

BRINGING PROCESS EXCELLENCE TO SALES

The purpose of a business is to produce a customer.

—PETER DRUCKER
consultant and author

As we saw in Chapter 1, most organizations manage their sales and marketing functions based on the Numbers Game and apply the Usual Fixes to sales problems. This presents high barriers to enhanced sales performance, productivity, and results. When you manage sales by the Numbers Game, you ignore the processes that produce sales and therefore cannot effectively improve them. When you reflexively reach for the Usual Fixes, you bypass effective, problem-solving methodologies.

Process excellence takes a different approach, by focusing on the sales process. Instead of relying on marketing, salespeople, or distributors to produce sales and customers, management assumes responsibility for the sales process, which is what occurred at ABClear as described at the close of Chapter 1.

Previously, ABClear had been relying on its salespeople (on national accounts) and dealers (on smaller accounts) to forge relationships, present the company's products, and close deals. However, the large restaurant chains, which comprised the company's national accounts, had developed new, sophisticated product-evaluation analytics and procedures. (This was also

true, to a lesser extent, of the original equipment manufacturers [OEMs] of beverage and ice machines that the company sold to.) Their analytics were driven by purchase price *and* by filter replacement frequency and costs, equipment breakdown and maintenance costs, water and ice quality metrics, and beverage sales.

These customers brought engineers; chemists; and facilities, test-kitchen, and marketing managers into buying decisions. These companies' purchasing processes had outstripped the sales methods of ABClear. At the same time, the dealer reps, who handled the company's smaller accounts, viewed water filters, systems, and components as some of the many products in their lineups and gave them scant attention.

Under the circumstances, the company faced a nearly impossible challenge in its goal of tripling sales in one year and reaching \$200 million in five years. This is why divisional VP of sales Kevin Kuwata knew that the company would have to take a very different approach, and why he consulted the company's Lean expert. It was also why he was open to changing his approach to sales and marketing.

Up to that point, management at ABClear had done as so many management teams do: they delegated responsibility for the sales process to their salespeople and sales channels. They let the salespeople "do their own thing" after their initial product and sales training, and they assumed that dealers would sell their products for them. These approaches actually worked (albeit suboptimally) until their major customers—those restaurant chains and OEMs—changed the way they bought and the company's sales goals increased dramatically.

Here's another example:

At a global supply-chain services provider (we'll call them Globalchain), the salesforce in each of the more than twenty countries in which the company did business had developed its own approach to sales and marketing. This generated a patchwork of value propositions, lead qualification methods, sales tools, and proposals designed to deal with local market conditions. While the goal may have made sense, as a result the company lacked

cohesion in its sales approach. This left global customers confused and undercut the company's ability to leverage the huge market opportunity its investors saw in the business. Ironically, that business involved enabling customers to create transparent, integrated, and cooperative global supply chains—something the company needed in its own sales operations.

This company, headquartered in Europe, let each foreign subsidiary develop its own marketing methods. Then management of each subsidiary let its salespeople develop their own selling approach. Thus management at both the corporate and subsidiary levels relinquished responsibility for designing, developing, maintaining, and managing the production of sales results and gave it to their salespeople, who shouldn't be responsible for all those tasks.

Salespeople should be responsible for *implementing* their part of the sales work, and for helping improve it. They should not be responsible for designing, developing, and managing the sales process, nor for solving sales process problems—although they play a key role in identifying those problems. Many managers relinquish these responsibilities, usually for two reasons. First, they fail to see marketing and sales as interdependent parts of an interconnected production system; they tend to believe that marketing can find customers and sales can win customers more or less on their own. Second, they see sales as value-extracting rather than value-creating work, thus distancing sales from the rest of the company, which they see as a value-creating enterprise. Management tends to trust the salespeople to do their jobs but fails to see that, like all workers, salespeople do their jobs best within a well-designed, properly organized production system.

This chapter demonstrates that sales actually is a production system, that is, a stream of a value-creating business processes, and that it is best viewed and managed as such.

SEEING SALES AS A PRODUCTION SYSTEM

I use the term “sales production system” because I've found that “sales process” means different things to different people and because it is more descriptive and accurate. Most business people think of the sales

process as “the things salespeople do”—finding and qualifying leads, conducting sales calls, preparing quotes and proposals, negotiating price, and closing deals. This is understandable, but those are more accurately described as activities, as parts of a much larger process. Many people, particularly in management, think of the sales process as the sales pipeline, and they consider the pipeline to be the stages of the sale. A potential customer is a lead, then a qualified lead (or prospect), a sales opportunity, and a deal—or other personifications of the stages in the sale. More forward-thinking managers consider the stages of the sales pipeline from the customer’s point of view. (Customers rarely think of themselves as leads or sales opportunities.) In this view of the sales process, the customer goes from being unaware of having a problem to being aware to investigating alternatives to seeking a vendor to considering proposals and ultimately to purchasing. This view has the advantage of charting the customer’s journey, a very useful concept we’ll look at later in this chapter.

