

Cross-cultural Selling and Sales Management

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From their experience managing institutional cross-cultural B2B sales, training salespersons in cross-cultural issues, and managing an Asian relocation firm, the authors suggest eight issues for managerial consideration on cross-cultural selling and sales management. For each issue, management implications are suggested. An example that may deserve more study is the observed success from initially assigning salespersons to prospects by language skills and similar cultural background, but if the initial assignment is unsuccessful then assigning someone from a different culture: If likes don't attract try opposites!

The authors of this article teach courses in professional selling, global marketing, and marketing management at their universities and do research related to selling and cross-cultural marketing. However the genesis of this article is their sales-related experiences in Asia. One of the authors ran the Asian institutional fixed income and derivatives sales effort for a Wall Street firm for over five years, located first in Hong Kong and later in Singapore. This required twice hiring new sales teams to cover the multiple countries and cultures of Asia and Australia. The second author provided cross-cultural sales training for a leading financial markets data vendor and then managed the leading relocation and orientation service for expatriate employees in Southeast Asia. Both authors had similar previous sales-related experience in the U.S. to compare to the Asian experience.

REAL WORLD SELLING HALF WAY ROUND THE WORLD

Cultural measures and issues are a central theme of international business research (Nakata and Pokay 2005). However aside from a limited number of studies on ethical attitudes, sales compensation, and sales training, cross-cultural issues are largely unexplored in selling and sales management research (Panagopoulos, et al. 2011). Grounded research is useful for theory building in business research when exploring a new phenomenon (Eisenhardt 1989; Summers 2001; Yin 2003), so case studies and other qualitative research on cross-cultural selling issues are recommended. This article is based on the personal professional experience of the authors and does not meet the standards of

thorough grounded research (Glaser 1998), so the products of the study are managerial implications and research topic ideas, not research hypotheses.

There were many difficult and complex issues in cross-cultural selling, hiring and managing a cross-cultural sales force, and assigning salespersons to clients across various cultures. Some of the issues were legal or ethical, some had to do with the selling process or management, others were personal or family related. The issues from the authors' experiences are divided into four categories in this article: (1) Ethics and Legal issues, (2) Language issues, (3) Cross cultural selling strategy and tactics, and (4) Management and miscellaneous issues.

After discussions of professional experience the authors highlight key issues in cross-cultural selling and sales management: a total of eight managerial issues within the four sections. Each of these issues was chosen by the authors due to its impact on the role of the salespersons and sales managers involved in cross-cultural selling. For each of these eight issues the article suggests management implications or advice and in some cases further study is suggested.

ETHICS AND LEGAL ISSUES

Gift-giving is polite, expected, and a key sign of friendship in many Asian cultures. However an author was shocked by the extent of such giving during a sales call to the Hong Kong division of an American bank, whose US division had been a client back in the U.S. In the U.S., gifts to bank employees were scrutinized and monitored; even a dinner bill was limited to \$50. These Hong Kong bankers were thrilled about the week

that they had just spent on the Gold Coast of Australia: a beachfront condo had been provided for the week by the local office of an American firm! As time passed the author learned of other examples of such largess; other American competitors of the author had even arranged college scholarships for the children of senior executives or important Chinese government officials. How could salespersons compete with this?

Many hours were spent with Asian-based lawyers and compliance staff to forge a gift policy for the sales staff. A plan was approved that was more generous than would be permitted in the U.S., but much less generous than that of many competitors in Asia. Since budget and internal gift guidelines meant that the author's firm would be spending less on gifts and entertainment than competitors, the firm strove to be more effective and thoughtful in its efforts. One great success with this strategy was an instance of cultural insight and timing. A shark's fin was delivered to a Chinese client right before the Lunar New Year celebration and delighted this key customer more than the all-expenses-paid holiday in London given to the same customer by a competitor a month earlier. The customer was thrilled to be able to serve her family the special dish for the holiday and still spoke of it several years later.

Previous studies on ethics in sales have found a salesperson's beliefs about the ethics of sales practices and the need for company policies varies by nationality or culture (Panagopoulos, et al. 2011, p. 226). Other previous studies support a call for research on ethical issues such as gift-giving, entertainment and use of local agents (topics 1-3 in this article), but do not present evidence on these specific topics (Blodgett et al. 2001; Dubinsky et al. 1991; Weeks et al. 2006).

