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Abstract

Euromotors S.A. is the exclusive brand representative of the Volkswagen, Audi, Porsche, and SEAT brands among others within 11 strategic business units in Peru. Since its foundation, the firm has since grown exceptionally in size, scope and sophistication from their original operational function as an automobile importer to their current status engaged in the sale of vehicles, new and used cars, servicing and sale of original spare parts. As a multi-brand firm, it maintains 1,052 employees who function relatively autonomously within each business division for the separate brands. In order to propel the firm forward as a cohesive unit, synergies within need to be created to eliminate the replication of processes and procedures and to ultimately streamline overall organizational function.

After a few years of declining profitability, Euromotors is looking at opportunities to improve its competitive position within the Peruvian automotive retail sector, which is rapidly changing and increasingly competitive market. In order to withhold a competitive advantage, a micro-pilot project has been designed within the consulting process, which has taken deep rooted analysis at both the internal and external environmental factors, to be implemented with Euroshop, Euromotors' most profitable division. A cultural transformation will impact the sales force team of Euroshop; however, before it can be properly administered, overcoming organizational resistance to change must be dealt with.

The proposed solution develops method for Euromotors to incrementally overcome the resistance to change in a multi-step system, to increase employee motivation and unity while increasing intrinsic responsibility to function as a team throughout the entire firm. This proposal considers the necessity of maintaining commitment to the strategic goals of the company. Through the development of a strategic map and a KPI based scorecard, the firm will have visibility on the key factors in garnering true change. Project timeframe is estimated in six months and total budget in USD 25,500.

Resumen Ejecutivo

Euromotors S.A. es la representante exclusiva de las marcas Volkswagen, Audi, Porsche y SEAT entre otras dentro de once unidades estratégicas de negocios en Perú. Desde su fundación, la empresa ha crecido excepcionalmente en tamaño, alcance y sofisticación desde su función original de importador de automóviles hasta su estado actual de venta de vehículos, automóviles nuevos y usados, servicio y venta de repuestos originales. Como empresa multimarca, mantiene 1,052 empleados que funcionan de forma relativamente autónoma dentro de cada división de negocios para las marcas separadas. Con el fin de impulsar la empresa hacia adelante como una unidad cohesiva, las sinergias dentro de la necesidad de ser creado para eliminar la replicación de los procesos y procedimientos y, en última instancia, racionalizar la función organizativa en general.

Después de unos años de caída en la rentabilidad, Euromotors está buscando oportunidades para mejorar su posición competitiva en el sector de la venta automotriz peruana, que está cambiando rápidamente y cada vez más competitivo en el mercado. Con el fin de retener una ventaja competitiva, se ha diseñado un proyecto de micro proyecto dentro del proceso de consultoría, que ha tenido un análisis profundamente arraigado tanto en factores ambientales internos como externos, para ser implementado con Euroshop, la división más rentable de Euromotors. Una transformación cultural fortalecerá al equipo de la fuerza de ventas de Euroshop; sin embargo, antes de que pueda administrarse adecuadamente, debe superarse la resistencia al cambio.

La solución propuesta desarrolla un método para que Euromotors pueda superar gradualmente esta resistencia para aumentar la motivación y la unidad de los empleados, al tiempo que aumenta la responsabilidad intrínseca de funcionar como un equipo en toda la empresa. El objetivo de la propuesta busca mantener el compromiso con los objetivos estratégicos de la empresa. Mediante el desarrollo de un mapa estratégico y un cuadro de

mando, la firma tendrá visibilidad sobre los factores clave para lograr una verdadera transformación. Se estima que la implementación del proyecto se realice en seis meses y que el presupuesto ascienda a 25,500 dólares americanos.



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Chapter I: General Situation of the Organization

1.1 Presentation of the Organization

In 1994, a small local dealer in Arequipa, in the south of Peru acquired a license to sell European car brands. After the 1993 declaration by the Volkswagen Group that their brands were up for representation in Peru after a previous firm officially lost its rights, Euromotors South America came into existence through acquiring said licensing. Euromotors, as a Peruvian firm, dedicated its name to the regional birthplace of the brands it was representing, Volkswagen and Audi.

Euromotors began relatively small focusing merely on importing cars. In the late 90s, however, the company expanded on their customer service offering, through opening their first dealership under a new company named Euroshop, this move was just the beginning of their expansion through including auto servicing into their portfolio. Euromotors additionally started representing the brands Porsche and SEAT while also diversified outside of the car industry with Ducati motorcycles and trucks.

In 2008, a new dealer Automáticos y Mecánicos SA. also known as AMSA, joined Euromotors, expanding the product and service offering even further. Euromotors is in a competitive position due to their prestigious product offering and exclusivity within the market. They have great potential to continue propelling forward due to the positive landscape and their utmost focus on achieving success. In combination with Euroshop and AMSA, Euromotors operations currently maintain eleven business units, which are presented in detail on Table 1.

1.2 Company Statements and Values

In order to achieve a firm embodied on achieving results, it is crucial to develop an organizational culture that strives for greatness at all levels, and this ultimately begins through the development and manifestation of the company statements and values. Included

below Euromotors official statements in regards to the corporate culture they strive to embody.

Table 1
Strategic Business Units of Euromotors and number of employees

N°	SBU	Employees	Managers	Total
1	San Bartolome S.A.	70	1	71
2	Euromotors S.A.	116	14	130
3	Altos Andes SAC	70	1	71
4	1 One SAC	17	1	18
5	Renting SAC	105	3	108
6	Euroshop S.A.	391	5	396
7	Eurolift S.A.	37	1	38
8	Eurocamiones S.A.	50	3	53
9	Euroinmuebles SAC	4	1	5
10	Revomotors S.A.	4		4
11	International Camiones del Perú S.A.	153	5	158
Totals		1017	35	1052

Note. Updated as of the 8th of August, 2017.

1.2.1 Vision.

The company's vision is "To be the best in knowing, anticipating, and satisfying the customers' needs in the automotive industry." (Euromotors, n.d.). As appreciated, Euromotors vision is simplistic enough to grasp easily. However it would be useful to include further details.

Incorporating long-term strategic goals into the vision statement allows the firm to have a clear reminder if they are on track. The main idea of a vision statement is to project the organization into the future with a coherent path and focused goals on what they aim to achieve. A solidified strategic goal Euromotors could include within their vision statement could be, for example, becoming the top selling European automobile dealer in Perú by the year 2020. The vision is going to set the goal that the company wants to achieve, and based on these goals, the company can design strategies that will allow them to achieve those objectives within the timeframe that they have defined.

1.2.2 Mission.

The company indicates that it aims to achieve the aforementioned vision (a) identifying the customers' needs and provide them with services and vehicles that exceed their expectations; (b) continually improving systems to make the purchasing process easier for customers; (c) providing outstanding service, reasonable prices, and spare parts availability in order to gain customer's' trust and leave concerns behind with regards to their vehicle use; (d) encouraging a customer service attitude and constant communication as a way to keep customers for life; and (e) continuously improving the processes to maintain a position as industry leaders.

The mission is very overarching due to the fact that Euromotors has a variety of organizational divisions and brands. Therefore, designing a mission statement that could fulfill every business unit and its specific goals is not sustainable within the long-term development of the firm. Each brand has different targets and distinctive ways in which they operate, therefore, the mission statement that takes a generalized tone is more strategic to develop the value set of the company.

1.2.3 Values.

According to Euromotors' Human Resources manager, the company considers the following values as a guideline for its day-to-day activities:

Enthusiasm. “We are enthusiasts and view the future with optimism. We quickly learn from our mistakes and do not let them affect us. We aim to turn problems into opportunities. We work in an enthusiastic environment that is transmitted to our customers. We seek success, celebrate when it happens, and treat it as a learning experience.”

Transparency. “We are honest and transparent. We are fair and compete in a fair way, always communicating the truth and sharing our experience with others.”

People's well-being. “We care for our workers’ well-being and know that feeling good in the company is a fundamental component of achieving good results. We are committed to our workers’ personal development, help them achieve their professional and personal goals, and support them during difficult times.”

Knowing how to listen. “We know that the best source of information comes from friends and customers’ feedback. We learn from what others have to say, not criticizing their perspective, but rather accepting them to improve our operations. We also seek the best practices to innovate our processes.”

1.3 Industry Analysis

This section will display the main highlights of the Porter’s Five Forces framework analysis applied to the Peruvian Automobile Industry. Figure 1 shows a summary of the highlights of the impact of each force to Euromotors as part of the car retail industry. Peru is a very dynamic market for the automotive industry due to its state as being one of the fastest-growing automotive markets in Latin America. However, since 2014, the market has been showing minimal growth. New vehicle sales have suffered with the market decreasing by 4.8% compared to 2013. (Semana Económica, 2015). In 2015, sales continued to decrease by 5.9%, according to the Peruvian Automotive Association (RPP, 2016). The decline is partially reflective of the slowing economic status during 2015. The economic decline resulted into major investments being put on hold (RPP, 2016). Furthermore, imports became increasingly expensive due to the depreciation of the Peruvian Sol against the US Dollar, which led to higher prices for the imported cars in the industry (Semana Económica, 2015). The most popular brands within the car industry in Peru currently are the Asian brands, more specifically the compact vehicles from Asia, because they are affordable, durable, and fuel-efficient (KPMG, 2014).

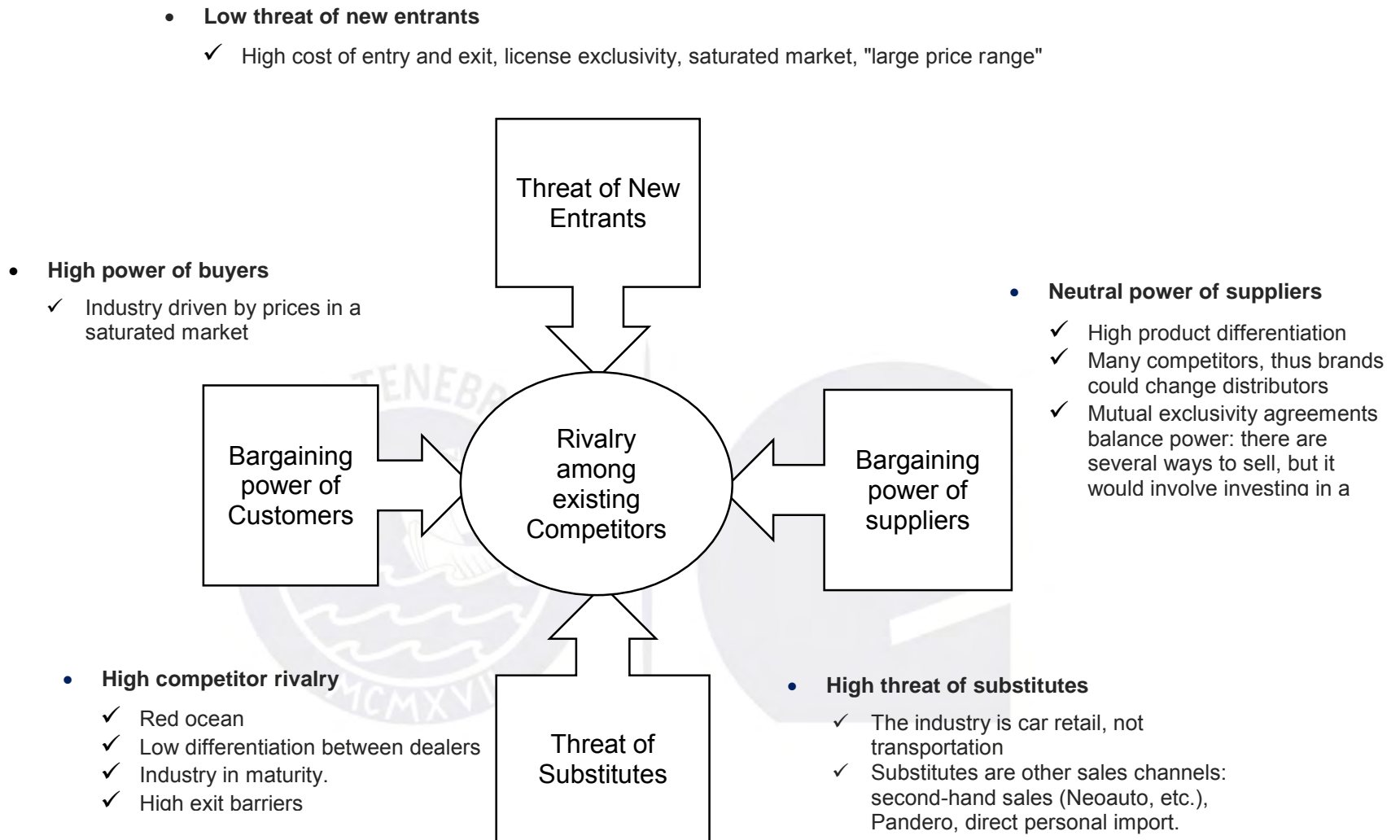


Figure 1. Porter's Five Forces Model applicable to Euromotors.

1.3.1 Threat of new entrants.

In the Peruvian car industry the threat of new entrants is low. The market is overflowed with local but more notably international brands with a large variety of different models. Furthermore, there is a large price range; this also makes it more difficult for new entrants to infiltrate the market, with the marketplace having the potential to be described as a red ocean, due to the overabundance of brand visibility and diversity. A red ocean market is defined as a saturated market, usually with brands that maintain a strong international presence. Associated startup costs are high with entering the automotive industry; this is especially the case in the Peruvian market because of the lack of manufacturing facilities (KPMG, 2014).

1.3.2 Threat of substitutes.

The threat of substitutes for the Peruvian car industry is relatively low. In Peru there are many substitutions for the car sales industry such as web pages that allow the purchase and sale of vehicles, financial systems that directly sell the vehicle and the sale of second hand cars in small stores. For instance, Neoauto is a web page where a person could sell or buy new cars, second hand cars, motorcycles, trucks or buses. The system consist of that the client pay for an advertisement for a month and not a commissioned over the sale.

Likewise, Pandero is a financial company that allows its customers to have a new car with only 6% of the value of it, but it does so through a system, where 60 people are gathered and draw monthly to month who will be the next to take the car. By the end of 60 months when everyone already has their car, everyone has finished paying theirs. Second-hand car dealerships may be part of the Volkswagen ONE dealerships, but there

are also small companies dedicated to buying all kinds of used cars, even with problems such as accidents, legal or financial problems. This industry has grown due to the increase of the automotive park where many look for to renew their cars and others acquire cars with a lower price.

1.3.3 Bargaining power of buyers.

Due to the wide variety of options and the large price range among different models in the industry, it can be said that the bargaining power of the buyers is quite high. There are exponential options making it easy for buyers to walk away from one seller and go to the next. This is highly significant as the first main concern for Peruvian car buyers is the price of a vehicle (KPMG, 2014).

As buyers maintain significant bargaining power, car dealers offer a wide variety of incentives for consumers to buy cars at their dealership. Car dealers try to do this with discounts, a trade incentive if one hands in its current car, additional warranty, fuel promotions, and reduced servicing fees. The online era has also influenced and increased the bargaining power of buyers; it is currently much easier to compare dealerships, cars, and product availability due to the Internet. Consumers have access to all the information they need through browsing online, and this helps develop an informative decision before even stepping foot into a dealership.

1.3.4 Bargaining power of suppliers.

The bargaining power of suppliers can be considered intermediate. A challenge in this sense is that there are no vehicle manufacturing plants in Peru, and because of this, buyers have to rely on whatever product offering their suppliers has imported, creating a situation where the supplier maintain a relatively high degree of control.

Contrastingly, the automotive companies have the rights to sell their respective car brands to dealers under their contractual choosing, therefore, this has created a market that is currently overflowed with brands and thus a multitude of choice for prospective buyers. The majority of the market share has been taken up by Asian brands due to the combination of a relatively low price, comfortable design, and durability (KPMG, 2014; Focus2Move, 2016).

1.3.5 Competitive rivalry.

The main players in the Peruvian car industry can be found by sales and market share in Table 2 and Table 3. As can be taken from the former forces, the competitive rivalry within the Peruvian car industry is high. The large amount and variety of dealers and brands creates a highly competitive market. Every competitor is trying to aggressively pursue business and gain customers. As mentioned earlier, dealerships can persuade prospective buyers through discounts, promotions, and additional warranty.

Table 2
Peru Automotive Market Share in 2015

Rank 2015	Rank 2014	Brand	% Change in sales	Share 2015
1	1	Toyota	-13.1%	18.9%
2	2	Hyundai	-2.4%	14.9%
3	3	KIA	0.5%	14.5%
4	4	Nissan	1.8%	8.2%
5	5	Chevrolet	-16.0%	7.5%
6	6	Suzuki	12.0%	6.3%
7	7	Mitsubishi	1.2%	3.1%
8	8	Volkswagen	-13.2%	2.5%
9	9	Mazda	-11.1%	2.4%
10	10	Renault	-3.3%	2.0%

Note. Adapted from Focus2Move (2016). Peru Vehicle Sales in 2015.

Table 3
Top Car Models in Peru for 2015 and 2014

Rank 2015	Rank 2014	Model	Var. 2015	Share 2015
1	1	Toyota Yaris Sedan	0.2%	13.6%
2	4	KIA Rio	50.9%	9.2%
3	3	KIA Picanto	-7.8%	6.1%
4	5	Hyundai Accent	1.7%	5.7%
5	34	Hyundai Grand i10	0.0%	5.4%
6	19	Nissan Sentra	66.7%	3.7%
7	14	Hyundai Elantra	17.9%	3.7%
8	2	Chevrolet Sail	-45.7%	3.6%
9	11	Hyundai Tucson	-4.7%	3.3%
10	12	Hyundai Santa Fe	0.0%	3.3%

Note. Adapted from Focus2Move (2016). Peru Vehicle Sales in 2015.

This in combination with the abundance of information and all alternatives available on the Internet can make it a challenging market to operate in. Competitors in the industry also try to utilize the Internet, and focus primarily on social media, to connect with the consumers in an efficient way, always staying top of mind through numerous and repetitive updates.

1.4 External Analysis

External audits seek to identify and evaluate trends and events that go beyond the control of an individual company revealing the key opportunities and threats facing it, allowing managers to formulate strategies to take advantage of those opportunities and avoiding or reducing the impact of those threats. To develop an appropriate understanding of the external variables of Euromotors the PESTE framework will be applied. The PESTE acronym stands for Political, Economic, Social, Technological and Environmental assessment and its most relevant aspects influencing on Euromotors are shown on Figure 2.

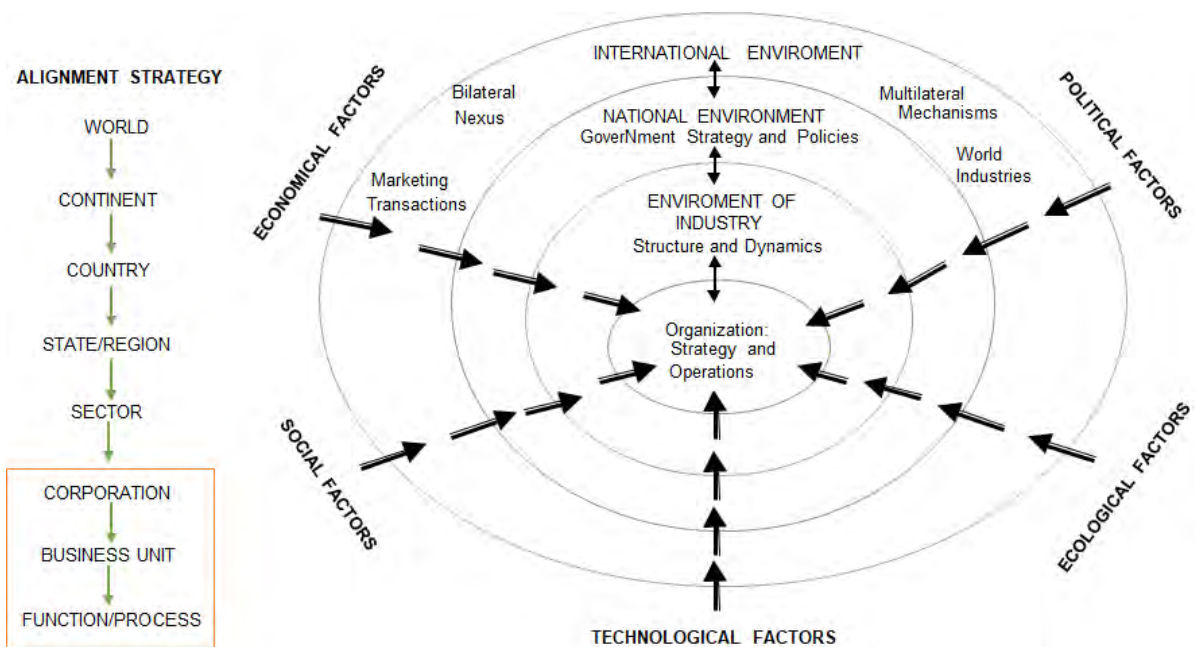


Figure 2. PESTE Model applicable to Euromotors.

1.4.1 Political dimension.

Peru is a constitutional democratic republic with a multi-party system. Political stability within the country has been a developmental process. Peruvian modern history has been plagued with internal terrorism and corruption that erupted in the 1980s. Despite the turbulent past, from 2000 onwards a series of successive presidents has brought forth an atmosphere of greater steadiness, respect and security within the nation. President Pedro Pablo Kuczynski has implemented a series of policy changes focused on developing a more modern, just and equal country (The Economist, 2016). President Kuczynski is progressively working to boost national economic growth, attract foreign investment and work towards bridging the gap of under-development in rural Peru, of which remains a work in progress after his first year in office.

Competitiveness outlook. By the end of the period December 2016, key Indicators for Peru are defined by its GDP (US\$ billions) 192.1, with a GDP per Capita

of 6,021.1 with a global GDP stake of 3.4%. As an emerging economy, developing a stable sense of economic competitiveness is a key component for Peru to effectively take position on the global stage. In effect, an equally stable political environment is required in order for the continued economic development to take place. The World Economic Forum's (WEF) 2017 Global Competitiveness Report, which ranks 138 nations around the globe on their ability to compete on the global stage through a diversity of 12 pillars ranging from Institutions to Innovation, will be used in this report to provide a solid view of the current status of the political strength of Peru.

Figure 3 shows a preamble to the most problematic factors the government needs to face to improve business environment. Then, Figure 4 compares them to the situation shown in other economies as a benchmark. Figure 5 describes the performance overview of the country in the twelve pillars of the Global Competitiveness Report and its comparison to similar economies within the Latin-American region.

It is observed Peru maintains a stronghold in regional comparison within the realm of economic strength, exceeding regional levels within the elements of macroeconomic environment, goods market efficiency, labor market efficiency, financial market development and market size. This is extremely positive in terms of business potential for Peruvian firms, as they maintain a more secured market for business operation for both domestic and foreign investment (WEF, 2016).

While not one of the successful outstanding pillars within the realm of regional comparison, it is important to develop and understanding of the Institutional Environment in order to garner a true grasp on the political landscape of a nation. The elements of (a) Intellectual Property Protection; (b) Wastefulness of government spending; (c) Burden

of government regulation; (d) Efficiency of legal framework in settling disputes; (e) Business costs of crime and violence; (f) Organized crime; and (g) Reliability of police service all rank within the bottom 20% globally. Peru's status as an emerging economy is continually plagued by its troubled and deeply corrupt past, a sentiment that is replicated all across Latin America. Political institutions, formal and informal, determine both the constraints and incentives faced by the focal players in society and the stability of the political institutions deeply reflect the environment. Strategic allocation of power within political institutions can aid in the development of credible mechanisms capable of lowering the risks of opportunistic behavior of political and economic players (Pereira, 2016). Improving the institutionally should be the primary target for President Kuczynski and his administration, as changing the operational function of political processes within the country will allow a more stabilized and transparent landscape on all fronts.

Industry particularities. In terms of political policy and the Peruvian automotive market, the fuel stabilization fund and the scrapping voucher, both governmentally supported, aid in the security of the sector (KPMG, 2014). The fuel stabilization fund was created to counter the effects of the global oil market price volatility, due to the limited oil refinery capacity and that as a nation they are a net importer of oil, the policy requires producers and importers into the Peruvian market to reduce their final price to allow stability to be created for consumers (KPMG, 2014). According to the Ernst & Young Globalization Index (2016), Peru has achieved the position of the fourth most globalized country in Latin America (2009). Five elements have been considered within

the index: openness to foreign trade, capital flow, exchange of technology and ideas, international movement of workers, and cultural integration (Ernst & Young, 2009).

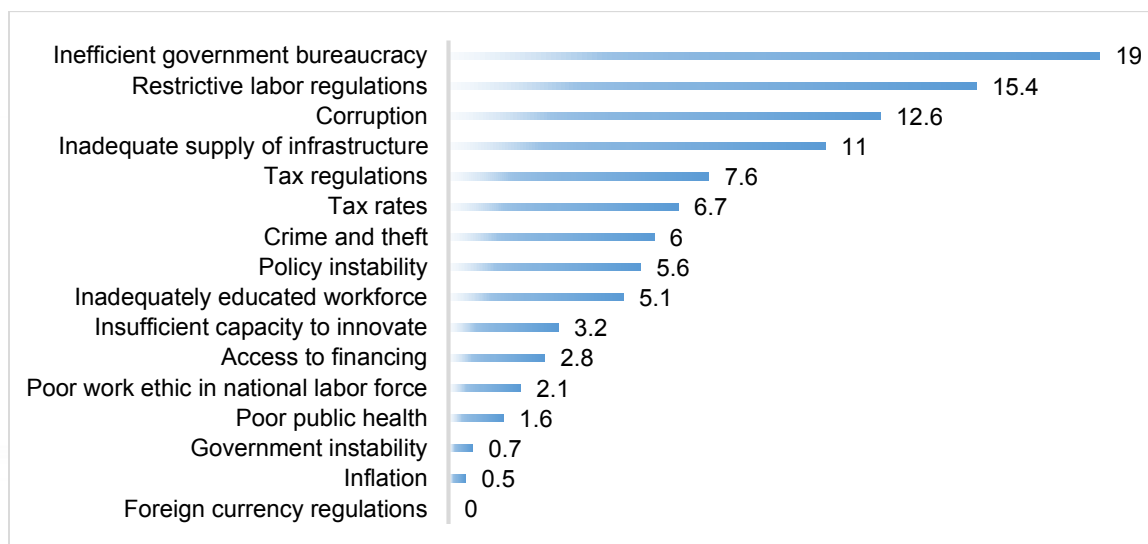


Figure 3. Problematic Factors for Doing Business.

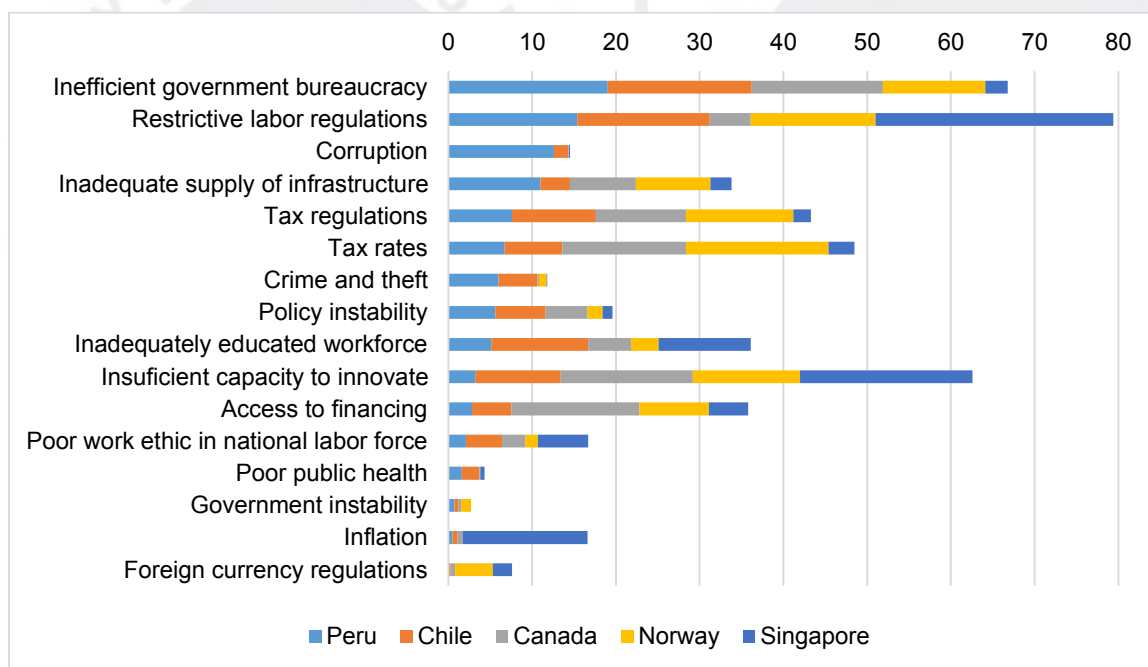


Figure 4. Comparison of Problematic Factors among Peru, Chile, Canada, Norway and Singapore.

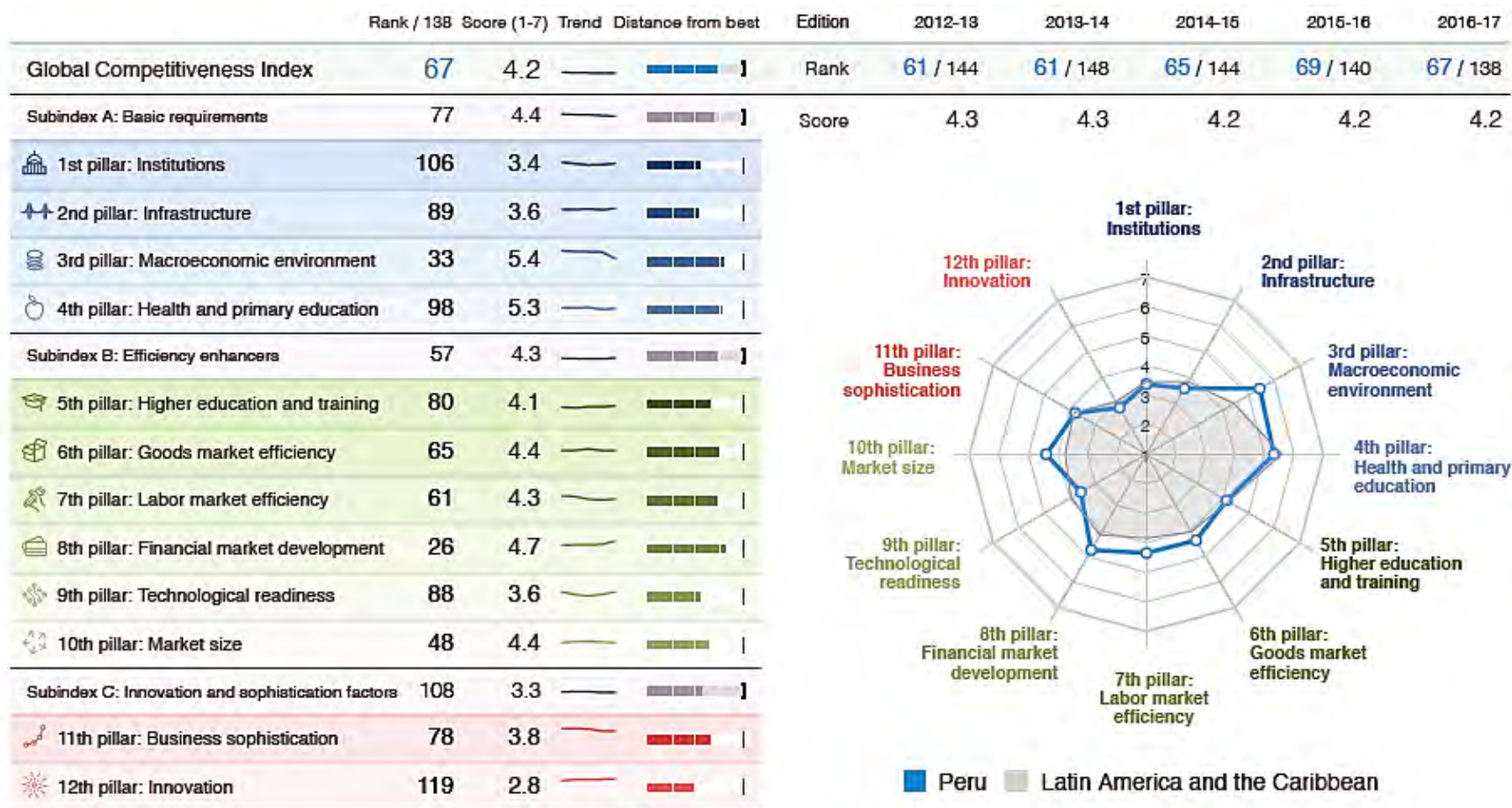


Figure 5. WEF Global Competitiveness Report, Peru ranking.

