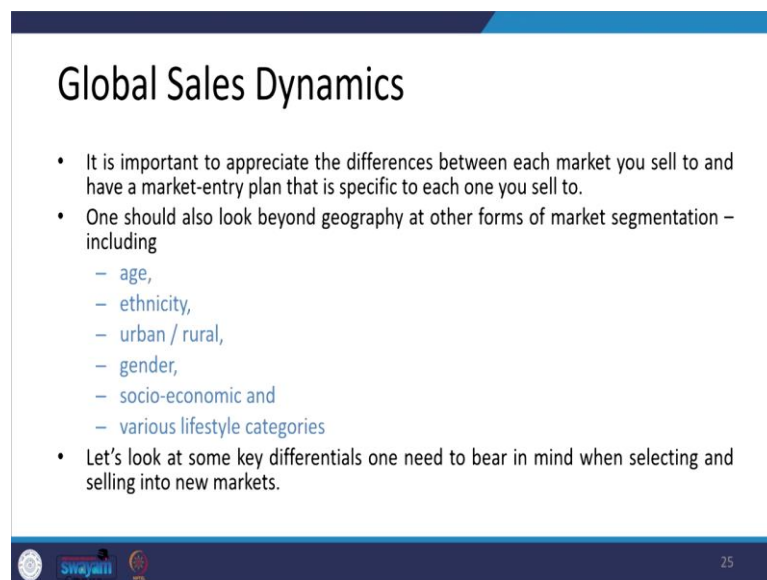


Strategic Sales Management
Prof. Kalpak Kulkarni
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture - 33
Global Sales Dynamics and Sales Force Management

Hi, so welcome. So, as we discussed and understood the concept of international selling. In this session we are going to learn or understand the Global Sales Dynamics and how to manage the sales force when you are going international.

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The slide is titled "Global Sales Dynamics" and contains the following content:

- It is important to appreciate the differences between each market you sell to and have a market-entry plan that is specific to each one you sell to.
- One should also look beyond geography at other forms of market segmentation – including
 - age,
 - ethnicity,
 - urban / rural,
 - gender,
 - socio-economic and
 - various lifestyle categories
- Let's look at some key differentials one need to bear in mind when selecting and selling into new markets.

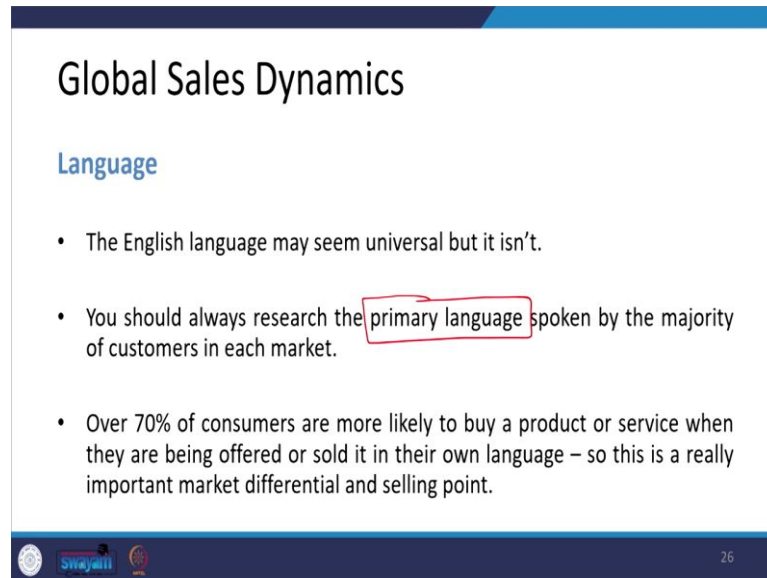
At the bottom of the slide, there is a logo for "Swayam" and the number "25".

So, it is important to appreciate the differences between each market that you sell and have a market-entry plan that is very specific to each one that you are planning to sell into.

So, one should also look beyond geography at other forms of market segmentation as well. So, like you can look at, you can look at age, one can look at ethnicity, urban versus rural population variations, gender, socio-economic and various lifestyle categories as well. One can use one of these or any kind of you know combination of these segments in terms of you know selling your products to those particular international audience.

So, let us look at some key differentials one need to bear in mind when selecting and selling into new markets internationally.

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Global Sales Dynamics

Language

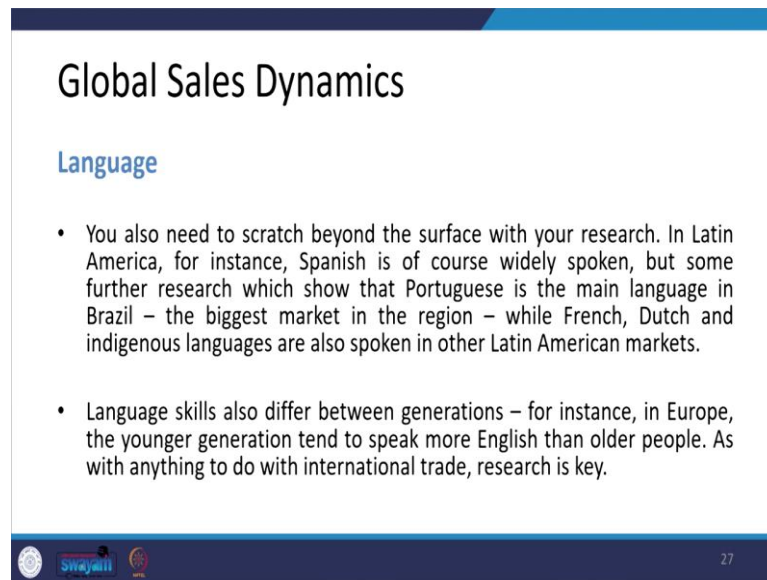
- The English language may seem universal but it isn't.
- You should always research the **primary language** spoken by the majority of customers in each market.
- Over 70% of consumers are more likely to buy a product or service when they are being offered or sold it in their own language – so this is a really important market differential and selling point.

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First an important factor is language, the English language may seem universal, but it is not right. So, you should always research the primary language spoken by the majority of customers in that particular market. So, focus on the primary language spoken into that particular country, where you want to sell your products and services.

Over 70 percent of consumers are more likely to buy a product or service when they are being offered or sold in their own language. So, this is a really a very important market differential and selling point.

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The slide is titled "Global Sales Dynamics" and has a sub-section "Language". It contains two bullet points. The first bullet point discusses the need for research beyond the surface in Latin America, noting that while Spanish is widely spoken, Portuguese is the main language in Brazil, the largest market in the region, and other languages like French, Dutch, and indigenous languages are also spoken. The second bullet point discusses how language skills differ between generations in Europe, with younger people speaking more English than older people, and emphasizes that research is key for international trade.

Global Sales Dynamics

Language

- You also need to scratch beyond the surface with your research. In Latin America, for instance, Spanish is of course widely spoken, but some further research which show that Portuguese is the main language in Brazil – the biggest market in the region – while French, Dutch and indigenous languages are also spoken in other Latin American markets.
- Language skills also differ between generations – for instance, in Europe, the younger generation tend to speak more English than older people. As with anything to do with international trade, research is key.

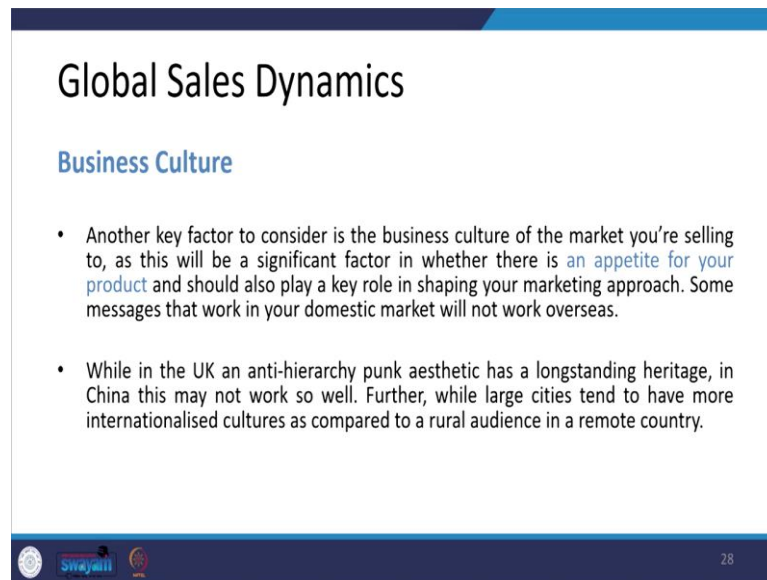
swajali 27

You also needed to scratch beyond the surface with your research, that is in Latin America for instance Spanish is of course widely spoken, but some further research which show that Portuguese is the main language in Brazil, the biggest market in the region. While French, Dutch and indigenous languages are also spoken in other Latin American countries.

