



flow sales®

Project Report

Customised Co-ordination in International Consulting

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This project report has been anonymised at our client's request. The events took place in a different country and in a different sector – but are otherwise described accurately.

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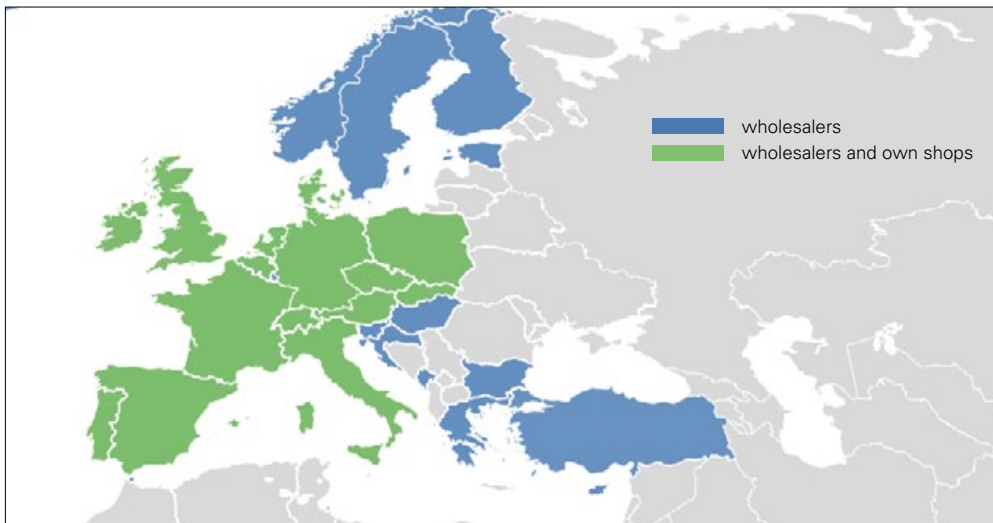
The Need for Customised Co-ordination in International Consulting

When the German head office wants to know what happens at the Turkish point of sale.

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The Need for Customised Co-ordination in International Consulting

**When the German head office wants to know what happens at the
Turkish point of sale.**



The company

Shirts&Shoes – “S’n’S” for short – is a producer of clothing and shoes with world-wide operations. It markets its products via wholesalers on certain European markets (shown in blue on the map). In Western and Central European countries, S’n’S sells not only via wholesalers but also through its own stores, which are managed by its own trading organisation (countries shown in green).

Below we report on how flow consulting provided and managed the conceptual design for supporting the marketing and sales activities in order to observe customers on the Turkish market. This report does not focus on the customer observation instrument, but on managing the many international players involved.

On the way to relationship management

S’n’S has established a small sales company on the Turkish market which supplies several local wholesalers. These wholesalers sell S’n’S’ products in several stores of their own and also via a large number of retailers.

The motivation for making changes on the Turkish market was to improve the business relations between S’n’S and the wholesale companies with the aim of

additional growth. A form of business management based solely on transactions was to be replaced with relationship management shifting the focus onto joint projects and joint learning. The reason for this was that competitors of S'n'S had far larger market shares in Turkey and S'n'S took a critical view of its wholesale customers' marketing activities. A deeper relationship with the important wholesalers was expected to bring more influence over their marketing strategy and marketing activities. The underlying goal was to gain a better understanding of the Turkish market. What importance do the products have in this industry in Turkey? How can one reach the consumers even better? Alongside improved business relations with the wholesale customers, S'n'S – both the Turkish sales company and the German head office – wanted to obtain a better insight into what happens during a sale over the shop counter. As S'n'S did not have its own trading organisation in Turkey, it was not able to observe customer behaviour directly and therefore opted to go through its Turkish wholesalers.

The limits of best practice

Relationship management had already been successfully established between the local S'n'S sales organisation and the relevant wholesalers in another country with a similar sales and trading structure, namely Sweden. Not only had experience from this country been successfully transferred to its Scandinavian neighbours, but the "Sweden model" was also applied successfully with only minor adaptations in South-Eastern European countries. It was therefore logical to consider aligning also the Turkish sales and marketing activities with the model from the land of ABBA and Pippi Longstocking. This, however, failed for two main reasons:

- Firstly, the wholesaler structure in Turkey is unique because the wholesalers position themselves for one region only, where they can establish what is more or less a monopoly.
- Secondly, differences between the culture of Scandinavia and that of Turkey made it impossible to implement the "Swedish" concept.

