

## EARLY PRAISE FOR SALES PROCESS EXCELLENCE

*“This book is another landmark milestone following Michael’s highly inaugural 2006 book ‘Sales & Marketing the Six Sigma Way.’ That book is probably the first one to truly bring a systematic quality improvement process perspective to the least efficient functions in a modern corporation, namely marketing and sales. ‘Sales Process Excellence’ enhances the first book in a significant way to incorporate Michael’s precious client engagement experiences over the past 7 years. It will further benefit corporate C-level executives and managers in the Sales and Marketing functional area to make their businesses much more nimble and productive.”*

**—C.T. WU, PHD, PRESIDENT  
HARMONIC CAPITAL MANAGEMENT, LLC SANTA CLARA, CALIFORNIA**

*“Michael’s artful blend of relevant experience and sound logic provides a clear path to excellence in sales and marketing. This guide adeptly validates the effectiveness of Lean Six Sigma principles in any process, inspiring us to consider how to apply structured improvement methods to even the most chaotic social systems.”*

**—ROB TRIPP, MASTER BLACK BELT  
GLOBAL PRODUCTIVITY SOLUTIONS**

*“With his new book, ‘Sales Process Excellence,’ Michael Webb shows how the tools used in Lean manufacturing can create a Lean salesforce. Michael’s background gives him unique experience in both the process and sales worlds; he speaks the language of both fluently. I highly recommend this book to organizations that have successfully implemented Lean manufacturing and now look to create a highly efficient sales production system as well.”*

**—FRANK WILEY  
MAGNITUDE MARKETING, LLC**

*“Having the pleasure to both work with Michael and read this book, I can verify the concepts in this book work. Simply put, these tools help find the root cause of the problem rather than starting with the solution. Read this book, apply these concepts, and the results will come.”*

**—JEFF GALAS, FOUNDER  
ON PURPOSE GROWTH**

*“Finally, a sales and marketing roadmap and tool kit using proven, real-world techniques to achieve breakthrough results. As someone who sold and managed sales for over 20 years and has been a Black Belt since 2008, I have only one question: Michael, where were you when I needed you?”*

**—MICHAEL DARRISH, SENIOR MANAGER, PROCESS IMPROVEMENT  
RICOH CORPORATION**

*“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.”*

**—HANK BONNAH, OPERATIONS MANAGER  
TUBELITE INC.**

*“A book like this is long overdue. It’s about time that sales has been recognized as a science, where the techniques and tools embodied in Lean and Six Sigma are being applied to enhance customer value and accelerate the sales funnel. In his book, ‘Sales Process Excellence,’ Michael Webb does a masterful job of building a case for the why and how a sales process should be developed. Throughout the book he includes real-world examples in order to drive each key point home. I highly recommend this book to any organization that wants to significantly, predictably and sustainably increase its revenues.”*

**—CRAIG LOWDER, PRESIDENT  
MAINSRING SALES GROUP LLC**

*“I am still reading your excellent book with avid interest. There is so much of value that, truthfully, I want to read it several times to distill the key elements. Congratulations on a major contribution to the advancement of sales performance excellence!”*

**—DAVID PARRY  
SALES PERFORMANCE CONSULTANT, U.K.**

*“Sales Process Excellence’ is very well researched and thorough, and it’s clearly based on many years of experience in the field. I can’t imagine anyone reading the book and not trying these methods.”*

**—DAVE NELSEN, FORMER ASSISTANT EDITOR  
QUALITY PROGRESS MAGAZINE**

*“With fierce global competition vying for the same customer base, company leaders have been looking for ways of expanding their operational excellence initiatives to address the customer touching points in their value chain. Sales and marketing have been slow adopters in applying process excellence, and there are few published successes to learn from. Finally there is a book that provides a road map on how to apply process excellence to sales and marketing. Michael addresses the theory and provides case studies to demonstrate how to apply the theory in easy-to-understand stages. Lastly, to ensure that the improvements are sustained, Michael addresses the critical role leadership must play to make this transformation work, and provides sound insights that are critical for success.”*

