” or “handling objections/overcoming resistance” (Long et al., 2007; Söhnchen & Albers, 2010) is necessary when the potential customer has remaining questions or hesitancies. The central activity or task is to draw out customer fears and help to resolve them (Davis, 2011) as well as to negotiate the final sale and its details (Nick & Koenig, 2004). Thus, this step is also defined as “negotiation” (Patterson, 2007), “attribute value negotiation” (Wilson 1975) or “technical and commercial negotiation” (Persson, 1999).

Fifth and finally, the “close” or “closure” (Söhnchen & Albers, 2010) is the event when sales is “closing the sale” (Long et al., 2007; Sharpo & Posner, 1976). It is defined as the commitment to buy the product or service and is being confirmed by signing a contract (Schiffman, 2002). Patterson (2007) distinguishes between “verbal commitment”, “written purchase” and the “order/contract”. From here further activities by sales can be defined as being part of an after-sales process (Gaiardelli, Saccani & Songini, 2007). For instance, the seventh step in the
traditional selling process paradigm, “follow up”, is completed after the closure of the sale and includes activities such as sending a thank-you letter or following up to ensure customer satisfaction (Moncrief & Marshall, 2005). Thus, it is very similar to “nurturing the account relationship” according to Sharpo and Posner (1976) and “relationship maintenance” according to Wilson (1975).

It can be concluded that steps such as making contact, preparing a proposal and closing the sale are indispensable in any successful sales process. The more complicated and costly the solutions, the higher the necessity of a meeting (Kotler, Keller, Brady, Goodman & Hansen, 2012). Overall, it can be stated that no matter how many steps a sales funnel comprises and how they are titled or what activities and events are part of the process of moving leads towards closure, the funnel structure suggests that a lot more goes into the funnel than what comes out at the bottom (Patterson, 2007). Whilst the ideal shape of the sales funnel would look like a pipe, where every prospect would turn into a customer, it is not realistic. Ultimately some leads will drop out or be eliminated during or after each stage (Duncan & Elkan, 2015; Söhchen & Albers, 2010). The behavioural data reflecting each successful or unsuccessful conversion along the funnel can be used and translated into so called sales metrics, which are an essential part of sales funnel management.

2.4 Sales Funnel Management

Measuring sales funnel metrics is the first step towards effective sales funnel management, which involves managing sales operations, developing customers and being in control of sales performance (Patterson, 2007; pipedrive, n.d.). A popular mantra among practitioners in sales funnel management is that “you can’t manage what you can’t measure” (Blank, 2006; Skok, 2013; Ries, 2011). Successful businesses evaluate their set goals and operations in detail by developing specific metrics of their performance also called performance indicators (PI) or performance measurements (PM) (Heikkilä, Bouwman, Heikkilä, Solaimani & Janssen, 2015). Purpose and justification of such action is to create a sort of “early warning system” that could indicate when things are not going as they should - ideally early enough so that managers can take appropriate corrective actions (Skok, 2010). Besides detecting deficiencies in the selling process, sales funnel
management also helps identify particularly effective activities (Patterson, 2007) which can be recommended to be considered by all salespeople in the company.

Sales metrics are specifically designed measurements of sales performance which can be defined from the individual sales funnel structure and sales process of the company. In other words, they are customised PIs that are used to analyse which activities yield the best results and which are not worth the effort and resources (Using sales metrics, 2012). In general, metrics will not tell management why performances differ but they offer leverage points and the possibility to launch investigations to find out. Due to their specific nature, sales metrics are quite easy to define and track as most will revolve around percentage of sales, number of new customers, number of closed sales, averages of gross profits and expenses to total sales (Kotler et al., 2006). While the number and definitions of metrics vary depending on the context, both practitioners and academics suggest that there are some universal measures providing the foundation and basis for any sales funnel and its management (Lofgren, 2014; Sales metrics, 2013; Skok, 2013; Kotler et al., 2006).

The most widely and multi-purpose used metrics apparently are conversion rates, which can be distinguished in macro and micro conversions (Skok, 2010; Lofgren, 2014). The macro conversion rate is defined as the ratio of the number of closed sales and the number of leads at the beginning of the process. Hence it shows the overall success of converting a lead into a paying customer. As this conversion rate relates to the last stage in the process of winning a customer it is also called the closing rate, or win rate. Such a ratio, or metric, can be specified and used as a key performance indicator (KPI) and main objective for the sales force to aim for. As, in general, the aim is to realise a constant stream of orders and steady revenues, the metric helps build an understanding on the required input versus output of the funnel (Söhnen & Albers, 2010). So it suggests the number of prospects that must be initiated in order to assure a sufficient number of orders. For example, to generate 5 sales there may be a need for 100 leads or for instance 25 qualified prospects. There is potential risk in considering too many prospects in the beginning as it might lead to increased bottlenecks in the process or overload the sales force resulting in poor performance and unsustainable conditions (Patterson, 2007). This pitfall is recognised by experts in the field and used as a warning in many consulting occasions: dumping leads into the top of the funnel is not the way to better conversion rates as quality trumps quantity as a general rule (Black, 2014).
Micro conversions evaluate the sales process in more detail along the subsequent steps of the process. The number of potential customers or opportunities at the beginning of a particular stage is set in relation to the number progressing to the next. According to Van der Zee (n.d.) micro conversions should be tracked and measured as the detailed information can be used to optimise the process at the level of each step. Not utilising this additional information would mean leaving free knowledge on the table and turning away from the full potential of the sales force (Van der Zee, n.d.) The significance of conversion rates and the possibilities they offer are only limited by each manager’s creativity (Skok, 2009). They give both overview and detailed information on where in the process more resources are needed and where changes in activities must be made. Furthermore, they allow the use of current and previously generated data in order to calculate future revenues and costs.

According to Åge (2009) buying decisions tend to take longer and longer, resulting in an increased importance of time when evaluating sales performance and effectively managing sales operations. Staying with the metaphor, the amount of time to convert a customer would be visualized as the height of the sales funnel (Patterson, 2007). The respective metric is called Sales Cycle Time. It describes the total time each sales opportunity spends in the funnel or the average time it takes to convert a prospect into a customer. In other words, it is the duration of the selling process which can give an insight in the value of each lead contra the time it is taking. Naturally, the time opportunities spent at each step of the funnel can also be measured and for instance set in relation to micro conversion rates suggesting if the time between steps must be shortened or activities should be adjusted.

Additional universal sales metrics are for example Sales Funnel Leakage, Pipeline value and Average Size of Sales (Sales metrics, 2013). Sales Funnel Leakage measures the number of leads that fall out of the process at various stages which hence is inversely related to the conversion rate. As the inverse effect of conversions it holds potential to spot areas in the process where deals are aborted or held up, allowing for managers to improve respective activities. Pipeline Value measures the total value of all opportunities in the funnel, sometimes also called pipeline. This knowledge can be used to weigh the total value of the pipeline and make forecasts on future revenue based on the knowledge of expected conversion rates and funnel leakage. In essence, if the win rate is 1 in 3 then the expected value of closed sales will be a third of the total value. Average Size of Sale calculates the average revenue brought in by sales and helps creating a sales forecast in which factors that increase the deal size can be located. Sales metrics (2013)
emphasise the importance of removing extremes values in both ends before calculating these metrics in order to reduce skewed results and biases (Aczel & Sounderpadian, 2006).

It is clearly evident that there is a lack of academic literature on specific sales metrics, but in practice there are plenty of possibilities for their usage and application. Such metrics, as described above, can further be combined and used in order to complete an overview of the sales process but also to understand it in depth. Patterson (2007) explains some basic operations with these metrics being applied to calculate for instance the expected revenue: 

\[ \text{Revenue} = \frac{(\text{PipelineValue} \times \text{AvgDeal} \times \text{WinRate})}{\text{SaleCycleTime}} \times \text{Sellers}. \]

Söhnchen and Albers (2010) state that the sales funnel comes with more potential beyond the pure descriptive functionality. Not only does it induce monitoring but it allows for optimisation through proper allocation of resources across stages, detecting and supporting the most promising activities as well as furthering development of metrics for the achievement of sought conversion rates, increased revenue and reduction of resource expenses (Skok, 2013; Murphy, 2012b).

Nowadays there are services available called customer relationship management (CRM) systems, that help to manage the customer-seller relationship by offering a variety of tools for the user. These softwares support the collection of data and monitoring of the sales process and offer a complete overview of metrics and statistics (Using sales metrics, 2012). Thus, the analysis comes in a ready made package. However, as previously denoted by Buttle et al. (2006), CRM can be proven a costly solution for smaller or still developing firms as they might not be financially strong enough yet to afford such systems. Furthermore, the most challenging task for many managers is collecting the right data and developing appropriate metrics according to the individual sales process (Skok, 2009 & 2010; Murphy, 2012b; Lofgren, 2014). In order to unlock the full potential of sales funnel management, managers thus need some basic understanding of the essence of sales funnel management and its features as well as knowledge how to make use of it.
3. Methodology

3.1 Research Strategy

The research strategy is guided by the research questions and objectives as well as by the amount of time and other resources available (Saunders, Lewis & Thornhill, 2009). The subject of research in order to answer the question regarding variations in the sales process and performance and if there are activities or actions in the process which yield higher performance is a single case among many franchise networks in Sweden. According to Saunders et al. (2009) a case study has considerable ability to generate answers to this type of questions. Since the sales function within the franchise company constitutes the unit of analysis, the research strategy is an embedded case study (Saunders et al., 2009).

In general, a case study is an empirical inquiry which focuses on a selected contemporary phenomenon within its normal context or environment. The boundaries between the phenomenon and its context are not clearly evident and, most often, several sources of evidence are used (Saunders et al., 2009). The particular case of this research provides us with the opportunity to use multiple sources to observe and analyse the phenomenon of sales in a franchising context in the scope of our possibilities. Without requiring control over behavioural events, this is a suitable strategy for the objective of this paper and allows to gain understanding of a topic which has not been considered before in academic literature (Saunders et al., 2009). While naturally the number of variables for which data can be collected restricts the ability to understand the context (Saunders et al., 2009), the case study provides descriptive accounts of the case corresponding to the sales process and the performance. Moreover it is a worthwhile way of exploring and extending the little knowledge there currently is on the standardisation of sales in franchising (Saunders et al., 2009).

