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China Sales Force Effectiveness *Building Pride and Performance*

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EXECUTIVE SUMMARY

For many multinationals, China is a difficult sales environment, but an absolutely critical one. Multinationals cannot ignore the expansion of new consumer markets in the country, but many are struggling to figure out how to sell products in a vast region with a remarkably diverse set of sales channels, consumer preferences, and economic strata. And to keep up with these consumer markets and a distinct shortage of capable salespeople, multinationals in China must telescope sales management training—often a five-year process in the West—into as little as 18 months.

To thrive in this environment, multinational sales chiefs must follow a dual-pronged strategy. First, they must upgrade sales teams by addressing such fundamental issues as recruitment, development, retention, and advancement—with customized approaches reformatted for the specific needs of doing business in China at this specific moment in the market’s development. Second, and perhaps more important, sales chiefs must recognize that none of these issues can be wrestled to the ground unless they identify and then make exceptional use of the unique skills of what we call Pride Builders, master motivators able to achieve unprecedented team performance by tapping into profound insights about what uniquely drives each individual. Only Pride Builders can enhance a sales team development strategy sufficiently to transform Chinese salespeople into inventive, driven, and self-starting sales reps who can deftly take on any number of new consumer challenges. All organizations have at least a handful of these individuals, but almost none systematically learn from—and leverage—what they do. Building capabilities among many sales leaders and representatives quickly enough to achieve a company’s strategic objectives requires the “magic” of what Pride Builders do.

CHINESE SALES QUANDARY

The head of sales in China for a U.S. multinational food provider was puzzled by the reports she saw. New to the job, she was aware that the performance of the dozens of sales teams in the country was uneven, and that the sales environment was extremely difficult: The country's population of more than 1.3 billion is spread out over 3.7 million square miles and 650 cities. Selling products in such a large market with a diversity of preferences, economic strata, outlets, and ideas requires a great deal of persistence and the ability to persuade by thinking quickly. Consequently, the executive expected that some sales teams would be marginally better

than others, but she didn't think there would be such great discrepancies in the data. But there it was in black and white: Team A's performance was stellar, building momentum and customer loyalty at excellent product price points month by month with little sales-force turnover and a relatively strong performance throughout the group; by contrast, Team B's numbers were driven by a few star performers (some of whom had already left the company), and most of its selling was transactional, the result of bargaining to push products at whatever deal could be worked out.

She thought there must be something that she could do to improve Team B's numbers—maybe not to match Team A's level but at least to edge closer. Then she looked through the roster of people on Team A. Sure enough, there was that name again. Leading the group was a young sales supervisor—call him Li Haifeng—who

always seemed to find a way to get teams that hadn't looked especially talented to deliver standout results. It wasn't that Li Haifeng lit up the room with charisma, but he inspired loyalty from everyone he worked with and, more important, inspired people to generate results that even they hadn't always known were possible. Every team led by Li Haifeng had performed at a stellar pace, and when Li Haifeng was ready to move on to another group, there was always someone groomed to make sure that the team stayed on course and maintained that unique cohesion and motivation that Li Haifeng's teams had.

The head of sales was perplexed: How does Li Haifeng do it, she wondered? If I could only find a way to spread what he does throughout my entire sales staff—to inspire all the teams to consistently reach the level of Team A. Perhaps it's possible if I can just find more supervisors like Li Haifeng.

ENTER THE PRIDE BUILDER

Not an easy task. Li Haifeng was what Booz & Company calls a Pride Builder, a master motivator, able to achieve exceptional performance in a team by tapping into what uniquely drives each individual. Like other Pride Builders, Li Haifeng developed a deep and insightful knowledge of each person on his team; he knew what mattered to each person and why it mattered. And he used this knowledge to create powerful personal and emotional connections between the employees and the work they did. Li Haifeng went beyond merely instilling pride in the mission and values of the company; he created exceptional performance by building pride directly into each individual selling effort that his team undertook each day.

