Chapter 14: Effectively Leveraging Culture as a Sales Leader

INTRODUCING THE CHAPTER

This chapter explains how culture — both internal and external to the firm — impacts the way salesforces operate and how people's cultural beliefs and practices influence their alliances, customer relationships, and management practices.

There are numerous ways to introduce this chapter since it focuses on both internal and external cultural influences. In regard to internal cultures, ask the class to list as many functional areas as possible within the firm. They will say marketing, sales, production, accounting, MIS, customer service, etc. Then ask the class what each does and, when there are responses, ask them how do we know when they are doing an outstanding job. Asked differently, what should be the primary goal of each functional area of the firm? If the firm is aligned, each functional area's goals for success will revolve around what the area does rather than who they serve. What you should be trying to transfer is that aligned firms focus on keeping their customers satisfied by supporting the needs of the sales and customer service areas.

An introduction related to external culture might be to ask who has studied abroad and then ask if anyone made a *faux pas* or social blunder during the time overseas? Nearly everyone who has lived abroad has chosen the wrong word when asking a question, did not "cue" up for service correctly, gave an inappropriate gift, or misunderstood local holidays, etc. Then follow this up with: "How might these *faux pas* impact a salesperson who is trying to influence the local buyer to make a decision to purchase from their firm? A follow-up question is: would making a social blunder impact an established business relationship? The answer may be: It depends upon the severity of the *faux pas*!

Chapter Objectives

After completing this chapter, students should be able to:

- Define organizational culture.
- List and explain the different cultural categories that guide organizations.
- Discuss how culture impacts a sales organization.
- Offer a strategy for modifying a firm's culture.
- Discuss how a nation's culture impacts sales management and personal selling.
- Understand the components of culture and how they impact sales management.
- Explain why a diverse work environment is needed for the success of a contemporary salesforce.

Chapter Outline

I. How a Firm's Corporate Culture Affects Its Salesforce
   A. The Firm's Marketplace Orientation
      1. Production-Oriented Approach
      2. Product-Oriented Approach
      3. Sales-Oriented Approach
      4. Market-Oriented Approach
      5. Relationship-Oriented Approach
   B. Which Marketplace Orientation Is Best?
   C. Low- Versus High-Performance Cultures
      1. Low-Performance Cultures
      2. High-Performance Cultures
   D. Achieving Internal Alignment
   E. Misalignment and Entropy
   F. Sales Managers as Culture Creators

II. How External Cultures Affect a Firm's Salesforce
   A. The Different Levels of Culture

III. Cultural Components
   A. Communication Style
      1. Cross-Cultural Communication Problems
   B. Religion
   C. Education
   D. Aesthetics
   E. Social Organizations
   F. Technology
   G. Time
   H. Values and Norms
      1. Ethnocentrism

IV. Managing a Global Salesforce
   A. Designing a Global Salesforce
   B. Selecting Sales Personnel
   C. Training Global Salespeople
   D. Motivating Global Sales Personnel
   E. Compensating Global Sales Personnel
   F. Evaluating Global Sales Personnel

V. The Changing Demographics of Salesforces
   A. The Benefits of Embracing Diversity

VI. Managing Your Career

VII. Summary

MANAGING YOUR CAREER

The impact of an organization's internal culture is huge. What do students see as indicators of culture in their first sales job? What examples of observed culture can they share from their interactions, internships, ride-alongs and/or job interviews with different companies?

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

5 Keys to a Winning Sales Culture: [https://www.youtube.com/watch?v=TMgByrVXcxI] In this video, keynote speaker Ryan Estis offers five areas for executives to focus on to positively influence sales culture.

Diversity in the Workplace and in Society (Paloma Medina): [https://www.youtube.com/watch?v=deYUUfak08Y] In this video, Paloma Medina challenges our paradigm of diversity in the workplace and in society. Paloma Medina challenges us to "find and replace" in our vocabulary challenging the concept of diversity vs. equity.

A Look at Google In-House Lawyer Jack Chen: [https://vimeo.com/208518795] This video examines how a blind lawyer at Google manages his workspace.

