

THE DEFINITIVE B2B GUIDE

TO PREDICTABLE, PROFITABLE, SUSTAINABLE REVENUE GROWTH



The Systematic Approach That Blasts
Away Your Roadblocks to Selling Value,
Aligning Your Team, and Making the
Right Decisions.

BY MICHAEL J. WEBB

*Author of **Sales Process Excellence** (winner of
the Shingo Research Award), and **Sales and
Marketing the Six Sigma Way***

Intentionally left blank.

The Definitive B2B Guide to Predictable, Profitable, and Sustainable Revenue Growth

Table of Contents

1 Introduction	1
Why B2B Revenue Growth is So Hard to Improve	1
What a Sales Production System Looks Like	5
Process Excellence Solves Sales and Marketing Problems	9
2 How a Sales Production System Guarantees Business Growth	11
Should Sales and Marketing Be Managed as a Production System?	13
How a Sales Production System Creates Value	15
3 Case Study: Selling Time on Winning New Business Increased 400%	21
Using VOC to Develop a Sales Value Stream Map	23
Generating and Measuring Improvement	26
4 Case Study: Reverse a Decline in New Account Sales through Distribution	29
Using VOC to Develop a Sales Value Stream Map	32
5 What You Need to Know to Get Sales Process Right	35
Some Assumptions That Prevent Improvement	37
Getting Sales Management Right	37
Getting Sales Management Wrong	39
Who owns responsibility for ... The process?... The result? ... Improvement?	40
Getting Sales Process Excellence Right: Answers to the Five Most Frequently Asked Questions	41
1. How does a sales process solve business problems, and relieve pain, in sales and marketing?	41
2. How do you get others in the organization to buy into your approach?	41
3. How does process excellence work in sales and marketing?	42
4. How do we sustain improvement?	43
5. Where do we start improving?	43
6 Conclusion	43

Intentionally left blank.

1 Introduction

Why B2B Revenue Growth is So Hard to Improve

A lot of sales and marketing executives in B2B companies seem to be working harder every year. Yet recent results indicate that many companies are not improving their performance:

- Forrester Research said, “62% of companies had difficulty making target revenues in 2014.”
- Hubspot said, “42% of all sales opportunities end in “No Decision.””
- The Corporate Executive Board and Google said, “B2B companies are delaying contact with salespeople.”
- CSO Insights said, “A pass bet at a craps table has better odds than the average sales forecast.”

Further, for the last five years running, a Sirius Decision’s survey of sales and marketing organizations showed “The inability of our sales reps to sell value” is at the top of the list of B2B company challenges.

To say the typical companies in these studies are trying to improve would be an understatement! They try sales training, CRM systems, lead generation, contests, compensation plan changes, changing out salespeople, and many other approaches.

Generating revenue is so important, most companies have no choice but to spend lavishly on sales and marketing. In fact, the sales portion of a company’s sales, general, and administrative expenses is one of the largest costs, and the one most difficult to control.

With so much time, energy, and money at stake, why don’t things actually improve?

In the next section, I’m going to give you three crucial reasons why B2B sales productivity doesn’t improve. Then, I’ll resolve those problems by showing what a

proper sales production system looks like from your company's perspective, and describe why all this is so valuable and important to the sales team itself.

Reason 1: Customer behavior is changing.

The first reason is that customers' behaviors are changing today. As a simple example, we all know customers increasingly want to look on the Internet to help them solve their problems. They may still need to talk to salespeople, but they are less likely to, especially in the beginning of their search. And this hampers salespeople's search for prospects, and their ability to sell value.

In most companies, salespeople have little to do with their company's website. Internet marketing may not be their expertise. Worse, there are conflicting opinions around what changes will create improvement. How do you select the best approach?



And this points out a second reason why things don't actually improve, because it says you can't distinguish the work that will create value from work that is wasted in sales and marketing. Without a clear knowledge of what will pay off, it is difficult to justify investment. So making any changes at all is a difficult proposition.

Reason 2:
**Companies have difficulty distinguishing value
from waste in sales and marketing.**

Should the company spend its resources on the website, or on sales training, or on recruiting salespeople or channel partners? Is attending trade shows more important than purchasing a new CRM system? With no rule or principle for distinguishing value from waste, companies can only muddle through.

So, here's a key question every B2B company needs a clear and simple answer to: "How do you distinguish value from waste in sales?"

And, here is the deceptively simple answer:

Value is created when you enable your customer
to take the actions you want them to take.
Anything else is waste.

Salespeople have always known they must get their customer's attention, time, and trust if they are ever to have a chance of earning any of their customer's money. Yet as we said earlier, salespeople are hampered when customers are searching to solve their problems on the Internet.



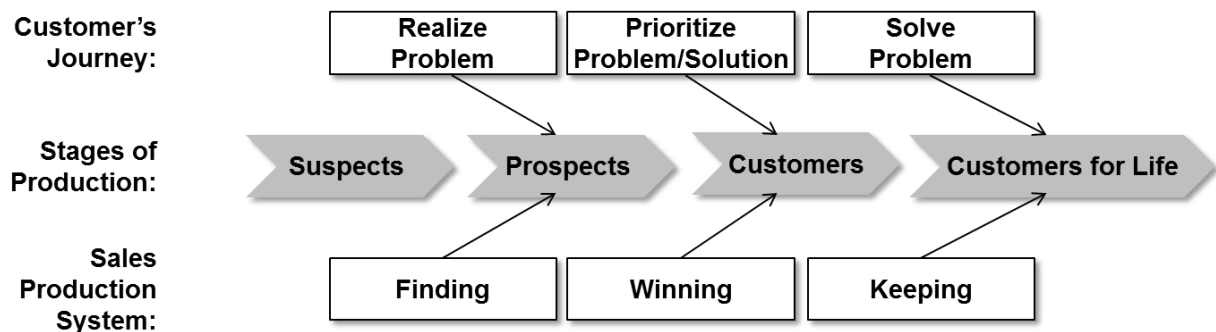
And this points up a third reason sales and marketing productivity isn't improving. Executives who think in terms of marketing, sales, and service functions unwittingly make assumptions that limit their awareness.

Reason 3: Executives may tend to think in *functional* terms instead of value.

In their functional world, marketing, selling, and servicing goals are independent of each other. They are prone to seeing "sales process" as just another issue to consider alongside other departmental issues such as sales training, CRM, or lead generation.

These assumptions are embedded in a person's world view, and it can be surprisingly hard to change them. As the saying goes, "The last thing a fish discovers is water."

Unfortunately, the truth is your customers see your company as a single entity. Integrating your approach to finding, winning, and keeping them enables you to see the business as a production system that helps customers realize, prioritize, and solve their problems.



These stages are called the customer's journey, and it doesn't matter whether helping the customer buy requires a marketing tactic or a sales tactic. What matters is implementing the appropriate tactic as efficiently and effectively as possible.

What a Sales Production System Looks Like

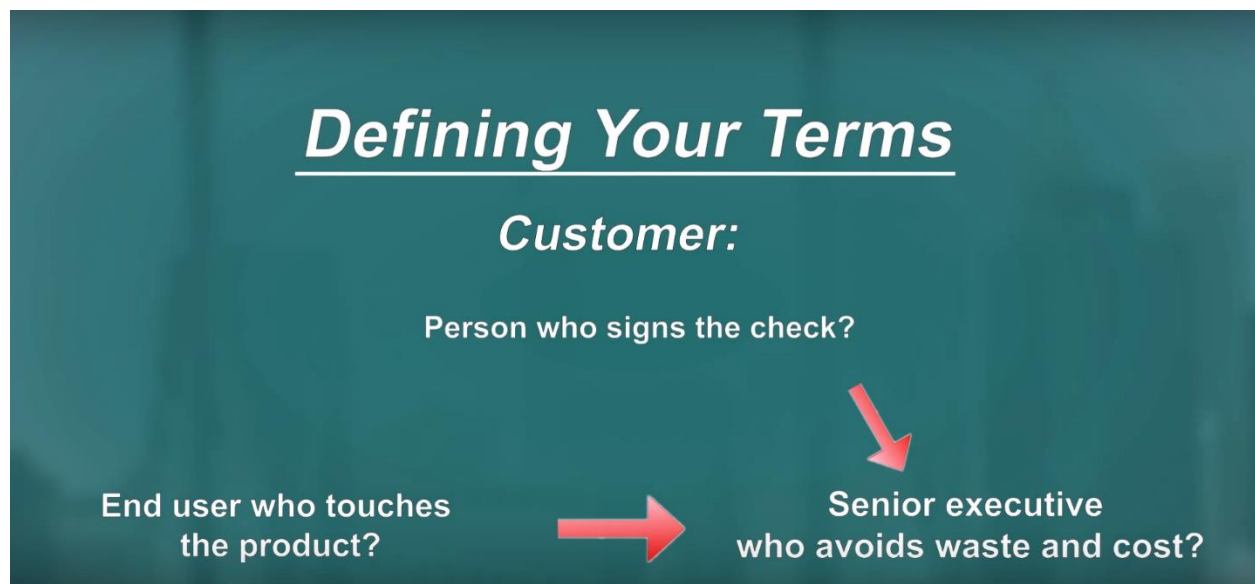
When sales and marketing become a cross-functional production system, companies can achieve big increases in sales productivity and margins.

