Service portfolio extensions and sales incentives: an examination of financial value-added services provided by logistics service providers

Philipp Wetzel* and Erik Hofmann

Institute of Supply Chain Management (ISCM-HSG),
University of St. Gallen,
Dufourstrasse 40a, 9000 St. Gallen, Switzerland
Email: philipp.wetzel@unisg.ch
Email: erik.hofmann@unisg.ch
*Corresponding author

Abstract: Logistics service providers (LSPs) can add value to their clients by providing financial value-added services (FVAS). However, LSPs might encounter challenges when offering such FVAS, as the latter demand a different set of competencies that affect sales teams' qualifications and motivation. Against this background, we explore how LSPs' sales teams can be incentivised to support service portfolio extensions in the form of FVAS. The research methodology applied in this study follows a qualitative approach and includes 34 expert interviews. We find that most LSPs address incentive problems by adjusting sales teams' qualifications. Expert support, training and tools are common methods to incentivise sales teams that lack specific expertise. For stimulating motivation, awareness creation through data or personal engagement and monetary incentives are most relevant. LSPs can use the insights from this paper to identify the impact of portfolio extensions on the motivation and qualification of their sales personnel and implement adequate incentive systems.

Keywords: expectancy-value theory; logistics service providers; LSPs; financial value-added services; FVAS; service portfolio extensions; incentive systems; sales force; qualification; motivation-opportunity-ability model.

Reference to this paper should be made as follows: Wetzel, P. and Hofmann, E. (2020) 'Service portfolio extensions and sales incentives: an examination of financial value-added services provided by logistics service providers', *Int. J. Supply Chain and Operations Resilience*, Vol. 4, No. 1, pp.21–36.

Biographical notes: Philipp Wetzel works as a Research Assistant and Project Manager at the Institute for Supply Chain Management at the University of St. Gallen (ISCM-HSG) and as a Project Manager in the Supply Chain Finance-Lab of the Swiss Post (SCF-Lab). He studied Economics and Business Administration at the University of St. Gallen and focuses on topics such as financial supply chain management, supply chain finance and inter-organisational performance measurement. Before joining the institute, he worked as a project assistant in Chile in a leading global pharmaceutical company.

Erik Hofmann (Dr. rer. pol., University of Technology, Darmstadt, Germany) is the Director of the Institute of Supply Chain Management (ISCM-HSG) as well as a Senior Lecturer at the University of St. Gallen, Switzerland. He is the Head of the Supply Chain Finance-Lab (SCF-Lab) of the Swiss Post. His primary research focuses on supply management as well as the intersections of operations management and finance issues. He has published in several operations management journals. Further, he is co-author of several awarded books like '*Supply Chain Finance Solutions*', '*Ways Out of the Working Capital Trap*', '*Performance Measurement and Incentive Systems in Purchasing*' (all Gabler Springer) or '*Financing the End-to-End Supply Chain*' (Kogan Page).

This paper is a revised and expanded version of a paper entitled 'Incentivizing sales teams to support categorically different service portfolio extensions' presented at Logistics Research Network Annual Conference 2018, Plymouth, UK, 6 September 2018.

1 Introduction

Recent years have seen modest overall industry growth for logistics service providers (LSPs). Simultaneously, the trend for profit margins has stagnated at low rates or even decreased in the last ten years (Transportation, Travel and Tourism: Logistics, 2019). Therefore, in order to stabilise or increase profitability, LSPs must lower their costs or alter their revenue streams. In order to increase revenue, LSPs can add value-added services (VAS) to their portfolios (Soinio et al., 2012). For example, VAS can come from the fields of information and communication systems, manufacturing, facility services or financial services.

With regard to financial value-added services (FVAS), there are numerous ways in which LSPs can add value for their clients by providing them with support in various business processes. However, LSPs' sales teams, which are familiar with selling logistics services, might encounter challenges when offering such new financial services. From the perspective of an LSP, financial services require a fundamentally different set of competencies, which affects the requisite motivation and qualification of sales teams in the first place. Salespeople must communicate with their clients' financial departments; thus, they have to be profoundly knowledgeable about the financial products they offer their clients and those products' financial risks. LSPs must adopt new knowledge and skills in order to create additional value with FVAS (Prockl et al., 2012). In particular, it is critical that the existing sales team is equipped with expert support, training and tools to compensate for their lack of experience. Similarly, they must be sufficiently motivated to acquire new knowledge and to sell FVAS to their customers.