Industry particularities. In terms of political policy and the Peruvian automotive market, the fuel stabilization fund and the scrapping voucher, both governmentally supported, aid in the security of the sector (KPMG, 2014). The fuel stabilization fund was created to counter the effects of the global oil market price volatility, due to the limited oil refinery capacity and that as a nation they are a net importer of oil, the policy requires producers and importers into the Peruvian market to reduce their final price to allow stability to be created for consumers (KPMG, 2014). According to the Ernst & Young Globalization Index (2016), Peru has achieved the position of the fourth most globalized country in Latin America (2009). Five elements have been considered within the index: openness to foreign trade, capital flow, exchange of technology and ideas, international movement of workers, and cultural integration (Ernst & Young, 2009).

1.4.2 Economic dimension.

Recent history has shown Peru to be an economic “rising star” according to the International Monetary Fund (IMF), and as a country they are apart of the new wave of leading emerging markets, due to their framework of sensible policies, and prudent macroeconomic approach enabling the sustained growth and reduced vulnerability (IMF, 2016). From the beginning of the new millennium through July 2016, Peru has achieved an impressive cumulative growth of 124% of its Gross Domestic Product (GDP). With an increase of 4.0% of its GDP, Peru leads as one of the fastest growing economies in Latin America. This growth rate is primarily developed through private consumption, which is estimated to rise to 3.5%, and domestic demand expansion which is currently estimated at 1.8%, increasingly improved employment indicators. As Table 4 and Figure 6 show together, private investment is expected to grow 5.0% in 2017, while public investment rose to 10.3% for 2016 (Ernst & Young, 2017).

Table 4
GDP and GDP per Capita (PPP) of the Major Economies of Latin America

Country	2015		2014	
	GDP in US\$ billions	GDP per capita in US\$	GDP in US\$ billions	GDP per capita in US\$
Chile	422	23,460	521	27,449
Argentina	972	22,554	1,171	25,705
Mexico	2,227	17,534	2,778	20,605
Venezuela	516	16,673	474	14,178
Brazil	3,192	15,615	3,515	16,576
Colombia	667	13,847	864	16,942
Peru	389	12,195	508	14,749

Note. Adapted from Ernst & Young (2017).

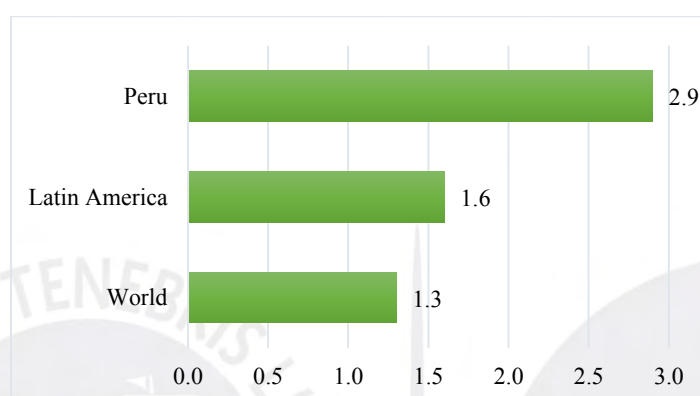


Figure 6. GDP per capita average growth 1990-2014 (% Change).

In monetary terms, poverty has been reduced by half in recent years, with more Peruvians living in better conditions, with brighter futures (Ernst & Young, 2017). As one of Latin America's fastest growing economic powerhouses, it undoubtedly faces a multitude of long-term problems, primarily focused on the duality of development between rural areas and urban Lima. Peru currently holds the sixth largest economy in South America, measured in Purchasing Power Parity, behind Brazil, Argentina, Columbia, Venezuela and Chile, respectively (World Bank, 2017). As a country, they have achieved significant progress in terms of macroeconomic performance in recent years, with increasingly strong GDP rates, stability within exchange rates, and the lowest average annual inflation rate in Latin America over the past 15 years remaining stable around 1.5% (Ernst & Young, 2017).

Success within the Peruvian economy can be largely attributed to Peru's open market strategy, which currently encompasses multilateral and bilateral free trade agreements

(WTO, 2017). Major bilateral agreements with Canada, the United States, and countries within the European Union have contributed significantly to growth within the Peruvian economy, as nearly 95% of Peru's exports are covered by free trade agreements (Lima Easy, 2016). Peru's major trading partners include, the United States, China, Bolivia, Brazil, Chile, Colombia, Ecuador, Argentina, Venezuela, Switzerland, South Korea, Japan, Canada, Germany, Spain, The Netherlands, The United Kingdom, Mexico, and Italy (Ernst & Young, 2017).

Peru is currently one of Latin America's top participants for the automotive industry; this direct positive economic impact is largely due to the early 2011 legislation that saw customs duties fall from 9% to 6% for light vehicles, as a result of a tariff reduction enacted by the Ministry of Economy and Finance for a period of 5 years. BBVA Research forecasts that in 2020 there will be 4.5 million automobiles in Peru (Ernst & Young, 2017). Peru's economic growth is closely related to the increased reduction of shortcomings in terms of infrastructure. As a nation, Peru has recently begun to take the required action in order to improve this sector, mainly in regards to transport with the primary objective to promote investment. Investment in infrastructure ultimately reduces the effect of the distance between regions, allowing for the integration of the domestic market at a lower cost with markets in other countries and regions (Ernst & Young, 2017).

The official currency of Peru is the Sol (S/). The country maintains a free-floating exchange rate regime, with the government occasionally intervening for the purpose of stabilization. According to estimates as of September 2016, the SOL is one of the least volatile currencies globally, according to estimates as at September 2016, the Sol is one of the least volatile currencies in the world, exhibiting firmness in the face of international market and currency fluctuations. The Central Reserve Bank of Peru (BCRP) utilizes scale stimulus and liquidity control measures to maintain this balance (Ernst & Young, 2017). In

terms of the influence of the American dollar on Euromotors operation, the Trump presidency has garnered an overall uncertainty due to the fluctuations in the months since inauguration. Euromotors pricing stream is converted from USD to Sol, therefore, this has been impactful to the firm navigating the relative unknown. As shown in Figure 7, since Trump's entry to office, the Sol has gained value against USD, a positive for Euromotors and Peruvians at large (XE, 2017).



Figure 7. Exchange rate trend during 2017 (USD/PEN).

1.4.3 Social dimension.

As of 2016, the estimated population of Peru is approximately 31.4 million people, of which, 10.8 million (2015) reside in the capital city of Lima. The national workforce, known as the total *Economically Active Population* – EAP is estimated to be around 16.4 million people as of 2015. The EAP of the country included 71.4% (2015) of the total population, with 95.8% of the EAP employed. Of this, 75.1% were located in urban areas, while the remaining 24.9% being located in rural areas (Ernst & Young, 2017). The predominant religion is Roman Catholicism, and the principal languages are Spanish and Quechua, the

Aymara language is also spoken, predominantly in the Southern Highland Region, along with a variety of native languages within the Amazon Jungle Region. As of 2015, the literacy rate was 94.3% for the population over the age of 15, jumping to 96.0% in 2016 (Ernst & Young, 2017).

In exploration of Hofstede's Cultural Dimensions framework for Peru, the analysis includes, a score 46 for Power Distance, 16 for Individualism, 42 for Masculinity, 87 for Uncertainty Avoidance, 25 for Long Term Orientation and 46 for indulgence (Hofstede, 1973). All scores are measured on a scale based out of a total of 100 points. Within the social context of this framework and its influence on the decision making process for Euromotors as a retailer, it is significant to examine the final pillar of Indulgence. This measures the challenge that confronts humanity, and is defined as the "extent to which people try to control their desires and impulses", primarily based on how they were raised (Hofstede, 1973). A relatively weak control is called an Indulgence and a strong control is called a Restraint. With a score of 46, Peru is an intermediate within this dimension, meaning Peruvian have a more conservative leaning approach in terms of a willingness on spending money on goods or services for pleasure (Hofstede, 1973).

1.4.4 Technological dimension.

Despite the exceptional economic growth Peru has experienced in the last decade, the country still lags behinds other middle-income Latin American countries in terms of productivity and innovation, majorly due to their lack of governmental investment within the technological sphere, science and technology (S&T) and research and development (R&D) compared to other countries at similar levels of development (World Bank, 2014). The total budget for S&T in 2013 was US\$17.4 million, and in 2012 it was only US\$5 million. This level of investment is extremely low compared to peers in the region: Colombia's budget for research totaled to US\$210 million in 2012, while Chile spent US\$546 million for S&T

during 2013 (World Bank, 2014). The Peruvian government has implemented policy changes to significantly increase investment in research and innovation to foster productive transformation of the economy while enhancing collaboration between researchers, universities and the private sector. The ultimate goal is to generate new competitive advantages based on innovation and thereby ensure new sources of growth in the long run (World Bank, 2014).

In terms of global innovation in the automobile industry, new R&D gathering headlines includes pre-collision technology and self-driving cars. Looking at Euromotors and the influence of technology on their product offering, the European Automobile Manufacturers Association, which is funded by the EU, has the focus on leading global innovation in the auto industry to increase the region's competitiveness. The EAMA's mission includes, supporting dedicated automotive initiatives and research that further advances vehicle connectivity, environmental performance and safety and ensuring technology-neutrality in regulations related to new systems and alternative powertrains (EAMA, 2016).

1.4.5 Environmental dimension.

Through analysis of The Environmental Performance Review program of the Organization for Economic Cooperation and Development (OECD), the Peruvian Ministry of the Environment (2014) officially reported automobile usage has doubled since the millennium within Peru, while the market for cheap used cars has grown (OECD, 2016). In correlation with this, traffic flow has expanded by an annual average of 7% in the past five years (OECD, 2016). The number of vehicles per 1,000 inhabitants has risen from 42% in 2003-2012, to 50 to 71, however, these rates are still far lower than other OECD countries. Increased amount of vehicles on the road, principally vehicles that are older and less environmentally sound has had direct environmental impact within the realm of air quality.

Air quality measurements within the Lima-Callao region have been impacted due to this increase in addition to the usage of other fossil fuels. Similar results can be seen in other densely populated regions of the country. The Peruvian government's legislation to promote private investment and tax stability has made it difficult to impose a "polluter pays" policy and undertake a green tax reform. Peru's low levels of taxes, around 16% of GDP, offers opportunity to align environmental incentives with the need to raise greater revenues. Taxes associated with the generation of externalities (imposed on energy products and automobiles) represented about 0.6% of GDP in 2010, below the level of other OECD countries with the exception of Mexico (OECD, 2016). This provides opportunity for Euromotors as a firm, due to their innovative technology, a large portion of their vehicle fleets throughout the four brands maintain green technology and hybrid models.

1.5 Internal Analysis

To develop an appropriate understanding of the internal network of Euromotors the AMOFHIT framework will be applied to the organizational structure and function. AMOFHIT stands for the dimensions of Administration, Marketing, Operations, Finance, Human Resources, Information and Communication Systems, and Technology and Research and Development. Figure 8 shows the interaction among these forces.

1.5.1 Administration and management.

Euromotors is organizationally divided into eleven autonomous companies, of which includes their primary vehicle brands, Volkswagen, Audi, SEAT and Porsche. In terms of overall administration, Euromotors shares back end office and administrative activities for all brands together. Despite this, in regards to sales and services areas, each brand operates independently with their own distinctive set of staff; ultimately creating varied operational procedures and guidelines. Due to this, it creates a difficult situation to develop internal processes due to the conflict of previously established protocols at each brand. Focusing on

the overarching organizational values as mentioned above, the customer remains the ultimate priority for the firm at large. In terms of corporate culture, the positive environment is evident, where employees maintain a fulfilled and valued mindset within their daily work function. Employees are supported through a created surrounding of mutual effort and support.

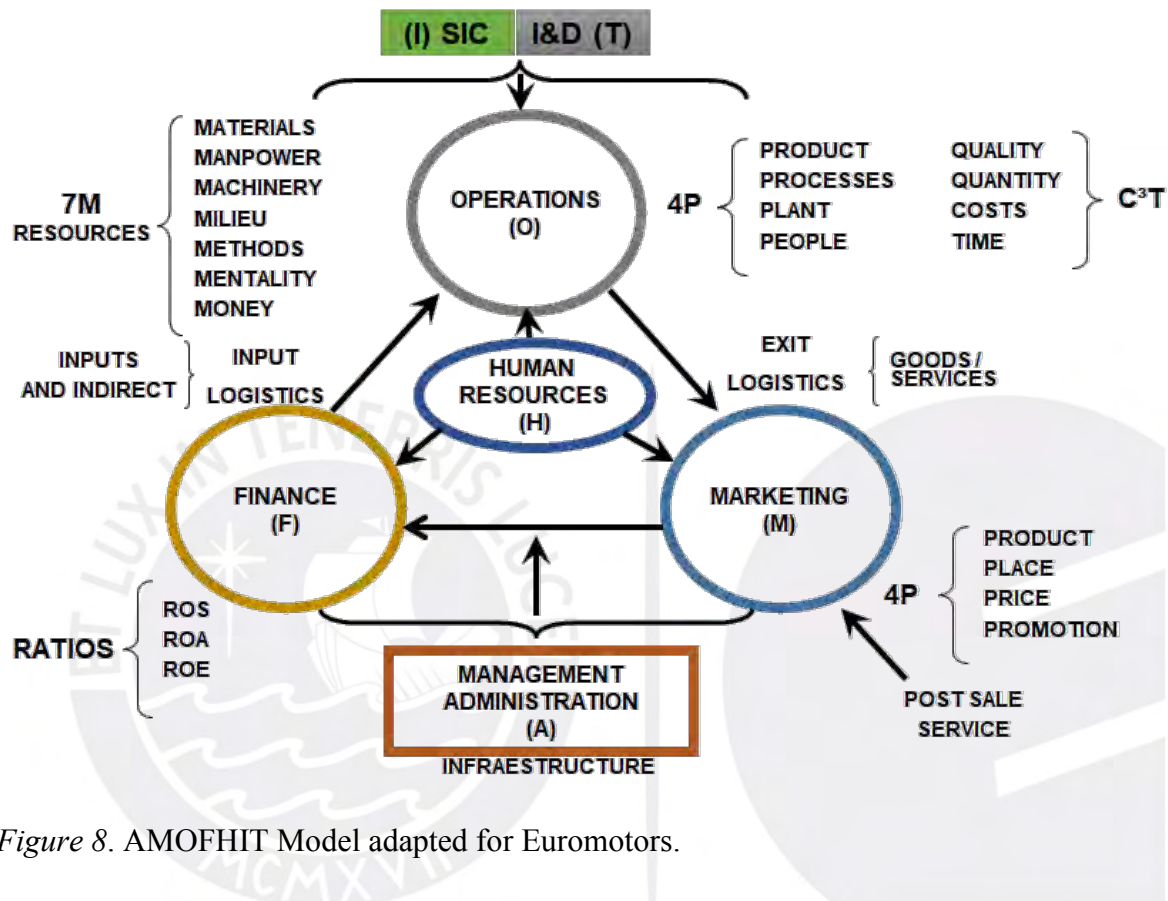


Figure 8. AMOFHIT Model adapted for Euromotors.

1.5.2 Marketing and sales.

It is proven to be a lack of strategic marketing functions. No activities comprising commercial intelligence, trade marketing, and segmentation and positioning are held in practice. This scenario affects the operational marketing levers (Marketing Ps) dramatically.

Product. Euromotors product offering is comprised of sales and after-sales services. They distribute vehicles manufactured by Volkswagen, Audi, Porsche and SEAT. Each separate company also provides maintenance and upkeep services for their vehicles.

Euromotors relies off of the reputable brands in their portfolio, which are stabilized and maintain demand due to their global reputation of superiority.

Price. The price structure that Euromotors follows is dependent upon the respective brands pricing protocol. With their focus on high-end automotive brands, their brands pricing schemes vary. For example, the Volkswagen Golf retails for S/. 39, 600 (US \$12,000) while the Porsche 911 Turbo retails for S/. 633,600 (US \$192,000). As a firm, Euromotors is reliant on global economic trends that in turn influence their parent brands in terms of pricing. As all prices are converted to Soles from USD, the value of exchange rates also has a direct correlation on the pricing for the four major brands. Table 5 shows a price comparison among the main competitors of Euromotors' bestselling car: the Gol Sedan. This benchmarking it is important for comparing similar vehicles with similar prices and conditions that are in the market.

Table 5
Sedan Vehicles Comparison

DEALER	BRAND	MODEL	NAME MODEL	PRICE (\$)	AVAIBLE COLORS	CC	POWER	SUNROOF	AUTOMATIC WINDOWS SYSTEM
EUROMOTORS	VOLKSWAGEN	SEDAN	GOL	11,900.00	4	1.6	101 HP	NO	NO
DERCO	KIA	SEDAN	RIO	11,990.00	7	1.4	98 HP	YES	YES
NEOMOTORS	CHEVROLET	SEDAN	PRISMA	11,290.00	5	1.5	109 HP	YES	YES
GILDEMEISTER	HYUNDAI	SEDAN	ACCENT	13,990.00	5	1.4	101HP	NO	YES
MITSUBI	TOYOTA	SEDAN	YARIS	14,500.00	4	1.3	84HP	NO	YES

Note. Adapted from AAP - Automotive Association of Peru (2017).

Place. Euromotors has over a dozen concessionaires where they conduct their sales and post-sales services. Located within four different districts of Lima, covering a wide range of territory to maintain strong physical positioning and availability. Surquillo has the greatest impact on marketing practice due to its concessionary representing all four of Euromotors brands in addition to its close proximity of the high-income districts.

Promotion. Euromotors primary promotion is through newspaper advertisements that are intended for viewership within the Lima region. Additional promotion is completed

through product gifts with the sales of a vehicle, free-services for preventative maintenance as well as price discount during specific seasons, holidays or months of the year. In terms of social media and online presence, a major driver for business to generate new consumers, or merely consumer interest, in today's fast based mobile-driven world, Euromotors maintain presence in both areas. They have Facebook and LinkedIn accounts of which has extremely limited activity. In terms of their website, www.euromotors.com.pe/ remains merely a landing page. This is a huge hurdle that the organization must overcome, as it has the potential to drive interests and in turn sales up, with limited investment. Promotional strategy and specifically Digital Marketing Strategy will be a primary focus of creating the synergies Euromotors desires for both their internal and external stakeholders, of which will be explored in the following chapters.

Sales management. The function of sales is frequently confused with marketing among the sales supervisors. In general, due to its nature as the main operations activity, it represents a big attention focus from both the senior management as well as from other areas. Main sales indicators are comprised by productivity – comparing sales versus targets –, efficiency – comparing sales versus number of promotions –, and management – with indicators such as number of test drives, clients served in room, agreed appointments and concreted appointments.

1.5.3 Operations and logistics.

As visualized on Figure 9, the primary processes of Euromotors include, (a) importing new cars from the four major brands; (b) sales and distribution of new vehicles through its major dealers; (c) specialized post-sales services which include preventive and corrective maintenance; (d) sales of original spare parts for each vehicle within the company's portfolio; and (e) sales and distribution of second-hand vehicles through the dealer named. Within each concessionaire in Lima, there are separate workshops and sales departments in addition to

warranty personnel. Likewise, Figure 10 shows the classification of the firm while Figure 11 presents its place within the Service Process Matrix in analogy to the Transformation Matrix for manufacturing companies.

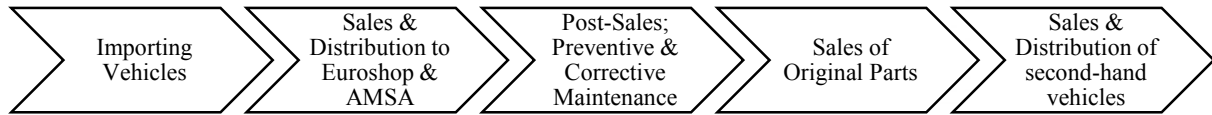


Figure 9. Core processes of Euromotors.

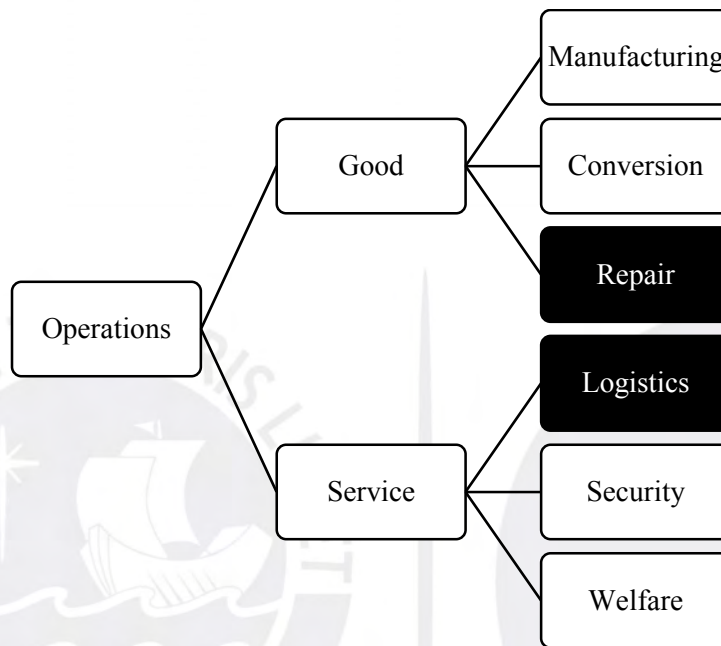


Figure 10. Company classification applicable to Euromotors.

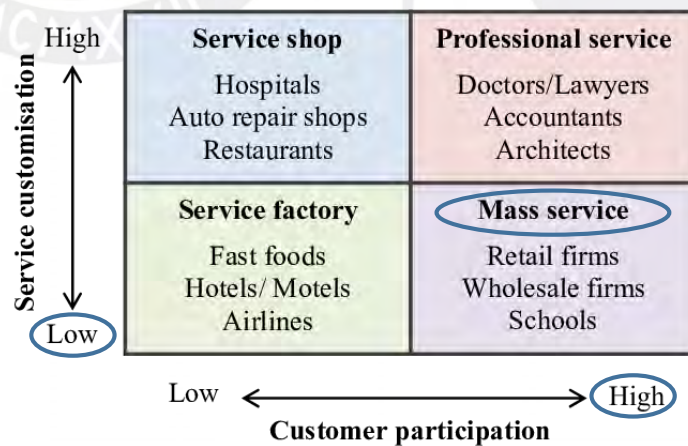


Figure 11. Service process matrix applicable to Euromotors.

1.5.4 Finance and Accounting.

The firm has experienced a relative decline in sales since 2014 largely correlated with external economic conditions as explored above. In order to maintain its firm competitiveness, the primary focus of Euromotors is the improvement of cost-efficiency in order to drive costs down. However, this policy has not been able to be fully implemented due to the increased costs that have been arising throughout different parts of Euromotors operation. Concessionaires were keeping an abundance of unsold vehicles and spare parts within their inventories, a situation which has been reverted since 2016. Ultimately, this disconnect between demand and supply levels is related to their lack of analytical function within their operation, closely tied to the scope of the well-being of the Peruvian economy. Other major issues that impact the bottom line of Euromotors operation include the depreciation of vehicles, and the fact that the predominant form of payment from their customers is on credit, impacting the direct cash flow.

In the current section, a sound analysis has been developed to discover relevant highlights of Euroshop due to its relevance within the Euromotors group. The main references utilized are the company income and financial position statements, which are found in Appendix A of the present document. It is important to precise that even though the company does not trade on the stock market, it prepares their statements following the International Financial Reporting Standards (IFRS). Apart from performing horizontal and vertical analyses, and calculating financial ratios, at the end of the section an estimation of the Weighted Average Cost of Capital (WACC) is proposed. Only the most important accounts for assets, liabilities, equity, revenues and expenses were considered for this matter.

Vertical analysis (component percentage). The purpose of conducting this vertical analysis is to allow the comparison of specific items with respect to the total that belong to them. Referencing the Statement of Financial Position, Figure 12 shows the representativeness

of the main assets of the company while Figure 13 presents the counterparty of liabilities and equity. Likewise, referencing the Income Statement, Figure 14 show the representativeness of the main revenues and expenses of Euroshop. In both cases, the periods analyzed comprise accounting periods 2013, 2014, 2015 and 2016.

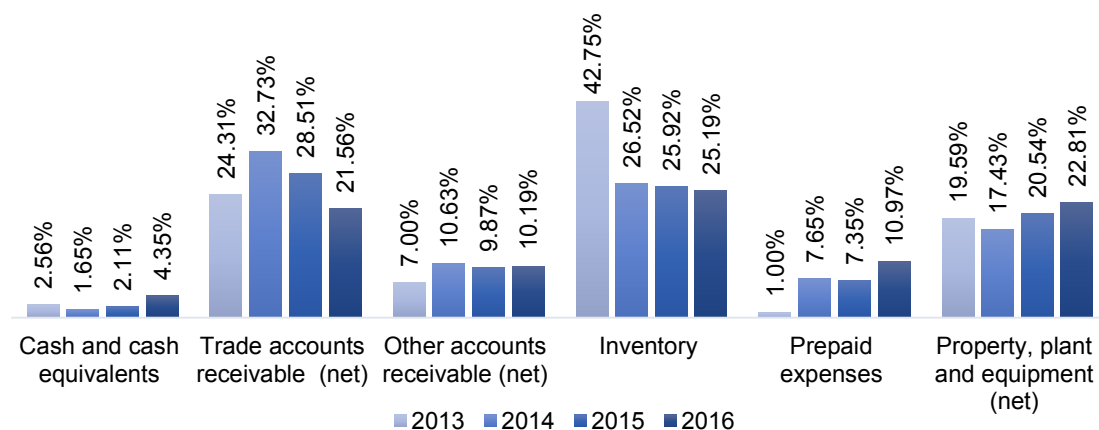


Figure 12. Component percentages variation of Euroshop's main assets.

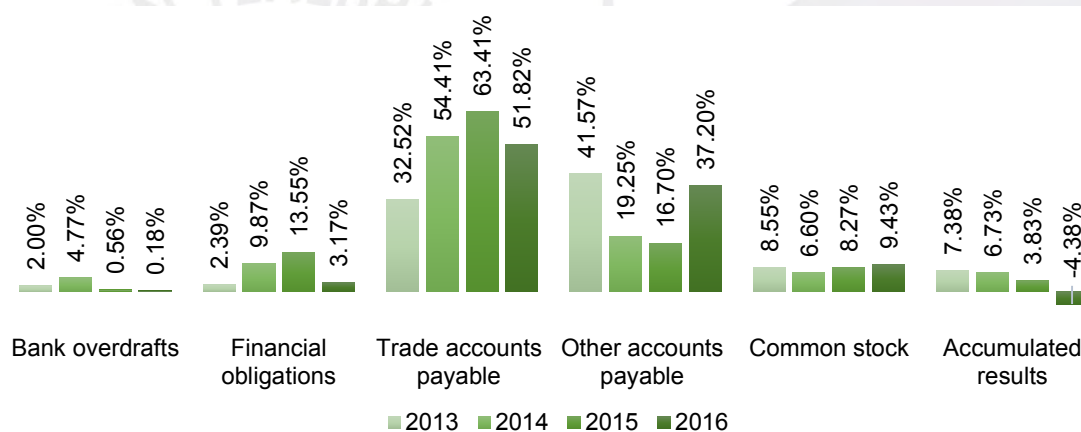


Figure 13. Component percentages variation of Euroshop's main liabilities and equity.

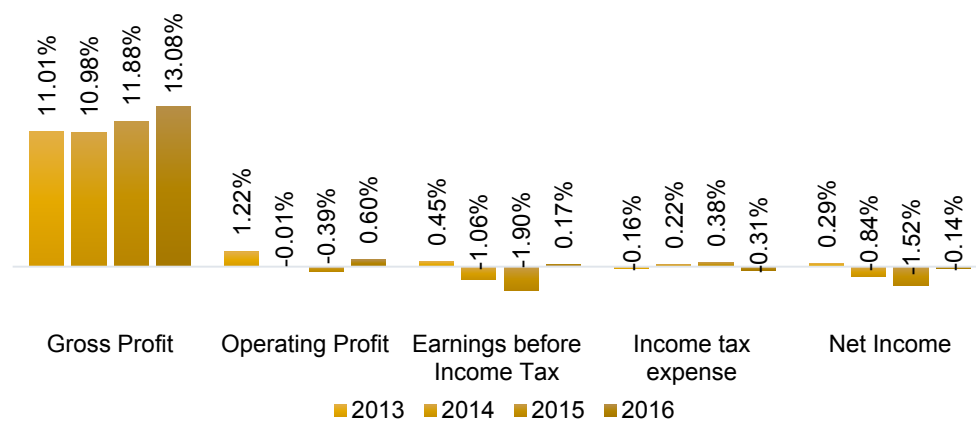


Figure 14. Component percentages variation of Euroshop's main revenues and expenses.

Horizontal analysis (relative variation). The purpose of conducting this horizontal analysis is to allow the comparison of homogenous concepts of the financial statements to two different periods in order to determine their variations (increases or decreases) in relative values. In this sense, Figure Y show the representativeness of the main assets of the company while Figure 15 presents the counterparty of liabilities and equity. Likewise, referencing the Income Statement, Figure 16 show the representativeness of the main revenues and expenses of Euroshop. In both cases, the periods analyzed comprise accounting periods 2013, 2014, 2015 and 2016.

