

How to Avoid the Four Most Common Problems of Sales and Marketing Management

by Michael J. Webb,
author of *Sales Process Excellence* (winner of the Shingo Research Award),
and *Sales and Marketing the Six Sigma Way*.

Table of Contents

Who is Responsible for Making Sales Easier?	2
Despite Our Best Efforts, Results Are Not Improving.....	3
The Way We Manage Sales and Marketing Is Not Working	4
Principles that Enable Sales Growth, Profit, and Predictability	5
Principle #1: To Distinguish Value from Waste, Respect the Customer's Journey	6
Principle #2: Making the Value Stream Visible and Measurable Enables Success	8
Principle #3: Focus on Increasing the Quality of Work, Not the Quantity	10
Principle #4: Respecting People and the Problems They Own is Motivational.....	13
How to Get Started.....	15
Sales Process Excellence	18
Conclusion	20



How to Avoid the Four Most Common Problems of Sales and Marketing Management

WHO IS RESPONSIBLE FOR MAKING SALES EASIER?



Visiting a Chicago building materials company several years ago, I overheard a sales manager giving a pep-talk to four or five of his salespeople.

It wasn't a bad talk. If you are in sales, you've heard these talks countless times. The manager confirms how hard you've been working. Reminds you about the year-end promotions. Says what you need to hear to work even harder.

I remember wondering, "Does this company offer something more than pep talks and discounts to help their salespeople?" Most don't. B2B salespeople everywhere struggle with advertising that doesn't work, poor quality leads, proposals that don't sell, and customers who don't appreciate their value. 40% average turnover among salespeople is just one of the results.

B2B sales is getting harder every year.¹ Search engines, social media, and mobile devices give customers new channels, which they use to bypass traditional sales channels.² This makes qualified sales opportunities harder to find. Additionally, the supply of high quality products has increased. A shortage of customers is the inevitable result.

Despite such sea-changes, many business leaders still rely on pep talks and individual incentives to reach their objectives. This focus on individual skills and contributions makes sense within the fixed rules of a sports contest. Business is not sports, however. Markets, competitors, and technology can challenge the business model. Failure to respond correctly creates disadvantage. Eventually, the virtues of individual employees becomes irrelevant.

Does your company have a scientific way to know which parts of sales and marketing are working or not? Consider a salesperson working an account for six months without getting an order. Are they heroically earning the respect and relationship your company deserves? Or are they wasting everyone's time? Is the solution finding the right salespeople? Or do your customers now prefer different sales strategies and tactics? Is recent success due to exceptional management insight? Or is it a fluke in the market (a rising tide floats all boats)?

Companies need to manage sales and marketing scientifically, and many need it now. This article may challenge your assumptions about sales and marketing management. It illustrates a better way to engage your team's hearts and minds in meaningful, and often noble work.

¹ The CSO Insights study referenced on the next page provides some proof of this.

² According to Google and the CEB, most customers are delaying interactions with B2B salespeople until more than half of the decision-making process is completed. <http://www.executiveboard.com/exbd-resources/content/digital-evolution/pdf/Digital-Evolution-in-B2B-Marketing.pdf>

DESPITE OUR BEST EFFORTS, RESULTS ARE NOT IMPROVING

B2B companies everywhere are struggling to overcome challenges in their markets. They often focus their most talented and highly paid people on sales and marketing challenges. And those individuals try all manner of initiatives.

In a recent public workshop, about 50 B2B executives told us how many different initiatives they had been involved in in the last 18 months. (Some had tried more than one). Here's what they said:

Kind of Sales Improvement Initiative³

<u>7</u>	New sales training
<u>13</u>	CRM system
<u>4</u>	Compensation changes
<u>3</u>	Territory realignment
<u>9</u>	Change out sales people (or the Sales VP)
<u>5</u>	Lead generation
<u>11</u>	Branding initiative
<u>0</u>	Sales enablement
<u>1</u>	Some other kind of improvement (adding new distribution channel)

The next question we asked this group was, "How many of you can trace the ROI on these investments in your company's financial results?" Only one executive claimed success. He credited his two initiatives for the fact that more of his salespeople had made their quota than the year before.

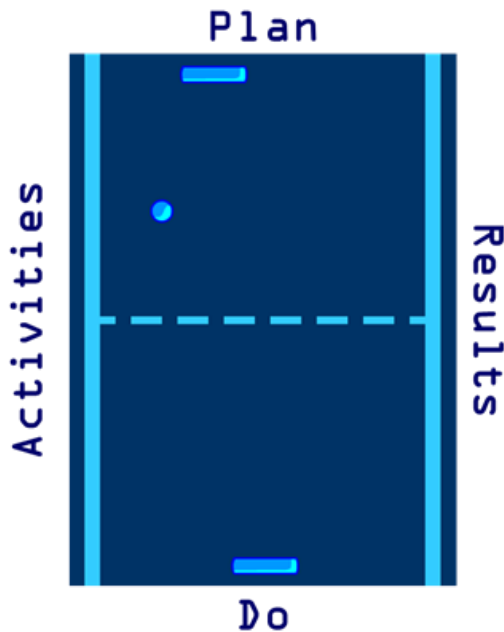
Consider some industry-wide results, however. At the right is just one of many data points about the performance of B2B sales and marketing organizations. More than a thousand companies participated in that study. The percent of B2B reps making quota has declined for six years in a row. During an economic recovery!