So, it is not the case like you know Latin America is mainly kind of you know Spanish speaking population, within Latin America if you are going for a biggest market that is Brazil you need to understand that Portuguese is the main language of that particular land and not Spanish.

So, language skills also differ between generations as well. For instance in Europe the younger generation tend to speak more English than the older people and with the anything to do with international trade research is the key. One has to do an extensive research about what market they are getting into.

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The slide is titled "Global Sales Dynamics" and has a sub-section "Business Culture". It contains two bullet points. The first bullet point discusses the business culture of the market being sold to, noting that it is a significant factor in whether there is an appetite for the product and that it should play a key role in shaping the marketing approach. The second bullet point compares the UK's anti-hierarchy punk aesthetic to China, noting that while it works well in the UK, it may not work in China, and that large cities in China have more internationalized cultures compared to rural areas in remote countries.

Global Sales Dynamics

Business Culture

- Another key factor to consider is the business culture of the market you're selling to, as this will be a significant factor in whether there is an appetite for your product and should also play a key role in shaping your marketing approach. Some messages that work in your domestic market will not work overseas.
- While in the UK an anti-hierarchy punk aesthetic has a longstanding heritage, in China this may not work so well. Further, while large cities tend to have more internationalised cultures as compared to a rural audience in a remote country.

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Coming to the next parameter or next differential factor is a business culture. It is another factor to consider if the business is going to go for international sales, it is important to know the business culture of the market you are selling into, as this will be a significant factor in whether there is an appetite for your product and should also play a key role in shaping your marketing approach as well.

So, once you know the business culture, you can devise your marketing plan and ultimately your strategic sales plan as well according to that particular culture of the country. So, some messages that work in your domestic market will not work here or in overseas market. So, while in the UK in anti-hierarchy punk aesthetic which is kind of you know kind of you know fashion that was kind of you know developed around 1970 is no hold, you know kind of it does not have that kind of you know existence today.

It does has a long standing heritage, but in China this may not work as well, because the business culture is totally different. Further while large cities tend to have more internationalized cultures like say in India we can have more kind of you know internationalized culture in metros versus a rural audience or visitors or kind of you know customers that are working or staying in remote country areas. And the same thing happens when you are going to international markets as well.

(Refer Slide Time: 04:20)

Global Sales Dynamics

Business Culture

- Understanding business culture is also important when meeting partners in your prospective markets, because if you don't respect their traditions and etiquette, you'll likely lose out on their business. Things to look out for in this respect include:
 - Religion
 - Respect for hierarchy
 - Different approaches to punctuality
 - Dress codes
 - Working hours and the weekend
 - Business cards and greetings
 - Personal space and tactility
 - Gift-giving
 - The length of time it takes for relationships to form

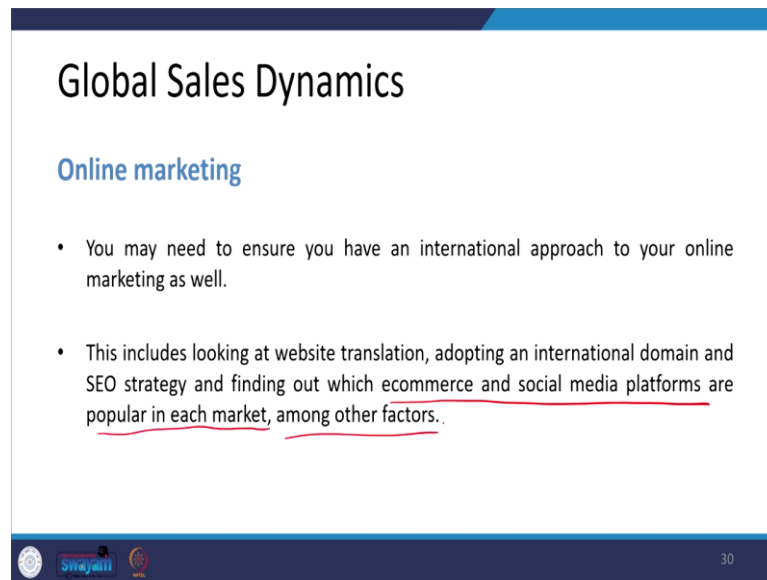
29

Again, understanding business culture is also important when meeting partners in your prospective market, when you are going to have an B2B meeting kind of you know you are meeting with some kind of arrangement of meeting that is made between your company executives and your customers kind of you know panel of team. If we do not respect their traditions and etiquettes you are likely to lose out on their businesses in those settings.

So, things to look for in this aspect or respect should include your religion, what are the religious kind of you know traditions and beliefs, respect for hierarchy, different approaches to punctuality, dress codes, working hours and the weekend, business cards and greetings, personal space and tactility, gift giving nature. So, in some kind of you know cultures business cultures, giving gift is considered as something which is very wrong.

In those kind of you know if you are meeting your business partners in those countries try to avoid those mistakes. Even the length of time it takes for relations to form, like in China they take too much long time to build a kind of you know trustworthy relationship with any supplier or vendor they interact with. But once they made this particular relationships kind of you know they trust that relationship it they make sure that it will go for a long time.

(Refer Slide Time: 05:38)



The slide is titled "Global Sales Dynamics" and has a sub-heading "Online marketing". It contains two bullet points. The first bullet point states: "You may need to ensure you have an international approach to your online marketing as well." The second bullet point states: "This includes looking at website translation, adopting an international domain and SEO strategy and finding out which ecommerce and social media platforms are popular in each market, among other factors." The slide footer includes a Swajathi logo and the number 30.

Global Sales Dynamics

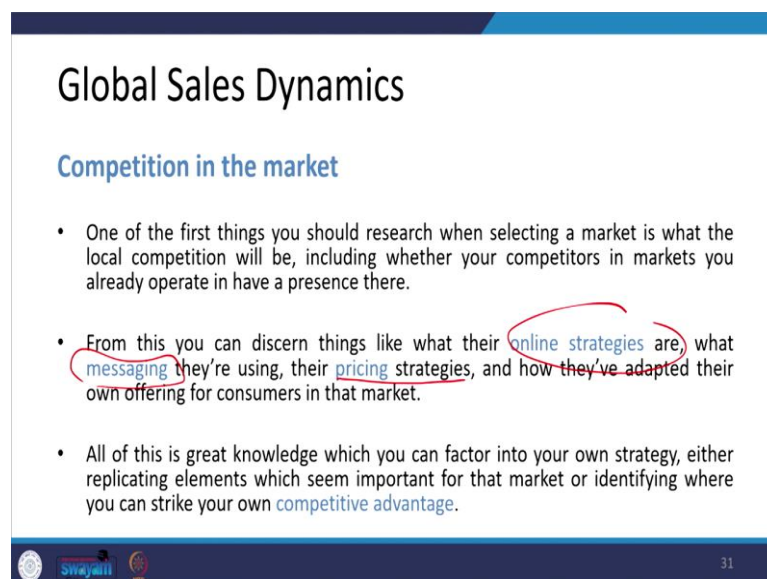
Online marketing

- You may need to ensure you have an international approach to your online marketing as well.
- This includes looking at website translation, adopting an international domain and SEO strategy and finding out which ecommerce and social media platforms are popular in each market, among other factors.

30

Online marketing: another differential you may need to ensure you have an international approach to your online marketing as well. So, this includes like looking at your website translations, adopting an international domain and SEO strategy and finding out which ecommerce and social media platforms are popular in each market among the others. So, that is how you should prepare for your even online marketing team as well, to support your sales team on the field.

(Refer Slide Time: 05:57)



The slide is titled "Global Sales Dynamics" and has a sub-heading "Competition in the market". It contains three bullet points. The first bullet point states: "One of the first things you should research when selecting a market is what the local competition will be, including whether your competitors in markets you already operate in have a presence there." The second bullet point states: "From this you can discern things like what their online strategies are, what messaging they're using, their pricing strategies, and how they've adapted their own offering for consumers in that market." The third bullet point states: "All of this is great knowledge which you can factor into your own strategy, either replicating elements which seem important for that market or identifying where you can strike your own competitive advantage." The slide footer includes a Swajathi logo and the number 31.

Global Sales Dynamics

Competition in the market

- One of the first things you should research when selecting a market is what the local competition will be, including whether your competitors in markets you already operate in have a presence there.
- From this you can discern things like what their online strategies are, what messaging they're using, their pricing strategies, and how they've adapted their own offering for consumers in that market.
- All of this is great knowledge which you can factor into your own strategy, either replicating elements which seem important for that market or identifying where you can strike your own competitive advantage.