For example, one client achieved a 1% increase in margin without increasing prices, simply by re-prioritizing their deal flow.

Another doubled their sales productivity by figuring out and walking away from the least likely prospects. These changes actually happened quickly, and without much fanfare.

How does that happen?

The first step is to get everyone to define their terms in the same way. For example, it is very common for different individuals in a company to have a different concept of who the customer is. One individual might think the customer is the person at the distributor who signs the check in payment of your company's invoice. Another might think the customer is the end user who touches or uses the product. And still another might think the customer is the executive who achieves lower costs and higher performance as a result of selecting your products and services.



If the people in your company are not aiming at the same thing, how can anything improve?

Getting your team to tie their words to observable reality takes time and energy, but that effort is richly rewarded.

For example, the VP of Sales at a machine tool company selling six figure capital equipment felt his salespeople were spending too much time on the wrong accounts.

Unfortunately, the problem was not solvable in this form. How much is "too much time?" What is the definition of "wrong account?" He realized certain observable

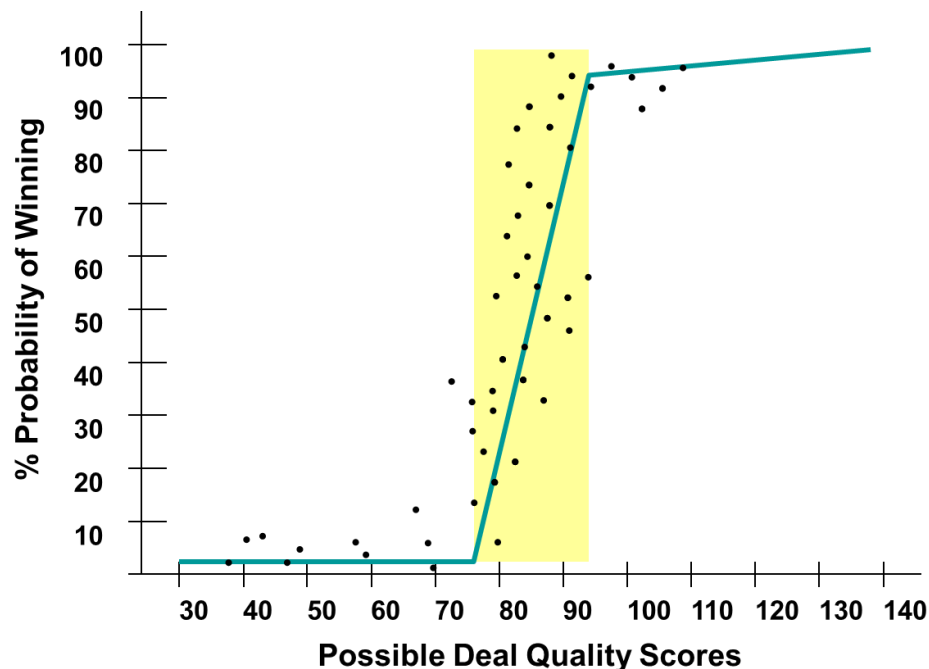
characteristics, such as a prospect's degree of interest in training and maintenance around their machines, were an indication of their willingness to pay for value.

Account Relationship (example):

Investment in personnel (maintenance and operators)

- ☐ 1. Customer has no scheduled machine maintenance; constant calls to our service department
 - ☒ 2. Customer has no maintenance department but relies on operators for basic needs; regular calls are made to our service department
 - ☐ 3. Customer shows interest in machine maintenance and successfully operates our machines
 - ☐ 4. Customer has a functioning, knowledgeable and capable maintenance department
 - ☐ 5. Customer maintains accurate machine logs and usage history and performs all maintenance items as required
-

So, he and his sales team developed a list of traits that enabled them to convert these observations of prospect quality into a number. The higher the observed quality of the prospect, the higher the number.



The Definitive B2B Guide to Predictable, Profitable, Sustainable Revenue Growth

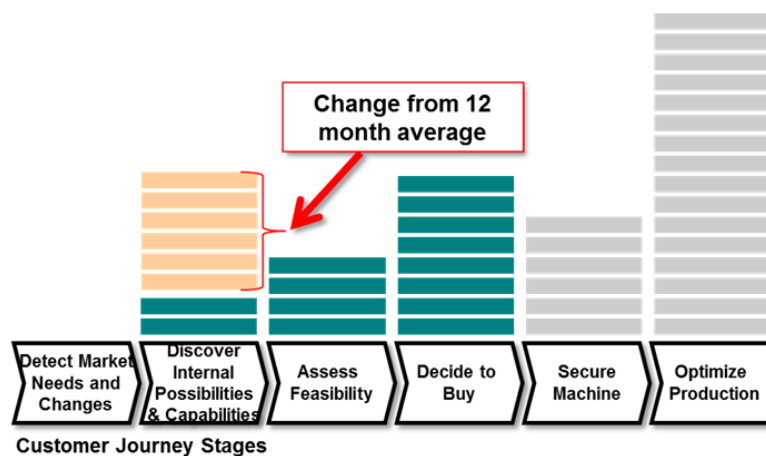
Prioritizing their deal flow in this manner caused the best prospects to rank higher than when salespeople had forecast their deals informally.

<u>Sales Representative</u>	<u>Customer Account Name</u>	<u>Sales Funnel Stage</u>	<u>Opportunity Value (1000's)</u>	<u>Quality Score</u>
Brad Herco	PPC Logistics	Deciding to Buy	\$175	87
Josh Evans	Goldman	Deciding to Buy	\$537	80
Mark Smith	Lenovo Systems	Assessing Feasibility	\$475	78
HVAC Europe	Cummins	Assessing Feasibility	\$657	72
Mark Smith	Swiss Evalco	Deciding to Buy	\$260	70
Paulo Regazzi	Freeman Company	Deciding to Buy	\$960	67
Richard Field	LU-VET ACT	Deciding to Buy	\$610	63
Janice Helmsley	LU-VET ACT	Deciding to Buy	\$240	60
Josh Evans	Adapco Systems	Deciding to Buy	\$473	60
Tom Adams	GE Enterprise	Deciding to Buy	\$1,250	60
Tim Adams	Jawakie Machine	Assessing Feasibility	\$3,101	54
Brad Herco	Degussa Denki	Assessing Feasibility	\$390	49

Like other clients, they were surprised to learn that their sales forecasts become far more accurate with this approach. (Some clients have achieved 94% statistical forecast accuracy.)

Instead of working on their sales opportunities sequentially as they had in the past, our machine tool company started applying their scarce engineering resources to the highest quality prospects first. In practice this had the effect of increasing their margins. They conservatively estimated this increase to be at least 1%, which amounted to nearly a million dollars annually.

Pipeline Analysis



However, the impact went further. Measuring their deal flow enabled them to detect a decline in the quality and quantity of sales opportunities. This is an important market signal, indicating they might be in the early stages of a recession (recessions are especially hard on capital equipment manufacturers).

Instead of attempting to push harder on poor-quality prospects, the sales team lent their expertise to help the marketing department develop a compelling ROI model for an exciting new product.

The ROI model was published as lead magnet on a web page offering an even more detailed analysis and a budgetary quote, in exchange for qualifying information about the prospect. This was a big process change that would produce data about the quality of the prospect. Within the first three weeks the web page produced two new prospects in different parts of the world.

New High-Productivity Machine Total Cost of Ownership Calculator:



DETERMINE YOUR COST PER PART PRODUCED

We've developed a tool for you to easily compare your costs for producing parts with our new high-productivity machine against our competitors.

Use this calculator to determine your cost per part produced. Just enter some details about your production environment, schedule, and workload, and you'll learn the production cost per part produced by our new high-productivity machine.

You can also compare your cost per part with that of two of our competitor's machines.

- | | | |
|------------------|---------------------------|-------------------|
| • Overall uptime | • Maintenance costs | Parts per cycle |
| • Scrap costs | • Replacement parts costs | Cycle time |
| • Purchase price | • Operator costs | Power consumption |
| | • Changeover time | Floor space |

*This calculator does not include direct material costs in your total production cost.

**Start
Here**

These changes happened, because the people at the company learned not only to see waste, but also to do experiments that enabled them to come to an agreement on what would cause customers to act the way they wanted. They were able to change their process – to change what the customer experienced as a result.

Process Excellence Solves Sales and Marketing Problems

A long time ago, when I first started learning about how process excellence works in manufacturing organizations, I began to wonder, “Whose job is it in our company to make sales easier?”

Of course the answer in most companies is “Nobody.” And THAT is the problem.

In the last section, you saw how signals from the market enabled the sales team to improve deal quality and lend its support to improving a lead generation tool on the company’s website. This is a very different situation than what happens in most companies, where management assumes they must enforce some arbitrary discipline around a “sales process” purchased from an outside sales training or CRM vendor.

Instead, the management team in our example merely encouraged the sales team’s energy to improve their own process!

Sales processes should be about making sales easier and more effective.

Sales processes should be about making sales easier and more effective. Traditional approaches to managing sales and marketing cannot produce improvements like these. That’s because instead of solving for desired customer actions, they impose “best-selling practices” out of context.