Limiting our analysis of the sales process to “the things salespeople do” is too narrow a view to be useful to executives and managers. That view assumes the idea that sales is something the company does *to the customer*. It also leads to the assumption that if sales isn’t making its numbers, there must be a problem in the sales department, which may or may not be the case. Thinking of the sales process as the sales pipeline is similarly limiting.

Instead of thinking in terms of the sales process, I’ve found it useful to consider the sales production system, which includes the marketing, sales, and service functions and comprises *the end-to-end set of linked, measurable activities that the organization uses to find, win, and keep customers*.

This definition organizes the activities of finding (marketing), winning (sales), and keeping (service) customers into stages of production, with each stage adding value as the customer moves through the system. These stages parallel those that prospects and customers go through on their journeys. In addition, the “linked and measurable supporting activities” can be measured in terms of costs generated for the company and value created for customers (and the company). So for example, if a marketing activity, such as direct mail or trade show attendance, is not linked to one or more sales activities and doesn’t create any value for customers (or the company), it’s likely that the activity should be dis-

continued. By the same token, if the marketing activity is linked to a sales activity and creates value in excess of its costs, then it should likely be continued and, perhaps, expanded.

Without the concept and reality of a structured sales production system, most management teams find this kind of decision making difficult or impossible. A sales production system makes the inputs and outputs of marketing and sales activities far more visible, and helps the company measure costs incurred and value created. Similarly, without a sales production system, management cannot accurately identify and solve sales problems, leaving few choices but to use the Numbers Game and the Usual Fixes, as described in Chapter 1.

A sales production system organizes marketing, sales, and service activities to transform the “raw materials” of people in the marketplace who may need what you sell into customers *by adding value to them in specific ways*. There are three refreshingly transformative implications:

- Marketing is transformed from a function dedicated to generating awareness and any type of leads in scattergun fashion to one dedicated to locating people who need what you sell and to nurturing relationships with the right prospects.
- Sales is transformed from a team of individuals who push customers into buying your products or services to one that works with people who face certain problems or opportunities that your company can help them solve or improve.
- Service is transformed from a cost center or necessary evil into a function that ensures that customers get what they pay for and into a mechanism for learning how you can continually improve your value to customers.

The concept of the sales production system introduces process thinking to marketing, sales, and service. As Peter Drucker notes in this chapter’s epigraph, the *entire company* is a system for producing customers. I’ll discuss process thinking and its implications for sales and marketing a bit later in this chapter. For now, let’s consider the implications of process excellence for sales and marketing.

**TRADITIONAL MANAGEMENT
THINKING SAYS:**

- Production creates value; sales delivers value
- Sales should extract value from customers
- Marketing, sales, and service are separate
- Success depends on quantity of throughput
- We can manage sales via the Numbers Game
- We can solve problems with the Usual Fixes

**SALES PROCESS EXCELLENCE
THINKING SAYS:**

- Production and sales both create value
 - Sales should add value to customers
 - Marketing, sales, and service are linked
 - Success depends on quality of throughput
 - We can manage sales as a production system
 - We can identify and solve specific problems
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How the Production Perspective Changes Management Work

Management's view of marketing and sales affects everything from value propositions and product development to expenditures and revenue. For instance, traditional management approaches generally hold that marketing should generate as many leads as possible, and that sales should conduct as many sales calls, meetings, and presentations as possible, because increasing these activities will generate more sales. In practice, however, this drives sub-optimization, in that salespeople see that most "leads" are a waste of time. It also perpetuates the siloed structure of marketing and sales as each function pursues its own goals. This results in disconnected marketing and sales messages, sales promises that service cannot keep, and confusion and dissatisfaction among customers. It also results in waste, similar to what often occurs in manufacturing when attempts to drive down the cost of materials unintentionally boosts scrap rates in production or warranty claims among customers. In sales, attempts to drive down the cost of leads or proposals can reduce sales productivity if the overall goal of the system is not kept in mind.

These dynamics also apply to distributors and other channels. When you engage a marketing partner, sales channel, or customer service provider, you essentially outsource part of your sales production process. Engaging a channel is a strategic business decision, and it must be treated as such. One way to ensure that channels work effectively is to

learn how your company and its internal and external channels create value at each stage of finding, winning, and keeping customers, and then to find ways of creating that value more effectively and efficiently, either in house or through third parties. As Chapter 10 will show, channels must be strategically selected, actively managed, and treated as partners.

For a look at what can go wrong when management fails to view sales in term of process excellence, let's return to ABClear and Globalchain.

After ABClear's largest customers adopted sophisticated product evaluation and purchasing procedures, the company's national account managers could no longer effectively represent its products. Customers wanted statistics, studies, cases, proof statements, and other information to make the case for water filtration to each internal stakeholder; however, the (disconnected) marketing function was unable to provide many of these sales tools. Meanwhile, customer demand for value-added information effectively rendered the company's relationship-driven approach to sales obsolete. In smaller company markets, ABClear's reliance on equipment dealers left its products lost among the many other lines those dealers carried. So the organization's two-tiered approach, while sensible on the surface and once workable, could no longer meet the customers' or the company's needs.