31

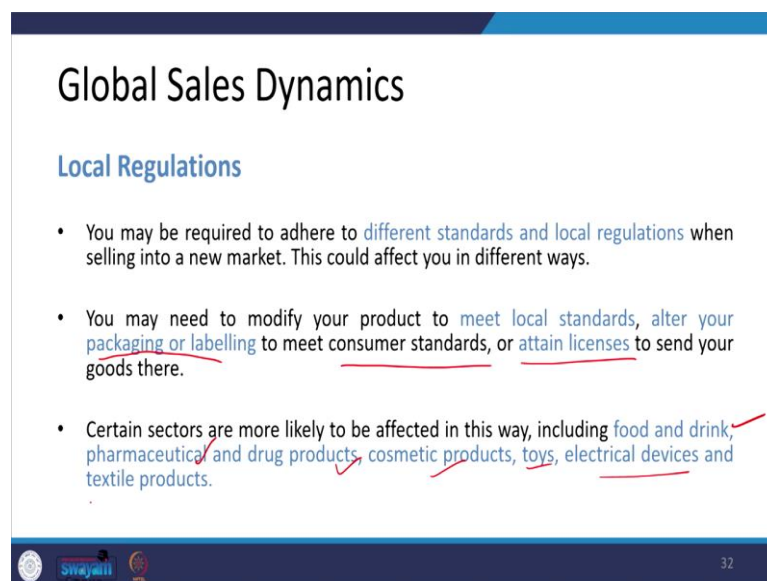
Competition in the market: so one of the first things you should research when going or selecting a market is what the local competition will be, including whether your competitors in your own market are also present in those particular international markets or not.

So, from this you can discern things like what their online strategies are, what messaging kind of you know formats they use, whether they are more using like you know emotional advertisements on promotional offers or the particular kind of you know competitors are building on informative nature of the advertising. So, what kind of you know even pricing strategies these people or your competitors are using, how they have adopted their own offering to that particular market all these things should be researched in advance.

All of this is a great knowledge which you can factor into your own strategy, either replicating elements which seem important for you or identifying where you can strike your own competitive advantage as well. So, doing this particular kind of an exercise. So, what we learn in one of the model is you know competitor mapping as well.

You will identify your place where you want to sell or where you want to position your products and offerings in consumers mind vis a vis what positions your competitors are kind of you know already holding into those particular markets.

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Global Sales Dynamics

Local Regulations

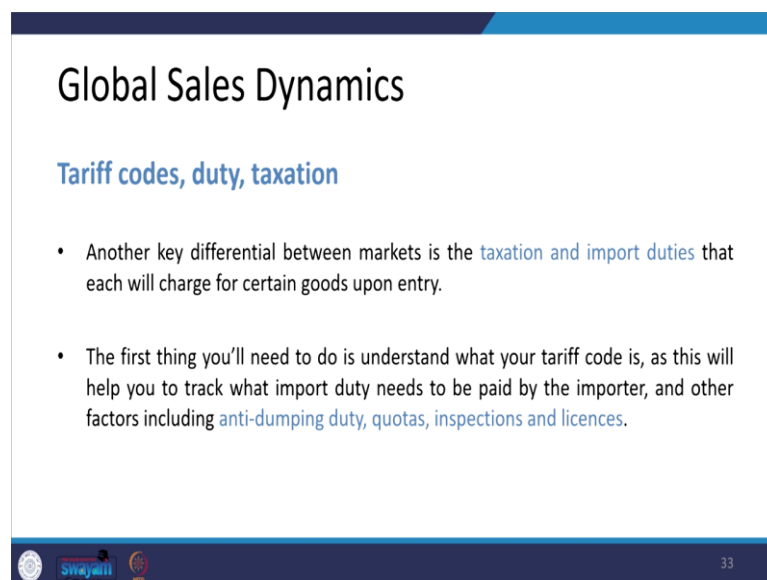
- You may be required to adhere to different standards and local regulations when selling into a new market. This could affect you in different ways.
- You may need to modify your product to meet local standards, alter your packaging or labelling to meet consumer standards, or attain licenses to send your goods there.
- Certain sectors are more likely to be affected in this way, including food and drink, pharmaceutical and drug products, cosmetic products, toys, electrical devices and textile products.

swajail 32

Coming to the next differential, local regulations. You may be required to adhere to different standards and local regulations when selling into new market, this could affect you in different ways. For example, you may need to modify your product to meet local standards or alter your packaging or labeling that kind of you know one way that particular market demands or to meet consumer standards or attain licenses to send your goods there.

Certain sectors are more likely to be affected by this kind of local regulations. For example, food and drink, pharmaceuticals, drug products, cosmetic products, toys, electrical devices and even textile products as well.

(Refer Slide Time: 07:59)



The slide is titled "Global Sales Dynamics" and has a sub-heading "Tariff codes, duty, taxation". It contains two bullet points:

- Another key differential between markets is the **taxation and import duties** that each will charge for certain goods upon entry.
- The first thing you'll need to do is understand what your tariff code is, as this will help you to track what import duty needs to be paid by the importer, and other factors including **anti-dumping duty, quotas, inspections and licences**.

The slide footer includes a logo for "Swajati" and the number "33".

Tariff codes, duty, and taxation: which eventually kind of you know hamper or may kind of you know help to have your ease your cash flow balances and all. So, its an another key differential between markets in the taxation and import duties that each will charge for certain goods upon entry into their particular country.

The first thing you will need to do is to understand what your tariff code is as this will help you to track what import duty needs to be paid by the importer, and other factors including anti-dumping duties, quotas, inspections and licenses and all.

(Refer Slide Time: 08:36)

Global Sales Dynamics

Export documentation

- When exporting goods to different markets, you could be liable to customs checks and you will need to ensure you have completed the necessary documentation to ensure a smooth passage for the goods into the country.
- A failure to do this could result in delays, fines and reputational damage. Different markets may require different documentation to be completed.
- If you haven't already, it's important to contact a customs broker or freight forwarder for support with this, or you can upskill your staff to be able to complete the documentation internally using govt. bodies.

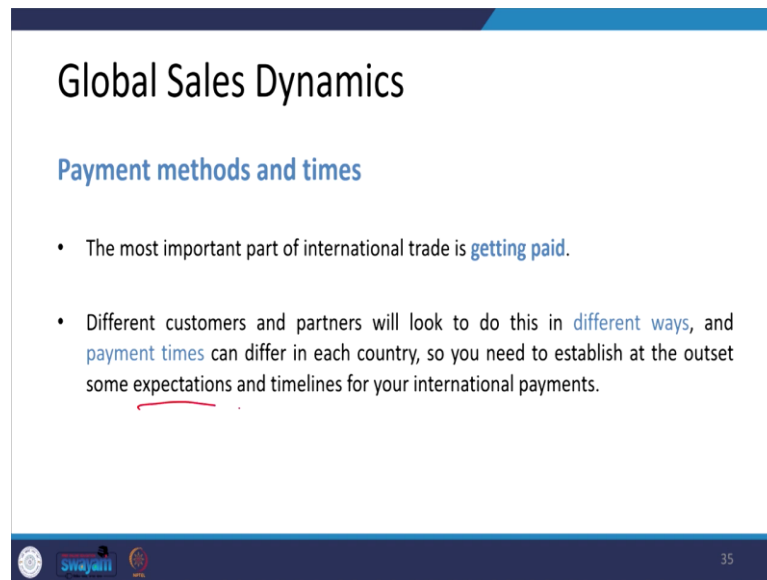
34

Export documentation is something a firm might consider when selling internationally. So, when exporting goods to different markets, you could be liable to customs checks right. And you will need to ensure you have completed the necessary documentation to ensure a smooth passage of your goods and services into those country.

A failure to do this could result in delays, fines and towards the end with an extreme case is a reputation damage for the long term as well. So, different markets may require different documentation to be completed. So, how to do that? If you have not already did that its important to contact a customs broker, which will help any sales team to do this documentation, export documentations or freight forwarder for support with this.

Or you can up skill your staff to be able to complete the documentation internally using government bodies as well. So, you can take some government bodies or government kind of set up to kind of you know that will guide you to do all these kind of required documentation and licensing and everything.

(Refer Slide Time: 09:44)



The slide features a dark blue header with the title 'Global Sales Dynamics' in white. Below the header, the subtitle 'Payment methods and times' is displayed in blue. The main content consists of two bullet points: 'The most important part of international trade is getting paid.' and 'Different customers and partners will look to do this in different ways, and payment times can differ in each country, so you need to establish at the outset some expectations and timelines for your international payments.' The text 'payment times' in the second bullet point is underlined in red. The footer contains a dark blue bar with a circular logo on the left, the text 'Swajali' in the center, and the number '35' on the right.