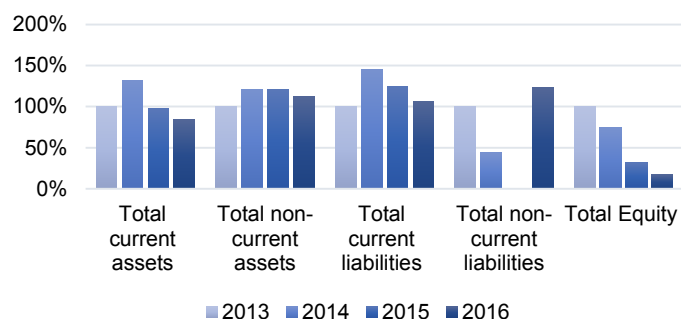


Figure 15. Horizontal Analysis on Euroshop's Statement of Financial Position.

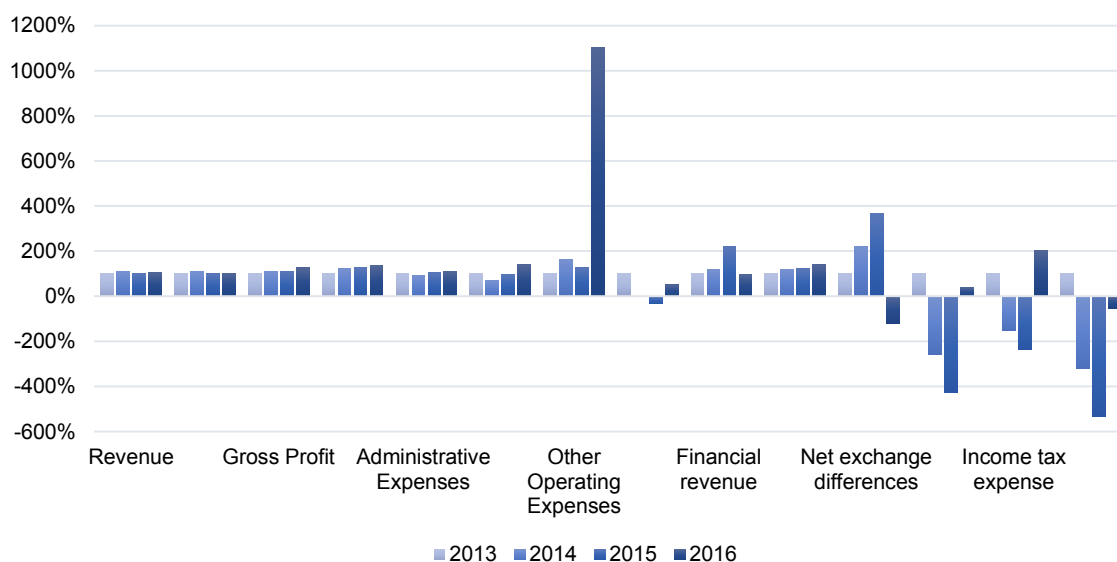


Figure 16. Horizontal Analysis on Euroshop's Income Statement.

Financial ratios. The purpose of conducting a ratio analysis is to measure the relationship between certain accounts of the financial statements allowing the evaluation of

business management performance. In this sense, Table 6 shows a list of relevant coefficients to further make comments on the evolution of the liquidity, solvency (leverage), efficiency and profitability position of Euroshop.

Table 6
Financial ratios of Euroshop for the periods 2013-2016

	Accounting period			
	2013	2014	2015	2016
Liquidity ratios				
General liquidity	0.9891	0.7918	0.7828	0.7822
Acid test	0.4317	0.4501	0.4297	0.3908
Days cash on hand to meet payments	12	6	8	17
Net working capital	-498,455	-15,764,454	-12,368,643	-10,662,889
Leverage ratios				
Debt ratio	81%	89%	94%	96%
Equity Ratio	19%	11%	6%	4%
Debt to Equity ratio	4.3593	8.3142	16.3147	25.7099
Fixed asset coverage ratio	0.9984	0.6088	0.2587	0.3068
Interest coverage ratio	2.2904	-0.0120	-0.5983	0.8495
Efficiency ratios				
Inventory turnover (times)	12.3316	13.0745	15.0067	18.9938
Average inventory period	30	28	24	19
Trade accounts receivable turnover	24.1569	16.9761	14.4883	22.1234
Average collection period	15	22	25	16
Accounts payable turnover	15.8924	9.7884	6.7460	8.3763
Average payment period	23	37	54	44
Asset turnover	5.9861	4.9338	4.4708	5.5889
Earnings Before Interest, Taxes, Depreciation and Amortization	5,036,860	1,523,570	728,539	4,254,676
Profitability ratios				
Gross margin	0.1101	0.1098	0.1188	0.1308
Return on Assets (ROA)	0.0512	-0.0002	-0.0122	0.0235
Return on Equity (ROE)	0.0829	-0.2921	-0.7984	-0.1666
Net Profit on Sales	0.0029	-0.0084	-0.0152	-0.0014

Note. Indexes calculated directly from financial statements.

Estimation of weighted average cost of capital (WACC). The WACC denotes the minimum expected return by company management to conduct an investment project or decide to invest elsewhere as long as creditors and owners are satisfied. Since Euroshop does not calculate this rate, it is appropriate to have an estimation of it. To strengthen this analysis, company's WACC is compared to the average prevailing in the Peruvian automotive industry. In this sense, Table 7 shows the components considered to calculate both indexes.

Commonalities. The country tax rate (30%) is set by default in both cases to calculate the tax shield component used to estimate the cost of debt. As regards of the return to investors (opportunity cost), the following considerations are assumed: (a) the risk free rate considers Peruvian business environment conditions as well as their investment horizon, which makes feasible the utilization of the 10-year treasury bonds of the United States; (b) Unlevered beta considers size and liquidity of the main firms within the sector; and (c) a Market premium that comprises analysts' reports and the historical distribution rate.

Comparison of indexes. Major differences between industry and company estimated WACC arise due to the extremely high leverage level of the firm. Whereas the industry expects a return on new investments higher than 11.43%, Euroshop would need a rate three times higher to accomplish that goal. Although the car retail industry is characterized for a high level of debt, in the case of this company this result is not being reflected in the profits as realized from the ratio analysis previously conducted.

Table 7
Components and values considered to obtain the company and industry WACC

	Euroshop	Industry
Components		
Weight of debt	92.49%	19.20%
Corporate tax rate	30.00%	30.00%
Cost of debt	46.33%	5.02%
Country Risk Premium	1.50%	1.50%
Risk Free Rate	2.52%	2.52%
Unlevered Beta	0.84	0.84
Levered Beta	8.09	0.98
Market Premium	6.63%	6.63%
WACC	34.32%	11.43%

Note. Industry values gathered from WACC Expert estimations.

1.5.5 Human resources and culture.

Euromotors primary focus is to operate within a company culture that exemplifies their Mission and Values statement. Employees are stimulated through a series of bonuses that are given as result of achieving daily Key Performance Indicators (KPIs). Despite the

intended positive influence of this bonus system, it has unfortunately caused minor issues with employees, as they are bypassing steps within the sales or service processes in order to obtain certain results.

A major area requiring improving for Euromotors is within their stream of employee communication; of which will be explored further in Chapters 2 and 3, with the Literature Review within the realm of Organizational Change. The lack of communication is fluid throughout the organization, with a lot of replication of processes that could be better streamlined with more effective lines of communication. A major goal of the organization at this time is to develop synergies at different levels of the organization to improve overall performance. Beyond this, Euromotors does not maintain a proper method of organizational employee evaluation, creating difficulty in developing effective HR based KPIs, this is another focus area of the report.

1.5.6 Information and communication systems.

Euromotors primary IT system is SIMA. Implemented three years ago, this Enterprise Resource System (ERP) allows Euromotors to track information related to their core process within the realm of sales and services. Additionally, to process financial information, Microsoft Dynamics AX System is utilized. It is important to note that this usage of these systems is not only for the atomization of procedures, but also to gather required information to properly evaluate crucial core firm activates. Furthermore, with the implementation of a new Digitalized Strategy as discussed in Chapter 2, increased technology usage at Euromotors will be needed to capitalize on strategic opportunity, mainly concerned around the ability to communicate effectively with customers, and potential customers.

1.5.7 Technology, research and development.

Euromotors is ultimately seeking opportunities to improve its technological processes in order to lean the business process and improve their accessibility to customers. In terms of

current technology, Euromotors is largely forced to adapt to changes that their parent brands implement in terms of their product offering with newer vehicle models. Technology is also heavily present in the company's repair workshops, and at the current time they are trying to imitate workshops in Brazil; who maintain a high standard within the automotive industry in Latin America. In terms of R&D and advancements in technology, the influence here is seen beyond the realm of Euromotors operational function and within the specific brands, all of which maintain R&D departments in addition to their position within the EAMA, which as previously mentioned is supported financially by the European Union and maintains a mission that includes, supporting dedicated automotive initiatives and research that further advances vehicle connectivity, environmental performance and safety and ensuring technology-neutrality in regulations related to new systems and alternative powertrains (EAMA, 2016).

1.6 Conclusions

There maintains an overarching opportunity for Euromotors to seize upon their present opportunities and diminish their threats within the environment. Looking directly at the external environment, the stabilized political landscape and productive policy implementation under President Kuczynski will allow economic expansion of the fast-growing Peruvian marketplace to continue, well the relative steadiness of the Peruvian Sol in comparison to other developing countries provides to some extent an element of security for buyers. As inflation continues to remain low and national GDP per capita continues to rise, this creates a landscape of increased economic freedom for the Peruvian, predominantly those within the urban center of Lima, where Euromotors is located. In contrast, potential price-sensitivity, and as explored within Hofstede's indicators, Peruvians maintain a relatively conservative mindset towards indulging in excessive purchases; of which some product lines within the Euromotors fleet includes. It is also highly relevant to consider that there is the

incoming threat of substitutes with South Korean and Japanese auto brands, which provide similar quality for a more economical price, this is a major threat that Euromotors must be weary of. In terms of major strengths of the firms, they represent four well-known global brands who have built reputations off of being well-crafted and reliable, their brand awareness is strong and desired. They have secured dealer positioning in strategic high-income areas in order to increase visibility and also create an added element of convenience for potential customers.

Critical Success Factors. It is highly valuable for Euromotors to consolidate and leverage their position within the market. As the threat of new entrants is low, Euromotors has the ability to focus their reach completely on the competition currently in the market; this strategy should be their principal objective in regards to new entrants. However, Euromotors should closely monitor the alternative means of transportation, as this will have great influence on their business due to the ease of seeking alternatives. To target their customers and potential buyers even more effectively, Euromotors must maintain an awareness of the impact of utilizing digitalized marketing strategy to attract and attain customers. Increasing customer resources in the form of a wider range of information being given online can allow a more seamless process for potential buyers within their decision making process when looking to purchase a new vehicle. Furthermore, it is key for Euromotors to maintain a good relationship with their suppliers in order to continue the strength of their operation.

Competitive advantage. Euromotors competitive advantage, what they are able to accomplish as a firm that gives them a superior positioning in comparison with their competitors lies strongly within the exclusivity of their product. They are the sole importer of Porsche, Audi, Volkswagen and SEAT, among their other brands, within Peru. Their premier product line is ultimately the defining notion of their competitive advantage, as their high-end brands bring forth a notion of innovation and prestige.

SWOT analysis. Through diving into the external and internal factors that define Euromotors as a firm, a few key elements have arisen. A summary of the main opportunities and threads for Euromotors are presented on Table 8. Likewise, the main firm strengths and weaknesses are shown on Table 9.

Table 8
Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> • Sustainable economic growth. 	<ul style="list-style-type: none"> • Slow development of infrastructure.
<ul style="list-style-type: none"> • Utilization of the multiple trade agreements Peru has. 	<ul style="list-style-type: none"> • Lack of governmental investment in technology.
<ul style="list-style-type: none"> • Exploit current market position. 	<ul style="list-style-type: none"> • A growing used car market.
<ul style="list-style-type: none"> • An increasingly stable political environment. 	<ul style="list-style-type: none"> • Alternative means of transportation such as taxis, buses, and Uber.
<ul style="list-style-type: none"> • Fuel stabilization fund. 	<ul style="list-style-type: none"> • Asian car brands.
<ul style="list-style-type: none"> • The Sol is a stable currency; this is an advantage for Peruvian Importers. 	<ul style="list-style-type: none"> • High bargaining power of buyers as a result of a saturated automotive industry and the availability of information online.
<ul style="list-style-type: none"> • Reducing of poverty. 	<ul style="list-style-type: none"> • High bargaining power of suppliers.

Note. Own elaboration.

Table 9
Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> • Overall administration in a shared back office. 	<ul style="list-style-type: none"> • The varied brands are operating in silos.
<ul style="list-style-type: none"> • Very strong brands. 	<ul style="list-style-type: none"> • Online presence (website).
<ul style="list-style-type: none"> • Knowledgeable and experienced workforce. 	<ul style="list-style-type: none"> • Lack of social media activity.
<ul style="list-style-type: none"> • The prime location of the various dealerships. 	<ul style="list-style-type: none"> • Lack of analytical function within operations.
<ul style="list-style-type: none"> • Diverse price range available. 	<ul style="list-style-type: none"> • Employee communication.

Note. Own elaboration.

Chapter II: Key Problem

Having described and discussed the context in which the company operates, it is time to introduce in this chapter the statement of the company problem to be resolved as the final outcome of this consulting report. Relevant aspects such as the substance of the key issue and its criticality among other ones, its location (specific silo within the corporation), ownership (main affected party and stakeholders), magnitude (importance for the top management), timeline (horizon of occurrence and repetitiveness) and purpose (how success will be measured). The conclusion evidences the presence of all necessary elements of a defined and approachable problem. As with any project, the definition of the scope will determine the success and appropriateness of future implementation schedule and budget.

2.1 Identified problems

2.1.1 Senior management perspective.

The first query made to the company representatives of this level was concerning the status of its strategic plan. It was reported such document exists, but is not exercised in practice and has not been periodically reviewed for three years so far. This situation has encouraged them to make a transformation in the company, conduct it through a shared future and adapt the new trends present in successful foreign car showrooms located in North America and Europe. It is believed the time to restart again has come in 2017.

A major impediment to achieve the sought transformation resides on the current organizational structure of the corporation. As it was described on Chapter 1, Euromotors manages several and very different brands, whose culture cannot be integrated due to exigencies from the respective headquarters overseas. However, from the perspective of the general manager, it is relevant to try to look for synergies within the entire group. The latter statement was announced at the first meeting in which all top and concessionary managers of the different divisions attend. Since all management is done independently at each silo, it was

the first time most of the attendees discover that the boundaries of the corporation were bigger than expected.

As a reaction to this issue, an initiative denominated “digital transformation” started gaining presence as the next big effort conducted by the company. Basically, the idea consisted on an emulation and adaptation to the mentioned methodology from foreign multinational corporations as well as some national initiatives performed by a major bank and a recognized clinic. Neither scope, schedule nor budget had been contemplated before the initial contact meeting with company representatives.

2.1.2 Middle management perspective.

Apart from the general manager, five additional senior managers exposed the main challenges within their divisions. The general manager decided to invite to this meeting Euromotors’ managers of (a) finance; (b) infrastructure; (c) human resources manager; (d) information systems; and (e) marketing and sales. A brief report on their impressions is shown thereafter.

Finance. Due to its nature as a transversal and controller of all silos, this department finds problems of different magnitude on its daily operations according to the brand and vehicle type. The manager manifests a key problem is miscommunication with the areas after a brand manager position rotates. As these new employees modify the roles of their internal personnel in charge, Finance performs a poor communication with the officers that supposedly are assigned to them. Indeed, it is agreed the current matrix structure has brought several issues to other transversal divisions as well and there is a generalized perception each concessionary plays an independent role divorced from the guidelines of Euromotors.

Infrastructure. This area is in charge of developing site projects for facilities improvement on each concessionary per request. The existence of the area is critical and challenging since its growth depends upon company revenues. External economic downturn

and the colder industry dynamics seen in previous years has weakened the budget considerably.

Human resources. An agreement with Finance exists as regards of the inefficiency appreciated on internal customer support. At present, existing communication and organizational procedures are obviated to facilitate dynamism. The same situation is present at the entire economic group, not formally constituted as per the founders' decision. Basically, organizational culture is dissipated on the daily operations.

Information systems. In spite of its nature as transversal function, the area has not had issues like the others. After a new system was implemented on all divisions, there was an understandable but controlled resistance to change. Internet width has become one of the major issues while trying to support the 950 computers on the company network, employees' personal devices and visitors to each concessionary.

Marketing and sales. The general manager of the main concessionary summarized the lack of opportunities capitalization on its dealer and all the other brands of Euromotors. As visits to showrooms have declined, it is seen as ideal that site vendors work on leads (solicited interest forms filled online) instead of performing the traditional practice of waiting until a new customer visits the showrooms. After a small digital sales system was implemented, sales reported an unexpected impulse on a monthly average of 16 new units delivered and 1200 leads. However, this large number of leads has made its management impossible. If quotations are not traded on the same day, the sale is virtually lost.

2.1.3 Problem selection

Having described the main problems from the perspective of both seniority and middle level management perspectives, it is pertinent to assess the viability of conducting each envisioned solution. Table 10 presents a summary on the criteria utilized to select the most realistic and critical problem to resolve considering (a) cost – to discover in real life if

the preliminary solution is very expensive to apply; (b) impact – if the roots of the problem are deeply dispersed over the organization; (c) implementation time – to match the importance and urgency of the company to solve this problem; and (d) time constraint – to be realistic and how much time would the consulting team would have to conduct an analysis and propose the most accurate and pertinent solution. Comments are shown on each perception of (a) general management; (b) finance; (c) infrastructure; (d) human resources; (e) information systems; and (f) marketing and sales. The assessment is presented thereafter.

Table 10
Summary of Main Problems and Selection Criteria

N°	Problem	Sponsor	Cost	Impact	Implementation time	Time constraint	Score
1	Digital transformation	GM - Euromotors	1	10	1	0%	0
2	Finance department bottlenecks	Finance	5	1	7	75%	9.75
3	Reduced budget on infrastructure projects	Infrastructure	5	4	5	50%	7
4	Internal communication	Human Resources	3	8	3	25%	3.5
5	IT bottlenecks	IT	5	4	5	50%	7
6	Capitalization of customer attraction	Euroshop	7	7	5	100%	19

Note. Own elaboration.

General management. An effort on digital transformation is not feasible in the short time. It will involve a huge investment on technological capabilities and training. Moreover, there is not baseline such as the strategic plan from where to start. An urgent redesign of a strategic plan is not advisable due to time, resources and priority constraints.

Finance. Communication is indeed an evident problem all around the company that slows the performance of this key area. However, a change on the communication policies will have to be followed by a structural change, which is not feasible in the short time and does not have a clear goal in present time to be guided by a strategy. Moreover, the current way of operations at the department is not expected to be modified in any improved way.

Infrastructure. The performance of the division is cyclical and directly dependent on revenue performance. Improvements on (a) finance (collections); and (b) marketing and sales

will boost it immediately. No specific improvement opportunity is identified in the short term.

Human resources. There is a general acceptance on the fact of different cultures per brand. These brands were incorporated with these cultures and it is impossible to change them. Communication issues are sought to be solved with the launching of a new application for internal messages, which is performed completely horizontally among all employees of the corporate group. A procedural review on practices is not recommended due to the indirect expected on the general performance of the corporation.

Information systems. Management decided that internet for customers can be sourced by an independent company like in the airports around the globe at no relevant expense. Internet becomes slow when workers and customers use it for Facebook or YouTube; therefore, strict policies on web access have been launched. Adjustments on the efficiency of this department will not either impact directly the aggregate performance of the corporation.

Marketing and sales. No sales opens space to null profits, operational inefficiency and brand weakness. The current prospect sales not attended constitute a big opportunity that the company has not been able to exploit so far. The aforementioned digital transformation has sought the intention to adopt a digital mindset all over the organization with an emphasis on the sales force, which is reluctant to start performing a digital sales process. Attacking this problem with an initial proposal developed under the time constraint set is realistic from both sides and will be aligned to the new project of digital showrooms being developed to boost the attraction of new customers.

2.2 Key Problem

After the analysis conducted on the previous section, the client has agreed to receive as deliverable of this document a proposal on an effective transformational change initiative to the sales force. The problem statement has been defined following critical thinking

parameters. It is important to emphasize that the causes of this main issue will be covered in Chapter V.

2.2.1 Description.

The problem resides on a discrepancy between the digital channel prospects and the salesforce, which generates on the latter a reluctance to adopt the former. The company misses potential clients due to the few digital sellers available to review the leads. Conventional retail sales practices are kept in place by the majority of site sellers preferring a dismissal (with the respective lay-off retribution) rather than performing tasks of digital selling, which is perceived as a lower category job.

The idea of digital selling has not been adopted by the salesforce. This situation threatens the potential future success of the implementation of digital showrooms because, even if more online prospects are received, the company would not be able to review them and still making it dependent on the visits of traditional non-digital customers. Not only will the new digital sales platform be proposed, but also the formula through which all sellers make it work as expected providing a benefit to all parties in conflict so far.

2.2.2 Location.

The pilot project is proposed for implementation at Euroshop. This Volkswagen brand representative is the best performer among the brands managed by Euromotors. A total of 35 non digital sellers are assigned to the four locations in which the company operates. A priority will be the La Molina district concessionary, where the new digital showroom is expected to be launched in the short term.

2.2.3 Ownership.

The general manager of Euroshop will serve as the project owner. Key sponsors are the president and the general manager of the whole Euromotors group. Critical stakeholders will be the transversal areas of Finance and Information Systems.

2.2.4 Magnitude.

Since the problem observed at Euroshop is replicated on all the remaining brands managed by Euromotors, the successful implementation of this pilot by the Volkswagen representative will open space for replication through the corporation as a whole. A clear change on sales, expenses and costs, and brand strength are expected to be noticed sustainably. A joint effort between senior and operational levels will set a milestone on the company organizational culture.

2.2.5 Time perspective.

Several previous trials have been conducted to make site sellers adopt digital methodologies with a few or no success. Among these efforts, a sales training and a sales coaching workshops were the most promoted by higher levels. While attitude changed for a short time, no substantial change was kept over time. This situation caused the development of new hiring policy of sellers which privileges a digital profile before the conventional one. With the implementation of this project, a new tool is expected to be utilized in order to truly engage all the current salesforce.

2.2.6 Purpose – Metrics.

Three key metrics will be reviewed to assess success over time. The first consist on the effectiveness of attention of leads. The second measures the percentage of showroom visits over the total number of appointments arranged. Finally, the conventional closing sales ratio will be reviewed as well in order to achieve the goals of the existing scorecard and improve the conversion of prospects of digital campaigns currently set in 1.2% of the total revenues reported by the dealer.

2.3 Conclusions

Table 10 summarized the problems identified after the initial meeting with key Euromotors representatives. The outcomes brought allowed a methodologically defined

problem among all the ideas that management has had. The lack of strategic direction has led to the emergence of several fires that do not allow the solution of the missing sales opportunities as the most critical one. The adoption of the digital sales mindset will need to be redefined in order to take the maximum advantage on the digital showroom implementation in the short term and the trend of retail sales online in the long run.



Chapter III: Literature Review

3.1 Literature Map

Euromotors has declared its intention to conduct a digital transformation process with the support of senior management. However, an effort of that magnitude will cause a great divergence between the philosophical desire of the top executives and the operations efficiency, which play a critical role to obtain monetary value from customers in the car retail industry. Under this context, the consulting team has decided that a project on digital transformation will be conducted, but only as a baptism name of the most feasible problem-solving effort described previously in Chapter 2. This chapter is focused on the development of theoretical foundations on three non-related business areas which will be critical in the implementation success of this transformation of the salesforce towards the adoption of a digital mindset.

The essence of the literature review in this report is comprised by key topics of marketing, sales management and human behavior. Basically, these three pillars seek to position the three main queries to solve this problem: (a) what does the company want to achieve?; (b) why such goal is unreachable now?; and (c) how does the company solve this issue? After a thorough assessment process, it was identified that the core concepts of a) marketing communications; (b) sales management; (c) organizational change; and (d) motivation will act as the basis of the forthcoming analysis, solution and implementation proposals. Figure 17 shows the scope and interactions among them.

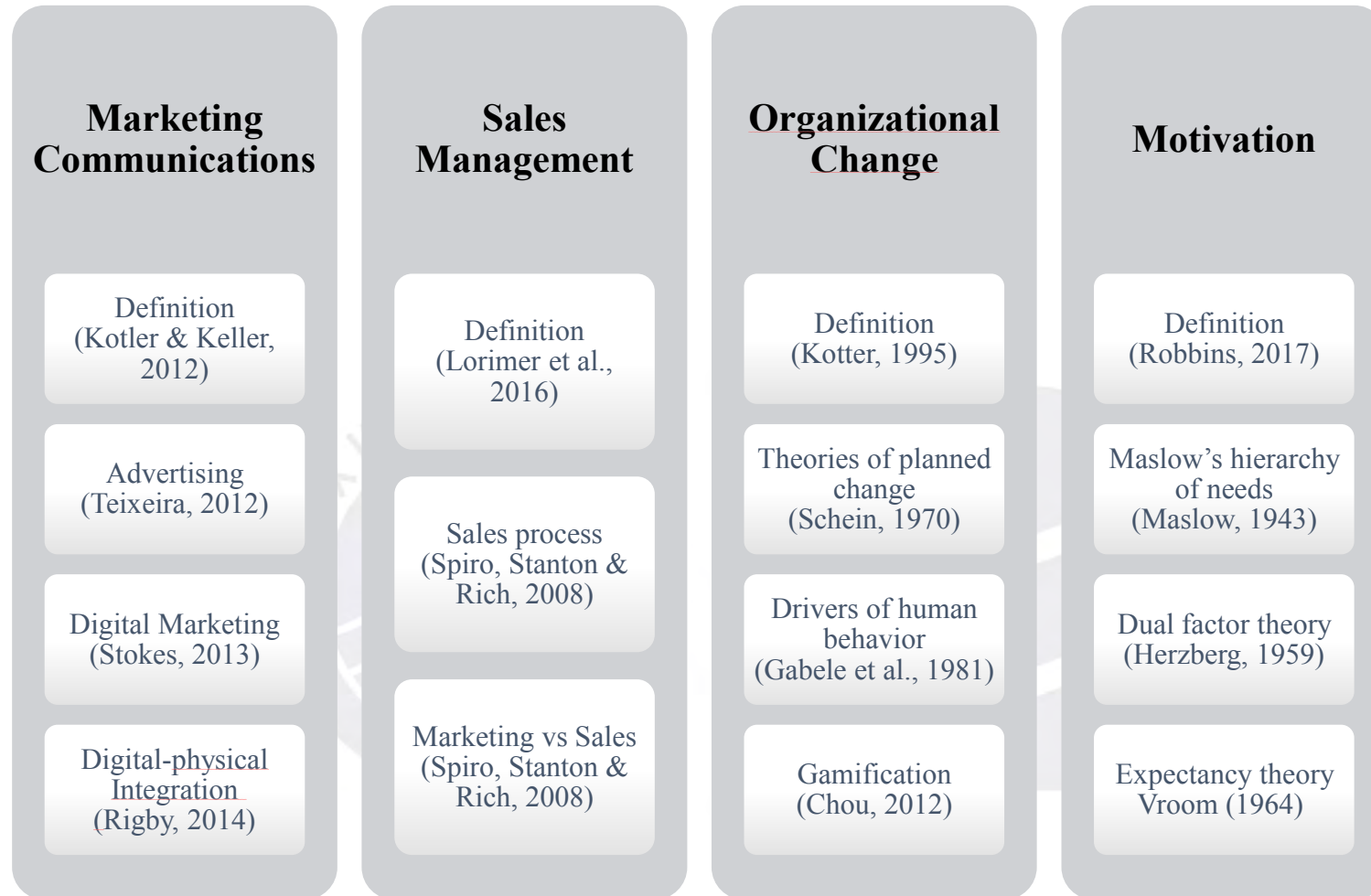


Figure 17. Literature map of the consulting report.

3.2 Literature Review

3.2.1 Marketing communications

The marketing discipline is understood as the sum of activities that firms perform to create and deliver (place dimension) goods and services (product dimension) that satisfy customer's needs in a sustainable manner capturing a portion of the value generated (price dimension) (Kotler & Keller, 2012; Teixeira, 2012). These three activities need to be supported by a well-designed effort of awareness on the different offer's features that compose its value proposition. The activity that achieves this goal is advertising and sales promotions, comprised under the fourth P of Marketing Mix (Promotion) (Teixeira, 2012).

Kotler and Keller (2012) offer their own definition of marketing communications and its scope of activities:

Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about the products and brands they sell. In a sense, marketing communications represent the voice of the company and its brands; they are a means by which the firm can establish a dialogue and build relationships with consumers (...). Marketing communications allow companies to link their brands to other people, places, events, brands, experiences, feelings, and things. They can contribute to brand equity—by establishing the brand in memory and creating a brand image—as well as drive sales and even affect shareholder value. (p. 476)

Decision-making process

Marketing communications activities will vary according to the stage of the decision-making process in which customers are. Three stages (a) cognitive; (b) affective; and (c) behavioral are generally considered in the literature (Kotler & Keller, 2012; Teixeira, 2012). Figure 5 shows a first model of five phases that are (a) awareness and consideration, where

cognitive responses are best desired; (b) attitude, where a critical turning point is needed through affective responses; and (c) trial and repetition, where action is taken, needs mostly from behavioral responses (Teixeira, 2012). Figure 18 presents other models referenced by Kotler and Keller (2012) reviewing the interaction between the types of response and the decision-making process. The referenced studies include (a) Strong (1925) for the AIDA model; (b) Lavidge and Steiner (1961) for the Hierarchy-of-Effects model; and (c) Rogers (1962) for the Innovation-adoption model.

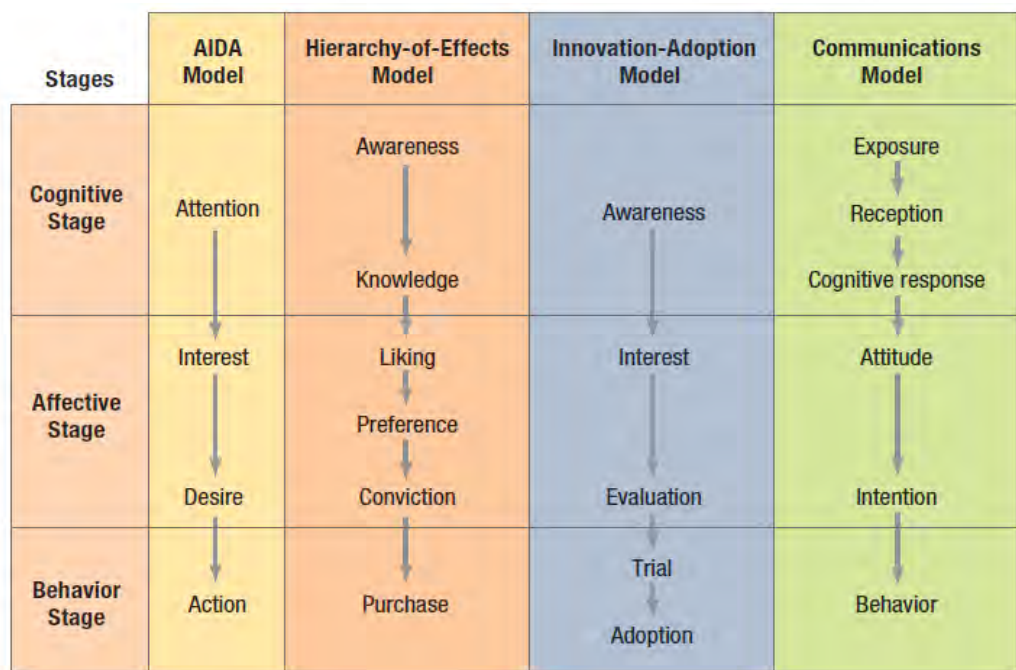


Figure 18. Response hierarchy models.