Think about that. Could there be any better evidence of a systemic problem in management?



³ I call these the [Usual Fixes](#). The link is to an article explaining why they produce no measurable effects.

THE WAY WE MANAGE SALES AND MARKETING IS NOT WORKING



*Sales and marketing is stuck
in the era of Pong.*

The first commercially successful video game, Pong, was a two-dimensional version of ping-pong (table-tennis). At the time it was so novel players became absorbed for hours, oblivious to what was changing around them. (Yes, that is a confession.) I point this out because Pong is a good analogy for traditional sales and marketing management.

Top executives hand down “plans” (mostly, financial targets) to managers and employees. Those who achieve their targets are rewarded, those who don’t are not. This is something like banking the puck off the “Results” side of the pong “table”.

For their part, managers of marketing, selling, and servicing departments, do what they always have done. They ask their people to work harder:

- *Do more marketing:* Reach more people, the sales department needs “leads”!
- *Do more selling:* Generate more proposals, offer more discounts, do whatever it takes!

As results become more difficult to predict, managers and executives try incorporating “activity targets” into their plan. They demand a quantity of calls per day as dictated by sales training, or proposals per week as measured by the CRM. This is something like banking the puck off the “Activities” side of the pong table. Just as the game allows you to try banking to the right (results), or the left (activities), companies swing between the two alternatives.

Meanwhile, if your prospects are looking for information salespeople don’t have (like case studies or proof of value) in places salespeople cannot go (like the Internet), they still can’t find it. Marketers continue to load poor quality “leads” on the sales force in the belief they are doing some good. If they are competitively ranked, salespeople continue to keep their best methods secret. Hungry salespeople still try hard to get lousy prospects to buy. Everyone is pressured to do more. So they do more. And things turn out where they turn out.

Most executives just chalk this up to “the way things are”. They get new financial objectives ready for the next cycle. For their part, customers look for new suppliers to interact with. They may decide to experiment with reverse auctions on the Internet.

If we were talking about plant managers instead of sales managers, this would be a different story. The never-ending cycle of Plan – Do, Plan – Do without improving productivity would not be accepted. Competent managers are expected to apply the principles of operational excellence. The causes for value and waste are made visible and measurable. They drive changes in “how the game is played” to increase quality, while reducing waste, cost, and lead time. Virtually everything is traceable to the financial statements.

In the decades after World War II, on a rising tide of demand, traditional sales and marketing management policies were productive enough to meet most business objectives. Today, on a falling tide of prospects and customers, sales and marketing managers must learn to play by a different set of rules. So, what are those rules?

To increase value and reduce waste, sales and marketing can identify measurable linkages between activities and results. It can learn what information prospects want, and where they are looking for it. And, it can find ways of fulfilling these needs more effectively than competitors.

In short, sales and marketing can implement a framework for managing the sales production system.

PRINCIPLES THAT ENABLE SALES GROWTH, PROFIT, AND PREDICTABILITY

Four simple principles form the foundation of managing a production system. The first three apply the scientific method to sales and marketing work. The fourth principle engages people in making the world more like it could be, and should be. Fortunately, as with all valid principles, improving even a little in any one of these areas disproportionately improves productivity, profitability, and predictability.

Mistaken Sales and Marketing Management Assumptions

1. Salespeople's job is to bring money to us.
2. Success results from following the “best practices” of others.
3. The quantity of work accomplished is most important.
4. Rewarding people who succeed and punishing the rest is motivational.

Principles that Enable Growth, Profit, and Predictability

1. To distinguish value from waste, respect the Customer's Journey.
2. Making the value stream visible and measurable enables success.
3. Focus on increasing the quality of work, not the quantity.
4. Respecting people and the problems they own is motivational.

In this article, we'll dissect each and analyze examples of how rational, data-oriented approaches of operational excellence enable greater profitability and predictability.

PRINCIPLE #1:

