

**NEWSLETTER**

**INTERNATIONAL**

 ENGLISH VERSION



## SALES IN EASTERN EUROPE



P. 2

### INTERVIEWS:

**Jochen Kracht**

"GREAT OPENNESS FOR NEW IDEAS  
AND SOLUTIONS" ►



P. 3

**Heiko Kreisel**

"WE MUST WORK ON VALUE SYSTEM  
AND TEAM SPIRIT" ►



P. 5

**Christian Tegethoff**

"CANDIDATE SELECTION SHOULD FOCUS  
ON PERSONALITY" ►

## “GREAT OPENNESS FOR NEW IDEAS AND SOLUTIONS”

### What are the challenges associated with sales in Eastern Europe?

As a positive peculiarity to Germany, I have experienced that there is a much greater willingness to work in sales. The challenges in practice are then more associated with a “romantic” image of what the daily sales work really means.

Many young Eastern Europeans have an excellent academic education. They enjoy working in Western European companies, firstly because they see better development opportunities there for themselves, and secondly because staying in a parent company abroad appears attractive for them. Another positive aspect is the status symbols associated with a sales activity, such as a company car.

In the daily operational practice, the picture often turns. In the discussions with our clients, we have repeatedly found that a part of the Eastern European sales force basically assumes that the customer simply buys the product because of the high product quality or brand awareness.

A managing director of a German company in Moscow described this to me as follows: „Our sales people are like ice fishers. They sit on a frozen lake, drill a hole in the ice, hold the fishing rod in and wait for the customer to swim past and bite.”

And the big challenge for the COO is: How do I deal with this?

### How can companies handle this in practice?

In general, good sales people are scarce all over the world, including Eastern Europe. The main difference in my view is the lack of practical experience – for instance, in customer acquisition and in the ability to understand the needs of the customer.

Of course, the Eastern European salesforce is provided with very good marketing materials, but when the customer replies that they are „too expensive,” they feel helpless in the sales situation. Then the feedback to the supervisor is „we are too expensive” and mutual frustration and dissatisfaction increase.

However, changing the sales team does not necessarily lead to the solution of the situation.

### What experiences have you had in Eastern Europe in your trainings?

At the beginning we often experience a healthy rejection according to the motto „I know everything and I’m good”.

Our trainers come from the respective country and are aware of the cultural background. As they have worked in sales for international companies themselves, we conduct our trainings very hands-on. The participants notice this very quickly and then open up to new ideas and solutions.

Due to our sequential approach, the participants have the opportunity to practice what they have learned and gain their own experience with the tools provided.



**Jochen Kracht**

CEO of Pro Management AG, Kelberg.

The company offers management and sales trainings in Eastern Europe.

As each training day starts with an exchange of experiences, we quickly recognize whether a participant is working on himself, how he is developing and where there is still room for improvement.

Due to the positive experience made in the real world, the participants open up, some of them are extremely keen on learning and improving. The openness for new ideas is much more pronounced among the training participants in Eastern Europe than in Western Europe.

I regard this as a potential solution for companies. If there are no "ready" employees, then simply train yourself.

### How are you positioned in the international training area?

We have had international training experience since 2009, when we started our first test training in Russian. In the meantime, we offer our management and sales trainings in 18 countries, working in 15 languages with native speakers.

Training employees in their native language has proven effective for international companies. Obviously, people find it easier to learn in their respective native language.

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## "WE MUST WORK ON VALUE SYSTEM AND TEAM SPIRIT"

### How is Zeppelin positioned in Ukraine and what are you selling?

Zeppelin has been active in Ukraine for more than 20 years. Launched in 1996 as the permanent establishment of Zeppelin Baumaschinen GmbH, a local company was founded two years later. Today Zeppelin Ukraine GmbH employs more than 500 people in ten branches and generates a turnover of more than 100 million euros per year.

Zeppelin is primarily a dealer for construction and agricultural machinery, as well as for gas engines and drives. Here we represent international manufacturers such as Caterpillar, AGCO (with the brands Fendt, Massey Ferguson and Challenger) as well as Berthoud, Apache, Gregoire-Besson, Rabe, Bourgault, Krampe, Capello and other brands.

However, we do not see ourselves as a pure reseller, but as a solution provider who guarantees the availability of the machines through professional service and spare parts supply. This is still a problem, particularly in the former Soviet republics, as the development of the after-sales business requires a long-term strategy and investments that local companies are reluctant to undertake.

The aim is often the „quick win“ on the mere sale of machines. Customers are then often left alone with service problems.



**Heiko Kreisel**

Managing Director, Zeppelin Ukraine LLC, Kiev/ Ukraine

## **How does the approach of Eastern European companies differ from Western Europe? Where do you see the causes?**

As indicated above, the difference is in the expected return on investments. In the CIS countries, we often see a very short-term horizon and payback requirements for investments of less than three years. Such a short-term profit orientation is certainly well understandable due to the political uncertainties in the countries, but prevents necessary long-term investment in the training of employees and infrastructure.