But though the head of sales was mesmerized by Li Haifeng's success—and wondered how to bottle it—she couldn't neglect the big challenges she faced. Finding motivational leaders to train and inspire relatively inexperienced Chinese salespeople was certainly a critical task, but the country's complex consumer market represented yet another enormous obstacle, she thought. A combination of brand proliferation; rapidly expanding points of sale; new electronic channels; unrelenting new competition from fast-moving, innovative national companies as well as multinational rivals; sharp differences among urban and rural markets; and shifting customer tastes also placed unparalleled pressure on sales forces.

Our sales executive was experiencing an all-too-common scenario. The situation for multinational sales chiefs in China is a puzzling quandary; they are facing a level of complexity beyond what their counterparts face anywhere else in the world. To thrive in China's potentially lucrative consumer market, heads of sales must significantly upgrade their teams by tackling such fundamental issues as recruitment, development, retention, and advancement. Moreover, they must address these concerns in a supercharged sales environment. For example, to keep up with new consumer markets, sales management training that can take up to five years in the West must be telescoped into as little as 18 months in China. Further, the initial burst of training, no matter how long, is rarely enough; as market conditions change, periodic refresher courses are required.

Sales chiefs cannot overcome these challenges without identifying and then tapping into the skills of Pride Builders, sorely needed to transform Chinese salespeople into inventive, motivated, and self-starting team members who can deftly navigate any number of new consumer channels. Put simply, for virtually every multinational and national company, success in China ultimately hinges on the effectiveness of basic sales team development (reformatted for the Chinese environment) and the influence of Pride Builders.

To thrive in China's potentially lucrative consumer market, heads of sales must significantly upgrade their teams.

WHAT SALES REPS FACE IN CHINA

To fully appreciate the difficult environment confronting sales reps in China, consider the rapidly expanding breadth of Chinese consumers: Since the start of the 1990s, annual retail sales have increased more than 15-fold, from around \$100 billion to more than \$1.6 trillion at the end of 2008. That, in turn, has ratcheted up the competition. Vying for a consumer's attention are products from North America, Europe, Japan, China, Taiwan, and Hong Kong. And because there are more items to place on shelves, retail channels are both expanding and changing quickly. Convenience stores, bars with Internet access, and restaurants are increasingly popular venues for sales of consumer goods; department stores are proliferating; and supermarkets are replacing traditional mom-and-pop stores in many parts of the country.

And it's not just large urban areas—Tier One, Two, or Three cities—that are partaking in the consumer binge, but also the more rural and remote Tier Four through Tier Six cities. One statistic highlights the growth of consumer activity in less urban locales: In 1998, only 9 percent of rural households and 72 percent of urban homes had refrigerators; 10 years later, these numbers had ballooned to 26 percent and 91 percent, respectively. This rapid growth is fueled in part by aggressive infrastructure expansion in China. By 2020, the country plans to increase the number of transportation hubs to 179, from 30 in 2008. This will facilitate the flow of people and goods among cities of different tiers.

DEVELOPING THE SALES FORCE

In the high-growth Chinese sales environment, many of the tried-and-true approaches to sales-force development are simply not sufficient. For one thing, the demographics and skill levels of the population are oddly skewed. Many 50-plus residents, veterans of the Cultural Revolution, don't have the relevant experience to sell sophisticated products designed by multinational companies in ever-changing new markets. Because of this talent vacuum, the younger workers in China are left without a pool of experienced mentors from whom they can learn critical capabilities. It is particularly challenging to find and train individuals who are suitable in temperament, background, and English skills for multinational sales jobs. Because of this gap between personnel supply and demand, it is also extremely difficult to hold on to talent once a company has procured it. Sales position turnover rates often exceed 25 percent, because the best talent can command huge salary increases elsewhere after just a year or two on the job.

And all these seemingly intractable problems come with the backdrop of a rapidly expanding Chinese consumer market that is largely lacking in brand loyalty and in which the process of building trusted sales relationships, so integral to business in China, requires a great deal of skill. This is precisely the kind of landscape in which

developing a sales force is undesirable; unfortunately, however, in China it is the only option. Further, that sales force must be developed more rapidly than it would need to be in any other country in the world. Given this situation, there are three fundamental steps to sales-force growth and effectiveness that companies in China must undertake.