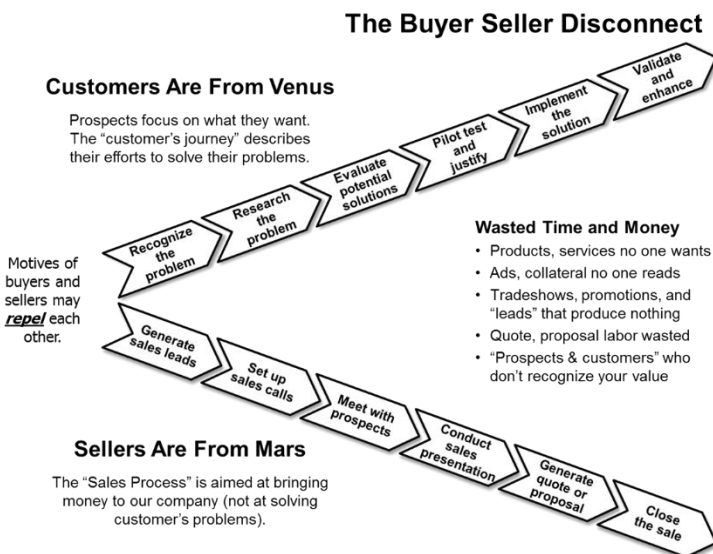
TO DISTINGUISH VALUE FROM WASTE, RESPECT THE CUSTOMER'S JOURNEY

I started out selling business forms. My boss, John, always admonished me, "Don't spend too much time closing business today. You also have to find new prospects to keep your sales funnel full." That was a very difficult thing to manage. Earnest to a fault, I responded to my shortcomings by putting in more time each week. First it was 50 hours, then 60 hours, then 70 hours per week.

My next job, selling business minicomputers and software (what we call ERP systems today) required an enormous amount of cold-call prospecting. Having majored in math, I wondered how productive my prospecting was. Over a four-year period, the yield fell from 2 or 3 qualified prospects per 100 phone calls to less than one qualified prospect per thousand calls.

Of course, skill made a difference in our effectiveness. Yet even the skillful salespeople couldn't avoid the diminishing returns. Instead of seeking more effective ways of finding prospects, our managers responded with pep-talks, like the building materials company I mentioned earlier: "We know it isn't easy, but we made lots of money dialing for dollars when we were in the field, and you can too." They assumed working harder would solve the problem. It didn't and that company ultimately went out of business.

Traditional sales and marketing executives continue to ignore the issue of waste. They assume that more advertising, promotions, salespeople, cold calls, and proposals, will optimize profitable growth. Nothing could be further from the truth however, especially in our era when the information environment is shifting so quickly.



Whether employees are in manufacturing or sales, they need a fool-proof way to know if their work is creating value or not. In manufacturing, the rule of thumb is this: *Waste is anything the customer would not be willing to pay for*. This simple test drives elimination of piles of inventory, inflexible machines, and complex plant layouts.

However, as a sales professional this has always bothered me. In sales, you don't know what the customer will pay for.

That is why, for many years, I have written about the "Buyer-Seller Disconnect".

How to Avoid the Four Most Common Problems of Sales and Marketing Management

Companies tend to send their salespeople out primarily to bring money back to them. They provide a “process”, as depicted by the lower arrow in the diagram. And customers happily cooperate with each of these stages, right?

NOT! Prospects have their own agenda. Their life-force looks inward first, just as the seller’s does. When prospects don’t recognize they have a problem, and a seller tries to tell them about his product, what happens?

WASTE happens. This is the reason why 80% of marketing brochures end up in the trash, websites go unread, quotes and proposals don’t sell, product launches fail, and on and on.

It is a simple idea which few businesses take advantage of. For example, how many companies have identified the stages their specific kind of prospects go through? How many have identified behaviors and questions enabling salespeople to positively identify these stages? How many useful offers or interactions has your team created for prospects in each stage?

For another example, very few businesses have only one kind of customer. Simple observation shows that different kinds of customers have different customer journeys. Consider a business that sells water filtration systems to restaurants. A nation-wide chain approaches the issue differently than someone who owns one or two restaurants, even if they are large ones.

National Account Customer Journey



Customer Journey for Small End User



The customer’s journey describes the actions (and which individuals are involved) at each stage. This drives what the salesperson must do to sell to that company. In the national account, you must talk to restaurant managers and project engineers first. If the engineers don’t specify your product, there is no point in talking to the purchasing agents. Talking to the wrong person about the wrong thing at the wrong time creates waste. Waste is bad.

In sales and marketing, value is created when the customer takes an action you want them to take. That is the fool proof way to know whether work is creating value or not. This is sometimes called the “direct-response” approach, because it gauges effectiveness by the customer’s response. It correlates the desired effects (actions by the customer) with their causes (conditions they face or offers of assistance from the seller). Making causes and effects visible is what enables sales and marketing to be managed scientifically, i.e., as a production system.