Global Sales Dynamics

Payment methods and times

- The most important part of international trade is **getting paid**.
- Different customers and partners will look to do this in **different ways**, and **payment times** can differ in each country, so you need to establish at the outset some expectations and timelines for your international payments.

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Payment methods and times: again, that is the most important part. The most important part of international trade is getting paid and there are multiple things that one should look for. So, different customers and partners will look to do this in different ways and payment times can also differ in each across the countries. So, you can need you need to establish at the outset some expectations and timelines for your international payments as well.

(Refer Slide Time: 10:09)



The slide features a dark blue header with the title 'Global Sales Dynamics' in white. Below the header, the subtitle 'Sales Force Management in Global Markets' is displayed in blue. The main content starts with the text 'It is important to' followed by three bullet points: 'To understand the concept of sales force management in international selling.', 'To understand the role of cultural factor in international selling.', and 'To identify the factor that can motivate the sales force to maximize the profit.' The footer contains a dark blue bar with a circular logo on the left, the text 'Swajali' in the center, and the number '36' on the right.

Global Sales Dynamics

Sales Force Management in Global Markets

It is important to

- To understand the concept of sales force management in international selling.
- To understand the role of cultural factor in international selling.
- To identify the factor that can motivate the sales force to maximize the profit.

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So, with all this all these its important to understand that there are multiple factors as we discussed that should be considered before getting into the market, but that is the general. So, what respect to sales force? What is that is specific that a particular sales team or kind of you know sales department of any company plan in advance when they are thinking of going international?

So, sales force management in global markets is an important topic or concepts, let us look at why it is important. So, sales force management is important to understand the concept of sales force management in international selling, with that to understand the role of cultural factor in international selling and identify the factor that can motivate the sales force to maximize the product. So, these are something related to sales force management.

We already covers this part of this in terms of kind of you know arranging for the sales force in domestic market, but there are some differences when you are going international. So, while selling in international markets, let us look at how we can go ahead with the sales force management.

(Refer Slide Time: 11:15)

Global Sales Dynamics

Sales Force Management in Global Markets

- Some of the basic functions performed by a sales manager involve:
 - selecting, ✓
 - training, ✓
 - motivating, ✓
 - compensating, ✓
 - evaluating and controlling the sales force.
- But how are these functions performed in a foreign market?

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So, some of the basic functions performed by sales manager in this kind of you know setting of international markets will involve selection or selecting, training, motivating, compensating and then finally, evaluating and controlling your sales force.

Let us look at each of these stages in detail. But how are these functions perform in a foreign markets? So, let us look at those.

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Global Sales Dynamics

Sales Force Management in Global Markets

Selection

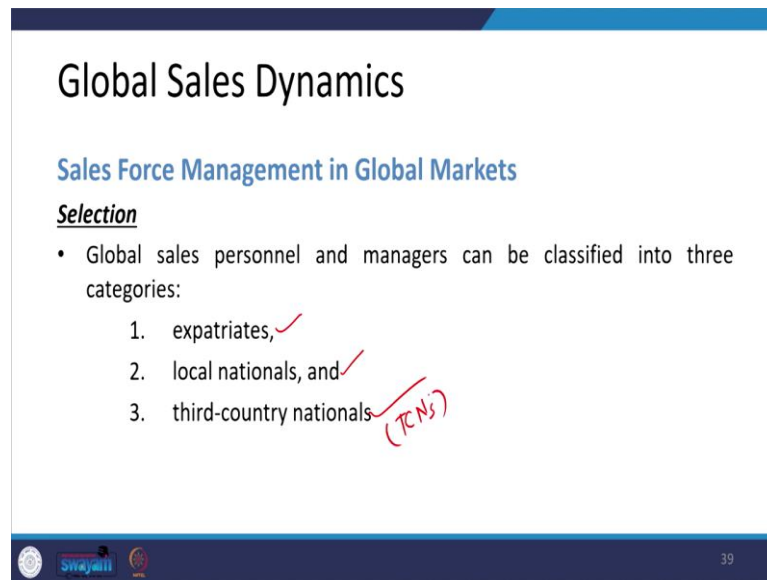
- To succeed in today's global marketplace, it is absolutely essential that highly skilled and competent people be hired for global sales positions.
- The selection process in international markets depends on multiple factors like the kind of reputation the salesperson position enjoys in a particular culture, the values prioritized by a particular culture, the type of product to sell, etc.
- These factors, in turn, affect the type of salesperson to select (expatriates/local nationals/third-country nationals), how to select them, resource allocation, etc.)

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First one is selection. So, to succeed in today's global marketplace, it is absolutely essential that highly skilled and competent people be hired for global sales positions. So, the selection process in international market depends on multiple factors like kind of reputation the sales person job or position enjoys in that particular culture, the values prioritized by a particular culture and the type of product to sell.

So, these are the some of the factors that affects international selection process for going for an international selling efforts. These factors in turn affect the type of salesperson to select and how to select them as well.

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Global Sales Dynamics

Sales Force Management in Global Markets

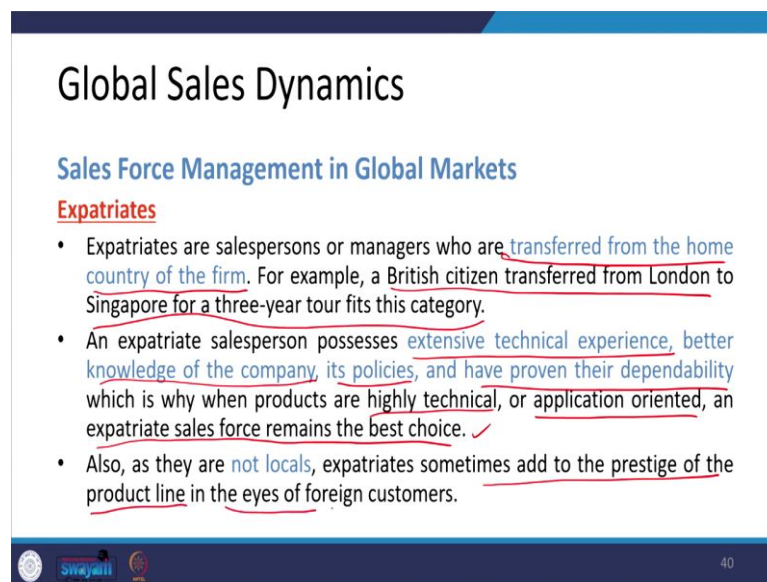
Selection

- Global sales personnel and managers can be classified into three categories:
 1. expatriates, ✓
 2. local nationals, and ✓
 3. third-country nationals (TCNs) ✓

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So, global sales personnel and manager can be classified into three different categories. One is expatriates, local nationals and then third party nationals or which is known as TCN s Third Country Nationals.

(Refer Slide Time: 12:35)



Global Sales Dynamics

Sales Force Management in Global Markets

Expatriates

- Expatriates are salespersons or managers who are transferred from the home country of the firm. For example, a British citizen transferred from London to Singapore for a three-year tour fits this category.
- An expatriate salesperson possesses extensive technical experience, better knowledge of the company, its policies, and have proven their dependability which is why when products are highly technical, or application oriented, an expatriate sales force remains the best choice. ✓
- Also, as they are not locals, expatriates sometimes add to the prestige of the product line in the eyes of foreign customers.

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So, let us look at each one of these particular sales persons, expatriates. So, expatriates are salesperson or managers who are transferred from the home country of the firm, that is called as an expatriate. For example, a British citizen transferred from London to Singapore for a three-year tour fits this category.

So, for example, if talking about India, an Indian manager transferred to US or UK maybe for some one-year two-year contract or something like that. So, an expatriate salesperson possesses extensive technical experience, better knowledge of the company, its policies and have proven their dependability.

And that is why they are getting that chance to you know go international and you know move up in the ladder of their career and explore more foreign countries and markets. Which is why when products are highly technical or application oriented, an expatriate sales force remains the best choice as compared to third country nationals or even you know hiring a local person.

Also, expatriates are not locals, expatriates is sometimes add to the prestige of the product line in the eyes of foreign customers as well.

(Refer Slide Time: 13:47)

The slide is titled "Global Sales Dynamics" and has a sub-heading "Sales Force Management in Global Markets". Underneath, there is a section titled "Expatriates" in red. It contains four bullet points, each with some text underlined in red. The first bullet point discusses the difficulty of recruiting and maintaining expatriates due to family, career momentum, and home office visibility. The second bullet point mentions the high cost of keeping expatriates abroad due to special cost-of-living benefits, moving expenses, and taxes. The third bullet point notes that many expatriates may not understand the local language and/or culture. The fourth bullet point states that expatriate sales personnel are likely to cost substantially more than locals, so a company must be certain of their effectiveness. At the bottom left of the slide, there are logos for "swajal" and "swajal" with a circular icon. At the bottom right, the number "41" is visible.

