# Solution Business Fitness: Measuring and Managing Across Business Logics WEB APPENDIX

## Web Appendix A: Literature on Single SBSCs

Table A1. Literature on Single SBSCs

Capabilities		T
Author(s)	Definition/description of the specific capabilities	Type of study
Customer sensing and market learn	ing	
Day 2002	Sensing and sense making	Conceptual
<b>Definition of value propositions</b>		
Ballantyne et al,. 2011	Creating reciprocal value propositions	Empirical, qualitative
Macdonald et al., 2016	Improving customer's processes	Empirical, qualitative
Worm et al. 2017	Ensuring that firms market the right solutions offering	Empirical, quantitative
Earnings design and pricing		
Hinterhuber 2004	Quantifying the value of products to actual and potential customers	Conceptual
Bonnemeier et al., 2010	Applying value-based revenue models	Empirical, qualitative
Raja et al., (2020)	Customer identification and analysis, implementation of value-based pricing and selling, verification of value and learning	Empirical, qualitative
Selling and sales force management		
Ploetner 2008	Bringing together production and sales	Empirical, in-depth case studies
Adamson et al. 2012	Selling insights	Empirical, in-depth case studies
Terho et al., 2012	Translating benefits into monetary terms based on an in-depth understanding of the customer's business model	Empirical, in-depth case studies
Ulaga & Loveland 2014	Understanding of customer's business model, managing client expectations, developing of strong networking skills, making the intangible tangible	Empirical, qualitative
Worm et al., 2017	Knowledge and skills of the sales force in identifying the appropriate decision makers and providing proficient justification for the solutions offering	Empirical, quantitative
Ulaga & Kohli 2017	Salespersons' capability to reduce solution-specific uncertainties across the solution process	Conceptual
Sense-making and agenda construct	ion	
Möller 2010	Framing and influencing emerging business fields	Conceptual
Service design		
Ploetner 2008	Ability to integrate the customer into the service-delivery process	Empirical, in-depth case studies
Tan et al., 2010	Translation of the cost of ownership targets into deliverables, service knowledge management, life cycle cost analysis, identification of potential deterioration of the product over time	Empirical, in-depth case studies
Strategic learning		
Salonen et al., 2018	Creation and distillation of strategic knowledge that improve a firm's ability to explore customers' readiness to adopt new types of solutions	Empirical, in-depth case study
Value auditing		
Macdonald et al., 2016	Monitoring and optimizing of customer's value in use	Empirical, qualitative
Prohl & Kleinaltenkamp, 2020	Monitoring and enhancing customer's value in use	Empirical, qualitative
•	-	-

**Table A2. Literature on Comprehensive Categorizations of SBSCs** 

Author(s)		T. 6 4 1
Capabilities	Definition/description of the specific capabilities	Type of study
Möller & Törrönen 2003	•	Conceptual
Relational capabilities	Working key-account management, qualified technological support personnel, ability to view things from th wide relational orientation, sharing of proprietary information, making propositions enhancing the customer systems integration	
Networking	Organization-wide network player orientation, mobilization and maintenance of multilevel and multifunctio working communications system supporting the maintenance of network relationships	nal contacts between several actors,
Mastering the customer's business	Understanding the business logic of the customer	
Brady et al., 2005		Empirical, qualitative
Systems integration capabilities	Design and integrate systems composed of internally or externally developed hardware, software, and service	es
Operational service capabilities	Maintain, operate, upgrade and renovate a product through its operational life cycle	
Business consulting capabilities	Provide customers with advice on how to develop business plans, design and build a system, and maintain an	nd operate it
Financing capabilities	Help customers purchase high-cost products and manage an installed base of capital assets	
Storbacka 2011		Empirical, qualitative / conceptual
Commercialization	Creating and selling solutions based on in-depth understanding of customer value creation	
Industrialization	Efficient development and deployment of solutions	
Solution platform	Overall management of the solution business	
Ulaga & Reinartz 2011		Empirical, qualitative / conceptual
Service-related data processing and interpretation	Analyzing and interpreting product usage and customer process data from an installed base	
Execution risk assessment and	Evaluating uncertainty about whether contractually agreed-upon outcomes of hybrid offerings will be realized	ed, and designing and implementing
mitigation	safeguarding mechanisms to meet performance commitments	
Design-to-service	Developing a hybrid offering such that its tangible and intangible elements interact synergistically to tap its reduction potential	full differentiation and/or cost
Hybrid offering sales,	Reaching key decision makers in the customer organization, coordinating key contacts in the customer and value through specific documentation and communication tools, and aligning the sales force with both the fi	
Hybrid offering deployment	Using flexible offering platforms that can standardize hybrid offering production and delivery processes who to individual customers' needs	
Storbacka et al., 2013		Empirical, qualitative / conceptual
Customer embeddedness	Targeting selected customers and becoming embedded in their processes to support the customers in their va	
Offering integratedness	Integrating technical, business, and system elements into unbundleable solutions and aiming for performance	e-based earnings logic
Operational adaptiveness	Adapting cost-effectively to the customers' processes using modular approach to own operational processes	
Organizational networkedness	Orchestrating a network of actors that provide various solution elements	