Advertising. Teixeira (2012) describes this sub-activity of marketing communications as the investment on messages that serve as a mean of persuasion an information of a specific target market as regards of tangibles such as products and services or intangibles like ideas and brands. One of the dimensions of advertising is comprised by the selection of the optimum medium to reach such target market. Teixeira (2012) utilizes the directionality feature to compare three types of media outlets, which are (a) traditional; (b) digital; and (c) social. Table 11 offers a simplified version of this comparison. In synthesis, traditional outlets like television and print ads only offer a unidirectional experience from the organization to

the consumer. Next, digital ones like online or mobile platforms allow a bi-directional experience with the ability to interact back with the firm. Finally, progress made with social media and viral ads in the last decade open space to interaction among a company and its consumers, but also among the latter without the need to emphasize the advertised content. Relevant metrics in these three outlets are the quantity of (a) impressions; (b) engagements; (c) and peer interactions, accordingly.

Table 11
Differences in Directionality of Communication

Advertising	Media	Directionality	Added Benefit
Traditional	Mass	One-way	Impressions
Digital	Online	Both-ways	Engagement
Social	Social	Cross-ways	Peer socialization

Note. Adapted from Teixeira (2012).

Digital marketing. As significant as it is to develop a deep understanding of the consumer perspective, a large portion of attention has been focused on the efforts of a firm within the realm of the online marketing world. The following analysis will review the firm perspective in terms of developing online digital marketing in a conclusive business perspective.

Types of digital marketing activities. Utilizing the transactional value that the web provides in terms of the vastness of information, companies have the opportunity to communicate continuously with their partners, consumers and prospective buyers (Bharadwaj et al., 2013). The ability to disseminate information and solve key firm problems immediately and effectively through the usage of advanced informational technologies contributes significant value to a firm's competitiveness (Emerick, 1996; Eder & Darter, 1998). The web can additionally be used for communicating company image, brand, and philosophy, it is a method to represent who they are on any virtual platform, allowing consumers to develop a deep understanding of their mission effectively (Palmer & Griffith, 1998; Palumbo & Herbig,

1998). Companies have the ability to perform almost anything they do in the offline market in an online context. A compilation of these activities include taking and placing orders, following new business opportunities, B2B marketing, consumer research, promoting and advertising offerings, increasing brand awareness, communicating with other firms, bypassing traditional channels and augmenting traditional markets, boosting service and auctions (Palmer & Griffith, 1998; Palumbo & Herbig, 1998; Senn, 1996; Emerick, 1996).

The strategic value of digital marketing. As Kline and Mehta (2001) state, there is a shift in the current online vision of businesses from how to get in the game to how to play it. Despite this, research studies emphasize what firms can do online and the advantages and disadvantages they will ultimately experience, adequate effort has still not been developed in terms of formulating a strategic perspective of the online marketing environment.

Advantages and disadvantages of going online. The excitement created by the unique and innovative characteristics of the web created a tendency to focus on the advantages created by the medium at first, while not developing concrete enough intelligence towards the potential barriers that can be created. Research made by Paul (1996), Rosen and Howard (2000), Rozgus (2000) and Elfrink et al. (1997) compiles some of the operational advantages of doing business online such as (a) becoming easily accessible from different parts and time zones around the world; (b) having the ability to be introduced to global business opportunities; (c) minimized red tape in international operations; (d) possibility to conduct to be personalized; (e) effective and interactive marketing and advertising; (f) the availability of marketing research and concrete metrics and analysis tools; (g) decreased capital and overhead costs; (h) lower operating costs and cost of capital; increased efficiency in business-to-business transactions; (i) flexible ordering; more effective order tracking; (j) leveling the playing field with other firms despite size; (k) enhancing a firm's image by appearing to be on the cutting edge of technology; and (l) reaching a larger audience of potential clients. Beyond

this, the disadvantages of going online are just as prevalent and, thus, discussion surrounding the pros of e-commerce have shown the relevance of effort to note the negative sides of taking a firm online. Indeed, research made by Paul (1996), and Rosen and Howard (2000) reference (a) privacy and security issues; (b) a potential variety of operational, strategic and cost-centered weaknesses; (c) the difficulty of controlling online transactions and measuring the effectiveness of outcomes; (d) high costs of entering e-commerce; (e) the difficulty price setting on an international level; (f) heightened competition; (g) cultural differences and differences in international trade laws; (h) high costs of global delivery; (i) uncertainties surrounding virtual transactions; and (j) technological fears most consumers experience, especially first time online buyers. Assessing the balance of positive and negative situational outcomes that occur when taking a business online, Zeller and Kublank (2002) propose that companies need to implement a strict structure to determine the costs and financial outcomes of going online in order to be sure that the pros exceed the cons. To summarize, e-commerce is the idyllic paradise if done correctly, transforming into a fully operational electronic business is the critical and point of difficulty within all the excitement (Higgins, 1999).

Content marketing strategy. According to the Content Marketing Institute (2013), this concept seeks to create and disseminate content characterized as worthy, significant and consistent in order to captivate the attention of potential and existing target audience and ultimately to obtain profit from the actions these are able to perform. Stokes (2013) mentions content marketing is exploitative in different platforms where content is shared such as social networks, web pages, blogs and campaigns. The author (2013) presents a diagram with the components present in content marketing strategy, which is shown in Figure 19.

Customer Relationship Management. Another concept relevant to the implementation of the digital communications structure is the CRM approach. According to Stokes (2013), the importance of the set of tools under the CRM umbrella resides on the achievement of

long-term sustainable relationships bringing thus the respective monetary benefits. The approach seeks to optimize the customer portfolio management exploiting the opportunities resulting from future purchases, word of mouth dissemination and brand loyalty (Stokes, 2013). The relevance of CRM is emphasized in the transition from prospect to customer in the car retail industry, and in the use of touchpoint interactions allow the adjustment of strategies and processes to improve brand development continuously and maximize return on investment (Stokes, 2013). Lastly, different data such as (a) demographic details on potential leads, current leads and contacts, such as age, gender, income, etc.; (b) quotes, sales, purchase orders and invoices (transactional data); (c) psychographic data on contacts such as customer values, attitudes, interests, etc.; (d) service and support records; (e) satisfaction surveys; (f) web registration data; and (g) shipping and fulfilment dates should serve as the core driver of the entire CRM approach to be adopted. Figure 20 shows a generic model of the CRM approach adapted from Stokes (2013).



Figure 19. Content strategy components.

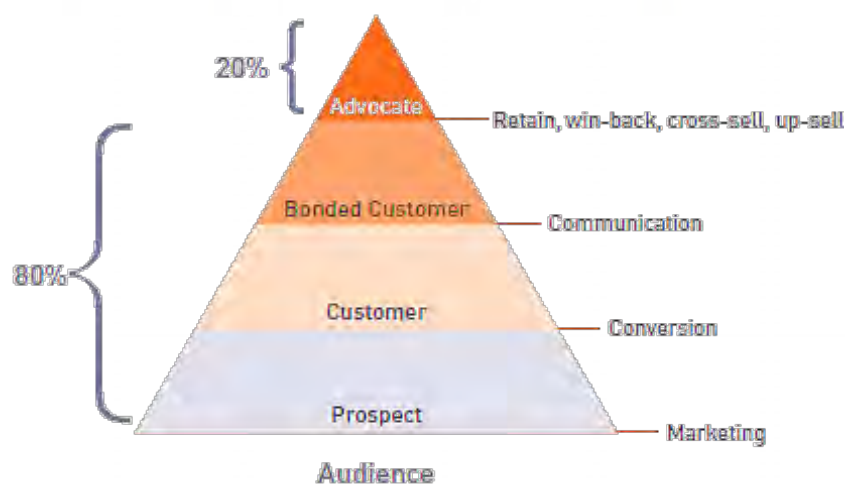


Figure 20. Customer Relationship Management model.

Data analysis. According to Stokes (2013), to a marketer, the Internet offers more than just new avenues of creativity. By its very nature, it allows to track each click to your site and through your site. It takes the guesswork out of pinpointing the successful elements of a campaign, and can show very quickly what's not working. It all comes down to knowing where to look, what to look for, and what to do with the information found. The key to success for any website or online campaign is designing it with specific, unique, clearly defined objectives in mind. These are used to measure the success of the website or campaign, and are crucial to maintaining focus within online activities. Although a website has an ultimate goal, the process of achieving that goal can be broken down into several steps. These are called events or micro-conversions. Analyzing each step in the process is called funnel analysis or path analysis and is critical to understanding where problems in the conversion process may lie. A conversion funnel is shown in Figure 21.

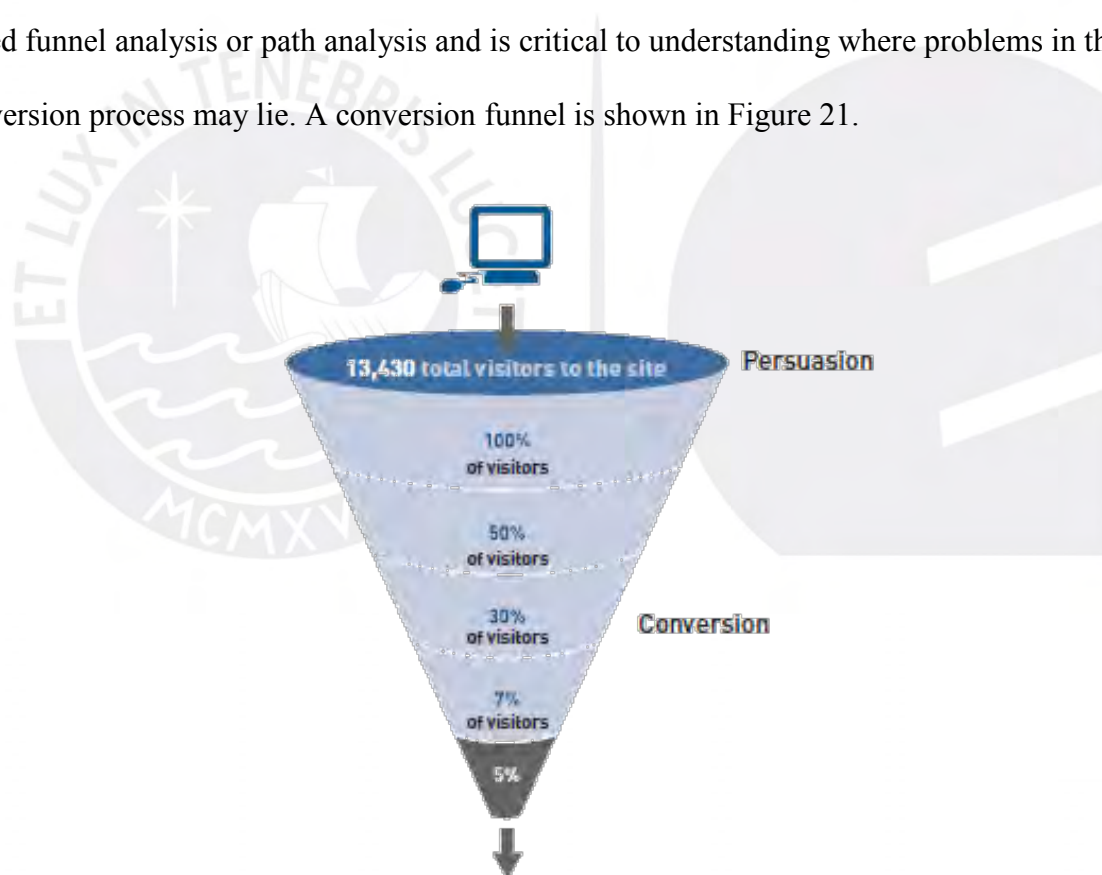


Figure 21. Conversion funnel.

Digital-physical integration. Rigby (2014) manifests that people still experience disconnects between physical and digital experiences one all the time: a quarter century into the digital revolution, yet many companies still agonize over whether to invest significant

resources in digital capabilities. Those that have done so tend to run their digital operations as independent business units—the way companies prefer to manage them, as opposed to the way customers expect to use them. Not surprisingly, best practices in this area are still emerging and the author (2014) identified five rules that account for much of the difference between success and failure, which are (a) the building of a strategy around digital-physical fusion as a new competitive edge; (b) the addition of links and strong linkages in the customer experience; (c) transformation of approaching innovation method; (d) organizational separation as just an interim step; and (e) building a digital-savvy leadership team that includes the CEO. Finally, at the IEEE International Conference on Cyber-Physical Systems, Networks, and Applications (2014), contributors believe that an augmented reality technique and a virtual reality technique are indeed useful techniques for designing interactions in the future digital-physical hybrid world. These contributors showed that a sense of reality should be maintained to encourage a user to participate in the interaction. The analysis indicated the importance of choosing the right technology according to an aspect so as not to lose a sense of reality.

3.2.2 Sales management.

Sales management comprises the processes that a firm puts in place to attain sales objectives in the long and short term. Sales management activity includes but is not limited to, (a) formulating sales strategy through developing account management policies, sales compensation programs, sales plans and revenue forecasts; (b) implementing sales strategy through selecting, training, motivating and supporting sales teams through establishing clear revenue targets; (c) sales force management through the developmental process of monitoring, evaluating sales methods and formulating frequent analysis on behavioral patterns and costs (Lorimer et al., 2016).

Harvard Business Review article *Great Sales People are Born but Great Sales Forces are Made* (2016) explores the concept of the importance of continual development of sales management tactics in order for a firm to remain competitive, no matter the industry. It is common consensus within the sales industry that successful salespeople have innate personality characteristics, such as curiosity, empathy, and drive. However, it is concluded that there is a significant difference between individual sales success and what is required to have a mutual purposeful and driven sales force. Great sales forces are created through bringing forth (a) strategy, determining the customer is, what products and services are sold, and what sales process is being utilized; (b) organization, it is essential to provide clarity in order to be effective. The following factors must be well established in order to have a productive sales team, recognizing the sales channels used and what sales role is played; (c) talent, through a clear hiring process that recruits potential employees who show the traits to boost sales; (d) Execution, which includes the notion on having a focus on both high quantity and quality, in terms of products, markets and selling tasks; (e) support, being able to understand the organizational flow and the approaching methods in times of uncertainty; and (f) Improvement and adaptation, the ability to adapt is the ability to survive within our globalized marketplace, thus having systematic process for prioritizing the areas requiring upgrades allows for continuous improvements to be reached more seamlessly for a firm (Lorimer et al., 2016).

Developing sound strategic initiatives for the future is critical to the successful development of any firm. Spiro, Stanton, and Rich (2008) highlight that the strategic planning on all levels in a firm should be well integrated and highly coordinated. Strategic planning for the entire company starts with identifying the organizations fundamental mission, thus questioning “What business are we in?” and “What business should we be in?”

As per Figure 22, objectives, strategies, and tactics are then formed in successive order for firms to reach their ultimate organizational function. Euromotors, and Euroshop specifically, at this time do not productively implement a sales force strategy. This misstep is unfortunately guided by the macro-issue of no formalized executed organizational strategy.

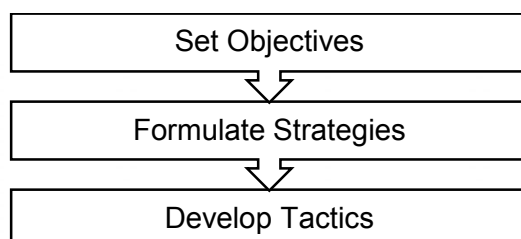


Figure 22. Strategic planning for sales dynamics.

Sales Force Strategy is developed once the entire marketing program has been completed. Thus, the objectives, strategies, and tactics adopted by sales managers are governed by the strategic marketing plan. Table 12 explores the correlations within the realm of Marketing Sales Force Strategy and Tactics.

Table 12
Marketing Strategy and Sales Force Relation

Marketing Strategy	Sales Force Strategy	Sales Force Tactics
a) Enter new markets.	Build long-term customer relations.	1. Stress missionary selling in sales training and supervision. 2. Stress salary element in compensation plan.
b) Sell aggressively in existing markets.	Increase sales force motivation.	1. Conduct more sales contests. 2. Stress commission feature in pay plan. 3. Increase field supervision.

Note. Adapted from Spiro, Stanton & Rich (2008).

The nature of a sales position, combined with the individuality of salespeople, and the diversity of company goals within the continually changing marketplace make motivating the sales team a difficult and important task. The importance of maintaining motivation is key as there are a slew of variables affecting the performance of salespeople, including (a) Unique Nature of the Sales Job; (b) Individuality of Salespeople; (c) Diversity of Company Goals; and (d) Changes in the Market Environment.

The sales process fundamentally, is the source of value creation for the customer. Therefore, following the 8 step-sales process is key to garnering value within the marketing segment of a firm. The 8 step-sales process includes, as per Figure 23, (a) Prospecting; (b) Pre-approach; (c) Approach; (d) Need assessment; (e) Presentation; (f) Meeting Objections; (g) Gaining Commitment; and (h) Follow-up.



Figure 23. The Eight Steps of the Sales Process (Spiro, Stanton & Rich, 2008)

Prospecting is the method or system by which salespeople identify the people who need the product and can afford it (Spiro, Stanton & Rich, 2008). Prospecting can be divided into two parts. The first important part is to identify leads, which means you have to generate potential customers. Afterwards you have to be aware of who you have to target, which means you have to identify the customers who are most likely to buy. This is called qualifying leads. The second step is the pre-approach. In the pre-approach phase the most important aspect is research. The salespeople need to gather all the relevant information about the potential customers. The research needs to include the needs, the overall situation, and other information that can paint the picture about the potential customers. This way the

salespeople can tailor their approach towards this specific profile of potential customers. When there is enough information gathered and a plan to approach is created, it is time to actually approach the prospect. It is important that the salesperson is aware of the situation of the potential buyer. Furthermore, an important aspect of the approach is the face-to-face approach. When an appointment is made to meet in person, the chances are increased that a seller has the full attention of a buyer during the meeting (Spiro, Stanton & Rich, 2008). If the approach fails, the salesperson usually does not get the chance to give a presentation (Spiro, Stanton & Rich, 2008). It is an indication of how important the approach is. When the approach has been successful, it is important to be aware of the need of the customers. The salespeople will have to make an assessment of the needs of the customers. The best way to do this is by asking questions. To highlight how important asking questions is there is research that showed that the more questions are asked by the salesperson, the higher the chance is that they will succeed (Rackham, 1996; Huang et al. 2017). After the needs are indicated by the salesperson, the salesperson can move into the presentation. In the presentation a salesperson addresses those product and/or service features, advantages, and benefits that are indicated as important by the customer (Spiro, Stanton & Rich, 2008). Therefore it is important that the seller is able to adapt their sales process to the buyer's buying process (Viio & Grönroos, 2016). In the end the main goal of the presentation is to persuade the customer that the product or service being sold, will satisfy the needs of the customer better than possible competitors (Spiro, Stanton & Rich, 2008).

Almost every presentation has to deal with objections at one point. Objections should not be seen as a negative feature however. When a customer objects to the presentation, this means that there is at least some kind of interest in the product or service. For a salesperson it is very important to carefully listen to the objection, clarify it, respect the customer's objection, and respond in a way that is appropriate to the situation (Spiro, Stanton & Rich,

2008). After the previous steps have all been successful it is most likely that the buyer is interested in the product or service at this point. This is not where the job ends for a salesperson. The salesperson has to create a commitment for the buyer. The salesperson basically wants the buyer to commit to some action that moves the sale forward (Spiro, Stanton & Rich, 2008). It could entail the buyer actually making the sale, or it could mean that the salesperson schedules another meeting to finalize the sale. When all this is taken care of, it is not yet the end. After a sale is made, the follow-up is an excellent way to stay in touch with the buyer and to create more of a relationship between buyer and seller. Because in the end relationships are key in the sales process.

3.2.3 Organizational change.

Organizational change is the partial or total redesign of the organizational structure. Kotter (1995) publishes a first proposal of eight steps to conduct transformations in organizations. This framework is referenced in Figure 24. There many reason that force to change as mergers, macroeconomic variables, internal factors, including new technologies, or new business opportunities (Fernandez, 2014). Implementing change can be difficult due to significant shifts that may be required within the firms organizational structure. Reaction to change is usually met with a resistive front by employees and as stated by Flamholtz and Randle (2008), they are taken from their comfort zone to another situation that they have never seen before, it creates discomfort that leads people, teams and organizations to a state of uncertainty. As explored in *Modeling Internal Organization Change*, the process of bringing change within a firm can be conceptualized in terms of both its processes and the content it brings forth. Process refers to how change occurs, whereas content describes what actually changes within the organization (Barnett et al., 1995).

Within Ahearne (2010), the impact between organizational change and salespeople is explored, as little is known of the performance of salespeople under times of uncertainty.

Change is fundamental to modern business organization as a means to keep up to an evolving market and remain competitive (Ye et al., 2007). Sales technology change is disruptive to salesperson performance in a unique way because sales technology plays a central role in transforming salesperson inputs into important customer-related outputs, new technology represents a learning opportunity that has the potential to affect performance over time, and salespeople are continually under pressure to achieve higher performance, leading to increased tension between learning and performing when adaptation to new situations is required. As salespeople are the revenue-generating engines of the organization, these issues have direct implications on a firm's bottom line.

Located in Lima, Peru, Euromotors successes are extremely determinant on the external environment of the accelerated developing nation. Under the lens of managing change within added pressures, increased worker participation in the decision-making process is required in order to develop an open stream of communication, increasing the perceived personal value of individual employees, who in turn, will be more receptive to accepting firm alterations (Tischy, 1978).

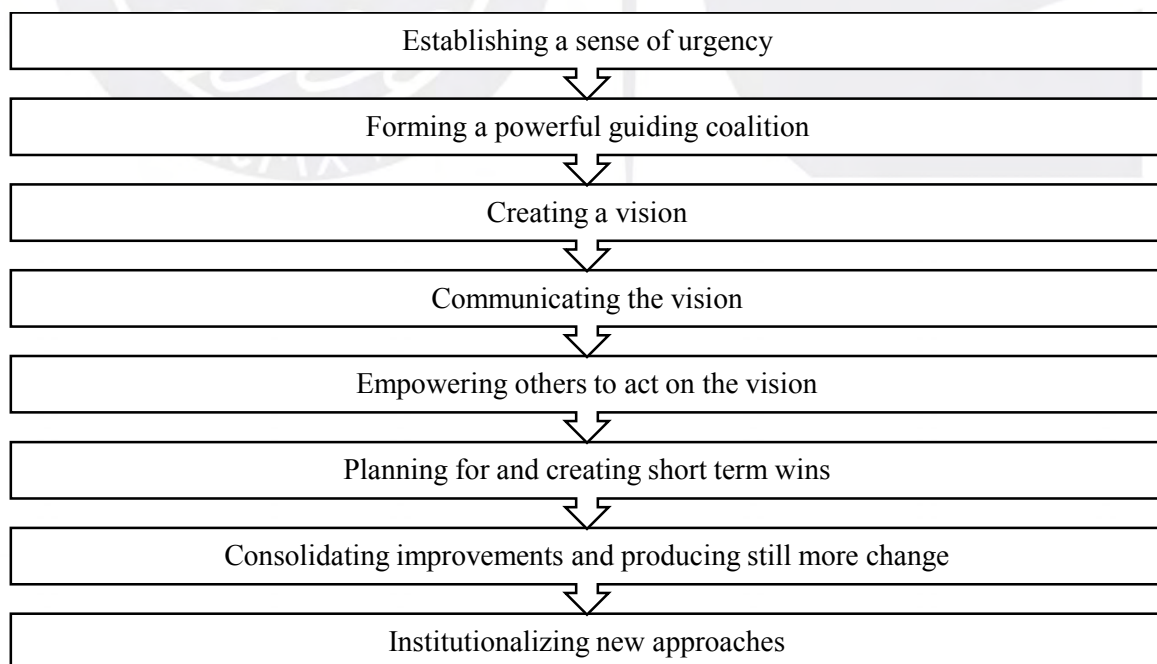


Figure 24. Eight steps to transform organizations.

Theories of planned change. The significance of planned change took importance with the theory of Lewin in the 1940's, which has been elaborated upon since the topic was first explored. Schein (1970) used Lewin's theory to understand a wide variety of circumstance that occurred within the training and development of directors within the organizational change process. Furthermore, Lewin (1997) developed a change model involving three steps: (a) unfreezing – to develop the need for change; (b) changing – when the company has to make or create activities to support the required changes; and (c) refreezing – stabilizing the change. An additional method of examining the processes of organizational change was developed by Flamholtz and Randle (2014) in *Bridging Strategic Change*. It has four steps: (a) planning – identifying the need for change, and the ultimate the goal, (b) getting started – developing the plan and processes of which the company would like achieve, (c) letting go – monitoring and controlling progress while making any modifications if necessary; and (d) completion – when the goals are achieved and the new state of operation is implemented (Flamholtz et al., 2014). The *Positive Model* as described by Cummings and Worley (2015) in *Organizational Development and Change* explores the change organizational change process within four phases: (a) initiate the inquiry, consisting of determining the subject of change, and its necessary that members, (b) inquiry into industry best practice; collect stories about new ideas that were implemented and create a pool of information that could be used to resolve current problems; (c) discover the themes, where all members are motivated to present a theme about a common dimension, the objective is to study the success solutions and identify the key success tools or informative practices; and (d) design and deliver ways to create the future. The final phases include the design of the plan for the future. The plan describes and are support by the vision of the company. The members are incentivized to make adjustments to move the company in the desired direction.

Drivers of human behavior. In order to orchestrate a functional, long-term strategic organizational change within a firm of a scope or dimension, it is ultimately required that those changes are well communicated with all stakeholders involved and greeted under a positive perspective. If change is implemented without consideration of whom it directly impacts, it will not be received well, and therefore, ultimately unsuccessful. A major driver of what deems organizational change successful in terms of human behavior is how change is treated and implemented through an organizations hierarchy, and the focus a firm takes at implementing change through a series of training and open communication. Looking at Slesinger and Harburg paper *Organizational Change and Executive Behavior*, the study concludes that in firms where the levels of executive and human relation skills are relatively high, less specialized programming would be required. However, in the majority of organizations, additional actions must be taken by firms in order to for change to be taken from one form to another successfully. These methods of programming could include open streams of communication, the ability to openly communicate doubts and uncertainties reduces employee. Additionally, equally important is the recognition of the likelihood that even with training there will remain unequal rates of change acceptance in different levels of the organization, and coordinated group problem-solving must be instilled in order to develop a continuous high level solution to elevating job related pressure (Slesinger et al., 1968). A major factor within the element of human is the potential to resist change, no matter how basic. A study named *The Management of Change* conducted by Gabele et al. (1981) concluded that there are ultimately three different managerial behaviors associated with the change process: (a) problem-solving behavior for change (initiation and implementation); (b) behavior supporting change; and (c) behavior resistant change. Next, the authors (1981) state while fundamental organizational change processes occur, several groupings of managerial units develop. The same research (1981) shows that the groupings of managerial units remain

constant with respect to their problem-solving behavior for change. Finally, it is emphasized middle management plays the most significant role in basic organizational change processes (Gabele et al., 1981). It is significant to note how the groupings develop and then do not work together even when separated in a cohesive function. The latter provides concrete evidence for the development of multiple channels of communication during a change process in order to not develop too much of a corporate culture where employees find themselves within silos. This is an issue that is currently taking place at Euromotors. Company sales and service teams within the separate brands have limited to no communication at all on their operational function, ultimately leading to the potential for repeated mistakes or increased costs due to a lack of knowledge. Integration, or merely a stream of concrete metric driven tools to transmit valuable information to one another is a viable solution to ideally drive costs down as a whole for the firm.

Readiness to conduct change. In review of *Creating Readiness for Organizational Change*, authors Armenakis et al., (1993) explore the concept of the necessity of readiness to successfully implement and manage organizational change. The influence of change agents are also examined as their overarching influence can stabilize or create an unbalanced environment within a firm looking to undergo change.

Firstly, examining the broad scope of readiness conceptually, previous contributions have been made by Lawrence (1954), and Kotter and Schlesinger (1979) in regards to the impacts of resistance to change in organizations. In order for any organization to productively proceed with change, developing an understanding of why resistance may occur must be understood and appreciated in designing the discrepancy and efficacy content for the overall readiness message. This understanding of resistance must be equally accepted within the strategies for creating readiness. The readiness message should be consistent with relevant contextual factors, solidifying that change is needed. Looking into the realm of interpersonal

and social dynamics within the preparation of readiness, collective convincing may be required with employees to alter their beliefs, attitudes, and intentions in accordance with the readiness message. This understanding can be facilitated by an integration of the literature on collective behavior (cf. Smelser, 1963), social information processing (cf. Griffin, 1987), and mass communications (cf. DeFleur & Ball-Rokeach, 1989).

The implementation of readiness programs should be guided by the urgency of the change and the extent to which employees are ready for the necessary adaptations. Through conceptualizing high to low urgency in order to implement needed organizational change in combination with high and low readiness for change, generic readiness programs are able to be more effective. Understanding the importance of readiness, some authors have argued that change agents may direct their initial efforts to areas where organization members are ready (Beer & Walton, 1987; Pond et al., 1984). Instruments designed to examine organizational readiness can be utilized to determine the potential effectiveness of readiness activities, as such, new strategies can thus be implemented and messages transferred through existing communications strategies to achieve the required readiness. It is crucial to note that pre-change readiness is not the only concern, but readiness must be maintained through the process of organizational changes, particularly when large-scale projects are composed of smaller, incremental changes. In contribution to this, a single initial creation of readiness may be adequate, however, depending upon the scope and timeframe, a variety of levels of readiness throughout the change process may be needed. Employees must be aware of this in order to remain productive throughout the process.

In summary, readiness in organizations represents a key issue in the management of change. The impact of overlooking readiness can ultimately develop the root of fundamental resistance to organizational change. Readiness interventions are required to bring forth positive change within a firm, and simplistically put, operationally and within the realm of

human resources, if a company is not ready and willing to change, then the outcomes will be undoubtedly negative. Proper guidance, figures, design and implementation are required within the development of a readiness plan. Readiness plans ultimately streamline the process of implementing functional organizational change and are recommended highly to any firm committed to realizing change.

