Knowledge Sells?

How the quality of sales knowledge assets in startups affects their scalability

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ABSTRACT

A goal of entrepreneurship is to foster innovation through the creation of sustainable, scalable firms through a successful commercialization of their value proposal. Surprisingly there is little research on the key role sales and hence sales knowledge of the founder plays in the survival of an entrepreneurial venture.

The purpose of this study is twofold. First, we aim to contribute to the wider body of knowledge by exploring the effects of knowledge management on startups, using a field of knowledge topic highly appealing to our research interest and relevant for entrepreneurship: sales. Second, we want to scrutinize how the quality of startup founders' sales knowledge and their way of creating knowledge determines their ability to develop scalable business processes grounded on their implemented sales process. To do so, we undertook a qualitative multiple case-study based on eight interviews with startup founder- managers, with and without previous professional experience in sales who are in either year 1 or year 3+ of their startups life cycle with the intention of isolating the experience factor and to better analyze its effect on the quality of given knowledge. This way we seek to determine if previous professional experience in sales can be equalized to the sales knowledge gained through experience in the startup itself and how this affects scalability of the firm overall, using the framework of Knowledge Management (KM) and the SECI model to support the analysis of the collected data.

We identify an interesting difference between sales processes implemented by founder-managers with tacit-leaning and founder-managers with more balanced knowledge assets, as the later have achieved to build efficient sales funnels that are scalable in size and scale. Founder-managers with tacit-leaning sales process knowledge on the other side struggle with the efficiency of their sales process. A major determinant here seems to previous professional experience as the experience gained within the startup itself would not leverage in the same way.

Our findings emphasize the need for startups to more systematically approach knowledge management practices in order to create more balanced knowledge assets; something investors as well as scholars might benefit from when investing and educating the next generation of entrepreneurs.

Keywords: Knowledge Management, Knowledge Assets, Tacit and Explicit Knowledge, Startups, Entrepreneurship, Business Processes, Business Strategy, B2B Sales, Sales Process, Scalability;

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KM   Knowledge Management

KMP   Knowledge Management Process

KMS   Knowledge Management System

KA   Knowledge Asset

SECI   Socialisation Externalisation Combinaison Internalisation (Model)

TEK   Tacit-Explicit-Knowledge (Matrix)

1. INTRODUCTION

In recent years, Sweden´s entrepreneurial performance has attracted global attention. As traditionally export-oriented economy, Sweden experienced a major economic shift in the early 1990's with the implementation of extensive business reforms enacted to palliate the effects of the severe financial crisis the country was facing. These reforms removed entry and growth barriers for new firms in several product and services markets, making the corporate ownership and labor markets more flexible and setting the foundations of the post-crisis Swedish Entrepreneurial Ecosystem (Andersson et al., 2016, p.3). Now, Sweden ranks second, only to the Silicon Valley, in number of 'unicorns' - tech companies per capita- with a value of at least one billion US$, surpassing European tech giants like Germany, France and the Netherlands which pale in comparison to the US$36 BN entrepreneurial industry Sweden hosts (McKenna, 2017, p.1). However, while Sweden presents a thriving entrepreneurial ecosystem, Swedish startups and entrepreneurs still face a number of challenges. Among them is a high risk aversion towards investing in early stage startups, with most of the available capital being deployed in the latter stages of a new ventures' growth as well as a limited entrepreneurial tradition and an insufficient number of angel investors to help scale up successful new businesses (Braunerhjelm 2015, p.24). This scenario arises the question on what makes a startup more likely to survive. Because startups usually operate with limited resources in their early stages, successfully commercializing the proposal value of a startup is considered critical since it demonstrates revenue-generation capacity and met market demand, validating or discarding the business model (Bandera et al. 2017, p.165). Since startups face the need to acquire investments and revenue, the knowledge of sales becomes critical for founders to possess. Yet, there is a wide research gap when it comes to assess the sales knowledge of startup founders as it was revealed during our research using multiple suiting keyword-combinations. Given the difficulties to find relevant literature on the topic, we have taken a step back to assess the role of knowledge and knowledge creation in young and small firms more in general in the following.

Knowledge, described as developing into the most important "strategic factor" in corporate operations since the mid-1990s (Spender, 1996, p.52), is firmly associated with a company's ability to gain and secure its competitive edge over time (Nonaka and Teece, 2001, p.125). In an increasingly competitive environment, firms require effective ways to collect, combine, transfer and create new knowledge while leveraging on so-called knowledge assets at their disposition (Nonaka and Takeuchi, 1995). Hence, the relevance of *knowledge management* (from here KM) as a managerial practice has arised and has been confirmed in literature repeatedly (Gray 2006, p.346; Durst and Edvardsson 2012, p.879).

However, most of the studies regarding KM have focused on the systematic and formalised[1] execution of KM, as in what practices of KM help firms the most to share and administer existing knowledge, with less focus on the creation of new knowledge overall (Bandera et. al, 2017). From that approach, the positive effect of applied KM practices has been widely recognized, notably in established firms with more formalised procedures (see Tsai, 2001; Alegre, Sengupta, and Lapiedra 2011; Bandera et. al, 2017). KM research, focused on SMEs and startups which are by nature not as formalised and approach KM practices in an unsystematic fashion, has been neglected (Durst and Edvardsson, 2012; Bandera et. al, 2017). A rather interesting circumstance considering that the systematic development of new knowledge should connect entrepreneurship and KM rather intrinsically.

Curran and Blackburn (2001, p.5) were among the first to mention that SMEs are not "merely a scaled-down version of a large business". Specific resource constraints that SMEs face, let them develop rather unsystematic and informal KM structures compared with those found in larger, more resource-rich firms (Durst and Edvardsson, 2012, p.884). This "profound heterogeneity" (Curran and Blackburn, 2001, p.52) must obviously be considered when looking at the effect of KM structures in SMEs and startups (Durst and Edvardsson, 2012, p.884). Durst and Edvardsson (see ibid., p.888) also argue that the approach to explore the connection between KM practices and SME-startup survival, growth and scalability has been general and that more case studies are needed to advance the understanding on how KM practices affect these firms in particular.

In that instance, many authors confirmed that, despite the overall absence of systematic and formalised KM structures in many SMEs and startup firms (McAdam and Reid, 2001; Wong and

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[1] Systematic refers to the strategic use of KM practices to create knowledge which can happen through formal and informal practices that embed in the wider strategy.

Aspinwall, 2005; Bandera et. al, 2017), it is critical to regularly improve learning processes as they are significantly linked to SME survival and growth (Bingham, 2009; Fernhaber et al., 2009; Jones and Coviello, 2005; Oviatt and McDougall, 2005). Furthermore, Durst and Edvardsson (2012, p.880) argue, that having appropriate procedures of handling knowledge is "a particularly important factor as to whether a (new) firm survives or not". Existing resources, such as knowledge, must then be used with extreme care, as *"erroneous decisions will have more serious complications than they have in larger and more formalised firms"* (Amelingmeyer and Amelingmeyer, 2005, p.481, own translation).

Nowacki and Bachnik (2016) validate the same effect for startups. Knowledge management and a startups' performance can be linked across multiple key aspects such as revenue, competitiveness, the business partners' satisfaction as well as the buyers' satisfaction. Additionally, Centobelli, Cerchione and Esposito (2017, p.374) reference its impact on environmental performance, relational performance as well as technical and technological performance, pointing to the critical scarcity of resources characterizing a startup (see ibid., p.362). Therefore, startups should leverage on intangible assets such as knowledge and its systematic creation as much as possible. After all, the ability to to identify needed knowledge, its creation, storage, dissemination and application has been heavily linked to a firm's ability to counter current and future challenges and therefore ultimately secure its survival (see Wiig, 1997; McAdam and Reid, 2001; Wong and Aspinwall, 2004) as well as its potential to scale (Bandera, Bartolacci and Passerini, 2016; Bandera, Helmy and Shehata, 2016).

Here we want to add that we define a startup along Blank and Dorf (2012, p.46) as an "organization formed to search for a repeatable and scalable business model" that is either in the seed stage or creation stage of the startup lifecycle with no more than five years since the firm´s incorporation (Salamzadeh and Kesim, 2015, p.6). This definition is relevant as this paper particularly aims to highlight how unsystematically carried out KM processes affect the quality/complexity of a startups knowledge assets (a term introduced more in depth later) and how the quality of these assets potentially affects the startups scalability overall. While there does not seem to be a generally accepted definition of scalability in the business context (Stampfl, Prügl and Osterloh, 2013, p.229), we define it as the startups ability to grow the underlying functions of its business model (see ibid.).

Beyond the connection of KM practices and a firm's performance, recent studies ask for future research on how and in what way KM processes connect to survival, growth and scalability of startups (Durst and Edvardsson, 2012, p.881f.; Bandera, Bartolacci and Passerini, 2016; Centobelli, Cerchione and Esposito, 2017, p.172; Bandera et al., 2017, p.171f.). Bandera et al. (2017, p.171f.) stresses that the way these entities learn could affect scalability, even if the firm survives and grows. However, it is not clear how this happens due to a lack of qualitative case studies (see ibid.; Durst and Edvardsson, 2012, p.888), which brings us back to our research interest in how the startup founders knowledge in sales affects the startups performance or in this case: scalability. Hence, we are putting forward the question of how the quality of knowledge assets (tacit- or explicit-leaning), created by the founder-manager in the area of sales, is a consequence of their distinct and KM learning/practice style. Answering this question will enable us to create an outlook on how knowledge creation affects the scalability of a firm through looking at how the knowledge has been acquired and used within the firms we analyzed.