## Table A2 (cont'd). Literature on Comprehensive Categorizations of SBSCs

Sjödin et al., 2016		Empirical, quantitative (fsQCA)
Service development capability	Ability to develop new service offerings that create value for customers	
Network management capability	Ability to effectively manage network partners in the service delivery network and to share knowledge with	them
Mass service customization capability	Ability to efficiently offer a high volume of different product-services for global markets	
Digitalization capability	Ability to use smart and connected physical products and data analytics to facilitate development and delive	ry of service offerings
Forkmann et al., 2017		Empirical, qualitative (fsQCA)
Internally facing customer service capabilities	Customer's ability to use service offerings within their business processes	
Externally facing supplier service capabilities	Supplier's ability to understand customer requirements, sell to, and deploy service offerings at, the customer	r
Huikkola & Kohtamäki 2017		Empirical, qualitative
Fleet management	Capacity to collect, analyze, and exploit installed base data	•
Technology development	Ability to leverage customer understanding and in-house development (R&D) activities	
Mergers and acquisitions (M&A)	Ability to conduct successful corporate acquisitions	
Value quantifying	Capability to quantify and communicate customer value appropriately	
Project management	Ability to handle moments of truth and to keep the firm's value promises such as project delivery times	
Supplier network management	Ability to create, maintain and develop a firm's supplier network	
Value co-creation	Ability to address changing customer needs and requirements to co-produce offerings and to co-create value	

Table A3: Allocation of Single SBSCs Identified in Literature to Empirically Measured Capability Elements

	Capabilities related to		Comme	rcializa	tion		Indust	rializati	on		Solutio	n platfo	orm
Author(s)	Capabilities	Value research (segment)	Value proposition (segment)	Value quantification (customer)	Value verification (customer)	Solution hierarchy	Solution configuration	Solution tools	Solution delivery	Strategy planning	Management system	Infrastructure support	Human resources management
Single SBSCs		•	•		•			•		•			
Day 2002	Sensing and sense making	•										•	
Ballantyne <i>et al.</i> 2011	Creating reciprocal value propositions		•	•									
Hinterhuber 2004	Quantifying the value of products to actual and potential customers				•		•						
Ploetner 2008	Bringing together production and sales		•								•		
	Ability to integrate the customer into the service- delivery process								•				
Bonnemeier et al. 2010	Applying value-based revenue models						•	•					
Möller 2010	Framing and influencing emerging business fields		•							•			
Tan <i>et al.</i> 2010.	Translation of the cost of ownership targets into deliverables, service knowledge management, life cycle cost analysis, identification of potential deterioration of the product over time		•	•							•	•	
Adamson et al. 2012	Selling insights		•	•									
Terho <i>et al</i> . 2012	Translating benefits into monetary terms based on an in-depth understanding of the customer's business model			•	•								

Table A3 (cont'd): Allocation of Single SBSCs Identified in Literature to Empirically Measured Capability Elements

	Capabilities related to		Comme	rcializa	tion		Indust	rializati	on		Solutio	n platfo	orm
Author(s)	Capabilities	Value research (segment)	Value proposition (segment)	Value quantification (customer)	Value verification (customer)	Solution hierarchy	Solution configuration	Solution tools	Solution delivery	Strategy planning	Management system	Infrastructure support	Human resources management
Single SBSCs (co	ont'd)												
Ulaga & Loveland 2014	Understanding of customer's business model, managing client expectations, developing of strong networking skills, making the intangible tangible	•	•	•			•						•
Macdonald et al.	Improving customer's processes					•			•				
2016	Monitoring and optimizing customer's value in use				•				•				
Ulaga & Kohli 2018	Salespersons' capability to reduce solution- specific uncertainties across the solution process			•							•		
Worm et al. 2017	Knowledge and skills of the sales force in identifying the appropriate decision makers and providing proficient justification for the solutions offering			•			•						•
	Ensuring that firms market the right solutions offering	•					•					•	
Salonen <i>et al.</i> 2018	Creation and distillation of strategic knowledge that improves a firm's ability to explore customers' readiness to adopt new types of solutions					•	•	•	•				
Prohl & Kleinaltenkamp 2020	Monitoring and enhancing customer's value in use			•	•				•		•		
Raja et al. (2020)	Customer identification and analysis, implementation of value-based pricing and selling, verification of value and learning			•	•						•		

Table A4: Allocation of SBSCs Mentioned in Comprehensive Categorizations of SBSCs to Empirically Measured Capability Elements

	Capability related to		Comme	ercializa	tion		Indust	rializati	on		Solutio	n platfo	rm
Author(s)	Capabilities	Value research (segment)	Value proposition (segment)	Value quantification (customer)	Value verification (customer)	Solution hierarchy	Solution configuration	Solution tools	Solution delivery	Strategy planning	Management system	Infrastructure support	Human resources management
Capabilities n	nentioned in comprehensive categorizations of S	BSCs											
Möller &	Relational capabilities										•	•	•
Törrönen 2003	Networking										•	•	•
2003	Mastering the customer's business	•	•	•			•						
Brady et al.	Systems integration capabilities						•	•			•	•	
2005	Operational service capabilities								•			•	
	Business consulting capabilities	•	•	•	•							•	
	Financing capabilities										•		
Storbacka	Commercialization	•	•	•	•								
2011	Industrialization					•	•	•	•				
	Solution platform									•	•	•	•
Ulaga &	Service-related data processing and interpretation				•				•			•	
Reinartz 2011	Execution risk assessment and mitigation								•	•	•		
	Design-to-service						•	•					
	Hybrid offering sales	•	•	•							•	•	•
	Hybrid offering deployment								•		•		

Table A4 (cont'd): Allocation of SBSCs Mentioned in Comprehensive Categorizations of SBSCs to Empirically Measured Capability Elements