Managerial Consideration: Sales managers should (1) Develop guidelines for gift-giving in all cultures in which business will be done; (2) Have procedures to review special circumstances and exceptions; and (3) Think creatively to compete with less scrupulous competitors.

An issue related to gift giving is client and prospect entertainment. There were rumors of cocaine and high priced call girls for entertaining investment banking

clients of Wall Street firms in New York, but in the author's bank brokerage experience, entertainment issues had always been more mundane: how much to spend on dinner; how many drinks, if any, could be expensed at a night club; and similar issues. During the authors' time in Asia, Japanese and Korean bank clients expected to be taken out for a long night of drinking on a regular basis. Alcoholism among salespersons covering such clients was a worry, as they covered multiple clients, each of whom expected a wild night out several times a month. In many Asian cities popular nightspots were staffed by young women who, for a fee, were available to leave work to "date" a customer. The somewhat bitter wife of an expat in Japan told an author that she thought Wall Street firms should be liable for drinking problems and AIDS risks among expat salespersons.

A decision to slash the entertainment budget by an author for his sales team was made for both ethical and financial reasons. Paying for customers' love lives was both unseemly and expensive. Ironically the decision to slash entertainment on the institutional desk resulted in a successful marketing segmentation as: (1) there were a growing number of women financial traders and trading managers in Asia (outside of Japan and Korea) who were not enamored with such entertainment or the brokers who offered it to bank desks; and (2) even the more traditional bank trading desks began to categorize their brokers as either "entertainment" brokers or "idea" brokers. Idea brokers got the same commissions as entertainment brokers with lower costs. Thus as "idea" brokers, the institutional sales desk enjoyed both higher status and higher profit margins on commissions. Tough ethical decisions can have a positive payoff!

Managerial Consideration: Sales managers should: (1) Develop guidelines for client entertainment in all cultures in which business will be done; (2) Have procedures to review special circumstances and exceptions; and (3) Think creatively to compete with less ethically-concerned competitors.

Firms often employ local agents to help find prospects and smooth over any cultural problems in doing business in a foreign market. In principle this is a great idea: both

authors think that firms should invest in cross-cultural training and guidance before and during an expatriate deployment for cross-cultural selling and managing. However this could be an opportunity for local agents or consultants to engage in activities that the firm's employees are unwilling to engage in due to ethical issues, legal issues, or firm standards. Some firms chose to use local agents in this manner. For example, local agents or consultants may oversee lavish entertainment and gift giving, or make cash payments to key employees or government officials that arguably fit within local norms. Such gifts or payment could be hidden in the consulting fees paid to these persons. At the likely cost of some business, the authors avoided using available local agents or consultants in such a manner.

Managerial Consideration: The sales manager should develop guidelines for the hiring and use of local agents and consultants involved in the selling effort in all cultures in which business will be done. The manager should also address ethical considerations with any local agent or consultant.

Bribery is outlawed for an American businessperson or company operating inside or outside the U.S. This may sometimes put an American sales force at disadvantage to competitors based outside the U.S. In addition, the definition of bribery can be a bit ambiguous. It may be completely legal to use "grease" to speed up a regulatory process for an action by a lower or mid-level official that would have been approved in any case. For example, the U.S. educated Asian-based lawyer and compliance director gave one of the authors permission to go to the home of an employee of a foreign consulate on a Sunday and pay a cash fee for an on-the-spot visa, for Monday travel.

It is vital to convey to employees that bribery is strictly prohibited and make clear what bribery is and what the consequences will be. However it is also important to have a lawyer or compliance person available for the inevitable issues, questions and "gray areas" that will arise.