These two reasons were manifested in two types of resistance:

- Longstanding wholesale customers complained, right up to S'n'S' top-level management, that the activities of the Turkish sales organisation had "little relevance to the market".
- In S'n'S' Turkish sales organisation, a visible conflict developed between the employees in marketing and the employees in sales. Each side accused the other of working with incorrect concepts. Furthermore, both sides claimed to be acting as directed by the head office in Germany and in line with their wholesalers' expectations.

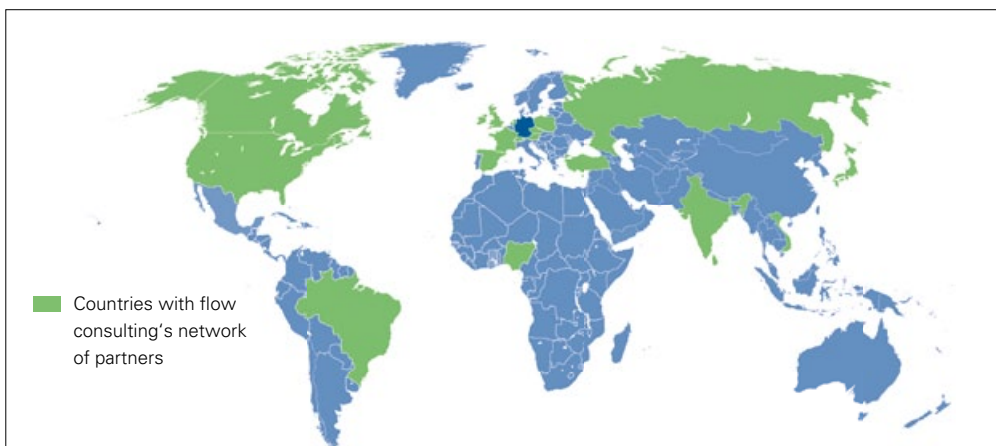
For these reasons, the German head office felt it was important to gain an impression of the market, the implementation of the marketing strategy, and the expectations of its customers and the final consumers – independent of the opinions of its own sales company in Turkey.

S’n’S’ own impressions

It was therefore decided that the S’n’S head office would be responsible for the observation of customer behaviour at Turkish points of sale (POS). Combining customer observation and a customer survey is an excellent method because the real advising and purchasing activities can be described without any filtering. For example, it is possible to draw conclusions about consumers’ expectations, desires and needs concerning the products, the presentation, the advice they receive and the purchasing process, and to optimise the marketing accordingly. This should generate independent results free of influence from the interests both of the wholesalers and of the marketing/sales staff at S’n’S’ Turkish sales organisation. flow consulting gmbh was commissioned to realise this project.

flow’s international network of partners

flow consulting had already designed, conducted and evaluated (using both descriptive statistical and qualitative methods) several observations and surveys of customers for S’n’S on the Western and Central European markets. In some cases flow consulting had carried out these projects in the relevant country using its own staff. In others, the need to operate in the local language meant that flow consulting co-operated with local consulting firms as partners. At present flow consulting’s active network of partners includes countries such as France, Great Britain, Spain, Japan, Canada and the USA. Through our network we acquired a new partner in Turkey for this commission. The challenge was now to manage the various players and their roles: S’n’S’ head office in Germany, its sales organisation in Turkey, the selected wholesalers with their stores, and the Turkish partner that was to conduct the customer observation.



flow consulting’s international network of partners

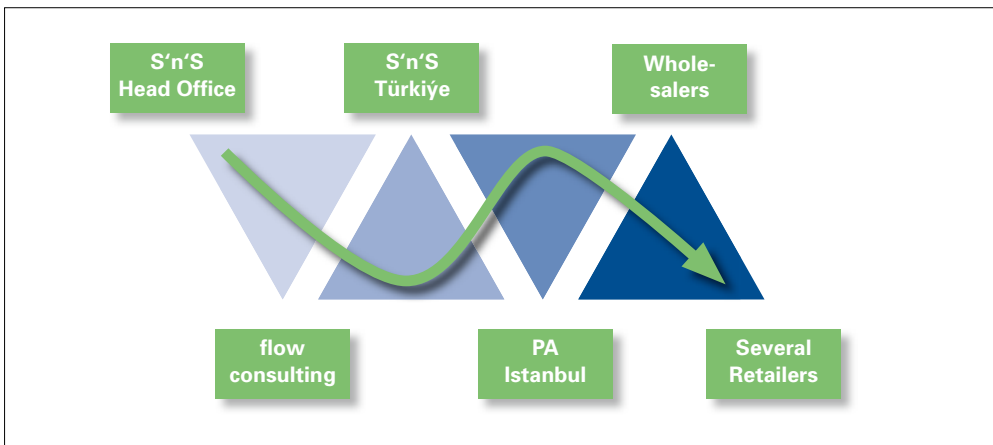
Two nationalities – six players – many roles

flow consulting has the portfolio of methods – and S'n'S attaches importance to being able to compare the results from Turkey with those from the Western and Central European markets.