A number of studies have focused on how to incentivise sales teams in general.[1] However, these studies have not focused on the aspect of how the sales teams of LSPs can be qualified and motivated to offer FVAS. Against this background and in accordance with the identified research gap, this paper addresses the following overall research question (RQ):

RQ How can LSPs' sales teams be incentivised to support categorically different service portfolio extensions in the form of FVAS?

We aim to derive ideas for management on how to incentivise their sales teams to promote services that are categorically different to the ones already offered. In particular, we propose ideas related to how diverse issues regarding qualification and motivation can be addressed to foster the development of a relevant and promising service offering. It is important to note that we focus on a specific aspect of the front office. We assume that the respective back office – and hence, the organisation in question – is able to provide FVAS. Although this condition does not pre-exist naturally, such an assumption enables a clear focus on the main subject of this paper.

We adopt a qualitative approach to answer the RQ (Eberle and Maeder, 2016). The applied research methodology includes 34 expert interviews that academic researchers of our research group conducted in Germany, Italy, the Netherlands, Switzerland and the UK in 2017. In order to provide the reader with comprehensive insights, we selected companies of different sizes, origins and types. From the 34 semi-structured interviews, we conducted 26 with representatives of LSPs. We conducted the remaining eight interviews with LSPs' customers to complement the picture of the industry landscape. Further, 16 of the 26 interviewed LSPs offered FVAS – we examined these more closely in this paper.

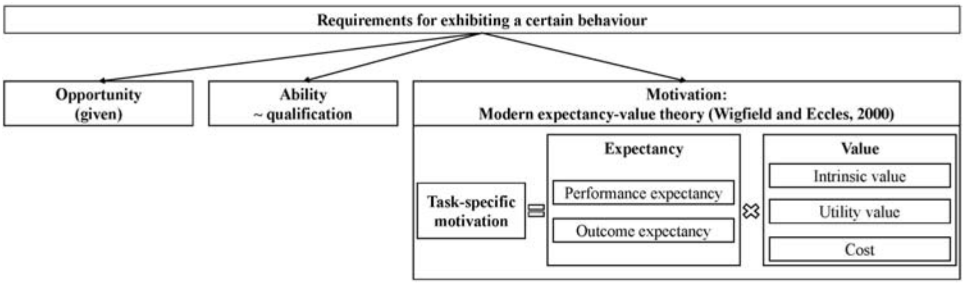
The remainder of this paper is structured as follows: First, we elaborate upon the two important dimensions of sales teams' qualifications and motivation from an academic perspective by drawing on the modern expectancy-value theory that Wigfield and Eccles (2000) proposed. Second, we categorise the different FVAS that LSPs offer. Thereafter, we discuss the impacts of different service portfolio extensions on LSPs' requisite qualifications and motivation in detail. Third, we introduce an incentive system meant to adjust the qualifications of and stimulate the motivation of LSPs' sales teams. Fourth, we discuss the findings from the interviews and create a table that illustrates incentive measures to overcome the qualitative and motivational gaps we identified. Fifth, we provide a conclusion and an outlook for future research.

2 Theoretical background

Employees' motivation and incentivisation have been the subjects of behavioural research for several decades. These subjects can be approached through various avenues. One prominent approach is the motivation-opportunity-ability model that Ölander and Thøgersen (1995) created. According to this model, one needs the opportunity, ability and motivation to exhibit a certain behaviour (see Figure 1). We examine how extending the product portfolio affects both required ability (hereafter equated with the term 'qualification') and motivation, whereas opportunity in terms of client-side demand is regarded as a given.

With regard to the dimension of motivation, we rely on the modern expectancy-value theory that Wigfield and Eccles (2000) established; it defines task-specific motivation as the product of an individual's expectation with regard to his or her performance, its result and the value that the individual perceives he or she will obtain from fulfilling the task.

Figure 1 Theoretical framework for the current paper



Source: Following Ölander and Thøgersen (1995)

2.1 *Impact of categorically different service portfolio extensions on sales teams' requisite qualifications and motivation*

Financial services are naturally different from transportation and logistics services. The former processes the flow of intangibles, such as money, whereas the latter two process the flow of tangibles, such as goods. In order to differentiate among relevant FVAS, we divide financial services into categories according to their differences from LSPs' core service offerings. Table 1 contains the definition of each category, ranging from *category basis* (closest to an LSP's core business) to *category C* (furthest from an LSP's core business).