QUESTIONS AND PROBLEMS

1. **In the opening profile at the beginning of the chapter, Michael Obernberger noted the importance of recognizing cultural differences. How should an organization go about doing so?**

   First, recognize there are cultural differences. Second, employees at all levels should receive active-learning cultural training. Third, sales personnel should approach these cultural differences positively. That is, salespeople should remain adaptable and continue to adjust their behaviors to the context in which they operate. This three-step approach will allow company to guard against poor cultural assumptions and poor outcomes.

2. **Explain how culture and corporate culture, as a company and marketplace force, impacts a firm. How does corporate culture impact an organization's policies?**

   In regard to company/firm and external culture, this includes the beliefs, attitudes, values, assumptions and ways of doing things practiced by customers, employees, and society. When considering company/firm culture this focuses on beliefs of employees regarding what should be done and what will be rewarded. Healthy organizations reward hard work, success, and serving the buyer. Conversely, culturally unhealthy firms fail to hold salespersons responsible and reward/punish people differently based upon their status or functional area. Decisions are often made based upon the individual involved rather than for the health of the organization. In regard to external culture, if you are calling on a customer who was born and/or raised in a different culture, their perceived way of doing things will influence how the sales process proceeds. For example, if the buyer was raised in a culture that does not value a sales-position they might act superior or even refuse to interact with a salesperson. Employees will also view work based upon their cultural beliefs. That is, a salesperson from a collectivist society may not respond well to individual goals!

3. **Describe the five marketplace orientations a firm can adopt and the roles they play. How does each orientation impact a salesforce's relationships with other functional areas within the firm — and with those outside the firm?**

Firms that are **production-oriented** are most concerned with mass producing products at low prices to achieve economies of scale. This approach allows a firm to offer a limited number of reasonably priced products at multiple locations. As a functional area of the production-oriented firm, the sales area is seldom consulted before product or pricing decisions are made. Rather such decisions may be made by production and financial executives. In a production-oriented firm, the salesforce is more of an afterthought. The company's managers believe that the salesforce's job is to communicate with potential buyers about the specifications of the firm's products and their availability and to take customers' orders. Production-oriented firms are more likely to prosper when market demand for their products exceeds their ability to supply them.

A **product-oriented** company focuses on the newest technology or latest product feature. Sometimes called the "better mousetrap syndrome," the firm's goal is to differentiate its products from those of its competitors by constantly upgrading the products. In product-oriented firms, engineering and research and development (R&D) are accorded superior status, and the firm's focus centers on the product rather than the buyer. The role of the salesforce is to notify buyers that the latest product models have been released and convince buyers that they are better than competing products.

When the supply of products exceeds the demand for them, firms often become **sales-oriented**. For example, when multiple competitors enter the marketplace and there are few noticeable differences between their products, customers tend to focus on the prices of the products. As a result, some sales managers will coach their salespeople to practice "hard sell" tactics regardless of customer needs. Management is likely to use a "carrot and stick" approach to motivate the salesforce. In this company culture, salespeople receive bonuses for reaching their assigned sales goals, but face punishment or dismissal when desired sales levels are not reached!

By contrast, a **market-oriented** firm pursues the dual goals of satisfying their buyers while maximizing the profits of their firms. In market-oriented companies, senior executives are more active in sales and customer activities. As a result, salespeople are expected to satisfy the needs of their buyers in addition to meeting their sales goals. These goals can come into conflict, however, whenever short-term sales goals are achieved at the expense of customer satisfaction.

As we have explained in Chapter 5, more firms have become **relationship marketing oriented**, whereby they seek to establish long-term relationships with their customers. Salespeople are expected to act as consultants to fully understand their buyers' long-term needs.5 Relationship-oriented firms expect their salesforce to provide high levels of service to profitable accounts and grow business with buyers who are willing to pay higher margins for greater service and the meeting of their needs.

When a firm's organizational culture is aligned with its marketplace strategy, the company's sales managers and the salesforce are more likely to be successful. Thus, each type of orientation we've discussed is appropriate when it is aligned with the market in which the firm operates. For example, in many developing markets in Asia and Africa today, consumers are interested in purchasing high-quality items at affordable prices. However, in more developed nations, like the United States, Europe, and Japan, buyers expect customized solutions to their problems, and they have the economic power to purchase those solutions. The problem arises when the marketplace changes and firms do not adjust their orientations and internal cultures to match the needs of the marketplace. In fact, experts estimate

that about 30 percent of salespeople fail to meet the performance levels that their firms expect of them because there is a misalignment between internal culture and marketplace realities.