Gamification. The influence of games and betting has held power in all human civilizations during every period of recorded history. When designed correctly, gamification has the ability to be highly successful in not only engaging, but also motivating individuals to change their behaviors, develop skills and solve problems (Burke, 2013). Mora et al. (2015) mention several generic and business applied frameworks for gamification.

Among the most relevant ones, it emerges the *Self-Determination Theory* (SDT) developed by researchers Ryan and Deci. Understanding the necessity of individual player differences based up social influences, the authors (2000) suggest the following steps to proper gamification design residing on (a) discovering the reason to gamify considering stakeholders and business objectives; (b) identify players' profiles and motivational drivers; (c) develop goals and objectives; (d) describe skills; (e) track and measure; (f) define lenses of interest; and (g) establish the desired outcomes based upon user feedback before polishing (Di Tomasso, 2011).

Alternative gamification frameworks also exist, including the *Six Steps to Gamification*, also commonly known as 6D. This framework starts from a definition of business objectives and then proceeds to target the expected behaviors, describes the players, devises the activity loops without forgetting the fun, and finally, deploys the gamification system with the appropriate tools (Werbach & Hunter, 2012). Finally, the scheme *Complete Gamification Framework* called *Octalysis* by Chou (2012) incorporates a design that places the most emphasis on human motivation in the process and is based on an octagon shape with

eight core drives represented on each side such as (a) epic meaning and calling; (b) development and accomplishment; (c) creativity and feedback; (d) ownership and possession; (e) social influence and relatedness; (f) scarcity and impatience; (g) unpredictability and curiosity; and (h) loss and avoidance.

Gamification raises potential ethical issues within the realm of organizational and individual interests. It is difficult to classify if gamification is intrinsically good or bad, due to the limited time it has held prevalence in the business community. The primary differential is how the processes are developed within the design stage. Introducing gamification into organizational operations requires careful planning long-term strategy in order to allow optimal results. Gamification has the potential to re-vamp both internal and external business processes. As stated, long-term results have yet to be developed, however for the time being, short-term results have been extensively positive for firms in a variety of industries (Kim & Werbach, 2016; Aaron Chia Yuan, 2017).

3.2.4 Motivation.

Understanding the reasoning of why people do what they do is a very complex and multifaceted process; as such thought can be developed on a conscious or unconscious way. All human behavior starts with a stimulation of need (Spiro et al., 2008). Clothing, safety, and recognition are examples of need. Gonzales (2008) found that motivation is an internal process within each individual, and reflects the interaction established between the person and the environment, while it is also used to regulate all activities that the person will do in order to achieve an objective. In the case of Euromotors, a motivational sphere needs to be created in order to synergize the sales team to productively understand the benefit of introducing the digital transformation. Motivation is a key element in inducing organizational change, and thus can be beneficial for the firm to implement within their process of strategic development moving forward.

Maslow's hierarchy of needs. Abraham Maslow proposed five levels of needs that each individual seeks within the creation of the Hierarchy of Needs Theory including (a) Physiological; (b) Safety; (c) Belonging; (d) Self-esteem; and (e) Self-realization needs. Figure 25 shows the Maslow's model applied to employee engagement. The author recognized that there are extrinsic rewards that are provided by others and intrinsic rewards that are personally developed. It is crucial to understand that all necessities will not be satisfied completely.

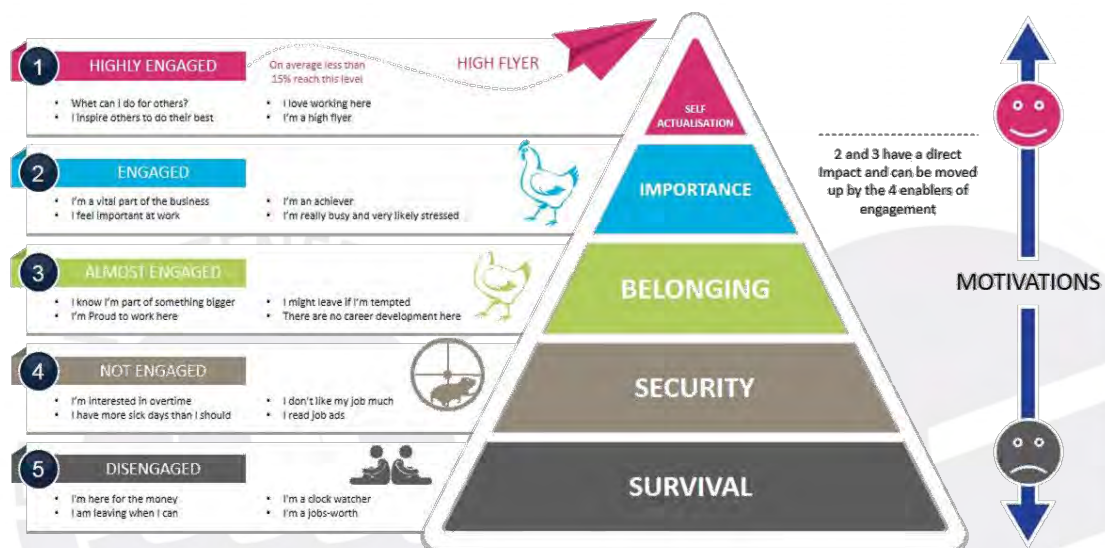


Figure 25. Maslow's Hierarchy of Needs; Applied to Employee Engagement.

When a person achieves a certain tier within the hierarchy, this level becomes normalized and thus consequently, motivation is gained only to achieve standards within the next tier. Utilizing Maslow's hierarchy of needs to assess how to properly engage employee motivation, each tier within the hierarchy must be evaluated under a different scope of theory.

Looking into tier one – the physiological needs – problems can include employees feeling isolated, unhappy and disengaged, employees are focused here on survival. Solutions to this include programs focused on team building, such as company lunches and department outings and retreats, developing a sense that employees are valued and their contributions

necessary. Within tier two, certain employees remain unengaged and a sense of security is not entirely developed for all employees, they understand what is expected of them; however, they receive limited recognition from their peers and managers. In order to motivate employees within this stage, with a relative sense of organizational community previously developed, it is advised managers identify these employees on a personal basis to improve the relationship and encourage effectively, establishing a sense of security. Within the third tier, there can remain a grouping of employees who linger at a stage of being almost engaged, employees at this level need to understand how their work directly impacts the organization positively in order to increase motivation. A solution for this can be found within establishing focus groups, brainstorming sessions that allow employees to innovate, share ideas and provide their own personal feedback on company initiatives (Litchman, 2007). Within the fourth tier, employees feel good about their organizational culture; however, this same amount of confidence is not applied within their personal contributions or individual perspectives. Ultimately, this can be resolved through programs that encourage employees to delve into health and wellness or volunteering opportunities. Finally, the final tier is striving for excellence on all fronts, as employees are highly engaged both in terms of individual perspectives of the impact of their work in addition to the influence of corporate culture.

To increase potential even further, it is important to maintain a basis of empowering shared ideas to increase understanding completely, developing an environment where employees feels valued to the highest level, and feel inspired to contribute at the greatest potential possible (Litchman, 2007).

Dual factor theory. Frederick Herzberg (1987) developed a theory of motivation based on the concept that individuals have needs that they want to satisfy through their behavior. This theory describes that the sources of satisfaction and dissatisfaction are within one of two groups: hygiene factors and motivation factors. The hygiene is similar to the first

three steps in the Maslow pyramid as it includes the bases of encouraging employee survival; ensuring employees are within a secured environment allows motivation for their ability to prosper within the organization. Therefore, this factor defines the basic conditions that are necessary to work but it is not about the work itself, or rising to a higher state of recognition. The motivation factor, in contrast, is similar to the top two tiers of the Maslow pyramid as it includes elements that are a part of the job itself such as challenges, inclusive responsibility and also opportunities to develop and expand not only in a career perspective, but also personally. Those factors are very important for the employee to feel motivated with their jobs. Pay could be considered as a hygiene factor and increased responsibility directly related to performance are viewed as an example of recognition. It is crucial for employers to develop an understanding of where their employees are located within these two perspectives in order to be able to motivate appropriately. Figure 26 shows a relation between Maslow's hierarchy previously described and Herzberg's two factors theories.

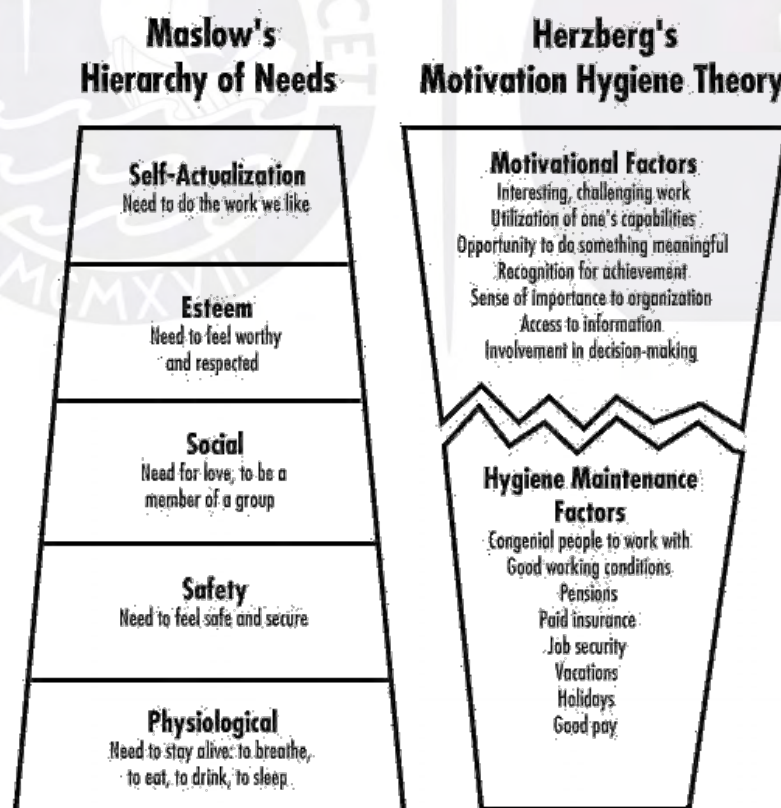


Figure 26. Maslow's Hierarchy and Herzberg's Two Factors.

Expectancy theory. This theory assumes that the feeling of need is what gives the starting point for understanding what are motivation factors for employees. The theory proposes that the transformation from needs to desire happens in three steps (Vroom, 1964): (a) Expectancy that effort will lead to performance: everyone has a special combination of needs; therefore, compensation must not be stagnant or identical for every employee within the company. Tools such as monetary bonuses can be utilized to drive employees to self-actualization of ambition. (b) Expectancy that performance will lead to reward: This factor supports the idea that it is crucial to have a system of performance evaluation, and it must be clear, measurable and objective. Also, in order to increase effectiveness it has to be familiar to employees; they are required to understand the details and the potential to be rewarded in order to be motivated to the utmost extent. Companies have the ability to utilize and implement a supervisory technique called *Management by Objective (MBO)*, this system is appropriate for measuring the performance of staff, and increase the overall understanding of goals that have been previously developed. The main objective of this technique is to increase sales. The MBO objectives are to be shared in a way that are clearly understood by all players involved so that that a mutual comprehension is developed in order for long-term strategic goals are to be met in a timely and effective manner; (c) The value of expected rewards to the individual: employees increase their level of commitment if their results are to be clearly rewarded, however if a strategy is not well evaluated before implemented, the results could be discouraging as they are not fully understood. Developing a well-rounded utilization of expectancy theory develops a mutual responsibility for employees and managers; thus creating an environment where motivation can be created and put into effect in entirety.

Figure 27 shows a summary of this theory. In context, Euromotors lacks of clearly stated and implemented long-term strategic plan and goals hinders its organizational ability to

actualize the expectancy theory. It is advisable moving forward to implement this tool in order to help administer the organizational change for the digital transformation of the firm.

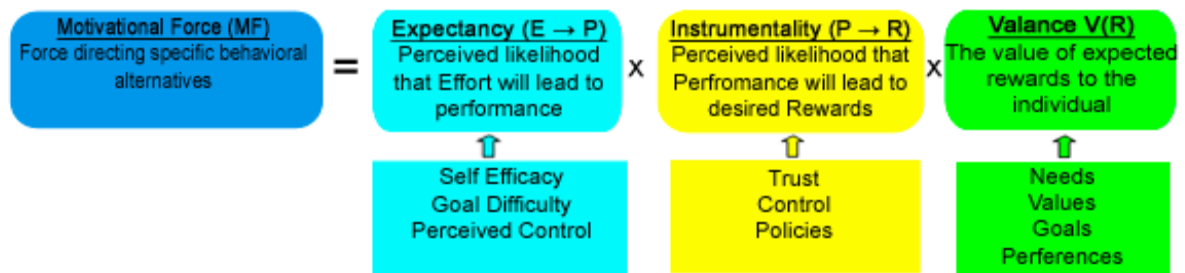


Figure 27. Expectancy theory.

3.3 Conclusions

The way marketing is being practiced changed drastically over the years. There used to be only a couple of media channels. Currently there are a million ways media influences people's lives. Not only within their local markets, but globally as well. With internet and social media nowadays people are aware of every single thing that is happening in the world. Social media and internet websites provide unlimited means and opportunities for its users to express their feelings, to share, and to create content about anything, including brands (Muntinga, Moorman & Smit, 2011). This means that a brand or a company can be heavily influenced by whatever is being said about them on social media and this can affect their brand image.

When looking at implementing an organizational change, what is of the utmost requirement is a stabilized plan of follow through and the effective tools in place to be able to properly communicate change to all players, internally or externally, involved. Due to the relative size of Euromotors at 1,200 employees, their ability to initiate effective change management is reliant on their ability to seek the involvement of their employees at the highest interest level possible. Due to the human element of inflicting any change, resistance may develop, and the most effective tool to combat these pressures is to influence an open stream of communication, where employees feel valued, and accountable for their actions.

Ultimately, with any element of corporate culture, the tone is set at the highest level and trickles down through the organization. For Euromotors to bring forth successive new strategy, they must ensure the team-minded attitude and inclusiveness is set by example at the top, and as explored in Gabele (1981) the influence of middle management must be highly received, as it is the most influential, and as in any aspect of human behavior where an individual feels appreciated is where they will undoubtedly contribute more.



Chapter IV: Qualitative and Quantitative Analysis

This chapter seeks to provide a better understanding of the key problem faced by Euromotors under the scope of the management theory previously identified as part of the literature review. In order to define which analyses will be performed, this chapter will be divided into three parts. First, four hypotheses related to the operating cycle of the company are reviewed to identify the main area of analysis and discard potential distractors. Having realized the human factor is the most critical dimension to be evaluated, secondly, a qualitative analysis is performed using the outcomes of a cultural test on managerial practices. In parallel, the quantitative analysis presents the application of another organizational instrument on a representative sample of the sales force. Finally, a reflection on key findings is shown as conclusions.

4.1 Qualitative Analysis

Opinion of industry experts helped to validate and discard previous thoughts formulated with respect to the sequence of steps to solve the problem. Two approaches were considered in alignment to the pillars of the Operating Cycle: (a) marketing; and (b) operations (leaving finance and human factor assessments for the quantitative section).

4.1.1 Marketing.

A first hypothesis links the problem with the marketing dimension. Among the processes and activities of marketing, the role of evaluation of the P's of marketing results of evident importance for operational activities performed at automobile showrooms. At this stage, it is important to remember that the problem will only address the Euroshop division, which only works with the brand Volkswagen.

Context. Product, price and place dimensions are not able to be modified due to the fact that these depend upon the original brand requirements. Every single Volkswagen vehicle imported by Euroshop comes with a strict set of non-negotiable rules regarding

customer service, brand management and minimum margins assigned per vehicle. Breaking any of those rules would not allow Euroshop to achieve its goals and would cost the loss of Volkswagen sponsorship due to bad distribution channel practices.

From the previous analysis, Euroshop only has action maneuver on the marketing communications dimension. Provided that the digital sales system is relatively new in the company, a first hypothesis can be formulated as an: “inefficient design of the digital marketing strategy”. Clearly, a disruption on the elements reviewed in Chapter III harms the harmony to effectively capitalize the company potential to attend its customers.

4.1.2 Operations.

Among the processes and activities of this dimension, a clear understanding of the sales process dynamics results of evident importance to achieve the showroom financial goals and to distribute the workload accordingly. At this stage, independently to the traditional sales process, a diagnostic of the digital practices should be performed to review its efficiency and identify bottlenecks that could have generated the rejection feeling by traditional sellers.

The current digital sales process in place is shown in Figure 28. Every digital seller of Euroshop has to deal with leads, track them and perform the traditional method of selling vehicles. Under this scenario, five steps are identified: (a) lead generation; (b) quotation generation; (c) agreed appointment; (d) concremented appointment; and (e) sales tracking.

On each of these phases, a bottleneck as regards of the management and tracking of leads is identified. At the generation stage, each digital advisor must enter the leads manually (250 monthly in average). Not all leads arrive the moment they are requested and not all of them are able to be registered into the ERP.

Next, during the quote issuance, digital sellers can get to receive 50 leads per day thus not providing time to attend them opportunely at all. Having made random calls, it is proved

that advisors do not call all leads, which can be recovered with good control. In fact, there is a 20% failure rate on lead attention considering a window of 24 hours an optimal timeframe to receive a quote on time.

Then, when the appointment is scheduled, additional activities such as dispatches, training, videos or photos preparation, coordination with banks, appointments and appraisals do not allow the provision of a customized service. This situation generates a rate of 40% of the leads that are registered during the day to be neglected. Inefficiency arises in the parallel processes as well. For instance, if images of the car are sent, they are of minimal quality and are not standardized to each potential client requirement.

After that, if the appointment is scheduled but not concreted, no follow-up is made because there are many new leads, appointments and dispatches. 30% of customers who never answered are left on the air. In order to get the number of quotes made by each advisor, they must be manually recorded from the ERP, and this information is not completely accurate.

Finally, the sales tracking itself starts when a client enters the showroom, but before this step, the ERP does not perform an accurate follow-up of the process. As a matter of fact, digital customers are worked 60% before reaching the showroom; when they arrive, the conversion rate is high. Currently, the conversion rate of leads into specific concreted appointments is less than 3%, which is very low.

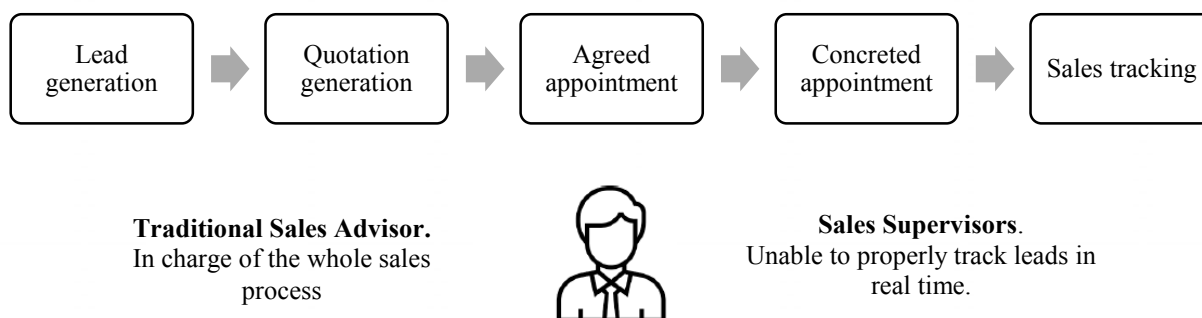


Figure 28. Current Digital Sales Process.

Context. From the previous analysis, Euroshop needs a new arrangement of activities that allow the company match its supply with the digital customers demand. Provided that the current digital sales process leaves several leads unattended, the second hypothesis can be formulated as a: “lack of capacity to attend potential digital customers”. Visualizing the problem as one regarding the firm capacity will require the use of specific operations techniques to redesign this key process.

4.2 Quantitative Analysis

As announced before, this section will cover the remaining two dimensions of the operating cycle. Outcomes from data analysis on financial and human behavior dimensions were processed and reorganized for a better visualization.

4.2.1 Finance.

Among the processes and activities of this dimension, accounting control is of special importance to the firm. However, for this specific problem, there is apparently no direct conflict with financial statements highlights. In this sense, the financial approach will comprise a management accounting review. Indeed, Euroshop control reports show major deviations from the current year budget associated with the inability to attend new prospects.

Relevant financial highlights are presented next. Figure 29 shows the budget deviations of passenger vehicles for the 2017 period, which are pronounced compared to the accomplishments obtained in 2016. Likewise, Figure 30 shows the same analysis for commercial vehicles, in which even bigger deviations prevail.

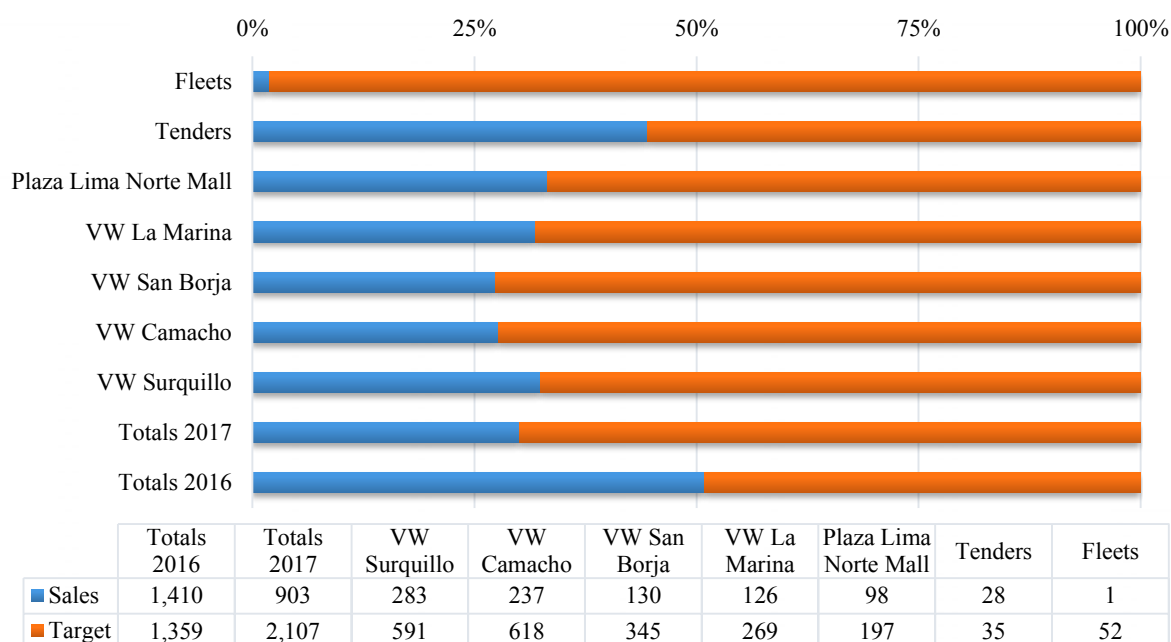


Figure 29. Sales Budget Deviations for Passenger Vehicles in 2017.

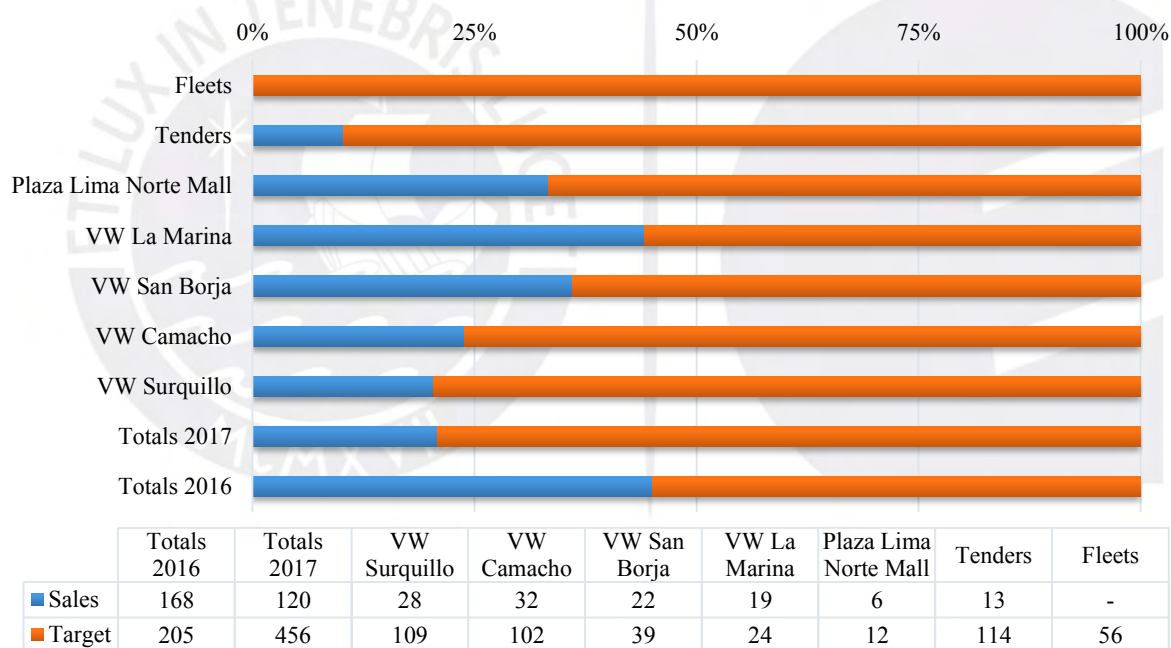


Figure 30. Sales Budget Deviations for Commercial Vehicles in 2017.

A report on the margins per vehicle is presented next. Table 13 shows the profits by commercial vehicles at the four Euroshop showrooms. Likewise, Table 14 shows the same analysis for commercial vehicles. In both cases, sales performance is compensated at the four

showrooms with special consideration for the Surquillo dealer, who capitalizes the majority of the sales itself.

Table 13
Total Margins by Commercial Vehicles in 2017

VW Commercial	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
Amarok		85,553	42,928	76,764	96,607	160,287	132,780
Caddy				16,426	2,483	2,740	
Crafter				18,981	30,350	28,160	8,352
Transporter				5,372		4,803	18,186

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Table 14
Total Margins by Passenger Vehicles in 2017

VW Passengers	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
Beetle					7,574	-23,749	-32,656
CC						-21,753	
Fox		3,622	58,442	86,752	88,963	105,920	126,390
Gol	1,088		144,514	213,639	170,352	128,713	247,826
Golf			4,358	13,312	-14,212	-15,952	123,652
Jetta		392,419	22,478	-9,920	71,327	109,747	231,210
Polo			6,514	17,236	18,890	28,604	55,061
Tiguan						52,732	80,666
Touareg							10,456
Up!			1,613	8,306	6,573	19,449	11,933

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Table 15 shows the total costs by commercial and passenger vehicles at the four Euroshop showrooms. In parallel, Table 16 shows the number of days in stock of both types of vehicles. Finally, a presentation of the average, minimum and maximum discounts applied to the two vehicle divisions are displayed in Table 17, Table 18 and Table 19 accordingly. Overall, this information has not raised major discrepancies among company executives.

Table 15
Total Costs on Commercial and Passenger Vehicles in 2017

Division	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
VW Commercial		1,107,022	570,291	1,714,825	2,125,968	2,987,867	2,646,160
VW Passengers	27,224	2,048,992	3,483,609	4,727,614	5,135,288	9,861,209	12,518,074

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Table 16
Total Days in Stock on Commercial and Passenger Vehicles in 2017

Division	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
VW Commercial		58.5	9.0	9.0	19.2	17.8	28.3
VW Passengers	41.0	8.4	7.4	8.4	8.8	8.9	8.2

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Table 17
Average Discount Applied on Commercial and Passenger Vehicles in 2017

Division	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
VW Commercial		14.21	13.32	11.40	10.34	10.85	10.47
VW Passengers	29.52	13.99	18.61	17.83	18.64	16.89	17.84

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Table 18
Minimum Discount Applied on Commercial and Passenger Vehicles in 2017

Division	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
VW Commercial		14.02	4.84	4.84	3.92	1.56	2.29
VW Passengers	29.52	12.10	12.20	6.87	9.07	-87.54	1.00

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Table 19
Maximum Discount Applied on Commercial and Passenger Vehicles in 2017

Division	Center						
	Fleets	Tenders	Plaza Lima Norte Mall	VW La Marina	VW San Borja	VW Camacho	VW Surquillo
VW Commercial		16.48	19.44	22.10	18.89	18.59	17.80
VW Passengers	29.52	15.98	32.93	31.11	33.56	34.16	34.10

Note. Adapted from Company Performance Spreadsheet as of June 2017.

Context. From the previous analysis, Euroshop will be highly benefited with the accomplishment of its annual sales goals set for 2017. Provided that the industry has shown a progressive slowdown, the third hypothesis can be formulated as a: “lack of funds to inject on the commercial division”. If the budget assigned for the sellers has decreased, there is a risk no major incentives are considered to further expand sales.

4.2.2 Human behavior.

The position of consultants highlights an apparent gap between motivation and cultural factors that has impeded the company to succeed on its efforts to drive the whole salesforce into digital practices. To confirm the correspondence between cultural features boosted by company executives versus motivation needs shown by traditional and digital sellers, two surveys were conducted.

A first test seeks to recognize the cultural style of the managerial level. Wooton test (1984) was applied to seven Euroshop executives. Outcomes show an interdependent strategy and an associated administration approaches. Table 20 summarizes the outcomes of the managerial survey. Appendix A shows a sample of the cultural instrument.

Table 20
Results of Survey Application: Wooton Test of Organizational Culture

Participant	Strategy (4,7,14,18)		Management (Remaining questions)	
	Score	Category	Score	Category
1	15	ND	60	ND
2	16	Interdependent	60	ND
3	14	ND	55	ND
4	17	Interdependent	61	ND
5	16	Interdependent	58	ND
6	14	ND	57	ND
7	18	Interdependent	61	ND

Likewise, Litwin & Stringer test (1968) seeks to recognize the motivation drivers of the salesforce. It was applied to 35 Euroshop traditional and digital sellers, with a success rate of 65% (23 respondents). Outcomes show whereas achievement needs are the most important

for both groups, affiliation is then more important to traditional sellers. Table 21 summarizes the outcomes of the salesforce survey. Appendix B shows a sample of the motivation instrument.

Table 21
Results of Survey Application: Litwin & Stringer Test of Motivation Factors

Need	Traditional	Digital
Achievement	49.6%	42.9%
Power	19.9%	32.1%
Affiliation	30.5%	25.0%

4.3 Conclusions

Marketing. Provided that big investments are in progress to merge three of the communication pillars previously studied (CRM, content marketing and conversion funnel) into a single project denominated Digital Sales Center, whose highlights are shown in Figure 31, an implementation or optimization of the digital channel is discarded.