The practical intent of investigating the sales processes and sales performance of a specific case, will inevitably lead the nature of the research to the applied side of the continuum between basic and applied nature in business and management research (Saunders et al., 2009). According to the purpose and context of a research, it varies between purely striving to understand processes and outcomes and considering practical consequences and applications (Saunders et al., 2009). As argued by Saunders et al. (2009), a positioning on the continuum is not necessarily fixed. As
the research progresses, movements towards the other side can occur. Although this research has an applied focus of addressing an issue with immediate relevance to the case itself, it progresses towards basic research as the results are not only of use to the specific franchise network but help fill the gap in academic literature with additional knowledge on sales funnel management and standardisation in franchising contexts.

3.2 Presentation of the Case Skyltstället

An important aspect when conducting a single case strategy is thoroughly defining the actual case (Saunders et al., 2009). The franchise network under investigation is Skyltstället, a company that produces and sells any form and type of signs in the B2B utility market and has its headquarters in Borlänge. Its product offering stretches from simple printed logotypes, fairs and arena posters to printed and engraved materials, to electrically lighted and digital displays (Skyltstället AB, 2016a).

Founded in 1985, the company was privately owned and initially operated under a different name. In 2006 it changed to the current name as it expanded its product offering from only engravings to any form of sign by investing in a production center of its own. In order to always lead in quality and innovation while offering market competitive prices, the company assigned its own research team (Skyltstället AB, 2016b). Since 2011 the brothers Samuel, Rickard and Pontus Eriksson have been leading the company complementing each other with their individual skills and experiences (MittMedia AB, 2011). The transition into the franchise concept came in 2013 together with more rapid market expansion plans (Skyltstället AB, 2016b).

Ever since and still today Skyltstället has been growing with new entrepreneurs joining the franchisee network. The speed at which the company expands and changes in scope became apparent during this study. While at the start the network comprised 18 franchisees, the number was 21 at the end of the study resulting from replacements, drop-outs and additional entrepreneurs joining the network. According to Rickard Eriksson (03.03.2016), the operational manager of Skyltstället, only 12 out of the 21 offices were fully operational and actively selling the company’s products at the time and therefore suitable for this research (Rickard Eriksson, 03.03.2016). In total 13 salespeople worked for Skyltstället in those 12 offices. The remaining
franchisee offices were in their infancy stages, where training and marketing activities were in focus in order to prepare for future sales activity (Rickard Eriksson, 03.03.2016).

All franchisees joining the network are given formal training and education on entrepreneurship, the product portfolio and company values (Rickard Eriksson, 03.03.2016). However, each franchisee is accounted for as an individual business and hence free to structure itself according to its own capabilities and characteristics as well as its local environment. This includes the activity of selling and the different options which can be chosen along this process (Rickard Eriksson, 03.03.2016). The head office respectively franchisor supports all franchisees by means of follow-up trainings in topics such as sales and product features, with marketing plans as well as consultation support and recommendations. Once every quarter the franchisor organises a meeting for all franchisees to meet in order to exchange and discuss relevant topics (Rickard Eriksson, 03.03.2016). While the head office has no formal right to dictate besides what is stated in the contract, there are certain things that are set for all franchisees in respect to the sales process. As mentioned, all franchisees receive the same sales training offered by the franchisor. Furthermore, every salesperson working for Skyltstället calculates and generates the proposal sent to potential customers in the company’s specifically designed software (Rickard Eriksson, 03.03.2016).

Since Skyltstället as a company is in the early stages with many new franchisees entering the network, sales and the selling process are of particular importance. New franchisees must quickly learn how to get started and build a network and customer base in order to contribute to the network’s sales performance. But also for those franchisees that have been active in sales for a while and might have returning customers, sales is of utmost relevance. Returning customers are easier to sell to but the product life cycle of utilities can be relatively long, in this case up to three years, decreasing the number of repeated sales in this period (Rickard Eriksson, 03.03.2016). Despite the effort of offering service and maintenance agreements as well as the strive for continuous innovations in products, Rickard Eriksson (03.03.2016) points out that each salesperson at Skyltstället must acquire 80% new customers so that the company grows and stays in force. Even though he has not monitored the sales processes previous to this study, based on his experience he estimates the average sales cycle time of making a new customer to lie between two and four weeks (Rickard Eriksson, 03.03.2016). The question whether standardisations in the sales process would help franchisees in the startup-phase, decrease the sales cycle time and enhance the number of sales is naturally of interest to the franchisor as he
benefits from overall better performance. Thus, he supports this research and its cohesive data collection in order to solve the dilemma of standardisation and flexibility in sales in this particular case.

3.3 Data Collection

The support of the franchisor is crucial for the collection of data since both franchisor and franchisees are subject to the investigation in order to fulfill the aim of this research. In a first step preceding the main data collection, a qualitative semi-structured interview with open-ended questions was conducted with the franchisor. This was done in order to define the starting situation at Skyltstället and develop an individual sales funnel according to a generalised sales process of the company. The qualitative interview is suitable as it allows to gain a rich understanding of the context and follow-up questions can be asked in case further clarifications are needed (Saunders et al., 2009).

In combination with the references from academic literature and knowledge from practitioners, the generated data and information from the franchisor built the base for the analytical model and the method of subsequent data collection, which is a customised sales report in form of an Excel sheet. To ensure its suitability, the sales report was tested for usability and comprehension issues, finalised and ultimately confirmed by the franchisor. Consequently, the preliminary data collection and exchange with the franchisor served the purpose of customising concepts into an appropriate framework and method that allowed for the upcoming collection of data across all franchisees.

Collecting data throughout the franchise network via the sales report serves the purpose of answering the research questions and thus constitutes the center of this research. The sales report can be described as a practical representation of the sales process in Excel, which is used to define each activity and step along the process of moving each potential customer toward the sale. The pre-defined steps in the report comprise different prescribed options which specify the activities and events at each step of the sales process. Some of these options are chosen via the drop-down function in Excel, others are blank cells which ask for the date of a certain activity or a value related to the step in the process. Thus, the information gathered about the sales process and sales performance is both quantitative numerical as well qualitative categorical data (Aczel &
Sounderpandian, 2006). Since the completion of the report had to be feasible for the salespeople at Skyltstället while selling and coping with the rest of the workload, it could not be too complicated and time consuming. Thus, the number of requests to specify the steps of the process was limited to a maximum of three for each step and did not exceed 15 in total. Due to the need of limiting the complexity of the sales report, no other possible variations in the sales process were considered. Furthermore, the focus of this research and its research questions delimit other influences on sales performance from the scope of this study.

In order to prevent or minimise possible misinterpretations and misunderstandings regarding the report, we introduced ourselves in person and explained the sales report to all franchisees at one of Skyltstället’s quarterly meetings before the start of the data collection. That gave all franchisees the chance to ask questions and we were able to stress the importance of their participation. The sales report was then sent out to all 13 salespeople across the franchise network via the franchisor with an additional explanation and the remark that if any further questions appeared, they could either contact us directly or the franchisor for further clarification. Although the sampling frame consists of all the 21 franchisee offices, only those franchisees and related salespersons that were active in sales during the time of this research were selected for this research. The sample chosen is therefore of non-probabilistic nature and purposive as the other franchisees had zero probability of being part of it (Saunders et al., 2009).

The determination of the duration of the research was not as explicit but resulted from a careful consideration and balance between the time available for the research and completion of this paper as well as the estimated sales cycle time estimated by the franchisor and was set to a total of six weeks. After each week the franchisor collected the current status in order to motivate a steady completion. After half-time respectively three weeks we received the first collection of data and checked to see if it was complete and useable. By ringing up each salesperson we made sure that the completion of the sales report worked the way it should without influencing the completion itself. Furthermore we aimed at motivating them to keep investing time in this research. In order to avoid collection errors each final sales report was sent to us separately via the franchisor without him conflating them into one document.
3.4 Data Analysis

In accordance with the research questions the data collected via the sales report is analysed in quantitative manners applying both descriptive and inferential statistics. The variations in the company’s sales process and sales performance are evaluated through descriptive analysis based on the different options chosen, the dates of specific activities and the values related to certain steps of the selling process. Measures of central tendency and dispersion such as frequencies, medians, averages and ranges are established to portray an accurate profile of sales in this franchising context (Saunders et al., 2009). These measures include the quantity of specific actions chosen by the salespeople, the pipeline value and the average time needed for certain steps. Beside describing the process, the measures regarding time and values as well as the calculation of conversion rates serve the purpose of evaluating the sales performance.

These descriptive statistics summarise the observations and Skyltstället’s sales process and performance in a comprehensible way (Aczel & Sounderpandian, 2006) as well as they support answering the second research question based on frequencies. In order to achieve statistical results to answer the question if there are certain activities or actions in the process significantly yielding higher performance in sales, inferential statistics are used. The appropriate method is a logistic regression also called logit model. A logistic regression is a nonparametric statistical analysis that allows to establish a relationship between a binary dependent outcome variable and one or more independent predictor variables (Aczel & Sounderpandian, 2006). At each stage of Skyltstället’s sales funnel, durations between activities as well as specific choices and actions taken by the salespeople are set in relation to the success or failure of converting a potential customer to the subsequent stage, which we chose as measure of sales performance.

The statistical analysis is carried out in STATA, a data analysis and statistical software which is accessible via the University of Dalarna. For the analysis in STATA, success is defined as conversion between stages, dummy variables are created indicating success or failure as the dependent indicator variables. The independent predictor variables are partly continuous and categorical, accounting for the variations in the selling process according to each potential customer. The logistic regression determines which predictor variables are statistically significant and calculates a coefficient or odds ratio as well as a standard error for each of the options (Institute for Digital Research and Education, n.d.). Rather than on coefficients and log
odds, the data analysis is based on odds ratios which are exponentiated coefficients and defined as the ratio of the probability of success and the probability of failure, ranging from zero to positive infinity. Furthermore, marginal effects can be considered resulting in probabilities, which often are easier to interpret than odds (Jann, 2013).

3.5 Responses

After six weeks we received filled-out sales reports from all 13 salespersons in the franchise network comprising overall 437 individual sales processes with potential customers. The investigation period included the Easter holidays which might have led to a restriction of the total number of cases due to a reduction of working days.