**—BOB CRESCENZI  
VICE PRESIDENT LEAN SIX SIGMA, MOMENTIVE SPECIALTY CHEMICALS INC.  
& PRESIDENT, BUSINESS EXCELLENCE LEADERS, LLC.**

*“Sales excellence requires discipline, process focus, and sharp execution. Michael Webb’s ‘Sales Process Excellence’ is a comprehensive guide to help organizations raise their performance and engage customers much more effectively. The book is structured as a well-written guide that requires some study—you can’t take the book lightly—but you can’t take sales performance improvement lightly. If you are serious about sales excellence and driving the highest levels of sales performance, ‘Sales Process Excellence’ is an outstanding resource to help you with that process.”*

**—DAVE BROCK  
PARTNERS IN EXCELLENCE**

*“Michael has done a great job in outlining the path companies need to take to move to a process-driven sales model across their organizations, especially one where they are linking their activities to creating value for their customers at each stage of the buyer journey. I believe this will be an important tool for us as we continue to evolve the sales function in our business.”*

**—TOM ADAMS, DIRECTOR, SALES & MARKETING  
DE DIETRICH PROCESS SYSTEMS, INC.**

*“If Top Line Revenue growth is your greatest profit driver, get this book! This work is the culmination of Michael’s 25+ years of “front line” in the trenches field sales experience combined with his decade long passion helping sales leaders to lead data driven process improvement to secure additional orders. ‘Sales Process Excellence’ addresses the why and how process excellence is still so untapped in sales following many years of successful lean efforts in production and supply chain. No easy fix here, just a clear and structured roadmap with a rich variety of examples and tools any organization can choose to secure an absolutely certain increase in top line revenue.”*

**—BILL ZEEB, FOUNDING PARTNER  
INFINITAS SA, SWITZERLAND**

*“Michael gets behind the jargon and shows us what process excellence can do for sales performance. As well as providing practical examples as to how to use the various tools, he addresses issues such as managing the sales process through channel partners, an issue faced by many sales organisations operating in today’s global economy. The emphasis on change leadership and the importance of the voice of the customer validating sales effectiveness will particularly resonate with those seeking to make continuous and lasting improvements to sales productivity. ‘Sales Process Excellence’ will explain why sales training can be nothing more than a ‘comfort blanket’ unless the underlying processes and disciplines are in place. Michael throws down the gauntlet . . . are you brave enough to pick it up?”*

**—ALASTAIR BLACK, DIRECTOR  
OPTIMIZE LIMITED**

*“Thank you for following through with your promise to equip us with methods and models that have enabled us to start and continually improve our sales process. We avoided big mistakes around measuring sales and marketing productivity. Most importantly, we have a method for improving that engages our complex multilevel sales organization. Your ideas and your new book have helped position us for even more success.”*

**—RANDY DESPAIN, DIRECTOR OF QUALITY &  
PROCESS EXCELLENCE FOR GLOBAL SALES AND MARKETING  
DANFOSS POWER SOLUTIONS**

*“One of the specific benefits I see with ‘Sales Process Excellence’ is that sales teams on different levels and in completely different situations can implement the ideas. It doesn’t matter if it is a large sales force or a small one, a local or regional company compared to a global player, a new company working on establishing their footprint in the market, or an experienced and successful company who wants to continue to improve process and profitability. There are applications for all included in the book, and opportunity for significant improvement and change. Thank you for continuing and refining the path begun with ‘Sales and Marketing the Six Sigma Way!’”*

**—TIM DOOT, VICE PRESIDENT OF SALES AND MARKETING  
BURR OAK TOOL**

*“Although we had a great growth rate, we knew the time was fast approaching when our growth would be less sustainable and certainly less predictable. Mike started us on a sales excellence journey that didn’t change how we sell, but revolutionized how we manage sales. The day I attended a sales meeting and listened to our professional sales team present data and pipelines and probability metrics, I knew our journey was going to be a success. And it was!”*