Several conflict situations are easy to imagine and must be channelled and minimised:

- The willingness to “put one’s cards on the table” right from the outset varied between the different players.
- The head office in Germany knows little about the Turkish market. As a rule, therefore, the local players do not immediately welcome a central concept with open arms, etc.

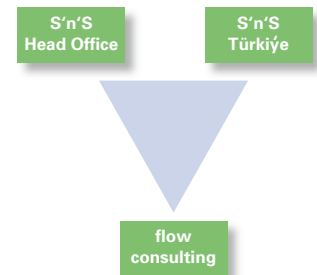
These potential conflicts have to be tackled with close co-ordination. This is the only way that S'n'S' Turkish sales organisation (S'n'S Türkiye) and flow consulting's partner consulting firm (PA Istanbul) can present a competent and coherent picture to the wholesalers.



Co-ordination triangles in international projects with many players

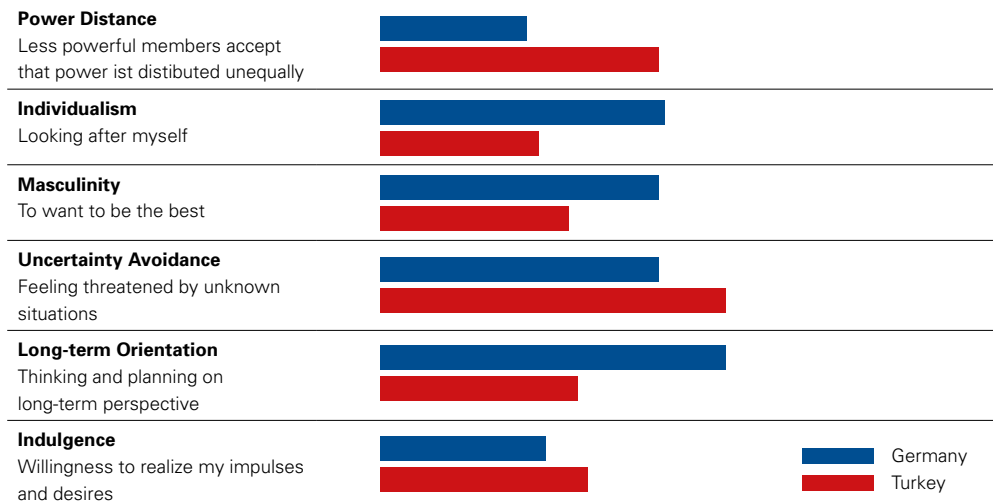
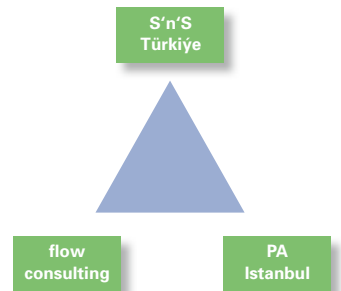
Concept and goals

In the first triangle, the side linking the S'n'S head office and flow consulting is the one that works the most smoothly, because both partners know from many years of co-operating on customer observations where the main focal points and methodological traps lie. On the other hand, improvement is required in the co-ordination between the S'n'S head office and S'n'S Türkiye (to the benefit of both parties), and in that between flow consulting and S'n'S Türkiye (regarding the basic concept and approach for the customer observation and survey). The experience, results and consequences from the Western and Central European countries also feed into this process. Ultimately the aim is to adapt the method of "customer observation plus customer survey" and the model of deepening the business relations ("Sweden model") to the conditions on the Turkish market so that the procedure and the results will be accepted.