Worse, traditional approaches to managing sales make assumptions like “deals at stage 3 have a 40% chance of closing, while deals at stage 5 have a 90% chance of closing.”

By failing to define and analyze actual data around what is working and not working in the field with salespeople and their customers, they fail to solve actual sales and marketing problems.

In fact, that statement is a nice summary of why sales and marketing productivity doesn’t improve in most companies.

Process excellence make sales and marketing problems solvable.

Now, it is true that no company has much direct control over the demand curve among its customers. However, by defining your terms, gathering data, and aligning the work to real customer value you can remove the waste and misjudgments that increase conversion and productivity in your business.

The essence of process excellence is to pick up information enabling you to identify the common, high-impact issues preventing business growth. When you have this data, you can shift your resources to where customers need it, such as emphasizing more efficient new product designs, or perhaps shifting your resources to service and replacement parts during a recession.

Such an approach offers immense opportunities for producing growth that is both more predictable and more sustainable.

Process excellence works by precisely defining the problems you are trying to solve. When you identify the root causes of problems, you can apply only the resources necessary to solve them.

**Identifying root causes of problems
enables you to apply only
the resources necessary to solve them.**

This has far more impact than throwing lead generation, sales training, or CRM, or attempting to select even more talented (and expensive) salespeople – when you in fact have nothing but gut feel, and no hard data telling you where the problems really are.

Process excellence provides the framework for identifying which kinds of changes will actually make the sales funnel flow faster.

Further, its simple, logical reasoning is respected by salespeople and marketers alike. Once your sales organization realizes that data identifying root causes focuses the resources of the entire company to solving the problems they face, the flood gates open and improvement can happen quickly, and without fanfare.

And the best news is that improving the quality of customers that make up the input to your business increases the productivity, and the profitability of the entire enterprise.

**Need help? Visit salesperformance.com/contact us.
Need a full description? Visit salesprocessexcellence.com**

Rafe Vandenberg of www.sellingbrew.com, an authority on sales operations, described the privately published *Sales Process Excellence* as, “The most comprehensive book on this subject I’ve ever seen – it really is a “how to” manual.”

2 How a Sales Production System Guarantees Business Growth

I need to start out with a challenging statement:

**The way most people think
about sales and marketing cannot address
the problems faced by B2B companies today.**

Consider just one issue – the issue of sales process. Most people think of sales process as some concrete method to which salespeople need to conform. They see it as similar to a discipline to be imposed and accepted. And this is wrong on many levels.



That is precisely the role of the sales production system. In this section, we'll see how the framework of a "sales production system" enables companies to uncover data that reveal the causes of their sales and marketing problems, so real improvement can begin.

**A full-page view of the
Sales Production System Infographic
can be found on pages 18-19.**

Should Sales and Marketing Be Managed as a Production System?

Let's begin by challenging whether sales and marketing *should* really be managed like other kinds of production are managed.

After all, in manufacturing production;

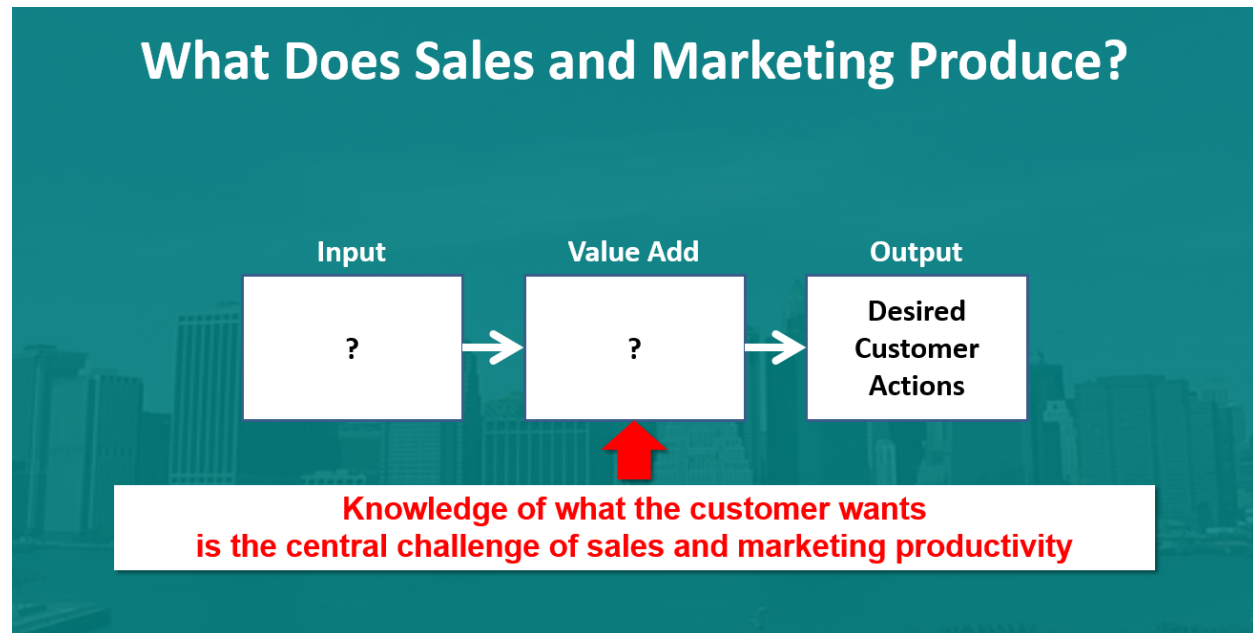
- The goal is to produce what the customer wants as quickly and efficiently as possible.
- What the customer wants is fairly obvious, or is defined in some specification.
- Success requires securing raw material (of a certain kind), and adding value to it (and not waste), until it is ready to ship.

Sales and marketing, of course, is different;

- The goal is to get someone (whom you may never even meet) to give you their attention, time, trust, and ultimately, to give you their money.
- However, in sales you often do not know what the customer wants by definition.
- Success requires you to find prospects (of a certain kind), and add value to them (and not waste), until they are ready to buy.

So sales and marketing produce something crucially important: *Actions on the part of your customer*. And that requires us to apply resources and knowledge, and to create value of some kind.

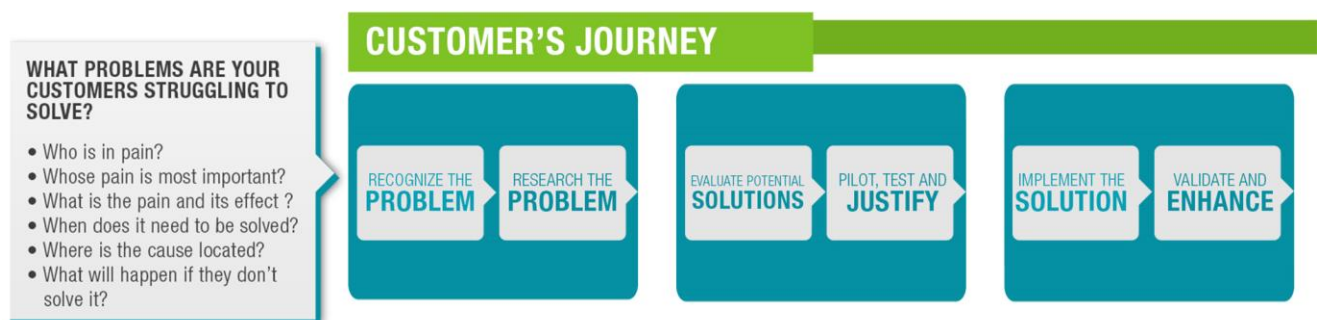
In reality, the only big difference is around the knowledge of what the customer wants. And that is the central challenge of improving sales and marketing productivity.



Now, there are lots of ways of learning what customers want. These are collectively called “Voice of Customer,” and these methods enable you to learn how your customers go about pursuing their own goals, and trying to solve their problems. These actions are called the Customer’s Journey, and whether a company knows it or not, it is the North Star for any business.

If your prospects progress along this path with you, your business is creating value. Everything else is waste.

Everything in the business depends on customer orders, so the customer’s journey is at the top of a sales production system (also called a sales value stream map).



How a Sales Production System Creates Value

This positioning enables your business to identify and eliminate the biggest driver of waste in all of sales and marketing. Do you know what that is?

**The biggest driver of waste in sales and marketing
is attempting to get people in the market
to do things they are not ready to do.**

Markets are full of people. Chances are, only a few people in the market have the potential to buy from you. Why would you try to sell to those who don't have that potential?

And further, at any given time only a few of the right people are even aware they have a problem needing to be solved. Telling them about your product, offering samples, or worse, discounts, is a complete waste!