To answer this question, the paper is structured as following: we will first introduce the concept of knowledge management, its implications on organizational learning/knowledge and some of its analysis tools. Then, we aim to illustrate the role of the founder-manager who is often responsible for implementing practices to create knowledge in the startup intentionally or unintentionally through a distinct utilisation of given knowledge assets. This step is of prime importance as the theoretical framework we use is borrowed from an organisational concept that is applied to assess organizational structures by defining the reach of the founder-manager´s role in the startup. We level them as the organisation, as they pose as their purest representative. Next, we assess the startup´s knowledge assets introducing the sales process model (Hase and Busch (2018) to develop our research questions and prepositions. We then conduct a multiple case study, interviewing eight founder-manager with a representative involvement in the sales activities of their firm, that either had gained professional experience in sales before the inception of their business or have not, as we expect previous experience to be one of the central variables to have an impact on the type of knowledge these founder-managers have developed over time. We also divide these founder-managers into two time-categories (year 1 after inception of the startup and year 3+ after the inception of the startup) to contrast how different quality knowledge assets and their ongoing complexification affects the formalisation of an organisation over time. This we assume to relate

to scalability overall and can be research across firm level in future studies. Finally, we summarise our findings and give an outlook for further research.

2. THEORETICAL APPROACH

First, we will introduce the concept of knowledge management, and describe its origins to then explain its processes. A knowledge management process (KMP) can be accessed using formal or informal knowledge management systems (managerial practices) in order to create and improve knowledge assets (KA) in the firm systemically. These knowledge management systems are not central to the paper and are therefore only mentioned at this point to give a reference to the reader. Next, we describe knowledge assets as a concept and result of the process of knowledge creation and how these are in continuous development as shown by the SECI model which is introduced next. KAs can be either predominantly tacit- or explicit-leaning in their quality and it is the role of the founder-manager to balance both sides of the spectrum. Hence, as next step we define tacit- and explicit knowledge, paying more attention to the role of the founder-manager as creator of knowledge in the firm with the intentional or unintentional duty to codify knowledge and thus create tangible knowledge assets that enable competitiveness and/or innovativeness of the startup. Afterwards, we introduce the sales process in the business to business sales (B2B) dimension and develop first assumptions of predominantly tacit- or explicit learning knowledge assets in this regard. Then we introduce our two research dimensions, namely years in startup and the founder-manager's previous professional sales experience in order to develop our research questions and prepositions in a last step.

2.1 Knowledge Management

The development of knowledge management (KM) as an academic discipline originates within the Anglo-American community of science before experiencing significant development by the Japanese authors Nonaka and Takeuchi (1991, 1994, 1995, 1998) and spreading throughout the world during the late 2000s (Bandera et al. 2017, p.163; Durst and Edvardsson 2012, p.897).

KM as managerial practice is defined as "a set of systems and methods used for the creation, transfer and utilization of knowledge assets". As the goal and new beginning of the three holistically aligned (Cegarra-Navarro and Martınez-Conesa, 2007, p.311) core knowledge management processes (KMP) is the creation and improvement - or complexication (Nonaka, 1994, p.342) - of new or existing knowledge. This becomes possible after storing and leveraging on previously gained knowledge (Bandera et al. 2017, p.163) with the utilisation of knowledge being the only way to create value within and for the company (Comité Européen de Normalisation, 2004).

Generally, KMPs are defined as categories of activities or embedded procedures undertaken by an organisation to achieve specific knowledge-related objectives (McIver, 2011). However, it is important to mention, that there is no general agreement on the specific building blocks of knowledge management (Beesley and Cooper, 2008, p.49; Durst and Edvardsson 2012, p.879). Based on recent literature (Durst and Edvardsson 2012; Migdadi et al., 2017) these building blocks are knowledge- identification, -acquisition, -assimilation, -storage/retention, -transformation and -utilisation. It is important to state that literature indicates that startups in particular will confront knowledge management processes rather unsystematically and informally as mentioned before, which is the reason we won't look at given processes in particular. What is important to understand, is that an overview of knowledge management processes enhances our understanding of how a systemic approach to knowledge management can help to reach learning objectives more efficiently with the SECI model showing how learning cycles flow independent from the intent of the founder-manager.

2.1.1 Knowledge Management Processes

The first KMP stage of knowledge identification contains activities that help identify knowledge that is necessary for the company and its activities. This activity also comprises the identification of already existing knowledge in the firm (Hari, Egbu and Kumar, 2005, p.555).

In the acquisition stage, companies need to identify how and where to acquire the knowledge deemed necessary. Here, strategic decisions can include having employees systematically experiment (Gupta and Govindarajan, 2000) to produce knowledge internally, but also to consult external knowledge sources. Given their resource restrictions, SMEs and startups are most often forced to make use of the latter (Hari, Egbu and Kumar, 2005, p.555).

During the assimilation stage, new knowledge is transferred into the organisation's knowledge baseline. Assimilation refers to the firms' routines and processes that allow it to analyse, process, interpret and understand the information obtained from external sources (Han, Kim and Srivastava, 1998, p.33) In order to do so, information must be stored or retained.

The storage/retention KMP therefore concerns the codification and documentation of knowledge with the goal to build a knowledge base. This KMP is usually referred to as challenge for SMEs and startups as most knowledge about one aspect of the business is kept in the minds of the owner/manager (Wong and Aspinwall, 2004, p.47).

In order to store knowledge and transfer it into the firm's specific context, the transformation stages' function is to alter, expand or create new knowledge based on existing one. Knowledge transformation is a cross-boundary process as it assumes that knowledge has to be added/taken in from the outside of the knowledge holder (Alin, Taylor and Smeds, 2011, p.29).

The last stage, utilisation is described as the only value-adding activity (Comité Européen de Normalisation, 2004) and the restart of the overall process, as it gives the opportunity to implement, refine and improve KAs through testing (Gray, 2006, p.347).

2.1.2 Knowledge Assets

As described above, an organization identifies a lack of knowledge experienced in an area of its operations and starts to create knowledge that is supposed to enable the firm to overcome the challenge experienced or overall to secure its competitive edge. This baseline - as established at that very moment and before identifying a new knowledge need - is called a knowledge asset (Marr and Spender, 2004, p.19).

Knowledge assets integrate tacit and codified/explicit knowledge, which was assimilated, stored and transferred during its creation. The quality of a KA refers to the accuracy, completeness, timeliness, and relevance of the created knowledge (Wixom & Todd, 2005, p.90).

So, if knowledge was created with sufficient contextual information, is rich in saturation and linkages, it is complete, accurate, relevant and timeless. Saturation or also richness, refers to the characteristic of the knowledge as to be sufficient and to be useful while linkages describe its interconnectivity between tacit and explicit knowledge (Wang and Yang, 2016, p.85).

2.1.2.1 Tacit Knowledge

Most definitions of tacit knowledge refer in one way or another to Polanyi´s (1966) original introduction of the concept. Tacit knowledge is characterized for being personal knowledge and consisting of "mental models that individuals follow in certain situations" (Ambrosini and Bowman 2001, p.813). Tacit knowledge is also deeply embedded in individuals up to the point where it seems inherent, which is why it cannot be expressed and why it is attached to the knower (Ravetz, 1971, p.340) Other features of Tacit Knowledge include being practical (Sternberg, 1994, p.32), being a capability rather than a resource (Ambrosini and Bowman, 2001, p.813) and being context specific, deeply rooted in action and in an individual's commitment to a specific context (Nonaka, 1991, p.98). Tacit knowledge is often associated with the terms "skills", "know-how" and referred to as unarticulated, implicit, uncodifiable or procedural (Ambrosini and Bowman, 2001, p.813).

2.1.2.2 Explicit Knowledge

While Tacit Knowledge refers to the seemingly unconscious possession of certain contextual knowledge, Explicit Knowledge is expressed and communicated linguistically with ease and is usually also more formally articulated even if removed from the original context of creation or use (e.g. a training manual on how to close a real estate sale) (Zack, 1999, p.45). Explicit Knowledge can be derived into two elements: a) its objective and abstracted nature and b) its communicability. It can be readily written down, encoded, explained, or understood on its abstracted level (Sobol and Lei, 1994, p.170). In research, Explicit Knowledge is often associated with terms such as articulated knowledge (Hedlund, 1994), articulable knowledge (Winter, 1987) and declarative knowledge (Kogut and Zander, 1992).

The key concept to fully understand Explicit Knowledge and differentiate it from its tacit counterpart is "strings" defined as "bits of stuff inscribed with patterns" and characterized by being not random nor featureless which constitute a building block for communication. Following this line of thought, knowledge can be made explicit by elaboration (providing a longer string or combination of strings), transformation (translating one string into another, e.g a secret code into English words), mechanization (modeling interactions of one string with another, e.g. a human with a computer) and by explanation, e.g transforming mechanical causes and effects into a string called a scientific explanation (Lowney 2009, p. 21).