Recruitment: Finding potentially talented sales reps who speak some English and understand the basic concepts of Western corporate values—that is, they are capable of original, creative, and flexible thinking and problem solving—is difficult. To take advantage of the competitive consumer markets, multinationals should hire sales reps who are agile and adaptable in addition to having the traditional sales competencies. Of course, these attributes are not likely to be listed on an applicant's resume. Thus, it takes smart, skillful probing to detect them during an interview. When applicants describe themselves as successful in most situations because they improvise well—as opposed to believing that accomplishments are solely the result of expertise, experience, or knowledge—they are probably hinting at a highly desirable dexterity in problem solving.

Asking applicants to share a story about a situation in which they had to adapt to a new environment or

There are three fundamental steps to sales-force growth and effectiveness that companies in China must undertake: recruitment, training, and management development.

to learn unfamiliar critical concepts quickly is one way to screen for intellectual agility. For example, one multinational company asks Chinese applicants to talk about a time they were faced with an ethical dilemma. What did they do about it? What did they learn from the process of figuring out how to deal with the situation, and how would they apply what they learned? Agility is something that only some people are born with, and it's not always an obvious trait. Frequently, it's up to recruiters to tease it out.

Training: As the Chinese consumer sector matures and the consumer grows in sophistication, sales reps must become much more adept at creating and cultivating customer relationships, anticipating customer

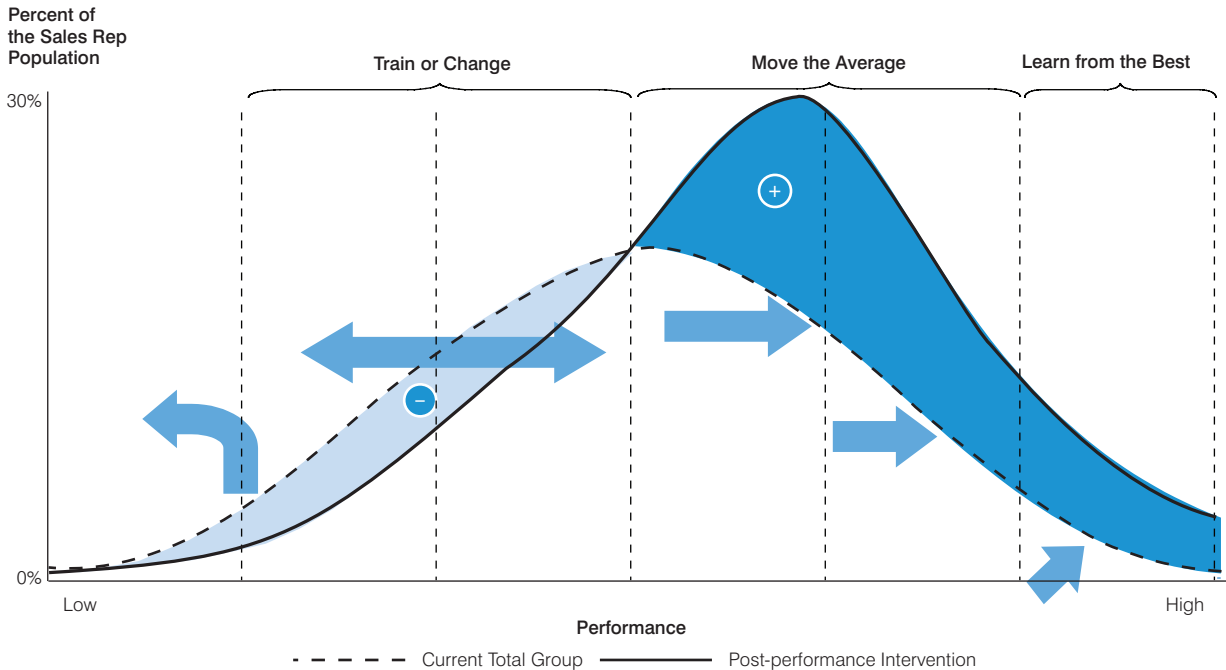
needs, selling and cross-selling the products as differentiated from the competition, and tracking and analyzing relevant customer data; this set of skills was scarcely necessary in China a mere decade ago. As a result, sales training departments in China must significantly raise the scope and quality of their programs, and be on the cutting edge of creative and motivational learning modalities. And they must be more nimble than ever to keep up with the pace of change in the market and to directly address the skill gaps among new hires.