But again, there are some kind of you know negatives also. So, conversely expatriates can be difficult to recruit and expensive to maintain as well. Employees may decline global assignment because of their family, fear of loss of career momentum, reduced visibility at the home office or due to some other reasons as well.

The total cost of keeping of expatriate abroad can also be considerably high because of their spatial cost of living benefits moving expenses and taxes. So, if someone is kind of you know leaving everything behind and going for a three-year contract to spend in

another country. A company or a business firm has to give those kind of benefits, extra benefits to those people and that kind of you know increases the cost of hiring them or kind of you know having them as an you know working abroad will increase.

So, lastly many expatriates may not understand the local language and culture of their assignment as well. For someone who is someone who is not anytime visited kind of you know Asian countries and a particularly western person coming to those countries without having any research or knowledge about the culture of that particular country, will sometimes backfire. So because expatriate sales persons are likely to cost substantially more than locals, a company must be certain of their effectiveness.

So, only in a extreme condition whenever it is absolutely necessary, because maybe because that person holds that kind of a technical knowledge so as to he can go abroad and help his sales team there, then in those particular cases only expatriates are preferred.

(Refer Slide Time: 15:20)

Global Sales Dynamics

Sales Force Management in Global Markets

Local Nationals

- Local nationals are personnel hired from the country of operations itself.
- Their advantage is that they understand the local marketplace and cultural ambiguities and are familiar with domestic distribution systems and referral networks. A good example is adaptive selling—tailoring the sales pitch to suit a customer's unique situation or view.
- Furthermore, qualified local workers can be found in numerous locales. For example, a number of European and Asian citizens have earned degrees (like MBA) in the United States and Great Britain and seek positions with global firms in their home country. In some places, they are also less costly to maintain than a staff of expatriates.

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Coming to the next category that is local national. Local nationals, local nationals are personnel hired from the country of operations itself. So, for example, let us say for Mahindra opened a factory or tried started selling their products in let us say Latin America, they can hire local Latin American people for the jobs. So, that is nothing but the local nationals, that we are talking about.

So, the advantage is that they understand the local marketplace and cultural ambiguities very well and are familiar with domestic distribution systems and referral networks as well. So, a good example is adaptive selling, so they know because they know everything about kind of you know the customer with whom they are interacting about the local culture, etiquettes and everything.

They can adapt, they can practice this adaptive selling methodology like tailoring the sales pitch to suit a customer's unique situation or view, sometimes which is not actually kind of you know expected out of expatriate or even third party national.

Furthermore, qualified local workers can be found in numerous locals. For example, a number of European and Asian citizens have earned degrees like MBA in the US and Great Britain and seek position with global firms in their home country, right. So, there may be people someone from India going to US, learn there and then they may be sent back to India to handle that particular company's operation that they are working with.

So, in some places they are also less costly to maintain right. So, that is an advantage than a staff of expatriates. So, as compared to expatriates, you can expect to have less cost associated with hiring local nationals for the particular sales job.

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Global Sales Dynamics

Sales Force Management in Global Markets

Local Nationals

- The main disadvantage of hiring local nationals is the tendency of headquarters personnel to ignore their advice. Even though most foreign nationals are careful to keep relationships at the home office warm, their influence often is reduced by their limited communication skills in foreign language and lack of understanding of how home-office politics influence decision making.
- Various problems also occur when hiring local sales forces.
 - For example, in hierarchical societies, like Japan and Mexico, salespersons are viewed as at the bottom of the social ladder, which increases the difficulty of hiring the brightest college students for sales positions. Also, a firm may need to compete with local firms to attract and retain the best talent.

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The main disadvantage of hiring local nationals is the tendency of headquarters personnel to ignore their advice. Because this they know each others very well right so or

they do not know each other very well. So, for example, a company let us say Loreal headquartered in Paris and they have a local national hired in India say Bombay or Delhi.

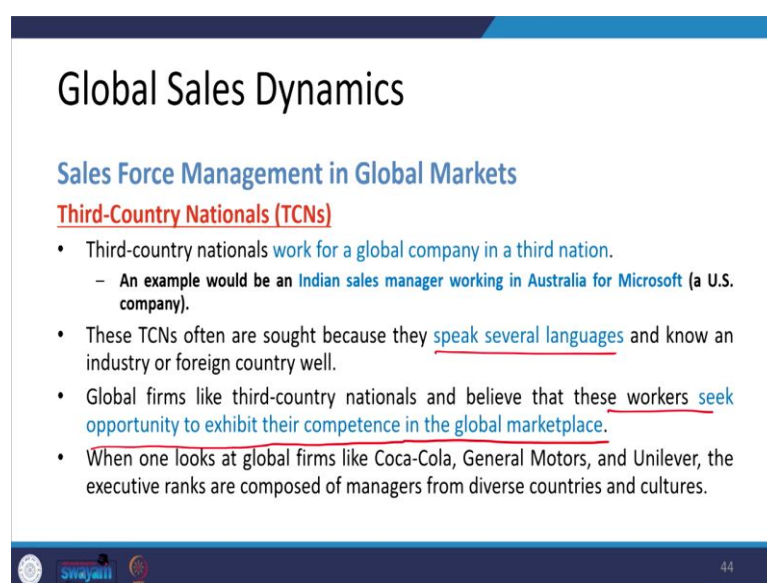
Then whatever the inputs coming or going from India to the head office may not be acknowledged in very well, kind of you know or may be kind of you know given or replied with the same kind of intent if it is coming from the European market.

So, even though most foreign nationals are careful to keep relations at the home office warm, their influence often is reduced by the limited communication skills in foreign language and lack of understanding of how home office politics influence decision making.

So, various problems also occur when hiring local sales forces for example, in hierarchical societies like Japan and Mexico; salespersons are viewed as at the bottom of the social ladder. Like not a kind of you know job any one aspires for, which increases the difficulty of hiring the brightest college student for sales positions right, because even if he gets hired he will think that in his own society he will not be like you know looked at with respect.

So, also a firm may need to compete with the local firms to attract and retain the best talent as well.

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Global Sales Dynamics

Sales Force Management in Global Markets

Third-Country Nationals (TCNs)

- Third-country nationals work for a global company in a third nation.
 - An example would be an Indian sales manager working in Australia for Microsoft (a U.S. company).
- These TCNs often are sought because they speak several languages and know an industry or foreign country well.
- Global firms like third-country nationals and believe that these workers seek opportunity to exhibit their competence in the global marketplace.
- When one looks at global firms like Coca-Cola, General Motors, and Unilever, the executive ranks are composed of managers from diverse countries and cultures.

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Now, coming to the third kind of you know sales force that we can employ when going international is the third country nationals or TCNs. So, third country nationals work for a global company in a third nation.

For example, Indian sales manager working in Australia for Microsoft which is a US based company, that is the best example of third country national. So, these TCNs or third country nationals often are sought because they speak several languages, the benefit that they carries with them and know an industry or foreign country very well.

So, global firms like likes to recruit these third country nationals and believe that these workers seek opportunity to exhibit their competence in the global marketplace. So, when one looks at global firms like Coca-Cola, General Motors, Unilever, P and G, the executive ranks are composed of managers from diverse countries and cultures. Just look at the CEOs of you know top 10 companies across the globe, many of them will be Indian.

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Global Sales Dynamics

Sales Force Management in Global Markets

Selection

Category	Advantages	Disadvantages
Expatriate	<ul style="list-style-type: none"> Product knowledge ✓ High service levels ✓ Train for promotion ✓ Greater home control ✓ 	<ul style="list-style-type: none"> Highest costs ✓ High turnover ✓ High training costs ✓
Host-country <i>local</i>	<ul style="list-style-type: none"> Economical ✓ High market knowledge ✓ Language skills ✓ Cultural knowledge ✓ Implement actions sooner ✓ 	<ul style="list-style-type: none"> Needs product training ✓ Held in low esteem ✓ Language skills importance declining ✓ Loyalty assurance ✓
Third-country <i>TCN</i>	<ul style="list-style-type: none"> Cultural sensitivity ✓ Language skills ✓ Economical ✓ Allows regional sales coverage ✓ 	<ul style="list-style-type: none"> Identity problems ✓ Blocked promotions ✓ Income gaps ✓ Needs product/company training ✓ Loyalty assurance ✓

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Coming to the summarizing all the three types of sales force that we can employ while going internationally. So, we have kind of you know first one is expatriates. So, advantage a particular kind of you know this kind of a position offers is they have a product knowledge, they have they carry high service levels, they are trained for promotion and there is a very greater home control can be exercised over them. But it

carries some disadvantages like its highly costly to recruit them. Its a high turnover or attrition rate and even high training cost are associated with them.

