

GLOBAL HEALTH

Innovation Insight Series



Photo: Hydrologic

*A family in Cambodia
with a new water filter*

PATH I: Building a Direct Sales Force

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THE PROBLEM/SOLUTION SPACE

Globally, 884 million people lack access to a safe supply of water.¹ As a result, more than 3.5 million people die every year from water-related diseases.² Diarrhea, which is commonly caused by contaminated water, remains the second leading cause of death among children under five, accounting for nearly 20 percent of child deaths per year. It kills more young people than AIDS, malaria, and measles combined.³ Numerous organizations are focused on bringing household water treatment and safe storage (HWTS) solutions to middle- and low-income populations in developing countries. However, established approaches reach only a fraction of those in need.

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ABOUT PATH AND THE SAFE WATER PROJECT

PATH is a Seattle-based nonprofit organization committed to delivering high-impact, low-cost solutions to global health challenges. The organization's mission is to act as a catalyst for innovations with the potential to improve the health of vulnerable populations around the world.⁴

In late 2006, the PATH Safe Water Project received a \$17 million grant from the global development unit of the Bill and Melinda Gates Foundation. Its purpose was to evaluate how market-based approaches could help accelerate the widespread adoption and sustained use of HWTS products among the world's poor. Traditionally, this sector had been dominated by government and philanthropic solutions. Through a portfolio of field-based pilots, PATH intended to experiment with different commercial models for addressing this dire need.

Over the course of six years, PATH's multidisciplinary Safe Water Project team conducted more than 10 studies in India, Vietnam, Cambodia, and Kenya. One of the overarching objectives of the pilots was to employ a user-centered design approach to understand how safe water projects could be made more desirable—or aspirational—as well as better suited to the needs of their target customers. Another focus was on exploring the affordability of the products so they would be within reach of middle- and low-income consumers. The final objective was to evaluate ways to market, sell, and distribute safe water technologies so that target users in rural locations could more readily access them.



Photo: PATH

A local entrepreneur in India

ONE CHALLENGE: BUILDING A DIRECT SALES FORCE

Several of the early Safe Water Project's pilot studies involved experimenting with direct sales models for HWTS solutions. In India, for example, PATH tested the effectiveness of hiring local entrepreneurs to serve as a mobile sales and marketing force for a chlorine-based water purification product called Aquatabs.⁵ Using bicycles to access remote rural areas, the sales people were tasked with educating potential customers about the need for water treatment, convincing them to try Aquatabs as a reliable solution, and then following up to ensure correct and continued product use. Each was paid a monthly stipend plus commission.

Although the Aquatabs manufacturer was interested in extending the model beyond the duration of the pilot, the overall effectiveness of the model fell short of PATH's expectations.⁶ Among other challenges, some of the salesmen felt that they were seen as "peddlers" (thelwalah) rather than health champions. PATH further discovered that more robust training, monitoring tools, and mentoring support were needed to increase the productivity of the bicycle sales force. Although the manufacturer provided

initial product training and another PATH partner delivered basic sales training, the materials and approach were informal and ultimately inadequate for giving the sales force the tools they needed to be successful in a commission-based sales environment.

In Cambodia, the team initiated another direct sales pilot that sought to establish a door-to-door sales force of part-time students to sell a durable water filter called a ceramic

water pot (CWP). This test uncovered similar challenges to those identified in India, particularly in the area of sales training. Ultimately, the pilot was discontinued when it was clear it would not be effective without greater investment in building capacity in the partner organization. PATH needed a different approach to helping its partners build an effective direct sales presence.

THE SOLUTION: DEVELOPING AND IMPLEMENTING TARGETED HIRING, TRAINING, AND MONITORING STRATEGIES

A series of additional sales pilots in Cambodia, Vietnam, and other geographies provided PATH with the opportunity to implement a more rigorous and comprehensive approach to building, training, monitoring, and compensating a team of sales representatives. Key insights from this accumulated experience are outlined below.