	Capability related to		Comme	rcializa	tion		Indust	rializati	on		Solutio	n platfo	rm
Author(s)	Capabilities	Value research (segment)	Value proposition (segment)	Value quantification (customer)	Value verification (customer)	Solution hierarchy	Solution configuration	Solution tools	Solution delivery	Strategy planning	Management system	Infrastructure support	Human resources management
Storbacka et	Customer embeddedness	•			•				•			•	•
al., 2013	Offering integratedness		•	•			•	•					
	Operational adaptiveness		•	•			•		•		•	•	
	Organizational networkedness								•		•	•	•
Sjödin et	Service development capability		•										
al,2016	Network management capability										•	•	
	Mass service customization capability		•			•	•	•	•				
	Digitalization capability											•	
Forkmann et	Internally facing customer service capabilities					•	•	•	•				
al., 2017	Externally facing supplier service capabilities	•	•	•	•								
Huikkola &	Fleet management										•	•	
Kohtamäki 2017	Technology development										•	•	
2017	Mergers and acquisitions (M&A)									•	•		
	Value quantifying			•									
	Project management										•	•	
	Supplier network management										•	•	
	Value co-creation						•		•				

### Web Appendix B: Sample Characteristics and Measurement Model Evaluation for the SBF construct

**Table B1: Measures for the SBF Composite Measure - Solution Platform** 

3rd level	2nd level	1st level	Item	Weight	lo 95% C	I hi 95% CI	Loading	VIF
SBF (composite	Solution Platform	Strategy Planning	Solution business vision and goals have been defined by the top management The future financial impact (e.g. profitability, revenue) of solution business has been	.297	.234	.357 (excluded)	.726	1.465
measure)			estimated to be significant Focus markets and segments for solution business have been defined (e.g. customer	.127	.061	.191	.722	1.876
			groups, industries, geographical areas) We have clearly defined segment strategies (specific business goals are set and	.245	.183	.314	.652	1.594
			followed up) We have a solution portfolio management in place (which makes decisions on what solutions to develop, invest in, drop, launch, outsource etc.)	.293	.226	.358	.788	1.739
			The total risks associated with different solution contracts in delivery phase are assessed regularly	.388	.320	.455	.778	1.511
		Management	Our organizational structure enables sales to work efficiently with other functions such	.398	.334	.462	.667	1.217
		System	as R&D, production, finance, marketing, customer service.  The customer dimension is visible in our organizational structure (e.g. customer segments, key accounts)	.177	.107	.245	.515	1.204
			New roles (e.g. Solution Manager, Solution Architect or Solution Integration Engineer) have been established	.149	.076	.225	.595	1.412
			Metrics have been defined for measuring and managing solution business	.637	.571	.699	.871	1.488
		Infrastructure Support		.273	.166	.384	.604	1.822
		11	We use databases for gathering (both from external and internal sources) business intelligence (regarding markets, customer segments and customers)	.036	077	.153	.569	1.924
			Customer/model contracts are available in a centralized library We provide legal support for contract negotiations both in the form of model contracts and in the form of centralized legal advice	.386	.292	.471 (excluded)	.727	1.29:
			A CRM system supporting solution sales is in active use across the organization	.622	.546	.697	.858	1.227
		Human	We have defined skill profiles for all the roles that relate to solution sales	.451	.354	.551	.910	2.67
		Resources	Competencies needed in solution business have been identified	.309	.212	.401	.882	2.732
			We provide our people with systematic training to improve their consultative and value selling skills (general business management, financial analyses)	.088	.004	.171	.667	1.81
			HR strategy and competence development has been aligned with solution business goals and strategy	.325	.241	.412	.795	1.982

Notes: Confidence intervals based on bootstrapping with 5,000 replications. Confidence intervals are bias corrected. The 95% confidence interval of indicators weight should not include zero or the outer loading should be higher than .5. The Variance Inflation Factor (VIF) should be lower than 5.

**Table B2: Measures for the SBF Composite Measure - Industrialization** 

3rd level	2nd level	1st level	Item	Weight	lo 95% CI	hi 95% CI	Loading	VIF
SBF	Industrialization	Solution	Solution development is focused on customer's processes and financial drivers,	.430	.359	.496	.752	1.288
(composite		Hierarchy	not only on technological innovations					
measure)			Our solutions are structured in such a way that it is easy to apply them to the	.478	.403	.548	.839	1.474
			customers' needs					
			We have a defined hierarchical solution structure (e.g. solutions are built out of	.200	.124	.273	.648	1.575
			standardized components)					
			Our standardized solution components are coded in our ERP (Enterprise	.251	.181	.325	.584	1.418
			Resource Planning) / PDM (Product Data Management) system					
		Solution	We have predefined solution configurations for different segments (that fits in	.384	.322	.445	.773	1.384
		Configurations	with the value propositions)					
			We price our solutions based on value to customers (not cost plus)	.274	.204	.342	.719	1.561
			We have clear guidelines for differentiating prices between customer	.207	.141	.271	.701	1.596
			segments/customers					
			We have specified the performance level that our solution makes possible for	.442	.383	.504	.814	1.410
			our customers					
		Solution Tools	There are contract models which support value based pricing of solutions (e.g.	.214	.146	.287	.743	1.744
			performance contracts)					
			There is a systematic value based pricing discipline for solutions	.326	.238	.411	.853	2.216
			As a part of our value based pricing approach we also carry out business case	.343	.264	.420	.821	1.855
			analysis from the provider's point of view					
			Our business control supports sales by providing updated standard costing data	.379	.314	.448	.740	1.294
			on solutions and individual solution components					
		Solution	We have a well-defined communication process which enables us to provide	.489	.397	.581	.872	1.802
		Delivery	necessary information to the customer during solution delivery	0.50	0.00			. ===
			We regularly monitor the delivery status and proactively plan corrective actions	.059	029	.157	.663	1.720
			when delivery is at risk				0.00	• 405
			Network partners' roles are clearly defined in contract models and templates	.262	.153	.365	.832	2.489
			Our interface and communication with partners is clearly defined	.367	.271	.468	.860	2.323

Notes: Confidence intervals based on bootstrapping with 5,000 replications. Confidence intervals are bias corrected. The 95% confidence interval of indicators weight should not include zero or the outer loading should be higher than .5. The Variance Inflation Factor (VIF) should be lower than 5.