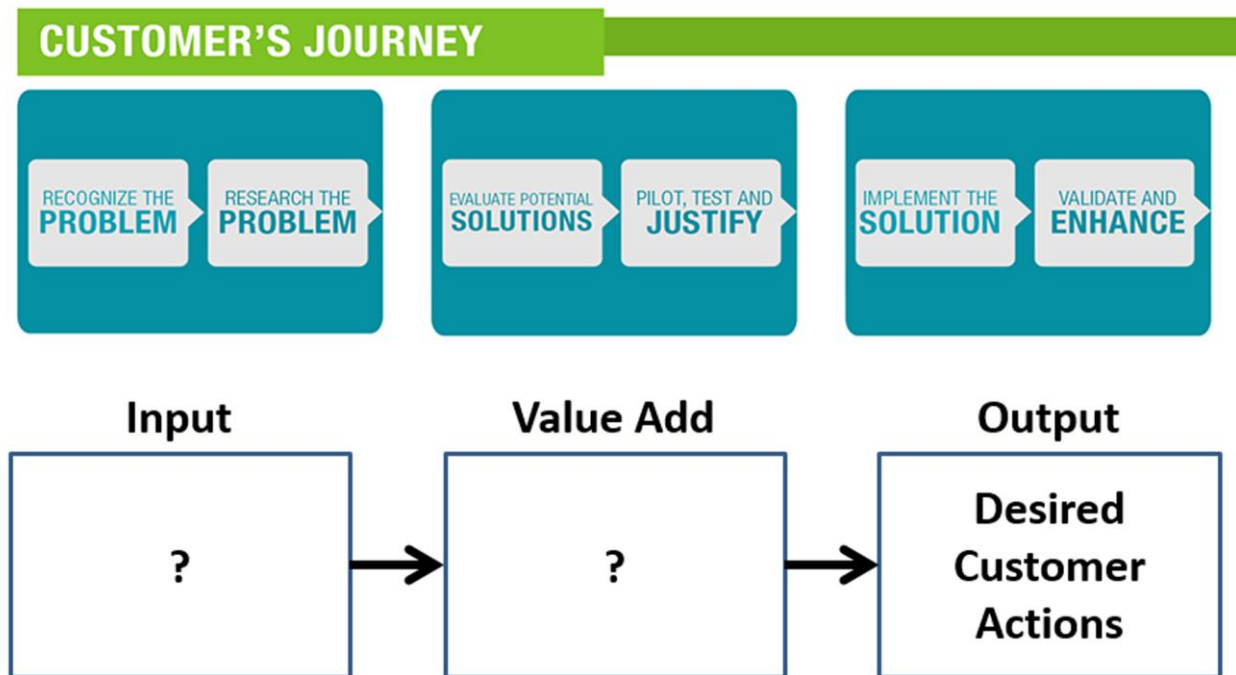
Not only salespeople, but entire companies do this every single day, and it makes people frustrated with advertising and selling.

They do it because they are doing what they have always done instead of figuring out how to create value. Helping them become aware of problems they have and don't want, and of possibilities they want and don't have, can actually be quite valuable to them.



This is called the direct response approach. It enables your company to “see” the system for finding, winning, and keeping customers. It works because you become a partner that helps your customers to

- Recognize and understand their problems.
- Evaluate alternatives and justify taking action. And,
- Implement and validate their successes and achievements.



So now the analogy with manufacturing is clear. Prospects are people in the market who have needs and wants. Rather than treating them like so much cement or steel, you study and work with them to learn their nature. You detect and respond to where they are in their journey. You identify characteristics that make them more or less likely to value you, and buy from you.

This is how sales process excellence makes sales and marketing *more predictable*.

With this knowledge, you can create value in their eyes, regardless of the medium, such as web pages, phone calls, or proposals. And the reason this approach is so critical for B2B corporations is that everything is grounded in observations of customers and their actions. When the quantity and quality of deal flow are measurable, you can see amazing potential improvements your competitors cannot see. Management knows which common, high-impact issues, if solved, will guarantee business growth.

This is why sales process excellence makes companies *more profitable*.



Such a framework sets management up to explicitly respect their people's ideas and proposals for improvement. They can begin inspecting and expecting improvement, and giving people the recognition they deserve.

Such companies are better places to work, and *this is why improvement is sustainable* with sales process excellence.

So, there you have it: A framework for continuously improving sales and marketing grounded in evidence around what customer's value, and driven by management that expects, inspects, and respects learning in each individual employee.

I hope this section has given you ideas for improvements you can make. Feel free to show it to your team and engage them in productive discussions.

How a Sales Production System **GUARANTEES PROFITABLE** **B2B** Revenue Growth





How a Sales Production System **GUARANTEES PROFITABLE** B2B Revenue Growth



3 Case Study: Selling Time on Winning New Business Increased 400%

This is an expansion of a case study I wrote about in my book, *Sales Process Excellence*. The company, called ABClear, supplies water quality products and services to foodservice businesses.

Like most B2B companies, the inner workings of ABClear's sales and marketing were like a "black box." They knew the time was fast approaching that their growth would not be sustainable. Yet, there were no data for locating causes of problems, and they had no real idea where or how to start improving.

This is the first of two case studies describing how ABClear went from having lots of problems and no way to improve, to measurably improving in both strategic accounts and through distribution channels. This is the story of the strategic account managers, or SAMs. The next section describes the case for the distribution channel.

Like many companies that grew large through distribution channels, it wasn't easy for the SAMs to be organized and consistent around how they handled their accounts, and this caused frustration to customers and to themselves.

The initial work with SPC, Inc., was a "Guided Discovery" engagement, to help the team develop a consensus around why change was needed, and what needed to be changed. They had to clarify what was undesirable about the current state in order to break it down into solvable components.

This work revealed a number of general issues:

- Frustration, finger pointing, and conflicting opinions about what changes were the right ones.
- Their market had changed. Signing up additional distribution channels no longer achieved sales targets; new kinds of competition were appearing from online sources.
- BDMs and SAMs tended to focus on their own goals, sometimes at each other's expense.
- Salespeople and channel partners tracked accounts, activities, status, etc., differently. This made it hard for management to forecast or formulate strategies.

Then, still following an explicit process for generating improvement, the SAMs took two more steps together. First, they came up with a goal statement:

In order to

- get closer to our Strategic Account customers
- exceed their expectations, and
- grow our business with them faster,

we will define SAM standard work, align improvement priorities, and implement a measurement method.

Next, they zeroed in on their own department and further defined their issues:

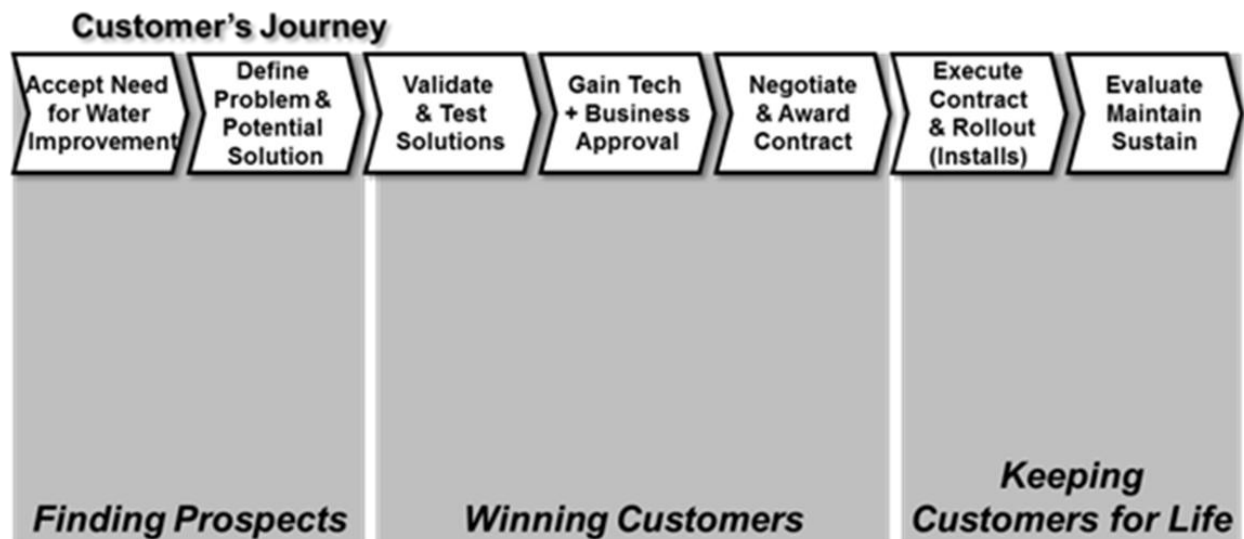
- They had no rules or defined lists of which accounts belonged to the SAMs and which ones were the responsibility of the BDMs.
- They had no common method for prioritizing accounts, or deciding how much time and energy to invest, or for getting customers to buy.
- SAMs needed technical and product management support, yet had no agreement on who was responsible for doing what. So, they were constantly requesting support based on their needs at the moment.

Clearly, solving these problems would have a powerful effect on not only the SAMs but also everyone who depended on the SAMs. Some of the issues were “No-Brainers,” or “Just-Go-Do-Its,” such as the absence of defined account lists.

However, the other issues were more challenging. Once the team saw what the benefits to them might be, they agreed a sales value stream mapping effort would move them in the right direction.

Using VOC to Develop a Sales Value Stream Map

First, they conducted VOC research to learn how customers went about solving their problems. Below is a diagram that resulted from their research, and the combined intelligence of the SAM team.



They realized customers first had to recognize and accept the need for water quality improvement, before they could define their need for any specific improvement.