One way to accelerate and improve sales-force education is by breaking down the walls between the training department and the sales teams, particularly for curriculum

development. In every sales organization globally, there is a bell curve of performance: a handful of top performers, a majority of average performers, and a group of low performers (see Exhibit 1). By codifying the most effective techniques from the more seasoned and skilled sales reps or managers on the right side of the curve, leveraging their experiences and sharing them throughout the organization in training modules, sales leaders can shift the entire performance curve to the right.

Understanding the best sales performers—those who have “cracked the code” and who have enormous insights to share if given the right forum—and learning what they do

Exhibit 1
Sales Rep Performance Curve



Source: Booz & Company

and what sets them apart from the rest of the organization requires an investment of time. Simply asking a top performer what differentiates his or her behavior rarely yields much insight, as he or she will probably be unable to identify the precise reasons for success. Instead, identification of the precise sales strategies and behaviors that lead to more and better deals and that are worth sharing with the rest of the organization usually requires spending several hours with the sales rep, closely observing his or her actions and techniques, or giving the sales rep a method for capturing those techniques in a form that can be transferred to training modules.

For example, one Pride Builder in a pharmaceutical company wanted to coach his representatives to build more differentiated, less transactional relationships with physician customers. He closely monitored the disparate sales techniques of the top performers in his group in order to match these approaches with the things that motivated individuals on the team. Reps who were driven by the interpersonal side of selling were found to need interesting ways to elicit stories from the doctors to keep the conversation alive; reps who were competitive and numbers oriented responded best when they were drawn into contests that, for instance, rewarded the salesperson

who generated the highest number of sales calls lasting more than five minutes with the physicians each month; and a final, “by the book” group required a detailed road map that blended the best practices of the other two segments. With these targeted training techniques in place, all three groups were highly motivated, and the entire sales team shared greater success by improving their relationship-driven selling skills. Moreover, this segmentation approach could be captured, formalized, and taught to other sales teams.

Management development and promotions: As sales forces expand in China, troubling scenarios of the blind leading the blind are not uncommon. With so many new reps being hired, employees with limited experience (but the longest tenure in groups made up primarily of rookies) are promoted to supervisory roles even though they are usually ill equipped to provide support, perspective, and guidance to their teams. There simply aren’t enough experienced leaders to go around, and someone has to manage the day-to-day operations of the reps. In addition, some companies are faced with the very difficult choice of promoting unprepared reps to management positions as a retention strategy in hopes of keeping turnover in check through higher salaries and new titles—know-

ing full well that the promotion is premature.

In dealing with management development, multinationals in China must systematically compress the typical training cycle of an employee progressing from rep to manager. To do this, companies should first ask what knowledge, management skills, and insights would usually be required prior to promotion. Perhaps a full understanding of the total spectrum of sales scenarios, often attained through years of experience. Perhaps knowing how to coach and encourage junior reps or understanding how to utilize the company’s internal resources to further performance goals. From these answers, companies can develop training programs to sharpen the pre-promotion education and post-promotion learning curve. These developmental programs need to suit the learning style and schedule of the reps. For example, take into consideration how interactive the training should be. Would the reps benefit from role-playing, seminars, or lectures? Do the reps relate well to their colleagues, and if so, would peer-to-peer learning be a good option? The goal is to find ways in which structured learning can best substitute for the on-the-job training that a rep would have had in a sales environment that was not growing as aggressively as China’s.

Understanding the best sales performers and learning what sets them apart from the rest of the organization requires an investment in time.

THE CRITICAL ROLE OF PRIDE BUILDING

Many companies understand the importance of focusing on recruitment, training, and management development to increase the performance of a sales team. But most companies stop there, leaving the potential power of Pride Builders untapped. Creating a simultaneous campaign that first identifies the organization's most gifted motivators and then engages them to spread their motivational skills can accelerate and sustain performance improvements. The individuals who cracked the sales code and will be asked to train others will almost certainly be Pride Builders. And the management development program

will have to include a strong pride-building component if the new managers are going to succeed in elevating performance. Even in a high-powered, competitive environment like China, Pride Builders can achieve exceptional results from their teams by fostering deep connections, a feeling of ownership, and a commitment to work.