Because different types of knowledge such as declarative, procedural and causal can be made explicit and in turn play a critical role in complex organizations, Explicit Knowledge is considered by many authors as a factor of production in the knowledge economy (Zack 1999, p.1).

2.1.2.3 Creating Knowledge Assets: The SECI Model

Despite criticism around the general adaptability of the SECI Model over the years[2] and questionable attempts of creating a SME adapted variant (Desouza and Awazu, 2006), which unintentionally shifted the model towards one side, the SECI model enjoys an overall acceptance within the scientific community (Bandera et al., 2017, p.166).

The SECI model is based on the theory of knowledge-creation developed by Nonaka and Takeuchi (1995) that states that *"knowledge is created by a creative tension between tacit and explicit know-how, leading to a dynamic flow of activities that facilitates the generation, transfer and application of knowledge"* (Bandera et al., 2017, p.165). These tensions are displayed along a two-dimensional axis into four quadrants, categorising knowledge creating activities as tacit-to-tacit (socialisation), tacit-to-explicit (externalization), explicit-to-explicit (combination) and explicit to tacit (internalization). *Fig.1* illustrates the SECI model with tacit knowledge asset components on the left and explicit knowledge asset components on the right. As an organisation creates knowledge, optimally it cycles through these four quadrants (usually starting with socialization), forming progressively more complex knowledge with each cycle it undergoes, indicated by the arrow in *Fig.1*.

This model illustrates that regardless of a systematic and formalised approach to knowledge management, anyone goes through the specific learning process in order to create knowledge. Relevant here is that the externalisation and combination of knowledge on an organisational level distinctively refers to the way processes have been established based on a knowledge baseline created during the externalisation of knowledge. This helps the organisation to locate and embed new knowledge more fully and systematically and is relevant to create balanced knowledge assets of quality knowledge according to the definition used earlier. Further on, the organisation tries to improve this given baseline in the state of combination to then further enrich it with more tacit knowledge and repeat the circle, improving complexity of the knowledge asset overall.

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[2] Li and Gao (2003) reviewed the SECI model in a critical light as they argue that its validity was mainly proven for Japanese manufacturing companies at the time, while Richter (2011) criticizes that it misses an empirical basis.

As startups usually create knowledge more unsystematically and informally (Alvarez, Cilleruelo, and Zamanillo, 2015, p.129), research suggest that startups are more tacit-leaning in the SECI model, which could affect scalability (Bandera et al., 2017, p.171f.). The reason is, that if it is assumed that an organisation learns rather tacitly through its founder-managers unintentional approach to knowledge management, knowledge baselines are blurred and cannot integrate new knowledge as effectively as a startup might needed them to be. We also must consider that very early stage startups have not gone through a second cycle, having concentrated their activities on only the first quadrants of the model. Hence, we want to look at the role of the founder-manager more closely in the next chapter.
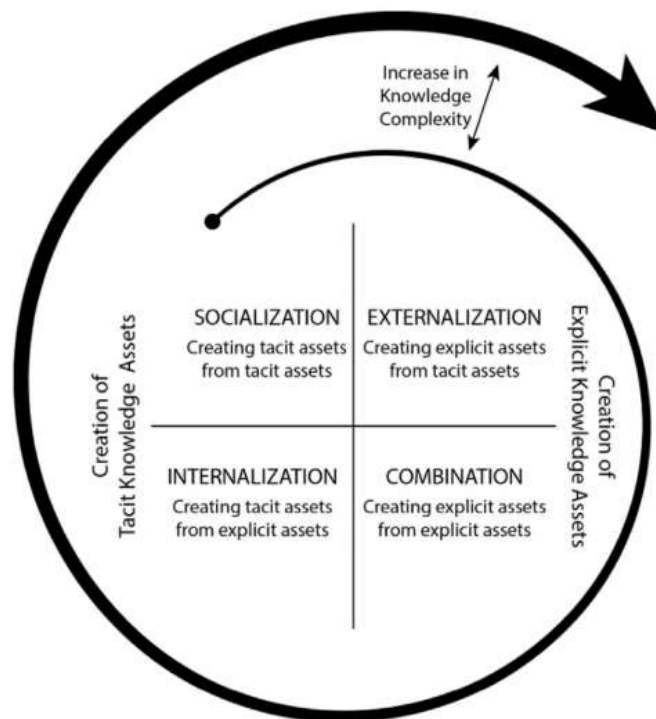

Fig. 1: SECI Model of Dynamic Knowledge Creation, sourced from Bandera et al. (2017, p.166), adapted from Nonaka (1994).

2.2 Knowledge Management in Startups and the role of the Founder-Manager

It is widely accepted that Startup founders are one of the most critical elements in a new venture's capacity to successfully develop a value proposal, commercialize it and scale the business model. While startup founders can be relatively unqualified in certain management activities, there is consensus on the importance of their unique understanding of the firm's value proposal and delivery process (Narasin and Abbot, 2015,p.1). An analysis made by Ben Narasin, president of TriplePoint Ventures and Michael Abbott, General Partner at Kleiner Perkins Caufield & Byers, found out that not only founder CEOs raised more capital and produce higher valuations on average compared to professional managers, but also excelled at creating value - understood as the difference between capital raised and valuation - by almost 200%, showing that the founders are uniquely positioned to increase Startup performance, which makes it desirable to retain them and enhance their skills rather than to replace the founder with a more qualified professional manager (see ibid.)

Alvarez et al. (2016) highlight, that knowledge management practices in startups are usually informal and performed between the founders as mentioned afore. Small firms prove to have flat structures and organic, free-floating management styles. They tend to be informal and non-bureaucratic. Control is oftentimes simply based on the owner's personal supervision and formal procedures tend to be absent in SMEs as well as in startups (Daft, 2007). In addition, in many smaller firms' founder-managers take on central positions in the firm (Bridge, O'Neil and Cromie, 2003). Hence it is not uncommon that the processes of business planning and decision-making are limited to only one person (Culkin and Smith, 2000).

In contrast, activities related to a systematic approach to knowledge management are time-consuming and require a certain level of pre-existing education (Durst and Wilhelm, 2011, p.14), while operating startup founders are usually hesitant to participation in training and other activities than their businesses, as they are perceived time-consuming and do not relate to the day-to-day business activities (Gray, 2006, p.353). Hence, knowledge in startups is predominantly gained in networks and through relationships (see ibid., p.353) as communication channels tend to be between firms rather than within the organisation (Durst, 2012, p.881).

As stated before, the founder-manager is, consciously or unconsciously at the center of all knowledge management processes regarding their field of operation. No matter how he or she aims

to fill perceived knowledge gaps for the firm in order to drive formalisation and enable survival and growth, it is his or her innermost responsibility to balance the acquisition of knowledge and adequately transfer tacit and explicit knowledge assets. Nonaka and Konno (1998) call this function a 'knowledge broker', enabling the creation and exchange of knowledge within the unit and ultimately across the firm. The role of the broker is essential, sitting at the interface between the transformation of tacit and explicit knowledge (1998, p.53). In startups the owner/manager determines the shape of the organisation through his or her conscious or unconscious knowledge management capabilities, codifying assimilated tacit knowledge from network interactions.

2.3 Sales in Startups

Driving this paper forward and taking Durst and Edvardsson (2012, p.888) into account, research in the field of knowledge management and its effects on SMEs or startups should be focused more on a very specific field of knowledge within the firm in order to advance the understanding of how knowledge management practices or the creation of knowledge affect a firm's survival growth and scalability.

To do this, we identify sales as a priority management skill for startup founders. As this paper aims to look at early stage B2B startups and how knowledge of sales and the sales process affects the scalability of the firm. As business to business model startups face specific challenges, a founder´s systematic approach to sales is incredibly relevant. Since an organization is a reflection of its leader, shortcomings in sales can usually also be traced to an inadequacy in sales management as we learnt from Hase and Busch (2018, p.8).

Sales is, along with marketing, one of the two primary revenue-generating functions within a startup and a central step in the delivery of value to the customer (Malshe and Sohi, 2009, p.400) and often seen as a very individual and flexible profession (Hase and Busch 2018, p.13) with the ultimate goal of "closing" the prospect to become a customer. While activities and contents are to be presented at certain points of the sales process, its practical design (*Fig.2*) can be altered based on buyer persona (specific position within the segmented customer with a defined grade of decision and buying power that holds individual motivations, goals and challenges), hence an overall structure is not a contradiction, but rather an important aspect of a professional and

effective sales approach. Understanding the model of the sales process enables business to business firms to design custom sales funnels based on their targeted audience keeping projected customer acquisition cost, time and deal flow KPIs competitive in regards to industry standards (see ibid.). Hence, the sales process (*Fig.2*) is the most relevant model within the management field of sales (see ibid.) as it helps to develop such effective sales funnels according to projected customers and their buyer personas and start measuring KPIs which enable financial projections of startups in terms market share gain and market cap.
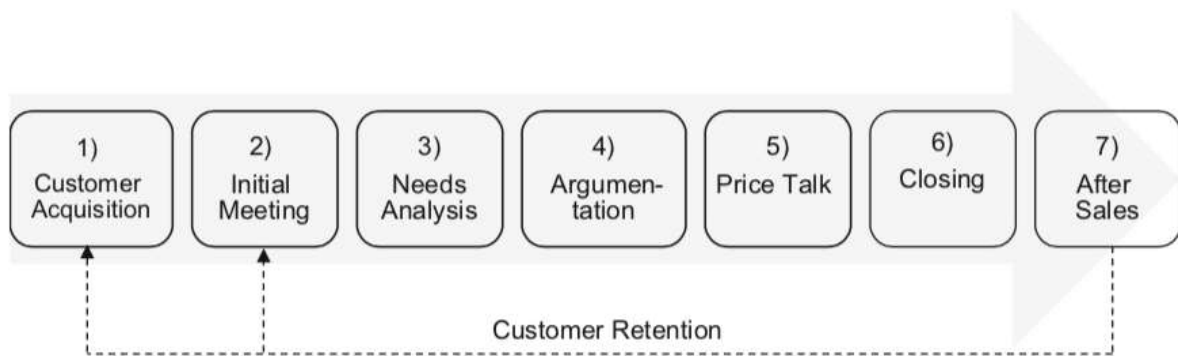
Fig. 2.: The Sales Process, sourced from Hase and Busch (2018, p.14).