Then, since the SAMs were calling on large chains of restaurants, they needed to get the facilities and equipment engineers in those organizations to test their systems and generate a business case for the purchase.

Once a buying decision was successfully made, they had to roll out the contract, which typically involved coordinating the shipment and installation of specialized equipment configurations to dozens or hundreds of locations.

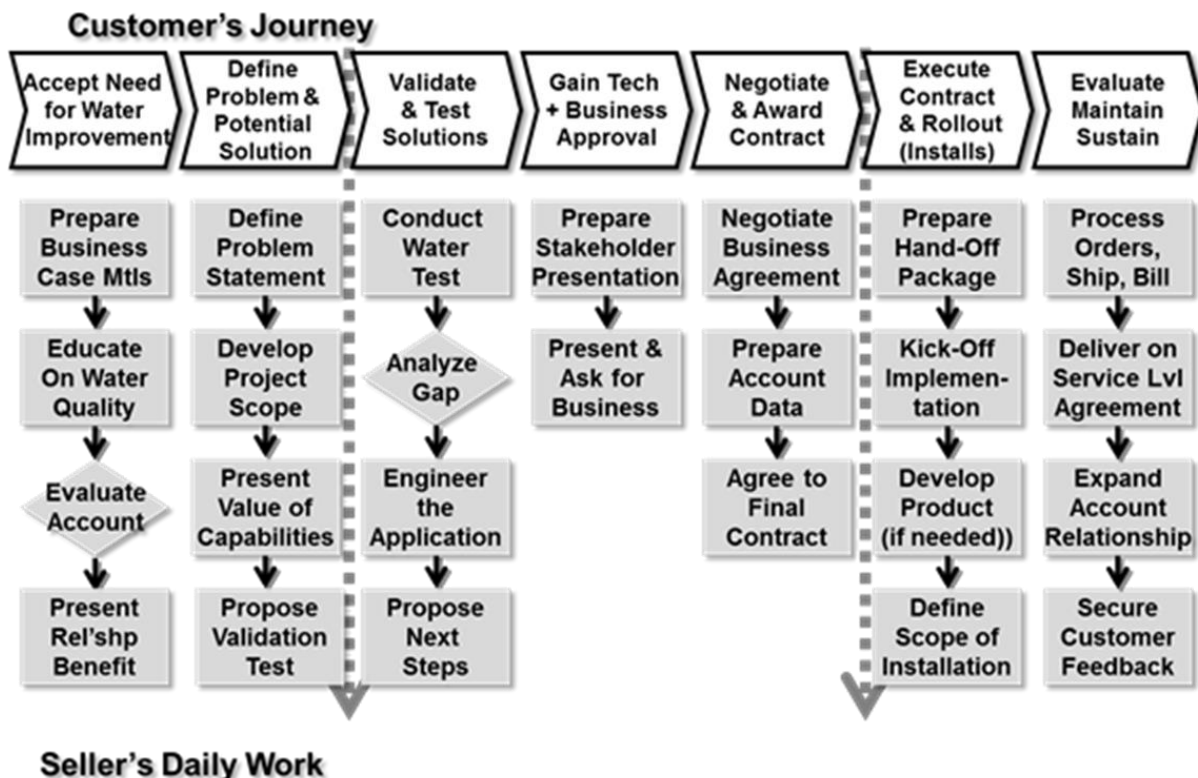
After all this, they realized some important things:

First, they had assumed all customers wanted to hear about water quality. This was a mistake. In fact there was wide variation among their various prospects and customers. Second, they had allowed the customer to focus on only technical issues. They realized

much more is involved. And third, customers were not good at sustaining water quality. More could be done to help them.

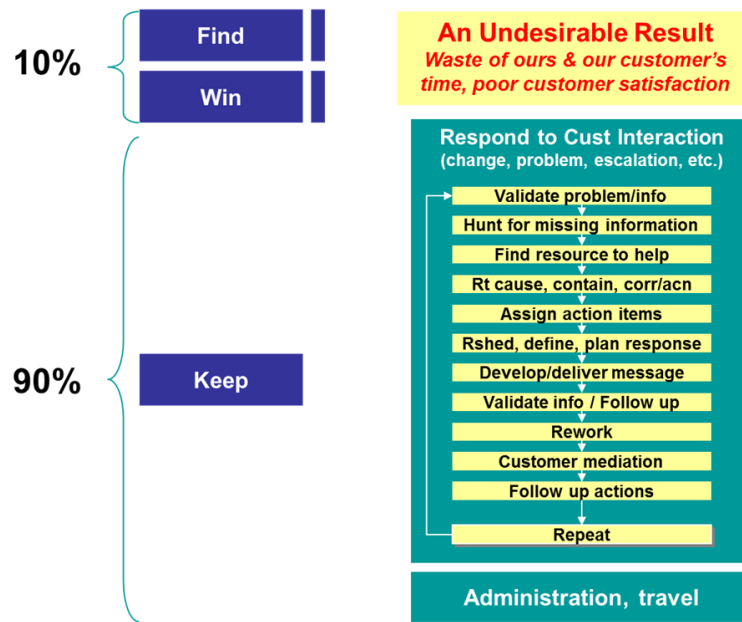


In order to begin to correct these errors, they worked their way through the daily work the team pursued to find qualified prospects, win new contracts, and service the accounts.



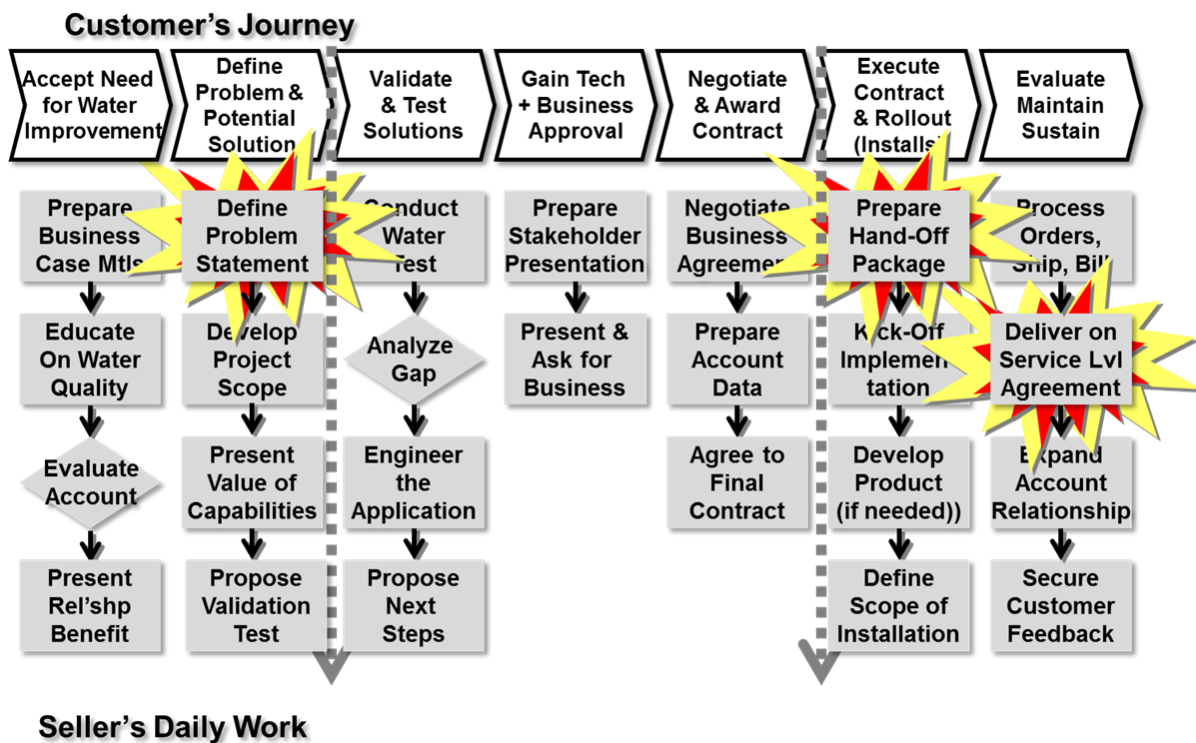
Once again, the work showed up lots of insights about how things were actually done versus how they should be done, and about where everyone's time was actually going.

The big elephant in the room, the thing that seemed too embarrassing to admit, was that the entire team agreed that 90% of the SAM's time was clearly being spent on the keeping phase.



Why? Because although large accounts wanted to go direct, the company had grown through a distribution rather than a direct strategy. They did not have the internal support personnel or methods to do what distributors had traditionally done.

With that as a foundation, it was clear no outside sales training or CRM or anything else would make things better. Instead, the places where improvements were needed jumped out, shown as explosions on the diagram.



It is important to realize what happened here. Instead of jumping to the conclusions of some executive, the team found evidence and data from external sources (such as customers) and internal sources (such as salespeople and product managers) to assemble a visual explanation of how they did their work. It took extensive discussions and clarifications for the team to achieve respectful agreement on how things needed to be done. Prior to this, everyone had their own incomplete ideas for how things worked, and how they needed to work. Now, they had all contributed to this common understanding.