In order to find out which options yield higher sales performance at each stage of the sales process, only those cases could be used where the respective outcome of the stage was known and had been specified with either a yes or a no in the sales report. Out of 437 cases only 397 included answers to whether the potential customer made it from the stage of contact to meeting, seven of them had not specified all options. 355 out of those 397 successfully made it past the stage of contact, 219 of those confirmed a meeting, but only 162 could be used in determining the best options at this stage. This is due to the fact that in 136 cases there was no meeting, in 34 cases the outcome was not specified yet, in four cases the meeting had not taken place yet and in 19 cases the salespersons did not specify if a meeting took place or not. The analysis of the remaining 162 individual processes was limited by 19 observations which were not completed in the sales report. Out of 355 cases that had made it to meeting, 286 made it to the stage of proposal out of which 135 could be used to determine which options at this stage yield higher results. Those 135 individual processes included 12 incomplete observations, which were not specified by the salespersons and thus limited the analysis in respect to certain options along the process. The remaining 151 could not be used because they did not specify whether the potential customer made it to the final stage or not.

As many of these individual sales processes were still ongoing at the point when the research period ended, they are not included when calculating the conversion rates, the win ratio and the sales cycle time which determine the shape of Skyltstället’s sales funnel. Only those sales
processes which had either made it to the sale or definitely dropped out along the process could be considered. In total 125 observations meet these criteria.

3.6 Data and Research Quality and Ethical Concerns

The reliability of the sales report results from its customisation according to Skylststälet’s general sales process. It is safe to assume that the options and blank cells to be completed in the sales report are familiar to the salespersons and therefore easily filled in. In order to counter potential biases due to insecurities on how to fill out the report, the briefing of the sales report and additional explanations were given on two separate occasions. A replication of the study in the same company would produce similar results given that no alterations from management have happened. Replicating the exact research in a different company and foreseeing generalisability however is not possible since the method of data collection is individual to the specific company. It can be assumed though that the same procedure in research based on another franchise network and respective sales report in the same industry would yield similar results and then allow for franchise-specific implications. In general, there are threats to reliability from both the participants’ and the researchers’ side (Saunders et al., 2012). Since the researchers are not present during the collection of data in this study and there is no interpretation of qualitative data in order to answer the research questions, hazards going out from the researchers’ side are averted. The salespersons’ awareness of being under investigation represents a threat on the side of the participants. This threat is managed by the fact that the completion of the sales report is based on their everyday sales techniques and behaviour. Hence we assume no alteration in their performance during the collection period.

The assessment of the validity is based on both general and questionnaire-specific criteria (Saunders et al., 2012) related to the sales report. As mentioned, the sales report is a reflection of the salespersons’ everyday sales techniques and choices. The construct and internal validity is therefore solid. Validity issues may arise if the completion of the sales report is interrupted or the salesperson cannot recall the exact choices and times regarding the selling process. To counter this, it was stressed that reports should be filled out “on the go” as each potential customer advances in the process. Given the specific case and the customised method of data collection, the external validity is restricted due to limitations of replicability and generalisability.
As already noted, there is a lack of rigid research done by academics in the narrowed field of sales funnel management and respective usage of sales metrics. This is not to say there is no knowledge, but much of it is locked up in the fields of practitioners and experts. We derive such knowledge from said experts in published material on their professional pages and posts and refrain from simplifying such posts as unreliable blogs. Each source has been carefully evaluated and the selection provided in this paper comes from the leading companies in the respective fields.

Ethical concerns in this research are protected in the sense that the identities of all employees in the network are concealed. Information such as the value of orders is revealed but the persons responsible are kept anonymous. Any information regarding the organisation is checked and approved by the operational manager of Skyltstället who supervised this study.

3.7 Research Approach

The approach to research is often directed by the extent of existing knowledge and resources available (Saunders et al., 2009). Due to the limited academic knowledge on conceptualising and investigating sales funnel management and standardising sales in franchising, a purely deductive approach (Saunders et al., 2009) of testing given theories in order to assert a general rule based on probabilities is not possible. Beside the limitations of existing academic literature, this research does not intent to result in generalisations. The applied nature of this research implies results of first and foremost practical relevance. Moving along the continuum, these results can offer transferable insights and allow for theoretical assumptions, which however must first be verified by additional research before they may be generalised.

As the research is concerned with a topic rarely discussed in existing literature and it cannot commence with a clearly defined theoretical framework, it seems suitable to work inductively. The idea of induction is to develop new theories after collecting and analysing mostly qualitative data (Saunders et al., 2009). The qualitative data collected in the first step of this study's data collection is used to develop the analytical model, which is only a pre-step in fulfilling the aim and does not represent a generalisable framework as it is constructed based on the individual case.
Besides, an inductive approach requires a longer period of time and intensive resources (Saunders et al., 2009), thus making a solely inductive approach not appropriate either.

Hence, apart from existing literature, the classification of this research approach is directed by the procedure of data collection and analysis and represents a mixture of both deduction and induction. According to Saunders et al. (2009) a combination between deduction and induction within the same piece of research is not only possible and likely in practice, but can be advantageous. It allows "to analyse the data as you collect them and develop a conceptual framework to guide your subsequent work" (Saunders et al., 2009, p. 490). Thus, the developed analytical model, which functions as framework, both follows and is followed by data collection in order to fulfill the aim of this study.

Starting out inductively without any predetermined theories, this study's first qualitative data collection supports the development of the analytical model which serves as a base for the second and central data collection. The latter part of the collection and analyses is rather deductive as quantitative measures and cause-effect links are made between particular variables to find out if certain activities and actions in the sales process yield higher performance and should therefore be standardised (Saunders et al., 2009). The final answer to this issue will allow for both practical implications and deductive assumptions about the appropriateness of sales funnel management to answer the question of standardisation in sales (Saunders et al., 2009). In line with an inductive approach however, the overall aim is to exceed what is contained in the existing academic literature regarding the standardisation of sales and to gain a better understanding of the nature of the problem as well as to extend knowledge by going beyond actual experience (Saunders et al., 2009).
4. Analytical Model

The analytical model represents the frame for this research, which is based on the references from academic literature and the knowledge from practitioners as well as the data and information gained from the franchisor. The design of the analytical model comprises three steps. First, Skylstället’s sales process is outlined according to Rickard Eriksson, the operational manager of Skylstället and on the basis of that the individual sales funnel for Skylstället is derived. Second, sales performance indicators and respective variables are defined along this process. Based on both the sales funnel and the sales performance aspects, the second step results in the sales report. As the method of our main data collection it includes all steps in the sales process and specific options along the way which allow identifying variations in the sales process and those activities and actions which yield higher performance. In total nine questions are defined to illustrate which data connections are considered in order to find out which activities and actions of the sales processes yield better sales performance. The third and final step concludes in a summary in form of a graphic representation of the framework which directs the data collection as well as the analysis and is guided by the aim of this research.

According to Rickard Eriksson (03.03.2016), the operational manager of Skylstället, their personal sales process can be outlined as follows: Out of a pre-researched composition of prospects the franchisee office, respectively the salesperson, approaches the new or existing potential customer. This initial contact, which of course can also be initiated by the potential customer, has the purpose of setting a date for a sales meeting. During the sales meeting the potential customer’s need and demand are investigated and the company’s products are presented accordingly. The desired outcome of the meeting is a request for proposal (RfP). Naturally, the next step involves calculating the proposal and sending it out to the potential customer. From there the salesperson should follow up and finally close the sale.

Derived from this process we assume the individual sales funnel for Skylstället, as presented in figure 4.1, consists of four stages characterised by different activities and events which might differ throughout the franchising network: Contact, Meeting, Proposal and Sale. The connection of these stages to the steps of the conceptualisations presented in the frame of references are summarised in table A in the appendix.
Stage 1: Contact
The first stage in Skyltstållet’s sales funnel represents the initial contact with the potential customer, traditionally called the “approach” (Söhnchen & Albers, 2010). At this stage all preparations before contact have been made in order for the sales person to reach out to the prospect and open the sales process (Sharpo & Posner, 1976). Naturally, the first contact can also be initiated by the potential customer. Beside the difference in who established the contact, the means of communication used for the interaction respectively how the contact is made can differ. In Skyltstållet’s case and in general the options to chose from are phone, email, other online means or an occasion for personal contact. Moreover, the time when the contact is made further describes this stage and sets the starting point for the process. While the interaction between seller and buyer in this stage can serve the purpose of further qualifying the prospect and determining the buyer’s need depending on the nature of the potential customer (Sharpo & Posner, 1976; Plank & Dempsey, 1980), the general aim in this stage is to get the prospect to book a meeting, which moves him or her to the next stage in the funnel.

Stage 2: Meeting
Similar to the common step of “presentation” in the sequential models described under the frame of references, the next stage of Skyltstållet’s sales funnel builds around the presentation of the company’s products at a meeting. Based on the need and demand, the salesperson presents a solution, trying to persuade the potential customer to request a proposal. In B2B markets, the investment and commitment when buying products is usually high, making the meeting an
important second stage in the transit through the sales funnel (Kotler et al., 2012). The meeting can take place in person, via phone or online. When taking place in person the interaction between seller and buyer can happen at Skylstället’s offices, the customer’s place or on neutral ground. Furthermore, the date of the meeting describes this stage.

**Stage 3: Proposal**

In line with Söhnchen and Albers (2010), Patterson (2007) and Persson (1999), Rickard Eriksson perceives the activity of offering the proposal as an additional step in Skylstället’s selling process. The proposal itself is defined by the value of the offering and the date it is sent out. Since all salespersons calculate the offer with the same software, the design of the offers sent out to potential customers does not constitute a variation in the sales process. Then, this stage includes the activity of following up with the potential customer to talk about and, if necessary, perhaps negotiate the proposal. Even though Rickard Eriksson did not consider the activity of negotiating when he outlined the sales process, there is sufficient evidence in the conceptualisations of the selling process to assume it might play a part. The activity is comparable to the traditional step “overcoming objections” and “handling objections/overcoming resistance” (Long et al., 2007; Söhnchen & Albers, 2010) as well as “negotiation” as in the models of Patterson (2007), Wilson (1975) and Persson (1999). Hence, the stage is further defined by the date the salesperson follows up and by whether the proposal is negotiated or not. Any activity at this stage is conducted in order to convince the potential customer to commit to the sale.