Host-country which is we are talking about locals like hiring national locals or those people, it is very economical way of going global, you can have these people have high market knowledge language skills, cultural knowledge and implement action sooner as compared to the other two categories. Disadvantage is here is they needs product training very well, they held a very low esteem, language skills are importance and sometimes they do not appreciate that. And then loyalty assurance is something that they expect a lot.

Third country nationals or TCNs as we call them, have brings several advantages like bringing that cultural sensitivity, language skills, economical that is they do not have to cost so much, allows regional sales coverage as well. But whereas, they carry also carry some disadvantages like identity problems, you know they may face some block promotions, there might be differential and wider income gaps in terms of earnings and salaries.

Needs product company training or something which is where they are need to be kind of you know trained a lot.

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Global Sales Dynamics

Sales Force Management in Global Markets

Selection – Some unique examples

- In certain cultures, where sales positions are viewed negatively, sales managers seek applicants through nontraditional means. Electrolux spends a significant amount of sales management time in Hong Kong where it must interview 400 candidates in order to select ten applicants that will attend sales training.
- Selling high technology products may allow for the greater use of American expatriates, whereas selling consulting services will tend to require more participation by native sales representatives.
- Selling in information-oriented cultures such as Germany also may allow for greater use of expatriates. However, relationship-oriented countries such as Japan will require the most complete local knowledge possessed only by natives.

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Coming to the selections, then some unique examples I want to discuss. In certain cultures where sales positions are viewed negatively, sales managers seek applicants through nontraditional means. For example, Electrolux spends a significant amount of sales management time in Hong Kong, where you know sales positions are kind of you know considered very or looked at very negatively.

It must interview four hundred candidates in order to select ten applicants that will attend the sales training. So, that is kind of you know, it is very hard to get those people on board. Selling high technology products may allow for the greater use of American expatriates, because there are something which is they are the someone's who are looked at with high technical knowledge and all.

Whereas, selling consulting services will tend to require more participation by native sales representatives as well. Selling information oriented cultures for example, Germany may allow for a greater use of expatriates can be employed there. However, for relationship oriented countries for example, Japan one has to kind of you know employ local knowledge or people or local natives who are very good at those local knowledge and kind of you know understanding of that particular native culture.

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Global Sales Dynamics

Sales Force Management in Global Markets

Training

Global firms understand the importance of training their sales force because the numerous benefits it provides to the sales force, the customer, and managers like:

- Higher sales force performance, ✓
- Improved customer relationships, ✓
- More efficient time management, ✓
- Less need for management supervision, ✓
- Greater product and market knowledge, ✓
- A more comprehensive understanding of company policies, etc. ✓

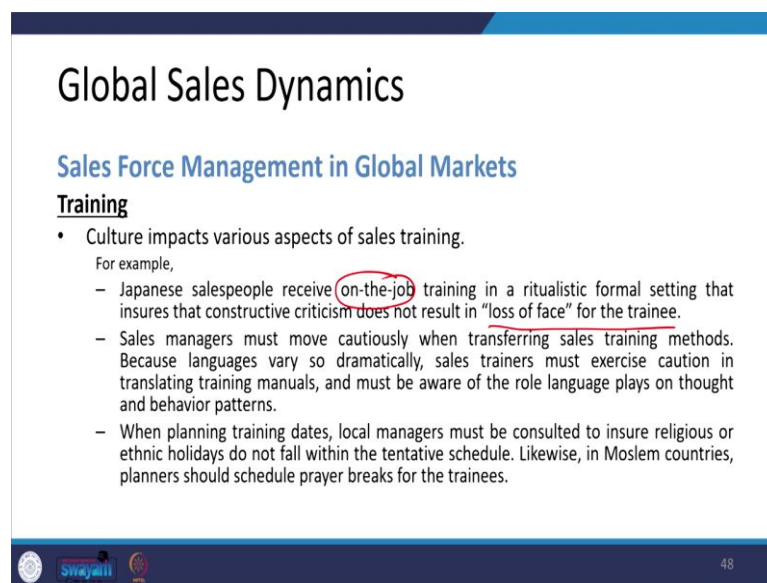
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Coming to the next stage, training. So, global firms understand the importance of training their sales force because the numerous benefits it offers. So, it offers numerous

benefits to sales force, the customer and even manages a like higher sales force performance right.

Training will improve the customer relationship, the more efficient time management across your sales team. Less need for management supervision and then greater product and market knowledge and a more comprehensive understanding of company policies as well. So, these are the some sort of benefits, that is why training is important which provides to the particular firm.

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Global Sales Dynamics

Sales Force Management in Global Markets

Training

- Culture impacts various aspects of sales training.
For example,
 - Japanese salespeople receive on-the-job training in a ritualistic formal setting that insures that constructive criticism does not result in “loss of face” for the trainee.
 - Sales managers must move cautiously when transferring sales training methods. Because languages vary so dramatically, sales trainers must exercise caution in translating training manuals, and must be aware of the role language plays on thought and behavior patterns.
 - When planning training dates, local managers must be consulted to insure religious or ethnic holidays do not fall within the tentative schedule. Likewise, in Moslem countries, planners should schedule prayer breaks for the trainees.

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So, training culture impacts various aspect of sales training as well. For example, Japanese salespeople receive on-the-job training in a ritualistic formal setting that ensures that constructive criticism does not result in “loss of face” for the trainee.

Sales manager must kind of you know move cautiously when transferring sales training methods, because languages vary. So, dramatically sales trainers must exercise caution when translating those trainee and training manuals from one country to another country, when there are differences in the languages. When planning training dates local managers must consult to ensure religious or ethnic holidays of that particular country or region as well.

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Global Sales Dynamics

Sales Force Management in Global Markets

Training

- Training for expatriates focuses on the customs and the special foreign sales problems that will be encountered, whereas local personnel require greater emphasis on the company, its products, technical information, and selling methods.
 - Local personnel, for instance, cling to habits continually reinforced by local culture. Nowhere is the problem greater than in China or Russia, where the legacy of the communist tradition lingers. The attitude that whether you work hard or not, you get the same rewards, has to be changed if training is going to stick.
 - Expatriates are also captives of their own habits and patterns.
- Before any training can be effective, open-minded attitudes must be established.

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Training for expatriates, focus on customs and the special foreign sales problems that will be encountered. Whereas, local personnel require greater emphasis on the company, its products, technical information and selling methods as well. So, local personnel for instance clings to habit in continually reinforced by local culture. Nowhere is the problem greater than in China or Russia where the legacy of communist traditional lingers.

The attitude that whether you work hard or not, you get the same rewards has to be changed if training is going to stick. So, expatriates are also captives of their own habits and patterns as well. And that will sometimes hinder the what kind of training a particular organization wants to give to their train, your their sales force. So, before any training can be effective open minded attitude must be established among the kind of you know trainees.

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The slide is titled "Global Sales Dynamics" and has a sub-heading "Sales Force Management in Global Markets". Under the sub-heading, there is a section titled "Training" with three bullet points. The first bullet point states that sales managers should train salespeople to develop cultural skills. The second bullet point states that the training program should focus on developing cultural intelligence, defined as the ability to function and manage in culturally diverse settings. The third bullet point states that salespeople high in cultural intelligence are more likely to be effective in selling across cultures. The slide also features a Swajati logo and the number 50 in the bottom left corner.

Global Sales Dynamics

Sales Force Management in Global Markets

Training

- Sales Managers should train salespeople so they develop **cultural skills** that would provide them with an ability to relate to different cultures even when they do not know the elements of the culture in detail.
- Central to the training program should be the development of **cultural intelligence**, which refers to *the ability of an individual to function and manage in culturally diverse settings*.
- Salespeople high in cultural intelligence are more likely to be effective in selling across cultures as they are better able to adapt to the cultural backgrounds of their customers.

So, sales managers should kind of you know train sales people. So, they develop cultural skills that would provide them with an ability to relate to different cultures even when they do not know the elements or the culture in detail. So, central to this training program should be the development of cultural intelligence, which refers to the ability of an individual to function and manage in culturally diverse settings.

So, sales people high in cultural intelligence are more likely to be effective in selling across cultures as they are better able to adapt to their cultural background of their customers.

