The Potential Factor for Holacracy Management: A New Flexibly Hierarchical Management for Thai Sales Management in Cosmetic Industry

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Abstract
Sales force has been considered as the frontline to manage customer, sales and profit for the corporate especially in The Thai cosmetic industry. Cosmetic industries have been launched new product into the market to address consumer needs and trends, almost 6-7 campaigns. The was almost up to 200 stock keeping units in every campaign. Sales force need to be very dynamic and competitive to achieve sales target and deliver customer satisfaction with highly speed market. “Holacracy theory”- the new flexible hierarchical management has been introduced to support dynamic, flexible and effective empowerment to sales organization. Within the Thai context, there are 9 potential factors considered as key important drivers for Holacracy management to be launched in Thailand based on Literature review. This study is aimed to provide potential elements with the meaning of Holacracy Management in Thai cosmetic industry to enhance sales efficiency to compete with highly dynamic environment.

Background
Business environment has been changed drastically during the last decade. We observed the shorten product lifecycle, the rapidly emerging technology and new tool to help organization and human being better connect locally and globally. Speed to market lead to highly dynamic market, shorten lead time and fierce competition.
With the fierce competitive business environment, how organization can cope with the very fast and dynamic change. It seems that only the high adaptive, flexible and innovative organization can survive (Kazmi & Naaranoja, 2015). Key leading organization like Kodak, Sony, Nokia who used to be leader in the past become legacy because of less adaptive and less flexibility to cope the change (24/7 Wall St., 2012). Those key leaders led and implemented so many organization management tools such as leadership training model, strategic business planning process, the new organization management theory to develop the leader and management team to handle all situations proper but still fail to survive. And cannot adapt themselves to the change (Shafritz & Ott, 2001)

What drive organization failure? Will hierarchy management system is considered obsolete and not effective organization structure? Will management and staff be not capable enough? Or the hierarchy management need to elevate or upgrade to further step to empower real individual capability by given true authorization to frontline staffs and management to deal with the challenge. Even the super flat and lean organization or less hierarchy failed to response to the fierce and fast-moving challenge (Diefenbach & Todnem By, 2012; Pfeffer, 2010). This study is an attempt to generate a preliminary theory of the new management system - Holacracy Management in the Thai cosmetic sales The literature review has been applied to identify key potential important factors for the "Holacracy management" - A New flexibly hierarchical management to enhance salesforce performance and efficiency in Thai Cosmetic Industry. This study makes significant contributions to both the organization and management, including human resource development to understand the key important factor to drive the new organization culture for sales and marketing especially in cosmetic industry to empower sales force capability to compete with high competitive market, also understand the hard skill and soft skill that need to build, develop, enhance or support to all staffs in the organization to be ready with the new challenge in 2020.

**Keywords:** Holacracy Management, Change Management, Cosmetic Industry

**Introduction**

The business environment has been changed with more dynamic and severe competition. World is easy to connect and become smaller with new Information technology and digitalization. The new management system for long term sustainable growth is very important (Falle, Rauter, Engert, & Baumgartner, 2016), the new concept of people self-managed and self-organize has become emerged under the new management concept “Holacracy” - the new flexible management system for dynamic competitive environment by Brian J. Robertson. Holacracy has successful launched in the Zappo Corporation, with employee self-engaged and self-managed which is well matched with the
new generation management who love the freedom and independent task. This article is aimed to articulate the potential factors for Holacracy management in Thai context from literature review. What is the key potential important factor for Holacracy management system in Thai Cosmetic industries? And how does it look like in Thai Business Context. What factor do we need for the future sales management? How can we apply this new theory in the Thai organization?

**Hierarchical Management**

“Hierarchical management” is an organizational structure where every entity in the organization except one, is subordinate to a single other entity. In an organization, the hierarchy usually consists of a singular/group of power at the top with subsequent levels of power beneath them. This is the dominant mode of organization among large organizations; most corporations, governments, and organized religions are hierarchical organizations with different levels of management, power or authority. Members of hierarchical organizational structures chiefly communicate with their immediate superior and with their immediate subordinates. Structuring organizations in this way is useful partly because it can reduce the communication overhead by limiting information flow; this is also its major limitations and insufficient to empower people capability.