Table 1 Categories of financial services from the perspective of an LSP

Category of FVAS	*Definition*	*Examples*
Basis	Services that are technically financial services but are closely tied to the core service offering of transportation.	Customs clearing
A	Financial services that are closely related to the core service offering of LSPs but not necessarily logically tied to it. Services in this category do not require specific financial expertise. They are merely external offerings of basic competencies that LSPs have internally. This category can be considered as outsourcing the finance-related parts of administrative work.	Invoice management; exchange of information with bank
B	Financial services that typically surround the core service offering of LSPs. These services are rather loosely related to the core services. They require dedicated capacity and basic financial expertise, and are not logically tied to conventional transportation and logistics services. These services are traditionally performed by financial service providers.	Collection of accounts receivable w/o ownership of goods; insurance of goods w/o ownership of goods
C	Financial services that are only loosely related to the core service offering of LSPs. Such services require high financial expertise and substantial capacity in LSPs. Performing these services utilises liquidity or even necessitates having a partner from the financial industry.	Inventory financing; dynamic discounting; reverse factoring; financing of fixed assets

We employ the categorisation presented in Table 1. Due to their conventionality, we do not further consider any FVAS belonging to *category basis*. In the following account, we analyse and cluster the impacts of a service portfolio extension through FVAS at LSPs in line with the remaining three categories.

2.1.1 Impact on qualifications

The sales employees of LSPs often undergo a hauler or forwarding agent apprenticeship before switching to a sales-oriented role (Kaschek, 2002). If they have a different educational background, most sales team members have at least been working in the industry for several years. Therefore, it is reasonable to assume that LSPs' sales teams exhibit the necessary product or service knowledge required to sell logistics and financial services that are closely related to their traditional portfolios. However, the greater the difference between the new service offering and the core portfolio, the higher the need for additional qualifications (Kaschek, 2002).

As illustrated in Table 1, the financial services in *category A* are administrative services for which LSPs generally possess internal competencies. Therefore, we can assume that the underlying knowledge of financial services in *category A* is within a fair range of LSPs' expectations for their sales teams. The impact of service portfolio extensions from *category A* on the required qualification of sales teams is rather low.

Services from *categories B* or *C* require greater financial expertise. According to the standard literature, such expertise is not necessarily present among the members of LSPs' sales teams. Following Dench (1997), this knowledge gap impacts sales teams' ability to be fully aware of the products or services their organisations offer. Not being provided with sufficient and credible information affects customers' purchasing decisions. Ultimately, sales teams need to receive education and collect knowledge on VAS, treating them as products that are increasingly sold alongside standard services (Soinio et al., 2012).

In sum, the expertise that is necessary to provide financial services is inadequate among LSPs' sales teams. Services from *category A* might be partially promoted due to their smaller difference from core logistics services. However, researchers suggest that additional expertise for services in the remaining categories is necessary. Therefore, missing qualifications to adequately present FVAS greatly affects sales teams' motivation.

2.1.2 Impact on motivation

With regard to the dimension of motivation, we rely on the modern expectancy-value theory that Wigfield and Eccles (2000) established. The authors defined task-specific motivation as the product of expectancy and value. Two aspects drive expectancy: performance expectancy and outcome expectancy.

- *Performance expectancy* relates back to the concept of qualification. In an ideal state, an increase in qualification to the same extent influences performance expectancy. Considering the impact of service portfolio extensions on sales teams' qualifications, this construct can be taken as a given in the current assessment of the impact of said extensions on motivation. Although we cover the overall effects in this paper, due to the categorisation, we address the necessary incentive systems with regard to qualifications.

- *Outcome expectancy* is a construct that generally adds little to motivation in sales processes. Ultimately, the purchasing decision rests with the customer. Therefore, in the business environment of sales, this construct is constantly low and barely affects the motivation of LSPs' sales teams (Brösamle, 2015).

We focus on the impacts and incentive possibilities for the value factor. Wigfield and Eccles (2000) identified three aspects of value: incentive and attainment value (hereafter referred to as intrinsic value), utility value and cost (Brösamle, 2015).