PRINCIPLE #2: MAKING THE VALUE STREAM VISIBLE AND MEASURABLE ENABLES SUCCESS

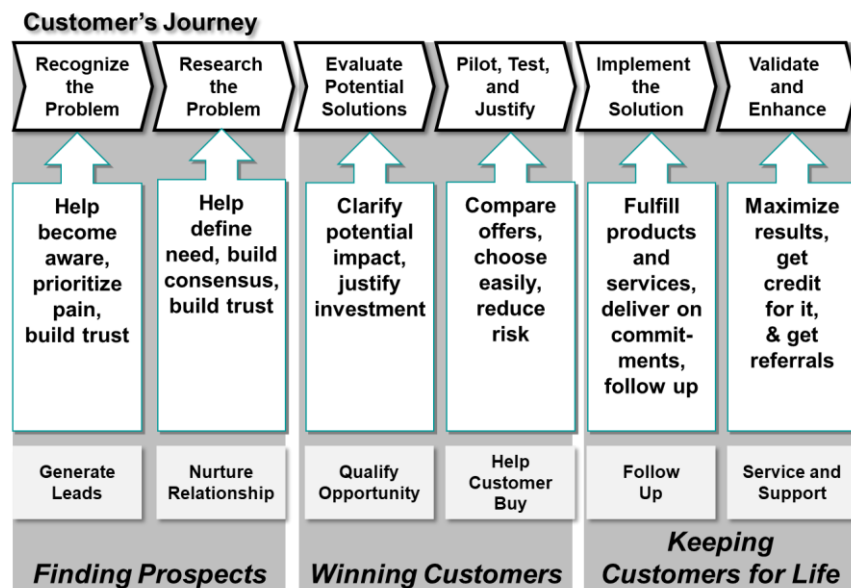


**“I suppose I’ll be the one
to mention the elephant in the room.”**

In sales and marketing, we are generally stuck in a spider’s web of legacy job descriptions, policies, and systemic limitations, not to mention the vagaries and changing dynamics of the markets we pursue. The elephant in the room is that we don’t agree on what creates value in sales, and what doesn’t. Sales and marketing has not yet emerged from rule by personality and tribal knowledge.

As a result, our efforts to “improve”, such as by means of sales training, CRM, compensation changes, or even applying “sales process”, are like shooting a bow and arrow while blindfolded. It is all too easy to assume some concrete approach you are used to is working in practice. In sales it could be Miller Heiman, or the “Customer Centric Selling”, or “The Challenger Sale”. Or it could be an approach that has been “enabled” within some CRM company’s software. The fact remains, if you can’t track and count the actual results of the work through the stages of production, your process is merely a floating abstraction, untethered to reality.

In a sales production system, the Customer’s Journey is the primary value stream. It is logically and hierarchically superior to the other value streams in a company that support it.



Most sales and marketing teams readily acknowledge the need to identify customer actions that indicate which stage a customer is in. What might not be obvious to them is why they should manage this activity in precise, data-driven ways. They have not learned the value of operationally defining the characteristics that make a prospect high or low quality. They have

How to Avoid the Four Most Common Problems of Sales and Marketing Management

not yet made deal flow visible. And ironically, most CRM software is not capable of tracking this flow without extensive modification. Here is an interesting example:

“After deregulation, a local utility decided to start up a new division aimed at selling services to other companies. After launching the business, hiring employees, and struggling for a year or so, the firm was still missing revenue targets by a wide margin. There was a lot of sales activity. The salespeople were working long hours on full pipelines and, but very few deals were closing. The managers of the new division decided salespeople must need training in how to close their sales opportunities.

“The sales training firm I worked for was hired to assist. After interviewing a few of the salespeople about the deals in their pipelines, the problem became apparent. One salesperson was working on a big project with a local developer around designing the grid for a new subdivision. Another was asking for technical assistance with a manufacturing firm who was unable to resolve a strange ground fault problem. Another had received a complete bid package for constructing the electrical portion of an apartment building.

“In other words, these sales opportunities had almost nothing in common. Someone, somewhere, might be willing to pay money for something having to do with electricity, and they were in on the deal. The odd range of services required were difficult to price. Often they the firm had to look for outside expertise to complete the work. Prospects would delay decisions as higher-priority problems surfaced in their worlds. In other words, no one had told the sales force what a qualified opportunity looked like!”

The sales force was kicking up tons of dust. Without a clear definition of what the business could make money on, things ground to a halt. They had little or no differentiation from competitors better suited to specific jobs. They had difficulties getting pricing for projects that required expertise they didn't have. They went to meeting after meeting with customers who were merely evaluating feasibility, and never seemed to get around to making decisions. All this was costing far more than anticipated.

90% of this labor was being wasted, and could have been avoided if they had made good decisions to segment and prioritize their markets prior to sending out the sales force. Segmentation, stratification, and prioritization is a valuable way to eliminate waste. It is also a valuable way to focus resources where they make the most difference, as this example indicates:

“A company distributed chemicals to industrial companies in the Southeastern U.S. Sales employees had been encouraged to distribute brochures and samples to anyone who asked. The trouble was, sampling was expensive (and so were brochures). And, cursory investigation revealed that many companies never even tested the samples (or read the brochures).

How to Avoid the Four Most Common Problems of Sales and Marketing Management

“Management worked with the sales team to identify the customer’s journey. After much consideration, they made a new policy: Prospects would need to be in the “Decision Making” stage of their sales process before samples could be sent out.

“The salesforce protested loudly. They predicted that results would quickly deteriorate. Instead, close ratios increased by more than half, and sales costs fell by more than a third. Sales productivity increased.”

The advantage of taking an evidence-driven approach becomes even more obvious when you realize that assembling the insights of everyone involved reveals things no individuals can see on their own.