**Holacracy Management**

Holacracy Management is new hierarchical management in modern organization with the open system and organic organization, to engage and delegate the true authority with power. “Holacracy” is one of flat organization. Designed for organizations and fundamentally different the role of the organization from the people working in it. It is emphasis on iterative governance, adaptive process and self-organization. Holacracy is practice for organization entity that express about the muscles of organization (Robertson, 2015). It is expressing about living and working together in possible way to relate, organize and sustain the organization performance by explain the main concept of dynamics role replace static job descriptions as work together as a team -distributing authorities replace delegating authorities which is regardless of leader with micromanagement -rapid iteration replace Re- orgs by expressing every circles every team as double link -and transparent rule replace politics by everyone in organization can quickly figure out who owns what decision that he or she can make. Holacracy is composed of 4 cores paradigms: organization structure - organization control- core practices and share language & meaning. The principle of Holacracy management is consisted of 4 key factors which are 1) Efficient Communication 2) Effective Meeting 3) less red tape or bottleneck 4) Crystal
Clear lines of responsibility and accountability. The core idea is to build sense of abnormal and bring those humane being gift to benefits the organization (Brain, 2015). The feeling of “Not Right” or “Stress” and bring to stress or tension to develop solution to achieve company purpose (Tension). This practice will drive organization effectiveness and increase holistic (Siddique & Hussein, 2016) Company has ability to adapt themselves based on turbulence and dynamic change and also enhance the quality of being able to change or be change easily according to the situation. (Romana, Elke, & Rupert, 2017; ครรชิต สิงหสุวรรณ, 2546)

**Change Management**

Organizations that are facing increasing pressure to sustain and surpass, competition are required to proactively introduce various change interventions. Cosmetic sales manager or sales representative in the organizations need to understand the importance of managing organizational change in today’s uncertain economic climate. How training in change management can help to provide a deeper knowledge of its principles and an understanding of how to implement and manage change in an organization. Organizations operating in today’s uncertain economic climate need to know how to manage change and they can prepare for change which will lead to a greater probability of success. There is a correlation between the levels of change “readiness” and successful “management” of change. Management can benefit (and suffer) just the same as staff, due to contributory factors such as lack of communication, change management experience, support mechanisms and resources. A conscious approach to getting ready for change leads to a greater probability of success, so planning needs to start long before the change is going to take place. The people within the organization undergoing change are key and there will naturally be some who can manage and some who can lead. Both are crucial for success. A manager will focus on systems and structure, but future leader will focus on how to innovate, develop and challenge the status quo. (Arijit & Jayashree, 2014)

Managing organizational change in a structured manner and workflow redesign is also need for business process management (BPM) implementation (Arijit & Jayashree, 2014). A successful BPM implementation requires fundamental organizational change in terms of organizational structure, culture and management processes (Davenport & Short, 1990). These changes would impact the human aspect of management as it involves re-designation of work or relationships amongst individuals involved in the execution of the business process. Researchers have identified various factors influencing successful implementation of business process change. One such factor is commitment of leadership as it plays a role in providing a clear vision of the future (L. C. C.H. & W.T., 2007; Hammer & Stanton, 1995).
Cosmetic Industry

The world can no longer ignore women’s escalating economic force in the twenty-first century (Sharmila, Thanika Devi, & Yogini Devi, 2015). The cosmetic and beauty care industry over the past years. Female consumers have considerable purchasing power, they are more concerned about safety- and health-related issues and they have positive attitudes towards ecological consumption for cosmetics and beauty care products. Hence, various opportunities have arisen for the cosmetics and beauty care players in terms of an emerging market for green cosmetics and beauty care products. Women also are engaging towards sustainable lifestyles, as natural cosmetics and beauty care products are believed to harmonize their self-image, health risks and feminism which explain the growing demand for eco-friendly cosmetics and beauty care products. However, a few empirical studies have reported on the ecological behavior of females and their perceptions for green cosmetics and beauty care products (Cervellon & Carey, 2011; Duff, 2007; Laroche, Bergeron, Tomyil, & Barbaro-Forleo, 2002; Manaktola & Jauhari, 2007; Rahbar, White, Agboatwalla, Hozhabri, & Luby, 2002; Tsakiridou, Boutsouki, Zotos, & Mattas, 2008). Cosmetic industry will cover beauty care, make up and personal care product that enhance the women self-imagery in Thai context (Narong Srikiengthong, 2015). The confirmed factor analysis identified that the purchasing patterns for cosmetics and beauty care products is influenced by a combination of eight factors namely: “women lifestyles, self-image health and economic considerations”, “ethical consumerism among females”, pharmacological essence of green cosmetics and beauty care products, “visual appeal and physical cues in cosmetic stores”, “price-conscious decisions and effective promotion”, “belief one ethical claims in green messages”, “brand image and usage experience” and “sales representatives and social influences”.