2.3.1 Explicit Knowledge of the Sales Process

Given that Explicit Knowledge is more formally articulated (Zack, 1999, p.1), EK in the context of sales process means that the founder in the role of the sales manager is able to not just describe activities implemented along the sales process, but also how they relate to one another and why they are set into place the way they are. Explicit knowledge can further be enriched with Tacit Knowledge as the particularities of markets and buyer persona personalities are first felt, then codified and further embedded on the explicit knowledge of the organisation following the SECI model. This is the overall learning process, which though clearly shows the importance of a predominantly explicit body of knowledge before the knowledge asset itself becomes further complexified. A detailed description of explicit knowledge regarding the sales process is found in the coding in the analysis chapter.

2.3.2 Tacit Knowledge of the Sales Process

As Tacit Knowledge is often associated with the terms "skills", "know-how" and referred to as unarticulated, implicit, uncodifiable or procedural (Ambrosini and Bowman, 2001, p.813), TK in terms of the sales process mirrors an understanding of the activities related with customer acquisition overall. The founder in the role of the sales manager, might know that he or she needs to build relationships with potential customers, that calling, emailing and following up is a part of it, but is not able to identify a structured model after all. Hence, it can be expected to come with a compilation of best practices and the usage of inefficient or unsuitable tools which result in high or unknown customer acquisition costs and deal times. A detailed description of tacit knowledge regarding the sales process is found in the coding in the analysis chapter.

2.4 The role of Time and Experience

While academic sales education is on the rise in recent years (Bolander, Boney and Santorini, 2014, p.169), it is not yet widely available. At the time of this paper, only a handful sales management Master programs existed around Europe with none available in Sweden. Sales is often treated as a subcategory of marketing, despite its relevance for businesses (Hase and Busch, 2018, p.8). As we would assume that formal, academic education would contribute a lot to the complexity of knowledge assets regarding sales, in our sampling of Swedish entrepreneurs we could therefore out rule its impact as none of these individuals had received formal education in sales.

Yet, what we deemed important was the number of years worked within a professional sales-related field as we assumed that more complex and codified knowledge is being disseminated by the firm to its members in order to reach its goals and therefore elevates the complexity of individual's knowledge assets over those of someone who has no sales related work experience.

Also, as we introduced the dimension of time earlier as in describing organisational learning as consecutive activity, for us it is important how founder-managers knowledge assets differ from year one to year three based on their individual preconditions.

2.5 Summary, Research Question and derivation of Prepositions

As we have seen, the founder-manager is a valid representative of his or her field of management and is responsible for complexifying field related knowledge assets in order to formalise the firm, which again is heavily linked to survival, growth and scalability. So far, the assumption is that unbalanced knowledge assets, especially knowledge assets that are predominately tacit, hinder firm growth and affect the scalability of business processes that the business is trying to build (Bandera et al., 2017, p.173). Due to their circumstances, as elaborated before, startups are expected to efficiently build competitive knowledge assets, which are more located on the left side of the SECI model, hence are predominately tacit-leaning, as they rely more on network resources than training activities due to time and resource constraints. Hence, we want to identify the quality of knowledge assets that do exist in startups in regards to the sales process, over time, and affected by previous professional sales experience of the responsible founder-manager.

RQ1: What type of knowledge assets in regards to the sales process model can be found in startups?

Here, we have the assumption that the types of knowledge assets vary, as they can be affected by previous professional sales experience (2+ years in full time sales related professional position) as well as the time that was available to create knowledge within the firm since inception. (the startup "age") Therefore we assume that:

P1: Founder-managers without previous professional sales experience present more tacit-leaning knowledge assets than founder-managers with previous experience.

P2: The number of years worked in sales related professional positions, affects the quality of the knowledge asset., hence founder-managers with more years and higher senior positions in sales have developed a fuller and balanced knowledge asset across the SECI model than others.

This leads us to our second research questions, which aims to understand how these founder-managers prefer to learn as that would indicate the nature of those knowledge assets. Therefore, we ask:

RQ2: How do founder-managers build knowledge assets in regards to the sales process in early stage startups?

P3: In terms of time available to create knowledge since the inception of the startup, we assume that founder-managers that had no previous sales-related experience keep building more tacit-learning knowledge assets over time and codify these to a larger extent by year 3+ of existence compared to their year 1 counterparts. (Older startups have more codified knowledge than younger ones)

P4: Founder-managers with previous work experience build full and balanced knowledge assets that are rich in tacitness as well as explicitness by year 3 after inception of their companies.

This leads to research question three, where we enter the relationship between the nature of knowledge creation and the knowledge assets in startups to their scalability which gives us an indication of how startups knowledge assets build processes that foster or hinder scalability.

RQ3: In what way do tacit-leaning knowledge assets hinder scalability in startups?

P5: Founder-managers that build tacit-leaning knowledge assets acquire a set of deeply embedded personal best practices rather than a complete understanding of the sales activity, with poor results in efficiency and scalability, as KPIs cannot not be reached on an efficient and competitive level.

P6: Founder-managers that build balanced knowledge-assets can produce a precise set of best practices suited for their individual product/customer sales funnel based on a comprehensive and codified methodology. These practices help these founder-managers to reach projected KPIs more efficiently, contributing to a scalable sales process.

3. METHODOLOGICAL FRAMEWORK

In order to fill the identified research gap and give a suggestion for further research on how the quality of knowledge assets in startups affect their scalability we break our methodological approach down into the following steps: (1) assessing the quality of the founder-managers existing knowledge assets at the time of our study, (2) identify the way these founder-managers tend to create knowledge within their fields and (3) point out the way their current sales processes are built in order to examine which effects tacit- and explicit-leaning knowledge assets have on the scalability of these processes. We then seek to generalise the findings and give an implication how knowledge creation in startups in general leads to organisations of scaleable or non-scalable character along Teherani et al. (2015, p.670).

Since we seek to explore and understand the phenomena of scalability in relation to the quality of knowledge assets resulting from knowledge creation in startups, we chose a qualitative research approach with an emphasis on process and meanings (Sahle, Lohfeld and Brazil, 2002, p.44), based on an interpretivism paradigm rather than a positivism one (Altheide and Johnson, 1994). We aim to abstract insights from the data we collected in order to identify patterns that help to develop an explanation of the nature of the relationships between knowledge creation and scalability through a series of prepositions found in chapter 2 (Bernard, 2011). This inductive approach results the best method to build an abstraction of the phenomenon we study in this paper (Lodico, 2010, p.10). Our choice for a qualitative - inductive approach strongly determines our data collection methods, making individual interviews the best option to *"recognize patterns among words in order to build up a meaningful picture without compromising the richness and dimensionality of our research"* (Leung, 2015, p.324).

Inductively testing our prepositions requires analyzing the startup founders/managers sales process knowledge in both a tacit - explicit knowledge (TEK) matrix, which we developed and present further down in this paper (*Fig.3*) as well as in each of the four quadrants of Nonaka´s (1995) SECI model that was established in chapter 2 (*Fig.1*). Since the focus of this analysis is centered on the startup founders approach to knowledge creation and his or her established knowledge asset quality/complexity, our study uses general sales process activities questions to elicit open-ended answers from the participants. We then use a content analysis methodology to measure the

linguistic properties of the participants answers and categorize them accordingly to map their relevance according to each TEK and SECI category.

Our study employs a three-step process. Step one consists in interviewing the founder-managers who matched the criteria described in the sample selection sub-section of this paper with open-ended questions in order to allow them to talk freely about their approach to implementing a sales process in their firms. The transcripts of these interviews identify sales process related activities, quality of knowledge assets as well as perceptions and attitudes towards knowledge creation within the sales process context, without specifically raising the question of knowledge management as managerial duty/subject, in order to obtain responses as free of bias as possible.

In the second step we map a set of psycholinguistic variables from the interview transcripts, allocating them within the categories and quadrants of the TEK matrix and SECI model, using the coding described in the coding sub-section of this paper.

In the third step, we use the TEK matrix and SECI mapping as a bridge to analyze the predominant 'leaning' of knowledge the sample founder-managers possess (tacit- or explicit-leaning) and their individual outlook on how they acquire/transfer knowledge (socialisation, internalization, combination or externalization). Then, we proceeded to use these findings to test our prepositions regarding the relationship of a startups sales process as a result of the owner/managers efforts to utilise existing knowledge assets and its potential scalability.