Globalchain wound up with a worldwide patchwork of practices that failed to provide consistent value propositions, sales messages, proposals, and deliverables across the company. Given that the company delivered its services globally, this often created inaccurate or confusing customer expectations. This was particularly unfortunate for a company dedicated to bringing integrated global supply chain solutions to its customers in areas such as information management and compliance. As noted, it also undercut the company's ability to leverage the global business opportunity perceived by its investors.

Each of these companies, which I will occasionally revisit, eventually developed solutions to their sales process problems by adopting process improvement approaches in the context of managing their sales production systems.

In this book, I use the term "process" to mean a set of activities

through which work flows, aimed at a common result. The “sales production system” (also known as the sales value stream) includes all the things the company does—whether currently linked and measurable, or not—to find, win, and keep customers. In any given company, this system may be broken or run like clockwork. If your company’s sales production system is broken, it can be fixed. If it runs well, it can be improved. That is because the activities and the results of any production system can be analyzed and refined.

I’ve found that most executives, as well as marketing, sales, service, and process improvement managers, appreciate the parallels between sales and production. In fact, when you understand that customers view your company as a single entity and not as separate marketing, selling, and servicing departments, the reason for managing these functions as a system becomes clear. Managing them as independent functions creates waste and makes selling harder.

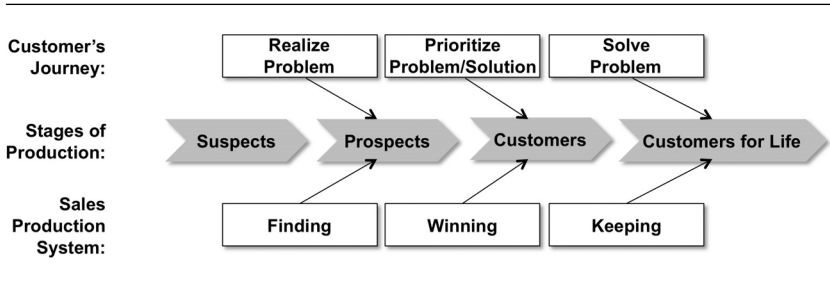
Figure 2-1 broadly depicts the relationship among the stages of the customer’s journey, the stages of production, and the stages of a properly constructed sales production system. The performance of salespeople is not just a result of what salespeople do, but also of the performance of the enterprise-level sales production system.

Given the portrayal in Figure 2-1, the key points are these:

- ***Each activity in the process should add value to the materials (or to the people) in the process:*** In a sales process, marketing, sales, and service activities add value to people to convert them from prospects to customers.
- ***The value that each activity in the process creates can be observed and measured:*** Sales processes add value that is less tangible than in manufacturing but is observable and measureable in the actions customers take in response to sales process activities.
- ***Production process performance can be measured and improved:*** In a sales process, once you have defined the process activities and the value they create, you can improve your sales process as well as locate and solve sales problems.

When you focus on getting the processes right, you need not depend on sales superstars. Management can set aside the Numbers Game and

FIGURE 2-1
Simple Enterprise View of Sales Production System



the Usual Fixes, and analyze process data and cause and effect to improve sales and marketing.

While the methods and tools of Lean and process improvement must be adapted to sales and marketing, the principles remain the same. In fact, applying them to sales and marketing is the next logical step for any company familiar with those disciplines. This is not—and should never be considered—process for the sake of process. It is process for the sake of your business and your customers.

WHAT PROCESS IMPROVEMENT BRINGS TO SALES AND MARKETING

When you set up a production system, you set up a business. Given that the purpose of a business is to create a customer, the sales production system must be an integral part of it. A production system is a means to an end that comprises a repeatable activity or set of activities that people (or machines) perform. Those activities—the work or process—can be measured and improved, repeatedly, using methods and tools of process excellence. A process is not a collection of written details or tactical moves that don't concern senior executives; rather, it is the work that people are being paid to do.

Process excellence is the pursuit of four basic values that were first presented by Edwards Deming in his *System of Profound Knowledge*.¹

¹ An excellent description of this is contained in Chapter 4 of Gerald J. Langley et al., *The Improvement Guide*, 2nd ed. (San Francisco: Jossey Bass, 2009) 75.

The first two deal with requirements for knowledge and problem solving. The second two deal with requirements for engaging people to learn and improve:

- 1 Understanding variation
2. Systems thinking
3. Method for learning
4. Respect for people

The following sections show how these values apply to sales process excellence.

Understanding Variation

Deming dealt in the concrete world of production manufacturing, in which the identity of things is mostly—or can be made—visible, tangible, and therefore measurable. In that world, variation is all around us, and understanding variation means measuring and tracking statistical variation. In this world, people must work hard to define their terms and how measurements are made if they are to solve problems.