- *Intrinsic value* describes the joy the task brings to the individual. The 'joy' of selling an FVAS can be derived from the joy of selling in general or from the joy of working in this specific field. We can assume that with a given interest in the subject, the joy relates to how comfortably a salesperson can deal with said subject. Thus, it is a given that the building blocks of the intrinsic value construct are either constant or directly related to qualification, which is similar to performance expectancy.

- *Utility value* depends on an individual's goals. If one considers professional development to be a goal at work, the utility of selling new services might be rewarding in itself. For individuals who define their goals by short-term performance and monetisation, such goals may need to motivate undertaking a challenging new task (Sujan et al., 1994). Therefore, the utility value construct is highly relevant for this paper. In the case of LSPs offering FVAS, salespeople might experience the need to be knowledgeable about FVAS when clients actively request these services (market pull).

- *Costs* must also be carefully addressed. The opportunity cost of selling categorically different services is that an LSP's sales team could use this effort to sell more of the traditional logistics services. In particular, for individuals with utility values that are not long-term and development-oriented, this can lead to putting more effort into promoting services that they feel more comfortable with. Thus, it is critical that FVAS be reasonably priced as part of the overall reward and compensation system.

In summary, an adaption of the modern expectancy-value theory indicates a strong link between motivation and qualification. The expectancy dimension appears to be highly driven by an individual's ability to perform a task. The value dimension comprises three constructs: intrinsic value, utility value and cost. The analysis shows that intrinsic value is also directly related to qualification. However, the utility value and the cost construct of motivation indicate a strong dependency on short- and long-term motivational aspects. The value dimension must be targeted by specific incentive measures in order to get sales teams to promote FVAS. The resulting focus on qualification and the value factor of motivation applied in this study make it possible to identify changing requirements and incentive alignment instruments that companies can directly measure and influence.

The overall impact of introducing FVAS is presented in Table 2, which represents the FVAS categories introduced in this chapter and the two main aspects of changing requirements: qualification and motivation.

Table 2 Impact of FVAS on required qualification and motivation of sales teams at LSPs

Category of FVAS	*Qualification*	*Motivation*
A	No considerable issues	Costs
B	Missing product knowledge	Utility value, costs
C	Missing product knowledge	Intrinsic value, utility value, costs

Table 2 shows that the qualification dimension relies on the sales team achieving a certain degree of product knowledge. Although expert status is not universally required within a sales team, a certain degree of expert knowledge is necessary for the sales process. For FVAS belonging to *category A*, the knowledge is already partially in place.

The implications for motivation refer back to the value dimension of the modern expectancy-value theory and its three constructs: intrinsic value, utility value and cost. For *category A*, a decrease in opportunity costs is a sufficient motivator to promote such FVAS. Thus, decreasing costs by providing monetary incentives is a common method in sales. *Utility value* becomes important for FVAS from *categories B* and *C*. *Costs* alone are not a sufficient motivator anymore, as selling these services requires additional effort. For the services in *category C*, which are different from the core logistics offering, *intrinsic value* in the form of enjoying the sales of financial services becomes a necessity. Such *intrinsic value* must be increased by creating comfort for sales people in dealing with financial topics. This relates back to establishing expertise through qualifications and is targeted by the means used to address qualifications. In the following section, we discuss common incentive systems in more detail (Ferreira, 2017).

2.2 Incentive systems to adjust the qualification of and stimulate the motivation of LSPs' sales teams

2.2.1 Qualification

Researchers in the general literature identify three categories of systems that can incentivise sales teams to make up for their lack of product or service expertise: expert support, training and tools (Johnston and Marshall, 2013).

- *Expert support* is a quick-fix method that can mitigate the lack of knowledge and hence incentivise a sales team to promote FVAS despite missing expertise. Every member of an LSP's sales team must have a clear and well-defined big picture of the complete product and service portfolio. If this is not the case, it may be helpful to know where to find the expertise, for example, to know someone who is an expert (Yuan et al., 2010).
- *Training* is an intuitive way to address the lack of qualifications, particularly with regard to product- or service-specific knowledge. In fact, most of the ongoing training provided in sales is targeted at increasing trainees' knowledge about offerings (Dench, 1997). With regard to services from *categories B* and *C*, training could vary with regard to intensity and volume.
- *Tools* represent the third set of incentive systems. They are a set of guides that enable the sales team members to perform well for a specific client. In the context of LSPs, tools for FVAS illustrate best practices on how a salesperson identifies the appropriate contact person in the client's team, best explains a service or initiates and

processes expert support (Dench, 1997; Yuan et al., 2010). A playbook or reference guide can provide guidance on the argumentation structure once the discussion exceeds a trainable depth.