PRINCIPLE #3: FOCUS ON INCREASING THE QUALITY OF WORK, NOT THE QUANTITY



In process excellence, the parable of the blind men and the elephant illustrates this point. One blind man, standing beside the elephant’s leg will conclude, “An elephant is like a tree.” Another, standing near the elephant’s snout will argue, “No. An elephant is much more like a snake.” A third, who happens to be near the tail concludes, “You are both wrong, an elephant is much more like a rope.”

Of course, they all know some things that are true. What they need is a means of assembling everything they all know into a common framework.

In sales and marketing, often no single individual can possibly know everything required for a business to grow predictably and profitably. Businesses need a way of detecting what customers want, and of changing themselves accordingly. An excerpt from my book, [*Sales Process Excellence*](#), illustrates this:

“Sales people may think, ‘Wait a second. In manufacturing, I know if I put twenty pieces of steel plate in a brake press and apply three thousand pounds of force, each piece is going to bend to a 90-degree angle. But if I give twenty prospects the same sales message, no way am I going to get the same result. So how is this even comparable?’

“In fact these two situations are quite comparable, if you recall that in the early days of bending metal, people didn’t thoroughly understand how to control force, nor the effects of gauge, alloy, pressure, and tempering. Years of defining, observing, measuring, and experimenting revealed the qualities and quantities that had to be controlled to generate

repeatable results. In manufacturing we call this combined knowledge process control and it is documented as standard work.

“Most companies today are at a primitive stage of knowledge in sales. That list of twenty prospects has many qualities that have not yet been defined or identified. Some of these can cause the prospect’s reaction to a given sales message.

“For example, consider these questions about prospects:

- Are they the kind of company that can use your products and services?
- What is their decision-making process?
- What is driving them to solve this problem now?
- What is their technical environment/requirement?
- What role does your contact play in the company?
- Does their budget reasonably match the problem they are trying to solve?

“Salespeople generally call these qualification criteria. Quality managers would call them observable attributes. If your company does not study and track these, you are missing information that is costing you a lot — or that could make you a lot — of money. This is a great opportunity for B2B companies because salespeople already believe qualification criteria are important. In most cases they simply have not been taught how to define them operationally. As a result, there is wide and unrecognized variation in how salespeople make decisions about their leads and prospects. This directly affects the flow of business through the sales funnel.”

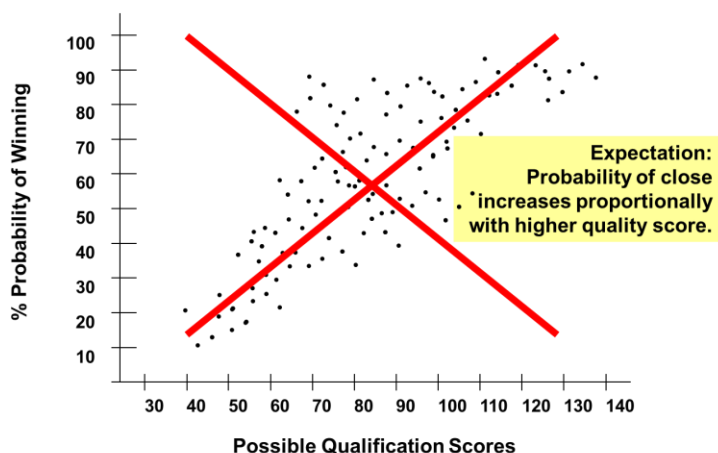
Defining such terms and following an explicit process to identify the factors that cause the most desired outcomes is the essence of a scientific management. Surprisingly, sales and marketing teams often get quite energized by the work required to develop a list of observable (operationally defined) qualification criteria. New salespeople learn from older ones, and specialized knowledge of certain individuals can become available to the group. Here is just one example of such qualification criteria:

What are the drivers of the prospect’s or customer’s project?

- Don’t know
- Bottom-up initiative
- Driven by customers (outside the company)
- Driven by regulatory compliance needs
- Top-down initiative

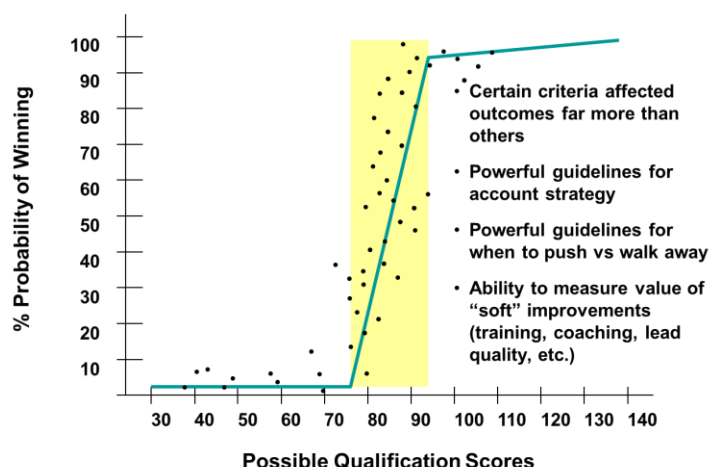
When the qualifications are understood going in, all salespeople need to do is “tell the truth” about their opportunities. In the background, software can convert their answers to a number from 0 (don’t know) to 5 (highest quality attribute). The sum of the answers to these questions is the quality score.