**Stage 4: Sale**

The sale represents the final stage, as the potential customer is now converted into a paying customer, which is an important achievement for any company but in particular for new franchisees joining Skylstället’s franchise network. This last stage in their sales funnel involves the activity of finalising the sale and is characterised by the final value of the order and the date it is placed. Due to time restraints and the focus of converting the prospect into a customer in the first place, the research ends at this point in the process. In reality however, the process can and should go beyond this stage. As noted by the operational manager (Rickard Eriksson, 03.03.2016) many customers are returning as the product offering is updated and additional services keep the relationships with existing customers alive.
To sum up, there are various options on how to shape each stage in the selling process resulting in a variety of choices each salesperson at Skylstället has to make individually in order to move the potential customer towards the final sale. It can therefore be assumed that there are variations in the selling process across the franchising network. In order to define these variations and identify those which yield higher performance, sales performance indicators must be set along the funnel. Those indicators represent the conversions indicating if a potential customer moves towards the respective successive stage in the sales funnel. In addition to the previously defined descriptive characteristics of each step of Skylstället’s sales funnel they form the sales report presented in figure 4.2.

![Table]

<table>
<thead>
<tr>
<th>Potential customer</th>
<th>Contact</th>
<th>Meeting confirmed?</th>
<th>Meeting</th>
<th>Proposal</th>
<th>Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Blank]</td>
<td>[Blank]</td>
<td>[Blank]</td>
<td>[Blank]</td>
<td>[Blank]</td>
<td>[Blank]</td>
</tr>
</tbody>
</table>

Figure 4.2: Sales report based on the sales funnel of Skylstället. Source: authors’ own.

The first column of the sales report states the potential customers with whom the sales process is initiated or where an attempt is made. The contact itself is represented in the following three columns specifying the nature of the contact. We assume the options chosen under “who?” and “how?” influence the conversion to the next step, which is the meeting. Thus, they are compared and set in relation to each customer’s conversion which is determined by the answer to “meeting confirmed?” (yes / no). In respect to possible standardisation the options under “how?” are of particular interest. The answers to the following questions will show if any option significantly yields better results and should therefore possibly be standardised across Skylstället’s network:

- How does a change in who established the contact affect the conversion from contact to meeting?
How does a change in how the contact is made affect the conversion from contact to meeting?

As the date of the successful contact with the potential customer specifies the start of the sales process it is used to calculate the time it takes to move a potential customer to the next stage in the sales funnel as well as the company’s overall sales cycle time.

The stage *meeting* is specified in the report through the columns “how?”,”where?” and “when?” it took place, “where?” only being declared when the meeting is held in person. The options for “how?” and “where?” are compared and set in relation to whether a meeting with a potential customer results in a “request for proposal” (yes / no). If any option shows significant results in influencing the conversion to the next stage in the sales funnel, it can be considered to standardise that option for all salespeople to consider in their selling. In order to see if time influences the conversion, the variation in the number of days (d1) between the date of the contact and the meeting is also considered. Hence the questions to be answered are:

3. How does a change in how the meeting is held affect the conversion from meeting to proposal?
4. How does a change in where the meeting takes place affect the conversion from meeting to proposal?
5. How does a change in days between the date the contact is made and the date the meeting is held affect the conversion from meeting to proposal?

The stage *proposal* of Skylstället’s sales funnel is defined in the sales report by the date the proposal was sent out and by its value. We assume that the duration (d2) between the meeting respectively requesting the proposal and the day it gets sent out might exert influence on the value of the proposal and on whether the potential customer turns into an actual one. Furthermore, the question if the proposal is negotiated and followed up or not as well as the time (d3) each salesperson takes until following-up after having sent the proposal are considered in relation to whether the potential customer makes it to the final stage in the funnel. Consequently, the questions are:

6. How does a change in days between the date the proposal is sent and the date the salesperson follows up affect the conversion from meeting to proposal?
How does a change in days between the date the meeting is held and the date the proposal is sent affect the conversion from meeting to proposal?

How does a change in whether it is followed-up or not affect the conversion from proposal to sale?

How does a change in whether it is negotiated or not affect the conversion from proposal to sale?

While the data generated by the sales report will allow to further define Skyltstället’s sales funnel in terms of its shape, the analytical model as summarised in figure 4.3 will guide the statistical analysis of this research.

Figure 4.3: Analytical model. Source: author’s own.
5. Results

5.1 Skyltstället’s Sales Process

The results to the first research question are presented in this chapter of the paper according to each stage in Skyltstället’s sales funnel.

Stage 1: Contact
At the stage contact in the sales funnel the sales report asked to specify differences in who established the contact and how the contact was made. As can be seen in table 5.1, 397 individual sales processes defined who established the contact. In 261 cases (65.74%) the potential customer approached Skyltstället. In the remaining 136 cases (34.26%) the salesperson established the contact.

<table>
<thead>
<tr>
<th>Contact by who</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential customer</td>
<td>261</td>
<td>65.74</td>
<td>65.74</td>
</tr>
<tr>
<td>Salesperson</td>
<td>136</td>
<td>34.26</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>397</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.1: Frequencies on who established the contact. Source: authors’ own.

The results regarding the variations in how the contact was made are shown in table 5.2. The observations vary between phone, e-mail and in person. The option to contact via other online means was not chosen once and hence not displayed. Out of 390 observations the initial contact was made 180 times via phone (46.15%), 109 times via email (27.95%) and 101 times (25.90%) in person (in seven cases the means of communication was not specified).

<table>
<thead>
<tr>
<th>Contact made how</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-mail</td>
<td>109</td>
<td>27.95</td>
<td>27.95</td>
</tr>
<tr>
<td>In person</td>
<td>101</td>
<td>25.9</td>
<td>53.85</td>
</tr>
<tr>
<td>Phone</td>
<td>180</td>
<td>46.15</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.2: Frequencies on how the contact was made. Source: authors’ own.
When combining both variables the results show that potential customers preferred calling over emailing and meeting in person. Phone is also the most chosen approach used by the salesperson but followed by meeting in person, making e-mail the least chosen option. The respective number of times each combination was observed can be seen in table 5.3 including 390 observations in total. The most common combination with 105 observations (26.92%) was when the potential customer called, while only 21 observations (5.38%) were made of the salesperson approaching the potential customer via e-mail.

<table>
<thead>
<tr>
<th>Contact by who</th>
<th>Contact made how</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E-mail</td>
<td>In person</td>
<td>Phone</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Potential customer</td>
<td>88</td>
<td>61</td>
<td>105</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td>Salesperson</td>
<td>21</td>
<td>40</td>
<td>75</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>109</td>
<td>101</td>
<td>180</td>
<td>390</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.3: Frequencies of combinations: who established the contact and how. Source: authors’ own.

**Stage 2: Meeting**

The second stage *meeting* of Skylststället’s sales funnel includes variations in how and where the meeting took place. Furthermore, the number of days that passed between the date the contact was made and the date of the meeting differs. In 66 cases (44%) out of 150 observations the meeting took place on the same day the contact was made which represents the minimum duration, namely 0. The maximum duration observed was 36 days. In total 161 individual sales processes specify the means of how the meeting was held. 18 times the meeting took place on the phone, 16 times online. As can be seen in table 5.4 meetings held in person were by far the most observed comprising 127 cases (78.88%).

<table>
<thead>
<tr>
<th>Meeting how</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>127</td>
<td>78,88</td>
<td>78,88</td>
</tr>
<tr>
<td>Online</td>
<td>16</td>
<td>9,94</td>
<td>88,82</td>
</tr>
<tr>
<td>Phone</td>
<td>18</td>
<td>11,18</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>161</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4: Frequencies on how meeting was held. Source: authors’ own.

Out of those 127 cases where meeting was held in person, 123 included specifications regarding where the meeting took place and are presented in table 5.5. 95 times (77.24%), and thus most
times, the meeting took place at the potential customer’s. 24 times (19.51%) the meeting was held at Skyststället’s offices and only 4 meetings (3.25%) took place on neutral ground.

<table>
<thead>
<tr>
<th>Meeting where</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skyststället</td>
<td>24</td>
<td>19,51</td>
<td>19,51</td>
</tr>
<tr>
<td>Neutral ground</td>
<td>4</td>
<td>3,25</td>
<td>22,76</td>
</tr>
<tr>
<td>Potential customer</td>
<td>95</td>
<td>77,24</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>123</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.5: Frequencies on where meeting took place when held in person. Source: authors’ own.

**Stage 3: Proposal**

During the stage of proposal variations regarding whether or not the salesperson followed up and the proposal was negotiated or not could be observed. As can be seen in table 5.6, in 127 cases the option of negotiation was specified in the sales reports indicating that 35 times (27.56%) a negotiation was part of the sales process while in 92 cases (72.44%) it was not. Table 5.7 presents the frequencies of the activity of following-up. Out of 129 corresponding cases, the salesperson followed up 46 times (35.66%) and in 83 cases (64.34%) there was no follow-up.

<table>
<thead>
<tr>
<th>Negotiation</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>92</td>
<td>72,44</td>
<td>72,44</td>
</tr>
<tr>
<td>Yes</td>
<td>35</td>
<td>27,56</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>127</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.6: Frequencies on whether it was negotiated or not. Source: authors’ own.

<table>
<thead>
<tr>
<th>Follow up</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>83</td>
<td>64,34</td>
<td>64,34</td>
</tr>
<tr>
<td>Yes</td>
<td>46</td>
<td>35,66</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.7: Frequencies on whether it was followed up or not. Source: authors’ own.

When combining the variables negotiation and follow-up the findings presented in table 5.8 show that in 12 out of 125 times it was followed up but not negotiated and four times the other way around. In 31 individual sales processes (24.8%) it was both followed up and negotiated. The remaining 78 observations (62.4%) contain none of the two activities.
Furthermore the stage proposal is specified through two durations in days: first the number of days between the date the meeting took place and the date the proposal was sent to the potential customer. The results indicate that in 6 out of 53 cases the proposal was sent before the meeting took place resulting in negative durations. In 34 cases which equal 64.15% the proposal was sent on the day of the meeting. Overall the duration between the two dates ranged from 0 to 31 days. The second duration is defined by the number of days between the date the proposal was sent and the date the salesperson followed up. Among the 43 cases where this duration was specified, the durations range from 0 to 383 days.