Photo: PPATH/Thunvuth Nop

PATH found that active recruiting methods were more effective than traditional outreach activities

Active Recruiting

Creating an effective sales force begins with recruiting. As Tim Elliott, senior business officer, explained, “You can’t find what you haven’t defined.”⁷ Accordingly, he recommended crafting more than just a job description, but an overview that included the skills, competencies, and characteristics of the ideal sales person. Then, he continued, “You have to put a process in place to find the people you’re looking for.” Initially, PATH sponsored passive recruiting activities, such as placing newspaper ads or posting openings to local job boards. However, the team found active recruiting strategies to be far more productive. “Active recruiting is much slower and you get far fewer candidates,” said Ben Mandell, a PATH MBA consultant, “but it produces a far superior candidate.” In particu-

lar, Elliott suggested working through key opinion leaders. “Connect with village chiefs and local women’s groups. Ask everyone you know, ‘Who in this community seems to be entrepreneurial?’” He admitted that it could feel like looking for “a needle in a haystack,” but this upfront commitment of time and resources paid off in the long run in terms of employee effectiveness and retention.

Staged Sales Training

After observing the effects of too little sales training, PATH developed an extensive training program to help prepare the new sales representatives in its second Cambodia pilot. However, the team quickly discovered that four consecutive days of formal training was too much—the sales people felt overwhelmed with information. PATH also discovered that “a relatively large percentage of the content was lost in translation,” recalled Mandell. As a result, the team completely revamped its approach to training, paying special attention to local cultural norms (“understanding what it means to be a

Cambodian”) and streamlining the main course to a half day with weekly follow-up sessions to reinforce key concepts. “We knew we were going to be bringing too much training to the table, but we didn’t know which part was too much,” said Elliott. “So tracking that and working hard to iterate and to learn from our failures on what people could absorb was a big learning.” The Safe Water Project also achieved good results with a staged training approach in Vietnam and Kenya.



Photo: PATH

Interactive flipbooks proved to be a valuable tool for helping engage customers in a discussion

designed to help explain the need for safe water, as well as introduce households to the product. Seasoned sales people used this tool on a selective basis, but the new sales people found the flipbook to be invaluable, “especially if they were new to this line of work or talking to people in an area where they weren’t particularly well known,” said Tran. “It gave them a sense of credibility.” As another tool to reinforce the credibility of the sales people and help them engage customers, all sales representatives received credentials in the form of an identification badge.

Monitoring to Support Learning

The PATH team realized that sales reporting would be essential for tracking and managing results. The key was to create reports that could be easily understood and quickly completed by the local sales representatives, yet meaningful from a management perspective. “We had to ask ourselves, ‘What is the right amount of information to capture?’” said Elliott. “Again, we started with reports that were much more involved and ended up with reports that were much simpler. It worked best when we captured just enough that sales people could use the information to track their progress and stay motivated, and we could identify the high performers.”

PATH used data about its high performers in at least two important ways. First, the team interacted with these individuals to understand what they were doing to outsell their peers. Then, with permission, they would share these techniques in the form of best practices with other sales people at follow-up training sessions. Second, PATH closely

Interactive Sales Tools

Another important success factor was equipping the sales force with tools and other materials to help them improve their effectiveness in the field. In three different pilots, PATH experimented with a unique approach to sales flipbooks. As Debbie Tran, MBA consultant, described, “NGOs tend to have a lot of flipbooks of their own, but most of them are focused on delivering one-way presentations. The flipbooks that we created facilitated a two-way discussion between the sales rep and the customer.” They were

analyzed the demographics and other characteristics of the top performers so that the team could leverage this information in the hiring process as they experienced attrition or growth. In Vietnam, for instance, PATH was able to identify the profile of an optimal sales representative. According to Tran, “Women were more successful than men. That’s because the women of the households are making decisions about water and food, and the daily issues of the house, so it’s easier for them to build rapport with each other. The other learning was that women between the ages of 50 to 59 were more successful. We’re thinking that’s because in the Vietnamese culture they value the experience and wisdom that’s associated with that age group.” In the Vietnam pilot,

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which tested the concept of using full-time and part-time health workers to sell Aquatabs, the team also discovered that part-time health workers were more successful than the full-time workers. For one thing, they had a greater need to supplement their incomes. In addition, because they did not spend 100 percent of their time working in the health stations, they tended to have more linkages into the community that they could leverage for sales purposes. Interestingly, when PATH started hiring to this profile, the team found that many of the new representatives began quite quickly to match or exceed the performance of some of the more experienced sales people.

