

THE INTERNATIONAL

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# How profits fight poverty

✍ Dr Roy Whitten and Scott Roy



Whitten & Roy Partnership

*Dr Roy Whitten and Scott Roy discuss how selling can be a catalyst for change and a force for good in the developing world.*

Selling stuff to poor people – sounds shameful, doesn't it? Well, it isn't – that is, if you want them to actually use products that can literally change their lives.

Sanitary latrines that prevent contamination of food and water by human waste; high-quality agricultural inputs that increase yield and farmer

incomes; home water filters that purge poisons and agents of infection; solar lighting that eliminates the health hazards of burning kerosene in tiny homes – all these have been specifically designed for the world's poorest people to increase their income, eliminate costly and preventable sickness, and reduce millions of avoidable deaths.

So what is the best way to get these products into the hands of the people who direly need them? Selling is one very good answer. What at first blush may appear to be a ruthless exploitation of the poor in fact empowers them to change their lives for the better.

Social enterprises and NGOs (non-governmental organisations) are leading

“*How do you harness the power of selling to solve poverty when experience is thin, both in leadership and on the ground?*”

the charge in selling to poor people. These mission-driven organisations understand that the selling interaction creates buy-in to change – change that flies in the face of centuries of culture and family practice. The choice to buy is a choice to change, permanently. And

yet few purpose-driven organisations have the right tools or expertise to get the job done. All too often, they find that operating like a profitable business is outside their experience.

So how do you harness the power of selling to solve poverty when experience is thin, both in leadership and on the ground? How do you train and transform leaders who have little commercial experience? How do you hire people who have zero sales experience and help them to succeed? How do you learn and apply effective sales management when none exists? And what about logistics and supply chains within countries with weak infrastructure? How do you get to people in remote areas to sell to them?

Building a sales organisation can pose big challenges even in the developed world; in the developing world, those challenges become daunting.

Whitten & Roy Partnership's work focuses on two areas. One is consulting and training with commercial organisations mainly in Europe and the United States to transform their sales performance primarily in complex selling. Our second focus is consulting and training with NGOs and social enterprises around the world to meet many of the same challenges faced by our commercial clients, only in a developing-world setting. We charge social enterprises for our services, but at 25% of the commercial rate. No matter who or where our clients may be, they all want the same result: a breakthrough in sales performance.

Our first project in the developing world began with designing the Farm Business Advisor programme, which is an agricultural sales and service organisation focused on transforming the incomes of poor smallholder farmers. It went on to win the prestigious Nestle Award for Creating Shared Value largely because it resulted in driving up farm income by over 56%. Now, seven years later, Whitten & Roy Partnership is working on projects in 11 developing countries in Asia, Africa, and Central America. We estimate that these projects altogether have improved life for over four million people.

Here, then, are three short case-studies of organisations with whom we have worked in the development context.

## Hydrologic

Safe drinking water, though so obviously essential to health, remains a crying need in much of the developing world. A project in Cambodia has been trying to meet this need by manufacturing kiln-fired clay water filters. Started in 2003 under the aegis of International

Development Enterprises (IDE) Cambodia, the project was rebranded as Hydrologic in 2008.

Hydrologic's "Rabbit" water filter is a safe and effective household alternative to the labour-intensive and carbon-producing practice of boiling drinking water. One filter produces 20 litres of 99.997% pure water every day, more than satisfying the consumption of even a large Cambodian family.



▲ Hydrologic buyers: engaged through systematic direct sales calls.

Hydrologic, supported by grantors, at first sold most of its product stock to NGOs, which then distributed the products to the poor. Making a profit was not an early objective, and margins were razor thin. It soon became evident that Hydrologic needed more profit to achieve sustainability, especially in the face of an inconsistent stream of grants.

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For more profit, Hydrologic needed more buyers. At first, the company contracted a wholesale distributor to grow the business across Cambodia but, following the initial orders from retail shops, the distributor failed to stimulate the market.

The problem was that nobody was really engaging the consumer. Some potential consumers learned of the Rabbit filter only by word of mouth. Others took interest only after a member of the family got seriously ill. Most didn't even know that water filters existed. Hydrologic could not drive demand with its retail strategy, nor could it grow by relying so heavily on NGOs.