The results of the regression analysis have also suggested that the behavioral intention and referral of female customers is primarily derived from one predictor factor related to “women lifestyles, self-image, health and economic conditions” (Sharmila et al., 2015).

This article is about the new Holacracy - The flexibility & Dynamic strategic management system to identify the factor for the Holacracy in Thai cosmetic industry, using literature review in sales and organizational management by using deductive approach to develop potential factors for Holacracy Management for sales management in Thai Cosmetic industries. The literature review has been conducted about 200 research papers in strategic sales and marketing management, gathering the potential factor and analysis to derive potential factors for the development of “Holacracy Theory -in the new flexible hierarchical management system in Thai Cosmetic business which are as follows:"

Kind Governance

The meaning of Governance from business dictionary is the establishment of
policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members (with the associated accountability), and their primary duty of enhancing the prosperity and viability of the organization. Robertson (2015) identified the good governance which is the important element to ensure all meeting has been treated properly and able to empower each individual potential as a frontline to cope and solve the issue (Daily & Dalton, 1992). With the Thai culture, Thai people unlikely feel comfortable to refuse or to debate with the boss, based on their nature and culture. Therefore, senior Management, manager or supervisor need to have empathy and sympathy mindset in the sales management, a good listener without pre-judging is required to create the new flexible hierarchy management system (Moon, 2010). Managers and senior management must create a good standard working process which increase efficiency, effectiveness and flexibility in deciding to cope with the market dynamism. Manager or senior manager has an ability to governance and train their sales force to lead and engage effective meeting, setting the meeting goal, objective, KPIs and deliverable from each meeting (Xie, Davidson Illa, & DaDalt, 2003).

**Purposive Motivation**

Salesman normally motivates and rewarded by incentive which mostly is money, they need to chase for monthly sales and reward by short term motivation. Senior management or manager need to build the teamwork and team player as culture, helping to share and support each other so can create good working environment. Manager or senior management need to treat individual equally, create working environment that everybody feels free and safe to share the idea to build business (Narong Srikiengthong, 2015). Motivation need both by external factor (incentive) that need to address and announce clearly on goal and KPIs, and by internal factors which mean personal goal in life, not only basic need but the higher level of motivation such as self-esteem (Fang et al., 2015). Manager and senior management can design proper purposive motivation for each salesman (Welch, 2000). Demanding exceedingly high expectations requires a high tolerance to failure, risk taking, and liberal management where anything goes (D. Keith Denton, 2006).

**Spirit of Entrepreneurship**

Spirit of entrepreneurship means manager or senior management has sense of ownership to run the business, they own the accountability. With the sense of entrepreneurship, sales representative or sales manager in cosmetic industry need to understand profit and loss statement, cost of goods sold, inventory management and portfolio management and product portfolio. Cosmetic sales representative or sales manager need to know their market, trade is and can assign and design the right product for each customer or
trade area. The sense of entrepreneurship will support their creativity to present the product to customer according with the creative solution like they own the business. The moderating effects of cognitive style dimensions on the relationship between entrepreneurs’ optimism and persistence (Samuel, Albert, Moshfique, & John Ofori, 2016) shown that the relationship between entrepreneurs’ optimism and entrepreneurial persistence is enhanced at higher levels of cognitive planning and creating styles. Prior research suggests that these obstacles create self-doubt and cognitive constraints, or a difficulty in perceiving, processing and selecting the information needed to make the decisions that facilitate the achievement of entrepreneurs’ goals (Busenitz, 1999; Gatewood, Shaver, Powers, & Gartner, 2002; Gimeno, Folta, Cooper, & Woo, 1997; Haines & Townsend, 2013).

**Accountability Leadership**

The ability that manager and each sales representative need to have determination and accountability with sense of leadership to drive change for better performance and improvement and seek for the best which ked to creativity, imagination and think out of the box (J., Peter, A., & Gill, 2009) They are capable to seek for information, understand business environment, understand strength, weakness and convert to opportunity versus competitor. They can proactive define and develop good strategy by themselves, build the team, with good moral and integrity, honest and straight forward (Zhu, Newman, Miao, & Hooke, 2013). Also have charming and approachable character with a good listening skill, friendly sincere, and understand customer needs both internal and external to develop customer satisfaction, also having system thinking and working process (Bass, 1985).