In the customer-facing world of sales and marketing, the factors of production are variable as well as intangible—they include prospects and customers, and their knowledge, perceptions, assumptions, and decisions. However, these are often undefined, not because they are unknowable, but because most companies naively take their meanings for granted. An indication of this is the simple fact that marketing and selling departments may have differing goals or compete for resources. The fact that so little data is available to indicate the location of sales or marketing problems is another issue. Yet by defining the suppliers, inputs, outputs, and customers of sales and marketing,² you can distinguish the observable characteristics and attributes, you can define them, and then you can count them. This type of measurement reveals important variables that are otherwise invisible and intangible.

This differs a bit from manufacturing. For example, if you are making cars there will be some variation in the space between a door and

² The SIPOC (suppliers, inputs, process, outputs, customers) is an invaluable tool for mapping the sales production system. See Appendix III for a brief introduction to this tool.

its frame when you close the doors. That space can be measured and, through adjustments to the manufacturing process, controlled. Such tolerances must be monitored because variability in materials, in equipment, and in workers' conduct cause variation in the machining of the metal, application of finishes, position of the hinges, and so on. Process improvement aims to learn which variables are causing the variations. Further, it aims to identify which of those variables can be controlled to get closer to perfection. Properly implemented, the pursuit of process excellence causes the production system to become ever more accurate and repeatable over time.

From a practical standpoint, if the variation is within the acceptable tolerances, then no corrective action is necessary. If the upper or lower control limits—in this example, for the space between the door and the frame—are breached, then management must analyze the variables to learn which one is causing the variation. Then management and the workers must initiate to reduce or eliminate it. The analysis will include research into which variables are causing the most variability. The cause may be variation in materials, finishes, or worker conduct, or some other variable, but when the issues are found, they can be eliminated and the problem of the gap between the door and the frame will be solved.

Similar problems arise in the sales production system. You can determine specific reasons for low direct mail returns, low click-through rates, long sales cycles, rejected proposals, and other problems. For instance, your company sends certain marketing and sales messages through certain media and channels to certain prospects. This means you can, through analysis and experimentation, learn which messages to send and not send through which channels to which prospects. Of course, more than messaging is involved because your messages must be backed up with the expected products and services. Making sure that your company sets proper expectations for value and that your customers receive the expected value is also critical in sales process excellence.

The key point is that process improvement methods for measuring, understanding, and controlling variation can, with adjustments, be applied to sales and marketing. The closer you match your messages—and the value you deliver—to what your customers want and need, the more effective your sales production system, and your entire business, will be at producing customers, revenue, and profits.

This holds good-news/bad-news implications. The bad news is that

most companies lack a true sales process—with tightly linked activities—and definitions of a lead, a prospect, and a sales opportunity (let alone measures of their quality). This precludes sales process improvement. The good news is *even a little process discipline brings surprisingly positive results*. I've often seen sales and marketing people marvel at the clarity of thinking and force of action that results from achieving respectful agreement on the definition of “a lead” and then developing measures of high-, medium-, and low-quality leads. These two simple steps enable them to identify sources of good (and bad) leads, to improve their handling of good leads and nurturing of medium-quality ones, and to reallocate resources no longer dedicated to bad leads. Such small steps automatically reduce waste and accelerate the sales pipeline.

Until you define the characteristics of your materials, you cannot measure variation. This is the state of most marketing and sales operations. You need definitions based on observable characteristics and measurements based on those characteristics. People in sales crave that data. They *want* to be able to distinguish a good lead from a bad one. They want marketing to find good leads, nurture medium-grade ones, and discard bad ones. And the required data already resides in the organization! It need only be collected and analyzed, then acted on.

Systems Thinking

Systems thinking, the second of Deming's precepts, sets the context for distinguishing value from waste and for discerning cause and effect. Applying systems thinking to sales and marketing begins with recognizing of the sales production system (as shown in Figure 2-1) and considering of the “materials” flowing through the production system. The materials that marketing, sales, and service work on—leads, prospects, sales opportunities, and customers—can be viewed as parallel to raw materials, work in process, and finished goods in a manufacturing production system. This thinking highlights the need to add value to leads, prospects, sales opportunities, and customers through marketing, sales, and service activities. Activities that add value to those materials should be repeated and improved. Those that do not are probably generating waste and should be stopped or improved.

Systems thinking *is* cause and effect thinking. However, it is possible

only after you have defined your terms and organized work activities into processes with measureable activities, inputs, and outputs. Once you have done that, you understand the system, even if it is rudimentary and functions poorly. This understanding forms the basis for improvement efforts and sets the context to discern which activities are generating value and waste.

The essential management task is to lead the evolution toward an efficient, effective sales production system. This first requires that you stabilize the system, make the flow of the value stream visible and relieve any bottlenecks, better respond to customer signals, and seek perfection through continuous cross-functional improvement. If you're familiar with process improvement, you'll recognize these as the stages of capability along the Lean journey (we'll discuss these in more depth in Chapters 5 and 12).

Evolving in this manner calls for increased knowledge of what customers value, of causes and effects, and of which activities create and deliver value, based on customer response and behavior. In leading this evolution, management learns where problems reside and, through experimentation, how to solve them. As problems are solved, productivity across the system increases. Yet few organizations and management teams view the business as a set of interconnected processes, that is, as a system; therefore, few avail themselves of the benefits of systems thinking.

