



Guttman Insights

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Clarence Mak is general manager of Mars Chocolate, China, where he has led the company during a very volatile period, delivering consistent earnings while maintaining high engagement of his unit. He has led a number of key initiatives, extending the company's e-commerce profile and its reach to major cities within China. In January, Clarence will be moving to London to assume the role of chief customer officer, Mars Global Food, leading the company's e-commerce business.

What are the key challenges you face in marketing M&Ms, Snickers, and other Mars products in China?

The first challenge is to make the Mars brand relevant to consumers. After all, consumers here did not grow up eating chocolate. A second challenge is to ensure the high quality and availability of our products. There are over 2 million retail outlets in China. And there is increasing competition, both in the chocolate category and, more broadly, in other categories that compete for "share of stomach." Here, the challenge is to grow market share, lower costs, and increase profitability.

Is it more difficult to compete against Chinese companies in the sweets and snack category than against American or other non-Chinese companies?

When you're competing with international players, you're dealing with well-known brands, sophisticated marketing approaches, and larger budgets. Local players tend not to spend as much. They have a much better cost structure, better distribution, and really understand the Chinese market. Also, many Chinese consumers are unwilling to pay higher prices for chocolate as a snack. So there are different competitive challenges, but they are significant nonetheless.

The holiday season is once again upon us. It's a time when peace on earth and good will to all has special meaning, given what's happening almost everywhere around the globe. Let's take time to be grateful for what we have, be kind to those we encounter, and commit in 2016 to keeping all the dysfunction at bay—at least in the small corner of reality in which we earn a living and live our lives. In this issue, Mars Incorporated's Clarence Mak talks about the marketing—and performance—challenges of operating in China. Is anybody listening? Howard M. Guttman provides answers. And GDS's Mark Landsberg opens his notebook to discuss prepping a dysfunctional team for double-digit growth. All this in a five-minute read!

In This Issue

- 01** Leader's Corner: Candy is Dandy for Mars Chocolate, China
- 04** Listening Up
- 07** From a Consultant's Notebook



Leader's Corner: Candy is Dandy for Mars Chocolate, China

For many people in the U.S., chocolate is something of an obsession. What about in China?

Chocolate is not part of the Chinese tradition. Here, chocolate is an aspirational category, driven by emotional decision making. The marketing question is: How can you leverage this to make chocolate relevant to Chinese consumers?

How then do you convert aspiration to sales?

When we launch a new product, we don't do so nationally. We focus on major cities like Shanghai and Peking. The good news is that there are over 200 million people in the top 50 cities in China. Even though you are not reaching 1.3 billion people right away, you still reach a sizable group of consumers!

I would also think that the demographics in the larger cities would be favorable for the sale of chocolate?

There is a heavy Western influence in the larger cities; people there view chocolate as aspirational. We also focus our marketing spend on key holidays, such as Chinese New Year and Valentine's Day. In some of the big cities, even Halloween is becoming popular! Our approach is to make our brands relevant to the holidays by leveraging their aspirational image. For example, in China we celebrate the New Year by visiting relatives and bringing gifts. We want chocolate to become part of the gift giving. In fact, more chocolate is sold during the Chinese New Year than on any other holiday.

Do you use traditional marketing vehicles to deliver your brand message in China?

Social media is becoming increasingly important to help drive traffic into stores and on line. E-commerce is increasingly important. November 11 in China is our Shopping Festival, which is like Black Friday in the U.S. Last November 11, \$14 billion in sales were generated on line! Today, 70% of e-commerce purchases in China are completed on mobile devices. Paying attention to messaging and graphics on smaller screens is critical.

You and your team face great challenges. Tell us about your team?

We have nine members on the leadership team, consisting of key

functions, such as Sales, Marketing, Finance, and HR. It's a multi-cultural team. Our members are Chinese, Russian, American, and Singaporean. The team is new; we've been together less than a year. A new member joined the team two months ago. Most of the team members have never served on a leadership team. Some are newly promoted, and some are new to Mars.

What were some of the challenges in building a new team, especially under such challenging conditions?

Most people think of their function first. They tend to be inwardly focused, rather than wear the leadership team-and-enterprise hat. This is a natural tendency. Silos, where people have expertise, are comfort zones. So, one of my biggest challenges was to shift the mind-set. How can we support each other? How can the new member learn quickly about Mars's culture and operations? How can we create an environment where the more seasoned team members are at stake for the less experienced ones?

How comfortable was the team with the horizontal, high-performance way of operating?

That was a big challenge. It's a different way of thinking and behaving. The concept of challenging one another—and me—is very important to the quality of decision making and very difficult to accept. For example, younger team members at first felt uncomfortable, especially when it came to challenging older members of the team. They tended to hold back. It takes trust and getting people to see the benefit of changing their behavior.

How did you go about changing the team's culture of silo thinking and hesitancy so that they were willing to challenge one another?