4. **Identify three reasons why a company's sales and marketing functional areas may not be aligned. What is the major consequence of a misaligned culture?**

Many firm's sales and marketing efforts often lack alignment. This misalignment is explainable by two factors: economics and culture. First, the sales and marketing areas often compete over how the company's budget is divided, each believing the other receives too much of the budget. Second, sales and marketing workers tend to exhibit different job cultures. That is, marketers tend to be more analytical, data-oriented, and project focused. The sales team, on the other hand, is comprised of members who are action-oriented, relationship driven, and short-term focused. Perhaps most importantly, the two areas of business are judged differently in regard to their performance. The sales team is often evaluated based upon results — closing sales. Conversely, marketers are judged by the programs they propose, and their success or failure takes much longer to discern. Each group may believe that their contributions are more important than that of other functions. Given these fundamental differences, it is hardly surprising that the marketing and sales areas of the firm find it difficult to work together. When there is an alignment gap within an organization, entropy occurs.

5. **How do high-performance cultures operate in contrast to low-performance cultures? How does a sales manager change a low-performance culture to a high-performance culture?**

Companies with a strong corporate culture tend to be results-oriented and associated with healthy cultural attributes like those listed below:

- *People-oriented:* Workers are treated with respect and their achievements are celebrated. A full range of rewards and punishments are employed to encourage high-performance standards, and managers at all levels are held responsible for developing workers under their care.

- *Results-oriented:* Workers who excel are identified and rewarded; control systems are developed to collect, analyze, and interpret performance; and sales managers/salespersons who do not meet standards are replaced.

- *Stress achievement and excellence:* Salespersons feel a constructive pressure to be the best, sales managers pursue programs that motivate workers to perform at their highest level, and excellence links cultural metrics to performance measures.

Firms with weak cultures are associated with lower financial performance, and they exhibit a number of unhealthy characteristics that include:

- *Insular thinking:* Members are inward thinking, believing all answers for the firm's problems exist within the firm. As a result, they avoid looking outside the firm for best practices. Managers may behave arrogantly.

- *Resistance to change:* There is a desire to maintain the status-quo. There is little support for new ideas and the firm's leaders discourage change.

- *Politicized internal environment:* Problems are resolved, and decisions are made based upon the individual power of the firm's managers and executives. Rather than doing what is best for the firm, the decisions are based upon what is best personally for individual managers.

- *Unhealthy promotion practices:* Promotions are made without the skills and capabilities of the candidates being seriously considered or matched to the positions to which they are being promoted. For example, a hardworking or long-serving sales representative might be promoted to a managerial position even though the person has no long-range vision or ability to create a new culture.

Modifying a firm's culture so that it aligns with strategy is a difficult undertaking for any manager. There are several actions a sales manager can take to create a strong, high-performing culture that encourages internal unity and an ability to adapt to external changes. First, the sales manager must determine which parts of the firm's current culture support the firm's strategy and which do not. Second, the sales manager must communicate honestly and openly to all workers the cultural areas that need to be modified or whether a completely new culture is required. Lastly, the sales manager must take visible actions that communicate a transformation of the existing culture.

6. **What occurs when there is an alignment gap within an organization? What occurs when a salesforce's group values differ from the rules, regulations, and managerial systems that are in place? What type of gap exists?**

   - *A lack of personal alignment:* Gaps that exist between employees' stated values and their behaviors. An example is when sales leaders do not "walk the talk" or demand that the sales team "do as I say, not as I do." Likewise, a salesperson might not be honest with a sales manager about what happened on a sales call or the reason a customer canceled an order. Any gap in personal alignment leads to a lack of trust between sales managers and their sales teams.

   - *A lack of structural alignment:* Gaps that exist between the firm's stated values and the rules, regulations, and managerial systems it puts in place. For example, if a firm says that it encourages its salespeople to behave ethically but then fails to reward ethical behavior when it comes to the reps' raises and promotions, the sales team will become cynical.

   - *A lack of a values alignment:* Incongruence exists between employees' personal values and the collective values of the groups within which they work. For example, there will be a lack of a values alignment when a salesperson's ethical values are higher or lower than the overall ethical values of the group within which he or she works. Incongruent employees and collective values can lead to role conflict where the salesperson is unable to satisfy the firm's values without violating his or her own.