**Table B3: Measures for the SBF Composite Measure - Commercialization** 

3rd level	2nd level	1st level	Item	Weight	lo 95% CI	hi 95% CI	Loading	VIF
SBF (composite	Commercialization	Value Research	Regular planning with customers is carried out in order to map our solutions with their needs	.311	.240	.380	.749	1.574
measure)		(Segment)	One of our goals is to initiate innovation together with selected customers	.053	013	.118	.527	1.413
			We have defined methods for how we research/study what is valuable for our customers	.195	.122	.268	.746	1.704
			Customer value is researched and quantified already in the early phases of solution development	.389	.315	.461	.819	1.699
			Lead customers (a good representative of your market segment, willing to work with you) are involved in idea creation and solution development	.038	040	.108	.651	1.794
			We have contract models for lead customer involvement in solution development	.328	.263	.399	.762	1.625
		Value Proposition	Segment specific key value promises to the customers (value propositions) have been defined	.648	.579	.706	.846	1.144
		(Segment)	The role of sales & account management is to work proactively with our customers	.146	.054	.235	.501	1.619
			Sales & account management has an important role in identifying new growth opportunities in the market	.163	.075	.257	.484	1.605
			Our segment/product managers' campaign plans are developed together with sales management	.418	.341	.496	.716	1.198
		Value	Our customer specific value propositions are unique and linked to critical business	.315	.246	.377	.733	1.423
		Quantificatio	n concerns of the customer					
		(Customer)	Our dialogue with the customers' decision makers covers their critical business issues and the financial value associated with them	.379	.317	.440	.797	1.519
			Common tools and approaches are implemented for quantifying customer value	.546	.491	.605	.855	1.357
		Value Verification	Our sales process secures accurate input to the order-delivery-process (specifications of solution promised to customer)	.189	.133	.250	.595	1.258
		(Customer)	The value created to the customer is regularly verified	.478	.409	.539	.846	1.650
			True customer profitability is measured and followed up systematically	.218	.151	.288	.692	1.508
			References of solution delivery projects are shared through a case repository/case library system	.186	.123	.250	.646	1.528
			New solutions (created for specific customers) are documented so that they can be sold to other customers	.307	.245	.363	.692	1.510

Notes: Confidence intervals based on bootstrapping with 5,000 replications. Confidence intervals are bias corrected. The 95% confidence interval of indicators weight should not include zero or the outer loading should be higher than .5. The Variance Inflation Factor (VIF) should be lower than 5.

**Table B4: Measures for the SBF Global Measure** 

	Item	Loading	AVE	Cronb. α	CR
SBF (global	Could you please give an overall score on how well solution sales works in your company/organizational unit	.885	.770	.851	.909
reflective measure)	Could you please give an overall score for your company's ability to commercialize solutions (our ability to understand our customers' needs, create solutions that solve these needs, and get paid according to the value that we generate)	.899			
	Could you please give an overall score for your company's ability to industrialize solutions (our ability to standardize and 'productize' the solution in such a way that it can be efficiently delivered)	.848			

Notes: The factor loading should be higher than .7. The average variance extracted AVE should be higher than .5. The internal consistency coefficient Cron.  $\alpha$  should be higher than .7. The composite reliability CR should be higher than .7.

**Table B5: Characteristics of Respondents and Firms** 

	Characteristic	N	% of total
	Installed-base	363	27%
	Input-to-process	265	20%
Business Logic of firm	Situational-service	470	35%
	Continuous-service	160	12%
	Brand	81	6%
	Sales mgmt	524	39%
Inh male of many and and	Operations mgmt	151	11%
Job role of respondent	Product mgmt	126	9%
	Other (less than 100 obs. in category)	528	39%
	President	46	3%
D	Vice President/Director	506	38%
Position of respondent	Manager	596	45%
	Other (less than 100 obs. in category)	191	14%
Tenure of respondent	0-1 years	77	6%
· -	2-5 years	274	20%
	5-9 years	216	16%
	Above 9 years	772	58%
Age of respondent	Under 40	291	22%
	40-49	573	43%
	50-59	320	24%
	60-	73	5%
	n.a.	82	6%
Country of respondent	Finland	646	48%
(working location)	Germany	108	8%
(working toculion)	Other (less than 100 obs. each)	585	44%
Survey year	2010	466	35%
•	2011	471	35%
	2012	201	15%
	2013	128	10%
	2014	73	5%