We assess the clarity and appropriateness of our research questions by using Dixon-Wood and Shaws' (2004, p.324) checklist for qualitative studies: (1) the description and appropriateness for sampling, (2) data collection and data analysis, (3) levels of support and evidence for claims, (4) coherence between data, interpretation and conclusions and (5) level of contribution of the paper.

3.1 Sample Selection

In order to proceed on our research questions, we use purposive sampling, a non-probability sample, where we identified and selected individuals and groups of individuals that are especially knowledgeable about/or experienced with a phenomenon of interest (Cresswell & Plano Clark, 2011), with 'professional sales experience' and 'start up age' (year 1 and year 3+ as categories) as the two central axis of selection which produced the following four categories with two sample participants in each category.

YES SALES EXPERIENCE

Category I	Category III
Startups in their month 0 to 12 and founders **with no** previous professional sales or sales management experience.	Startups in their month 24 and beyond and founders **with no** previous professional sales or sales management experience.
Category II	**Category IV**
Startups in their month 0 to 12 and founders **with** previous professional sales or sales management experience.	Startups in their month 24 and beyond and founders **with** previous professional sales or sales management experience.

NO SALES EXPERIENCE

Table 1: Sample Categories, own source.

The interviews were conducted with practicing entrepreneurs based in the Lund-Malmö region located as part of the Skåne county, southern Sweden. This choice was motivated for logistical convenience (all participants were located within a radius of 20 kilometers from the authors), but also for the increasing preponderance of entrepreneurship and startup creation in the region. Despite the presence of significant entrepreneurship ecosystems in the region (incubators, accelerators and science parks), the authors chose purposely to not focus their sample in one specific entrepreneurship ecosystem, in order to obtain results based on the founder-managers

personal approach to sales process knowledge creation rather than based on the approach of the ecosystems that might run startups through the same sales-related workshops.

Abiding by Salamzadeh´s classification (2015, p.6), the participants are in either the seed stage or creation stage of the startup lifecycle with no more than five years since the firm´s incorporation. In line with Nonaka and Konno´s (1998, p.53), the definition of the manager/director as a knowledge broker in the firm, all selected founder-managers are founders or co-founders of their startup and have an active and exclusive role in b2b sales in their firms. The specific industry of the startup was not relevant for selection, but all participants operate exclusively or primarily with a business to business (B2B) sales model along varying levels of complexity. The financial performance (e.g. revenue, profits) was discarded in this study, since the aim is to analyze knowledge creation and utilisation without its connection to performance. As Bandera (2017, p.165) states, startups can have validated their business and growth models without necessarily being able to scale. Further, gender and age were not relevant to the sample selection.

Given the impossibility of knowing the exact number of potential candidates that fall in the categories of 'startup founders in years 1 and 3+' within the geographical scope of the study (Malmö-Lund region), due to the lack or unavailability of official data, our sample size was determined by narrowing the aim of study, which required a smaller sample (Malterud, Siersma and Guassora, 2016, p.1754). The establishment of additional control variables such as geographical availability and location, startup age and professional sales experience increased the sample specific density and helped limit the number of eligible participants even further. Following Eisenhardt and Graebner (2007, p.27) that *"multiple cases enable comparisons that clarify whether an emergent finding is simply idiosyncratic to a single case or consistently replicated by several cases"*, we determined that having two interviewees per category instead of one allowed us to a) better contrast the results in each category and b) identify patterns with more clarity for further analysis, while providing a stronger case for theory building as our prepositions are more deeply grounded in varied empirical evidence (Yin, 1994). The aforementioned conditions resulted in a final sample size determined at eight participants to match the four analysis categories.

After determining a preliminary interview candidates list of 16 entrepreneurs with the aforementioned characteristics, a convenience sampling as described by Bryman and Bell (2015 p.190), the contact method included reaching out to all 16 pre-selected candidates via email and/or

the LinkedIn private InMail service. We determined the age variable of a startup thorough company registration data derived from allabolag.se additionally that we qualified each participants' role and previous experience personally before the interview. The final participants were chosen based on their availability and willingness (the two first positive responses per category) as defined by Bernard (2017) and can be seen in *Fig.4*.

	Group	Previous Professional Sales Experience	Sample Subject	Type of Company
Year 1	I	No	AJ S1A	Food Vendor
		No	EW S1B	Manufacturer
	II	Yes (2yrs)	BB S2A	Manufacturer
		Yes (12yrs)	RN S2B	Education
Year 2	III	No	OP S3A	Manufacturer
		No	VB S3B	Manufacturer
	IV	Yes (2yrs)	DB S4B	Software
		Yes (8yrs)	IM S4A	Services

Table 2: Study Sample, own source. Original names are omitted for privacy purposes.

3.2 Interview Guideline

The participants answered a total of 30 interview questions with a combination of structured, semi-structured and open-ended responses that concentrated on their sales process knowledge, sales related activities and knowledge management. Sample-structured questions were built on known constructs such as the structure of their sales process (Hase & Bush 2018, p.14). Sample semi-structured questions included inquires like 'how many and which stages does your sales process include?'. Open-ended questions represented the majority of the interview and had the purpose to engage the participants in a free-flow conversation that formed the basis of the exploratory content analysis. The questions were derived from the elements of the sales process as presented by Haseand Busch (2018) and cross into the handling of sales management activities regarding the monitoring, analysis or projection of certain goals regarding sales along the model. The full list of questions can be reviewed of the Appendix B 'Interview Questions'.

3.3 Coding

The design of this paper's code is based on Saldaña´s (2015) definition of qualitative codes as essential elements of the research story that, when clustered together according to similarity and regularity (a pattern), actively facilitate the development of categories and the analysis of their connections. We began the process by writing a list of pre-set codes, based on the the conceptual framework and list of research questions in order to generate categories from there. Once we started analyzing the collected data, we came with emergent codes based on the TEK- and SECI models, mapping the responses with a linking function rather than simple labeling. We took a directed content analysis approach, defining the code before and during data analysis, and further deriving the additional code from both theory and relevant research findings according to Hsieh and Shannon (2005). In step three we conduct an interpretive content analysis in order to determine if the sales processes of our founder-managers business are perceived to be scalable along the definition presented.

3.3.1 TEK Matrix Coding Manual

The mapping from the interview transcript to the TEK matrix was conducted by the two authors, who jointly voted on the association of each answer response parameters to the either tacit or explicit knowledge dimension. The TEK matrix was used for coding the questions on the category 'sales process knowledge' and matched the principles of tacit and or explicit knowledge to each answer. This mapping scheme allows a variable to be associated with only one TEK category. Each answer is assigned the initial letter of the correspondent category, T or Ex (*Tab.1*).

INTERVIEW QUESTIONS	CATEGORY PROPERTIES	RESPONSE PARAMETERS
Sales Process Knowledge	**TACIT KNOWLEDGE**	**TACIT KNOWLEDGE**
IQ1 IQ2 IQ3 IQ4 IQ5 IQ6 IQ7 IQ8 IQ9 IQ10 IQ11 IQ12 IQ13 IQ14 IQ15	The person knows more than they can tell (Polanyi) Difficult to write down or formalize (Nonaka) Skillful performance is achieved by the observance of a set of rules which are not known as such by the person following them. (Polanyi) It is personal knowledge, consisting in mental models embedded in the individuals and taken for granted (Sternberg, Nonaka) It is context specific, deeply rooted in action and in an individual's commitment to a specific context (Nonaka)	Does not understand or confuses terminology (or requires the interviewer assistance to do it) but can explain the broad process. (T) Cannot explain how they learnt but can identify the practices and principles that guide their approach to sales (T) Cannot explain clearly what they know or how much they know/don't know but they are confident in their ability to execute the sales function. (T) They can't explain a sales model but they can explain their personal sales process in their firm (T)
	EXPLICIT KNOWLEDGE	**EXPLICIT KNOWLEDGE**

It is completely transmissible; users are completely aware of the knowledge and its usage. (Chilton & Bloodgood 2007)	Fully recognizes, understand and uses the terminology & theory (with or without support from the interviewer) (E)
It is highly codified, it can be articulated and transmitted into systematic languages (Evangelista & Hau, 2009).	Is aware and/or uses standard models, structures, systems and/or metrics (E)
Because of its systematic structure, it is easy to share. Aldin & Hamza (2008)	Has an established, codified procedure to use as a reference and evaluation benchmark for sales operations (E)
Fact, rules, relationships and policies that can be faithfully codified and shared without a need for discussion (WYATT)	Possess sales training and management procedures (E)

Table 3: TEK Matrix Coding Manual, own source.

Example for Coding along the TEK Matrix

PARTICIPANT	QUESTION	SIGNIFICANT QUOTE FOR ANALYSIS	COINCIDENCE WITH CODE	MOST SUITABLE CATEGORY
S4B	IQ7: How does your sales process look like?	"we have a pretty well defined sales process: it starts with awareness and an integrated sales - marketing strategy integrated across multiple information channels and funnels that we develop into leads and we proceed to contact them directly by phone or by LinkedIn...,	"Explicit Knowledge is highly codified, can be articulated and transmitted…"	Explicit Knowledge

Table 4: Example of mapping using TEK Matrix, own source.