Pride Builders are different from typical good managers in fundamental ways:

- Whereas good managers link an individual's work to the larger mission of the company, Pride Builders create emotional connections between the work and what matters most to each person on their team.
- Whereas good managers hope to improve performance by emphasizing results, Pride Builders focus on the behaviors required for the best results (i.e., the journey) as well as the results themselves (i.e., the des-

tinuation), creating momentum for a self-reinforcing high level of work.

- Whereas good managers help workers with strong potential achieve their greatest goals and possibilities, Pride Builders are highly attentive to the development needs and opportunities of the entire team.

Pride Builders are valuable to an organization in several capacities. First, they can improve performance significantly; second, given their position at or near the front line, they are perfectly situated to spot roadblocks to peak team performance and provide potential solutions; and third, they often uncover opportunities that go unnoticed at higher levels in the organization. Indeed, by using Pride Builders as a source of improvement and behavioral change in the organization, corporate managers can have a significantly higher impact on frontline performance than would otherwise be possible.

Pride Builders can achieve exceptional results from their teams by fostering deep connections, a feeling of ownership, and a commitment to work.

A pride-building program is a multi-step effort (see Exhibit 2):

Step 1: Ask midlevel or senior managers to recommend front-line supervisors who may be Pride Builders. Then interview these candidates to determine whether these managers indeed are intuitively able to build pride, deliver results for the organization, and cultivate talent. It is important to note that these individuals may not be the highest individual performers in traditional terms—that is, in sales revenue or new accounts—but they may instead be especially capable in

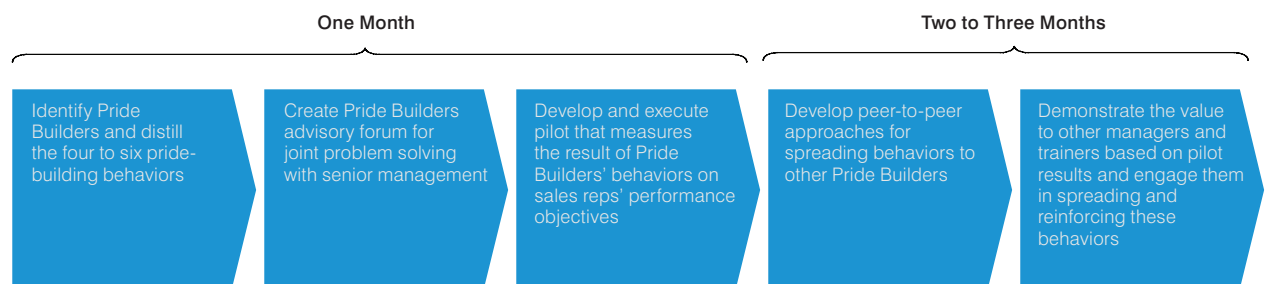
softer, equally critical skills such as creating an environment of focus and accountability that generates great performances from their team.

Perhaps the most important interviews in identifying Pride Builders are conducted with their staff. These discussions can deliver the clearest picture of whether the manager is a Pride Builder and, if so, how he or she motivates the team. In fact, there are a couple of telltale signs: First, a Pride Builder's staff is usually extremely eager to talk about him or her, because the enthusiasm that the Pride Builder instills in the team

is reflected as a desire to share what the team is accomplishing and how the manager is driving the effort. Second, staffers will use certain key phrases, for example, "It's really hard working for him, but I feel every day that it's worth it because I'm getting a lot out of the job," or "She's challenging and demanding, but very fair."

After the Pride Builders are culled through the interview process, identify four to six pride-building behaviors that have already improved the performance and commitment of sales staff. These are specific

Exhibit 2
Time Line of a Pride-Building Initiative



Source: Booz & Company

behaviors that will be disseminated across the organization to change the way people work and how they feel about their jobs. Each company will have its own behaviors and metrics to focus on in this effort, depending on the organization's principles and markets. In Chinese sales organizations, for instance, the most critical behaviors and characteristics that a Pride Builder could inculcate are topnotch customer service; speed in mastering the learning curve; a sense of urgency with respect to delivering results; bottom-up sales strategies that tackle the many variations in local markets; and efforts that transform the organizational culture into one that is proactive, risk taking, and innovative.