**Table B6: Correlations of Latent Variables on Respondent Level (N = 1,339)** 

#	Construct	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Strategic Planning	1.000																
2	Management System	.637	1.000															
3	Infrastructure Support	.459	.450	1.000														
4	Human Ressources	.625	.592	.494	1.000													
5	Solution Hierarchy	.490	.491	.417	.421	1.000												
6	Solution Configurations	.588	.519	.399	.496	.638	1.000											
7	Solution Tools	.552	.548	.487	.544	.544	.693	1.000										
8	Solution Delivery	.511	.501	.419	.467	.474	.460	.467	1.000									
9	Value Research (Segment)	.536	.502	.408	.472	.611	.584	.593	.415	1.000								
10	Value Proposition (Segment)	.480	.466	.391	.436	.545	.591	.517	.369	.538	1.000							
11 V	Value Quantification (Customer)	.578	.518	.414	.526	.565	.653	.655	.463	.653	.583	1.000						
12	Value Verification (Customer)	.576	.571	.473	.534	.555	.625	.694	.578	.562	.522	.625	1.000					
13	Solution Platform	.893	.829	.678	.807	.570	.636	.660	.598	.600	.550	.641	.676	1.000				
14	Industrialization	.664	.637	.533	.603	.787	.840	.849	.762	.675	.611	.722	.764	.765	1.000			
15	Commercialization	.664	.627	.514	.601	.679	.735	.757	.589	.810	.696	.846	.897	.755	.852	1.000		
16	SBR (composite measure)	.815	.757	.619	.737	.741	.790	.800	.718	.727	.625	.759	.805	.919	.943	.900	1.000	
17	SBR (global measure)	.566	.509	.408	.510	.523	.538	.530	.497	.513	.399	.515	.549	.630	.647	.617	.696	1.000

**Table B7: Results for the Vanishing Tetrad Test** 

	Original	Sample	Standard	T Statistics					Alpha	<del>7</del> (1	CI Low	CI Up	Vanishing
Tetrad	Sample	Mean	Deviation	( O/STDEV )	P Values	Bias	CI Low	CI Up	adj.	alpha)	adj.	adj.	Tetrad
	(O)	(M)	(STDEV)	(O/SIDEV)					auj.	aipiia)	auj.	auj.	
SP													
1: SP1,SP3,SP4,SP5	0.206	0.205	0.052	3.977	0.000	-0.001	0.105	0.309	0.010	2.577	0.074	0.340	NO
2: SP1,SP3,SP5,SP4	0.074	0.074	0.053	1.383	0.167	0.000	-0.031	0.178	0.010	2.577	-0.064	0.211	YES
4: SP1,SP3,SP4,SP6	-0.055	-0.055	0.037	1.492	0.136	0.001	-0.128	0.017	0.010	2.577	-0.151	0.039	YES
6: SP1,SP4,SP6,SP3	-0.348	-0.347	0.058	5.957	0.000	0.001	-0.464	-0.235	0.010	2.577	-0.500	-0.199	NO
10: SP1,SP4,SP5,SP6	0.242	0.242	0.046	5.279	0.000	0.000	0.152	0.332	0.010	2.577	0.124	0.360	NO
MS													
1: MS1,MS2,MS3,MS4	0.622	0.621	0.073	8.497	0.000	-0.001	0.480	0.767	0.025	2.242	0.459	0.787	NO
2: MS1,MS2,MS4,MS3	0.569	0.569	0.075	7.569	0.000	-0.001	0.423	0.718	0.025	2.242	0.401	0.739	NO
IS													
1: IS1,IS2,IS3,IS5	0.609	0.609	0.082	7.426	0.000	-0.001	0.449	0.771	0.025	2.242	0.426	0.794	NO
2: IS1,IS2,IS5,IS3	0.601	0.600	0.080	7.537	0.000	-0.001	0.445	0.758	0.025	2.242	0.423	0.780	NO
HR													
1: HR1,HR2,HR3,HR4	0.800	0.798	0.073	11.012	0.000	-0.002	0.659	0.944	0.025	2.242	0.639	0.964	NO
2: HR1,HR2,HR4,HR3	0.773	0.772	0.073	10.580	0.000	-0.001	0.631	0.917	0.025	2.242	0.610	0.938	NO
SH													
1: SH1,SH2,SH3,SH4	0.577	0.577	0.061	9.501	0.000	-0.001	0.459	0.697	0.025	2.242	0.442	0.714	NO
2: SH1,SH2,SH4,SH3	0.573	0.572	0.065	8.884	0.000	-0.001	0.447	0.700	0.025	2.242	0.429	0.718	NO
SC													
1: SC1,SC2,SC3,SC4	-0.077	-0.077	0.049	1.580	0.114	-0.001	-0.171	0.019	0.025	2.242	-0.185	0.033	YES
2: SC1,SC2,SC4,SC3	-0.355	-0.355	0.066	5.417	0.000	0.000	-0.484	-0.227	0.025	2.242	-0.502	-0.208	NO
ST													
1: ST1,ST2,ST3,ST4	0.010	0.011	0.060	0.169	0.866	0.001	-0.108	0.127	0.025	2.242	-0.125	0.144	YES
2: ST1,ST2,ST4,ST3	0.030	0.032	0.068	0.442	0.659	0.002	-0.105	0.161	0.025	2.242	-0.124	0.180	YES
SD													
1: SD1,SD2,SD3,SD4	0.459	0.458	0.055	8.388	0.000	-0.001	0.353	0.568	0.025	2.242	0.338	0.583	NO
2: SD1,SD2,SD4,SD3	0.316	0.316	0.059	5.312	0.000	0.000	0.199	0.433	0.025	2.242	0.183	0.449	NO
VR													
1: VR1,VR2,VR3,VR4	0.145	0.145	0.048	2.990	0.003	0.000	0.050	0.240	0.006	2.774	0.010	0.279	NO
2: VR1,VR2,VR4,VR3	0.233	0.233	0.046	5.131	0.000	-0.001	0.145	0.323	0.006	2.774	0.108	0.361	NO
4: VR1,VR2,VR3,VR5	-0.195	-0.195	0.044	4.443	0.000	0.000	-0.281	-0.109	0.006	2.774	-0.317	-0.073	NO
6: VR1,VR3,VR5,VR2	0.219	0.219	0.047	4.679	0.000	-0.001	0.128	0.312	0.006	2.774	0.090	0.350	NO
7: VR1,VR2,VR3,VR6	-0.009	-0.008	0.047	0.185	0.853	0.001	-0.101	0.083	0.006	2.774	-0.139	0.121	YES
10: VR1,VR2,VR4,VR5	-0.034	-0.034	0.045	0.751	0.453	0.000	-0.121	0.054	0.006	2.774	-0.157	0.091	YES
16: VR1,VR2,VR5,VR6	0.125	0.125	0.047	2.671	0.008	0.000	0.034	0.218	0.006	2.774	-0.004	0.256	YES
22: VR1,VR3,VR4,VR6	0.093	0.092	0.043	2.159	0.031	-0.001	0.009	0.178	0.006	2.774	-0.026	0.213	YES
26: VR1,VR3,VR6,VR5	0.313	0.313	0.051	6.189	0.000	-0.001	0.215	0.413	0.006	2.774	0.174	0.455	NO
VP													
1: VP1,VP2,VP3,VP4	0.027	0.027	0.018	1.492	0.136	0.000	-0.008	0.063	0.025	2.242	-0.013	0.068	YES
2: VP1,VP2,VP4,VP3	-0.314	-0.314	0.049	6.431	0.000	0.000	-0.410	-0.218	0.025	2.242	-0.424	-0.205	NO
VV													
1: VV1,VV2,VV3,VV4	0.058	0.057	0.043	1.331	0.183	0.000	-0.027	0.143	0.010	2.577	-0.054	0.170	YES
2: VV1,VV2,VV4,VV3	-0.127	-0.128	0.062	2.046	0.041	0.000	-0.249	-0.005	0.010	2.577	-0.287	0.033	YES
4: VV1,VV2,VV3,VV5	0.012	0.012	0.046	0.264	0.792	0.000	-0.078	0.104	0.010	2.577	-0.107	0.132	YES
6: VV1,VV3,VV5,VV2	-0.190	-0.191	0.063	3.024	0.003	-0.001	-0.313	-0.066	0.010	2.577	-0.352	-0.028	NO
10: VV1,VV3,VV4,VV5	0.345	0.345	0.064	5.375	0.000	0.000	0.219	0.471		2.577	0.179	0.510	NO