**Stage 4: Sale**

At the final stage of the sales funnel the sales report asked to specify the value of the sale and the date when the potential customer was converted to a paying customer. The date helps to indicate the time in days it took from contacting the potential customer until closing the sale as well as to define the duration in days from the date the proposal was sent to the date of the sale. In 66 out of 112 cases (58.93%) where both dates we specified the sale was confirmed the same day the proposal was sent. In the remaining 46 cases (41.07%) the duration in days varies from 1 to 383 days. The data was only collected within 6 weeks, but some sales processes were dated from before the research period.

### 5.2 Skyltstället’s Sales Performance

The sales performance is presented in conversion rates, the sales cycle time and the proposal and sale values. In the first stage of the sales funnel 397 out of 437 potential customers were contacted with a result of 355 moving on to the next stage in the funnel and 42 dropping out. Hence the conversion rate is 89.42 % and the sales funnel leakage is 10.58%.
While 355 out of 397 made it past the stage of contact, a meeting was confirmed only 219 times and did solely take place in 162 cases. Out of those, the meeting was successful 150 times so that the potential customer moved on to the next stage in the funnel. 12 times the sales processes ended here. As a result the conversion rate is 92.59% and the funnel leakage is 7.41%. The average time spent in this stage is 3.2 days with a standard deviation of 6.97. Since 90% of all sales processes observed took place within the next seven days the median of 1 day gives a more appropriate measure of central tendency.

In total, including those processes that skipped the meeting stage, 286 potential customers made it to the proposal stage. The values of the proposal were specified in 132 observations ranging from 375 SEK to 1.680.000 SEK. The median is 5.100 SEK and the average 37.619,31 SEK with a standard deviation of 160066,7. The average duration between the meeting and date the proposal was sent constitutes 1.21 days at a standard deviation of 4.64 while the median is at 0 days. In respect to the average number of days between the date the proposal was sent and then followed up is 12.51 days at a standard deviation of 58.19, which here again means that the median, which lies at 1 day, is the more appropriate measure. The final conversion from proposal to sale was specified in 135 cases, stating that 125 confirmed the sale and 10 dropped out. Thus the conversion rate is 92.54 % and the sales funnel leakage is 7.46%.

Out of in total 437 observations respectively prospects in the contact stage, 125 turned into paying customers. Hence the macro conversion is 28.60% which means a win ratio of 1 in 4 cases (3.496). The average sales value of the 125 cases that made it is 13.490,38 SEK. Ranging from 375 to 273.000 SEK the median lies at 4.800 SEK. When comparing the proposal value to the sales value of these 125 cases, it shows that the average sales value decreased by 14.704,83 SEK and the median by 200 SEK. The total sales value is 35,6% of the total proposal value. While the median for the duration between proposal and sale is 0 days the mean lies at 14.73 days at a standard deviation of 52.78. The average sales cycle time is 4.17 days with a standard deviation of 7.86 based on 120 observations. In total the number of days ranges from zero to 48 days. In 59.17% of all cases the sales cycle time was zero or one day. Thus, the median is only one day.
5.3 Sales Performance of Activities and Actions taken

From here the results regarding the second research question are presented both based on solely frequencies as well as inferential statistics. As the results from the logistic regressions and average marginal effects relate to the conversions between the stages of the sales funnel they are structured accordingly.

5.3.1 Based on Frequencies

In respect to who established the contact the results show that out of the 261 cases where the potential customer contacted Skylstället, 245 made it to the next stage in the funnel while 16 did not. Thus the conversion rate when contacted by the potential customer is 93.87%. When the contact was established by the salespersons the conversion was successful in 110 out of 136 cases and failed 26 times. Consequently the conversion when the contact was perpetrated by the salesperson is 80.88% and thus lower than when the potential customer approaches Skylstället. In terms of how the contact was made the results indicate that out of 180 times where the means of communication chosen was phone 149 times the potential customer went on to the next stage
in the funnel and 31 times he dropped out. Hence the conversion rate when calling is 82.78%. When contacted via email, as was the case in 109 individual sales processes, the conversion was successful 102 times and 7 times it failed. The resulting conversion when contacted via email is 93.58%. Lastly, when the contact was established in person, the potential customer made it to the meeting stage 91 out of 101 times. Thus only four attempts failed resulting in the highest conversion rate of 96.04%.

At the stage meeting the differences in how the meeting was held are individually set in relation to whether or not the potential customer moved on to the next stage of the funnel, the proposal. Out of 127 cases where the meeting was held in person 116 were successfully converted while 11 were not. Thus, this constitutes the conversion rate of 91.34%. When the meeting took place on the phone one out of 18 times the conversion was not successful. In the remaining 17 cases the potential customer requested a proposal. Thus the conversion rate is 94.45%. While this is based on few observations the observations in respect to meeting online are fewer. However, the total number (100%) of 16 cases were converted to the next stage in the sales funnel. When met in person the differences in where the meeting took place related to the conversion from meeting to proposal indicate that when the meeting took place at Skylstället’s offices 22 out of 24 made it to the next stage in the funnel, resulting in a conversion rate of 91.67%. Most observations were made in meeting at the potential customer’s office. In 88 out of 95 cases the conversion was successful and in 7 cases not. Thus, the conversion for meeting at the potential customer is 92.63%. The conversion rate for meeting on neutral ground is 50% based on the four observations.

When the salespersons of Skylstället followed up as they did in 46 out of 129 cases, the potential customer committed to a sale in 38 cases. Thus the conversion rate is 82.61%. In 83 cases it was not followed up and 100% was converted to the next stage in the sales funnel. Out of the 127 cases where negotiation was part of the sales process, the conversion was successful in 90 out of 92 times it was not negotiated and 32 times out of 35 where it was. Thus the conversion rates are 91.43% when negotiated and 97.83% when negotiation was not exerted.
5.3.2 Based on Logistic Regressions and Marginal Effects

**From Contact to Meeting**

When running logistic regressions relating the options of who and how regarding the contact to whether the potential customer moved from contact to the stage of meeting in Skyltstälet’s individual sales funnel, one option in the variables serves as base level. At this stage the base in “who” is the potential customer and in “how” phone is set as the base option. The results of the statistical analysis are summarised in *table 5.10*. The logit model indicates that it is based on 390 observations and as a model overall statistically significant with a *p*-value of 0.0000. The odds ratio of 0.30 in respect to who initiated the contact suggests that it is less likely to convert the potential customer to the next stage in the funnel when the contact is established by the salesperson compared to the potential customer. In relation to how the contact is made, the results show that the odds of the conversion at this stage is 2.31 times higher when contacted via e-mail compared to phone. Contacting “in person” resulted in the highest odds ratio of converting

<table>
<thead>
<tr>
<th>Activity or Action</th>
<th>Dropped Out</th>
<th>Converted</th>
<th>Conversion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>From Contact to Meeting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contact by who</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential customer</td>
<td>16</td>
<td>254</td>
<td>93.87%</td>
</tr>
<tr>
<td>Salesperson</td>
<td>26</td>
<td>110</td>
<td>88.88%</td>
</tr>
<tr>
<td><strong>Contact made how</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>31</td>
<td>149</td>
<td>82.78%</td>
</tr>
<tr>
<td>E-mail</td>
<td>7</td>
<td>102</td>
<td>93.58%</td>
</tr>
<tr>
<td>In person</td>
<td>4</td>
<td>97</td>
<td>96.04%</td>
</tr>
<tr>
<td><strong>From Meeting to Proposal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meeting held how</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>1</td>
<td>17</td>
<td>94.45%</td>
</tr>
<tr>
<td>Online</td>
<td>0</td>
<td>16</td>
<td>100%</td>
</tr>
<tr>
<td>In person</td>
<td>11</td>
<td>116</td>
<td>91.34%</td>
</tr>
<tr>
<td><strong>Meeting held where</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skyltstälet</td>
<td>2</td>
<td>22</td>
<td>91.67%</td>
</tr>
<tr>
<td>Potential customer</td>
<td>7</td>
<td>88</td>
<td>92.63%</td>
</tr>
<tr>
<td>Neutral ground</td>
<td>2</td>
<td>2</td>
<td>50.00%</td>
</tr>
<tr>
<td><strong>From Proposal to Sale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Follow-up</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>8</td>
<td>38</td>
<td>82.61%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>83</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Negotiation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>32</td>
<td>91.43%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>90</td>
<td>97.83%</td>
</tr>
</tbody>
</table>

*Table 5.9: Conversion rates of investigated activities and actions. Source: authors’ own.*
the potential customer from contact to meeting with 5.16. This means the chance of a successful conversion in relation to a failure is 5.16 to 1. All odds ratios except for the one regarding e-mail are proven to be significant with p-values below 0.05.

The average marginal effects (AME) related to this logistic regression allow to answer the questions how a change in who established the contact as well as in how the contact was made affect the conversion from contact to meeting. On average and everything else kept fixed (ceteris paribus), the probability of the conversion from contact to meeting decreases by 11.65% when the contact is initiated by the salesperson (→ 1). Hence, while the odds ratio indicates that the success of converting a potential customer from contact was less likely when the salesperson establishes the contact, the average marginal effect specifies by how much and does so with a statistically significant result.

In order to see the effect of a change in how the contact was made on the conversion from contact to meeting, the conditional marginal effects (CME) related to both the salesperson contacting the potential customer and the other way around were calculated. Again phone is used as base layer for the comparison. The results show that when the contact is initiated by the salesperson the conditional marginal effects are positive for the options e-mail and in person compared to phone. More precisely it can be concluded that on average and ceteris paribus the probability of successfully converting the potential customer increases by 13.28 % contacted via e-mail and by 20.43% when approached in person (→ 2). The p-value of 0.0000 is an absolute indicator for statistical significance regarding the CME of e-mail and while the option in person also counts as significant, the p-value is only 0.032. In line with the highest odds ratio, the initiation of the contact in person has the highest probability of a conversion to the next stage between the three options.