3.3.2 SECI Model Coding Manual

The mapping of the interview transcript to the SECI model was conducted by the two authors who jointly voted on the association of each answer key words to each SECI quadrant. This mapping scheme allows a variable to be associated with more than one SECI quadrant. Each answer to a question is assigned with a letter of the initial letter of the correspondent category: S, E, C or I (*Tab*.2)

INTERVIEW QUESTIONS	CATEGORY PROPERTIES	RESPONSE VARIABLES
Sales Knowledge Creation IQA IQB IQC IQD	**SOCIALIZATION** (Create tacit knowledge assets from tacit knowledge assets) - Tacit knowledge accumulation - Extra - firm social information collection - Intra - firm social information collection - Transfer of Tacit Knowledge	**SOCIALIZATION (S)** "We talk to a lot of people and try to create as many networks and contacts as possible" "Our sales involve sending lots of emails, making lots of phone calls and persisting" "We don't have a sales model yet" "whomever makes the first contact keeps the account"
	EXTERNALIZATION Create explicit knowledge assets from tacit knowledge assets.	**EXTERNALIZATION (E)** "We have a CRM where we can see who handles which accounts in the sales pipeline" "We have scripts for our sales calls and sales meetings"
	COMBINATION Create explicit knowledge assets from explicit knowledge assets. - Acquisition and Integration - Synthesis and processing - Dissemination	**COMBINATION (C)** "We use the XXX sales model proposed by XXX author as inspiration for our own sales manual"

INTERNALIZATION	INTERNALIZATION (I)
Create tacit knowledge assets from explicit knowledge assets. - Personal experience for real world knowledge acquisition. - Simulation and experimentation for virtual world knowledge acquisition	"We use as CRM but our accounts are assigned to whomever "connects" better with the prospect or customer"

Table 5: SECI Model Coding Manual, own source.

Example for Coding along the TEK Matrix

PARTICIPANT	QUESTION	SIGNIFICANT QUOTE FOR ANALYSIS	COINCIDENCE WITH CODE	MOST SUITABLE CATEGORY
S2A	IQ7: Where do you write down the steps for your prospecting and closing process?	"So, we basically use an Excel sheet to write down all the data we collect. We have been talking about the different programs that we can use, we aren't actually that far yet so the best way to keep track of our meetings, or potential partners has been Excel"	" the person creates explicit knowledge assets from tacit knowledge assets"	Externalization

Table 6: Example of mapping using SECI Model.

3.3.3 Interpretation of Scalability of Sales Process Activities

In order to assess a startup founders-managers sales process' scalability, we included a section with questions regarding the use of typical sales management tools and activities. On a strategic level, we want to know if our participants forecast sales goals, project appropriate KPIs and their values as well as presumed customer acquisition cost according to deal size (IQ20). On an operative level we want to know if our participants monitor and evaluate their performance on a regular basis to see if sales goals can be reached (IQ17). We then want to see which tools they use to streamline their work as much as possible (IQ22). As it is difficult to approach this logic from bottom-up or top-down, we disregard participants that use certain tools, but not monitoring activities or set sales specific goals as non-scalable. Participants that have implemented sales goals but do not monitor their KPIs or don't use appropriate tools, are also working on non-scalable sales processes. Only the holistic approach on having implemented mechanisms along the startups maturity on all three levels creates a scalable sales process.

	Scalable	Non-Scalable
	Expected statements:	
Strategy	"We have a sales goal for 2018 and operate along KPIs we deem functional"	"We have long-term goal in mind but that's more of a motivation"
Operations	"We monitor activities and have developed deliverable to stay more on track"	"We do not monitor our activities since it is just me who does it. I would also think that freedom is appreciated if we hired another sales rep"
Tools	"We use a CRM system and I have an automated meeting bookings tool that syncs with my calendar. Email templates are also important for us"	"We use a CRM as that was shown to us, but it is really difficult for me to always come back and enter information there as I have them in my head anyway."

Table 7: Scalability of the Sales Process Coding, own source.

4. ANALYSIS

4.1 Quality of current Knowledge Assets

To assess our first research question of how the current knowledge assets of our samples were predominately structured, the first 15 questions of each of the eight interview transcripts were mapped individually using the Tacit-Explicit Knowledge Matrix coding as shown in chapter three. In every response we assume a very general pre-existing knowledge of sales at least to a minimum. Due to the sample selection criteria of interviewing participants, the interviewer assisted the respondent with clarification of the question when necessary and thus the "doesn't know/can't respond" option is not included in the coding. The interviewee´s response is mapped in the Tacit Explicit Knowledge Matrix using a binary system for categorization assigning a letter T or Ex. Since this was not a quantitative analysis, our aim was only to identify an inclination towards one type of knowledge or the other based on a simple majority of results (8 out of 15 responses at least) and express each sample as tacit or explicit.

The results of Sample Group I (year 1 - no previous experience) display mostly tacit traits. In this group, both respondents expressed strong statements that matched the code for the tacit knowledge category.

Question: Do you have any system to accelerate your sales cycle?
S1A: "That would be good to have some more techniques. It sometimes is very slow.
               I think that the easiest option is to just be annoying.*"*

Sample Group II (year 1, previous experience) presented divergent results: while S2A responses revealed a tacit understanding of the sales process as we found a lack of knowledge codification. S2B´s answers were structured, articulated and rich in vocabulary (code). It is interesting to notice that S2B has significant more previous sales experience (12 years) than S1B (2 years) which seemed to affect the quality of his sales knowledge as seen in his answers. For example:

Question: Can you describe your buyer persona?
S2B: "In the complex structure in the market in which we're working we target
               entrepreneurs, innovation systems and investors. Because we're not working with
               a standardised product, which means there are no existing buyer patterns for this
               type of product we have had to create our own buyer persona."

Sample Group III (year 3, no previous experience) participants were once again homogenous in their performance with both of them showing a strong inclination to tacit knowledge assets. The most interesting outcome of the analysis of this group is that despite being on the business for at least three years, both founder-managers responses reveal minimum codified knowledge as an excerpt from one of the interviews reveals:

Question: How does your sales process look like?
S3B: "Right now and we don't have a sales plan or model right now that we follow really, we just go with the flow … worst answer ever (laughs). I don't really know why we do any of the stuff, I guess we just do it because it feels right and we get some results (laughs)."

Finally, Sample Group IV (year 3, previous experience) respondents, much like group two displayed contrasting results: S4A´s answers were unstructured and the interviewee struggled to explain communicated concepts while S4B demonstrated codified knowledge structures as we can see in the following sample:

Question: What closing techniques do you use?
S4B: "We have what we call the four steps of sales so we make sure that we have all the relationship and needs identified, to then analyze the sale and basically move the prospect to the next step."

Analyzing the results of the Tacit Explicit Knowledge Matrix Mapping as a whole, we can identify that founder-managers are not homogeneous in the quality of their knowledge assets at a given time. They are either more tacit or explicit in very different areas of knowledge regarding the sales process. The founder-managers we interviewed with more than five years of experience were able to present very explicit knowledge, while founder-managers with around two years struggled to codify knowledge in some areas while still outperforming their counterparts without previous sales experience. In the following table (Table 8) we map out the results we received.

		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	TOK
GROUP I	**SIA**	Ex	Ex	T	Ex	T	T	T	T	Ex	T	T	Ex	Ex	T	T	**T**
	S1B	T	T	T	T	Ex	T	T	Ex	T	T	T	T	T	T	T	**T**
GROUP II	**S2A**	Ex	Ex	Ex	T	Ex	Ex	T	T	T	T	T	T	T	T	T	**T**
	S2B	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	T	T	T	**Ex**
GROUP III	**S3A**	T	T	T	Ex	T	T	Ex	Ex	T	T	T	T	T	T	T	**T**
	S3B	T	T	T	T	T	T	T	Ex	Ex	T	T	T	T	T	T	**T**
GROUP IV	**S4A**	Ex	Ex	T	T	Ex	Ex	T	Ex	T	T	Ex	T	T	T	T	**T**
	S4B	Ex	Ex	Ex	Ex	Ex	T	Ex	Ex	Ex	Ex	Ex	Ex	Ex	T	Ex	**Ex**

Table 8: TEKM Mapping Results, own source.

4.2 Quality of Knowledge Creation

The four questions of the second section 'sales processes' in each of the eight interview transcripts were mapped individually using the proposed SECI Model. Unlike the TEK Matrix, in the SECI Model Analysis the answer "I do not" was included but integrated in one of the SECI Categories. The participant´s response is mapped in one of the four quadrants: S, E, C or I. Our aim is to identify the inclination of each participant and each category in either of the quadrants and long the tacit (left side) and explicit (right side) axis. A further progression down the spiral reflects an increase in the knowledge simplicity. Since the SECI frame allows us to see this distribution, there is no need for us to assign a value similar to the one in the TEK Matrix.