LANGUAGE ISSUES

Both authors heard the same joke multiple times after arriving in Hong Kong: What do you call someone who

can speak... two languages – (bilingual); three languages – (trilingual); four or more languages – (multi-lingual); only one language – (American)! Cultural researchers have argued that it is impossible to understand a culture without understanding its language: "It is doubtful whether one can be bicultural without also being bilingual" (Hofstede et al. 2010, p. 389; Peterson and Pike 2002). It is useful for an expatriate manager or salesperson to know some of the local languages; but no one is likely to know or truly master all dialects or languages within a region, so language differences will always be an issue. Early in one of the author's Asian experiences, there was a dispute between a client and the salesperson about whether the client had purchased or sold bond futures. The market had moved dramatically so the difference was a significant amount. The newly arrived manager learned that the Mandarin words for buy and sell were virtually the same except for the tone or pitch. All phone orders were recorded but upon review of the tapes, even native speakers could not decisively determine the tones used, so an executive decision was made that henceforth all clients who wanted to trade would use the English words "buy" and "sell" to place an order. Unfortunately not all language issues can be resolved so easily!

Most of the regional financial sales desks in Asia employed a sales force proficient in Chinese - Mandarin and Cantonese, Japanese, and English. If a desk could afford it and find a good salesperson, Korean, Hindi and Thai could be useful as well. Although most of the institutional buyers spoke reasonable English, generally an effort was made to pair a client with a salesperson who could speak the client's native dialect and shared as much background with the target client or prospect as possible. The assumption was that a shared language and culture would make it easier to establish a business relationship. This practice is compatible to common sales wisdom that 'people like people like themselves' and that this practice should facilitate a relationship. The American manager generally moved prospects to another salesperson if they weren't a customer within six months and then took them over personally in a year if they still were not doing business.

Sometimes the switch to being covered by an (English-only) American sales manager went surprisingly well.

Some of the customers were clearly intrigued by being covered by an American and repeatedly asked cultural or topical questions such as “How many guns do you own?”, or “Why aren’t President Clinton’s girlfriends more attractive?” When told that the sales manager was taking Mandarin lessons, a prestigious Chinese client warned the manager to be careful: “Do you know why I opened the account with you? It was hard because your firm was not on our approved list, but I really wanted to deal with you because you were the only salesperson calling on me who did not speak Mandarin Chinese – I want to learn American English.” [This could be called the Ignorance Advantage!] There were other factors involved in the switch of coverage to the American manager, such a change of personality, the Asian’s high regard for authority (see power distance indicator by Hofstede), the manager’s experience, etc. but the switch worked often enough to raise the issue of whether or not “opposite” cultures might also sometimes attract due to novelty or curiosity.

Hansen et al. (2011, p. 249) notes that “Similarity-attraction theory posits that individuals are attracted to others who they perceive to be similar to themselves in terms of the attitudes, beliefs, and values they hold (Byrne 1969; Byrne and Griffin 1973; Heider 1958).” This would seem to offer support to the practice of matching salespersons to prospects by culture and dialect, although empirical testing in the sales setting would still be valuable to prove the application. An attraction or curiosity for a different culture would be an interesting discovery if supported. The salespersons calling on someone from a different culture could be screened for “cultural intelligence” – an understanding of, appreciation of, and a willingness to adopt to, a different culture (Ang, et al. 2007).

Managerial Consideration: A sales manager should experiment with matching language and culture of a salesperson to a prospect or client; if no progress is being made, perhaps the novelty of coverage by someone from a different culture could be tried.

Further study: It would be useful to study the practice of assigning salespersons of the same

culture and dialect to sales prospects and to compare the contribution of positive affect from cultural similarities versus curiosity about a different culture, in developing a new business relationship. Also of interest is whether a sales team benefits from having members from cultures similar to the prospect and also from “novelty” cultures.

CROSS CULTURAL SELLING STRATEGY AND TACTICS

A salesperson has a limited amount of time to make an impression on a prospect. Language issues have been addressed in the previous section, but non-verbal communication also differs significantly across cultures. When one first learns about the different cultural practices such as how business cards are exchanged, or of where to sit and who to address in a meeting, or a gesture that is unintentionally offensive, it may seem amusing but it is not trivial. The authors knew of a salesperson that got off “on the wrong foot” with a potential Thai client by crossing legs and pointing a foot at the senior member of the prospect team: Displaying the bottom of the foot is a clear sign of disrespect in Thailand. Similarly a new SE Asia sales manager from Australia alienated key Muslim staff when he put his Fosters Beer in the employee refrigerator near the employee lunches: Malaysian Muslims consider food to be tainted by proximity to alcohol, since alcohol is forbidden by their religion. The fact that neither slight was intentional does not completely mitigate the negative feelings. Some allowance for ignorance may be granted to a foreigner, but it is better not to learn cultural niceties from a faux pas. Training in body language and business etiquette should be provided for all managers and sales persons who will be a part of the cross-cultural selling effort.