Within this context, it was relatively easy to identify where the bottlenecks were. This is a huge difference from the way things are generally done in sales and marketing. Everyone on the team was bought into this new approach. They wanted to help improvement happen, because they could see what was in it for them to do so. What remained was for them to implement these improvements.

Generating and Measuring Improvement

Clearly, the first priority was to fix the bottleneck in the keeping phase. That would free up the SAM's time to working on Finding and Winning. They devoted time in each weekly sales meeting pursuing the improvements, following the method provided by SPC, Inc. Here is a timeline for what they accomplished:

- In April, two months after their first kaizen event, Kevin, the general manager, was able to approve a headcount for adding an inside salesperson to support the SAM team.
- From May through June a subset of the SAMs worked through weekly meetings to develop their first hand-off package. This enabled order requirements to be communicated more easily and consistently through the inside salesperson to project managers and customer service representative.
- Through the summer, a different cross-functional team developed a new approach to service level agreements.
- Then in October the first team met again to improve qualification criteria and lead generation efforts.

Business Results were excellent.

- Sales time spent in the keeping phase declined from 90% to 40% (This meant SAMs could spend 60% of their time in Finding and Winning new business.)
- Errors reported by customers declined by 65%.
- Customer sat increased 50%.

The time-allocation data was collected from the SAMs themselves. The errors reported by customers and customer satisfaction metrics were collected by the customer service department, who already had measurement systems for these purposes.

Finally, the SAM's were able to spend their time where they had always wanted to: concentrating on how to generate high-quality new sales opportunities. With the help of the marketing department, they were able to begin a series of lead generation experiments, again following the methods recommended by SPC, Inc.

These results didn't happen because someone simply made some decisions and called some shots. They happened only because the people involved followed a rigorously logical procedure that was supported and enabled by management. Each of the participants in the project received more training than a typical green belt in six sigma, and it stuck, because they actually applied what they learned immediately.

Need help? Visit [salesperformance.com/contact us](http://salesperformance.com/contact-us).

Need a full description? Visit salesprocessexcellence.com

Reg Nordman of Rocket Builders said, "This book ... is long overdue ... Taking from the work of Deming, TQS, Lean and many years of applied experience, the author has built a fully-functional analysis model to improve the sales, marketing, and service components of your business in bringing increased value to the customer. This material is as modern as you are going to get in the sales and marketing field. ... It is a must have for business leaders who want to really succeed and grow."

Intentionally left blank

4 Case Study: Reverse a Decline in New Account Sales through Distribution

ABClear's distributors liked to sell expensive products like ice machines, coffee boilers, steam tables, and other equipment to restaurants. ABClear's water filtration equipment was not in that league, but it was a nice add-on sale that generated future sales of high-margin refill cartridges. General Manager Kevin Kuwata liked to compare ABClear's value proposition to the "razor blade business."

1. **Distributor sells ice (or other water consuming) machine**



Coffee Boiler



2. **Distributor adds on ABClear water filtration sale**



3. **Distributor sells high \$\$ margin replacement cartridges for years**

The salespeople who handled these distributors at ABClear were called Business Development Managers, or BDMs. And, although the company's distribution strategy had succeeded over the years, it was becoming harder and harder to achieve their goals. Kevin spent a lot of his time trying to solve this problem. He said:

“In order to capture more market share and accelerate our growth, we need to change the behavior of our BDMs so that they view their territories more like a more business manager growing their business, as opposed to spending so much time managing distributors.”

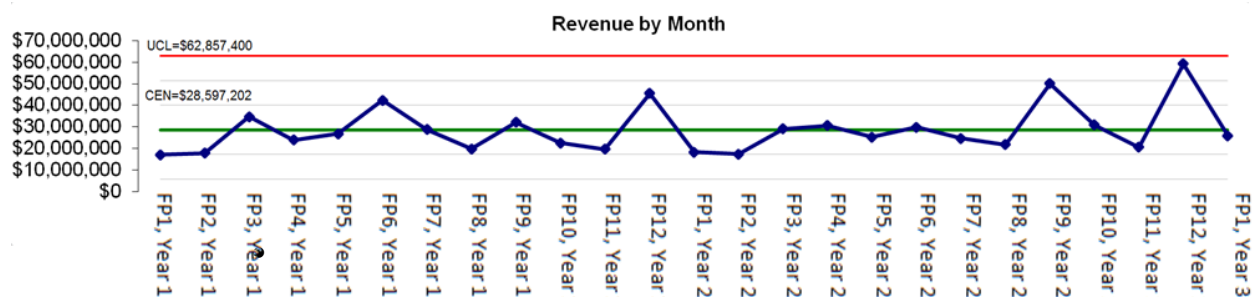
Of course, there was a rub:

- What different behaviors were needed?
- And how could this be accomplished?

To find out, Kevin realized his team needed to take a step back to deconstruct the business, so they could reconstruct it on a more solid footing. As they worked with SPC, Inc., Kevin and other leaders at ABClear began to realize why it was getting harder to achieve their business-growth targets. A list of causes emerged.

- Their market had changed. Signing up additional distribution channels no longer achieved sales targets.
- New kinds of competition were appearing from online sources.
- Promotional discounts to achieve quarterly growth targets had become standard practice.

A chart of monthly revenues revealed dramatically higher shipments on almost every third month. Notice the flat spot in year two. This was during the financial crisis in 2009, and the company suspended quarterly promotions.



This chart, which is called a process control chart, analyzes monthly revenues over time. The green line is the average; the pattern of spikes in revenue every three months is clearly visible. Because the discounts were discontinued for two consecutive quarters, it is easier to see that while the spikes were increasing, the sales productivity of the organization was not. Instead of causing business growth, these discounts reduced margins and forced production to ramp up and down each quarter, which increased costs.

All that focus on total revenue tended to hide another important issue: Detailed analysis of the data revealed the unit sales of systems had been declining for several years.

SPC, Inc.'s, approach to diagnosis made it easier for everyone to see where improvement needed to start. Both the SAMs and the BDMs needed to develop respectful agreement among themselves for how to do their work. They both needed a baseline from which to start.

The BDMs learned through Voice of Customer research that distributors were frustrated with service, quality, and lead-time performance. Worse, over time ABClear had lost contact with the dealers and end users distributors sold to.

When the BDM's initially attempted to map out the sales process and information flow, they produced what was dubbed "the Spaghetti Bowl." They had to acknowledge it was not a sales process at all, but an almost indecipherable and time-consuming ordering process.



The team leader knew if they were to escape these conundrums and actually grow the business they had to get out in front of the distributors. Ever distrustful, the distributors objected. However, ABClear had to get a handle on how to grow the retail and dealer channels who bought from the distributors.

Using VOC to Develop a Sales Value Stream Map

Over a six-month period the team leader and a field marketing manager systematically interviewed many kinds of dealers in the foodservice market. Some of these companies sold equipment, such as ovens, steamtables, refrigeration, dishwashing equipment, or coffee boilers. Others serviced that equipment, and still others supplied consumables, like paper and flatware dealers, and food dealers.

Their research taught them what the main problems of these dealer companies were, how they tried to solve them, and how decisions were made. Gradually, a business fit between the owners of certain kinds of dealers and ABClear's products and services emerged: "How water problems can grow your sales and your profit."

The participating BDMs developed sales tools and ROI models. They learned to cast their value propositions in terms of a sales process, first learning about the dealer's challenges and goals, ...

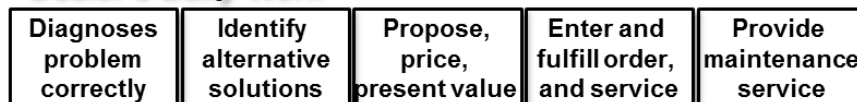
... and then offering to sign a new dealer only when there was a match. Such a match wasn't the end point, but the beginning of a lot of work for both companies

That work was built around the typical customer's journey for the dealer's customers: A foodservice operator – a retail restaurant chain.

Food Service Operator



Dealer's Daily Work



With that simple sequence of actions, the dealer's sales process obviously had to match the customer's stages.

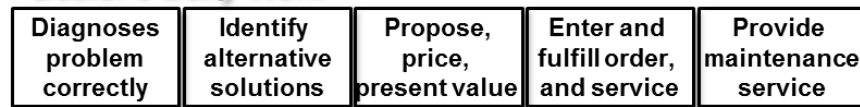
It was clear that the typical dealers and their salespeople didn't know much about the water quality industry. This meant motivating them had a great deal to do with educating. So, they specifically targeted the individuals within the dealer's business who needed to be influenced.

After the Dealer Owner, the most important person was the Field Technician. So, that is where they focused first. As they became more experienced at leading discussions with these individuals, they got them to set up positive, mutually beneficial plans.