**Table B8: Correlation of Composite Scores to Test Compositional Invariance** 

able bo: Correlation of Compos	ite Beores	to rest	Composi	dional ii	I valiani	
Group	1-2	1-3	1-4	2-3	2-4	3-4
Strategic Planning	.981	.995	.983	.984	.992	.975
Management System	.997	.948*	.957*	.945	.967	.955
Infrastructure Support	.944*	.993	.966	.960	.972	.961
Human Resources	.985	.996	.986	.991	.984	.981
Solution Hierarchy	.986	.997	.994	.971	.982	.993
Solution Configurations	.991	.977	.994	.971	.979	.989
Solution Tools	.994	.996	.970	.984	.954	.989
Solution Delivery	.997	.955	.992	.960	.988	.961
Value Research (Segment)	.959*	.975	.956	.940	.943*	.967
Value Proposition (Segment)	.995	.988	.990	.974	.998	.972
Value Quantification (Customer)	.999	.989	.987	.983	.977	.991
Value Verification (Customer)	.974	.983	.952*	.962	.904*	.974
Solution Platform	.979	.904*	.943*	.891*	.943	.948
Industrialization	.986	.984	.968	.972	.973	.955
Commercialization	.973	.981	.964*	.953	.924*	.981
SBF (composite)	.944	.870*	.905*	.827*	.892*	.860*
SBF $(global)$	1.000	1.000	1.000	1.000	.999	1.000

Notes: 1: Scandinavia (N = 758) 2: Europe (excl. Scand.) (N = 231) 3: Australasia/ Middle East (N = 134) 4: North/Latin America (N = 195) \* composite correlation is smaller than 1 at a 95% confidence level (based on 1,000 permutations)