   - *A lack of mission alignment:* Gaps that exist when the objectives of the members of the sales team fail to align with the firm's goals. For example, a lack of mission alignment exists when a firm instructs its sales team to devote time to relationship-building, but its salesforce members continue to sell products that maximize their income at the expense of those relationships. Mission alignment gaps can detract from a sales manager's ability to channel the efforts of his or her sales team in a unified direction.

7. **A sales manager can act as a culture creator. Develop two of your own examples of symbolic and substantive actions a sales manager can take to do so.**

   Managers who want to change firm culture can take two actions: primary (substantive) or secondary (symbolic). **Symbolic actions** communicate shifts in an organization's culture, whereas **substantive actions** demonstrate that a sales leader is serious about changing the firm's culture. Managers who take symbolic actions communicate the kinds of behavior they are encouraging. For example, the CEO at

infoUSA, a company that maintains and sells databases of North American businesses and consumers, takes symbolic action by meeting regularly with the firm's sales and marketing managers to ask for ideas for business growth. Likewise, a sales manager who wants to encourage a customer orientation might symbolically assume responsibility for a major account while substantively modifying the evaluation criteria for the sales team to include customer satisfaction ratings.

8. **What might be considered an appropriate business gift in Japan, Costa Rica, and Egypt? A variety of websites offer some detailed suggestions.**

   Japan: Expensive pen and pencil set or a business card holder that is professionally wrapped

   Costa Rica: Gifts valued $10-$50, nicely wrapped. Not local coffee! Gifts to women should be presented from wife or secretary/female employee to prevent misunderstanding!

   Egypt: a nice compass to find Mecca or small electronic gadget. Baked goods or chocolates when invited to dinner. All gifts presented with right hand.

   Note the dramatic differences about what is "appropriate"!

9. **What can salespeople do to increase the probability of successfully interacting with people from different cultures?**

   The increasing level of global business occurring around the world requires that sales managers and their employees understand cultural differences in order to work together and prosper. The key is to understand cultural differences and take advantage of the broader perspectives they offer in terms of finding managerial solutions. For example, sales managers must understand that in the United States, workers are generally encouraged to act individually; whereas, in most Asian societies, group business decisions are more likely to be made. Also, it is considered healthy behavior in Western societies to compete for promotions and incentives. In other cultures, however, salespeople try to maintain group harmony rather than competing with one another.

   The likelihood of developing interpersonal relationships increases when salespersons and managers are sensitive to different cultural practices. For example, when a salesperson enters a sales meeting with a potential customer from a different culture with a general understanding of that person's cultural beliefs, the salesperson's words, actions, and body language can be tailored to maximize the potential of successfully interacting with that individual. Likewise, understanding other cultures allows sales managers to behave correctly in global sales situations, which will minimize conflicts and build better relationships with both customers and their sales team.

10. **Think about the uncertainty avoidance component of national culture. What impact might uncertainty avoidance have on a buyer's motivation to purchase and the time the buyer needs to reach a purchasing decision?**

    Uncertainty avoidance (UA) defines how threatened a society feels by uncertainty or ambiguity. The higher the level of uncertainty, the greater the greater the need for well-defined rules. UA can have a significant impact on a buyer's motivation to purchase when rules are not followed. For example, sales members must understand that in high UA cultures, a buyer may gather information but s/he must allow superiors to approve the purchase. Thus, sales personnel must not pressure the buyer and must allow the process to play out. Likewise, companies are reluctant to switch suppliers until the new entity has proven they are trustworthy and dependable. In many Asian cultures all details are negotiated by lower-

level managers and once satisfied, then and only then do higher-level managers meet to consummate the deal!

11. **What role does context play when a salesperson or sales manager tries to understand an action taken by a buyer or partner from another culture?**

Cross-cultural communications can vary, depending upon the directness of the words. In low-context cultures, like that of the U.S., words are used exclusively to communicate what is meant. If something is left unstated, the receiver of the message does not necessarily assume that they should read between the lines. In high-context cultures, found predominantly in Asia and the Middle East, details and specifics are often left unsaid; the recipient must gain insight through nonverbal communication.