Increased Forecast Accuracy: Expectation



When assessing their sales opportunities, salespeople produce scores on their accounts and sales opportunities that range from low to high. You might assume that the likelihood of closing sales opportunities would gradually increase as these scores increase. This is represented in the scatter plot (left).

Increased Forecast Accuracy: Reality



However, this is not what happens. Instead, there is generally a “tipping point”, a narrow range of scores below which there is almost no chance of winning the business, and above which there is almost a 100% chance of winning the business.

This pattern, which is invisible without going through the steps mentioned previously, brings profound capabilities to the organization. For one thing, because of the way it is designed, it represents the best theory for why prospects buy, and this causes it to be the best forecast indicator the organization has ever had.

Prioritizing the sales opportunities by these criteria ensure that the company is focusing its resources on the highest-quality sales opportunities. Further, this credibility of the instrument causes salespeople to try to increase their scores. Without realizing it, they begin pursuing similar strategies in their sales opportunities. If they can't find a way to increase the score of a given opportunity above the “tipping point”, they should walk away – their effort is better spent finding newer, better sales opportunities. These three consequences alone make this a worthwhile policy. One client said these changes drove a 1% increase in their margins, without increasing prices.

But once enough data has been gathered from this initiative many more things are possible. For example, the data distinguishes those questions which are highly predictive of the outcomes of the deals from those questions which are basically irrelevant. The irrelevant questions can be removed from the salesperson's workload. The data can also indicate questions that deserve further investigation.

For example, one client was a manufacturer of respirators, medical equipment that enabled critically ill patients to breathe. Their qualification criteria included a question about the salesperson's coaching network. In professional sales, a coach is someone in the prospect's business who wants you to win, and can help you win the business. The question assumed that the greater the number of coaches a salesperson had, and the higher they were in the organization, the more likely the prospect was to buy. Strangely, the data indicated that this was not true.

Since it was data, we knew which sales opportunities had been answered with a high score, and which salespeople had provided these answers. On interviewing these salespeople we discovered the issue. The company's strategy had been to hire professional respiratory therapists – clinicians – rather than professional salespeople in its sales force. To them, the word "coach" meant something quite different than it does to a salesperson. It meant their friends back at the hospital where they used to work. When this and other questions were revised to use terminology that made sense to salespeople, the forecast accuracy provided by the qualification assessment was measured at 96%.

Forecast accuracy is only one of the kinds of improvements possible through sales process excellence. However, few of these improvements can be sustained unless the executives recognize an important fact about how process improvement works.

PRINCIPLE #4: RESPECTING PEOPLE AND THE PROBLEMS THEY OWN IS MOTIVATIONAL

The survival and flourishing of human beings is possible only because of a single, unique capacity: our rational faculty. Yet reason is a skill that must be learned, and applied voluntarily. Doing so enabled individuals to discover how to make life better throughout history.

One of the crucial discoveries of reason is that the division of labor increases productivity. This unique power is inherent in business enterprises. Still, it ultimately relies on the ability of individual employees to think critically. Unfortunately, many business leaders overlook this. Instead of cultivating their employee's ability to think critically and cooperate scientifically, they use their power and authority to try short cuts. Here is one of many true stories illustrating this:

Vargus communication was a direct marketing services provider, printing coupons and supplements for daily newspapers and trade magazines. With revenues of about \$600 million, they not growing as fast as the owners thought they should. To solve the company's problems faster, the board authorized hiring a new CEO. He had impeccable

How to Avoid the Four Most Common Problems of Sales and Marketing Management

credentials: A Princeton MBA, general manager experience at a Fortune 500 company, the works. When he came in, he spent time interviewing the other senior level executives, but didn't spend much time in the sales department.

The consensus these executives was that the sales department "wasn't bringing in enough new accounts". Obviously, this was a "problem with the sales department".

A variety of proposals were considered. It was at this time that a Six Sigma master black belt tried to introduce my firm to the management team, and the idea was rebuffed. "Our problem is that sales territories and the compensation plan need to be redesigned to get salespeople to spend less time on their existing accounts, and bring in new ones. We can work on the sales process later."

Soon, consultants were hired to change the territories and the comp plan. Responsibility for salespeople's existing accounts were given to customer service reps.

The first defection took place about a month later. It was not a sales person, however, it was one of the largest customers. "We've had quality problems with Vargus for some time, and we don't like the direction you are taking", they said. The company's quality problems were causing it to lose business. The top salesperson left after another month and two more salespeople and a manager left soon after. Every month sales decreased, which brought cutbacks. Layoffs began and the writing was on the wall. That's when our master black belt left as well. Vargus Communications filed bankruptcy less than a year later.