**Table B9: Tests for Invariance of Structural Parameters** 

		Re	egion				Region Dif	ferences		
	1 Scandinavia (N = 758)	2 Europe (excl. Scand.) (N = 231)	3 Australasia/ Middle East (N = 134)	4 North/Latin America (N = 195)	1-2	1-3	1-4	2-3	2-4	3-4
Impact of Solution Business Fitness 1st level constructs on 2nd level c	onstructs									
Strategic Planning $\rightarrow$ Solution Platform	0.454*	0.594*	0.089	0.304*	-0.140	0.365*	0.150	0.505*	0.290*	-0.21
Management System $\rightarrow$ Solution Platform	0.302*	0.285*	0.300*	0.493*	0.017	0.003	-0.191	-0.015	-0.209	-0.19
Infrastructure Support $\rightarrow$ Solution Platform	0.278*	0.221*	0.093	0.124	0.057	0.185	$0.154^{*}$	0.128	0.097	-0.03
Human Resources $\rightarrow$ Solution Platform	0.203*	0.078	0.628*	0.250*	0.125	-0.425*	-0.047	-0.550*	-0.172	0.37
Solution Hierarchy $\rightarrow$ Industrialization	0.223*	0.301*	0.180	0.428*	-0.078	0.043	-0.205*	0.121	-0.127	-0.24
Solution Configurations $\rightarrow$ Industrialization	0.291*	0.215*	0.324*	0.239*	0.076	-0.033	0.052	-0.109	-0.024	0.08
Solution Tools $\rightarrow$ Industrialization	0.389*	0.366*	$0.402^{*}$	0.176	0.023	-0.013	0.213*	-0.036	0.190	0.22
Solution Delivery $\rightarrow$ Industrialization	0.340*	0.337*	0.290*	0.384*	0.003	0.050	-0.044	0.048	-0.047	-0.09
Value Research (Segment) $\rightarrow$ Commercialization	0.265*	0.361*	$0.288^{*}$	0.334*	-0.096	-0.023	-0.068	0.073	0.028	-0.04
$Value\ Proposition\ (Segment)  ightarrow Commercialization$	0.122*	0.014	0.168	0.150*	0.109	-0.046	-0.028	-0.154	-0.136	0.0
Value Quantification (Customer) $\rightarrow$ Commercialization	0.322*	0.218*	0.170	0.231*	0.104	0.152	0.091	0.048	-0.013	-0.0
$Value\ Verification\ (Customer)  ightarrow Commercialization$	0.481*	0.546*	0.527*	0.479*	-0.065	-0.046	0.002	0.018	0.067	0.04
mpact of Solution Business Fitness 2nd level constructs on 3rd level	construct									
Solution Platform $\rightarrow$ Solution Business Fitness	0.524*	0.402*	0.502*	0.245*	0.122	0.022	0.279*	-0.100	0.158	0.2
Industrialization $\rightarrow$ Solution Business Fitness	0.390*	0.345*	0.135	0.736*	0.045	0.255	-0.346*	0.210	-0.391*	-0.60
Commercialization $\rightarrow$ Solution Business Fitness	0.161*	0.308*	0.411*	0.053	-0.147	-0.250	0.108	-0.103	0.254	0.3
mpact of Solution Business Fitness composite on Solution Business l	Fitness global i	measure								
$SBF$ (composite) $\rightarrow SBF$ (global measure)	0.698*	0.750*	0.838*	0.802*	-0.052	-0.139*	-0.103*	-0.087*	-0.052	0.0

Note

<sup>\*</sup> effect is significantly different from zero at a 95% confidence level. Bias corrected confidence intervals based on bootstrapping with 5,000 replications.

Web Appendix C: Relation between SBF Components and Firm Performance

Table C1: Means, Standard Deviations, and Correlations for Firm Performance Models with Same Period SBF Variables

#	Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Profit	1.000																		
2	Firm Size	.765	1.000																	
3	Strategic Planning	357	364	1.000																
4	Management System	390	356	.706	1.000															
5	Infrastructure Support	390	356	.706	1.000	1.000														
6	Human Ressources	.161	.454	.388	.321	.321	1.000													
7	Solution Hierarchy	169	189	.760	.774	.774	.487	1.000												
8	Solution Configurations	102	.149	.491	.449	.449	.595	.340	1.000											
9	Solution Tools	288	167	.708	.640	.640	.443	.586	.820	1.000										
10	Solution Delivery	220	010	.454	.722	.722	.594	.668	.645	.772	1.000									
11	Value Research (Segment)	046	.112	.524	.483	.483	.601	.442	.555	.540	.547	1.000								
12	Value Proposition (Segment)	.071	.007	.498	.498	.498	.564	.500	.557	.597	.659	.407	1.000							
13 \	Value Quantification (Customer)	041	.124	.382	.353	.353	.691	.468	.611	.633	.624	.424	.544	1.000						
14	Value Verification (Customer)	223	163	.534	.641	.641	.436	.548	.556	.712	.776	.609	.781	.584	1.000					
15	Solution Platform	336	112	.504	.680	.680	.498	.489	.724	.716	.766	.630	.600	.530	.753	1.000				
16	Industrialization	245	143	.892	.841	.841	.662	.879	.619	.758	.730	.664	.632	.570	.672	.702	1.000			
17	Commercialization	187	.024	.635	.679	.679	.662	.608	.847	.885	.869	.813	.648	.643	.786	.824	.818	1.000		
18	SBF (composite measure)	227	101	.591	.692	.692	.576	.577	.737	.788	.827	.642	.824	.655	.911	.927	.770	.871	1.000	
19	SBF (global measure)	245	095	.797	.796	.796	.662	.755	.788	.869	.831	.768	.706	.621	.798	.837	.940	.956	.897	1.000
	N	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
	Mean	5.499	7.584	117	079	079	.010	021	040	050	039	099	067	.081	094	092	082	077	089	095
	Std. Dev.	1.862	1.903	.448	.385	.385	.580	.364	.370	.349	.362	.392	.304	.287	.348	.371	.435	.384	.350	.407
	Min	.000	3.581	-1.236	909	909	-1.394	610	796	642	800	-1.008	633	441	729	937	-1.144	-1.010	832	970
	Max	9.593	11.439	.597	.500	.500	1.383	.762	.658	.688	.642	.523	.532	.675	.557	.377	.875	.541	.468	.616

Table C2: Means, Standard Deviations, and Correlations for Firm Performance Models with One Period Lagged SBF Variables