Sample Group I (year 1, no previous experience) mapping, revealed a remarkable concentration in the upper end of the SECI chart and an almost individual positioning in either the S (S1B) or E (S1A) quadrant, with both participants revealing either a negative result "we don't write down the process" to vague references to a process with no signs of codification. This shows both respondents are in the first stages of the knowledge complexity spiral. One of the most outstanding statements from this group was:

Question:	Where do you write down the steps for your prospecting & contacting process?
S1B:	"Our process is sort of spontaneous and that not so much with sales in mind, but innovation in mind. That's how we approach it. We just email people, or call them to say 'hi, we have this product and want to know what you think?"

Sample Group II (year 1, previous experience) presented a more varied distribution, using three of the quadrants. S2A presents a more noticeable concentration (three from four) in the socialization quadrant while S2B participant´s answers reveal a further codification of the sales process which translates in the quadrants for externalization and combination. Despite sharing a similar startup maturity, S2A leans significantly towards the upper segment of the chart which hints that startup age hasn´t resulted in further codification of the processes. A relevant quote from this interview to understand this result is:

Question:	Where do you write down the steps for your presentation and closing process?
S2A:	"We don't have any official guideline or document; we go a on a case to case basis with the customer because we don't necessarily know who is gonna be the big sale: is it gonna be insurance? is it gonna be the municipality? is it gonna be hospitals? is it gonna be regular consumers?"

Sample Group III (year 3, no previous experience) was similar to SG1(year 1, no previous experience), totally concentrated on the upper segment of the chart and heavily inclined towards the externalization quadrant. Despite the fact both startups are in their year 3+, they still present low levels of knowledge codification and their answers reveal tacit-leaning processes as the following except demonstrates.

Question:	Where do you write down the steps for your after sale and follow-up process?
S3B:	"Our system is based in creating this close relationship and avoid flaws. We will tell our customers: Hey we're a startup, we're not a big corporation, so please be considerate when you give us the feedback. Be nice but give feedback. And then we follow up also with an email, 'is everything okay, here are some links to the support page, if you have an issue, write the ticket here' and all that. And then we're trying to automate all these things of course."

Sample Group IV (year 3, previous experience) revealed the most significant balance among all groups, qualifying to all of the quadrants, which in our argumentation is the optimum. This is mostly attributable to the fact that respondent S4B presents the highest codification of knowledge asset in all participants and thus the further progress down the complexity spiral. We also observe that respondent S4A is exclusively concentrated in the quadrants S and E which again points to a stronger correlation between the years of professional sales experience than to the age of the startup. Some of the answers from S4A show a strongly embedded process that is still not codified as we can see in this quote

Question: Where do you write down the steps for your after sale and follow-up process?
S4A: "We don't have so many customers in the first place, so yeah I like calling in frequently to see if everything is fine, but that I do more like how my time is. So if I have achieved my goals for the day, I try to build relationships, but yeah nothing structured."

The analysis of the SECI Model mapping results as a whole reveal an unequal distribution. With two exceptions, all other participants are concentrated in the superior segment of the frame which points towards a tacit-leaning knowledge creation without the age of the startup or its particular size or industry being relevant factors. The most outstanding results come from respondents S2B and S4B, which are the only ones with presence in the lower segment of the SECI map and have by far the most experience in our sample. As with the TEK Matrix analysis, the performance of S2B and S4B hints that the quality and length of previous professional sales experience is correlated to the quality of knowledge creation.

Group I - Year 1, no previous experience

Socialisation (S)	Externalisation (E)
SIA S1B S1B S1B	S1A S1A S1A S1B
Internalisation (I)	**Combination (C)**

Group II - Year 1, previous experience

Socialisation	Externalisation
S2A S2A S2A	S2A S2B S2B
Internalisation	**Combination**
	S2B S2B

Group III - Year 3+, no previous experience   *Group IV* - Year 3+, previous experience

Socialisation	Externalisation
S3A S3B	S3A S3A S3A S3B S3B S3B
Internalisation	Combination

Socialisation	Externalisation
S4A S4A	S4A S4A S4B
Internalisation	Combination
S4B	S4B S4B

Table 9: SECI Model Mapping, own source.

4.3 Assessing Scalability

Group I

In the first category (year 1, no previous experience), both manager-founders were using sales goals for the current business year, while only S1A of them was using daily actionables and deliverables that could be monitored. In regards to tools, S1B expressed that monitoring performance for him could also be referenced as a lack of trust and he therefor did not want to use it. This second founder-manager still used a CRM system and from there other apps that he also consulted in his private life but were not necessarily sales related. Founder-manager S1A did in fact have effective tools along the sales process in place.

Therefore, in this category, one of the founder-managers sales process is found to be scalable, while the others is not. Relevant here to know is that founder-manager S1A received a five week course in b2b sales training, which he stated heavily influenced the way he worked. We therefore argue to dismiss his case for this segment.

Category 1	Strategy	Operations	Tools
S1A (dismissed)	yes	yes	yes
S1B	yes	no	no

Group II

In the second category (year 1, previous experience), S2A expressed that his startup was working with clear sales goals and that there was sufficient effort made to track and analyse performance and major KPIs. The tools he used seemed appropriate yet inefficient which could easily be changed through implementing a CRM system and will happen in the future as S2A expressed. S2B also stated that he was using clear sales goals, which were tracked through a set of KPIs and broken down in actionables and deliverables aligned to a timeline. The flow of actions he described as very smooth with a CRM system at the center and automatisations such as meeting bookings and email templates at the core. Hence, both founder-managers have scaleable sales processes.

Category 2	Strategy	Operations	Tools
S2A	yes	yes	yes
S2B	yes	yes	yes

Group III

In the third category (year 3+ and no experience), both manager-founders reported on a thick, complex and time consuming process that was somewhat hard to overlook from the outside and felt unstructured to both of them. Yet, both worked with goals in their forecasting and had rough estimates towards more short-term goals. S3A stated that most of everything is in his head and he knew how to operate when and what. He also stated that they're lucky have maxed out their current production and therefore had not the need to scale any sales process, for which he deemed and update of the overall structure necessary. S3A did not use a CRM system and was mostly working from his phone. S3B in contrast did state that he was monitoring his sales performance, but did not use any other appropriate tool. Therefore, while it is apparent that S3A's sales process is not scalable, in contrast S3B's is. Additional workflows would only need to be established along the sales process. Relevant to know is that founder-manager S3B received a five week course in b2b sales training, which he stated heavily influenced the way he worked. We therefore argue to dismiss his case for this segment.

Category 2	Strategy	Operations	Tools
S3A	yes	no	no
S3B (dismissed)	yes	yes	yes

Group IV

In the fourth category (year 3+ and previous experience), both founder-managers were working with extensive sales projections that were measured by effective KPIs. S4A as well as S4B, both also had developed a set of action- and deliverables based on sales cost projections, while S4A rather expressed his intention to do so within the next quarter in order to fulfill an investors expectation. Additionally, both founder-managers used a flow of effective and appropriate tools, designed with a CRM at the center. Among these were automatised bookings, email templates and in the case of S4A a whole automatised connect/meeting booking funnel using an AI bot on the web. Therefore, we conclude that both founder-managers had built scalable sales processes.

Category 2	Strategy	Operations	Tools
S4A	yes	yes	yes
S4B	yes	yes	yes

5. FINDINGS

Summary of Findings	SUPPORT
P1: Founder-managers without previous professional sales experience present more tacit-leaning knowledge assets than founder-managers with previous experience.	**Yes**
P2: Number of years worked in sales related professional positions affects the quality of the knowledge asset.	**Yes**
P3: Founder-managers that had no previous sales-related experience keep building more tacit-leaning knowledge assets over time by year 3+ of existence compared to their year 1 counterparts.	**Yes**
P4: Founder-managers with previous work experience build full and balanced knowledge assets that are rich in tacitness as well as explicitness by year 3 after inception of their companies.	**Yes**
P5: Founder-managers that build tacit-leaning knowledge assets acquire a set of personally embedded best practices rather than a complete understanding of their field and therefore fail in terms of efficiency and scalability, as KPIs cannot not be reached on an efficient and competitive level.	**Yes**
P6: Founder-managers that build balanced knowledge-assets can derive a precise set of best practices suited for their individual product/customer sales funnel based on a comprehensive and codified methodology. These practices help these founder-managers to reach projected KPIs more efficient and efficiently, majorly contributing to a scalable sales process.	**Yes**

Table 10: Summary of Findings, own source.

The knowledge assets we examined in the analysis confirmed our prepositions that founder-managers without previous professional sales experience present more tacit-leaning knowledge assets than founder-managers with previous experience in year 1 as well as year 3 after their startups inception. Founder-managers with previous sales experience by year one still displayed more explicit knowledge then founder-managers without previous professional sales experience by year 3.

We also confirmed our preposition that the number of years spent in a professional sales position relates to the quality of the founder-managers sales knowledge asset. Founder-managers with more than 5 years would have more explicit knowledge assets compared to founder-managers with 2 years. Yet, these founder-managers would still have a more explicit knowledge of the sales process overall, when compared to any of the founder-managers without previous professional sales experience.

Hence we can answer our research question and state that we find tacit as well as explicit knowledge assets regarding the sales process in the observed startups, while their distribution matched our presumed prepositions.

Additionally, we also confirmed our third prepositions, showing that founder-managers without previous professional sales experience create more tacit-leaning knowledge assets, without conversion of those into manuals/strategies their firms operate from to structure further knowledge creation. This lead to the insight that by year three, those founder-managers had come across all sorts of buzzwords we chose for our interview questions, but had not aligned them towards a greater scheme or process, which shows that despite eventually having codified partial knowledge, it had not become disseminated to the firm, ergo transferred into the basis of further action.