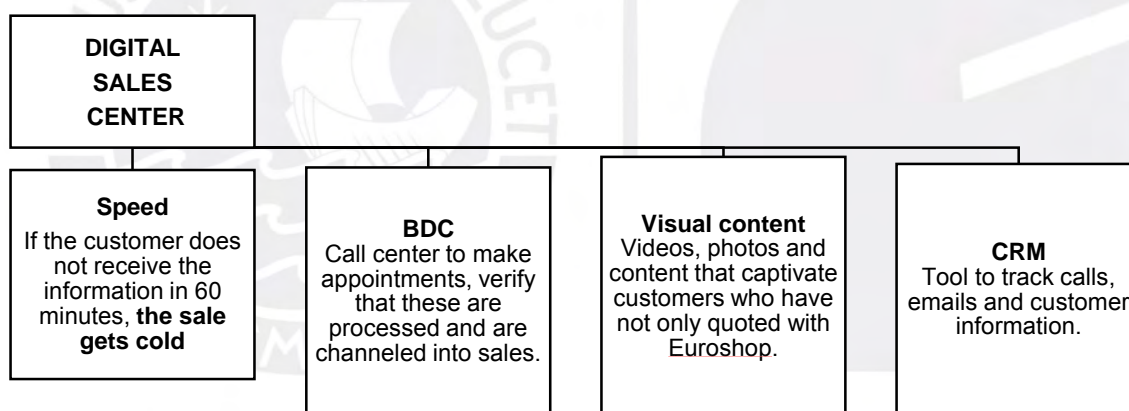


Figure 31. Prototype of the Digital Sales Center pillars.

The main function of this DSC would consist on an assessment center of leads that make more effective the digital sales process by means of tools that allow the contact with clients with efficiency, flexibility and quickness, adapting to their respective needs. If implemented, Euroshop would have redesigned and applied its promotion strategy both in the traditional and digital methods leaving no other maneuver action rather than an expected training session for all the new users of the tool.

Operations. In the same way, the implementation of the Digital Sales Center will simplify the activities of the digital sales process. Figure 32 shows the new conception of the digital sales process. A relevant change introduced by the DSC will consist on leaving the activities from lead generation to agreed appointment under the responsibility of a call center (BDC). By doing this, traditional and digital sellers will have the potential to only focus on the sales tracking phase catching already assigned prospects that visit the showrooms driven by digital traffic.

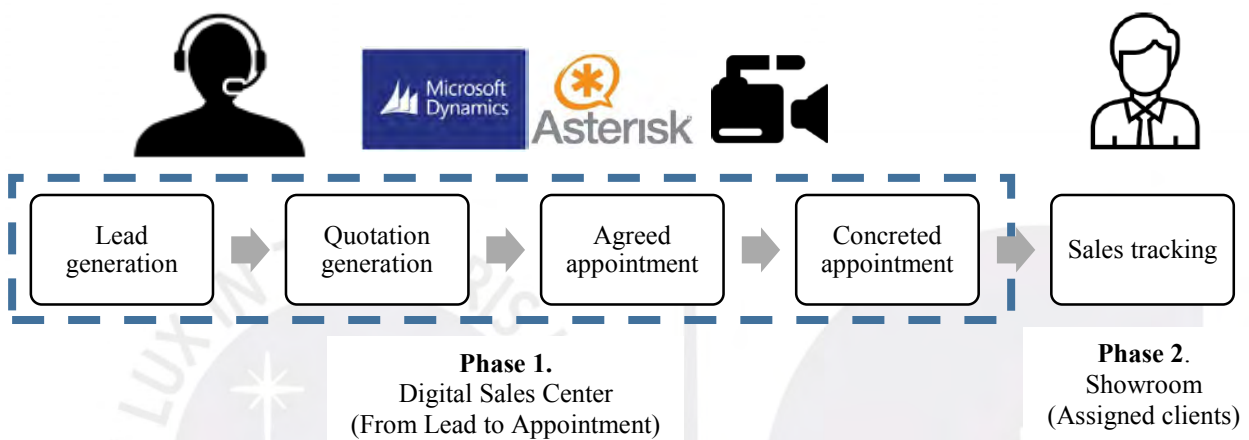


Figure 32. Projected Digital Sales Process.

Finance. In comparison to the previous dimensions analyzed, the financial hypothesis will be of special importance to the problem-solving technique. Indeed, the current compensation policy will be reviewed to propose a maneuver action on potential improvements.

Human Behavior. No representative differences were found after the application of both surveys. This suggests sellers would not necessarily be guilty for the current organizational misalignment at the company. This discovery opens space for proposing next an organizational redesign improvement tool instead of a pure motivational one.

Chapter V: Root Cause Analysis of the Problem

The present chapter will analyse the primary sources and scope generating the root cause of the problem for Euromotors. In order to develop a comprehensive analysis of the issues the company is experiencing, it is crucial to breakdown the elemental factors that play into daily, and strategic firm operation. For the purpose of the evaluation we have divided the root causes into six separate elements: (a) Showroom Operations; (b) Marketing Systems; (c) Sales Processes; (d) Compensation Incentives; (e) Motivation Factors; and (f) Corporate Culture. Undeniably, there is a deep correlation with overall firm synergies and the six pillars of the analysis, of which will be explored under the lens of internal and external influencers.

5.1 Identified Causes

The identified causation of resistance to change is originated through six pillars as mentioned above, each contributing at varying levels to the lack of cohesive organizational synergies. Within 5.2, the main causes will be broken down to a detailed extent, based off of the primary areas formulating the grounds of the problem. Within each pillar, micro problems contribute to the macro scenario, the causes include: (a) Showroom Operations, limited inventory and inability to import the latest models; (b) Marketing Systems, lack of online presence and no cohesive promotion strategy; (c) Sales Processes, lack of implementation of sales procedures, highly competitive sales environment, compared to a “Jungle” and staff disinterest in required administration duties; (d) Compensation Incentives, scattered forms of compensation throughout the sales force; (e) Motivation Factors, varied intrinsic motivators, the need and drive for power creating silos within the sales force; and (f) Corporate Culture, no formalized implementation of strategic goals, company objectives are not being met, no true synergy, on any level, divorced thought between senior management and the rest of the staff. The following identified causes can be reviewed visually on Figure 33.

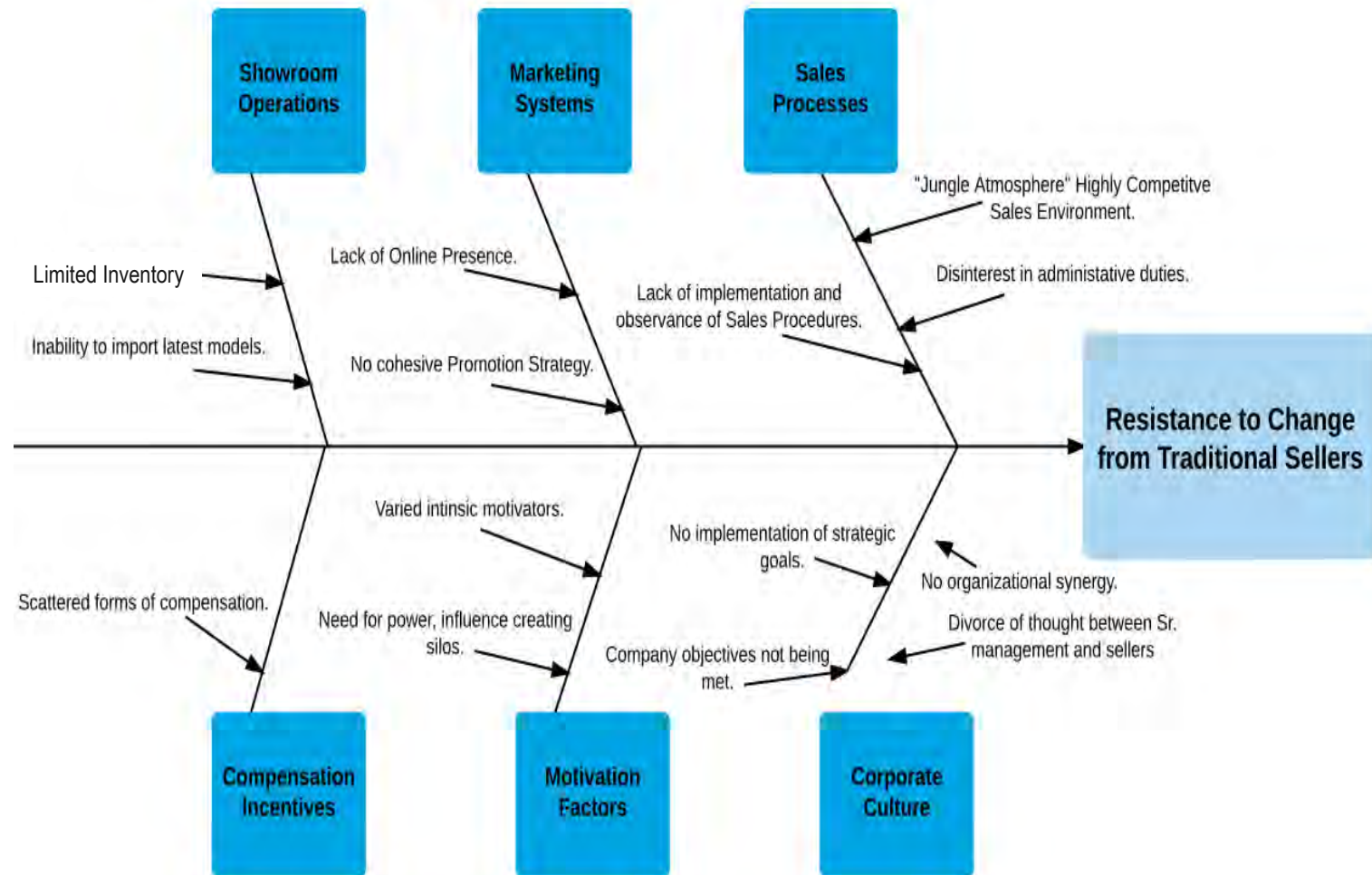


Figure 33. Fishbone diagram: root cause display.

5.2 Identified Causes Overview

5.2.1 Showroom operations.

The Euroshop space is the face that the firm conveys to the public, and the physical dimensions and upkeep of the space truly have direct correlation with consumer behaviour and perception. Upon entry of the Euroshop, you are greeted with an airy, bright space with an abundance of product on the showroom floor. Upon closer look however, the space is a bit overcrowded, consumers are forced to shuffle their way through the cars on the floor with careful attention and the cubicles that function as a reception desk are a bit small, adding to the overall slightly congested vibe of the space. Despite the evolutionary trend in the auto industry towards a more technological induced buying experience for consumers, the showroom layout and details still undoubtedly plays influence to purchasing behaviour, as 55% of all initial point of contact for buyers begins through a walk-in to the dealership.

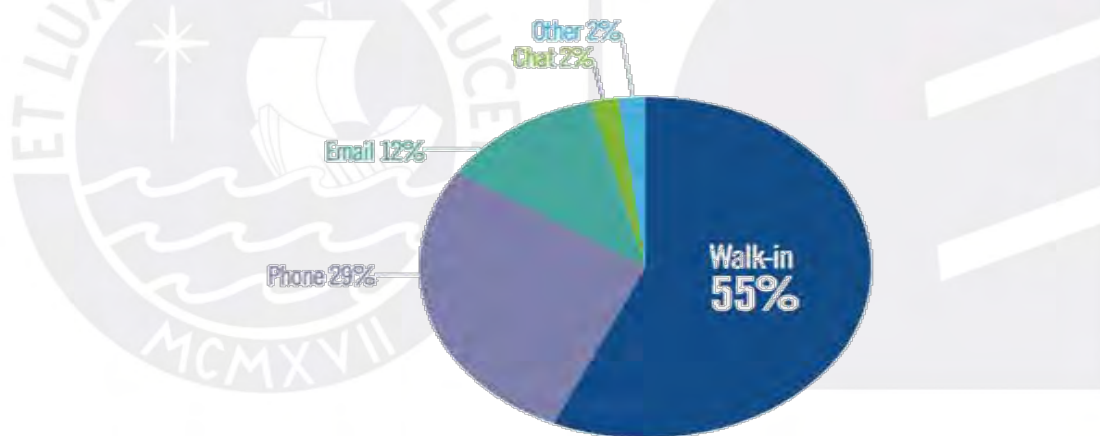


Figure 34. Point of Contact Analysis.

Beyond the physical components of the showroom space, additional issues pertain to the operational function. The Euroshop maintains the limited ability of only having three months total inventory at hand at one time, while this has yet to cause boastful problems to this point, it may create issues if increased consumer demand occurs once the digital transformation takes place. Additionally, Euroshop is unable to import the latest models of cars, which may detract the upscale buyers from utilizing their service as they do not carry

the exclusive, and most up-to-date models available by their host brands. Inclusively, the time spent physically shopping in stores has decreased as reviewed below, while these are American statistics, the influence of digital transformation is undoubtedly beginning to steep into the Latin American market, and in order for Euromotors and the Euroshop to maintain their dominance within their niche category, they are going to have to remodel the consumer experience to maintain keen on global industry wide trends.



Figure 35. Minutes Shopping Review.

5.2.2 Marketing systems.

The failure to develop a cohesive marketing strategy is one of the primary issues that Euromotors is experiencing. In review of the four quadrants of marketing strategy, the organization is maintaining a relatively seamless system in terms of product, place and price, as these are correlated directly with the global brands, however the promotional element is at the center of the general consensus of disorganization. Firstly, on the surface level, they lack a functioning Social Media strategy. They do not have a presence on Twitter, Instagram and maintain limited activity on Facebook and LinkedIn. While this provides issues for brand exposure, especially with the potential millennial consumer, they are only lagging slightly within the realm of regional competitors on this front, however, in comparison to international trends, they are years in the past in terms of social media influence on firm

marketing strategy. The Euromotors website is what provides a more deep-rooted issue. At this time, it is merely a landing page with the Euroshop address and contact information. As reviewed in the previous figure, the ability to gather information online is crucial for the development of the customer experience while purchasing a vehicle. Euromotors is trying to improve their sales force strategy, through the implementation of a Customer Relationship Management system (CRM) and call center to properly traffic and distribute sales calls, however this has yet to be put into action. Ultimately, Euromotors is utilizing a reactive system of marketing, rather than a progressive, and needed proactive system. They await the customer to come to them, providing limited tools for consumers to research their on-site product offering, fees, promotions, sales. As they do maintain a prestigious element to their product offering based on brand perception globally, contributing to moderate success, if they are to increase sales, and weather the storm the external environment in terms of the number of Peruvian purchasing vehicles then they are going to be required to increase the promotional element of their business.

5.2.3 Sales processes.

The sales process at the Euroshop has been described as a “jungle” referencing the harsh, competitive environment the sales people experience. As consumers walk in, it is as if they are the prey to the hungry animals. The sales procedures that are in place organizationally are not followed, and it causes an environment where anything goes, and only the strongest, or most eager and aggressive sales people succeed with cars sold and the monetary bonuses that coincide. The sales team does not function as one cohesive unit, rather as a team of individuals, which can be deemed as successful in the short term, however, it is not aligned with long-term strategic goal as a firm. Having a group of sales people who fail to synergize and work as silos is ultimately not productive. Euromotors ultimately has no effective Sales Performance Pyramid being utilized.



Figure 36. Sales Performance Pyramid.

Beyond this competitive landscape that can generate a relative uncomfortable consumer experience, further disturbances within the sales process includes the employee dislike of the extensive paperwork that comes with purchasing a vehicle, the licenses and insurance policies they must verify and on occasion aid with the process of putting them in place for their buyers. Additional routine practices that the sales force are not in favour of include test drives, which can be lengthy, and sometimes risky with dense Lima traffic.

5.2.4 Compensation incentives.

Euromotors compensation stream scattered, and changes often. While this has allowed some benefits due to the adaptability it creates to better adjust to external economic influence, it provides greater difficulty to implement strategic sales goals. The root of this cause is due to the divorced nature and flows of communication between management objectives and the ideals of the sales team. This is directly linked to the inability to cohesively implement and maintain long-term policy to govern firm operations. Ultimately, the lack of applied compensation initiatives is due to the uncharted territory the sales force exists within. The atmosphere driven off of power dynamics is cutthroat, and there is limited ability for the sales force to flourish into their potential if they are not currently at the top of the sales hierarchy. Typically, as explored by Harvard Business Review, the low-performing group in a sales

force heterogeneous, including new hires, and senior salespeople who have become complacent, in addition to individuals who are simply less talented and motivated than their colleagues (Ahearne et al., 2012). This is in fact the case replicated at the Euroshop, there is a deep disconnect between the segments of the sales force and this is due to different motivational factors that employees are driven by, different levels of training and experience, and different innate natural ability to sell. Of course, some of the rooted causes are inevitable, however, increasing training and a more seamless system of management would be highly valuable moving the firm forward.

5.2.5 Motivation factors.

Motivation is an interest to organizations as it boots performance. Motivated employees that are in direct contact with customers contribute essential value to the organizational bottom line. As reviewed in the Literature Review in Chapter Three, all human behavior starts with a stimulation of need (Spiro et al., 2008). Thus, the reasoning why people do what they do is a very complex and multifaceted process; as such thought can be developed on a conscious or unconscious plain of thinking. When looking at the motivational factors that impact the organizational practice, primarily in terms of the selling processes, it is crucial to analyze the significance of power, affiliation, and engagement as motivational drivers of sales practice. Motivation is a key element in inducing organizational change, and thus can be beneficial for the firm to create in order to stimulate their environment into one that is more collaborative.

The Euromotors sales force is, naturally, driven by different motivational factors, due to its demographic variation within the sales team. Motivational issues can be directly linked to Maslow's Hierarchy and furthermore Hertzberg's Dual Factor Theory. Some employees, those who are influenced by the need to seem powerful within the sales environment feed off affirmation, and the ability for receiving recognition drives their work ethic. In comparison,

the rest of the sales team are more focused on survival, inclusive within the lower tiers of their hierarchy, and are less motivated to reach the highest realm of sales goals. This duality of team members is furthermore reflected within the resistance to change; the individuals who find themselves successful in the current environment do not see the need to change their motivation, or the ways they work. The rest of the workforce, who has in the past shown less successful sales numbers are more open to improving methods of firm operation. The root cause here is management's failure to create a harmonious unit as a team and their ability to direct, and achieve their intended outcomes, however, before this is possible, they need to understand the dynamics of their team.

5.2.6 Corporate culture.

The central issues surrounding Euromotors' inability to meet their targets revolves around their lack of proper implementation of their strategic vision. These goals are being set by senior management, however, due to the deep-rooted disconnect, and minimized organizational synergy, they are not being met. The detachment of communication is heightened even further when considering the multitude of brands that the firm manages, as they all have their own targets and promotional aims. Ultimately, the deep-rooted issue is founded by the multiple brands under the Euromotors umbrella, and the dynamic of trying to balance a cohesive firm while meeting the standards and requirements that each individual global brand requires for the importers that sell their cars. Each brand, naturally is defined by different marketing mix, as their products are geared to different population segments. Due to this, the Mission, Vision and Values exist, but they lack the depth to actually facilitate true organizational movement in the long-term. A firm that runs without true long-term planning is in essence unproductive. Euromotors operates with day-to-day function. The corporate culture is moderately positive due to the relative economic stability that has existed in the external environment in the past five years, however, the 1,200

employees operate in silos, unrecognizable to one another, with sales departments who have the same daily routines and insights repeating work and increasing costs as they never have the opportunity to interact. Collaboration facilitates communication, and a company that communicates effectively is less likely to repeat failures. This lack of collaboration, and communication is truly another deep-rooted source of organizational dysfunction for Euromotors and Euroshop.

5.3 Conclusions

In order for Euromotors to develop a comprehensive analysis of producing the optimal result of improving the resistance to organizational change as explored in previous chapters, an understanding of what plays into the disruption is necessary. Through evaluating the above six factors of causation, the solution of alternatives will be able to be properly formulated to best establish the needed organizational alterations required to stimulate productive firm developed. What is key to understand is the disconnect of firm synergies is formulated from a multitude of factors ultimately all leading to resistance, and broadening the understand will allow for a deeper, more impactful solution to be executed.

Chapter VI: Assessed Solution Alternatives

Chapter VI will examine the potential alternative solutions that Euromotors can utilize to best alleviate their complex stream of correlated organizational issues to stimulate a functional path towards overcoming resistance to change. The following alternatives will be evaluated through a lens of external and internal decision factors in order to develop a comprehensive understanding along with their potential impact on the longevity of firm successes. It is crucial here to look at the solutions from the perspective of both the organization as a whole, and through its direct impact on the sales force, as this is where the primary focus remains on the resistance to change.

The decision criteria, as explored further below, are weighted based on their impact of creating risk in the long-term. It is crucial to understand the strict timeframe that this project maintains, a solution is required to be developed, and ideally piloted within the five remaining weeks of the consulting thesis. As there is this time constraint, the scope of the solution is to be narrowed to where it can be manageable within this time frame, formulating a pilot project to function as a micro development within the Euroshop to then be translated on a macro scale sales force transformation that is firm wide and inclusive to all brands Euroshop represents.

6.1 Alternatives to Solve the Problem

In order to evolve Euromotors most effectively considering long-term strategy, the following five alternative solutions have been developed to align long-term goals and their targeted mission to overcome sales force resistance. The alternatives include, in no particular order, (a) fire the resistant sales force team members; (b) segment sales team; (c) implement continuous training for the sales force; (d) develop and implement concrete sales force compensation scheme; (e) gamification; and (f) hire interns to join sales force. As mentioned previously, the criteria shaping the decision making process include variables that impact (a)

service quality; (b) investment; (c) time of implementation; and (d) ability to replicate firm wide.

This will give a total rating for the best solution to overcome Euromotors resistance to change. The decision criteria are weighted based on their relevance and potential impact they maintain on the organization as a whole. Considering the constraints and value add potential of the alternatives, the weights of the decision criteria are (a) service quality - 35%; (b) cost - 15%; (c) time of implementation - 30%; and (d) ability to replicate firm wide - 20%.

Due to the complexity of the resistance of change, and its true causation developed within the realm of human behavior and motivation, one alternative does not have to be solely selected, however, combination of alternatives can create an extremely plausible scenario for Euromotors to pursue. Assessing alternatives requires the a well developed understanding of both the negative components and the value added benefits that the alternatives can provide both under consideration of short and long-term magnitude. Ultimately, it is a question of the bottom line in the long-term, but it is equally important the stimulation of a more cohesive corporate culture and working environment and firm sustainability. If Euromotors is to flourish in the future, then they must maintain an ability to adapt, and an element of adapting is related in the potential to promote an environment where change is not only understood as to be needed, but welcomed.

6.2 Assessment of Alternatives

6.2.1 Fire the resistant salesforce team members.

In evaluation of the potential alternatives to improve the organizational lack of synergy and resistance to change, the first, and most drastic solution can be found within firing the sales force employees who fail to accept and adapt to the implementation of digital transformation. It is crucial to note however, this alternative is a last resort. Firing will send a strong signal to the rest of the sales force, which ensures their awareness of what is expected

from them, in addition to the severity and commitment the organization has to truly strategize and fulfill their commitment to not only a digital evolution, but furthermore a more cohesive firm. Ultimately, this will create a more structured organization better able to devise, and orchestrate strategic vision, with an improved company culture and positive working environment. Also, will this result in more team collaboration, as there are less dominant, disruptive individuals in the organization, the rest have a greater likelihood to bond as a team.

Severance packages will be required to be paid out to said employees if this alternative were to be taken. However, this expense might be worth it and be seen as an investment in the future, as it will result in the ability to manage cohesively and to achieve the targets as a team, creating more unity in the organization. Based on organization standards, the average cost of firing one employee ranges from 50,000 to 70,000 soles.

Table 22 gives an approximate amount the firm would incur in monetary terms if they were to hire one employee, to the extreme of firing all 35 sales force employees using a Monte Carlo simulation with random numbers.

The monetary cost of firing an employee depends on the numbers of years they have worked for the company, and the internal agreement. There is potential for the company to pay a indemnization if the process of firing has a irregularity as arbitrary fire. For instance, if a person who is working more than 14 years is fired without due cause, the compensation will be one and half monthly salary per year, with the maximum of 12 salaries according to the Peruvian labor law. According to the HR manager at Euromotors, the majority of the sales force have been on staff for more than ten years. The principal portion of the sales force income is derived from compensation incentives and bonuses. Also, it is important to take into account that the newly hired salespeople have a short-term contract for 3 months, which is then re-evaluated, allowing the company to reduce the high cost of fire if the employee is

not living up to their full potential, or the ideals of the firm. The current turnover is 15.3% according to the Euroshop HR manager, and is lower than direct industry competitors.

Table 22
Estimation of Firing Costs of Traditional Sellers

Number of sellers fired	Unit layoff cost	Total layoff cost
1	63,613	63,613
2	68,804	132,417
3	60,001	192,418
4	69,580	261,998
5	68,654	330,652
6	54,882	385,534
7	50,608	436,142
8	64,234	500,376
9	64,962	565,338
10	61,416	626,754
11	60,920	687,674
12	52,147	739,821
13	51,424	791,245
14	68,895	860,140
15	64,400	924,540
16	65,441	989,981
17	68,936	1,058,917
18	56,029	1,114,946
19	62,569	1,177,515
20	66,049	1,243,564
21	65,265	1,308,829
22	69,007	1,377,836
23	51,623	1,429,459
24	64,611	1,494,070
25	50,129	1,544,199
26	66,955	1,611,154
27	61,159	1,672,313
28	54,902	1,727,215
29	67,485	1,794,700
30	54,101	1,848,801
31	53,208	1,902,009
32	58,854	1,960,863
33	62,106	2,022,969
34	68,002	2,090,971
35	67,332	2,158,303

Note. Based on Euromotors' estimations.

According to the sales manager firing an employee is an extremely difficult decision because the salespeople manage a group of clients; thus if they leave the firm clients are to be re-distributed, oftentimes causing internal conflict based on perceived inequality. Also, the

time it requires to publicize for an opening and train a new sales force team member is considerably time consuming, as suitable candidates with the ability and intrinsic skill can be hard to find.

6.2.2 Segment sales team

The current Euroshop sales force consists of 35 team members; four individuals who show extreme skill, and are the power players in creating the “jungle” atmosphere at the company. These selling “superstars” can usually sell up to 15-20 cars on average per month, therefore they obtain a much higher income than the other 31 sales force team members, who do not have the ability to succeed in this fierce environment. Due to this outstanding success they maintain within the current system, they are the resistant members not interested in implementing new instruments of digital tools. The actual system of incentives is developed on a percentage basis, 14.3% of the revenue of each sale and a bonus for achieving a determinate number of cars sold per month. Euroshop management has conceptualized the idea of dividing the sales team into two separate groups, removing the four top sellers from the training and implementation plans of the digital transformation. This segmentation will have a powerful impact for the group of 31 sellers as their motivation will be increased to adapt to the new processes without the negative impact and attitude of those resisting to change. The reason why this measure is likely to be effective is due to the environment it will create, through joining employees who have similar desires and willingness to learn, a more cohesive team will be created.

This alternative is looking to increase the motivation of the 31 remaining sales force team members that have a relatively dismal performance in comparison, while also promoting the use of digital tools in the operational process. The new incentive system is beneficial for the remaining 31 sales force members because it takes into consideration their actual performance, establishes an individual goal and gives them an extra tool for achieving

those targets. For instance, if a sales force team member has a sale average of four vehicles per month, his goal will be increased to six vehicles, if he achieves his goal he will receive the percentage of sales and also a bonus due to achieving his goal, this pilot project will be aided with the implementation of a digital sales techniques. On the other hand, the “superstars” will keep the old system of incentives, that consist on a percentage over sales, and they will not receive the trainings to use digital tools. The disadvantage of segmenting the sales team is that the superstars could feel that they are been left behind with the new initiatives made by the top managers. This will bring an instability perception from the employees because to be fired if the new ideas are implemented and must be carefully considered when looking at potential outcomes of overcoming this resistance to change.

6.2.3 Implement continuous training for the salesforce

Training is a critical success factor for a firm to reach their strategic goals. In order for a company to be adaptable in the rapidly changing global marketplace, the power of knowledge and the importance of employees learning new skills, and practices create an environment built for continuous competitiveness. A motivated sales force, one who is aware of organizational goals, and committed to the delivery of a high quality level of customer service must be continually trained and developed on an individual and team basis. Introducing weekly, or bi-weekly training sessions, that can take the form of “Lunch and Learns” or half day events on a monthly allow the sales force to be continually updated on industry best practice. An additional element that could be put in place under the umbrella of training comes through the form of coaching. Coaching is a beneficial program for continuous training as Mejía, Carrasquero, & Moreno (2009) discovered that a coaching program is a process of reflection and individualized training, it is flexible, and confidential. It can be developed with a manager, professional or person of high potential; aimed at acquiring or modifying skills, competencies or behaviors to successfully take on the

challenges in the context of their lives on a professional or personal level. Coaching is additionally applicable in this case due to its usefulness to increase the level of sales, according to Edinger (2015) “If a company wants to improve the capability of the sales organization, rather than just keep track of it, coaching is the most powerful lever you have.” A study by Jones, Woods, & Guillaume (2016) concluded that coaching was effective in terms of delivering individual learning and development, and improvements in performance and results for organizations. Training that is inclusive allows the whole company to share a common expectation in regards to the sales goal. Moreover, Gschwandtner (2008) explains that the sales manager has to focus in building a productive sales team and proposes that it is necessary that a sales manager gives coaching to their salespeople on a day-to-day basis. Therefore, the company is required inadvertently to put emphasis in constantly training. The principal benefits of this implementation plan is that it will generate an atmosphere of responsibility for all sales force team members, management and employees, to improve in the sales process, learn new skills and learn continually evolve.

However, this change in the overall company culture could generate rejection by the sales force due to the added element of work. There will be more frequent meetings and the sales manager could ask for the details of the way processes are done, something they currently do not intervene with, employees may see this as a lack of autonomy. The problem is that the current culture in the company is more individualistic due to the constant competition on the sales floor, and for this training and coaching method to be truly effective, a more collective team based mindset needs to be instilled.

6.2.4 Develop and implement concrete compensation scheme

Within the current compensation system, the salesperson receives a percentage of each sale and also a bonus if they achieve an augmented sales goal. This policy is constantly changing as managers want to increase the motivation of the sales force. All benefits are

personal, meaning that if one seller achieves the goal, the benefit is rewarded individually. For instance, the current policy of incentives donates a bonus for achieving a goal that is between \$300 up to \$1000 and depends on the number of car sales in a month, while also including a commission on the sale that is 14% over the revenue. Euroshop has 35 salespeople and some of them (four in particular) have an excellent performance with 15 vehicles on average per month. However, the remainder of the sales force team is unable to thrive in this environment, regardless of the incentives, the company was not able to reach the annual goals in the shops.

Therefore, the current system of incentives should be improved. A long-term, system of team based compensation incentive should be introduced. For example, through implementation over a year long timeframe, compensation will be taken from solely individualistic to being dual natured. This is defined as in order for an individual to receive their bonus, no matter their personal performance, a portion will be based off of the whole team's accomplishment. This proposal is developed in Table 23.

Table 23
Compensation Scheme Alternative

Month	Compensation	
	Individual	Team
1-3	90%	10%
3-6	80%	20%
6-9	70%	30%
9-12	60%	40%

Note. Own proposal.

