



Das Narayandas

The Harvard case study opens with Goklaney awaiting reports from the field on a new evaluation system that the company had rolled out in Bangalore. Here, the salesmen were being rewarded not just on sales volumes, but on ten other parameters, including the number of cold calls, the number of demos and even the number of friends they got to join the company's sales team.

For example, a salesman would receive 100 points every time he took the sales process to the demo stage, even if he was unable to close the sale. Though sales volumes remained the prime source of variable pay, points accrued through non-sales initiatives also earned incentives. Says vice-president (marketing) SK Palekar, "The new system allows us to influence a broader range of behaviour. We need to have our salesmen living the company motto of 'your friend for life'.

Rewarding them only for sales volumes doesn't always achieve that. "While the new scheme faced little resistance from the company's 5,500 salesmen whose average age is 22, and who form 90% of the company's workforce nationwide implementation relies on the commitment of the regional managers, who would have a far more time-consuming evaluation process to deal with.

Eureka Forbes recently expanded its operations to Indonesia, the Philippines, Vietnam and Thailand, with plans on the anvil to enter Europe and Africa through a joint venture with Lux International of Switzerland, so the new model is eventually set to be applied worldwide.

The Harvard case ends with Goklaney veering towards a national rollout, saying, "I have come to believe that we need to move our Eurochamps away from worrying about how much they sell to how they sell. They need to take pride in what they do."

In the classroom, a majority of the students were inclined to agree with Goklaney and they were right. Over the past year, the system has been extended beyond Bangalore to all of Karnataka and Andhra Pradesh, with remarkable results.

Productivity in terms of sales per person has increased in these two states, and more people are staying on as a result. Which, in turn, has allowed the company to expand in this region. Three more branches have been added in Karnataka and six new branches in Andhra, with the best salesmen having been promoted as team leaders.

And what insights has Goklaney brought back from his classroom experience? The students at Harvard believe he needs to create another incentive scheme for his regional managers who are able to retain their best salesmen. It's an idea the Eureka Forbes CEO likes and plans to implement.

So if the Eurochamps suddenly have their top bosses taking much more interest in their lives, they have their newfound friends at Harvard to thank.



What Eureka Forbes taught Harvard.

In a land (America) where the salesman is considered dead, Suresh Goklaney, CEO Eureka Forbes has just taught 700 students at Harvard his Company's sales management strategies. Needless to say, the students found the case study interesting and, in turn, had many suggestions to offer. To know more about how salesman join Eureka Forbes as boys and turn into men, get a copy of the Brand Equity this Wednesday.

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Hard Road To Harvard

With a case study at Harvard Business School under its belt, Eureka Forbes is in illustrious company. Here's how it got there



Dibeyendu Ganguly

It's 3:00 AM, Indian standard time, and we're on conference call with Suresh Goklaney at Harvard Business School. It's only 4:30 pm in Boston, but the CEO of Eureka Forbes sounds as exhausted as we are, though in a happier kind of way.

Eureka Forbes has become Harvard's latest case study, and Goklaney has just participated in three back-to-back inaugural classroom sessions, where 700 students put themselves in his shoes and discussed the company's sales management strategies. "They came up with some very interesting insights," says Goklaney. "I'll look into implementing some of the suggestions."

Two years in the making, the case has been authored by marketing professor Das Narayandas, ranked as one of Harvard's most popular teachers. In the inaugural sessions, just to get them into the spirit of things, Narayandas actually had the students singing along to the Eureka Forbes salesman's catchy theme song,

'We Are The Eurochamps,' as it played on a video screen overhead. That's right after they'd watched another short video titled 'A Day In The Life Of A Eurochamp'. But why would a class full of mostly American students be so enthused by a case so firmly anchored in Indian culture, especially since the US has had its own famous direct sales companies?



The answer, as it turns out, is simple: the door-to-door salesperson is now a dead species in America, and there are no contemporary case studies on it. Says Narayandas, "The previous day, we had an American case study of a multi-million-dollar sales deal which was closed over a span of two years.

The Eureka Forbes case was in dramatic contrast. The students were intrigued with the qualities of a salesman

who can make a cold call in the morning and close the sale by the end of the day."

Described as "young men in their early 20s from middle-class homes with a high achievement drive," the Eureka Forbes salesmen were quite a hit at Harvard. "The students were especially intrigued by a line in the case where it says our salesmen come in as boys and turn into men," says Goklaney. "So I tried to explain what it's like for an average college student in India."

While Harvard has produced case studies on global Indian companies like TCS, this is one of the first studies of a company that's predominantly focused on the domestic market. All the same, it does have elements that link it up with the global scenario.

Written at a time when employee retention had become a major issue at Eureka Forbes many of its young people were giving in to the lure of the air-conditioned call centres and big retail stores the case is about a decision to change the compensation system for its salesmen.

Till recently, Eureka Forbes followed the age-old dictum of direct sales that a commission is the best compensation for a salesman. The company has a daily goal of 30 door-knocks, three product demonstrations and one sale for its salesmen, though the average Eurochamp actually sells 15 vacuum cleaners (or water purifiers) a month. This earns him around Rs 9,000 a month, half of which is the commission component.

Over time, it became evident to the top management that this system was the cause of much heartburn. In each territory, the Eureka Forbes sales team meets twice a day at 8 am and at 10 pm and they're all under tremendous peer pressure. Says chief operating officer AV Suresh: "It can be frustrating for a salesman if he hasn't made a sale that day. The old system didn't recognise the process, only the end result."



Suresh Goklaney