2.2.2 Motivation

The motivation and effort to conduct a task have a strong positive effect on sales teams' performance (Brown and Peterson, 1994). Ferreira's (2017) study on motivational factors in sales team management indicates that, apart from an individual's qualification, motivation is mainly dependent on personal educational (*utility value*) and monetary goals (*cost construct*). These two factors can be addressed using different incentive systems.

- *Utility value* must be targeted using awareness-creation measures. Depending on the company's dimension, managers can either emphasise client demand or business opportunities, or they can create a sense of urgency by addressing internal or industry pressure. Both directions can be powerful in terms of mobilising the workforce and incentivising people to push the business forward (Bruch and Vogel, 2011). If framed adequately, creating such a vision can affect the utility value construct and foster long-term motivation.
- *The perceived costs* of selling FVAS can be diminished by establishing monetary incentives. Establishing such incentives enables management to have their employees directly target sales goals and influences the motivation and self-organisation of sales teams (Rangarajan et al., 2004). Monetary incentives can be divided into base payments and additional performance-based payments. Although an increase in base payments has a positive effect on autonomous motivation, researchers suggest adjusting the performance-based payment when supporting a service portfolio extension instead (Kuvaas et al., 2016). This variable performance-based portion of the compensation is commonly found in two forms: provision and bonus (Kuvaas et al., 2016).

3 Empirical results

The interviews with 26 LSPs serve as the basis for our research; 16 of the 26 interviewed LSP representatives report that their organisations actively offer FVAS. Table 3 provides an overview of how often a specific FVAS is included as part of the service portfolio of the interviewed LSPs.

It must be noted that no specific service category is offered significantly more often. How different a financial service is from the core logistics service offering does not appear to affect the probability that an LSP will include the particular financial service in the team's portfolio. However, reverse factoring – the service that arguably requires the greatest level of financial knowledge – is offered only three times.

In the following account, we closely examine how the interviewed LSPs have tackled or plan to tackle the issue by installing incentive systems or procedures to adjust the qualifications of and stimulate the motivation of their sales teams.

Table 3 Count and share of LSPs that offer FVAS

Category of FVAS	*Service*	*# of LSPs offering*	*% of LSPs offering*
A	Invoice management	8	50%
	Exchange of information with bank	6	38%
	Other: factoring	4	25%
B	Collection of accounts receivable w/o ownership of goods	4	25%
	Insurance of goods w/o ownership of goods	6	38%
C	Inventory financing	8	50%
	Dynamic discounting	6	38%
	Reverse factoring	3	19%
	Financing of fixed assets	6	38%

3.1 Qualification

The interviews indicate that the majority of LSPs have specific structures in place that ensure an adequate supply of expertise to their sales teams. In particular, nine LSPs have equipped their sales teams with additional expertise. Three of these nine LSPs have established specific structures to provide expertise to the sales team, right from setting up the business. They state that such knowledge provision is rooted in their business model and that they build their sales teams accordingly. These companies represent special cases, but they support the conclusion that qualifications would have otherwise been an issue.

One German LSP reports that its sales team works together as part of a cross-functional team with finance and research and development (R&D). The collaboration is enabled via software that indicates which solutions can be offered for the specific client. R&D then further customises the base solution. Thus, the sales team serves as a mediator that receives the client's request, enabling R&D and finance to fulfil the request. With regard to success, the interviewee reports that inventory financing and dynamic discounting are particularly attractive FVAS, as they equip clients with freedom and flexibility.

Three other LSPs report that they have established a large-scale collaboration with a bank. One LSP actually has a bank as part of its corporate group that provides guidance in deals, including financial services. Both constructs ensure a guaranteed influx of expertise as well as a common goal due to ownership. This service offering is considered as a valuable source of competitive advantage, although the three LSPs only sell it to a small group of clients.