Method for Learning

Process excellence encompasses both the means of knowing things and the means of learning new things. Both are active processes augmented by social interaction. We learn things on our own, of course, without rigorous methods and with varying degrees of success. That, however, won't serve a business well. Business is complex and demands a method for groups of people to systematically observe evidence, define problems, identify root causes, and experiment with solutions. That way, when you make a change, it works and the problem stays solved. This demands that people not cherry-pick their data, jump to conclusions about causes, or commit to solutions prematurely.

This method of learning includes interactions not only with data but

also with people across functions. We need to identify what is happening, whether it is good or bad, how good or bad it is, why it is happening, and what we can do to improve. We also need the methods and tools of process improvement to ensure we are learning and are doing the right things correctly.

Those methods and tools generally make activities, inputs, outputs, and problems visible. The methods, tools, terms, and approaches you will learn in this book are simply means of defining what we're seeing, recording observations, tracing them back to our actions, understanding cause and effect in the system, identifying countermeasures and solutions, experimenting with them, and institutionalizing the ones that work so that improvement can be sustained.

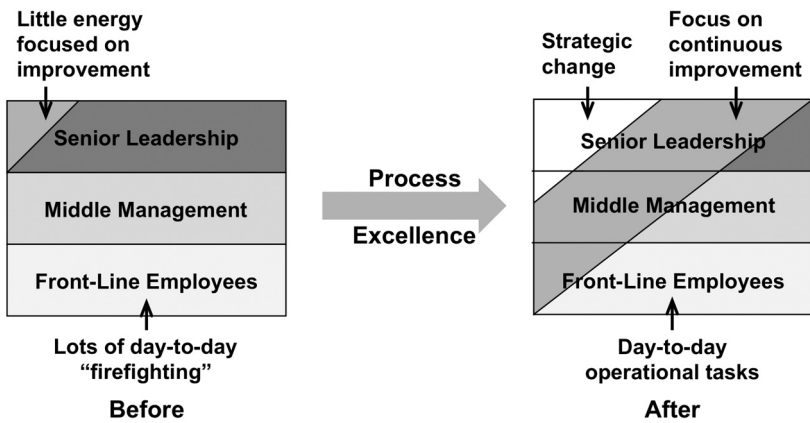
It is management's job to create the system and the working environment. When adopting process excellence and then going forward, management at all levels must spend more time working *on* the business and less time working *in* the business. Management's primary responsibility must be to work on the business, but unsystematic approaches, short-term decisions, and continual firefighting have worked against their ability to fulfill that responsibility.

The necessary shift is depicted in Figure 2-2, which shows an original state in which senior leaders spend no time creating strategic change and minimal time on continuous improvement, and middle management spends no time on either. However, with process excellence, senior executives spend most of their time creating strategic change and continuous improvement, and middle managers spend about half of their time creating strategic change and, more to the point, continuous improvement. Even front-line employees become involved in continuous improvement.

A method for learning is key to this because managers and workers must be taught, prepared, trusted, and led to engage in working on the business, in improving not only their performance and productivity but that of the entire system. Chapter 11 will address this management responsibility in depth.

A method of learning generates an ongoing body of knowledge that can be harvested for actionable information, as long as people in the business actively seek it. And people will seek it only if their leaders and managers also seek it and reward those who do. People need examples and motivation, as well as an understanding of the organization's goals

FIGURE 2-2
Working ON the Business Instead of IN the Business



Adapted from Masaaki Imai, *Kaizen: The Key to Japan's Competitive Success* (New York: McGraw-Hill, 1986) 7.

and their roles in achieving them; otherwise, they will focus only on improving their own performance within the system. That is suboptimal, on a good day.

Respecting People

One of the most important aspects of Deming's thinking is respect for the individual, yet it is often one of the most misunderstood. Often referred to as "the human side of change," this element of profound knowledge calls for seeing people for who they are—by understanding their values, attitudes, and motivations, and how these affect their behavior. Every person operates in a specific context and must be treated as an individual in order to make commitments, whether to improve a system or make a purchase.

Perhaps this should go without saying in sales. If salespeople cannot commit to an improvement, how will it occur? If customers do not feel understood, why will they commit to buy? Salespeople add value through their ability to learn about their customers and interact with them for mutual benefit. If a management initiative helps them in that endeavor,

they climb on board. If not, they ignore it and focus on pushing product. Management must realize that, although people are being paid, they must be respected. If change occurs by mandate, people won't feel respected. Nor will they respond with the same dedication as people who are committed to excellence. And that may carry over to their interactions with customers.