First, you have to pick the right people: How adaptable are they? Are they open to new ways of working? Second, education and practice are important. We went through an alignment session and provided coaching and skills to the team members. Practicing those skills, both in a team setting and individually, is crucial. The leadership team meets every four weeks. I pay close attention when a potentially contentious issue, such as budgeting, is on the agenda.

I use this as an opportunity to reinforce HPT behavior. And you have to make time to assess, adjust, and learn, which is what we do every six months, by getting together with GDS. Third, my role as the leader is to ensure that everyone is engaged and to provide the structure to facilitate the use of HPT concepts. The goal is to make the new behavior how we naturally operate.

How do you deal with the team members who say that HPT is not part of their Chinese culture?

I tell them that I'm Chinese, too—and it works for me!

If I were a fly on the wall, what would indicate that your team has made progress on its HPT journey?

You would notice a much higher trust level, greater comfort working interdependently, and a high degree of support for one another. You would see team members who are less functionally driven and more accountable for the success of the team and the enterprise. You would notice some members proactively questioning one another. You would also see others who, while more passive in challenging the other functions, respond to questions openly and without the usual defensiveness.

What have you done to gain the trust of your team members?

I spend a lot of time with each member of the team to build solid relationships. This year, I made it a priority not to travel outside China as much as in the past. I also try to role-model what it means to accept feedback, coach them on thinking beyond their function, provide them with the skills to succeed, and make it safe for them to ask for help. I leverage the veterans on the team by encouraging them to support the others. I use the analogy of Michael Jordan helping his teammates to win. I also try to keep the team focused on the business challenges that we are facing, emphasizing that we don't have time to engage in non-HPT behavior.

How will you pass the HPT torch to whoever follows you as the team leader?

In the team's last session with GDS, we focused on how the success of the new leader will depend on the team's adhering to the HPT way of working and understanding that they will be accountable for the new leader's success. We will also make sure that the new leader understands the HPT culture and the journey that the team has taken, along with the watchouts. HPT is a process and a journey. Every team must continually improve.

What's the most important thing you've learned about going through the HPT journey?

I'd highlight the importance—and power—of leaders showing their vulnerability. It has a huge impact on building trust and encourages those around you to realize that it's okay to be imperfect and reach out to others for help to improve your performance. It's a great foundation for building a high-performing team. 🌱



Listening Up

by Howard M. Guttman

A while ago, I was asked to coach an executive whose colleagues were exasperated. In meetings, the executive interrupted, cut off conversation, assumed that he was always right, and refused to listen. His behavior completely turned off team members. Eventually, they shut down rather than participate silently in a one-way monologue. The executive found himself isolated, clueless as to what his colleagues were thinking, and unable to generate the engagement needed to marshal support for key projects.

In another case, at a Middle Eastern engineering firm, a team that I was asked to coach suffered from what I call “collective listening disability.” The entire team had a tin ear. Team meetings were a free-for-all, with everyone talking over everyone else; there was continual parrying and thrusting, pointing and counterpointing. To bring up an issue with the team was to endure a gauntlet of punishing questions, even before the issue could be laid out for analysis. There was continual conversation swirl, but little listening and no closure. Not surprisingly, team members retreated to the safety of their silos; issues were left hanging; and results faltered.

Poor listening is something of a pandemic. In a recent Accenture survey of 3,600 business professionals across 30 countries, 64 percent of the respondents felt that listening is more difficult in today’s digital workplace. And according to research cited by Wright State University, the average person listens at only about 25% efficiency.

Why is effective listening so difficult for both individuals and teams? For one thing, most of us aren’t trained to listen. Less than 2% of people have had any formal education on how to listen. Maybe they feel that, “I’ve been born with two ears, and you want me to be trained?”

Then, too, listening is something of an unnatural act. Listening—

especially fully engaged, active listening—is other directed. To do it well requires putting someone else’s needs before your own. It’s not easy to do, especially when you consider that, from birth onward, the focus is squarely on “me.” And, from the time we’re young, we develop a repertoire of knee-jerk responses to conversing with others. We may listen for a while, but then we rely on a preprogrammed style: We question, send solutions, evaluate, and the like. We do everything but actively listen.

Active listening is a “soft skill,” but not acquiring it can have very hard consequences.

Research on the subject reveals that part of the problem is that people think five times faster than they speak. This encourages a listener to jump ahead of the conversation, to make assumptions about where the conversation is headed, to complete the speaker’s thoughts, or to experience listener fatigue and lose interest.

And, of course, the digital workplace makes active listening a challenge. According to the Accenture survey, 98% of the respondents admitted to spending their days multitasking; 80%

say they multitask during conference calls. And get this: Despite the interruptions, 98% think they are good listeners!

The latter finding is supported by other research on listening. Generally speaking, people think they are better listeners than they, in fact, are. It’s yet another case of unconscious incompetence, rooted in the fact that most people are clueless about what constitutes effective or active listening.

Active listening begins with the recognition that it is a learned process. Like any other skill, active listening is an acquired capability, based on a set of concepts and techniques that need to be applied to fit each specific situation. Keep these distinctions in mind as a guideline for when you go into active-listening mode:

- When *another person's needs* are pressing, you need to apply *active listening skills*.
- When *your needs* are pressing, you need to apply *assertion skills*.
- When *both people's needs* are pressing, you need *conflict management skills*.