Further, one LSP has established a cross-divisional supply chain finance team. The members of this team originated from the sales division and the financial department or the in-house bank. In addition, the company cooperates with five banks globally to incorporate local product knowledge. It claims that this setup is a competitive advantage and that end-to-end client servicing is its business model.

In summary, the interviews suggest that the establishment of a formal structure to connect the sales team with financial experts – be it the finance department, R&D, a cross-functional team or collaborating with a bank – yields success. Therefore, adding qualifications by providing expert connections appears to be these LSPs' preferred method.

3.2 Motivation

The modern expectancy-value theory indicates strong links between motivation and qualification. In turn, motivation is dependent upon the utility value and cost construct, thereby indicating a strong dependency on short- and long-term motivational aspects (Ferreira, 2017). In general, only a few of the interviewees mentioned the impact of employee motivation. Thus, it can be argued that qualification appears to be a more powerful driver from the perspective of a practitioner.

In general, the interviewees report a positive impact on motivation when sales employees consider the services as being a valuable means of support for their logistics services. Therefore, the mind-set within the LSPs allegedly considers anything that helps the core service as a source of competitive advantage. Employees are incentivised and motivated by the overall success of the company and therefore care about any service that drives overall success.

The interviews with LSPs also provided insights into the incentives for the *utility value*. By offering and delivering financial services to clients that demand it, retention and loyalty increase. In turn, interviewees report that this has positive impact on their sales teams' motivation. The entire purpose of the offering is to gain a competitive advantage and improve customer loyalty. When this appears to be communicated well to the sales teams, motivation increases. Only a few of the LSP representatives mention the existence of measures targeting motivation through the *cost construct* of the value dimension.

To conclude, we found that the interviewees did not hold sufficiently rich information on incentive systems to stimulate motivation. However, while little data was provided on monetary incentives, two statements by interviewees suggested that addressing the utility value of motivation was an important aspect of establishing incentives.

4 Discussion

In Table 4, we summarise and combine the findings from the literature and the expert interviews.

Table 4 Incentive measures to adjust qualification and stimulate the motivation of sales teams

Category of FVAS	*Qualification*	*Motivation*
A	Supplementary training	Monetary incentive
B	Supplementary training, expert support, auxiliary tools	Monetary incentive, building awareness (driven by data)
C	Profound training, expert support, auxiliary tools	Monetary incentive, building awareness (driven by data and personal engagement)

4.1 Qualification

In general, researchers have identified three categories of systems that can incentivise sales teams when they lack product or service expertise: expert support, training and tools (Johnston and Marshall, 2013). While expert support is a solution that is external to the sales team, training and tools aim to convey knowledge to the sales team. Our analysis emphasises that providing expert support appears to be the most common practice. In contrast, for FVAS that are relatively similar to the team's core business (*category A*), supplementary training appears to be sufficient to overcome knowledge gaps. Expert support and auxiliary tools are necessary to successfully offer FVAS that belong to *categories B* and *C*.

The delivery of training or the provision of tools is a common task within an organisation. Therefore, the delivery of new content that is part of these vehicles must not cause major complications in an LSP. Further, LSPs are experienced in providing expert support through the creation of cross-functional teams (Rangarajan et al., 2004). A team of financial experts supporting the sales unit can *de facto* resemble a cross-functional team between finance and sales. Therefore, practitioners can draw from common best practices to establish this. More specifically, there are a number of aspects that must be tackled from an LSP's perspective (these are among other aspects of resolving cross-divisional tensions and aligning incentives, which we now outline further).

Researchers have shown that most sales team members have a background in the wider logistics industry or have undergone an apprenticeship (Kaschek, 2002); however, they are missing common financial knowledge. Job shadowing might help sales teams to understand how the finance world works (Rangarajan et al., 2004). Job shadowing is the process by which one part of the cross-functional team shadows the daily activities of the other part to better understand their overall functions. This notably eases tensions and misconceptions in future work (Rangarajan et al., 2004). In the specific case of financial services, sales personnel might indeed shadow the daily activities of finance personnel or get an introduction to how finance handles financial requests, which is potentially more effective. Such job shadowing almost resembles cross-functional training and can be a powerful start to an expert support structure (Comer, 2017).