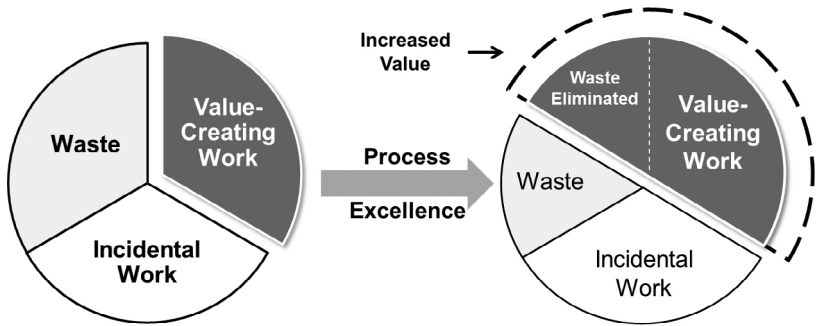
Some forms of management tend not to respect people. With its recognition of cause and effect and individual contexts, process excellence respects people. The notion of a “sales production system”—although it may sound mechanistic—respects marketers and salespeople as well as prospects and customers. It recognizes that each side has human needs, as well as jobs to do, problems to solve, improvements to make, and money to earn. It recognizes that exchanging value for value is the most intelligent and honorable way to conduct business (not to mention the most sustainable and profitable long term). It provides information and motivation, encourages candor and honesty, respects people's time and intelligence, and sets out to meet all parties' needs.

Without respect for people and processes, many businesses become unhappy places, worn out by the stress generated by reactive, short-term management decisions. People spend their time trying to hit moving targets, worrying about their security, working on low-yield activities, and fighting fires (or one another). In contrast, sales process excellence positions people to succeed by identifying which 20 percent of their effort produces 80 percent of the returns. People can solve problems, make improvements, and benefit from those improvements because, after all, they work in the system. If marketing and sales become easier, they—and their customers—reap the benefits.

Sales process excellence organizes your company's resources to produce a stream of the right customers at higher margins with lower costs. It ties customer-facing work to the customer's needs and responses so you can locate and solve problems. It applies the philosophy and many principles, tools, and practices from Lean, Six Sigma, and other process improvement methods to finding, winning, and keeping customers.

Figure 2-3 is based on a diagram originally published by the Lean Enterprise Institute, Inc. The original version points out there are three types of work: value-creating, waste-generating, and incidental. (Incidental work adds no direct value for external customers but cannot be avoided; examples include activities in accounting, human resources,

FIGURE 2-3
Sales Process Excellence Increases Value



Adapted from *Mapping to See*, 2007 Lean Enterprise Institute, Inc., Cambridge, MA, lean.org. All rights reserved.

and facilities management.) Lean aims to maximize value-creating work, reduce or optimize incidental work, and eliminate waste.

However, the goal of sales process excellence is not only to reduce waste, but to make the pie bigger by expanding the value to us, as well as to the customer. If you think about it, learning, creating, and delivering what others value is a profoundly respectful and even noble thing for any person—or any business—to do.

Deming’s System of Profound Knowledge forms the foundation for process improvement methods and tools and both the rationale and the means for creating value, reducing waste, and improving productivity and performance across the entire enterprise, not just in production operations.

HOW DOES SALES PROCESS EXCELLENCE CREATE VALUE?

Despite evolution in recent decades, too many marketers still mainly push information about their products toward prospects. Too many salespeople still prematurely push prospects to do something —agree to a meeting, accept a proposal, or sign on the dotted line—to close as many deals as possible. These “push” activities stem from management’s view

of sales as a value-extraction, as opposed to value-creating, process. Cold calling is an excellent example of a low-yield, high-cost push activity driven by the Numbers Game. This is why most prospects (and salespeople) hate cold calls.

When buyers seek value and sellers pursue value extraction, a natural disconnect arises. That disconnect accounts for much of the waste inherent in B2B sales and marketing activities and the difficulties that sellers have in monitoring customers' changing needs. In addition, in competitive, value-extraction sales situations, the Internet and globalization have placed many buyers at an advantage and many sellers at a disadvantage. Customers tend to commoditize sellers or seek better deals, and the old methods of locating prospects and maintaining relationships no longer work.

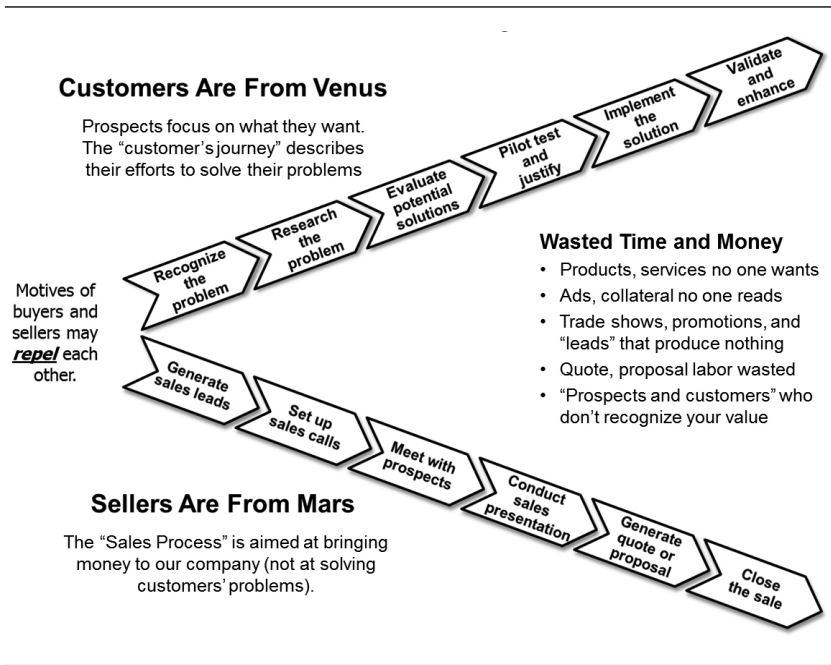
Sales process excellence aims to reverse declining sales productivity. Supply and demand are out of balance, with sellers needing to find a way to become more effective. They are looking for ways to differentiate themselves and regain lost traction. New products are one way of doing this, of course. But new products take time and money and are far from a sure bet. Another approach is to find ways to help customers reduce the resources they must expend in the buying process.