Likewise, when the contact was established by the customer, the CME of phone holds the lowest probability followed by the option e-mail which increases the probability compared to phone by 5.47% however slightly crossing the border of acceptable statistical significance with a p-value of 0.056. The probability of the conversion from contact to meeting in the sales funnel is statistically significant when the contact is initiated by the potential customer in person compared to on the phone by an increase of 8.00% (→ 3).
From Meeting to Proposal

The relationship between the conversion from meeting to proposal and the predictor variables comprising how and where the meeting took place as well as the duration between contact and meeting is established in the second logit model presented in table 5.11. The results show that while the test statistic implies that the logit model is statistically significant with a p-value of 0.0036, STATA cannot make any estimations regarding how the meeting took place. This is the result of an interference among the variables caused by high internal correlation. Besides the fact that one option predicting success perfectly, the collinearity amongst the options causes STATA to automatically omit the variables in order to compensate and fix the data set.

The odds ratios regarding the predictor variable concerning where the meeting held in person took place on the conversion to the next stage are compared to the option at Skyltstället, which represents the base in this case. The odds ratio of converting the potential customer is 3.48 to 1 compared to meeting at the potential customer’s to Skyltstället’s offices. The odds ratio of 0.40 suggests rather strongly that it is less likely to convert the potential customer to the next stage in the funnel when the meeting takes place on neutral ground compared to meeting at Skyltstället. However it must be noted at this point that the results regarding where the meeting took place do not show statistical significance. On the contrary, the odds ratio of 0.89 in respect to the duration in days that pass from the date the contact was initiated until the day the meeting took place.

Table 5.10: Effects on conversion 1: From contact to meeting. Source: authors’ own.
place, indicates that with each additional day the odds of the conversion are lower and the ratio is statistically significant.

The statistically significant average marginal effect on the conversion from meeting to proposal is -0.0059668 with each additional day between the date the contact was made and the date of the meeting. Thus the probability that the potential customer requests a proposal decreases by 0.6% with each day that passes until the meeting takes place after the contact was made \(\rightarrow\). This result is statistically significant as the p-value is 0.001.

While the data did not allow for any results in terms of average marginal effects on how the meeting took place due to the previously explained data issues \(\rightarrow\), the option where it was held did. However, the findings show no statistical significance. Independently, the average marginal effect when comparing to the base level, which is meeting at Skylstället, are 0.07147 when meeting at the potential customer’s place and -0.1046454 when meeting on neutral ground. Thus the probability of better sales performance increases by 7.15% when the meeting takes place at the customer’s and decreases by 10.46% when taking place on neutral ground \(\rightarrow\).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Logistic Regression</th>
<th>AME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Odds ratio</td>
<td>(P&lt;\mid z\mid)</td>
</tr>
<tr>
<td>Meeting held how</td>
<td>1 (Omitted)</td>
<td></td>
</tr>
<tr>
<td>Meeting held where</td>
<td>1 (Reference)</td>
<td></td>
</tr>
<tr>
<td>Skylstället</td>
<td>3.476</td>
<td>0.486</td>
</tr>
<tr>
<td>Potential customer</td>
<td>0.398</td>
<td>0.544</td>
</tr>
<tr>
<td>Neutral ground</td>
<td>0.89</td>
<td>0.001</td>
</tr>
<tr>
<td>Constant</td>
<td>13.964</td>
<td>0</td>
</tr>
</tbody>
</table>

| Number of obs       | 115       |
| LR chi2(3)          | 13.52     |
| Prob > chi2         | 0.0036    |
| Pseudo R2           | 0.232     |

Table 5.11: Effects on conversion 2: From meeting to proposal. Source: authors’ own.
From Proposal to Sale

The final logit model presented in *table 5.12* shows the odds ratios of converting the potential customer to a paying one and is ultimately the final step of the analysis. None of the results at this stage have statistical significance as the p-value of the overall model is 0.5140 and all p-values of the odds ratios far exceed the value of 0.05. Despite the significance issues the results state that it is less likely to close the sale when it is negotiated. The activity of following up was omitted in the logit model because of collinearity. Whether the activity of following up supports the closure is unsure, since the variable was omitted because of collinearity. With each additional day in both the duration between the meeting and the date the proposal was sent as well as the days until it was followed up after sending the proposal, the odds are higher than 1 and thus associated with a higher chance of closing the sale.

Again, while aware of the lack of statistical significance, we look at the average marginal effects as they allow to see how a change in whether it was negotiated or not affects the conversion from proposal to sale. Since follow-up was omitted from the logit model, AME cannot be predicted here either (→ 8). In respect to the variable negotiation, the results based on 13 observations show that when this activity is part of the selling process the probability of closing the sale decreases by 7.20% compared to when it is not (→ 9).

An additional day between the date of the meeting and the date the proposal was sent has a positive effect as the probability is 5.25% higher that the conversion is successful (→ 6). In respect to the duration between the date the proposal was sent and the date the salesperson follows up, an additional day increases the chances on average with a probability of 1.87% (→ 7).
### Table 5.12: Effects on conversion 3: From proposal to sale. Source: authors’ own.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Logistic Regression</th>
<th>AME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Odds ratio</td>
<td>P&lt;</td>
</tr>
<tr>
<td><strong>Negotiation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>1 (Reference)</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>0.674</td>
<td>0.796</td>
</tr>
<tr>
<td><strong>Follow-up</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>1 (Omitted)</td>
<td></td>
</tr>
<tr>
<td>d 2</td>
<td>1.33</td>
<td>0.577</td>
</tr>
<tr>
<td>d 3</td>
<td>1.106</td>
<td>0.642</td>
</tr>
<tr>
<td>Constant</td>
<td>1.366</td>
<td>0.833</td>
</tr>
<tr>
<td>Number of obs</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>LR chi2(3)</td>
<td>2.29</td>
<td></td>
</tr>
<tr>
<td>Prob &gt; chi2</td>
<td>0.514</td>
<td></td>
</tr>
<tr>
<td>Pseudo R2</td>
<td>0.142</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.12: Effects on conversion 3: From proposal to sale. Source: authors’ own.
6. Analysis

6.1 Skyltstället’s Sales Process and Sales Funnel

As the data collection and analysis was guided by an assumption of what Skyltstället’s sales funnel may look like according to both Rickard Eriksson’s interview and the theory, the results, which revealed the actual structure and shape of the funnel, can now be analysed and compared to the literature reviewed in the frame of references.

Comparing Skyltstället’s sales process to the reviewed conceptualisations of the selling process, the activity of prospecting is just like Duncan and Elkan (2015), Patterson (2007) as well as Kotler et al. (2006) suggest assigned to the marketing function. In advance to the sales funnel, marketing identifies qualified prospects and brings them to sales in order for the salespersons to convert the prospect into a paying customer. While the interaction between seller and buyer naturally starts out with an initial contact, also called “approach” (Long et al., 2007; Söhnchen & Albers, 2010), “opening the sales process” (Sharpo & Posner, 1976) or “initial communication” (Patterson, 2007), the second step in Skyltstället’s process is, unlike most conceptualisations reviewed in the frame of reference, a meeting. Although a presentation ought to take place during this meeting, it is not built around a proposal yet, as suggested by Moncrief and Marshall (2005). Rather, this step of Skyltstället’s sales process is in line with Patterson’s (2007) “initial meeting/needs assessment” and steps such as “information exchange” (Wilson (1975) and “product presentation” (Söhnchen & Albers, 2010). The proposal is part of the next step in the sales process, which complies with Patterson (2007) and Persson (1999) who make the activity of offering the proposal an additional step in their selling processes. Instead of calling it “handling objections” or “overcoming resistance” (Long et al., 2007; Söhnchen & Albers, 2010), Rickard Eriksson (03.03.2016) assumes that his salespersons follow up with the potential customer. Although Rickard Eriksson did not mention negotiations as part of the process, the results indicate that negotiation took place 35 out of 127 times. Hence, those 35 individual sales processes where negotiation was part of the sales process are similar to the conceptualisations of the selling process of Söhnchen and Albers (2010), Patterson (2007), Long et al. (2007), Persson (1999) and Wilson (1975). The remaining processes equal the processes of Plank and Dempsey (1980), Weitz (1978) and Sharpo and Posner (1976), which do not include the activity of
negotiating. In line with all conceptualisations and whether or not it represents the actual end of the process (Long et al., 2007; Patterson, 2007; Schiffman, 2002; Sharpo & Posner, 1976; Söhnchen & Albers, 2010), the sale or closure constitutes the final step in Skyltstället’s sales funnel.

Hence, the results show, in line with Patterson (2007), that the various steps that must successfully be completed in order to close a sale vary and must therefore be defined for each company individually. Furthermore, it seems not all steps must occur to complete the sale as suggested by the traditional model (Moncrief & Marshall, 2005). In 70 out of 125 cases the sale was completed without a meeting having taken place. As the median of the proposal value is relatively low as expense for most companies and the degree of customisation vary according to Rickard Eriksson (03.03.2016), the meeting in itself shows not to be as important as stated by Kotler et al. (2012). In addition, the data analysis revealed that, as Moncrief and Marshall (2005) suggest, the steps of a sales process can occur over time and must not necessarily happen in any given sequence. The fact that in 6 out of 53 cases, in which both dates of the meeting and the sending of proposal were specified, the meeting took place after the proposal was sent, shows that the sequential process outlined by the operational manager of Skyltstället does not always apply. Even though these 6 cases represent an exception it shows that in line with recent conceptualisations of the selling process (Åge, 2009; Moncrief & Marshall, 2005), Skyltstället is an example where sales processes can be dynamic in terms of varying the sequence in which certain steps of the process occur. While those cases comply with today’s complex and dynamic nature of selling as described by Åge (2011), the number of such cases were too few to imply whether a change in the order of the sales steps made a significant change in sales performance.

A finding that surprised is the fact that Skyltstället’s sales process is on average very fast paced. Contrary to what was expected and argued for by Åge (2009) who stated that buying decisions tend to take longer and longer, the average sales cycle time in Skyltstället’s case is one day. This can again be due to the fact that average sales value is not as high but can also depend on other factors such as the industry or the status of the relationship between the company respectively salesperson and the potential customer, which was delimited from this research. In general this result speaks for the fact that sales processes in practice are not generalisable but individual in accordance with, for instance, the company and the product or service being sold (Rothman, 2014).
Getting back to the graphical presentation of the sales process, the previously discussed research findings result in a specific shape of the sales funnel. Patterson (2007) and Bulygo (2015) assume the shape of a sales funnel to look as shown in figure 6.1 to the left, as a consequence of a sequential process, where all steps occur and there is a natural effect of drop-outs at each step in the process. The funnel in Skylstället’s case, however, rather looks as presented in figure 6.1 to the right. The figure shows that the collection of data throughout the process and calculations of metrics such as the conversion rates provided awareness of the sales funnel structure as suggested by (Cooper & Budd, 2007). Skylstället’s sales funnel is not as high because the sales cycle time is very short and since the conversion rate between the stages are high, the funnel is also wider. The fact that the meeting did not always take place, led to a waist of the funnel after the contact stage.