Practitioners may find it useful to install service-level agreements (SLAs) to measure the service level that finance teams provide to sales teams. Such a contractual collaboration model creates a sense of urgency for the strategic directive in general as well as for individual requests on a daily basis. These SLAs must contain the extent and scope of the support that finance can provide as well as the timeframes of action. In addition, they can contain the incentives for finance, bridging the final goal, which is considering expert support. Overall, members of the finance team must be incentivised to support the sales team. As their part of the execution is rather reactionary and they inhibit the needed qualification, monetary incentives can drive finance teams to provide quicker results. If employees in the respective sales and finance teams have aligned incentives for the new services, their motivation to promote these to clients and to deliver accordingly increases (Comer, 2017; Cross Functional Collaboration in a Culture of Continuous Improvement, 2018).

4.2 Motivation

Researchers have identified two types of incentive systems that are used to stimulate motivation on the basis of the utility value and cost constructs of the modern expectancy-value theory (Bruch and Vogel, 2011; Kuvaas et al., 2016). The first type regards awareness creation through data or personal engagement. The second type is based on monetary incentives in the form of provisions and bonuses. Our expert interviews confirm that awareness creation and monetary incentives are highly relevant topics. While sufficient for the FVAS in *category A*, it is not feasible to motivate sales teams only monetarily for the FVAS in *categories B* and *C*. If sales employees do not understand the urgency of promoting sophisticated FVAS, the monetary incentives will become expensive and the deals are less likely to be finalised. Data-driven means might be sufficient to convey the message about FVAS in *category B*; however, for FVAS that are extremely different from the core businesses of the LSPs (*category C*), data-driven means alone are not sufficient, as they cannot create sufficient relevance to overcome significant knowledge gaps. Instead, management must foster personal engagement among their sales teams. Salespeople have to experience the need to acquire financial product knowledge, for example, by realising that customers will otherwise switch to a competitor.

Further, measures for awareness creation utilise methods that are not uncommon in corporations of any size. Fundamentally, the data-driven approach amounts to disseminating information, whereas the interpersonal engagement approach requires reasonable experience in connecting the leadership team with the operators. Experts must ensure that training is relevant and effective. The leadership team must ensure that its messages not only attract the attention of employees but actually urge them to move forward. Our findings provide a strong basis to develop company-specific messages that must be conveyed.

LSPs' sales teams are commonly *incentivised monetarily* – to do this, the necessary systems must be in place. Nevertheless, practitioners must ensure that they obtain incentivisation from such a potentially strategic aspect as the categorically different service portfolio extensions discussed earlier. As mentioned, minimising ambiguity is key. The incentive structure must be transparent and comprehensible to anyone in the company who is affected. Otherwise, employees are not only unsure about what to work toward, but they may actually get upset if the reward is not as they expected. Further, incentive systems require the top management's consent. Employees will trust the process and the prolonged existence of the system only if the new strategic directive has company-wide support. Building on both the last aspects mentioned here, initial communication is crucial. A transparent system that top management supports must be promoted throughout the company so that it reaches everyone who is in need of it.

Once the system is accepted and sales teams begin working toward established goals, the success must be measured. LSPs must ensure performance, as the directly as well as indirectly affected results are recorded and counted against the goal. Employees will not be able to adjust their efforts if half of their efforts go unnoticed. The next step in the reward process is the actual reward – the sum of this reward must be appropriate. Here, 'appropriate' implies enabling the employees to actively pursue these goals. Moreover, the amount should not be insignificant compared to traditional logistics services if management wants to push for portfolio extensions. That being said, rewards must not dwarf prior provisions or bonuses. The desired and healthy mix of service sales should be reflected in the monetary incentive setup. However, an initial additional weight on financial services can surely have a significant effect on the outcome (Gordon and Kaswin, 2010; Maull, 2017).

Lastly, LSPs' overall monetary incentive structure must be aligned globally and among various functions within the LSPs. The newly installed incentive systems may not increase the overall pay of sales teams beyond current ratios as compared to other positions. Therefore, LSPs must consider the maximum realistic service level that could be sold and take this into consideration. Global alignment also implies that international corporations take regional specifics into account. The incentive system is not ideally installed if it is globally implemented but only specific regions actually close deals on financial services. We do not consider regional business landscapes, but future researchers could assess the applicability of the introduced systems on a local basis (Designing and Managing Incentive Compensation Programs, 2018).