Hydrologic retained Whitten & Roy Partnership in 2011 to assist with developing a sales strategy that would grow the business, attain profitability, and provide the foundation for a sustainable enterprise. An initial discovery process determined that the way forward must be a more proactive campaign that challenged the common practice of boiling water. The campaign needed to engender a highly personal buying experience that would alter cultural norms.

Interventions included:

- Recruiting a direct sales team to execute a below-the-line marketing strategy and sales campaign. Hydrologic might have to hire inexperienced people – but it could work to hire the *right* inexperienced people – ones with drive, determination, and a capacity and willingness to learn. Hydrologic then provided a thorough sales training programme and committed to continually developing its personnel.
  - Everyone – managers and sales personnel – provided profit-oriented inputs for a dashboard to measure performance. Data became a tool to drive improvement and generate sales that, when scaled, would be profitable.
  - Employing both group presentations and systematic direct sales calls. Every prospect was engaged personally; this engagement – the sales conversation – stimulated action to change longstanding behaviour.
  - Creating momentum within each rural village by capitalising on relationships with communities and their leaders. Using names and testimonials were key to piquing consumer interest and overcoming fear and mistrust.
  - Increasing prices to achieve profitability. Hydrologic had erred by pricing too low because it didn't recognize the capacity, however limited, of poor people to buy what they need – a classic mistake made by most social enterprises. It turned out that consumers were unfazed when prices were eventually doubled. Margins grew alongside higher unit sales.
- Results:
- Annual sales increases of 50% or better over pre-2014 levels have been maintained since the interventions began.
  - Significant profitability was attained by mid-2014 as higher-margin, direct sales to consumers accounted for a growing proportion of total sales.
  - By year-end 2014, Hydrologic had sold 380,000 units since the Rabbit filter was invented.

## WASH Cambodia

For many people in Cambodia, open defecation has long been a way of life. In 2011, only 22% of the rural population had access to a toilet. Inevitably, human waste reaches the food and water supply, with predictable and disastrous consequences. Over 10,000 Cambodian children die annually from infectious disease related to poor sanitation. The direct and indirect annual costs exceed \$500 million.

Attacking this problem, IDE's WASH (Water Sanitation and Hygiene) programme understood that one requirement was to lower the cost of a latrine, typically a cost of hundreds of dollars and thus prohibitive for the rural poor. Reliance on masons to build the inner workings of the latrine accounted for much of this expense.

Hence the EZ Latrine, an IDE innovation consisting of a cast concrete "box" that eliminated the need for a mason. Cost: about \$40. People could easily install the EZ Latrine by themselves.

The EZ Latrine was piloted over two years. The product was validated as over 10,000 units were sold. WASH Cambodia then received over \$7 million from the Gates Foundation, the Stone Family Foundation, and the World Bank to scale up from the 22% baseline latrine coverage.

WASH Cambodia had a minimum sales goal: 70,000 units over three years. But an above-the-line marketing

**“Significant profitability was attained by mid-2014 as higher-margin, direct sales to consumers accounted for a growing proportion of total sales.**

campaign wouldn't drive sales to that number, much less to a dream goal of 140,000. So, with additional support from the Stone Family Foundation, WASH Cambodia then retained Whitten & Roy Partnership in 2011 to consult on a different strategy and the tactics to support it.

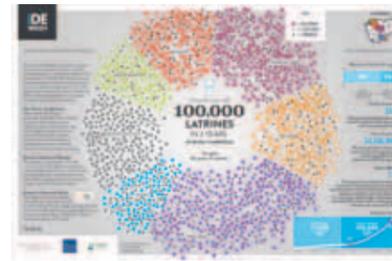
Interventions included:

- Moving the sales conversation from being product-led to problem-led. Earlier, the sales teams pointed up the consequences of open defecation, but inadequately, delivering something like a lecture. So the consultancy developed a sight-seller that provided a framework for deeper

- discussions about the needs and wants of prospective customers and their families.
- Closing sales by responsibly leading the customer down a decision path that demonstrated the advantages of making the purchase.
- Working territory strategically by returning to villages on a six-month rotation, which enabled sellers to get referrals from satisfied customers and sell even more. This success refuted the commonly held belief that a territory was "used up" after one pass-through.