Temporal issues can be very important in cross-cultural selling. Americans want to start selling at the first meeting with a prospect. In most Asian countries – and some in South America and Europe as well – it is rude to bring up business until the salesperson and prospect know each other. It is frustrating for an American salesperson to be making a second week-long visit to Tokyo and still be discussing musical tastes and hobbies with the

same prospects, but it is important for the development of a long term relationship to adhere to local norms of behavior. Again, guidance and training are essential for the sales professionals and managers involved.

Previous studies on the success of cross-cultural endeavors have focused on the “cultural intelligence” of an expat (Ang, et al. 2007) or “hardiness” (Britt, et al. 2001; White, et al. 2011) of the salesperson as well as the cultural distance (Mendenahll and Oddou 1985; Hofstede 2010) between the cultures of the prospect and salesperson. These characteristics could be important when dealing with these temporal issues.

Managerial Consideration: Sales managers should train salespersons doing business in “high context” or “low-trust” cultures about the need to get to know the other party and be friends before business is transacted. A multicultural employer might select sales candidates with patience when hiring for a sales position dealing with prospects from such a culture.

Further study: Compare the number of meetings before business is discussed and before a sale is closed for prospects of different cultures for guidance in prospecting.

SALES MANAGEMENT ISSUES

Many of the same problems arise in cross-cultural sales management as when selling to prospects and existing customers across cultures. Language is a management issue: even when local hires speak English well it is important for a manager to remember that English is still their second or third language and inevitable miscommunication will occur. When managing a Hong Kong sales desk, the language issue combined with the entrepreneurial culture of Hong Kong resulted in a serious supervisory problem: it was difficult to know when members of the sales team were soliciting business for the company versus soliciting for their personal businesses. After a while the manager was able to detect when it was private business even without mastering Cantonese, which at times unnerved a surprised sales person.

Cultural differences also loom large in management issues: employees in some countries expect clear and continued guidance from superiors and are reluctant to communicate any bad news or critique ideas from their bosses. The authors found that it took time to find a mutually beneficial management style, providing enough guidance for the local employee comfort while generating enough feedback from the sales force to understand ongoing problems in the local market and test new ideas. Every expatriate manager should understand the cultural measure of power distance and know whether it is higher or lower in the cultures of the new region versus the U.S. levels (Hofstede et al. 2010). The U.S. ranks very low in power distance so it is quite likely that this will become an issue for many expatriate managers in Asian countries with high PDI levels.

Likely mitigating or moderating factors between a sales manager and managed sales persons are the same ones previously suggested between salespersons and prospects or clients: the “cultural intelligence” (Ang, et al. 2007) or “hardiness” (Britt, et al. 2001; White, et al. 2011) of the sales manager as well as the cultural distance (Mendenahll and Oddou 1985; Hofstede 2010) between the cultures of the sales manager and salespersons.

Managerial Consideration: Sales managers should be trained to understand cultural measures such as the Hofstede (2010) cultural dimensions or GLOBE measures (House et al. 2004), especially the effect of power distance or collectivism. Consider management styles and how to gather important feedback in a culture with a high power distance or reward teams in a collectivist culture.

Failure – or Success – of an Expatriate Sales Manager

There is some controversy about the significance of expatriate failure studies: several scholars have suggested that previously reported expatriate failure rates were significantly overstated (Harzing 1995; Hofstede 2010). One article even suggested the expatriate failure was not a topic worth further independent study, but should be combined with management turnover literature (Christensen and Harzing 2004). Although all turnover

is expensive, the costs of relocation add to the cost of an expatriate manager failure, which has been estimated to range between \$250,000 and \$1 million (Vogel et al. 2008). Adapting to the new culture and environment typically leads to an emotional cycle where an expatriate starts out enthusiastic but hits an emotional low somewhere near a year into the assignment (DeLollis 2007; Hofstede 2010).