12. **What are some examples of nonverbal communication that might impact sales situations?**

When humans communicate nonverbally, the unstated is often as, or more, important than what is clearly articulated. Nonverbal communications are therefore important for both the buyer and seller and can include:

- *Appearance:* different cultures have distinct expectations about facial hair and attire that includes formality of dress. Europeans tend to dress more formally than Americans.

- *Posture:* involves how a person sits or stands. In Asian cultures, a person of lesser status does not tower over or turn their back on a superior. In low-power distance societies, like Scandinavia, such actions are viewed to be less important.

- *Space/Distance:* the physical distance between the customer and the salesperson. Americans generally prefer a larger "zone of comfort" around their bodies than do Latin Americans, for example. Middle Eastern males and Hispanics operate in spaces of 0 to 18 inches. By contrast, most Americans and Western Europeans feel comfortable in zones of 18 inches to three feet. Asians generally prefer a space of three feet or greater.

- *Sense of smell:* refers to body odors and colognes/perfumes. In certain cultures, strong body odor is accepted; in other cultures, body odors are viewed as being offensive.

- *Hand gestures:* can mean something other than intended. The O.K. sign in the United States is considered offensive in most European nations. When conducting business or eating with customers from Arab nations, using your left hand is considered rude.

- *Handshakes:* Americans are more likely to shake hands firmly, whereas the British are more likely to shake hands softly. Hispanics are more likely to offer a moderate handshake and a frequently repeated grasp.

- *Physical contact:* in Spanish cultures, friends touch constantly. However, in most Asian nations, touching is seldom observed and almost never practiced on the head. This is particularly true in Thailand.

- *Eye contact:* prolonged or direct eye contact is considered aggressive in some cultures, while it is a sign of honesty in others.

- *Body angles:* refers to how one positions themselves relative to others. For example, in Japan, the person with the least status, such as the salesperson, bows lower than the customer. In addition, one should never turn one's back on or tower over a superior in Asia.

13. **Explain why it is important for salespeople to understand their own ethnocentric tendencies.**

   One way for a salesperson to overcome ethnocentrism is to become aware of their beliefs that can distort perceptions and cause misinterpretation of customers or their sales team. In effect, learning about your own cultural beliefs allows you to recognize the incorrect analysis that we engage in when we encounter behavior influenced by another culture.

14. **What are the benefits of a diverse salesforce? What is the impact of having a salesforce that is not diverse?**

   Hiring a diverse salesforce can offer the firm a sales and marketing advantage. Managers today believe that a diverse salesforce can better understand and serve a diverse customer base. Sellers who share similar cultural traits with buyers often form stronger relationships.

   Supporting diversity can reduce a firm's total costs. Salespeople who feel valued for what they can contribute will experience greater job satisfaction and longevity with their firms. Thus turnover and hiring costs should be lower.

   Hiring a diverse workforce is believed to lead to more creative problem-solving and decision-making. This is because diverse groups of workers are more likely to suggest creative solutions to problems than homogeneous groups. One study reported that innovative companies reported higher levels of diversity than non-innovative firms.

ROLE PLAY

Expatriate Pay and Benefits at International Sales Group

Break students up into groups of three, with one student in each group playing each role. Prior to meeting, have each student review the cost of living in European cities. Visit the following website to find out what the cost of living is in European cities: *https://www.expatistan.com/cost-of-living/index/europe*. Through research, have students determine what other companies are using to compensate expatriates. After research and the role play, students should develop a compensation system for expatriates; they should be able to provide the data and principles they used to develop the system.

ANSWERS FOR CHAPTER CASELETS

Caselet 14.1: Tampa Bay Manufacturing

Case Questions:

1. **What symbolic actions should Ebony take?**

   One example of symbolic action is to override a poor customer decision rendered by TBM. For example, Ebony could watch for a decision in which the firm's customer service does not prioritize for a better customer and then say: "No, we are going to take care of this very important customer." Other symbolic acts would be to raise these issues via e-mails and at the next meeting of the salesforce.

2. **What substantive actions should Ebony take?**

Substantive actions include making the quarterly goals mandatory OR facing penalties. For example, if the salesperson fails to meet what are fair and attainable goals then they would not earn their commission. Another substantive action would be to identify, counsel, offer to help improve, and then fire a low performing salesperson. This would both communicate and offer evidence that the sales manager is serious about changing the firm's sales culture.