Of the three skills, listening is the foundational one. If you don't listen well, you cannot effectively assert your needs, nor can you be adept at conflict management. When you are in active-listening mode, think of yourself as a mirror that reflects both the content of what is said—the words—and the emotions behind them—the feelings.

The content element of the message is the proverbial tip of the iceberg. The most significant part of the message—the speaker's underlying feelings about the issue—is found beneath the surface. Active-listening skills enable you to go below the tip to penetrate to the depths. When you're operating in this mode, the other person's needs take precedence over your agenda.

As a mirror, the active listener reflects back both the content and the emotions. It's a dynamic process of feeding back to the speaker what it is you're hearing: *both the content and your decoding of the emotions that the speaker is conveying*. You want to assure the speaker that you "get" what he or she is saying and feeling. Mastering the active-listening process requires moving from unconscious incompetence to conscious competence. And this, in turn, takes a willingness to acquire the skills, practice, and be coached.

No doubt about it, active listening is a "soft skill," but not acquiring it can have very hard consequences. Fail to listen, and people will perceive you as someone totally focused on your own agenda and with a very low Emotional Intelligence Quotient. The support you need to garner from your organization will likely be lacking as a result. Active listening is also an essential front-end requirement for sound decision making, enabling leaders to gather input from those around them.

The rewards of active listening accrue to both the listener and the speaker. As Karl Menninger once commented, "Listening is a magnetic and strange thing, a creative force. The friends who listen to us are the ones we move toward. When we are listened to, it creates us, makes us unfold and expand." 🎯



From a Consultant's Notebook

Mark Landsberg

Here are the field notes from an intervention led by Guttman Associate Senior Consultant Mark Landsberg.

Presenting Situation

A mid-sized U.S. manufacturing and engineering company in the industrial products segment was bought by a private-equity firm....Company dependent on a core manufacturing business.... Sought to quickly achieve double-digit, mostly organic growth and profit to prepare it for sale within two-to-four years....Lots of barriers to growth....Strategy unclear....Product scope very narrow, with lots of potential for product extensions beyond manufacturing and new products in the untapped home market....Growth deteriorating, though the cash infusion from the acquisition provided temporary relief....Competition for consumer and health sectors targeted for future growth were highly competitive....The senior team had a traditional command-and-control culture and was siloed....Little trust and lots of underground behavior....Was locked into the status quo....New CEO was savvy, sophisticated, and driven to shake things up... Began to clean house....Brought in talent from the outside.

Charter for Guttman

CEO needed to quickly assimilate and align his senior team... Old-versus-new player fragmentation and culture wars....No common language....Different ways of working....Also wanted to align next level down.... Wanted clear strategy/mission/value statement....Talent management—acquisition, development and bench strength—a major HR issue needing to be addressed.... No on-going training beyond the buddy system.

Process

Did a series of four senior-team alignments and during the process 50 percent of team members either let go or self-selected out....Designed an approach to quickly integrate the new leaders into the top team and ensure they could effectively engage their direct reports....One-day leader-and-member assimilation sessions held, in which new leaders and direct reports met....Survey designed....Senior team interviewed, along with direct reports....Interview questions related to both the new team leader and his/her team members.... Questions posted so everyone could weigh in...Typical questions about the leader: What do we know or think we know about the leader? What does the leader need to know about us as a team?

What don't we know or would we like to know about him/her? What are our concerns about the leader? Aim: Accelerate and strengthen business relationships, trust, and transparency. Analysis and summary provided and presented at a structured, open meeting with the new leader and direct reports.... People encouraged to rank effectiveness of each relationship... Received a framework for one-on-one time with team members where there was friction....Influence and conflict management skills provided....Reported back to senior team, asking it to identify high-potentials to work jointly with GDS to create a company vision and performance model. Next step: a multitier alignment session for the first two levels of the organization.

Results

For first time, a high degree of transparency and candor about the state of working relationships was forged....Big discovery: "We could do better"....Greater cross-functional engagement on top team....Now working as partners....Decision making is clear and faster, top-team meetings rigorously follow high-performance protocols....Senior-team members have more strategic view of organization and more knowledge of their colleagues' direct reports....The first corporate strategic vision statement formulated, including operating values and principles and a competency-based performance management system.... Two-tiered development curriculum put in place for directors and above, focusing on leadership versatility, along with a curriculum for supervisors....Training roll-out underway down and across the entire organization, based on an action-learning model....Action plans coming from leader-member assimilation sessions being implemented....Leader-direct report relationships show significant improvement in trust and business deliverables....Year-to-date financials well ahead of plan for double-digit growth.

Key Insights

Shifting culture and business as usual isn't easy. It takes great intention and sustainable attention. It also takes ongoing commitment to human resources. Change management "by ear" doesn't work. It is a discipline and an acquired skill. ●