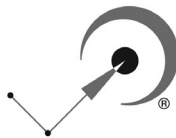
**—MICHAEL MADSEN, PRESIDENT  
AQUION CORPORATION, ELK GROVE VILLAGE, IL**

*“I have read this book with increasing interest, as it exemplifies in a pragmatic way how to adapt and deploy process excellence into sales and marketing. It does so by providing flexible, practical concepts, tools, and methods for solving problems and improving processes in customer-facing functions. In addition, its value is also reflected in illustrating the effort it might take to convince executives to be receptive to process excellence. Hence, this book helps the reader to understand why companies should go for it and how they can achieve the success process excellence will finally lead to. This is a thoughtful, stimulating, and beneficial new book.”*

**—DR. ALEXANDER DABOUL, SENIOR MANAGER BUSINESS EXCELLENCE  
WACKER CHEMIE AG**

**MICHAEL J. WEBB**  
AUTHOR OF "SALES AND MARKETING  
THE SIX SIGMA WAY"

# SALES PROCESS EXCELLENCE



SALES PERFORMANCE  
CONSULTANTS, INC.

*Make Your Sales Funnel Flow Faster*

V1.0

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# INTRODUCTION

**T**he business-to-business (B2B) selling environment has changed dramatically over the past two decades, leaving many companies uncompetitive, unprofitable, and searching for customers.

Consider these marketplace developments and their impact on sales and marketing:

- In making purchase decisions, customers now rely more on cost and performance data and less on relationships with salespeople. Yet many companies, despite efforts to become “customer focused,” fail to give customers the right data at the right time.
- Prospects can get much of the information that salespeople used to provide on the Internet, from product specs and prices to case studies and reviews. Yet most B2B companies fail to use the Internet’s capability to share information and develop and nurture relationships with potential and existing customers.
- Customers’ views of value can shift rapidly, as price, durability, performance, delivery, maintenance, service, or warranty take the lead at any given moment. Yet many companies have no reliable way of gauging what their customers value and knowing why their definitions of value change.
- Companies depend more than ever on distributors, dealers, and other third-party sales channels for revenue. Yet they receive limited information on end users and exert little influence over channel marketing and sales methods.

- Globalization and economics drive companies to choose between low-price or high-quality positioning strategies. Yet many B2B companies fail to decide where they want to be, who their customers are, and how to craft winning value propositions.

Although the pressure on sales and marketing has intensified, the methods used by managers of these functions have barely changed. This seems counterintuitive. Why would executives aiming to grow their companies keep the same management methods in place while the marketplace has changed so radically?

There are several reasons. Executives recognize that the wrong changes could generate financial disaster. Instead they make cosmetic changes: to the company's lead generation programs, sales training methods, customer relationship management (CRM) systems, compensation plans, ad campaigns, and, of course, personnel. Such changes, generally based on hunches rather than analysis, leave the same management methods in place.

This book presents a new approach to managing sales and marketing, from how senior executives lead those functions through the ways sales and marketing people interact with customers. This approach is based on the principles and practices of the scientific method as applied to business, also known as quality improvement, process improvement, and (my preference) process excellence. These disciplines have revolutionized production operations in companies such as Toyota, Motorola, General Electric, IBM, Xerox, Allied Signal, and thousands of others.

While the financial success and operational achievements of process excellence in manufacturing have been dramatic, these gains represent a fraction of the total profit-improvement opportunity available in most organizations. That's because the same methods that eliminate waste, reduce costs, and improve performance in operations accomplish those goals, and many more, in sales and marketing. They enable companies to increase sales productivity and margins, to manage and forecast business growth, and to know what customers want and how to deliver it—in the company's products and services *and* in its marketing, sales, and service activities.