#	Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Profit	1.000																		
2	Firm Size	.931	1.000																	
3	lagged Strategic Planning	093	270	1.000																
4	lagged Management System	254	253	.355	1.000															
5	lagged Infrastructure Support	254	253	.355	1.000	1.000														
6	lagged Human Ressources	.729	.728	.332	.151	.151	1.000													
7	lagged Solution Hierarchy	268	373	.696	.749	.749	.254	1.000												
8	lagged Solution Configurations	.031	.088	.589	.500	.500	.559	.537	1.000											
9	lagged Solution Tools	265	278	.674	.558	.558	.287	.573	.857	1.000										
10	lagged Solution Delivery	146	064	.234	.796	.796	.320	.555	.760	.775	1.000									
11	lagged Value Research (Segment)	.053	.195	.415	.444	.444	.508	.304	.604	.556	.508	1.000								
12	lagged Value Proposition (Segment)	.264	.216	.646	.461	.461	.691	.587	.871	.778	.685	.516	1.000							
13 <i>l</i>	agged Value Quantification (Customer)	.201	.274	.063	.124	.124	.539	.211	.570	.468	.515	.207	.599	1.000						
14	lagged Value Verification (Customer)	128	083	.479	.708	.708	.410	.652	.889	.878	.928	.523	.861	.596	1.000					
15	lagged Solution Platform	147	.003	.273	.675	.675	.361	.494	.864	.761	.928	.583	.715	.506	.935	1.000				
16	lagged Industrialization	009	099	.826	.751	.751	.534	.879	.762	.756	.653	.589	.811	.288	.777	.630	1.000			
17	lagged Commercialization	108	036	.555	.688	.688	.464	.580	.908	.912	.879	.776	.810	.467	.922	.898	.804	1.000		
18	lagged SBF (composite measure)	031	.048	.443	.635	.635	.499	.579	.936	.846	.909	.581	.873	.624	.982	.959	.744	.932	1.000	
19	lagged SBF (global measure)	077	071	.710	.739	.739	.507	.747	.909	.890	.823	.706	.869	.410	.920	.843	.930	.961	.914	1.000
	N	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
	Mean	5.271	7.227	059	027	027	.036	.015	125	047	021	.044	009	.111	.034	016	023	039	.002	039
	Std. Dev.	.934	1.313	.404	.389	.389	.424	.309	.322	.371	.336	.312	.286	.253	.371	.382	.357	.351	.372	.374
	Min	4.205	5.056	704	909	909	757	590	623	624	691	593	633	326	680	762	686	767	700	807
	Max	6.526	9.217	.486	.487	.487	.762	.511	.296	.649	.325	.523	.532	.447	.557	.377	.461	.483	.468	.478

Table C3: Relation between SBF Components and Firm Performance

Regression coefficients <sup>a</sup>	(1)	(2)	(3)	(4)	(5)
Strategic Planning	.28**	.35*	.50***	.28**	.32***
Management System		.15	.28***	.12**	$.10^*$
Infrastructure Support	.06	.08	.09	.12	$.15^{*}$
Human Resources	.12*	.14	.19**	.13**	.16***
Solution Hierarchy	.06	.08	04	.21***	.23***
Solution Configurations	.16**	.22**	.18	.22	.29**
Solution Tools	.11**	.14	.18**	.16*	$.17^{**}$
Solution Delivery	.16*	.22**	.18**	00	13
Value Research (Segment)	.18**	.21	.24*	.23***	.24***
Value Proposition (Segment)	.16**	.21*	.39***	.34***	.37***
Value Quantification (Customer)	.06	.06	03	.18***	.18***
Value Verification (Customer)	.07	.09	.11	.17***	.20***
Solution Platform	.15**	.19	.37***	.14**	.13**
Industrialization	.15***	.20**	.21**	.17	.27**
Commercialization	$.09^{*}$	.11	.19*	.17***	.18***
SBF (composite measure)	.14**	.18	.25***	.16**	.20***
SBF (global measure)	.18**	.28*	.30**	.28***	.31***

Note: \*\*\* p < .01 \*\* p < .05 \* p < .10 a Dependent Variable in all models: Profit

Detailed information on each regression model is available upon request.

Multilevel Maximum Likelihood (N = 30)
 Fixed Effects OLS Regression (N = 30)
 Fixed Effects Quantile Regression (N = 30)

<sup>(4)</sup> Fixed Effects OLS Regression with lagged SBF component (N = 13)

<sup>(5)</sup> Fixed Effects Quantile Regression with lagged SBF component (N = 13)

## Web Appendix D: Illustrations of Different Business Logics

**Table D1. Illustrations of Different Business Logics** (based on Storbacka and Pennanen 2014)

Business logic	Explanation	Example industries	Generic challenges (examples)	Generic objectives (examples)
Installed-base	Providing investment products, thus creating an installed base at the customers	Machinery, IT	Long sales cycles Often truly global customer base & competition	After-sales services Integrated solutions
Input-to- process	Providing products and solutions that are utilized as input in the customers' process	Metal, pulp & paper, utility	Asset-heavy production Little offering differentiation, small margins	Economies of scale Capacity optimization Moving from bulk to tailored applications
Continuous- relationships	Producing and selling products and services that are characterized by long-term contracts	Banking, insurance, telecommunications, media	Low interest products/ services High customer acquisition costs Innovations copied fast	Customer loyalty Share of wallet Up-sales and cross-sales
Consumer- brands	Producing products for the consumer market that are sold through a channel	Fast-moving consumer goods, pharmaceuticals	Power compared to retail channel Consumer insight without direct consumer contact	Strong brands Product innovations
Situational- services	Providing project-based services, which fulfil customer's situation-driven needs	Professional services, rental services	Fixed & high-cost production capacity but fluctuating demand Economies of scale are limited	Utilization rate Continuous cash flows Industrialization of services

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