It is important to understand that this will be systematically implemented, over a long-time period to properly give the sales force to warm up to the idea of being dependent on team cohesion. Through developing a system where pay is directly correlated to team results, it will increase an environment of unity, and necessity of being a solidified team. Ultimately,

organizational corporate culture will be shifted, to where Euromotors would ideally like to strategically be with increased coherence with all players involved.

6.2.5 Gamification

When designed correctly, gamification has the ability to be highly successful in not only engaging, but also motivating individuals to change their behaviors, develop skills and solve problems (Burke, 2013). Gamification is currently being utilized in firms in order to engage customers, improve employee performance, enhance corporate training and education, introduce innovation, development and sustainability while refining management processes (Burke, 2013). The popularity of gamification is available and can encompass a variety of contexts such as (a) education and training; (b) human resources; (c) marketing; (d) sales; and (e) health among others. Furthermore the concept of gamification shows the ability to bring together many disciplines and professionals including (a) game designers; (b) psychologists; (c) sociologists; (d) business executives; and (e) computer engineers. The purpose of gamification design elements is its utilization in a business context, in contrast to game design, which holds the sole utilization of entertainment (Marczewski, 2014).

In terms of Euromotors implementing gamification, it would be through the facilitation of a pilot project with the Euroshop sales team. This is something that Euromotors aspires to implement company wide, therefore a pilot project within the Euroshop division would test the ability for the employees to adapt. However, in order for this to be successful, a primary alternative of segmenting the sales team would be required, as individuals not interested in the digital transformation of the firm will only exhaust resources that would be required for the digital transformation.

6.2.6 Hire interns to support the salesforce

A potential short-term oriented solution to address the current marketing system and the sales force issues would be to hire interns. The interns sourced from various universities

in the Lima region could be Bachelor of Business Administration undergraduates primarily with a Marketing major to undertake temporary responsibilities, and ultimately enable the sales team to more effectively fulfill their duties. A major bonus attributed to bringing interns onto the Euromotors team would be their more innate ability to adapt to current digital technological trends; it would be relatively simplistic for a millennial Marketing graduate to implement updates to the current Social Media channels, while longer term students could also be utilized to get the website to a functioning state beyond its current landing page status. An intern could also take some of the time consuming tasks out of the hands of the salespeople, such as doing the related paperwork with car sales, streamlining the work processes, and doing necessary background research into insurance policies and licensing.

Internships can provide intrinsic motivation for students (Stansbie, Nash & Jack, 2013). In general this means that interns are not necessarily motivated by money incentives, but are motivated by other factors such as the work experience they gain, and the expansion of their network. The hiring of interns would be a true win-win situation; exposing students to daily business operation and real world experience, which can be a removed thought when studying the theoretical elements of business, while also allowing the firm to streamline their hiring process, if needed. Internships allow the firm to recruit for positions with more confidence and more knowledge about the people they hire (Knouse, Tanner, & Harris, 1999; Walo, 2001; Zopiatis, 2007; Knouse & Fontenot, 2008). Interns are not paid a full wage, but a compensation, in general ranging from 850-1000 PEN per month (Euromotors, 2017). An added benefit for students includes the exposure to an organization here in Lima that maintains international ties, very useful experience for you young business student. For Euromotors, this is a true value add at a low cost. Euromotors could also engage in a partnership with one or more educational institutions, such as ESAN University, Peruvian University of Applied Sciences (UPC) and San Ignacio de Loyola University (USIL), who all

are quality schools in the region boasting co-op programs for students. A partnership with multiple universities would allow Euromotors to gain an increased level of brand awareness among young people, while also giving them a choice to select young talent coming out of university.

In terms of internal impact, it could also trigger increased engagement from the current salespeople if they are responsible for mentoring an intern. Furthermore, it opens up more time for the salespeople to reduce their more menial task load garnering the ability to focus on their sales processes. Lastly, interns are more open to organizational change as they are less connected to the processes, and easier to influence, interns, in that way, could also be used to transform an organization.

A potential problem with interns however is the high turnover rate, as interns would only be on cooperative opportunities for a segmented amount of time, and limited in a further sense in terms of the hours they would be working. Due to this, Euromotors would have to continuously train interns, most likely on a bi-annual or quarterly basis, which is evidently time consuming. Another potential problem is the lack of commitment and reliability of interns. However, this will be less of an issue when it is in close relation with an educational organization, allowing an element of control and supervision from both the company and the university. An additional element that could be mutually beneficial is if they have opportunities after their internship at the company for full time positions, it important to note here that this does not have to be with full-time positions at Euromotors, but could also be developed through contacts the interns make while working.

6.3 Assessment of Possible Solutions

Table 24 shows the assessment of alternatives performed to choose the best decision tool to solve the defined problem. Specific criteria was taken into account. In this case, the cost and time of implementation are measured in the inverse proportion. The highest cost has a zero and the lowest gets a 10. Similarly the longest time of the implementation gets zero and the shortest gets a 10. Total ranking is calculated by adding the four weighted variables.

Table 24
Assessment of Possible Solutions and Criteria used

Possible Solution	Impact on Service		Cost (*)	Time of implementation (*)	Ability to implement Firm Wide (*)	Risk of failure in the long term	Total Ranking (**)
	Quality	Weight					
1 Fire the Resistant Sales Force Team Members	1	35%	0	4	2	50%	0.975
2 Segment Sales Team	7	35%	10	8	9	20%	6.52
3 Implement Continuous Training for the Sales Force	5	35%	5	3	9	80%	1.04
4 Develop and Implement Concrete Sales Force Compensation Scheme	7	35%	8	8	4	40%	4.11
5 Gamification	5	35%	4	4	5	50%	2.275
6 Hire Interns to the Sales Force	9	35%	6	7	7	30%	5.285

Fire the resistant sales force team members. This solution has a low impact in the quality of service due to the varied levels of experience. If Euromotors were to fire the resistant sales force members, the Euroshop would be losing the experience and the skillset of the former employees in terms of their knowledge with European vehicles. The cost of implementing this solution as the company would have to pay an indemnification fee for the employees fired while also considering the possibility of labor complains and their contributing legal fees. The time of implementation would be short, however, the process of potential legal actions, and the prospective of the fired employees returning to work based on the Peruvian institutional law that protects the laborers interests (Labor Ministry), can impose that such worker is able to return to work. Finally, the ability to implement firm wide is low due to the huge fees the company would have to pay if they simply fired sales force employees when their compliance was not appropriate, this is would have to be examined case-by-case.

Segment sales team. This solution has a considerable impact over the quality of service, as the motivation of the sales force will increase if they are not being forced to work in such an aggressive environment. The cost is zero due to the simple segmentation within the team, ultimately requiring no additional investment. The time of implementation is fast due to the autonomy the senior management have to make this decision with their team, as it is something that has been previously considered, it would not take long to execute. Finally, the ability to implement firm wide is high as it would truly disrupt the current concept of organizational culture, and siloing individuals or small teams would not help with the desired cohesiveness of the firm.

Implement a continuous training for the salesforce. A continuous training stream is the ultimate goal of every firm as it creates an environment where employees maintain a motivated and fresh perspective on their work. The quality of service will improve due to the training and coaching given, the appropriate knowledge being taught on a frequent basis will improve the quality of service customers receive, increasing satisfaction. The cost could be moderate if the sales manager hires an external trainer or coach to fulfill the routine training sessions. The time of implementation is long, as the training for the sales force will take place on a routine basis to improve and foster true leadership abilities and sales skills. Finally, the ability to implement firm wide is high due to the commitment and cohesion required, the entire realm of managers will have to be in agreeance to facilitate the process.

Develop and implement concrete sales force compensation scheme. Looking into the development of a set Sales Force Compensation Scheme, the quality of service will increase as the best sales people will be motivated to meet targets as they remain constant, there is no uncertainty, ultimately creating increased personal confidence. This implementation is not costly as once developed it will remain, and only be adjusted at the utmost levels of need.

The implementation primary challenge will be convincing the sales force, especially the top sellers, that having a division for individual and organization shared goals in terms of selling will provide greater benefit for everybody (for example introducing a compensation scheme where 70% of the bonus will be received from personal sells and the remaining 30% will be made up if the sales force as a team meets targets). This process of change from the individualistic goal system to a mix between individual and collective will take a long time depending on the willingness of the employees to adapt to this new scheme.

Finally, the ability to implement firm wide is low because this involved a change within the realm of company culture. The mindset of the sales force is set only for individual performance, and this is the way in which most of them have been performing for many years. Therefore, it is a behavior that is going to be very difficult to change, because in general the industry works with the individualized selling method. The salesforce can feel that this will affect their incomes, so they are going to be looking jobs on the other dealers that can offer them the traditional compensation rewards.

Gamification. This solution has a moderate impact over the quality of service, as this sort of solutions have not been proved in the car retail sector in spite of previous successful cases in non-related industries. The cost is relatively high due to the outsourcing of both methodology implementation and application design to third parties. The time of implementation is moderately slow since strict steps have to be considered. Finally, the ability to implement firm wide is moderate as a different set of motivation factors should be considered at each silo.

Hire interns to the sales force. This alternative will help to reduce the workload that the sales force currently has, and will allow them to focus only on the sales activity therefore the quality of the service given by sales force will improve. The cost will be very limited as these students that will be hired will be under a special labor framework working a set

number of hours and receiving less than the basic salaries in some cases (850-1000 Soles). The time of implementation will not be too high as it is common practice to align firms with universities with cooperative programs. Finally, the ability to implement firm wide is also low because it is a very simple and easy option, and also the employees are going to be happy with this idea as it is as if they are getting an assistant for some of their more menial tasks.

6.4 Conclusions

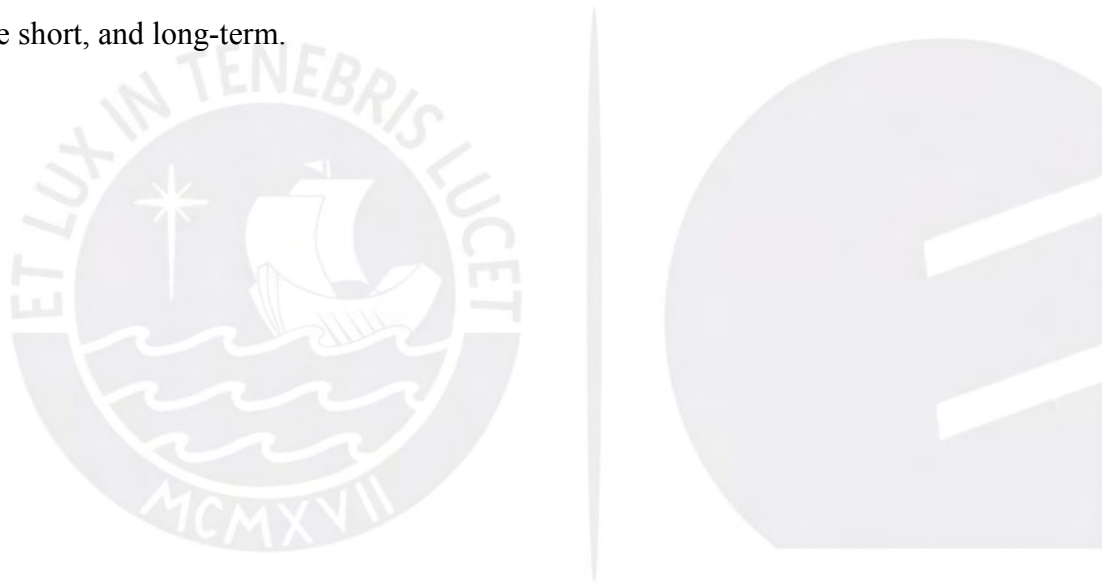
Through conclusive review of the current set of alternatives Euromotors maintains, the best approach to overcoming the organizational resistance to change within the sales force team will be a multi-solutionary. In order to develop a plan that is feasible in terms of the constraints of time, cost, and effectiveness while considering added value to the Euroshop, the following alternatives should be implemented.

Firstly, the main priority will be alternative two, Segment the Sales Team. With an overall rating of 6.52, it is the highest weighted option for Euromotors, the division of the sales force within the Euroshop will help drive down the aggressive “jungle” atmosphere currently existing on the sales floor. Another huge influencer along the trajectory of segmenting the sales team lies within the intrinsic elements of human motivation it will inflict. Through separating the individuals that are eager to adapt to change and utilize current industry trends such as digital transformation, which the firms aspires to implement, it is fundamental to foster teams that maintain similar mindsets and drivers in order to develop cohesion.

Contributing to the first selected alternative, it is suggested that alternative three and four, Implementing Continuous Training for the Sales Forces; Developing and Implementing Concrete Sales Force Compensation Scheme should be utilized to help create an environment of continuous learning that is maintains stabilized working procedures. With respective

weights of 1.04, and 4.11, the solutions show strong potential to be implemented rather seamlessly into current organizational function.

As a final, and rather simplistic yet impactful solution that the Euroshop could utilize is the implementation of alternative five, Hiring Interns to the Sales Force. With an impact weight of 5.285, this solution could be brought into the firm in the first semester of 2018 through pairing with a local university's business school, providing a true win-win for both parties. Overcoming organizational resistance to change can be a difficult, and lengthy process to due to the sheer nature that it has direct correlation with the element of human behavior, which is so varied upon motivational factors, aspirations and drivers. Through implementing a multi-alternative solution, the firm faces the greatest opportunity to succeed in the short, and long-term.



Chapter VII: Proposed Solution

Any change, even a change for the better is accompanied with drawbacks, risks and uncertainties. Euromotors is facing an organizational resistance to change within their sales force. As a firm, they need to improve bottom-line organizational results, increase productivity and job satisfaction, while heightening employee morale and team synergies. In order to develop an all-inclusive approach to problem solving, desired outcomes have been established, and the following proposed solution will allow Euromotors and Euroshop to tackle a micro-pilot project to test the waters of potential prior to implementing it on a macro, firm wide scale.

7.1 Overview

Euromotors is going to take a multifaceted approach in order to overcome their sales force resistance to change. Different interventions in different parts of the organization will be considered. These are focused within three main pillars of the organization, which are general management, human resources and sales management.

The reasoning behind introducing multiple alternatives is due to the evidence evaluated within the root-cause analysis. The resistance within the sales force at Euromotors is deeply held and requires multiple steps to help resolve the primary issue. There is a true complexity within the dimensions of showroom operations, marketing systems, sales processes, compensation incentives, motivation factors, and corporate culture. Likewise, no formalized implementation of strategic goals, company objectives not being met, no true synergy on any level, divorced thought between senior management and the rest of the staff worsens the situation. Due to this, the appropriate process to proceed productively is defined as multi-step.

7.2 Description of Solutions

Firstly, interventions proposed for the general management are identified. The main pillars here are (a) project approval; (b) creation of an internal transformation team; and (c) campaign for cultural transformation and innovation. For the project approval the main issue is that the whole management team has to be on board of the project. It has to be approved and fully supported by all players involved, that is key in this situation. Once true synergy has been created, the next step is to form an internal transformation team to lead the change project. Crucial in this step is to have clear roles and precise job profiles. The actual campaign itself will take the most time on the management level, activities will entail a variety of objectives such as preparing the corporate branding, promoting internal communication, and the implementation of a strategic map.

Next, looking into the human resources, there are additional factors that need to be focused on: compensation plan, development, and attraction. Implementing a concrete compensation plan, a shock can instill if too much stress is subjected in a short period of time. In order to combat this, the one-year plan of duality in terms compensation is advised. This allows a slow process for the sales force to develop a more team centric environment that works cohesively. For the first three months, a mere 10% of total bonus will be based on team performance and the rest of the 90% is individually incentivized. Moving forward, the team value will increase by 10% and the individual will decrease by 10% until month nine, where the final balance will be achieved at a 40% team value and 60% individualistic value. That is all we will advise at this time, as pushing towards a 50/50 percentage could truly disrupt the foundational sales force culture at the Euroshop.

Furthermore, looking at the interventions suggested for sales management, the main focus is on continuous training and motivation. Having a continuous training program that includes one-on-one coaching in addition to a set system of compensation will improve and

balance out the human intrinsic uncertainties that come with change through the introduction of instilled formality within the operational function of the sales team, something that currently does not exist. To be reviewed further in Chapter VIII, when designing specific techniques to use in terms of training for overcoming resistance, it is vital to associate input and feedback for rewards and recognition that are appropriate and well received by the intended audience. In order for senior management to truly instill the alternative of training correctly, they must additionally conduct periodic worker and management surveys to allow employees to have an open, and potentially discreet avenue for discussion of opinions, satisfaction, and morale. To allow employees to feel valued, they must feel heard. Figure K shows the ability for training programs and their influence of overcoming organizational resistance to change.

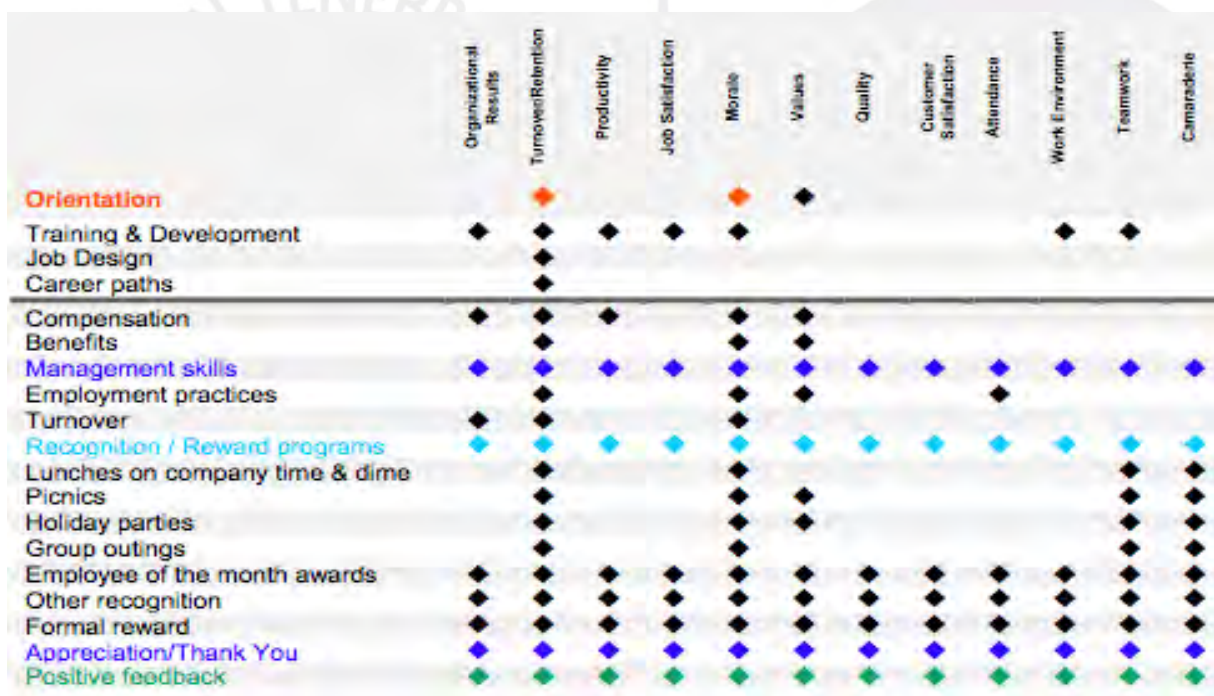


Figure 37. Motivation and Retention Techniques. (Werc, 1999)

Looking into the segmentation of the sales team, the concept that in times of change, experience can be your worst enemy. It is the most experienced and well performing sellers that are ultimately damaging the corporate culture of Euromotors. Their inability to

understand the necessity of a digital transformation adaptability hinders the growth of not only the sales force, but also the entire company, and the multiple brands as a whole.

However, the main issue is indicated at a higher level within the organization. Therefore, it is not appropriate to just blame the sales force.

Finally, the last alternative that is relatively simplistic and allows great potential for increased productivity is the hiring of interns in the first semester of 2018. The small wedge of time before this alternative is to be implemented is to allow Euromotors time to find an organizational institutes that fits their needs, while also appropriating a period to have the organizational changes that are required in the sales force time to settle in and become routine, as too much change at once is overwhelming, and brining in a host of students to a company that is undergoing such sharp changes is not advisable.

It is also crucial to develop an understanding that motivation and retention programs are comprised of a variety of technique chosen to achieve different sets of goals. Human nature is not always welcoming of change as it brings risk, and uncertainty. However, change is the only thing that allows progress.

7.3 Conclusions

As explored at length, in order to overcome the organizational problems of change management, Euromotors would seek great value add in implementing the above multi-step solution. As explored in the next chapter, this solution is one that provides long-term potential for the firm and must be treated with incremental focus. It is crucial to note that this problem exists in the organization as a whole and all individuals within the firm need to participate in this process and communicate effectively in order to implement the solutions effectively to create true success.

In order for Euromotors to develop a strategic plan that encourages growth, it must adapt to the global industry influencers, in this case, the inclusion of digital strategy to govern

organizational procedure. However, before this is possible, the firm must recognize the necessity of the change, and take the step-by-step process to normalize it into operational routine.



Chapter VIII: Implementation Plan and Key Metrics

This chapter will discuss the action plan to implement the proposed solution. In this sense, a schedule comprised of a Gantt chart and a budget will be used to indicate when and how long the solutions will take to implement. Lastly, Key Success Factors will be discussed in order for the solutions to be successful.

8.1 Implementation plan

8.1.1 Implementation activities.

After assessing all possible solutions and reaching consensus as to how Euromotors can most efficiently capitalize a truly cultural transformation, an implementation plan was developed to efficiently and effectively integrate the solution into the company. Accordingly, implementation activities will be divided into kick-off, and interventions by executive management, by human resources and the sales department, which will be represented visually using a Gantt Chart in Table 25. Appendix D shows the detailed version of this schedule whose activities will be explained next.

Table 25
Level 1 Schedule

Tasks	Expected Beginning	Expected End	Duration (Days)
Management Interventions	21-Aug-17	29-Dec-17	95
Project approval	21-Aug-17	29-Aug-17	7
Creation of an internal transformation team	30-Aug-17	26-Sep-17	20
Campaign for cultural transformation and innovation	30-Sep-17	29-Dec-17	68
HR Interventions	18-Oct-17	5-Jan-18	58
Compensation plan	18-Oct-17	24-Nov-17	28
Development	27-Nov-17	22-Dec-17	20
Attraction	1-Dec-17	5-Jan-18	26
Sales Management Interventions	24-Nov-17	6-Mar-17	72.5
Program closure	6-Mar-17	6-Mar-17	0.5

Note. Approval is expected to be granted on the date of the final presentation of this report.

Management interventions.

Preliminary activities. This stage represents the most critical decisions and actions for the implementation of the cultural transformation. This set of activities is as follows:

(a) first presentation of the project to the management; (b) review and changes; and (c) final presentation of the project to the management.

Creation of an internal transformation team. This set of activities is as follows: (a) Development of roles and job profiles; (b) Recruitment and selection; and (c) Immersion to the company and change project.

Campaign for cultural transformation and innovation. This set of activities is as follows: (a) Diagnosis of "openness to innovation"; (b) Preparation of corporate branding, vendor profile, communication channel; (c) Meeting with commercial managers and brand managers; (d) Meeting with HR / Restructuring of functions; (e) Sub-campaign of internal communication "Need to change"; (f) Launch Party "Llegó la experiencia Europea"; (g) Launch of internal communication channel among sellers; (h) Launch of the Euromotors seller profile and New Corporate Brand; (i) Implement the strategic map as a communication tool at all levels; and (j) European New Year Party.

HR interventions.

Compensation plan design. This set of activities is as follows: (a) Preparation of the new compensation plan and Euromotors incentives; and (b) Launch of new Euromotors compensation and incentive plan.

Development plan adjustment. This set of activities is as follows: (a) Implementation of space and training program: "Sales Academy"; and (b) Meeting with sales managers to integrate the training plan.

Talent attraction plan design. This set of activities is as follows: (a) Launching of Euromotors Trainee program to attract young talent; and (b) Recruitment and selection of commercial and brand management interns.

Sales management interventions. This set of activities is as follows: (a) Launching of new system and sales process by teams; (b) Define customer journey in stores; (c) 2018 Recruitment Needs Planning – Salesforce; (d) Internal Best sales practices competition; (e) Monthly recognition meetings - Innovation and Change Awards; (f) Design Euromotors sales manuals; (g) Workshops on Digital Engagement and Training; (h) Certification in Digital Sales Design; and (i) Start of certification in Digital Sales.

Program closure. This set of activities will be held at an event called Euroinnovation meeting 2018, comprising: (a) Launching of Boosted Digital Channel; (b) Presentation of 2018 Plan - Transformation Team (Commercial and Marketing); (c) Presentation of 2018 Plan - Interns Team (Commercial and Marketing); and (d) Presentation of Product Innovations from Brand Headquarters representatives.

8.1.2 Timing.

In regards to the timing and order of phases in the above implementation activities, a Gantt chart has been developed to provide a visual representation (See Table 25). Management interventions will last 95 days; HR interventions, 58; Sales management interventions, 72 and a half; and the program closure just half a day. Considering the predecessors and arrangement of sub activities, the whole project is expected to be completed in 141 days and a half.

8.1.3 Cost of implementation.

To implement this solution, a breakdown of costs will be analyzed. Firstly, the creation of the team will require a payroll to hire four members (a transformation lead, an analyst and two interns) and a corresponding cost center totaling 3000 USD. Next, the

organization of events will imply a budgetary assignation of 7000 USD. Finally, the launching of the new intern program will cost another 3000 USD. The cost of the solution itself, will be equal to 25,500 USD (see Table 26).

Table 26
Budget Proposal

Concept	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Transformation team							
Payroll							
Transformation Lead		1,100	1,100	1,100	1,100	1,100	1,100
Transformation Analyst		700	700	700	700	700	700
Psychology Intern		350	350	350	350	350	350
Communications Intern		350	350	350	350	350	350
Cost center	500						
Internal communication events	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Brand & Sales Internship program				750	750	750	750
	1,500	3,500	3,500	4,250	4,250	4,250	4,250

Note. Own estimates.

8.2 Key Success Factors

In the next section, we present the main key performance indicators that the organization must track in order to monitor the impact of the measures we are proposing through this project. These are summarized in Appendix E. We have divided these KPIs into executive management, digital channel, HR and sales management as these represent the main support areas for the expected outcomes to be achieved. Each KPI is related to a specific objective, tracking frequency, performance levels and responsible.

Senior management. The executive management function is expected to sponsor the project by leading the organizational transformation process alongside the specific innovation team we are proposing to implement. Thus, the KPIs for this area are closely related to the organizational innovation results and culture.

Digital sales channel. The digital channel specialized function is expected to implement the changes the transformation team suggest in order to make digital user

experience the new strategic focus. Thus, KPIs for this section target to measure the accountable results of these implementations.

Human resources management. Human Resources will be focusing on two main strategic functions during this transformational process, which are development and retention. In order to track the impact of the improvements made in this field, we are proposing to measure the sales force organizational commitment and job satisfaction as a holistic indicator. We also propose to track the success degree of the specific training and development programs using the two more indicators.

Sales management. Finally, as the Sales Management function represents the main beneficiary of these implementations, it is highly important to track its performance. Firstly, we target to ensure that these changes are helping laggard sellers to reach the most experienced sellers quotas. We do this by tracking the individual sales coefficient of variation. Then, effectiveness and efficiency of the sales force is measure by tracking conversion ratio from store visitants to effective sales and the degree in which sellers are taking advantage of the digital channel, respectively.

8.3 Conclusions

In review of this Gantt chart, the major takeaway is its inclusive nature throughout the firm at large. It incorporates all major business units including Finance, HR, Sales and Operations. It is crucial that all major sectors of Euromotors are included in the responsibility of the Gantt chart as it increases likelihood that the deep rooted causes will have a greater chance at being successful. This Gantt chart runs from August 2017 until March 2018, this relatively short time period allows change to be incremental, however it also gives enough slack to overcome any minor issues that may occur within day-to-day operations within a firm.

Chapter IX: Expected Outcomes

In order for Euromotors to develop their organization on a trajectory towards overcoming resistance to change, and ultimately stimulating an environment of growth, corporate culture and employee mindsets will need to be motivated by potential for improvements. A way to progress forward will be to allow deliverable outcomes that show the positivity of such progression. Through analysis of the sales force operational processes for Euromotors, and utilizing the projected plan of the previous chapter, a series of expected outcomes have been formulated. The process of overcoming organizational change is incremental, and through a segmented, multi-alternative system, Euromotors, and specifically the piloted Euroshop, will be able to resolve their sales force resistance.

The expected outcomes detailed within the current chapter explore the resolution of the core issues experienced by Euroshop: sales force resistance through evaluation of KPIs within the executive management, digital channel, HR and sales trajectories. Through overcoming the micro-problem with the utilization of a pilot project, the entirety of Euroshop will, in turn, be in an improved position to translate the solution on a macro scale throughout the multi-brand Euroshop to enhance the fundamental problem of operating as a segment of brands rather than a unified company.

9.1 Benefits of the Implemented Solution.

The focus of the pilot project is to implement a micro-style alternative system of improving the current situation of organizational resistance to change within the sales force. Through motivating the sales team, implementing a newly improved and continuous training system, and enforcing a set compensation strategy to encourage a team based environment, where compensation would be based off of individual, and team based merit.

The primary expected outcome is a 43% increase in the level of employee satisfaction within the sales force within the first year, increasing exponentially over the long-term. This

is correlated with the enhanced motivation that will be established through organizing like-minded sellers together, to garner a more collaborative team environment.

Thus, in further relation to this, there will be a 32% increase in the level of organizational identity and commitment in the whole of the sales force personnel. To allow a functional, long-term strategic organizational change within a firm of an scope or dimension, it is ultimately required that said changes are not only well communicated with all players involved, but that these changes are greeted under a positive perspective.

Currently, 30% of the sales are obtained from 12% of sales force. It is expected that, having implemented the project, this 30% will be derived from 25% of the sales force. These results correspond with the elements, as highlighted in the literature review of the potential developed when motivational and sales force management technique are combined.

It is expected that from the total number of hours spent in the sales process, 20% are dedicated exclusively to the tracking of digital leads. Within the realm of the digital channel, it is expected that 70% of leads coming from the digital channel are tracked by the sales force. Individually, it is expected that each seller tracks at least 81% leads monthly.

Effectiveness of digital channel is expected to increase to where the digital conversion rate into sales is increased from 1.3% to 5.4%. In turn, it is expected that the digital conversion rate into store visits is increased from 20% to 46%. Looking into the Gantt chart, and the activities that will dictate said outcomes, it is important to highlight the relevance of the Certification of Sales Design Program; this will enable outcomes to be clear and achievable, something that will develop intrinsic motivation with employees.

With the pilot project within the Euroshop, similar outcomes have been replicated in a variety of diverse firms. Having implemented the alternative solutions, it is expected to sustain a rhythm of two organizational improvements monthly led by the transformation

team. This is known as lean management and is a good practice applied in companies such as ESAN (Education), Starbucks (Service) and Toyota (Manufacturing).