What does it take to be successful as an expat sales manager? Language skills and cultural knowledge are helpful, but the authors had successful experiences without these benefits, and as noted it is unlikely that any manager will be comfortable with all languages and cultures in a multinational assignment. During their years abroad the authors observed other expat managers and salesperson and recognized two key factors impacting their probability of success: (1) success in a similar role before assuming the overseas assignment and (2) a positive attitude towards cross-cultural experiences.

An expatriate sales manager has to handle so many issues, including meeting new customers, prospects, and employees, and dealing with cross-cultural issues with both customers and employees, that previous success in a similar role with or without the cross-cultural issues is a logical pre-condition of success. It is hard to imagine learning how to be a sales manager at the same time as learning about cross-cultural selling and management issues.

Cross-cultural learning and issues are such a big part of the job that managers who do not consider them important or consider them simply as messy details to be dealt with will likely have problems in their new roles. In the authors' experience the most successful managers were curious about other cultures and respected these differences. They relished learning and dealing across the cultures in their region. They were willing to put in the time to understand and develop strategies for cultural differences because they were genuinely interested and any problems that arose from cross-cultural issues were challenges rather than annoyances. The authors observed that expatriates who merely tolerated other cultures or found differences "quaint" or "cute" in the short term found the differences unbearable in the long term and had adjustment problems. A manager who

held an elitist attitude and sought only to mold local employees to U.S. methods was usually frustrated and miserable. A genuine interest in other cultures and a positive attitude sounds simplistic but it is not. The authors met a surprising number of expats who were not interested in local culture and felt superior to their local employees.

Three key cultural measures to use to predict sales manager success have been mentioned already: the "cultural intelligence" (Ang, et al. 2007) or "hardiness" (Britt, et al. 2001; White, et al. 2011) of the sales manager as well as the cultural distance based on measures such as the Hofstede dimensions (Mendenhall and Oddou 1985; Hofstede 2010). Cultural intelligence ("CQ") is a multi-dimensional formative measure (Hansen et al. 2011; Ang et al. 2007) comprising: (1) cognitive CQ – "an understanding of the norms practices and conventions characterizing different cultures (Earley and Ang 2003)" (Hansen et al. 2011, p. 246); (2) metacognitive CQ – ability to acquire further knowledge about cultural difference and awareness of cultural preference (Flavell 1979); (3) behavioral CQ – the ability to use proper verbal and non-verbal communication when interacting with people from other cultures (Byram 1997); and (4) motivational CQ – the willingness and energy with which one applies the knowledge, ability and behaviors to functioning and learning in cross-cultural situations (Early and Ang 2003).

CQ seems like an excellent measure to explore this topic, as the authors had already concluded from their experiences that cultural knowledge, behavior, motivation and attitude were key components. The CQ measure allows the four dimensions to be used as one or tested independently (Hansen et al. 2011). Another multidimensional measure that may capture some of what the authors were describing is psychological hardiness (Britt et al. 2001) which comprises three attitudes: (1) commitment – the tendency to become deeply involved in whatever one is doing (Kobasa et al. 1982); (2) control – the belief that one has control over one's life (Kobasa et al. 1982); (3) challenge – embracing change as a normal part of life that enables growth (Cole et al. 2004; Tang and Hammontree 1992). Hardiness may be an attractive measure to capture the willingness or even eagerness to experience new

cultures and situations. Again cultural distance would seem a useful interaction variable if hardiness is used in such a study. In the Hansen et al. (2011) study of expatriate sales managers it was found that hardiness led to greater ease in adapting to another culture and reduced the negative impact of greater cultural differences. This result is supportive of the theme of this research topic. Widening this study to include failure rates would add to knowledge as would a test of the cultural intelligence measures.

Managerial Consideration: Sales managers should screen candidates for their interest in learning about and transacting business in multiple cultures. Offer cultural and language training to sales candidates, and reconsider candidates uninterested in the training.