**“Even more than in the developed world, in the developing world a selling proposition can amount to an invitation to make a desperately needed change.**

- Overcoming the belief that consumers wouldn't buy during the rainy season due to multiple perceived problems: most of the consumers were farmers, and so all disposable income was invested in the crop; farmers were in their fields, away from home and so not accessible; the bad condition of roads made it too difficult to travel and deliver the goods; high ground water made latrine installations impossible. An intervention to challenge these prevailing attitudes resulted in creative problem-solving that boosted sales during what had been dismissed as inevitably slow sales periods.
- Results:
  - WASH Cambodia blew through its dream goal of 140,000 toilets by October 2014, accomplishing 47% coverage – and this after only a three-year rollout of the revamped sales programme. WASH Cambodia has remarked that it knows of no other project anywhere in the world that has installed so many toilets over a comparable period.
  - The sales-conversion grew from 12% at the end of the pilot to 35% at the end of the three-year rollout.
  - WASH Cambodia has now embarked on a new three-year programme to install a total of over 220,000 latrines in addition to the more than 140,000 installed already. These sales, along with the stimulation of indirect sales, will achieve over 75% coverage in the market area.



## Proximity Designs

Limited growing seasons in rural Myanmar have a lot to do with the poverty there. The monsoon season brings the water needed for agriculture, but then comes the dry season and, with it, hard times.

Enter Proximity Designs, a business-minded NGO that sells treadle pumps and drip irrigation technology. For ten years Proximity had steadily grown a sales force in Myanmar to sell irrigation solutions to poor farm families. It wanted to help farmers grow crops year-round and move up the economic ladder.



▲ Myanmar: group sales event – Proximity Designs sellers in red.

The sales force expanded to some 140 sales reps, known as demonstrators, who worked in pairs. Few of the demonstrators came from a sales background, however, and they relied on independent local agents to connect with prospects and drive sales.

Many of the sales demonstrators didn't actively sell at all. They mostly waited until agents or buyers contacted them to purchase a treadle pump during the dry season of November to January. The sales demonstrators then spent the balance of the year collecting payments on the product loans they had placed. As a result, anything like a robust selling season shrank to a three-month period that accounted for 80% of Proximity's annual revenues.

Wanting to boost the productivity of its underutilised sales force, Proximity began to work with Whitten & Roy Partnership in September 2014.

Interventions included:

- De-coupling Proximity's demonstrators from the local agents to reduce overreliance on third parties and realise the potential of Proximity's own sales organisation.
- Retraining the demonstrators – all of them, group by group – so they had the capability but also the accountability to meet their sales targets. A direct sales campaign then capitalised on relationships built through sales calls and referrals to new prospects.
- Reorienting the demonstrators to sell year-round and on their own rather than in pairs, thus doubling sales opportunities.
- Employing a highly interactive, problem-led approach designed to create greater client engagement and a willingness to take risks. This required working with farmers to calculate the cost of traditional practices versus new labour-saving methods.
- Results:
  - Unit sales for fiscal 2015 on a previously difficult product to sell have more than doubled from the previous year.
  - Cash sales have nearly tripled from 19% to 54% of all sales made, which indicates improved selling skills.
  - The previous overly concentrated three-month selling season has been replaced by a steadier sales curve, which has resulted in 30.4% and 79.6% sales increases over prior year results in February and March 2015.

## Conclusion

People sometimes ask us what we've learned while working in the developing world. So far as the fundamentals of building a sales organisation are concerned, we might say we have learned very little.

The essentials are the same the world over: base strategy on the realisation that only profit ensures long-term survival; empower salespeople and then hold them accountable; insist on honest dealings with customers and, when the nature of the business allows, foster working relationships with them. And execute, execute, execute.

But of course we have learned something, and it is profound. Even more than in the developed world, in the developing world a selling proposition can amount to an invitation to make a desperately needed change. Whether that change means cleaner water or improved sanitation or greater agricultural yields, it is one that we hope will pass down the generations.



▲ Cambodia consultants in Phnom Penh (left to right): Karen G and Jen Wang, WASH; Jakub Kondelka, Hydrologic; John Chhay, Lors Thmey; and Scott Roy.



## About the authors

Dr Roy Whitten is an expert in attitude and its role in human performance and sales management. He has received training in sales, business and psychology and, in 2004, earned a PhD for his work in transformative learning and change.

Scott Roy has built and run large sales teams and has also founded a nationwide insurance company in the United States.

In 2009 they both founded Whitten & Roy Partnership. This operates today in 19 countries around the world, helping leading global businesses and organisations in the developing world transform their sales results. For more information see [www.WRPartnership.com](http://www.WRPartnership.com).