**Customer Mania**

The ability that manager or sales person focus on customer satisfaction and customer needs. Their vision and goal in mind is to build customer to expand business, consequently will grow our business at the same time. The sales person or manage can be business partner, providing customer solution to build sustainable growth for both customer and company growth short term and long term. The most important factor Is to build trust, credibility and management all stock management and planning skill and provide the best product portfolio that fitted to customer in each trade (Bardzil & Slaski, 2003). It is at the heart of salesperson interact, communicate, bring value to each customer. Loyal customers are less likely to switch to a competitor solely because of price, and they even make more purchases than non-loyal customers. (Bowen & Shoemaker, 2003)

**Ergonomically Personality**

The ability to have a friendly charming and good charismatic for customer or consumer to deal with. This is a good reflection from a good attitude that reflect to a good ergonomically
personality (Edholm & Murrell, 1974) which cover body language, eye contact and good manager that interact with customer or consumer. This is the most important factor for cosmetic industry since we sell hope. Ergonomic has multidimension perspective (Karwowski, 2005) defined as a unique and independent discipline concentrated on the nature of human artifact interaction, viewed from the perspective of the science, engineering, design, technology and management in human compatible system which included product process and working or living environment. Sigmund Freud has personality theory Psychoanalytic theory emphasizes a holistic understanding of personality. Freud’s theory of personality is fundamentally a theory of mind - a scientific model of the overall architecture of mental structures and processes. In formulating a model of mind, Freud explicitly “[considers] mental life from a biological point of view” (Freud, 1970). He recognizes the mind as part of the body, asks what the body is like, and derives principles of mental functioning from overall principles of physiological functioning. To Freud the body is a mechanistic energy system. It follows, then, that the mind, being part of the body, also is a mechanistic energy system. The mind gets mental energies from the overall physical energies of the body. Freud’s energy model is the idea that the mind functions to achieve a state of quiescence (Greenberg & Mitchell, 1983). Bodily needs create a state of tension, and the person is driven to reduce that tension to return to a quiet internal state.

A charming, a good charismatic personality with friendly and easy to approach is the most important for cosmetic industry. It is the most delicate factor that needs to be treated. Sales person can build trust, high convincing skill with sincerely charismatic and charming personality with a good attitude and good service mind the beauty will come from a good clean trustworthy and warm character rather than the beauty from physical appearance (Ralf Muller, 2010).

**Logical Thinking**

Logical thinking is thinking based on proven knowledge and information that is accurate and certain. Logical thinking is the basis of modern technology, and it is commonly referred to as left-brain thinking. Logical thinking uses the straight facts to solve problems (Peter Drucker, 1994), as opposed to right-brained thinking, which is more romantic and emotional in nature. For sales person, Logical thinking covered the ability of sales representative or sales manager to find the fact base data, market data, consumer data and customer data including strength and weakness of each key player in the market place, then analyses and synthetic to get the best solution and design good strategy to address the issue (Mohamed, 1997).

**Elasticity Authority**

The ability of manager or senior manager to provide frame of working and frame of authority to frontline people to make any decision making. Senior management empower
sales person and manager to make decision based on their framework and guidelines to create flexibility and speed of working to compete in market place by achieving the goal or sales target such as special tread promotion to get the big sales volume, they can decide if the objective is to compete with competitor and opportunity lost (Spreitzer, 1995).

Effective Communication

The ability of manager and senior management can create the channel to connect with consumer formally and informally in the sales team. The environment need to be friendly, no judgment, no complaint, safe and free to speak up openly in the work context. The objective is to deliver the better result to the organization. The two-way communication is the most important, once decision making is needed, we can do properly in time. The safe environment and free to speak up is very important and very beneficial for the company because manager will hear the issue and address openly and increase speed to the market to provide better solution to customer and consumer. Once they trust, they will work from their passion, and willing to do the best for the organization. Esther, 2009 suggests that significant gains in quality of performance and outcomes can be achieved by focusing education efforts on enhancing communication skills and role understanding.

Conclusion and Suggestion

Based on the literature review, with the deductive approach there are 9 potential factors that is considered as a key important factor to drive the new Holacracy management - a new flexible management system to enhance sales management capability in 2020 in Thai context. This future research would be focused on the sales people in sales management function. To generalize and validate these 9 potential factors, the qualitative methodology via in-depth interview among experienced top management and senior sales management and
the quantitative approach, ideally confirmatory factor analysis (CFA) should be considered to validate and generalizing the finding in the bigger scale among sales manager and sales representative. The research finding can be beneficial for the sales organization to focus on the key factor that can increase and enhance sales capability to well compete in the most dynamic market environment in 2020.

References