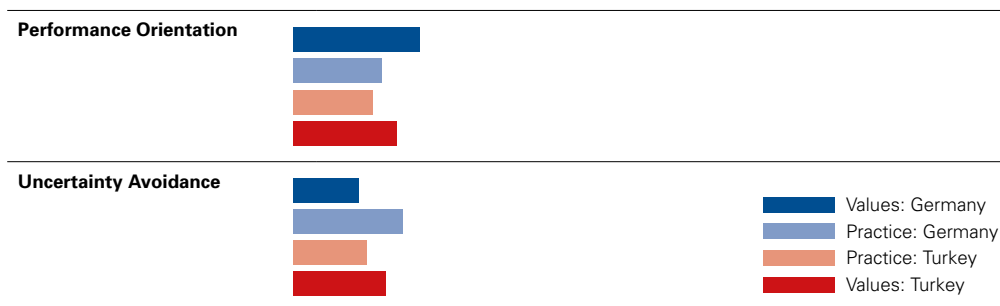
Caution with intercultural aspects

The second triangle focuses on the co-ordination between flow consulting and PA Istanbul. Translating the questionnaire into Turkish is the smallest of the problems here. Questions about which product segments that are typical of the Turkish market match (or do not match) which dominant clusters of goods in the S'n'S standard world, and other market-related questions, can generally be answered with the aid of the marketing experts at S'n'S Türkiye. But which questions can be asked with what level of directness, what type of probing questions are culturally appropriate, and other similar issues must also be clarified. Here the frequently used intercultural comparison parameters are helpful for gaining an initial impression, but can lead to mistaken hasty conclusions and prejudices especially when an apparently coherent picture emerges from only a few data. The following example illustrates this effect by comparing the best-known intercultural study (Hofstede, IBM) with a differentiated one (GLOBE).



Cultural dimensions after G. Hofstede: relative scores in Germany and Turkey

The cultural difference between Germany and Turkey illustrated in the Hofstede graphic suggests, for instance, that a suitable approach in Turkey would be one of small steps, with more joint features and support from important hierarchies (appropriate to greater power distance, less individualism, less masculinity, greater uncertainty avoidance). Yet a closer look at two of these aspects, for example – in this case masculinity/performance orientation and uncertainty avoidance – produces new findings for application in practice.



Cultural dimensions after GLOBE (selected results): relative scores in Germany and Turkey

The GLOBE study (only two items from which are presented here) distinguishes for each country between the value that is ideally assigned to an aspect (that is, something like the ideal picture), and how this aspect is realised in actual practice; almost a juxtaposition of appearance and reality.

This reveals how tricky the details are. A result is achieved for “values”, which corresponds to those of Hofstede, but in “practice” things look very different:

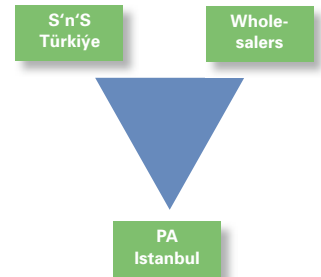
- For “performance orientation” the difference between the two countries is much smaller.
- For “uncertainty avoidance” the situation is in fact reversed – here the Germans are actually much more frequently on the safe side than is suggested by the “value” they propagate, and also much more frequently than the Turks in actual practice.

This differentiation – and even more so the sampling for “the Germans”, “the Turks,” etc. and the methodologically questionable generalisation that supposes individual qualities match national cultural traits (known as the “ecological fallacy”) – severely restrict the use of such theoretical models in the international context.

Therefore flow consulting decided several years ago to use intercultural studies solely for initial sensitisation to cultural differences, and not as a guide for their actions. For orientation on international markets we prefer to rely on our partners and their experience, and on our own experience from carrying out international projects.

Management in the other country

Objectives, purposes, procedures, rough planning, the roles of the stakeholders – all of this has to be clarified bilaterally. This is the only way to ensure acceptance of the procedure and the results. So before launching the customer observation and survey, we brought all the stakeholders together around one table in order to reach these bilateral agreements and to co-ordinate the procedure. At this meeting many players met one another face to face for the first time: the management of S’n’S head office, the Turkish consultants from PA Istanbul, representatives of the wholesalers involved, consultants from flow consulting, etc. After this meeting, the project was managed in Turkey. The S’n’S head office and flow consulting consciously took a back seat. Symbolically passing on the baton in this way is one of the important milestones in this type of international project.



A not unimportant potential stumbling block at this point is the language of the meeting – for S’n’S English is not a problem, since everyone there can speak it well enough to share information and reach agreements that are reliable. But if proficiency in the relevant language is below C1 level¹, we now at least have all the texts and presentations translated and if required we also arrange simultaneous interpretation of the discussions (of course consecutive interpretation is also possible).