The specific incentivisation of financial services in LSPs comes with the caveat of product-specific sales incentives (PSIs), also referred to as 'spiffs'. Such incentives might urge salespeople to advocate for a certain product over another one while not considering the maximised utility for the client. However, in such cases, the financial product does not compete with the basic offering and is therefore an insignificant source for ill advice (Radin and Predmore, 2002).

A combination of the findings from the literature and the interviews we conducted has led to a congruent observation. LSPs are likely to encounter issues with their sales teams' requisite qualifications if they do not provide for these qualifications in the first place. According to the literature (Brösamle, 2015), the extent of the lack of expertise appears to be dependent upon how different or similar the financial service is from the core logistics service offering. Therefore, services from *category A* do not necessarily require additional expertise. However, our analysis suggests that services from *categories B* and *C* equally require support for sales teams.

Unfortunately, the interviewees barely discussed motivation, except indirectly in the form of discussing qualifications. They generally indicated that LSPs offered financial services for customer satisfaction and retention, which in turn must lead to higher motivation in the sales team. Only two interviewees mentioned financial incentive systems. However, our general industry observations revealed that transactional motivation is commonly in place, which we took into account when drawing our conclusions. We assumed that the interview setting was responsible for the rare mentions of incentives.

In conclusion, researchers have suggested a greater need for motivation that is not based on qualifications than was indicated in our interviews. It appears that a major portion of motivation indeed stems from the individual qualification of employees of LSPs or from financial incentives that we may not have sufficiently covered in our interviews.

5 Conclusions

We specifically examined how LSPs' sales teams can be incentivised to support categorically different service portfolio extensions in the form of FVAS, which is how our study differs from other existing research. We also applied a differentiated view of FVAS with regard to how much they differ from LSPs' core services.

Overall, previous researchers identified three categories of systems that can incentivise sales teams with regard to a lack of product or service expertise: expert support, training and tools. Adding practitioners' perspectives, we found that expert support was the preferred solution for FVAS that are only loosely related to LSPs' core offerings. A major finding from the interviews was that most of the LSPs addressed incentive problems with qualifications. With regard to incentive systems for stimulating motivation, awareness creation through data or personal engagement and monetary incentives in the form of increments and bonuses were most relevant.

LSPs foraying into the field of FVAS can use the insights obtained in this paper to identify the impact of portfolio extensions on the qualifications and motivation of their sales personnel and to implement adequate incentive systems. Most importantly, LSPs must be aware of the differences in qualifications and motivation that are required depending on how different the FVAS are to their core business offerings.

In terms of limitations, the two sources of data must be separated. For the literature review, source texts are not always exclusive to the industry to which the LSPs belong. Further, general observations regarding sales teams in comparable scenarios are adapted where necessary. With regard to the expert opinion and experience that emerged from the interviews, the interview sample and setup limit the findings of this paper – only 26 of the 34 interviewees are LSPs, and only 16 of these offer FVAS.

Therefore, there is a need for further research in different fields within business studies on LSPs. For example, with regard to the concept of motivation, it would be interesting to examine how the components of expectancy that are not directly linked to qualification are affected by LSPs' offerings of FVAS. Further, the extent to which LSPs differ from other service providers and where commonalities exist must be investigated. Researchers could also investigate how FVAS could best be implemented at an operational level in LSPs and which spill-over effects FVAS might have on other services.

Acknowledgements

This publication was supported by the Nederlandse Organisatie voor Wetenschappelijk Onderzoek. We thank our colleagues Michael Henke, Axel Schulte, Philipp Sprenger, Tanja Brink and Yaghoob Mohammad Ali Nia Omran from Fraunhofer Institut für Materialfluss und Logistik (IML, Germany); Federico Caniato, Antonella Moretto and Agostino Bonzani from Politecnico di Milano (Italy); Janet Godsell, Donato Masi and Sumeer Chakuu from the University of Warwick (UK); and Michiel Steeman, Ronald de Boer and Luca Gelsomino from Windesheim University of Applied Sciences (Netherlands). They provided insight and expertise that greatly assisted the research. Further, we would like to thank the editor and the anonymous reviewers for their constructive comments and suggestions on earlier drafts of this manuscript.

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Notes

1 For example, see Ahearne et al. (2010) and Fu et al. (2010).