The customer's journey (or buying process) is depicted in generalized form in the upward slanted arrow in Figure 2-4. This is the widely recognized path that a person or company takes from the time they are unaware of a problem to being a customer for the solution. While specific stages vary, understanding the prospect's or customer's perspective is crucial to effective salesmanship. Everything you do to find, win, and keep customers must create value if you are to engage your prospects. When a sales process is well conceived, well designed, and well executed, each activity creates value for the prospect or customer at every step of their journey.

How can sales processes do that? Here are a few ways:

- Being visible where and when the customer looks for information
- Using language that matches the conversation in the customer's organization, and credibly communicating your value proposition
- Earning the customer's trust by ensuring that their problem exists and is one you can solve

FIGURE 2-4
The Buyer-Seller Disconnect



- Providing the people within the customer’s organization, such as the end user, technical buyer, and decision maker, with the information they need
- Making it easy to validate the value of your offer, and packaging your offer in ways that match the customer’s needs
- Mitigating the customer’s risk and making it easy to buy by offering warranties, guarantees, and timely offers
- Ensuring effective delivery and startup of your offering, and resolving any problems in a timely manner

Facing increasing sales costs and customer resistance, many companies have tried to move from quantity- to quality-driven sales and marketing approaches, but most tend to go about it ineffectively. To be effective, you must measure the quality of leads, prospects, and sales opportunities and the value your sales process is adding *at each stage of the customer’s journey*. We’ll look at ways you can start doing that in Chap-

ter 3. Broadly, you do this by aligning your sales and marketing activities to the customer's journey, which you must first understand. In practice, few companies understand their customer's journey, but it shouldn't be a mystery. If you're truly interested, many customers will share this information. Chapter 4, on Voice of the Customer, discusses how to go about obtaining it.

At this point, it's enough to know that your prospects and customers—or those of your channel partners—need certain things on their customer's journey, such as awareness, information, motivation, collaboration, purchase justification, guarantees, and support. You add value to these people, and create value for them, when your sales process activities fulfill these needs. Most important, observing and measuring the actions that prospects take in response to those activities will help you see the flow of value and understand what is and isn't working.

Now, provided I have made a reasonable case for applying process excellence to sales and marketing, you may be asking yourself why doing so hasn't become widespread practice in business. It's a legitimate question and one I've often considered. At this point, I think I have some answers.

WHY PROCESS IMPROVEMENT HASN'T MADE IT TO SALES AND MARKETING

First, process improvement is rooted in production and operations and in the disciplines of engineering and statistical process control. (See Appendix I—A Brief History of Process Improvement.) In sales and marketing, people use communication to build relationships that aim to influence the behavior of prospects and customers. Because communication and relationship building is interpersonal and invisible, it is harder to structure, observe, and measure than manufacturing production work. In addition, these are not areas that most engineers and statistical process control experts naturally want to study. Few would be drawn to the task of measuring variation in human behavior to discover the cause of a formerly receptive prospect's failure to return a salesperson's calls.

Second, production lends itself to rational, fact-based, data-driven improvement and management approaches. Yet many salespeople

resist process improvement for precisely those characteristics. They are drawn to the interpersonal, independent, and unpredictable aspects of their profession. Many of them distrust attempts to make their work more rational and data-driven. This applies to many sales managers as well. Most of them are former salespeople, also drawn to the intuitive nature of sales. These folks are comfortable making much of their living from commissions and bonuses and prefer operating on intuition.

Third, senior executives' view of the sales process as "what salespeople do" limits their own imaginations when it comes to applying process improvement in sales and marketing. They tend to see sales problems as people problems and are inclined to replace salespeople or sales managers, seek superstars, provide training, adjust the compensation plan, or hold a sales contest.

Pity the poor process improvement professional, armed with control charts, value stream maps, and root cause analysis. As soon as she says "sales process," she may be misunderstood or rejected. Common process improvement terms like input, output, waste, value, and quality can also be misinterpreted or viewed as off-putting by sales and marketing people. And to top it all off, most salespeople resent anyone who hasn't sold for a living who appears to be telling them how to sell.