Independent implementation

Actual implementation on site is carried out independently by PA Istanbul. Depending on the familiarity with the instrument – as found in the second triangle – a flow-consultant may be present when the first customer observation (including the survey) is carried out. The consultant is available to answer queries that occur during implementation. In most cases the experience of our international partners renders this unnecessary, while small glitches can be sorted out using Skype, video conferences, email or the telephone.

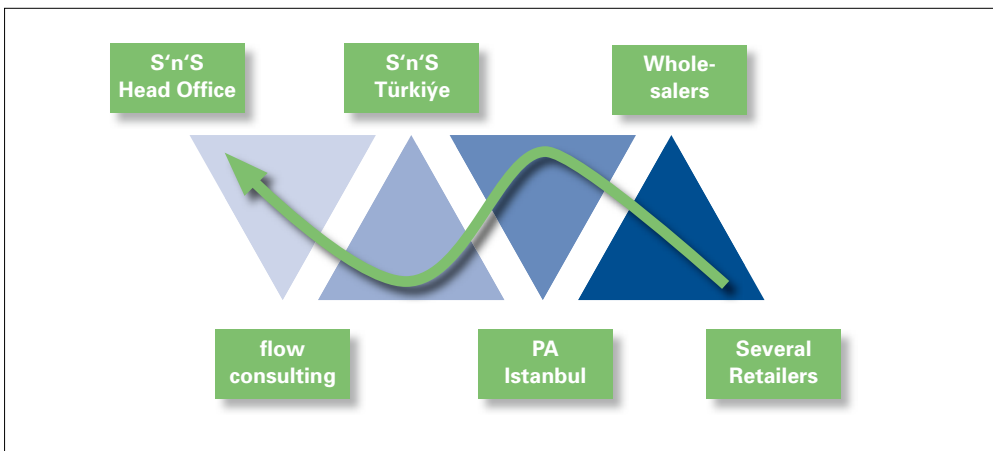


¹C1 is a level of language competence in the Common European Framework of References for Languages.

Role backwards: evaluating, interpreting and communicating results

The raw data from the questionnaire and the observations are usually evaluated together by flow and the international partner, and interpreted at the same time. Statistical hypothesis testing is possible only if hypotheses have been formulated: flow consulting formulates these hypotheses on the basis of results and experience on other markets; PA Istanbul bases them on its experience with more products and industries on the Turkish market. Furthermore, initial recommendations are formulated for relationship management with the Turkish wholesalers and for optimised marketing.

The results of the (quantitative and qualitative) analysis are presented along with the recommendations to S'n'S' Turkish sales organisation and the S'n'S head office. The continuing procedure is discussed, in particular how to communicate the results of the analysis. The next step is a workshop with the wholesalers in order to jointly determine and implement the first practical activities.



Ingredients for successful international projects

Workshops in Spain, a training curriculum in Vietnam, courses for managers in Poland, team-building in South Africa, strategy implementation on 16 European markets, campaign advice in Montenegro, CEO coaching in France, business model development in the Czech Republic and more... flow consulting's international assignments are so varied that it seems impossible to find a fixed pattern for promising activities on the international stage. But still there are a few general principles:

- We get a picture of the local situation, independent of the (interest-driven) stories and proposals from the head office or national organisation.
- As a member of several associations (gfo, EFQM, DGQ, BDU), we can access their international know-how and networks. This provides us with something like an "outsider's opinion".
- We work closely with our local partners on the relevant market. The time invested in many additional agreements pays off for us. Our broad base of international consulting partners has grown this way "on the job".
- We co-ordinate the many bilateral agreements in a communication plan. This plan is not fixed and binding, but is an approach that we adapt flexibly to the demands of each consulting project. Precisely for this reason, it has to be co-ordinated.
- We take cultural aspects into account, yet intercultural aspects should not dominate the procedure. Every organisation with which we work has its own culture. We adjust to this organisational culture independent of supposed national traits. Initial transparent and careful actions enable us to perceive the specific cultural aspects that are relevant for the approaching consulting process.
- Language skills open doors. It helps to say "bonjour" in Toulouse, "dobry den" in Pilsen, "buenos días" in Valencia and perhaps a few more words in the local language. And flow-consultants working abroad have exactly the same interests as all the tourists. Yet serious work requires in-depth knowledge of the lingua franca. The international consulting partner ensures that communication can take place in the local language. Competence in English at least at C1 level ensures good multinational communication with our customers' management.