Food Service Operator



Dealer's Daily Work



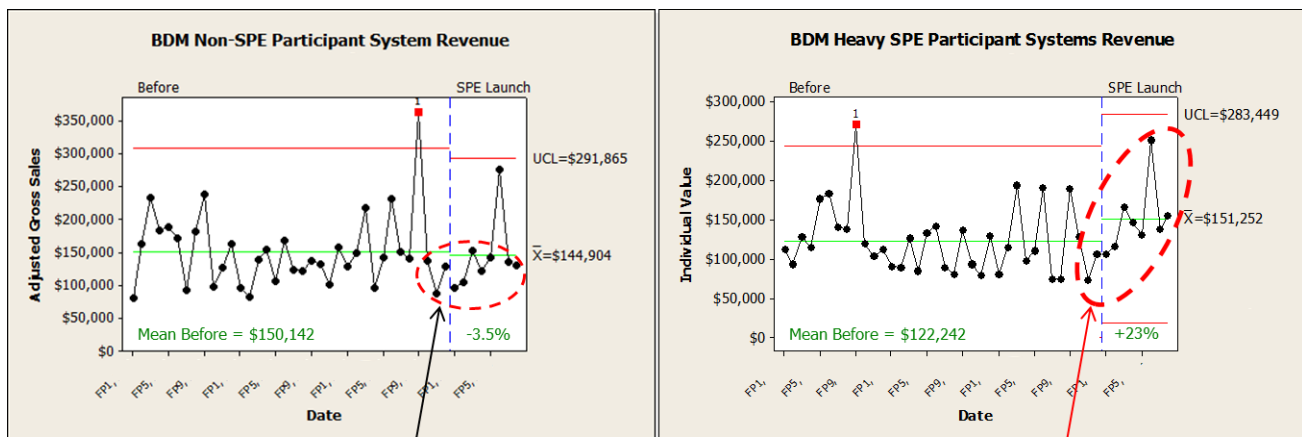
Dealer Education

Dealer Owner (business value): <ul style="list-style-type: none"> How water problems grow sales Profit (ROI model) 	Field Technician <ul style="list-style-type: none"> Finding and diagnosing applications Ice, steam, coffee/tea, washing Help desk, technical files, how to configure Sales tools, decision wheel, alternatives 	Field Technician <ul style="list-style-type: none"> Sizing/pricing tools, by machine Template to present value (simple) T&C, price, delivery Leave behind, check list Include ongoing maintenance 	Customer Service <ul style="list-style-type: none"> Knowledge of what is in inventory Quick access to product, installation support Easy order entry Guidance on registration 	Field Technician <ul style="list-style-type: none"> Additional service, reason to call on customer Reminder for replacement Selling proposition Typical stocking support template
---	---	---	--	--



Then, they scrupulously followed up on those plans, conscientiously acting out the plan-do-check-act cycle. This adoption took place slowly, a few individuals at a time within the dealers, and a few BDMs at a time within ABClear. However, within those individuals, the results were strong almost from the start.

Here is a comparison of the system sales of BDMs who were, and were not, actively participating in the Sales Process Excellence initiative.



Sales of systems through existing channels

Sales of systems through NEW DEALER channels

The “Heavy SPE Participant” chart measures sales through NEW dealers those BDMs had signed up. Rather than merely servicing their existing distributors, these BDMs had found a way to grow the demand in their distributor’s territories.

An active and ongoing Sales Process Excellence initiative made the work, and the results, visible and measurable. In territories where BDMs adopted SPE, new systems sales started growing again. The new approach was a culture change for the BDMs, each of whom needed to be coached individually in the new approach. Making the results visible in this manner enabled everyone to see success happening.

Changing the direction of any large organization is a challenging effort. And bringing in changes from someone outside the organization is bound to generate immune reactions. Sales Process Excellence provides the mechanisms for managers and leaders to engage and harness the people you currently have to continuously improve their results.

5 What You Need to Know to Get Sales Process Right

Sales processes are misunderstood because, although some of the factors that affect a business's capacity to produce revenue are obvious, others are not.

For example, demand in the market, talent of the people, and availability of the product are obvious factors.

However, consider the story of the VP of Finance in a \$5 billion manufacturing company with an explicit operational excellence strategy. He wanted his VPs of Sales to start gathering metrics for measuring and improving productivity.

Unfortunately, like most sales and marketing organizations, the sales force had no operational definitions. There were no reliable measures of any of their work. Insisting they start somewhere, the VP of Finance demanded data – and improvement – around generating proposals. To him, the cost of producing sales proposals looked like an obvious factor in productivity.

Sensing a problem in the making, the VP of Sales asked me for assistance. I suggested he ask this question: “Is the purpose of the sales department to optimize the generation of proposals? Is that really what you want us to produce?”

Of course, winning more of the right customers was the goal, not generating proposals.

Would reducing the cost of proposals help win more of those customers?

No.

In fact, a good argument could be made that more preparation and planning (increasing the cost of those proposals) was a better idea. In this light, optimizing proposal generation outside the context of the system was a diversion, and potentially a costly one.

Although it was not obvious to the VP of Finance, a more important factor in sales productivity was whether or not the prospect was qualified, and how effectively the proposal communicated value.

In fact, for qualified prospects, better preparation (along with the higher cost that requires) usually causes more orders and more profitable revenue than boilerplate proposals.

There is nothing wrong with reducing proposal costs, as long as it does not distract attention from communicating value effectively. But the communication of value is where the magic is.

Here are just a few additional examples of counterintuitive “factors” in sales and marketing production systems:

Assumption:	Reality
<ul style="list-style-type: none">• More leads are better. Or, lower cost leads are better.	<ul style="list-style-type: none">• Salespeople need high-quality (ready to buy) leads.
<ul style="list-style-type: none">• More sales “face time” with customers means more orders.	<ul style="list-style-type: none">• Customers want “face time” only if it creates value for them.
<ul style="list-style-type: none">• More sales calls and proposals means more orders.	<ul style="list-style-type: none">• Performing more work customers don’t want generates waste.

As we discussed in the discussion about the sales production system infographic, value is created when customers take steps along their customer’s journey. Anything that helps them take those actions generates value to our company (as well as theirs). Anything that does not generates waste.

In today’s world where customers are constantly looking for information in places salespeople cannot go, every company needs to get better at generating value and reducing waste. They need to replace old, functional assumptions about marketing, selling, and servicing with an evidence-driven systems-thinking approach to managing sales and marketing.

Some Assumptions That Prevent Improvement

Sales managers often recognize their work would be easier and more productive if they could just “get organized.” While this is generally true, when they attempt “a better process,” a funny thing happens:

- First, they have to overcome resistance from their salespeople.
- Second, they are challenged getting their salespeople to sustain the new approach – and any improvements it may have produced.

For their part, senior executives tend to have little time to focus on anything except the desired revenue results. As long as these are achieved, senior managers typically don’t care about the sales manager’s process.

And, plenty of sales managers like it that way. After all, who wants some big boss looking over your shoulder, meddling with how you do your job?

However, what if results aren’t achieved? When senior executives decide to get involved changing things in sales and marketing, a funny thing happens:

- First, they have to overcome resistance from their sales managers.
- Second, they are challenged getting their sales managers to sustain the new approach – and any improvements it may have produced.

Are you detecting that something here is amiss?

You should be. The same problem that bedevils sales managers also bedevils company presidents alike.

What is that problem?

First, managers confuse optimizing individual business functions for optimizing the performance of the business as a whole.

Businesses do not work that way. As the story of the Finance VP above illustrates, businesses are filled with factors whose effects are counter intuitive, or not obvious at all. Managers who assume they know everything they need to know are the ones most likely to make such mistakes.

The second underlying problem that bedevils managers is that they misunderstand who owns responsibility for the process versus the result.

Getting Sales Management Right

Early in my career as a pup salesperson many years ago, I was frustrated with my sales results. I had chosen this new job at 22 years of age and needed to ask my new boss for help. His name was John Harvey, and we soon went out together to

call on banks in my rural territory. Early in the day, he asked me to sit down on a park bench outside our next prospect.

“So Mike, tell me what you’re thinking.”