This case is a true story with clear lessons. This management team lacked a method of engaging people in the business to identify problems and discover the causes. Rather than carefully identifying what parts of the business created value, and what parts created waste, they avoided the elephant in the room.

The pedigreed management team decided they knew best. They began "calling the shots" based on hunches and assumptions. Their ignorance and arrogance damaged more than five hundred careers and families, and destroyed hundreds of millions of dollars of invested capital.

HOW TO GET STARTED

Executives and owners are responsible for the performance of any business. They must structure and organize the work, setting objectives and taking corrective actions. However, businesses are extremely complex systems. The causes of problems are often not what they appear to be on the surface. Rational, scientific approaches enable companies to avoid disasters. This is because they engage everyone in scientific thinking about their own area of responsibility.

The most important resource in any business is the ability of its employees to identify reality and think critically in pursuit of its goals. It doesn't matter whether you call this scientific management, management by process, process excellence, operational excellence, Lean, six sigma, or something else, it is based on a set of simple, interrelated principles⁴. The lesson is that improvements cannot be sustainable, unless management recognizes that they need a method for engaging employees in identifying reality and in driving improvements.

Engaging employees requires leading them through careful discussions to identify the evidence and data around the problems they are trying to solve. This boils down to “The Three Questions”. Clear, observable answers to these deceptively simple questions are at the heart of any successful improvement⁵:

- What are you trying to accomplish?
- How will you know if you improved?
- What change might create improvement?

The first of these defines the objective of the work. The second defines a measure. The third defines what method might achieve the objective. Those three concepts – objective, measure, and method – are the heart of process improvement. When the team (rather than the manager) comes up with the answers to those questions, they begin to see the “process” as a solution to their problem, rather than something imposed on them by someone else. The plans they create are the beginnings of what is sometimes called “standard work”. In sales and marketing this amounts to “respectful agreement around the best way of achieving the objectives.”

However, standard work is just the beginning. Like any other well-intentioned good idea or “best practice”, it cannot stand on its own. That's because without a baseline of measurement, it is impossible to determine if improvement took place. Why should the team work in this special way if they can't tell whether anything improved? And, without engaging the team around what they are learning that might enable them to create an even better result, they will lose interest and engagement. PDSA enables management to shine attention and respect on what people are learning and accomplishing. Authentic respect for their rational effort is a powerful motivator.

⁴ These principles were first described by Deming in his [“Theory of Profound Knowledge”](#).

⁵ The best description of this can be found in “The Improvement Guide, 2nd Edition”, 2009, Jossey Bass.

PDSA (Plan, Do, Study, Act⁶) is also called “the method for learning”, and “the Deming Management Cycle”. It is the ingredient that enables standard work to be sustained and improved. The objectives, methods, and measures form the initial plan. When the plan is implemented, the team needs to learn from the experience. They must study the results they achieved, and identify things that might have been new or unexpected. Then they can decide if the plan needs to be changed in some way.

Both standard work (the plan portion of PDSA), and the method for learning are needed to engage the minds of the participants, to make the work meaningful, and to identify the changes necessary to the system to make the improvements stick. This becomes a self-reinforcing “virtuous circle” that improves the culture of the workplace, and the productivity of the organization. It is a powerful competitive advantage for the companies that achieve it.

Earlier, I mentioned a water filtration company. We’ll call them ABClear (not their real name). They followed a path of improvement they could never have accomplished without standard work and the method for learning:

“ABClear’s first turn of the “PDSA wheel” consisted of voice of customer interviews where a customer’s project engineer told them they were doing a poor job of customers service and project management after the sale. This caused the national accounts team to focus on what needed improving. First, they used what they had learned from this and other VOC information to lay out their customer’s journey. When they defined their own work flow and aligned it with the customer journey, some glaring things became obvious.

“Embarrassingly, they realized literally 90% of their time was being consumed by problems in the “keeping” phase – customer service issues. The company had grown initially from its prowess with distribution channels, and national accounts typically were created when certain companies had grown big enough that they wanted to buy direct. But ABClear didn’t have the internal structures to support these functions, like the distributors had.

“The team had discovered a bottleneck, and earned the authority to fix it. The next turns of the PDSA wheel involved hiring an inside salesperson dedicated to National accounts. They developed a hand-off package ensuring their large complex orders could be executed by an internal project management staff. Customer complaints declined. Time spent on service problems was cut by more than half.

“Finally, account managers had time to start calling on new accounts! Most of the accounts were owned by the distribution channel, so they had to start by developing a way of even have a way of divvying up accounts. During this series of PDSA cycles, then they started reaching out to new prospects, and realized another issue: It was hard

⁶ Although most people use PDSA and PDCA (Plan, Do, Check, Act) interchangeably, there is a difference in their meaning. See <http://www.apireweb.org/circling-back.pdf> for an explanation.

to get prospects to call them back! The hunt for a method of getting their prospect's attention and engaging them in conversations was on.

"These were not gigantic, difficult to make changes. They took time, certainly, but their deliberate, data driven approach ensured that things improved, incrementally, and steadily.