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Global Sales Dynamics

Sales Force Management in Global Markets

Training

Cateora and Graham (2005) suggest that people with cultural skills can:

- Convey respect and communicate verbally and non-verbally a positive attitude and interest in people and their culture;
- Cope with ambiguity and the frustrations that sometimes occur when faced with an unfamiliar culture;
- Show empathy by understanding other people's needs and viewpoints;
- Avoid judging other people according to their own value systems;
- Control the use of self-reference criteria whereby assumptions are made based upon one's own culture and values; and
- Use humour to prevent frustration levels rising when things do not work out as planned

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So, Cateora and Graham 2005 have suggested that people with cultural skills can be kind of you know very can offer various advantages, like they convey respect and communicate verbally and non-verbally. A positive attitude and interest in people and their culture.

This is kind of a people who holds that cultural intelligence scope with ambiguity and the frustration that sometimes occur when they are dealing with the customers or in the particular unfamiliar cultural settings. These people show empathy by understanding other people's needs and viewpoints. Avoid judging other people according to their own value system. So, they are open to that kind of you know cultural kind of you know setting.

Control the use of self-reference criteria whereby assumptions are made based upon own one's own culture and values. So, instead of driving the sales interaction or call based on my cultural values, these people who can have that is cultural intelligence who have already kind of you know exposed to those cultural settings are much able to approach their clients with more effectiveness.

They can also use humour to prevent frustration levels, rising when things do not work out as planned.

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Global Sales Dynamics

Sales Force Management in Global Markets

Motivation

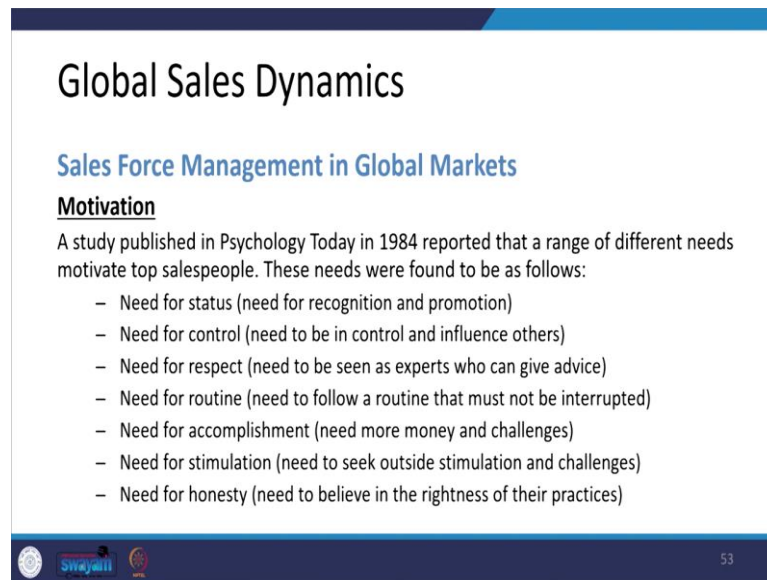
- Although the potential for international sales can be infinite, companies need a skillful and highly motivated sales force capable of taking advantage of the emerging opportunities.
- By understanding what motivates salespeople and knowing how to motivate them, sales managers can help 'average' salespeople transform to 'super' salespeople.
- Therefore, recognizing the needs and values of salespeople and providing them with appropriate incentives or rewards are significant steps in the right direction for the successful motivation of salespeople.

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Coming to the next part so after selection, training comes to motivation. Although the potential for international sales can be infinite, companies need a skillful and very highly motivated sales force capable of taking advantage of the emerging opportunities in sales domain.

So, by understanding what motivate sale people and knowing how to motivate them, sales managers can help average sales people transform into super salesperson or salespeople. So, therefore, recognizing the needs and values of salespeople and providing them with appropriate incentives or rewards first let us say are significant steps in the right direction for the successful motivation of salespeople.

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Global Sales Dynamics

Sales Force Management in Global Markets

Motivation

A study published in Psychology Today in 1984 reported that a range of different needs motivate top salespeople. These needs were found to be as follows:

- Need for status (need for recognition and promotion)
- Need for control (need to be in control and influence others)
- Need for respect (need to be seen as experts who can give advice)
- Need for routine (need to follow a routine that must not be interrupted)
- Need for accomplishment (need more money and challenges)
- Need for stimulation (need to seek outside stimulation and challenges)
- Need for honesty (need to believe in the rightness of their practices)

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A study published in psychology today very old study in 1984, but still the kind of you know the needs are there which kind of you know still holds true today also. So, this study reported in psychology today in 1984 reported that a range of different needs motivate top sales people and these needs were found to be as follows.

First need is need for status we state that need for recognition and promotion while working. Second need is need for control that need to be in control and influence others. They should feel empowered while doing those or taking those sales decisions. Need for respect, need to be seen as experts who can give advice, need for routine that is need to follow a routine that must not be interrupted. So, they do not want any interruptions coming from headquarter or maybe from their immediate reporting managers.

Need for accomplishment, that is need for money and challenges. Like you know keeping those incentives and targets and quotas and all, need for stimulation like need to seek outside simulation and challenges, maybe planning for competitions tracks and everything. And then need for honesty, need to believe in the rightness of their practices, that something which is related to ethics and all.

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Global Sales Dynamics

Sales Force Management in Global Markets

Motivation

The importance attributed to above needs will vary between individual salespeople globally. For instance:

- Financial rewards, which have long been considered to be one of the primary motivators, will not motivate every salesperson. However, such rewards are expected to have a significant motivational impact on those who have a high need for accomplishment. Like the English are more inclined toward their free time and have the reputation of being less motivated by money than the Americans.
- With Japan's emphasis on paternalism and collectivism and its system of lifetime employment and seniority, motivation through individual incentives does not work well because Japanese employees seem to derive the greatest satisfaction from being comfortable members of a group.

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The importance attributed to above needs that we just saw, will vary between individual sales people globally. That is bound to happen because the cultures are different right. So, for example, financial rewards which have long seen considered to be one of the primary motivators will not motivate every salesperson, right.

Nobody was driven by money at all the time. However, such a rewards are expected to have a significant motivation impact on those who have a high need for accomplishment. So, like the English are more inclined toward their free time and have the reputation of being less motivated by money than the Americans. With Japan's emphasis on paternalism and collectivism and its system of lifetime employment and seniority motivation through individual incentives does not work in Japan, right.

So, because Japanese employees or sales people seem to derive the greatest satisfaction from being comfortable members of the group. So, they do not give that assign that much value to money or those accomplishment, instead they are more driven by kind of you know community and respect within that particular community.

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Global Sales Dynamics

Sales Force Management in Global Markets

Motivation

Role of Cultural Values in Motivation:

- Similar to needs, different cultures may give priorities to different values.
 - For example, American salespeople are guided by values such as “Take pride in accomplishment,” “Put freedom and initiative first,” and “Forgive mistakes.” Their European counterparts, however, are driven by values such as “Take pride in yourself and your group,” “Put duty and obedience first,” and “Avoid mistakes.” Based on these values, a goal based on the need of “becoming someone by doing things” will be more easily accepted by an American than by a European salesperson.
- Therefore, if managers are to successfully motivate their salespeople, they must have a **multifaceted motivational program** that accounts for the complexity of needs, values, and behaviors of salespeople internationally.

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Now, role of cultural values in motivation: here also culture plays kind of you know important role. Similar to needs different cultures may give priorities to different values as well. For example, American sales people are guided by values such as “take pride in accomplishment”, “put freedom and initiative first” and “forgive mistakes”. Their European counterpart or European people or salespersons; however, are driven by values such as “take pride in yourself and your group”, “put duty and obedience first” and “avoid mistakes.”

So, see the difference between how American or an Europe and an and an European salesperson behave differently. So, based on these values, a goal based on the need for becoming someone by doing things will be more easily accepted by American salesperson as compared to the European salesperson. So, therefore, if managers are to successfully motivate the salespeople, they must have a multifaceted motivational program.

Like you just cannot touch upon one of the motivations, there are different values different motivations are guiding that particular sales person or team. And that is why we need a multi-faceted motivational program that accounts for the complexity of needs values and behaviors of salesperson internationally.

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Global Sales Dynamics

Sales Force Management in Global Markets

Compensation

Compensating the sales force is important for a number of reasons as it:

- *Helps attract potential salespersons.*
- *Impacts a salesperson's motivation.*
- *Is a determinant of status and how the firm values the salesperson.*
- *Determines the lifestyle and purchasing power of a salesperson.*

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Coming to the next stage compensation. So, compensating the sales force is important for a number of reason; as it helps to attract potential salesperson in your company. Impacts salespersons motivation, when he is on the field is a determinant of status and how the firm values the salesperson. And finally, particular compensation also determines the lifestyle and purchasing power of a salesperson as well.