Zeppelin Ukraine has invested more than 8 million USD in 2012 in a world-class Component Repair Center (CRC) to fully overhaul engines in the country. By means of Dyno-Test, the overhauled engine is tested and certified under full load before leaving the CRC.

This created local jobs. The customer can obtain a „new“ engine with a factory warranty at approximately 70% of the original price, the environment benefits from the sustainable approach through maximum reuse of spare parts.

Zeppelin runs a six-month trainee program to train young and inexperienced engineers and provides periodical add-on trainings for them. Some of our engineers are being wooed by the competition. For our competitors, it appears to be easier to pay a few dollars more in salary than invest in long-term education. However, it is nice to see that many come back again after some time, because factors such as working atmosphere, transparent pay, efficient processes and career opportunities are also highly valued in Ukraine.

The cause of short-term thinking, in my view, is insecurity in politics, corruption and a lack of rule of law. To sue your right is often hopeless with a corrupt legal system, so the risks are minimized by short-term investment horizons. Only the absolutely necessary investments are made, whereby innovation and growth fall by the wayside.

## **Where do you usually see development needs for newly recruited salespeople?**

In addition to classic product-related trainings, we must work above all on the value system and the team spirit. Unfortunately, after the collapse of the Soviet Union, the value system has suffered a lot and money is often the only goal – unfortunately, sometimes at the expense of colleagues or competitors.

One example: „Opportunities“ can be entered late into the CRM system to give fellow sellers no chance to snatch the deal. There is also little confidence in the employer’s commitments. I have often heard stories that employees have been terminated to avoid bonus payments. Black salary payments are still common, putting employees in a weak position.

For international companies and their management it is important to live their corporate culture authentically on a daily basis. That is the only way to build these values and promote trustful cooperation. Nevertheless, companies should not shy away from controlling – this is inevitable in Eastern Europe, despite the principle of trust, to prevent nasty surprises.

One last topic is certainly a well-known one: compliance. Explaining right and wrong is very important, and doing this again and again. Corruption is not just a problem of state officials (recipients). It is also promoted by private companies (donors) which actively offer bribes. Companies should strengthen their salesforce's backbone and increase the awareness of the economic damage associated with corruption.

### How does your company improve the skills of its salespeople?

We offer annual product trainings on the machines. These are week-long trainings in Malaga (Spain) or Sochi (Russia). In addition, there are various product training courses and factory visits as well as product demonstrations together with customers. But there is also a focus on increasingly important social skills: networking, negotiation, conflict management and team values.

However, trainings are not sufficient – management has to live and promote these skills. A good product is no longer selling itself. Professional service and good customer relationships are more important than ever.

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## "CANDIDATE SELECTION SHOULD FOCUS ON PERSONALITY"

### How has the demand for sales executives evolved in recent years?

The economic downturn in Russia, Belarus and Ukraine from 2014 has led to significantly lower investment in sales staff in many international companies. Especially in 2014 and 2015, most companies focused on cost reduction and other consolidation efforts. As a result, demand for sales people was relatively low in this period.

However, since last year we notice that companies have found their way out of the crisis mode and reassess the market against the backdrop of changed circumstances. Many companies have now switched back to expansion and want to seize the new opportunities - sometimes with fresh sales forces.

### What are the challenges of recruiting sales staff in Eastern Europe?

Generally speaking, sales and customer orientation do not have a particularly long tradition in countries like Russia, Ukraine or Belarus.

The reasons are to be found in history. In the planned economic system of the Soviet era, neither marketing-driven approaches, nor customer orientation were able to develop. Factories produced their goods according to government quotas and did not have to worry about buyers at all.



**Christian Tegethoff**  
Managing Director,  
CT Executive Search

These conditions have left deep traces in the mindset of those who have been professionally socialized in the Soviet era. Especially in the 1990s and early 2000s, it was thus very difficult to recruit people with a basic understanding of sales as a business function.

Today, the majority of candidates have grown up in a market economy environment. Nevertheless, our clients frequently tell us that even the younger generation still shows a rather reactive approach to sales.

As a consequence, candidate selection should focus on personality – recruiting proactive and motivated salespeople is a key success factor.

The business environment in countries such as Russia or the Ukraine is still difficult from a compliance perspective, especially for the sales function. Local management, in particular, fulfils a bridging function in this context. Managers must ensure successful work on the ground while at the same time adhering to corporate compliance regulations. This balancing act requires prudence and caution – as well as trainings by the employer to firmly anchor international standards.

### **Are “ready” sales people at all available on the Eastern European markets?**

Yes, because international companies in particular have invested a lot in the training of their Eastern European sales forces in recent decades. Thus, in virtually every country in the region today, there is a pool of sales professionals who are up to international standards.

However, we recommend companies to rely not only on external recruitment, but to build up an internal personnel reserve through training and education.

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## EXECUTIVE SEARCH

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#### MOSCOW

CT Executive Search LLC  
Central Office  
Shlyuzovaya nab. 8,1  
115114 Moscow, Russia  
Telephone: +7 499 678 2111  
E-Mail: office@ct-executive.com

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