Step 2: Create a Pride Builder advisory forum to oversee the pride-building activities in the organization. Essentially, this group, made up of senior management and Pride Builders, is responsible for managing the implementation of the four to six identified pride-building behaviors from site to site in the organization. This team incubates the process of building pride and distributes it throughout the company as success in each facility is achieved.

Step 3: Begin pilot programs in key facilities in which the pride-building behaviors are instilled and then test performance objectives. At this point, identify others who exhibit Pride Builder characteristics and who can sustain the effort after the advisory forum has left. In addition, during this step, roadblocks that threaten the strategic goals will be revealed; develop problem-solving techniques to get around these obstacles. Pilot programs should be built around highly specific performance objectives, and Pride Builders must play a key role in making these objectives motivating.

In one recent example at a multinational, managers aimed to increase the number of weekly sales calls per rep, but a Pride Builder warned that this goal had to be framed such that it didn't come across as a demotivating directive. Perhaps managers could put it this way, he said: Ask the sales reps, "How can we eliminate unnecessary work and support you so that you can spend your time being most productive?" Some managers were skeptical about this approach but agreed to test it in a pilot program. In brainstorming sessions, the Pride Builder asked the reps to make

suggestions about tasks that could be omitted in order to free up time to focus on hitting their monthly numbers. The reps were also told to build a business case for eliminating these tasks by setting targets for the number of sales calls that could be added each week if the Pride Builder succeeded in convincing management to make these changes.

The team set objectives that were remarkably high, and that boldness led management to temporarily suspend some—not all—of the policies that the reps had found burdensome, with the agreement that the changes might be made permanent if the goals were achieved. In fact, the reps on the Pride Builder's team exceeded the targets and subsequently worked with management to overcome the risks and hiccups associated with the policy changes. In the end, the pilot approach was rolled out much more broadly across the region.

Step 4: Spread pride-building behaviors in peer-to-peer environments, particularly to other frontline managers who have exhibited Pride Builder skills or who are clearly receptive to learning these skills. In the rollout of the program, Pride

Builders lead these training sessions, which can be workshops, town hall meetings, or mentorship interactions intended to be ongoing. This step is driven by the notion that Pride Builders learned their motivational skills from someone else—a great manager, their parents, their children, or any of dozens of other possibilities—and, thus, skills in building pride can be taught. Often, before kicking off training programs, it's valuable for executives to interview Pride Builders about what inspired them; they can then use those lessons and learning frameworks as the curriculum and structure of the campaign to train other managers in these skills.

Step 5: Use the results of the pilot programs to demonstrate the value of building pride to other managers in the organization, exponentially increasing the implementation of the program. Specific performance and behavioral metrics must be established and analyzed; without that, the effort is only anecdotal and not sufficiently convincing. For example, seeing an uptick of sales can further reinforce enthusiasm about rolling out the pride-building program.

Do You Need a Pride-Building Effectiveness Strategy for Your Sales Force?

To find out, ask yourself these questions about your company:

- Is there a significant and consistent spread between the results that your best and average sales managers achieve?
- Do the best teams have a different energy and “feel” to them than the average teams?
- Do you have difficulty motivating and teaching sales reps to implement strategic programs?
- Do you have a leadership pipeline gap in sales?
- Are inexperienced managers struggling to achieve results because they have not learned how to get the best from their people?
- Is your sales training organization focused on teaching product knowledge and sales basics, rather than teaching the specific behaviors that your best performers use?

CONCLUSION

Clearly, leveraging the Pride Builders in an organization is a unique approach to the formidable problem of driving sales-force growth and exceptional performance in China. Considering the likely long maturation of the Chinese consumer market, the differences between urban and rural regions, the emergence of the middle class, the still-evolving retail channels, the hiring difficulties, the skills gap, and the vast expanse of land that must be covered to sell products in China, few multinationals can

risk merely relying on the old sales recruitment and development methods that perhaps once worked in the West. Certainly, all the conventional human resources and team-building challenges will have to be addressed in China, but without Pride Builders, the motivation and inspiration, the deep intelligence about what individuals need to work better and harder, will be sorely lacking—a fact that will certainly be reflected in poor team performances and disappointing sales results.

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