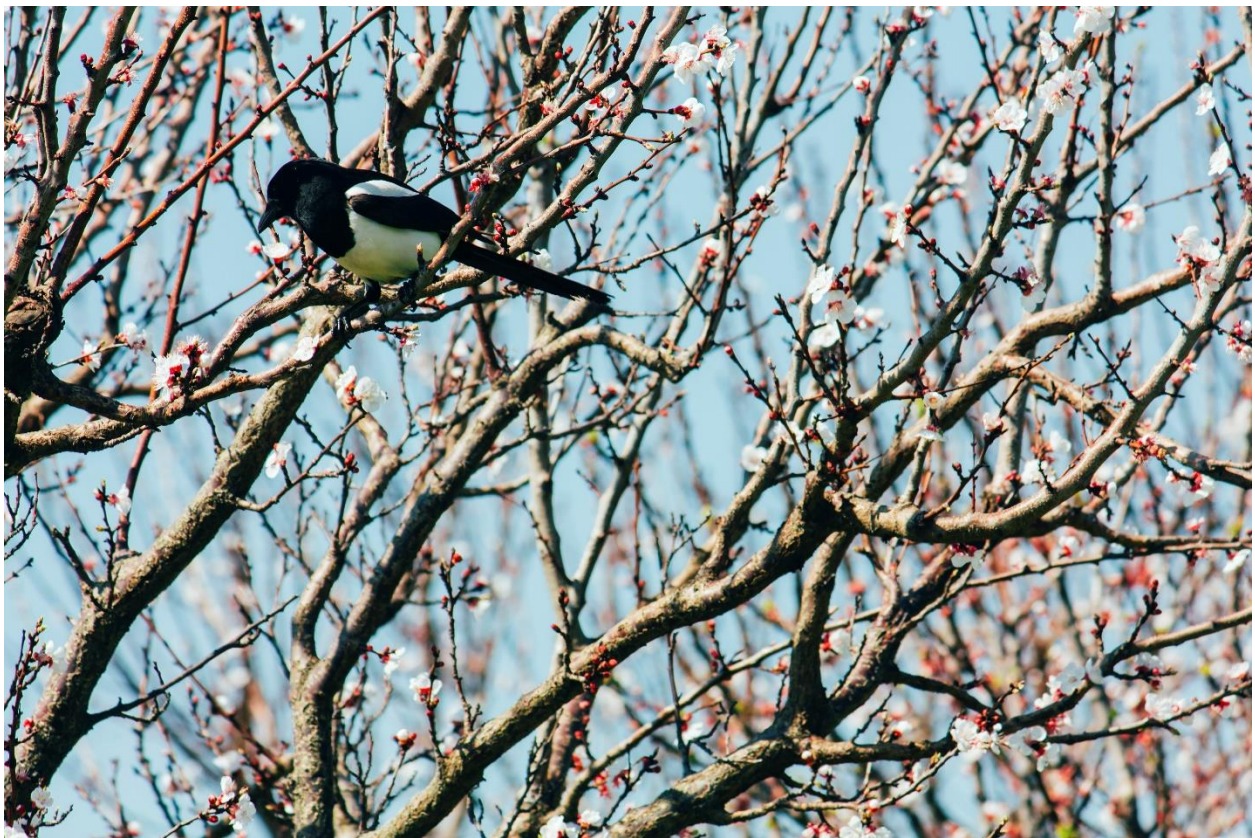
I told him what I knew about the prospect, and how I intended to sell them on what we were promoting that day.

“Ok, and how do you think they’ll respond?”

I didn’t think they would respond well. I shared my frustration with lots of these situations I had been through. I expressed my determination to succeed, and fears that I might not.

He said, “Mike, sit back for a minute. Look around. What do you see?”

It was early April in Highland, Illinois. Redbuds. Cool morning air, bright sunshine, birds chirping. Our hot coffee in paper cups smelled good. Pedestrians and traffic were busily on their way.



He asked whether the weight of the world hinged on this lady buying something from me today?

I admitted feeling this way, but of course it wasn't true. He asked me if I had considered what, if anything, I might actually have in common with the lady I was about to meet in the bank?

For instance, who couldn't appreciate what a beautiful day this was? Did I know what she might be looking forward to today – or not looking forward to?

I feel a twinge of embarrassment. Why hadn't I thought of these things myself?

Our discussion got me to change my approach. My goal couldn't be just to get people to buy. Instead, I needed to make visiting with me at least a little bit enjoyable. Was there a way I might earn a little appreciation, and perhaps some trust to build on later?

I changed my behavior that day, and began to make a little progress. I never went back to the way I conducted myself before the conversation with my boss.

That conversation reveals, in a nutshell, both the role of “process,” and the role of a manager or a leader: The people doing the work must own responsibility for the result, *as well as the method for achieving the result*. If their process doesn't work, *they need to learn what does, and why*.

Many years later a friend would explain it a different way. “Those who make the plan won't battle the plan.” So, why don't all conversations between managers and salespeople turn out this way?

Consider another example from that same company a few months later.

Getting Sales Management Wrong

To enable our crew of recent college graduates to sell larger deals, our training department had assembled detailed sales process with phone process and a table-top presentation flip chart. We were to memorize the scripts and the presentation. Then, when we got a prospect on the phone we were supposed to let 'em have it. We were told, “The more you show how convinced you are this is a good thing, the more your prospects will buy it.”

Naively, we tried it.

Predictably, the result of this approach was a FAIL!

Now, it is true we needed to learn how to do our jobs. And, it is true that some salespeople with the right background and experience were much better able to succeed at selling these larger deals. Yet, all around the company, salespeople reported similar experiences. For the few successes that occurred, there was always some hidden factor (such as “The decision maker was my wife's uncle,” and so forth).

Of course, management insisted we work their system, their way. It was quite frustrating.

Why do conversations of the first kind turn out so differently from conversations of the second kind?

Two reasons:

- “Those who make the plan won’t battle the plan.” We didn’t make this plan.
- And, “the communication of value is where the magic is.” We didn’t understand the magic.

Who owns responsibility for ... The process?... The result? ... Improvement?

Managers in a business are the only ones who can organize materials, machines, people, and other resources in order to create the plan and the magic.

If they pay attention to results while ignoring the methods that produce them, they set their businesses up for a long-term decline.

If they pay attention to the methods and activities regardless of the results, they set their business up for a short-term decline.

On the other hand, if they pay attention to what their people think they should do to improve, and help their people do these things, they set the business up to learn the counter intuitive factors affecting its capacity to produce revenue.

In other words, management owns the responsibility for improvement. Workers own responsibility for doing the work, and for learning and improving.

Management, and management alone, can create the conditions in which individuals and groups can create a plan that creates the magic, again and again. And in the long run, this produces sustained competitive advantage.

Getting Sales Process Excellence Right: Answers to the Five Most Frequently Asked Questions

With the ideas above as a foundation, the answers to the five most frequently asked questions are simple and easy:

1. How does a sales process solve business problems, and relieve pain, in sales and marketing?

A process is a method your people agree on that enables you to do the equivalent of “putting five cents in, and getting ten cents out.”

Process excellence is the framework enabling your people to learn the root causes of their problems – *in their specific context* – in order to develop individualized solutions.

The fact is, most companies already have people with plenty of knowledge about how to attract better prospects, how to qualify them, or how to get them to buy now and pay more.

What companies need and don't have is precisely this shared framework. Without it, you have the Usual Fixes and the Numbers Game. The company ends up on a treadmill, working harder and going nowhere.

2. How do you get others in the organization to buy into your approach?

If your process creates value for your customers, your customers will follow it. If your customers will follow it, your salespeople will follow it. Of course, salespeople often have to spend huge amounts of time on internal disconnects and tangles with misaligned departments to prevent their company from not giving the customer what they want.

That's why successful process approaches begin with a local diagnosis. The people directly involved need to clarify their undesirable results, decide on the likely causes, and agree on countermeasures that might improve things. Once they have accomplished this, they have bought in by definition.

Then, once you implement a few systemic changes that improve things for customers, employees, and shareholders, you are on your way. All you need to do at that point is make this a daily occurrence.

What prevents YOU from implementing sustainable improvement in YOUR sales organization?

3. How does process excellence work in sales and marketing?

Sales (and marketing) often seem happy in their chaos, allergic to data collection and allergic to process. However, under that veneer of hard work and periodic bouts of adrenalin lie frustration and a good bit of fear.

Executives at Toyota are famous for saying, “There is only one golden rule: we make people before we make parts.” Likewise in sales and marketing, “We make people before we make customers.”

In my book, “[Sales Process Excellence](#),” I explain the framework that enables companies to dramatically elevate the insights their people have in their business system. This is not about regimenting sales people - far from it! It is about enabling everyone, from sellers and servicers all the way up to the board room, to understand the customer’s journey, their problems along the way, and how to be valuable to them.

This is done by driving open, honest discussions around the organization to define what we know, and how we know it, what might be the causes for our current results, and what changes might create improvements. Every sales call, web page, or product launch needs to be a form of experiment, a deliberate attempt to learn what drive the business to higher performance.

I have never met a sales or marketing person worth their salt that did not respect such an approach. Everyone wants to improve. They have simply been looking in the wrong place to find it.

4. How do we sustain improvement?

The secret to sustaining improvement is in using your team's own energy. What do they want to improve? What will make things better for them? What accomplishments make them proud?

The senior leaders of the company must demonstrate that they expect continuous improvement from themselves, as well as from everyone else. Once that happens, they can inspect the company, trying to find the most important successes. By shining their attention and respect on those parts of the business that have improved, they set the example and the motive for everyone else.

Improvement is hard, and can best be sustained by positive examples and reinforcement.

5. Where do we start improving?

Hopefully this article has given you enough to answer this question. Improvement starts at home. It starts with your personal commitment to improve, to do a better job, to be more productive.

From there, it spreads to the people around you: what undesirable results are they experiencing? How do they know? What might be some potential causes? And what changes might create improvement?

Company leaders that expect, inspect, and respect this kind of behavior will see it flourish throughout their organization.

6 Conclusion

So far, we have given you two examples.

- Case example #1: "Selling Time on Winning New Business Increased 400%"
- Case example #2: "Reverse A Decline in New Account Sales Through Distribution"

In the coming weeks and months, we'll be providing more examples.

We hope you'll tell us about examples from your company too. We look forward to hearing from you.

Need help? Visit salesperformance.com/contact us.
Need a full description? Visit salesprocessexcellence.com

Hank Bonnah, the Operations Manager for Tubelite, Inc., said

“Sales Process Excellence is the first Book I’ve seen that combines deep insight into both sales and marketing AND the Lean management philosophy. Webb treats his topic thoroughly; the approaches he describes are valuable for any business. One of the best business books I have read in a long time.”