Annex: the underlying business case

“S’n’S turns its attention to the final customer”

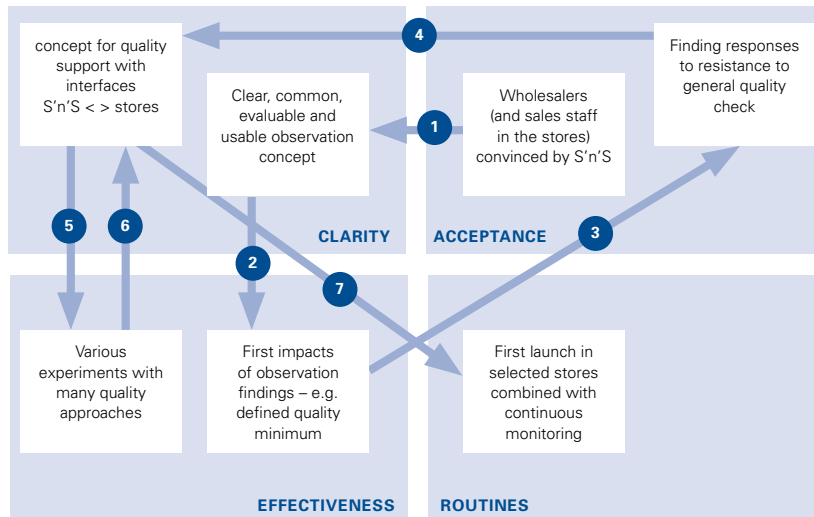
Until now, Shirts&Shoes wholesalers received the products (clothing and shoes) and sales support materials (sales advertising, promotional gifts, etc.) to use in their own stores – combined with purchasing conditions (rebates, order quantities, conditions of payment, etc.).

In order to realise S’n’S’ new strategy of doubling its share of the mature European markets, neither price discounts nor product innovations were considered – because of the slender mark-up and because the products are fashion items. S’n’S decided to support the wholesalers in improving their performance at the sales counter. The traditional “sell-in” view (S’n’S approaching the wholesaler) was supplemented with a “sell-out” view (wholesaler and S’n’S together approaching the final customer). A new S’n’S marketing department was therefore given the task of developing support tools for the shop staff advising customers at the sales counter. One of several results from various studies was a tool that was introduced so the staff were better equipped to deal with the various customer behaviours. A timetable for applying and introducing this tool was included as part of the S’n’S package made available to the wholesalers.

Although the tool worked well, dissatisfaction at S’n’S and at the wholesalers grew week by week, due most of all to increasing lack of clarity regarding (a) the internal roles (how responsibilities and tasks are shared between sales and marketing), and (b) the relations between the organisations (who steers the way sales are made?).

In the light of this experience, S’n’S decided to take the next step not in the form of a waterfall approach, but to apply the iterative approach. Observation of specific final consumer behaviour was initiated as a common task for S’n’S and some of the wholesalers, to obtain in-depth information about those inconspicuous yet important “things” that take place at the counter: how long does a purchase take? Who ultimately decides to buy, to stay, or to go? What are the roles and behaviours of the sales staff?

The first two steps in the diagram below (printed in italics) were planned – all the other steps were determined during the innovation of the business model, which is an on-going process. The diagram is based on the flow turn map®, a change model from flow consulting.



Change steps using the flow turn map®

Today the revised business model is applied in dealings with the majority of wholesalers. Even measures that are not typical of the fashion business were introduced after several iterations of the flow turn map®. For example, for the wholesaler pricing depends on the average quality level in its stores.

This meant that the content (additional information), structure (sharing information and joint activities) and control (joint steering) of the S'n'S transactions are altered to produce a more open relationship management.

By shifting product-driven “waterfall” project management towards sales-driven “iterative” relationship management, all four main dimensions of a business model framework were gradually addressed: (a) offer (shared information), (b) architecture (internal co-operation between marketing and sales), (c) network (overarching co-operation with wholesalers) and (d) finances (pricing methods).

For S'n'S, the most important change was not the externally visible relationship with its customers (the innovation brought about by the business model). What was far more significant was the shift in internal culture towards acceptance of experiments, an ability to cope with uncertainty, a way of dealing with failure and respect for tested learning with the aid of the flow turn map® (the innovation of the business model). S'n'S expects this to bring a lasting innovative approach to the market, which not only achieves the planned growth once over but can also defend it consistently against attacks from competitors during a period of years.

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change is our business

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