From the authors' observations, the number one cause of failure in an expatriate management assignment was family problems. "If one fails to become personally adjusted it is virtually impossible to be professionally effective" (Kealey 1996, P. 92). In many ways "trailing" spouses and children have a more difficult adjustment than the expatriate sales manager, who has a demanding job ready to engulf him. To compound the issue, the new expatriate manager often works longer hours and travels more than before accepting an overseas assignment, and as a result is therefore less help with family problems. To make matters worse, some of the spouses of these employees had been misled into thinking they would be leading a fairy tale existence with servants waiting on their every whim.

In some countries (such as the U.S.) it is difficult for a trailing spouse or significant other to obtain a work permit. It is important to know these restrictions and deal with them in advance of the move. An international assignment means being far away from all that is familiar, including family, friends, and even food. This change puts a strain on a marriage and a family. If the marriage had minor problems, they will likely become major problems. A strong marriage will give the expat a helpful partner when coping with all that is new.

Expatriate children have left all their friends behind; their new classmates may be not only strangers, but

from another culture. The new schools may be very different than what the children had been used to and are likely more challenging than U.S. schools. In many countries there is very little support available for children with learning disabilities or special needs. Teenagers suddenly uprooted and placed into a strange environment often go into total revolt: the authors saw very few happy families or successful expatriate experiences among expatriates who became expats and made these transitions with teenage children. The authors knew of several families where a demanding spouse or a troubled child forced a sudden end to an overseas assignment. This is a disastrous career move after a company has invested tens or even hundreds of thousands of dollars in moving a family overseas.

When doing relocation work, one author would counsel families considering a move to also consider health care, elderly parents, step-families, the spouse's career, and "can you live without ____?" (The family considering the move was to fill in the blank.) One "trailing spouse" quickly stated a need for caffeine-free Diet Coke, which was not readily available in Asia at that time!

Testing the suggested items measuring family attributes and attitudes independently and as an index against expatriate failure and success measures would provide insight into the impact of family on the expatriate success. Once again the "cultural intelligence" (Ang, et al. 2007) or "hardiness" (Britt, et al. 2001; White, et al. 2011) of family members as well as the cultural distance experienced based on measures such as the Hofstede dimensions (Mendenhall and Oddou 1985; Hofstede 2010) could provide insight directly or as moderators. Some items might have to be modified to fit the situation of "trailing" family members' situations.

Managerial Consideration: Executives arranging expatriate assignments should uncover the "deal breakers" and "work-arounds." Talk to the employee and family members frankly about the good and bad aspects of an overseas assignment. Provide realistic cultural training for the family of an expatriate. Provide support in finding employment for partners, and locating good schools for children. The author knew of one

family whose "work-around" was the 12 year old daughter's horse. The father's firm had arranged two international moves that included the daughter being able to compete with her horse. The firm paid the moving expenses and room and board for the horse in order to keep the family happy!

Further study: Develop a cross cultural checklist as a possible success index: Test family variables – number of children, number of teenage children, any special needs children, health care concerns, the employment status of a "trailing" partner, and attitude of a family member about the opportunity to live in and experience another culture – as predictors of success or failure of an expat management assignment.

MANAGERIAL IMPLICATIONS AND FUTURE STUDY

Eight issues for managerial consideration emerged from a discussion of the authors' experiences in sales and sales management in Asia. These include issues of ethics, cross-cultural sales and sales management, and issues in transitioning an employee for an international assignment. Based on the authors' experiences with sales activities in Asia, managerial implications were associated with all of the issues. Since the basis for these implications was the experience of the authors, the implications should be considered anecdotal and be questioned and ideally tested within a sales organization. Cross-cultural sales and sales management is so complex that many of these issues will never be fully explained or resolved, but planning for these issues and experimenting with new approaches to the problems will greatly aid an organization's cross-cultural selling effort.

Consultants and academic researchers may want to also pursue answers to some of the issues raised. Three of the managerial implications contain "further issues" that are likely research topics. However all eight issues raised could likely benefit from more attention from sales professionals, consultants and researchers. Research in these topics will advance theory on international selling and sales management and provide guidance to practitioners involved in cross-cultural selling.