In addition, as Figure 2-5 illustrates, basic environmental factors differ sharply between manufacturing and sales and marketing. These differences can dictate the failure of any sales process improvement initiative, unless they are acknowledged and addressed.

Sales process improvement initiatives fail when process experts do not understand what constitutes value in sales and marketing, and how and for whom those functions create value. Few process experts understand the workings of cause and effect in sales; therefore, many misun-

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FIGURE 2-5
Comparison of Manufacturing and Sales/Marketing Environments

Environment Factors	Manufacturing	VS	Sales and Marketing
Objective of the work	Meet the spec every time		Get a stranger to listen, and to buy
What management measures	Results, cost, activities, waste		End result only
Cultural orientation	Process, team		Craft, individual performance
View of waste / value add	Visible, objective		Invisible, subjective
Best practices	Proven		Opinion
View of standardization	Seen as essential to doing the job		Seen as detrimental to doing the job

derstand sales problems. (In fairness, this is also true of many senior executives and sales and marketing managers.) The lack of data other than sales figures and rudimentary “close rates” also hobbles sales process improvement efforts.

How are we to understand sales and marketing problems? How is value created by those functions? How can it be measured? What constitutes waste? How do cause and effect operate? What are salespeople doing out in the field? Why are they doing it? Why are prospects attracted by some sales and marketing techniques and repelled by others? And which are which? To answer such questions, we need explicit ways for making the value or the waste of sales and marketing visible and measurable. Manufacturing operations has more or less defined “value” as that for which the customer will pay. However, this definition is inadequate for sales and marketing, where you may not know what the customer will pay for, by definition. Fortunately, this problem can be solved once you recognize that value is inextricably tied to prospects and customers taking actions: That which the customer takes action to obtain constitutes value. The action might be to read the headline of an ad,

click through to a Web page, complete an evaluation, download an e-book, take a phone call, share information, bring a decision maker to a meeting, or, finally, make a buying decision.

The point is that we can certainly get a whole lot better at understanding what constitutes value—and waste—in sales and marketing, as long as we have the right mindset, definitions, methods, and tools.

WHAT RESULTS CAN YOU EXPECT?

At the two companies that we used as examples at the beginning of this chapter, ABClear and Globalchain, management had implicitly relinquished responsibility for the sales process. However, using sales process excellence, management in each of those companies was eventually able to achieve quantum leaps in sales and marketing efficiency. I'll discuss how they achieved these gains later.

Various companies have achieved a range of extremely positive results, depending on the focus of their sales process improvement initiatives. At a high level, the benefits typically include:

- ***Increased visibility into the sales and marketing functions.*** Process improvement approaches take the lid off the “black box” of sales and marketing, shedding light on sales and marketing activities and on the value (and waste) they create.
- ***Enhanced ability to solve sales and marketing problems.*** Obtaining greater visibility, relying more on data and evidence, and adopting a problem-solving methodology all help position management to identify and solve problems rather than reach for one of the Usual Fixes.
- ***Increased coordination among marketing, sales, and service.*** Viewing finding, winning, and keeping customers as a value stream breaks down the walls between marketing, sales, and service, and enhances the ability of these functions to work together.
- ***Reduced waste and enhanced value.*** When you focus on the right leads, prospects, and customers and on their needs, you cannot help but become more valuable to your customers.
- ***Increased sales and marketing productivity and improved results.***

Increasing value and reducing waste in a process boosts its productivity (as has been well documented in process improvement literature). Indeed, improved sales results are the main reason to engage in sales process improvement.

These benefits come about through concerted effort on the part of senior executives, sales and marketing managers, and internal or external process improvement experts who can adapt process excellence to the sales production system. It is possible for the sales or marketing manager or an internal process expert to spark interest in sales process excellence, but it must be sponsored by senior management, implemented by marketing and sales, and supported by process experts.

Bringing people on board—“selling” sales process excellence—usually takes work. That work begins with the realization that the Numbers Game and the Usual Fixes will not bring the organization to required levels of sales performance and productivity, but process approaches have a good chance of doing so. Companies that come to this realization often find themselves motivated to change, and that change begins with a new conversation about sales, the subject of the next chapter.

S U M M A R Y

BRINGING PROCESS EXCELLENCE TO SALES

- The term “sales process” means different things to different people, so it’s useful to think of marketing, sales, and service as a production system—a system for producing customers.
- The sales production system is the end-to-end set of linked, measurable activities the organization uses to find, win, and keep customers. Broadly, the activities of finding, winning, and keeping customers are the respective responsibilities of marketing, sales, and service.
- It is management’s responsibility to design, develop, and manage the organization’s sales production system. Neither sales or marketing people, nor distributors or other channel partners, can do it.
- To make a purchase, buyers need specific things on their customer’s journey, such as awareness, information, motivation, security, and justification. An effective sales process provides buyers with these forms of value.
- Companies that “push product” generate a huge disconnect between themselves and their prospects and customers. The alternative is a sales process designed to give prospects and customers what they need, when they need it.
- Although process excellence must be adapted to sales and marketing, it provides a framework, as well as methods and tools that increase sales performance and productivity.