Founder-managers with professional sales related work experience on the other hand had already started scaling their sales processes in year 3 in order to reach KPI objectives more efficiently. Here codified knowledge had already become the basis for new knowledge creation and therefore showed that the knowledge assets hold were more balanced across the SECI model.

In that instance we can answer our second research question and say that founder-managers without previous sales-experience rather create tacit-leaning knowledge assets regarding the sales process, while founder-managers with previous professional sales experience create rather balanced knowledge assets.

In regards to the effect of tacit-leaning knowledge assets towards the effectiveness or scalability of the sales process, we confirmed that founder-managers with tacit-leaning knowledge assets usually construct inefficient sales funnels that heavily rely on best practices and inappropriate tools to handle the everyday workload. These tools were mostly adopted through convenience fixes at certain steps of the sales process, without having a larger picture, process or reaching relevant KPIs in mind. This can be understood as direct result from not having codified existent knowledge and operate on tacitly hold knowledge predominantly.

In terms of our major research interest of the effect of tacit-leaning knowledge assets on startup scalability, we also confirmed our last preposition as that these described inefficiencies lead to unsalable processes in a distinct area of knowledge. Founder-managers with more explicit-leaning knowledge assets on the other hand were either preparing scalable structures through the rightful implementation of tools and knowledge management practices from the start, holding the bigger picture in mind, or having these processes at play according to their projected KPI objections. Here

we can see, how knowledge creation does affect scalability when abstracted on organisational level, answering research question three, that tacit-leaning knowledge creation affect scalability through effects of inefficiency and the waste of resources.

5.1 Limitations & Further Research

We acknowledge a number of limitations to the external and internal validity of this paper. Concerning internal validity limitations, we find the wording configuration of the interview might have hindered the understanding of some questions by some of the participants, potentially affecting their response. As we aimed to collect as much data as possible through open-ended questions, the width of such questions could potentially have confused respondents and led to more tacit-leaning answers. In the future we suggest a more balanced mix between open-ended and semi-structured questions to elicit more explicit answers. Second, the applied SECI model, remains a priceless analysis tool but faces some criticism for its accuracy, also the TEK matrix we used is our own creation and would need to be further validated. We accepted these weaknesses in order to produce a first indication on how the quality of knowledge assets affect startup scalability, in order to fill the research gap. Third, we identify the vulnerability of the sales process model as central business-to-business sales principle. Here, it is relevant to see that due to a lack of academic refinement over the past year and only a recent early development of the field, academic consensus is not yet established. We chose the sales process as central principle as it is connectable to all early sales activities, no matter the size of the organisation, which is important within the startup context. Yet, we admit that academic detailing of the sales process might change over the next years, since sales is more and more understood as an academic discipline.

On the level of external validity, we identify limitations on the generalization of the finding given the size of the sample and its geographical concentration in a highly delimited area of Sweden. We accept that a larger sample size in a different geography might throw different results as cultural context and social structure changes. Startup founder-managers in sales in the United States for instance might be more open towards sales as determiner of survival and growth due to existent cultural role models and success stories that are marketed more aggressively. Also, Skåne is particularly characterised as region with new firms in which founders possess higher education to

a large amount compared to elsewhere and all of our participants have at least a Master's degree in engineering or economics. Hence, in regions with a different social structure, the sampling could therefore create different results as startup founders might have collected more work experience on average and therefore a representative sample includes more startup founders of lower education. Furthermore, we are aware that a more transversal study, across a larger, better define sample of startup industries, may produce divergent findings to the ones in our research. We suggest that replicating this study in other locations can offer an interesting option for contrasting our findings.

5.2 Conclusion, Discussion and Contribution

While significant literature has been dedicated to the role of several factors involved in startup survival and growth, academic literature regarding the role of sales in startup is fairly underdeveloped as our search for content revealed. It has been discussed that the unavailability sales management education directly results from current understanding of sales as a part of marketing (Hase and Busch 2018). This is specifically relevant as startups operating in business-to-business markets need an efficient sales funnel that tracks and improves major sales KPIs over time, in order validate the business model as well as the go to market strategy and scalability overall (Durst and Edvardsson, 2012; Centobelli, Cerchione and Esposito, 2017; Bandera et al. 2017). Without graduates in sales, firms are reliant on either self-taught sales reps who have gained experience as outsiders and observers as well as from their own individual practice, or train staff themselves which is resource intensive - especially for startups - as Hase and Busch (2018, p.1) rightfully discuss and mark as outdated in today's complex business environment.

Our study supports this view, as on the one hand we show that previous professional sales experience leads to more balanced, complex and therefore higher quality knowledge assets of the founder-manager who in the ends is commissioned to build the organisation. 'Learning on the job' does not lead to the same result for founder-managers, as year 3+ founder-managers without previous professional experience rather show a collection of best practices and imitations from behaviours adapted through learning based on socialisation. After three years, founder-managers might have validated their business model and achieved some growth, yet the processes that were

intentionally or unintentionally developed were mostly inefficient. In our cases, this inefficiency was acknowledged by the founder-managers but played down as startup-typical. In contrast, founder-managers in year 1 with previous professional sales experience build much more efficient processes which also were already conceptualised to be filled with knowledge expected to be generated in the future. After three years, these founder-managers were or were about to run sales organisations as sales managers with additional staff being ready to fill sales reps positions, while founder-managers without previous experience were heavily stuck in the sales rep position themselves. Reasons for this were either the ability to hire, due to scarce resources (a higher acceptance to lower than market average pay; founder-managers would not level market standards with their own pay but acceptable of it), or because the sales process was informally organised and 'not teachable' as one participant put it.

Our study contributes to the wider field of literature in two distinct ways. First, we assess the effects of aspects of knowledge management on startups within a very distinct field of knowledge as Durst and Edvardsson suggested (2012) and are able to give an indication towards the current research gap in understanding how the quality of knowledge assets in startups affect their scalability (Bandera et al., 2017). Here, we saw that tacit-leaning knowledge assets in regards to sales in B2B startups lead to inefficient processes which are being kept either along ressource-restrictiveness of the startup or unteachability of the process itself. On the other hand, more balanced knowledge assets lead to scaleable structures that would internalise new tacit or explicit knowledge more efficiently. Hence, we can give an indication on how tacit-leaning knowledge assets affect scalability of startups in general, lifting our findings on the overall organisational level. In the future it might result interesting to approach the specific assumption we propose on a more quantitative level, eventually comparing performance indicators of such startups across management fields and industries overall. Here we are happy to contribute towards the justification of such approaches.

Our findings also emphasize the importance of systematic knowledge management in startup processes as well as, on the level of our study, the further academization of sales as independent field from marketing. As Bandera et al. (2017, p.172f.) rightfully pointed that *"a startup with a validated business model may have the knowledge required to bring some revenue"*, but *"(…) they have not yet demonstrated their ability to scale"*. Therefore, *"investors should adequately ask for scalability, KM and knowledge transfer activities in any business plan review"* (see ibid.). On the

field of sales education, we hope we can contribute to a paradigm shift away from the perception of sales as creative and free floating activity based on personality (Hase and Busch, 2018, p.1), towards the understanding of sales a KPI driven managerial practice. This understanding would help startup incubators, accelerators as well as entrepreneurship degree programs to integrate sales into their syllabus and help future founder-managers to not just prove their business models but also their ability to scale.

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APPENDIX

Interview Questions

Notes from the authors: From our original questions only those that were relevant to the analysis were used in the mapping process.

SALES PROCESS KNOWLEDGE	**IQ1:** Can you describe your Buyer Persona?
	IQ2: How do you identify your buyer´s core motivation?
	IQ3: How do you identify your buyer´s goals and/or needs?
	IQ4: How do you find your buyer?
	IQ5: How does your buyer find you?
	IQ6: How does your sales process look like?
	IQ7: How is your process for prospecting and/or managing leads?
	IQ8: How is your process to find and get to talk with the decision maker?
	IQ9: How is your process for finding the needs of your prospect?
	IQ10: How is your process for setting meetings/presentations?
	IQ11: What objections do you experience at how do you manage to overcome them?
	IQ12: What are your closing techniques?
	IQ13: What is your process to generate incremental/additional sales?
	IQ14: What is your process to speed up your sales cycle?
	IQ15: How do you typically progress your Sales Pipeline?
SALES MANAGEMENT ACTIVITIES	**IQ16:** Who does the sales in your company?
	IQ17: How do you monitor, evaluate and analyze your sales performance?
	IQ18: How do you organise your market monitoring?
	IQ19: How do you organise market segmentation?
	IQ20: How do you manage sales forecasts and projections?
	IQ21: How do you organise/carry out account management?
	IQ22: Which sales tools have you integrated to support your sales process?

SALES KNOWLEDGE CREATION	**IQA**: Where do you write down the steps for your segmentation, prospecting & contacting process? **IQB:** Where do you write down the steps for your presentation and closing process? **IQC:** Where do you write down the steps for your after sale analysis and customer follow-up process? **IQD:** Where do you write down the steps for your after sale analysis and customer follow-up process?