Carefully Constructed Sales Compensation

As anticipated, the team confirmed across its pilots that sales compensation was an important and challenging aspect of building a direct sales force. In one of the field-based experiments, PATH and its partners offered relatively high stipends and low commissions in an effort to attract and retain sales representatives. However, the team quickly established that while the high “base” salary was effective at getting reps to sign on and stick with the project, it did little to motivate them to boost their sales. “The incentive structure was too heavily weighted toward the stipend,” noted Tran, “so they did the bare minimum.”

Although this lesson was not particularly surprising, the experience revealed an important insight. The team realized that, in some geographic areas, the concept of a “sales culture” had to be built. According to Elliott, “In countries like Cambodia and Vietnam, where there’s such tremendous amount of nongovernmental organization (NGO) activity, people often come in with an expectation they’re going to be taken care of. But in a sales organization, you have to learn to take care of yourself. That’s really the only way that sales work effectively, in my experience. But that culture doesn’t exist in a lot of places, so, you have to develop it.” To do this, he again emphasized recruiting and hiring the right people. As noted, PATH had relatively good luck seeking out individuals who exhibited an entrepreneurial spirit, as they were more willing to embrace the pay-for-performance model inherent in any commission-based incentive model. Staged training sessions could also be used to show sales representatives examples of how their earnings would increase once they sold more. These messages became increasingly “real” as the sales people gained field experience and started using the sales reports to track their own performance.

In terms of setting compensation, PATH originally thought it could apply its “iterative model” to developing the right compensation plan for the direct sales force in Cambodia. But, explained Mandell, “It turns out that every change we made to the sales people’s compensation was like an earthquake to them. They don’t like their income changing on the whims of managers that they don’t even see very often.” This lesson underscored the importance of carefully defining and validating incentive programs before formally rolling them out.

Key Opinion Leaders

One additional sales lesson that stemmed from the Safe Water Project pilots was how essential it was to recognize local power structures and directly engage with key opinion leaders in the community. PATH’s advice was to identify formal opinion leaders, such as village chiefs and other local government officials. However, the team also recommended identifying informal leaders who were respected for having a positive impact in the community in any number of different ways. As Mandell described, “In places like Cambodia, outsiders tend to invent things from scratch. But just because you’re in rural Cambodia doesn’t mean there’s not some sort of power network in place. When we first

started selling, we didn’t go and seek out what we call ‘key opinion leaders,’ and our sales results were lower. We realized that we weren’t being sensitive to the existing influencer relationships that existed in the villages.” PATH modified its approach to proactively meet with the key opinion leaders in every village before starting to sell there. “We discussed what we’re doing and tried to get them onboard. We explained the merits of our program, the health benefits, and the uniqueness of how consumers can get clean water through our program. Usually, when they’re onboard and supportive our sales are much better. If they’re neutral or negative our sales are very difficult,” he noted.



Photo: Hydrologic

A sales person on her way to a sales visit in Cambodia

In some cases, key opinion leaders could be directly engaged in the sales process, by hosting group meetings and product demonstrations. In other cases, their endorsement simply helped generate interest in the community. In both scenarios, PATH and its partner benefitted from their involvement.

By addressing recruiting, training, monitoring, compensation, and key opinion leaders in combination, the PATH Safe Water Project was able to help its partners build more effective and productive direct sales teams. ◆

NOTES

- 1 “Progress on Drinking Water and Sanitation: Special Focus on Sanitation,” UNICEF and the World Health Organization, 2008, http://www.who.int/water_sanitation_health/monitoring/jmp2008/en/index.html (October 18, 2012).
- 2 “Safer Water, Better Health: Costs, Benefits, and Sustainability of Interventions to Protect and Promote Health,” World Health Organization. 2008, http://www.who.int/water_sanitation_health/publications/safer_water/en/ (October 18, 2012).
- 3 “Diarrhoea: Why Children Are Still Dying and What Can Be Done,” UNICEF and the World Health Organization, 2009, http://www.who.int/maternal_child_adolescent/documents/9789241598415/en/index.html (October 18, 2012).
- 4 About, PATH, <http://www.path.org/about/index.php> (October 18, 2012).
- 5 “Bicycle Model Yields Rich Learning Despite Limited Results,” PATH.org, July 2011, <http://www.path.org/publications/detail.php?i=1969> (June 13, 2012).
- 6 Ibid.
- 7 All quotations are from interviews conducted by the authors, unless otherwise cited.