9.2 Strategic Map

The strategic map provides a visual tool for Euromotors as an organizational to have a reference tool when looking at the long-term impact of the (a) Financial; (b) Customer; (c) Process; and (d) Learning and growth of the organization as a whole. The utilization of a strategic map focuses on the long-term orientation of business function, and it is intended for employees at all levels of the organizational hierarchy to garner a greater sense of purpose within their daily function, it acts as an instrument to reinforce the synergies between the separate sections of the firm and how they ultimately coordinate and collaborate together to create value and profits for the company. Additional elements provided through the usage of a strategy map include, a more simplified and focused strategy, it allows a modernized update to the scorecard as explored above, it ultimately encourages employees to be more strategic, it improves the understanding and ownership of organizational strategy and it increases the likelihood of reliable, delivered strategy throughout a firm (Excitant, 2017).

Ultimately, as explored on Figure X, a strategic map will allow Euromotors the visual tool to develop, implement and stay on track in the long-term with the organizational mission and values. The strategic map acts as a resource to garner responsibility among the currently devised silos within the separate brands under the Euromotors umbrella. Allowing a clearly displayed strategy will project responsibility externally in the company, increasing the odds they will be met.

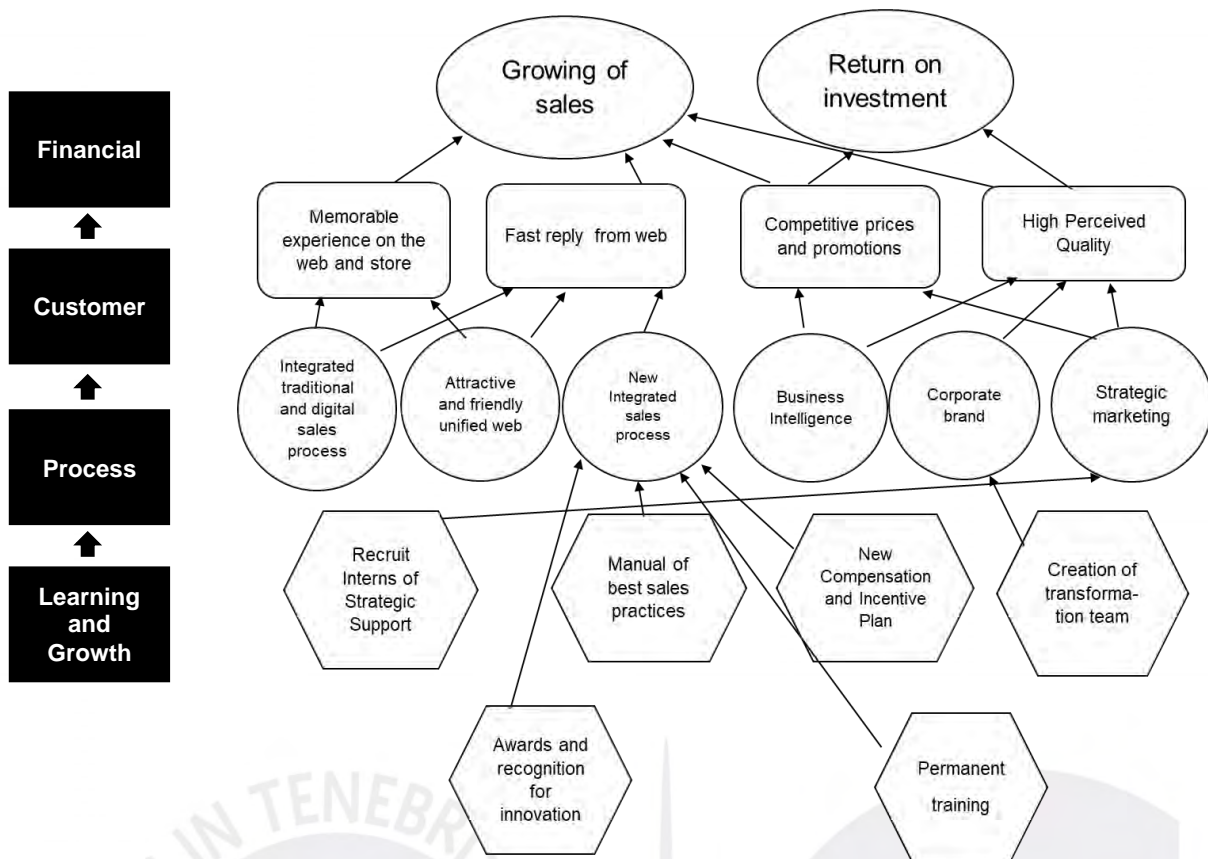


Figure 38. Proposed Strategic Map for Euromotors.

9.3 Client Feedback

Euromotors feedback in regards to the solution developed around their root-cause issues was well received throughout the Euroshop and additionally with upper-level management. The proposed alternative solution that will be thus implemented of segmenting the sales team was primarily a suggestion that the sales force management within the Euroshop had been considering by means to implement this digital transformation system which has been on the trajectory of strategic plans for some time now. A major driver of what deems organizational change successful in terms of human behavior is how change is treated and implemented through an organizations hierarchy, and the focus a firm takes at implementing change through a series of training and open communication. Pending changes within the organization were not being properly communicated, with no official channels of internal communication, thus this atmosphere of silos was well

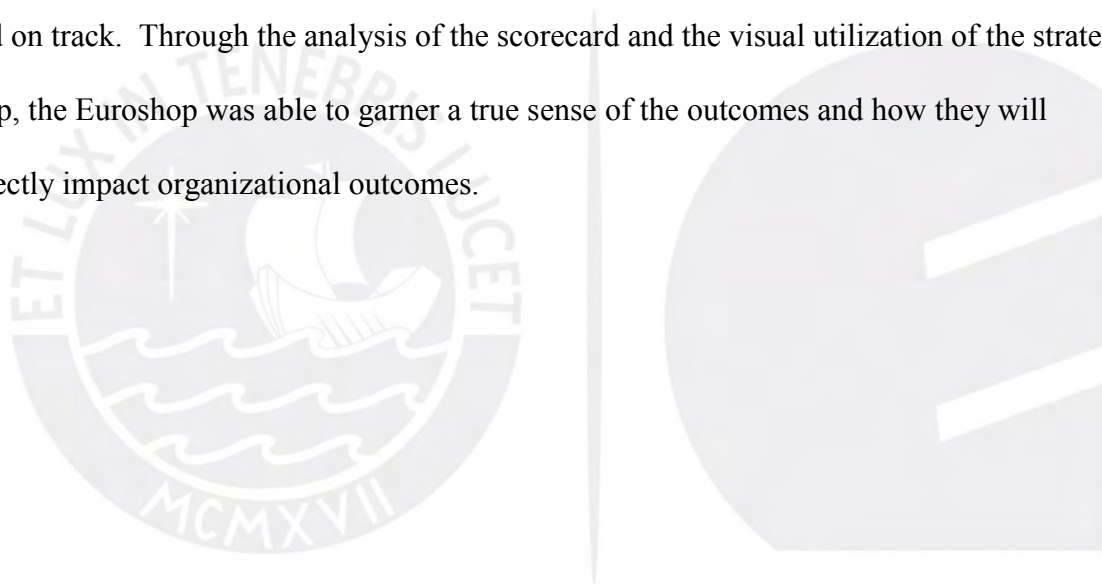
recognized by management and staff, and the understanding of a need to improvement was within everyone's scope of awareness.

Euroshop understood the necessity of the multi-alternative solution and implementation plan in order to overcome their deep-rooted resistance to change, and thus, their motivational factors and focus with employee management will be shifted in order to reach beyond creating a team based cohesive working environment, but also drawing in the organization to function and operation as a whole unit in contrast to their current status of separate brand units. In sum, positive feedback and a development of understanding of the necessity of these changes was garnered by the team.

While the Euroshop team was highly responsive to our recommendation plan, and its inclusive nature, there was still some relative uncertainty in regards to the support that they would receive from upper-level management in regards to taking these consulting suggestions into practice. This, in a somewhat unfortunately tone, conclude the macro-overarching issue faced by this organization. They have the potential, the right product, resources, employee talent potential, however there remains an ominous feeling that the lofty goals will not be met with true action. This is where we believe the implementation of solution could truly rectify change within this firm, as the changes are broken down into small components and are to be delivered on a timely basis not risk being of an overwhelming nature. In addition, the recommendation and implementation plan seek to garner organizational involvement and encourage communication throughout the workforce, as the more players that are engaged and active, the more likely organizational change is to truly manifest for the positive. Our true aim here was to allow a change that would be inspire motivation and engagement, as it is the only way towards progressive development.

9.4 Conclusions

Review of the expected outcomes allows an understanding to be developed in terms of the potential of implementing the proposed solutions. As explored, Euromotors will gain the capacity to improve the current adversity shown within the sales force of Euroshop, which is replicated throughout the multi-brand, multi-dimensional organization. Utilizing the well-developed and systematic alternative solution will allow Euromotors the ability to garner short and long-term organizational improvements. It is important to note that provide concrete expected outcomes, and showing signs of organizational progression will allow the sales force to maintain motivation, therefore, it is additionally crucial to highlight and manage effectively the KPIs as designed in chapter eight to keep the organization focused and on track. Through the analysis of the scorecard and the visual utilization of the strategic map, the Euroshop was able to garner a true sense of the outcomes and how they will directly impact organizational outcomes.



Chapter X: Conclusions and Recommendations

The last chapter will explore and highlight the primary key learnings and takeaways while providing concrete recommendations according to the data collected and analyzed throughout the duration of the consulting project. Through the creation of a series of five primary conclusions, of which have been drawn from the theorized elements of the root problem analysis and overcoming resistance to change, Euromotors is able to garner a focused strategic mindset to help guide future planning. In addition, three focused recommendations have been developed to allow the firm to grasp their current standing through a wider scope perspective, with the recommended plans geared to help propel the firm forward in a feasible, and functional process.

10.1 Conclusions

10.1.1 General.

Firstly, the design of the vision and mission statements of the company does not create or identify a proper and feasible strategic route that the company should be following to achieve desired results. This is the focal reasoning behind why Euromotors employees do not have a clear idea or understanding on what is their primary functional target to ultimately help them with the decision-making process. The current design of the vision and mission do not have the impact that the company expected it would, or of which is required to properly govern the firm forward strategically. While the vision and mission statements maintain a scope covering the entire organization, they are not focusing on the growth strategies that the company needs to follow, on an individual brand basis, in addition to the organization as a whole.

The top managers do not consider the strategic planning as an important topic that the company needs to implement. They believe that this is not necessary due to the uncertainty, unpredictability and changing environment of the industry. Euromotors has a strategic plan

defined that has not been reviewed or modified in many years. This generates the idea that employees are working without sharing common objectives or goals, and in turn creates an environment where the organization loses focus of keeping track of the behavior of their competitors. For example, there is a very strong rivalry among traditional brands, such as those Euromotors carries, and the market entrants coming from China, which have reduced prices and a variety of additional features. Some of the local competitors are changing to a preventive approach like Toyota. Despite the Japanese brand being the current market leaders regionally, they have adapted through introducing a new model vehicle, Etios, which aims to compete in the low-cost segment. These actions show that Toyota as a brand is concerned on taking actions to identify with the new global trends that are affecting the industry.

Euromotors, in contrast, currently does not have anyone working on being in charge of the required commercial intelligence that could keep the firm on track of the new global trends while maintaining an awareness of the local movements or behaviors of consumers.

The internal competency among the employees of Euromotors in terms of reaching their personal goals is creating an environment of poor cooperation among sellers. It is good to have internal competition within a sales segment; however, it is additionally crucial to not to lose the focus of working as a cohesive team under the umbrella of the firm at large. With this current scenario of a “jungle” atmosphere as described in previous chapters, the most experienced sellers are taking the majority of the clients that enter to Euroshop because they are solely focused on achieving their personal goals, and not the more widespread goals of the entire company. This is related to the fact that Euromotors currently does not have a group or a common rewards system for achieving goals per store. This situation is generating poor cooperation between the employees which regard one another as competitors rather than co-workers. The lack of cooperation between employees and departments is destroying the concept that a company must work as a group following a common objective.

Moreover, the marketing strategy is also a problem in Euromotors. The marketing department does not have previous coordination with the sales managers regarding the strategies and marketing campaigns that they plan to implement. The marketing campaigns are prepared per each brand, and this approach is not allowing synergies to be created to better utilize the resources of the company. In addition, the sales managers have the perception that they do not have support from Euromotors to develop effective marketing campaigns, and thus, in reaction have been preparing a kind of small marketing campaign in order to communicate which are the promotions for the month, of which have been relatively ineffective.

The company has many internal divisions which are then divided by segments in which they are aiming to attract. For example, in order to sell Volkswagen vehicles they have Amsa, Limawagen and Peruwagen and Euroshop, all of which are part of Euromotors. However, each smaller firm manages their own web pages, social media, marketing strategies, thus giving the perception to possible customers that they are competing with each other. This lack of integration is causing a loss of focus on what they are trying to show to the clients about what they have to offer as a brand. As they try to give the impression of being a high-quality brand, but some of their dealer stores are in bad shape. This is a contradiction that can be perceived by the client and will affect their purchase decision. As each store is in relative competition amongst one another, they do not realize how the bad physical shape of one store is affecting the entire brand image of the company, ultimately having an impact on the sales for the firm at large.

10.1.2 Specific.

The problem was detected from the request to work on a digital transformation proposal. Before considering vendors as barriers to this transformation, the position they occupy within the company was questioned. Indeed, the firm cannot depend on few sellers to

achieve their results because they would not be believing in their own ability to be competitive in the market.

A strong interrelationship between Sales Management and Human Resources was discovered. There is an inconsistency between the two departments. That is why it is proposed to renew the HR dynamic and integrate it with Sales.

When the digital channel was analyzed, it had major weaknesses. The experience was not user-friendly on the page (neither to the seller nor to the customer). This was further evidence that the problem was not the adoption of the digital channel, but the strategic functions that allow the channel to function properly.

The confusion of the marketing function with sales activities shows the weakness of the business model. The absence of functions such as (a) business intelligence, (b) market research, (c) research and development, and (d) knowledge management evidences that the company has a sales orientation (Marketing 1.0) rather than a consumer focus (Marketing 2.0). Trade marketing with brand managers will be vital. They should be seen as strategic allies and Euromotors must let them see the benefits that working together can bring to both parties.

This strategic absence impacts the culture, because it does not promote innovation and maintains the status quo for lack of leadership to move from a current state to an expected future. The mentioned strategic weakness will be addressed by the cultural transformation team, which will propose changes sponsored by top management. The team of interns will assure that the plan is disseminated at all levels of the company being key agents in the management of change process.

10.2 Recommendations

To make sure changes are applied, the innovation and transformation team will be established with autonomy and execution capacity. Senior management will transmit trust in

the project to lower management with the aim that this transition is the most collaborative and least authoritarian possible. As collaboration between several areas will be indispensable in the project, the need for a strong and orderly and horizontal communication through official channels is identified. Finally, it is proposed to create a strategic map aligned with the dimensions of the balanced scorecard to visually show how the different areas of Euromotors are interrelated with the financial objective so that management perceives the long-term impact.

10.2.1 Establish and implement an Euromotors strategic plan.

The organizational resistance to change within the sales force of Euromotors provides deep-rooted operational difficulties to the firm. Through careful analysis of the root-causes, alternative solutions, and implementation plan it has been understood that the fundamental cause of uncertainty within the organization is the lack of delivery within the strategic plan.

The optimal way to proceed to overcome this issue is to gather feedback from all levels of the organization and provide senior management with a clear vision of where the employees project the operational procedure of the firm, one that is within scope, maintain realistic tendencies and strives for ultimate successes of all players involved. Without a strategic plan embedded through the entire organization it is difficult to create the sense of cooperation and a common goal. A clear strategic plan would also influence the resistance to change, as an implemented plan influences the corporate culture. In the short term a strategic plan might not have significant impact, although it will provide more guidance for the organization. The real benefit will present itself on the long-term. With a sound strategic plan Euromotors can keep improving their performance and will be able to do so in a sustainable way.

10.2.2 Create an organizational marketing division.

Furthermore, an important aspect of our recommendation consists of creating a marketing division within Euromotors. Currently, Euromotors approaches marketing function it as sales management. Marketing within Euromotors requires an enhanced strategy and focus and must be developed separately from sales force function. As reviewed within the Literature Review in Chapter III, in order to systematically develop a comprehensive sales management plan, strategic marketing function must be first created and implemented. Investing in a marketing division would serve both short and long-term goals.

In the short-term it would immediately impact the amount of leads Euromotors would generate, through the creation of a digital channel. In the long-term Euromotors could use their marketing to strengthen their brand, and to create and maintain relationships with former and potential customers. Euromotors can get familiar to this with first implementing it on a smaller scale during the pilot project aimed at Euroshop. This way it can be later on expanded to the whole organization when it has been successful on the micro-scale.

10.2.3 Build a corporate brand.

Lastly, Euromotors would benefit from building a strong and more recognizable corporate brand. Creating an established corporate brand and high brand awareness can be a competitive advantage which distinguishes Euromotors more clearly from its competitors. With a stronger brand Euromotors can also position itself clearer towards both internal and external customers.

A stronger corporate brand will also allow more cooperation and create more unity within the organization. The external environment will need more time to acknowledge the corporate brand. As it takes time to build a legitimate corporate entity that is accepted by the external environment, longer term goals are the main focus on the external perception of the brand image.

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Appendix A: Euroshop's Financial Statements

Table 27

Euroshop's Statement of Financial Position 2013-2016 in PEN

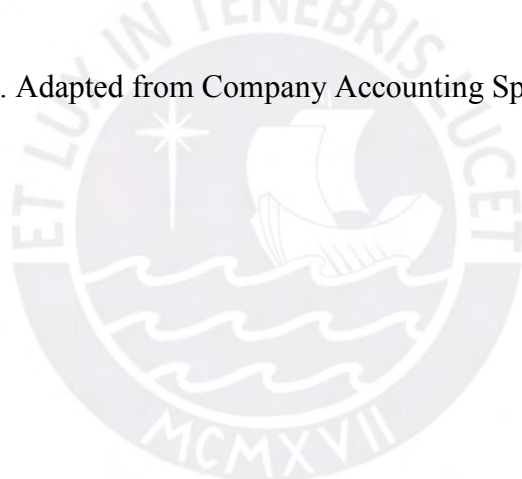
Period Ending	2016	2015	2014	2013
Assets				
Current assets				
Cash and cash equivalents	2,304,256	1,275,117	1,248,843	1,497,063
Trade accounts receivable (net)	11,423,628	17,231,245	24,780,836	14,215,828
Other accounts receivable (net)	5,402,755	5,962,088	8,044,998	4,095,028
Inventory	13,347,654	15,662,049	20,081,611	24,992,326
Prepaid expenses	5,814,909	4,443,095	5,792,016	582,921
Total current assets	38,293,202	44,573,594	59,948,304	45,383,166
Non-current assets				
Property, plant and equipment (net)	12,087,734	12,414,398	13,198,460	11,453,188
Intangible assets (net)	1,085,020	1,078,572	1,353,987	1,150,226
Other assets (Deferred assets)	1,531,304	2,365,916	1,212,007	478,797
Total non-current assets	14,704,058	15,858,886	15,764,454	13,082,211
TOTAL ASSETS	52,997,260	60,432,480	75,712,758	58,465,377
Liabilities and equity				
Current liabilities				
Bank overdrafts	96,654	338,592	3,610,108	1,171,598
Financial obligations	1,680,000	8,191,200	7,472,500	1,398,000
Trade accounts payable	27,463,449	38,317,886	41,194,883	19,010,868
Other accounts payable	19,715,988	10,094,559	14,575,620	24,301,155
Total current liabilities	48,956,091	56,942,237	66,853,111	45,881,621
Non-current liabilities				
Trade accounts payable	2,056,994	0	730,882	1,674,605
Total non-current liabilities	2,056,994	0	730,882	1,674,605
Total Liabilities	51,013,085	56,942,237	67,583,993	47,556,226
Equity				
Common stock	5,000,000	5,000,000	5,000,000	5,000,000
Legal reserve	811,661	811,661	811,661	724,884
Accumulated results	2,321,324	2,317,096	5,097,491	4,316,487
Retained earnings	455,934	4,638,525	2,780,387	867,772
Incorporation from acquisition	1,050,219	0	0	0
Total Equity	1,984,184	3,490,232	8,128,765	10,909,143
TOTAL LIABILITIES AND EQUITY	52,997,269	60,432,469	75,712,758	58,465,369

Note. Adapted from Company Accounting Spreadsheet as of August 2017.

Table 28
Euroshop's Income Statement 2013-2016 in PEN

Period Ending	2016	2015	2014	2013
Revenue	316,971,253	304,340,813	331,004,945	300,848,017
Cost of Goods Sold	275,502,671	268,197,661	294,659,268	267,710,148
Gross Profit	41,468,582	36,143,152	36,345,677	33,137,869
Sales and Distribution Expenses	38,296,591	35,953,886	34,777,979	28,268,482
Administrative Expenses	3,450,129	3,216,207	2,889,864	3,105,357
Other Operating Revenue	2,740,879	1,910,058	1,382,891	1,963,277
Other Operating Expenses	557,995	65,039	83,763	50,576
Operating Profit	1,904,746	1,181,922	23,038	3,676,731
Financial revenue	4,407	9,846	5,299	4,488
Financial expenses	2,242,120	1,975,371	1,913,360	1,605,307
Net exchange differences	869,356	2,644,987	1,582,498	722,485
Earnings before Income Tax	536,389	5,792,434	3,513,597	1,353,427
Income tax expense	992,324	1,153,909	733,210	485,654
Net Income for the Period	455,935	4,638,525	2,780,387	867,773

Note. Adapted from Company Accounting Spreadsheet as of August 2017.



Appendix B: Cultural Test Template – Managerial Division

From your position at the organization, how would you respond to the following questions? Please use the numerical scale to mark your responses.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

- Is the organization introducing new and appropriate procedures and policies?
- In this organization one never sees indecision or lack of authority.
- The strategy of this organization is based on a complete analysis of its environment, as well as of its positive and negative aspects.
- This organization has a well-defined management philosophy.
- Usually we do not follow strict operating procedures.
- The level of professionalism of our collaborators - education, experience, technical training, etc. - has risen in the last five years.
- All our senior managers are committed to the process of defining the organization's strategic objectives.
- In the performance of my work, do I consult regularly with people from other departments, work units, project teams, etc.?
- Do the supervisors and administrators of the organization gladly provide all the information that subordinates need to carry out their work?
- Has the organization adapted itself to change?
- The objectives of my department or unit of work serve to measure my individual performance and that of the department or job unit.
- The staff of the organization can make many decisions without seeking the approval of their supervisor or administrator.
- The organization has well-established professional plans for its most important staff.

- The strategy or mission of this organization is appropriate for the achievement of its objectives.
- The organization has adequate and accurate information to perform the control functions in areas such as operations, finance, accounting, etc.
- The entire staff of the organization understands well our management style
- Most decisions in this organization are made after consultation with various people, working groups, teams, etc.
- The objectives of this organization are well defined and established.
- Most of the staff in the organization do not feel constantly watched to see if they have met the rules.
- Do I clearly understand the purposes and objectives of my particular department or job unit?



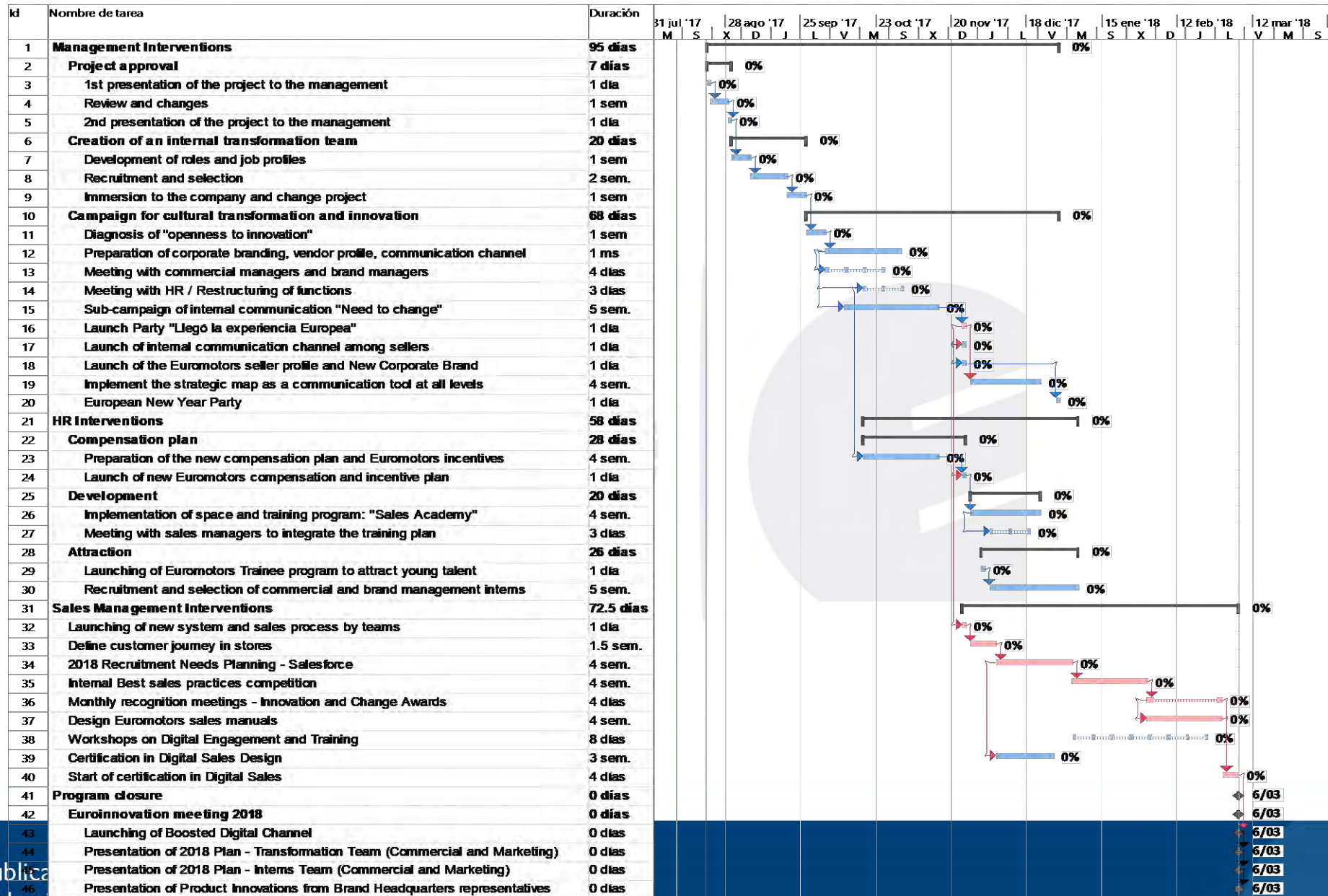
Appendix C: Motivation Test Template – Salesforce

You have 12 questions about your job. Please answer them as Yes or No questions.

	YES	NO
1 When you start a task, do you stick to it until the end?	<input type="checkbox"/>	<input type="checkbox"/>
2 Do you try to know how you perform and try to get as much feedback as possible?	<input type="checkbox"/>	<input type="checkbox"/>
3 Do you respond to difficult and challenging situations? Do you work best when there is a deadline or some other challenge?	<input type="checkbox"/>	<input type="checkbox"/>
4 Are you anxious to accept responsibilities? Do you set (and meet) high performance measurable standards?	<input type="checkbox"/>	<input type="checkbox"/>
5 Do you like to have a good discussion?	<input type="checkbox"/>	<input type="checkbox"/>
6 Are you for authority positions where you can give orders instead of receiving them? Are you trying to take control?	<input type="checkbox"/>	<input type="checkbox"/>
7 Are status symbols particularly important to you? Do you use them to influence others?	<input type="checkbox"/>	<input type="checkbox"/>
8 Are you especially anxious to be your own boss, even when you need assistance or when joint effort is required?	<input type="checkbox"/>	<input type="checkbox"/>
9 Do you feel uncomfortable when you are forced to work?	<input type="checkbox"/>	<input type="checkbox"/>
10 Do you interact with others in your job and do whatever it takes to make friends with the new ones?	<input type="checkbox"/>	<input type="checkbox"/>
11 Do you always get involved in group projects and are sensitive to others particularly when they are "angry" at you?	<input type="checkbox"/>	<input type="checkbox"/>
12 Are you an "apple polisher" and strive to get personally involved with your superiors?	<input type="checkbox"/>	<input type="checkbox"/>



Appendix D: Detailed Gantt Chart of the Implementation Project



Appendix E: Scorecard of Key Performance Indicators

Area	Objective	KPI	Measurement unit	Tracking frequency	Performance levels			Responsible
					Optimum	Caution	Critical	
Executive Management	To measure the financial impact performance of running innovations	Return on Innovation development expense (RoIDE).	%	Quarterly	X > 5%	0-5 %	X < 0%	Transformation Team
	To measure the impact of the "Need to change" campaign	Employees reporting a positive attitude toward change.	%	Quarterly	X > 90%	50- 90%	X < 50%	Transformation Team
	To measure the organizational transformation process	Organizational openness to change.	100 total score	Quarterly	X > 75 pts	50-75 pts	X < 50pts	Transformation Team
Digital channel	To track the website traffic	Web visits	# of visits	Weekly	X > 3000	3000-1500	X < 1500	Digital lead
	How effective is the web page to lead visitors to action?	Conversion ratio from web visits to interested prospect.	%	Monthly	X > 15%	15 - 5%	X < 5%	Digital lead
	How properly is digital team filtering and tracking this leads so that they actually go to store?	Conversion ratio from interested prospect to store visitant.	%	Monthly	X > 20%	20 - 5%	X < 5%	Digital lead + Store sales managers
	Are clients satisfied with the buying process experience from the first website contact until the after sale service?	Digital and physical customer satisfaction	1 - 7 points	Monthly	X > 4	4 - 3	X < 3	Digital lead
Human Resources	To measure the impact of development and retention strategies into employees	Sales force organizational commitment and job satisfaction	1 - 7 points	Biannual	X > 5	5 - 3	X < 4	HR department + Store Sales managers + Transformation Team
	To measure the acceptance and attractiveness of this training program	% of certificated digital sellers	%	Weekly	X > 75%	75 - 50 %	X < 50%	HR Development Analyst
	To measure the efficiency degree in which sellers are taking advantage of this space	Usability ratio of "sales academy" space	%	Weekly	X > 60%	60 - 40%	X < 40%	HR Development Analyst

Sales Management	To measure the balance among individual sales	Individual Sales coefficient of variation	%	Monthly	X < 25%	25 - 50	X > 50%	Store sales managers
	To track the salesforce effectiveness	Conversion ratio from store visitants to effective sales.	%	Monthly	X > 20%	20 - 5%	X < 5%	Store sales managers
	To measure the degree in which sellers are taking advantage of digital leads	Average of digital leads contacted per seller	Leads	Monthly	X > 50	30 - 50	X < 30	Store sales managers
	To measure the impact of sales process strategies and innovations into real transactions	Sales growth	%	Monthly	X > 0.5	0 - 0.5%	X < 0%	General sales manager