"When we last worked with ABClear, National Account manager's time spend in the Keeping phase had fallen to 30%. Errors in customer service and shipping had declined by 65%. Customer satisfaction scores were up 50%. The rate of new account proposals was up by 35%. And the rate of new filtration head systems sold through the crucial dealer channel network was up 14% in the first four months of launching a new dealer sales process."

SALES PROCESS EXCELLENCE

Process Excellence works when individuals within a business share a common framework (more or less) for how to use their minds. They pursue values such as “going to the Gemba”⁷ to observe reality. They pursue clarity and consistency in how they use their terms. They help each other to learn through open, respectful communication.

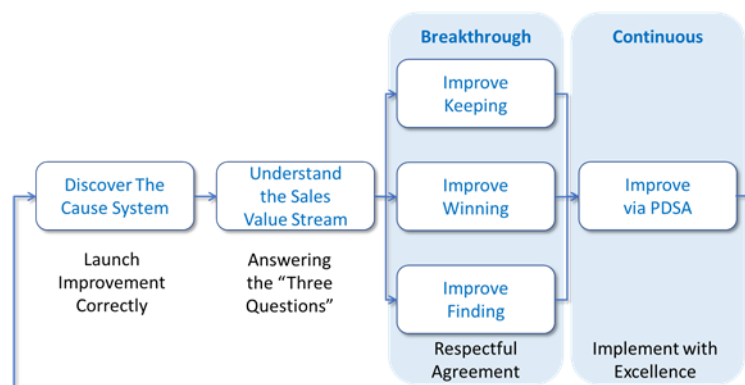
This approach enables you to spot variations in customers and prospects. It encourages you to conduct experiments that enable prospects and customers to take the actions you want them to take. When cross-functional teams of marketers, sellers, and servicers give constant attention to their objectives, methods, and measures, they can see things that were previously invisible to everyone. They can transform sales and marketing into rational, scientifically measurable work. This enables them to identify the common, high-impact issues preventing the business from achieving its objectives. As we have seen, management can prioritize resources more effectively when it has this knowledge.

Unfortunately, transitioning to this new approach in sales and marketing present problems in many businesses. The approach may seem counter intuitive to some people. Existing job descriptions and compensation practices can make things harder. People may believe other departments are the causes of problems they face, so why should they be forced to change?

Often, individuals facing the need to improve for the first time may need assistance. They need to understand of why change is needed, what improvement will look like, and where improvement should begin.

Fortunately, over 15 years and hundreds of client engagements, SPC has developed a proven glidepath for enabling field and headquarters teams to measurably and consistently improve.

Sales Process Excellence Glide Path



⁷ Gemba is a Japanese term meaning “the place where the truth is”.

SPC, Inc, and our consulting partners work with your customer-facing employees and managers to cultivate a more structured, data-driven thought process. This stimulates a discussion about the problems facing everyone, and provides a concrete, tactical way of identifying changes that create improvement.

- Guided Discovery ensures the team understands why change is needed, what improvement will look like for them, and where improvement should begin.
- Understand the Sales Value Stream enables the team to gather the VOC to establish a measurable, improvable sales production system, and to learn which stage offers the greatest potential for improvement for the least amount of effort.
- Kaizen-style events for Finding, Winning, and Keeping enable the teams to execute tactical, high-impact, sustainable improvements that are immediately measurable.
- Improve via PDSA establishes a formal management system around a Hoshin-style system for integrating improvement across functional departments.

CONCLUSION

Manufacturers of 30 years ago realized it is almost impossible for people working in the system to change the system they are working in. Often, intervention from the outside is required to enable a system to change. Only management can enable that to happen. And to succeed, management needs a method that is sturdy and reliable.

- A sturdy foundation can only be built on evidence and data. Your team has data that isn't being used. You can help them find that data and start using it today.
- A reliable sales process is one that creates the right value for the right customer at the right time. You can learn what customers want, and stop doing things that don't give it to them.

Yet few companies have assembled this knowledge into an explicit, measurable, improvable production system. There is a simple glide path to get there. It relies on ambition, not discipline. It is called Sales Process Excellence.

We can offer you several things if you would like to have more information.

- Sign up for the SPIF newsletter
- Introductory articles on the website
- For more information about how you can start the process in your organization my book, Sales Process Excellence, is available at www.salesprocessexcellence.com
- Let's talk. We also offer an initial consultation where we provide a means of helping you engage others in your company to discuss the need for Sales Process Excellence, and what kind of improvements it can provide for them. Ask about the "[World Class Sales Process Self-Assessment](#)."

About the Author

Michael Webb is author of "[Sales and Marketing the Six Sigma Way](#)," and founder of SPC, Inc., a firm dedicated to helping B2B companies solve their sales and marketing problems and make their sales funnels flow faster through operational excellence. His latest book, [Sales Process Excellence](#), is the definitive guide to how operational excellence changes and improves B2B sales and marketing management. Download the Introduction and Chapter 1 at www.salesprocessexcellence.com.