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Global Sales Dynamics

Sales Force Management in Global Markets

Compensation

Global firms offer total incentive packages to their global sales force, which includes financial and nonfinancial incentives.

- **Financial incentives** include salary, commission, bonus, stock options, and benefits. Financial incentives can also be earned through sales contests.
- **Nonfinancial incentives** relate to awards, recognition, vacation, and promotion or reassignment. In fact, interesting work and good career prospects may influence a person to accept a global sales position even when the compensation package is lower than expected.

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So, global firms offer total incentive packages to their global sales force which includes financial as well as non financial incentives. Just look at them. Financial incentives

include salary, commission, bonus, stock options and benefits. Financial incentives can also be earned through sales contest as well. Whereas, non-financial incentives which are related to awards, recognition, vacation and even promotion or reassignment.

In fact, interesting work and good career prospects may influence a person to accept a global sales position as well, even when the compensation package is lower than what is he is he or she is expecting.

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Global Sales Dynamics

Sales Force Management in Global Markets

Compensation

Compensation in the global marketplace is complex and affected by multiple forces.

- In some cultures, sales personnel are compensated based upon their ability to produce for the firm. In other words, sales personnel are paid a commission or bonus based upon their ability to close the sale and produce revenue and profit for their company.
- In other cultures, however, compensation is influenced by other, less specific, variables. In Korea, workers are compensated based upon their position or seniority in the firm.
- Korean workers rebel at the idea of performance-related pay. Workers in Korea regard their job title as a status symbol and find it unacceptable to be paid less than people who have been with the firm less time or who occupy lower positions in the firm's hierarchy. As might be expected, this type of worker mentality and bureaucratic pay system complicates the role of global firms who may prefer the Western practice of linking compensation to worker productivity.

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The compensation in the global marketplace is complex and affected by multiple forces. For example, in some cultures sales personnel are compensated based upon their ability to produce for the firm. In other words, sales personnel are paid a commission or bonus based upon their ability to close the sale and produce revenue or profit for the company. Whereas, in other cultures; however, compensation is influenced by other less specific variables.

In Korea, workers are compensated based upon their position or seniority in the firm even if they are doing the same work. So, Korean workers rebel at the idea of performance related way pay. Workers in Korea regard their job title as a status symbol and find it unacceptable to be paid less than people who have been with the firm less time or who occupy a lower positions in the firms hierarchy.

So, seniority is something that they value a lot. So, as might be expected, these type of worker mentality and bureaucratic pay system complicates the role of a global firms who may prefer the western practice of linking compensation to kind of you know productivity.

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Global Sales Dynamics

Sales Force Management in Global Markets

Compensation

Cultural Norms:

- In cultures that rank low on uncertainty avoidance – like most English-speaking countries – commission pay plans are more readily accepted than in cultures that seek to reduce uncertainty (as commission pay plans encompass an element of insecurity). Germany is an excellent example of a culture that tries to reduce uncertainty, and performance pay plans are less popular there.
- In Italy, where citizens are more accepting of different social and economic levels within the culture, a wider range of pay will be evident between executives and lower level workers.
- Conversely in Scandinavian countries, where egalitarianism (belief in equality) is interwoven within the culture, compensation packages are more uniform between workers and management.

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Then cultural norms. So, in cultures that rank low on uncertainty avoidance, like risk averse kind of countries. Like most English speaking countries commission pay plans are more readily accepted than in cultures that seek to reduce uncertainty

So, Germany is an excellent example here of a culture that tries to reduce uncertainty and performance pay plans are less popular here. Whereas, in Italy where citizens are more accepting of different social and economic levels, within the particular culture a wider range of pay will be evident between executive and lower kind of you know level workers.

So, conversely in Scandinavian countries, where egalitarianism that is belief in equality is interwoven within their culture, compensation packages are more uniform between workers and management.

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Global Sales Dynamics

Sales Force Management in Global Markets

Compensation

Assignment Tenure:
In general, short-term foreign assignments involve payments of overseas premiums (sometimes called separation allowances if the family does not go along), all excess expenses, and allowances for tax differentials. Longer assignments can include home-leave benefits or travel allowances for the spouse. International compensation programs also provide additional payments for hardship locations and special inducements to reluctant personnel to accept overseas employment and to remain in the position.

Taxation Laws:
Those working in high-tax countries prefer liberal expense accounts and fringe benefits that are nontaxable (such as company cars) instead of direct income subject to high taxes. Fringe benefit costs are high in Europe, ranging from 35 to 60 percent of salary.

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Assignment tenure is again kind of you know affects what kind of compensation a company can plan for. In general short term foreign assignments involve payment of overseas premiums, then all excess expenses and allowances for tax differentiation. Whereas, longer assignments like 5 years, 10 years can include homely benefits or travel allowances for the spouse.

So, international compensation programs also provide additional payments for hardship locations and special inducement to reluctant personnel to accept overseas employment and to remain in the position. Taxation law is something which again kind of you know affect compensation policies for the sales force that is employed in global market.

So, those working in high tax countries prefer liberal expense account and fringe benefits that are associated, that is you know which are again non-taxable like company cars and all, instead of direct income subject to high taxes.

So, you can kind of you know pay them in terms of those fringe benefits which are not taxable so as to take care of their living standard of living and all. So, fringe benefit costs are high in Europe, ranging from 35 to 60 percent of the salary, because if you pay them directly in terms of salary, it will directly kind of you know levy the tax of around 30 percent and all.

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The slide is titled "Global Sales Dynamics" and has a sub-heading "Sales Force Management in Global Markets". Underneath, there is a section titled "Evaluation" with two bullet points. The first bullet point states that the purpose of evaluation is to improve salespersons' and ultimately, firm's performance, and that without evaluation, it is difficult to know what has worked, what has not, and the reasons behind the outcome. The second bullet point discusses comprehensive evaluations that investigate whether identified deviations are attributable to incorrectly set goals or weak performance in reaching those goals, and asks if the sales force failed or if inappropriate goals were set. The slide footer includes a logo for Swajathi and the number 61.

After compensation, the final stage is evaluation. So, the purpose of evaluation of a global sales force is to improve sales persons and ultimately firm's performance. So, without evaluation it is difficult to know what has worked, what has not and the reason behind the outcome as well. So, comprehensive evaluation investigate whether identified deviations are attributable to incorrectly set goals or it is a weak performance in reaching those goals.

So, here you can actually evaluate what is the reason if your targets are not achieved in those particular international markets. So, this is, did the sales force fail or whether inappropriate goals were set at the beginning. So, you can take a call based on those particular comprehensive evaluation process.

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The slide is titled "Global Sales Dynamics" and has a sub-heading "Sales Force Management in Global Markets". Below this is a section titled "Evaluation". The text in this section discusses the complexity of assessing sales personnel in the global marketplace due to cultural differences in evaluation norms. It provides two examples: one for collectivist societies where teamwork is favored and evaluation involves close observation from multiple sources, and one for individualistic societies like America where individual performance is emphasized through sales revenue and quotas. The slide includes a Swajati logo and the number 62 in the bottom left corner.

Global Sales Dynamics

Sales Force Management in Global Markets

Evaluation

Assessing sales personnel in the global marketplace is a more complex undertaking than the process in the home country as different cultures may have different evaluation norms.

For example,

- In collectivist societies, teamwork is favored over individual accomplishment. In these cultures evaluation involves close observation and inputs from customers, colleagues, and managers, whereas individual performance is perceived to be less important. In Japan, salespersons receive a greater sense of performance from the group than what occurs in individualistic cultures.
- In individualistic societies like America, emphasis is placed on individual performance (generally measured in terms of sales revenues generated and often compared with past performance, forecasts, or quotas.)

So, assessing sales personnel in the global marketplace is a more complex undertaking than the process in the home country, as different cultures may have different evaluation norms as well. For example, in collectivist societies, teamwork is favored right over individual accomplishment. So, in these cultures, evaluation involves close observation and inputs from customers, colleagues and even managers. Whereas, in individual performance is perceived to be less important.

For example, Japan: salesperson receive a greater sense of performance from the group than what occurs in the individualistic cultures. So, in individualistic cultures like America, emphasis is placed on individual sales reps, performance in terms of sales revenue generated and often compared with the past performance and nothing more in terms of you know how the group is performing.

So, in individualistic societies like US and western countries, it is more about the evaluation is mostly based on individual accomplishment, whatever kind of you know set quotas have been given or assigned to that particular expatriate or local national. How he is achieving those sales quotas and revenue targets, based on that only he will be evaluated, he or she will be evaluated.

So, that brings our conclusion to this particular session, where we tried to understand the global sales dynamics and we also looked at how to manage the sales force in an international market.

Thank you.