![Figure 6.1: Comparison of sales funnels. Source: authors’ own.](image)

### 6.2 Standardisation of the Sales Process

While Skylstället’s sales process and the sales funnel structure were analysed against the background of previous literature, the results of the data analysis that was guided by the analytical model cannot be compared to any theories regarding standardisation of sales in franchising contexts due to the respective gap in literature. Hence, the results are analysed in relation to the aim of this paper in order to see if any patterns emerge and general conclusions can be developed (Saunders et al., 2009). In a first step the results of both descriptive and inferential statistics are analysed and compared in order to detect efficiencies and deficiencies in the sales process of Skylstället. With those in mind and the implied level of uncertainty the results are then analysed according to the appropriateness of standardisation. In addition,
analysis considers the effect of the results on the dilemma of standardisation and flexibility regarding sales in this franchising context.

In line with what Patterson (2007) stated, the collection of sales data and the calculation of sales metrics were a first step towards effective sales funnel management, which revealed both efficiencies and deficiencies in Skyltstället’s sales process. Efficiencies are characterised by for instance a fit between the activities and actions that are preferably taken by the salespersons and those that yield better performance. The research results offer a number of examples indicating that uncertainty regarding the respective activities and actions seems rather low. In regard to where the meeting took place when it was held in person, for instance, the preferred choice in 3 out of 4 cases was to meet at the potential customer’s place followed by Skyltstållet and last neutral ground. Those preferences are in accordance with the ranking of the conversion rates based on frequencies. This is further underpinned by the results from the logit model that indicate the chances of a successful conversion from meeting to proposal in relation to a failure is 3.48 to 1 when the meeting takes place at the customer’s instead of at Skyltstållet’s offices. Another example that accounts for a smooth selling process is the fact that after sending the proposal only 27.56% of the potential customers negotiate the proposal. As the results suggest it to be less likely to close the sale when negotiation is part of the selling process, the chances of converting a potential customer into a paying one are higher in the clear majority of observed cases. The same applies to following up with the potential customer at the proposal stage. The conversion rates based on frequencies indicate that not following up with the potential customer turns out better and according to the actions observed, the salespersons at Skyltstållet only do so in one third of the cases. In addition, efficiency is evidenced in the minimal decrease of value from proposal to sale, the extraordinary fast pace of the sales cycle and the win rate.

The fact that almost twice as many sales processes start out with the potential customer approaching Skyltstället suggests that what is done by marketing previously to the sales funnel and the activities and actions taken by the salespersons is efficient. While this is a sign of certainty and the conversion rates based on frequencies as well as the logit model show that the conversion to meeting is more likely when the potential customer contacts Skyltstället, there is a chance that the potential customer approaches a competitor to satisfy his demand and Skyltstället loses the opportunity. Hence, beside the positive feedback the results also reveal deficiencies and uncertainty in the sales process. For instance, although phone is the option with the lowest chance of success, it was observed to be the most chosen means of contact not only by
the potential customer but also the salespersons. Compared to the options in person and e-mail, which were opted for about equally much, phone was chosen almost twice as often. Hence in the clear majority of observed cases the chances of failing was five times as high as if the best yielding option had been chosen. A similar observation was made regarding how the meeting took place. While the option to meet in person was clearly the most observed, there was a relatively even split between the remaining options online and via phone. Again, the preferred option differs from the one that seems to yield best performance since, at least according to the conversion of each option based on frequencies, online yields best results followed by phone and meeting in person.

The detected efficiencies and deficiencies give an idea where in the sales process standardisation may be apt in order to reduce uncertainties in sales. Firstly, although it appears there are areas where standardisation is not needed, it could help ensuring continuous good performance in the future. Secondly, where deficiencies were revealed standardisation could reduce the uncertainties regarding which action to take as a salesperson and thus have a positive impact on the franchisees’ achievements and sales performance as suggested by Chiou and Droge (2015). Nevertheless, the question whether the results allow any suggestions of standardisation in sales in order to make use of mentioned advantages still has to be answered.

While all options regarding how the initial contact is established between the potential customer and the salesperson resulted in high conversion rates ranging from 82-96%, the results based on both frequencies and the logit model indicate that the contact made in person yields best performance before e-mail and lastly phone. Since the option other online means was not chosen once, no implications could be drawn on whether this choice yields better results than the others. The increase in probability by 20.43% of successfully convincing the potential customer to commit to a meeting when the contact was initiated in person compared to on the phone, is rather strong and the statistically most evident result relatable to possible standardisation in the selling process of Skyltstället.

Less clear is the statistical evidence that the meeting held at the potential customer’s place yields best results. While a change in actions taken by the salesperson affects the respective conversion it does not affect it by much since the increase in probability constitutes only 7.15% and the conversion rates between meeting at Skyltstället’s or the potential customer’s place only differ by 1%. Thus, while there is a difference, opting for meetings at the potential customer’s office seems
less crucial when pursuing the customer to request a proposal. Approving the questionability of standardising the best option at this point of the sales process, the results of the logit model and the average marginal effects show no statistical significance in how a change in where the meeting takes place affects the conversion from meeting to proposal. Likewise the activity of following up. While the conversion rates based on frequencies rather suggest not to follow up, the activity was omitted in the logistic regression, leaving no results with statistical significance. Despite the lack of statistical significance of some logit models and regarding actions and their effects on the respective conversion, it can yet be argued for the results’ practical significance and relevance for the investigated case where the number of observations were high.

The following results involve issues that clearly do not allow a derivation on the question of standardising in the sales process. These issues include a too small number of observations, collinearity between the options as well as an undersized effect of a change on the respective conversion. The results concerning how a meeting was held includes too few observations and collinearity between the options. The result indicating that a meeting should not take place on neutral ground as it decreases the probability of the conversion by 10.46% is based on only four observations and can therefore be neglected. The results on the effect of an extra day in all durations on the conversions is never higher than 5.25%. In addition only the conversion between contact and meeting has statistical significance as in the majority of observations the durations lie within a range between 0 and 1 days. The results are not practically relevant either since the average duration is one day and it is thus difficult to improve this aspect of the sales process anyhow.

In the end, the only activity or action providing clearer results is the option to contact the potential customer in person. Apart from that the results do not show any clear indication suggesting a standardisation of one of the options investigated in this study. Overall it becomes most clear that all actions and activities investigated are associated with high conversion rates, which suggests a high probability of success no matter how the salesperson chooses. In combination with the fact that most logistic regressions do not reveal any considerable outliers that would imply standardising certain options in the sales process and not all factors influencing the performance were considered, the results show no imperative need for strict standardisation. Hence, the uncertainties detected are not to be seen as critical to the success of the franchisees
and the franchise network in total. This is supported by the short sales cycle time, the high conversions from stage to stage as well as the overall win rate.

Even if there is no apparent need to standardise in order to reduce uncertainties for the franchisees in this case, the existing marginal effects suggest prioritising the options according to how likely the subsequent conversion is. The results on how to initiate the contact suggest to choose in the following order if possible: In person, by e-mail and lastly via phone. Likewise, the results suggest the potential customer’s place, Skyltstället and last neutral ground to be the order of choice in respect to where the meeting should be held.

Communicating a prioritisation instead of standardising aspects of the sales process helps the franchisor to ease the dilemma between standardisation and flexibility (Pardo-del-Val et al., 2014). Knowing which option generally yields slightly better results but being able to take other factors into account, which were not investigated in this study, allows franchisees to benefit from both standardisation and flexibility advantages. For instance, as suggested by Chiou and Droge (2015), the franchisees can adapt to local conditions and individual circumstances and thus keep their satisfaction, motivation and entrepreneurial behaviours alive. At the same time decision-making is supported and sales performance can be improved.

Hence, despite the importance of sales, the results indicate that the sales process should rather be treated as a peripheral element which, as suggested by Kaufmann and Eroglu (1999), can be arranged more flexibly and modified by each franchisee. This implies that the franchisees are free to decide the degree of flexibility based on their individual level of matureness and need for standardisation. Hence, according to Kaufmann and Ergolu (1999), the newer franchisees can rely more on the research findings and choose the option yielding best results while those that have gained knowledge and experience and are thus more certain of their business and processes can operate with greater flexibility.
7. Discussion and Conclusion

7.1 General Conclusions and Implications for Theory and Practice

The paper covered several conceptualisations regarding the process of personal selling and its steps and provides a comparison and consolidation of the most common steps. The research on Skyltstället’s sales process shed light on the company’s steps of selling and resulted in insights regarding the individual sales funnel that portrays Skyltstället’s sales activity and its performance. In comparison to the conceptualisations of the personal selling process which functioned as base for the research, Skyltstället’s sales process and individual sales funnel showed both differences and similarities. Even though the majority of sales processes were followed through in a successive order, there was proof of non-sequential processes. Furthermore, steps were omitted in pursuing the aim of closing the sale. Thus, it can be concluded that the research findings support the complexity and dynamism described in sales literature caused by the very nature of human behaviour and the dynamic environment of sales.

With regard to standardisation and the aim of this paper, the research showed that it is not only impossible to fully replicate sales but also standardising certain activities and options along the process proved to be difficult not least because of the dynamism involved. A prioritisation regarding sales activities was shown to be more suitable than strict standardisation due to the following facts: except one option the results did not show any significant outliers, all observed activities performed very high and not all factors impacting the conversions could be considered in this research. In general the results suggested that between all choices salespersons should if possible choose according the ranking of option within each step and instead of being forced in their choice through standardisation, remain flexible and adapt to local circumstances. With prioritisation guidelines the franchisees can follow those to different degrees depending also on how experienced and mature they are.