3. **How difficult will it be for Ebony to realign TBM's internal culture with its external strategy if upper management is not supportive?**

Without the support of TBM's upper management, it will be nearly impossible for Goolsby to change the internal culture to match the external marketplace. Often upper managers have known the sales team for many years and they "cave-in" rather than holding supervisees to clearly set goals. This tells the salesforce and other firm managers that there are no consequences for failing to meet goals. If a firm wants to change their culture, there must be consequences for not meeting assignments and goals.

Caselet 14.2: Going to Europe?

Case Questions:

1. **Peter is considering establishing a new subsidiary in Europe or establishing a strategic alliance with an experienced European partner company. How would Thomas evaluate both options?**

A strategic alliance with a software distributer from Europe would help the American company to gain easier access to customer groups in the European market. Such a partner company already knows market trends, needs and business habits. This type of cooperation would result in lower fixed costs for the American company compared with the establishment of an individual subsidiary. In contrast, an own subsidiary in Europe would allow Thomas to have greater control over sales activities. He could create exact profiles of the sales reps who should work for the company. Additionally, he could set up sales quotas and minimum selling prices for the department. This requires additional financial resources and a higher commitment from the management board of the American company in order to enter the European market.

2. **If a new subsidiary in Europe were created, from where would Thomas recruit people for the new sales organization? Would he hire internal experts from the U.S. market, or would he hire sales experts from Europe? What factors would influence his decision?**

Hiring internal experts would help to transfer knowledge about products and the company to Europe. This would also lead to a faster implementation of the corporate business philosophy and business strategy for the new market. Conversely, hiring sales reps from Europe would help the company to develop a better understanding of the local market. Nevertheless, it does not necessarily mean that they speak the language of local customers. 24 different official languages are spoken in the European union.

3. **If the company sends its U.S. sales representatives to the European subsidiary, how would Thomas train them to operate (successfully) in the European market?**

    In Europe, sales reps must interact with more diverse customers and colleagues. This would require the establishment of an intercultural training program. Such a program has to develop an awareness of cultural differences between the U.S. and Europe, and differences within Europe. Sales reps must learn how to respond to communication differences of people at a buying organization. This requires a more flexible conversation and negotiation style. Additionally, sales reps have to learn how to overcome the stress which is associated with such a diverse range of communication approaches.

OTHER IN-CLASS EXERCISES

Who Broke the Watch?

Jean Safari was investigating a serious error made by a Japanese salesperson at the Japanese subsidiary of a U.S. multinational firm. A computer had been broken and as a result, data entry was behind schedule. Jean asked the Japanese sales manager which salesperson had broken the computer. What action was being taken against him? She was amazed when the sales manager said he did not know. "The entire work group has accepted responsibility," he told her. As to the specific salesperson responsible, they did not tell me and I did not ask. Even the director of information systems does not know and if he did, he would not tell me either.

But, if everyone is responsible, then no one is, Jean argued. They are simply protecting each other's carelessness.

"This is not how we see it." The sales manager was polite but firm. "I understand the salesperson who was responsible was so upset he went home. He tried to resign. Two senior sales reps went to his home and coaxed him back to work. The group knows he was responsible and is ashamed. However, he is new to the salesforce and the group feels they did not offer enough training or help to allow him to succeed. That is why the entire salesforce has apologized and they have offered to apologize personally to you!"

"No, no, I don't want that," said Jean. "I want to stop it from happening again…" She wondered what she should do. Should Jean insist on knowing the name of the culprit? Should the culprit be punished?

Based upon this case, have two students engage in an office meeting between the American manager in Japan and his local counterpart. In the short case, it is evident that the U.S. manager is approaching the breaking of a computer by identifying and punishing the salesperson. Pushing back from a collective cultural perspective the Japanese manager states that all workers have taken responsibility, the individual salesperson has offered to resign, and his teammates refused to let him do so because he was not assisted enough by the others in the office. Try to get the class to understand the U.S. manager is thinking individualism versus the Japanese viewing the situation through collectivism. Perhaps more importantly, how would each approach impact the company overall and the satisfaction of that culture's sales team?