Starting from here and going beyond, the following practical implications can be derived from the research findings in order for the franchisees and salespersons of Skyltstället to improve sales decisions and find suitable actions for increased efficiency and sales performance. While the high proportion of potential customers approaching Skyltstället speaks for a high market potential and good marketing efforts it cannot create a sense of security and inhibit the salesperson from
actively approaching potential customers. It should rather be seen as an opportunity for salespersons to reach out to the potential customers before they themselves evaluate their options. Like this, the number of conversions could potentially be increased as the potential customers might not contact Skyltstället’s competitors at all. In order to reach a specific revenue or number of customers the salesperson should, according to the win rate, contact 4 customers to close 1 or divide the aspired revenue by the average sale value (4,800 SEK) and multiply it by the win rate (4/1) to learn about the average number of potential customers that must be contacted in order to reach that goal.

In terms of how the initial contact should be made the results indicate that the chances of a conversion are highest when the contact was made in person regardless of who initiated the contact. Salespersons should therefore try to be available at the office as much as possible. This implies, for instance, having an office which is easily reachable with opening hours that work for most potential customers. While working from home might be attractive, it is not recommended. Leaving one sales person at Skyltstället’s offices when sales meetings are held elsewhere is also strongly recommended. Since establishing the contact in person as a salesperson had the strongest effect on the conversion of all activities and actions observed, the salespersons should in addition actively look for opportunities to meet their potential customers in person. This may involve visiting them at their offices, participating in suitable trade shows or in any other industry events where personal contact can easily be established. As all means of contact resulted in high conversion rates and initiating the contact in person usually takes more time and can also be more cost-intensive, it is important to find the right balance based on both resources and the conversion rate of each possible option. A salesperson could, for example, potentially reach more customers by phone in same amount of time as in personal meetings taking travel time into account. While personal contact should be prioritised, the results suggest that if personal contact is inappropriate, writing an e-mail should be the next choice before calling the potential customer. Since standardisation or prioritisation cannot be discussed for options chosen by the customer, the increase in chances of converting the potential customer when the potential customer establishes the contact via e-mail compared to phone, implies that the e-mail address should be prominent on all business cards, on the website and easy to remember. In addition, the salespersons should schedule sufficient time to properly answer requests via e-mail and keep in mind that they provide higher chances of pursuing the potential customer to commit to a meeting than contacts via phone.
With regard to where the meeting should be held, the findings slightly suggest that salespersons should tend to meet at the potential customer’s office rather than Skyltstället. Since meeting on neutral ground was only observed four times, implications turn out to be difficult in this respect. Likewise, the results did not provide strong enough evidence on how to meet or whether or not to follow up in order to derive any valid implications. What can be derived is that the salespersons must be prepared and trained to properly negotiate as 1 out of 4 cases entailed this activity. If done successfully, it can minimise the chances of losing the potential customer and turn this step of the process into an opportunity to increase the sales value or commitment of the potential customer. The fact that an additional day in any of the investigated durations in the sales process of Skyltstället had a minimal effect on the respective conversion and the sales cycle time constitutes only one day, does not suggest the need to improve sales performance in this respect. Hence the implication is to remain faithful to the activities and actions conducted up to now and to clearly communicate that throughout the network.

Besides the practical implications for the case, this paper and the results contribute with an overall understanding of sales funnel management and an analytical model which can potentially be used by other franchisors. By following the approach of sales funnel management and collecting data throughout the sales process, variations in the sales process and its respective performance can be identified. Defining the sales funnel plus engaging in the process of monitoring sales in itself has proven to be a way of reducing uncertainty. The franchisor and franchisees alike inherently gain a greater understanding of the process both during collecting the data as well as after analysing the results. In respect to this case for instance, using the model and approach led to research findings indicating that sales at Skyltstället performs at a high level and uncertainties in sales are, despite the fact that sales cannot be replicated, rather low. Since the findings do not propose to standardise any activities or actions taken in the sales process, there is no need to. Instead, the research findings suggest a prioritisation in terms of a guideline in order to deal with the dilemma between standardisation and flexibility in franchising contexts. Hence this paper shows a way and procedure to deal with the dilemma and find an individual solution for the franchisor in respect to the company’s and industry’s sales process and respective performance. Furthermore, the research findings contribute to the topic of the principal-agent dilemma as they allow the franchisor to have greater control and a better understanding of the process which in return can also help franchisees. The joint understanding that results from supervising and overviewing the sales process help align the franchisor’s goals
with the ones of the franchisees increasing mutual trust and decreasing the risks for conflicts of interests. As long as the actions derived from this increased knowledge and awareness of the sales process lead to benefits for both franchisor and franchisees by for instance reducing uncertainties in sales, there is no reason to apprehend franchisees may freeride on the franchisor’s brand name or not comply with certain rules.

Overall, this study contributes with one of the first research findings on the topic of standardisation of sales in franchising contexts and thus exceeds what is contained in existing literature. The approach and analytical model can serve as an example for future endeavors. For the specific case a better understanding of the sales process and its performance was gained and the extended knowledge allowed for both practical as well as theoretical implications.

7.2 Limitations

There are limitations to this paper regarding both the results and their analysis. While the analysis was mainly limited by the lack of existing literature on standardising sales in franchising contexts not allowing a comparison of the results, the results themselves show limitations in both quantitative and qualitative terms.

The given limitation in time for completing this degree project dictated the research period of six weeks, which in combination with the fact that it included several national holidays restricted the number of total observations. The collected data showed that many processes were still ongoing by the end of the collection period, which in particular affected the number of cases and respective results available regarding the final conversion. In addition, the fact that not all franchisees of the network were actively participating in sales at the time the data was collected further reduced the amount of data generated and thus reduced the possibilities to gain valuable insights. Moreover the sources of data were mostly new entrepreneurs with little experience of filling out sales reports or at least doing so while working for Skyltstället and might therefore not have had the ability and experience to conduct such operational procedure. In general, the completion of the sales report during working hours proved to be difficult which led to a few blank cells in the sales report and perhaps other errors we are unaware of.
The consequent result of too few observations regarding certain activities and actions in the sales process led to limitations regarding the quality of the results. Some of the data turned out to be collinear and many of the results did not show statistical significance. Furthermore it must be noted, that the research itself only covered a number of variables affecting the conversion in the respective stages of the sales funnel. Besides, we could not account for if all potential customers were reported in the first place. In some cases we learned it was failed to record some processes that were shut down before making it to the meeting stage. Consequently this might have biased the results. In general, interferences in filling out the sales report could neither be controlled nor avoided. It was not observed whether the potential customers with whom the process was opened were new or existing, which could have led to further insights regarding differentiated standardisation of the options taken according to the status of the potential customer. While aware of the fact that the sales process is two-directional the characteristics of the customer were delimited from this research due to time and resource restraints. Even though taking the customer into account can be interesting, the study objects of this research were the franchisees and specifically salespersons as they are the ones who can be controlled by standardising activities in sales. In addition it must be noted that complex constructs such as trust and interpersonal relationships were omitted from this study which mainly focused on common steps in selling which must occur irrespective of the nature of the relationship between the two parties. Finally it should be noted that the study was conducted within one smaller franchise network in Sweden and its respective settings and industry. Hence, the research's findings are tied to the specific case its industry and the national characteristics whereas the approach of the study itself is generally applicable.

7.3 Future Research

It is apparent that further research is needed to fill the gap in literature regarding the standardisation of sales in franchising contexts. Moreover, there is yet a need for academic papers on the concept of the sales funnel and its management. As a logical subsequent step to this research, the findings should be implemented and tested in order to see if a guided prioritisation of the choices to make as a salesperson has a positive effect on sales performance. In addition further monitoring of Skyltstålet's process over a longer period of time would be interesting in
order to see if more data and observation lead to an increase in the significance of results. In general, future work over a longer period could contribute with additional useful findings, which can then be compared and analysed. For instance, future research should explore larger franchise networks and other franchise industries. As Skyltstället is a franchise network in the early stages with a need for 80% new customers, a corresponding study in a more established network could be of interest. In this respect a differentiation between existing and new customers could be made. Even though standardisation itself goes out from the franchisor respectively the franchisees, additional research could take into account the characteristics of the customers such as the relation they have to the franchise company and its salespersons in order to include a different perspective and gain further insights.

The topic of sales funnel management holds a lot of potential for future empirical research. By overseeing sales processes and being fully aware of the usefulness of the sales funnel and its management; there are plenty of patterns to be revealed which would help entrepreneurs to better understand sales in general and specifically the effect of certain actions and activities. Future research could also seek and investigate other or more factors that influence sales performance. Additionally, it would be interesting to include more explanatory factors by considering qualitative methods to understand the reasons behind the choices made by salespersons regarding the different activities and actions along a complex sales process. Another possible avenue for future enquiry is taking a more holistic approach to standardisation in sales not only focusing on single activities of the process. On the whole we are convinced a lot more aspects are left to discover regarding standardisation of sales, the sales process and funnel as well as sales funnel management.
## Appendix

| Table A: Connecting steps of conceptualisations to Skyltstället’s sales funnel. Source: authors’ own. |

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Contact</th>
<th>Meeting</th>
<th>Proposal</th>
<th>Sale</th>
</tr>
</thead>
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<td>3)</td>
<td>4)</td>
<td>5)</td>
<td>6)</td>
</tr>
<tr>
<td>Söhnchen and Albers (2010)</td>
<td>1) 2)</td>
<td>3)</td>
<td>4) 5)</td>
<td>6)</td>
</tr>
<tr>
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<td>initiating customer relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long et al. (2007)</td>
<td>4)</td>
<td>5)</td>
<td>6)</td>
<td>7)</td>
</tr>
<tr>
<td>Patterson (2007)</td>
<td>2) 3) 4)</td>
<td>6) 7)</td>
<td></td>
<td>8) 9) 10)</td>
</tr>
<tr>
<td>Green (2006)</td>
<td>engage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Persson (1999)</td>
<td></td>
<td></td>
<td>technical proposal, offering, technical and commercial negotiation</td>
<td></td>
</tr>
<tr>
<td>Plank and Dempsey (1980)</td>
<td>2) 3)</td>
<td></td>
<td></td>
<td>4)</td>
</tr>
<tr>
<td>Sharpo and Posner (1976)</td>
<td>1)</td>
<td>5)</td>
<td></td>
<td>7)</td>
</tr>
<tr>
<td>Wilson (1975)</td>
<td>2) 3)</td>
<td></td>
<td>4)</td>
<td></td>
</tr>
</tbody>
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References