This book shows senior executives; marketing, sales, and service managers, and process excellence professionals how to adapt and apply

process excellence to marketing, sales, and service. This book addresses everyday marketing and sales challenges, like these:

- A water filter distributor grows in response to a rapidly growing market. When the market stops growing as quickly, they discover they do not have even the most basic method for proactively generating and qualifying leads.
- A medical device company creates what it sees as a surefire value proposition but finds that what works in some hospitals fails miserably in others, and they cannot understand why.
- A global supply chain management company suffers from uncoordinated “homegrown” sales practices across the countries where it does business, which hampers the organization’s ability to deliver the value that customers expect.
- A software company’s substantial investment in lead generation fails to increase new account revenue, while its sales forecasts prove useless.

Such problems are incredibly common. They lead to unmet goals, wasted resources, high account turnover, lack of new customers, and losses to competitors, not to mention missed bonuses, stunted careers, lost jobs, and even bankruptcy. Such outcomes result directly from managing sales and marketing in the same outdated ways despite a radically changed marketplace. Sales process excellence represents a departure from those outmoded approaches, but not a departure for its own sake. Sales process excellence marshals the methods and tools of quality and process improvement to meet the challenges that sales and marketing operations now face—a natural extension of process excellence into sales and marketing.

## BRINGING PROCESS EXCELLENCE TO SALES AND MARKETING

Approaches such as Lean process improvement, Total Quality Management (TQM), Lean, Six Sigma, and continuous improvement have a strong record of success in production, operations, and service delivery. This is *not* a book about those methods. Rather, it is a book about how to

use the most applicable thinking, methods, and tools from those approaches to solve sales and marketing problems—an approach I call sales process excellence.

Over the past twenty-plus years I have been helping executives apply process excellence to sales and marketing. In that time I have found that most (but not all) business people are initially skeptical about this. They suspect that sales and marketing activities differ sharply from production and operations work, and they are right. They are even right to be skeptical. But they are wrong if they believe that these methods don't work in sales and marketing, because they do, as they did in each of the companies I cited on the previous page, and many others.

Sales process excellence positions a company to take a fact- and data-based, yet highly customer-centric approach to managing marketing, sales, and service. As a result, it can position your organization to:

- Identify what customers truly value, not only in your products and services, but also in the way you market and sell to them
- Distinguish value from waste in sales and marketing and maximize value as you minimize waste
- Analyze problems accurately to discover root causes, so that countermeasures eliminate those causes rather than treat symptoms
- Distinguish which sales and marketing activities are working and which are not and gauge the likely return on investment of potential changes
- Empower people to take the risks necessary to generate learning and change and to improve and sustain their levels of performance
- Replace the siloed, often conflicted structure and incentives of marketing, sales, and service with an efficient end-to-end process for finding, winning, and keeping customers

Bold claims, perhaps. But they are reasonable when you consider the record of success that process excellence methods have achieved. Those methods have been extensively documented in the business media and in books such as “Lean Thinking,” “The Six Sigma Way,” “Toyota Kata,” and dozens of others, although we'll touch briefly on them in this book.



## WHY SHOULD YOU CONSIDER THIS APPROACH?

Don't use process improvement methods just because they are supported by academics. Although process methods grew out of applied statistical theories, some academics understand process improvement and some do not. Indeed, many B-school teachings, especially in finance, actually undermine process excellence. Nor should you apply process improvement because it enhances quality or works for other companies. Instead, a business should use approaches that maximize value for its customers and owners. Use process excellence because it will help your business develop individualized solutions to unique, local problems.

When properly implemented, process methods don't get people to think about processes. Instead, they get people to think more deeply about what they are doing, what they're working on, which resources they're using, how they are spending their time, which data and evidence are driving their actions, and how their work benefits their internal and external customers. They become more aware of ways to increase value for those customers, and ways to make more money now and in the future.

Process improvement provides flexible, practical concepts, tools, and methods for solving problems and improving business processes. Yet more than that, it is a way of leading and managing the entire organization based on deep respect for data, evidence, facts, and people, whether they are prospects, customers, employees, distributors, or shareholders. It is more effective and more flexible than command and control—indeed, it is the opposite of command and control—and is thus ideally suited to the fluid world of sales and marketing in today's environment.

Ultimately, sales process excellence engages the hearts and minds of employees in defining and understanding causal relationships between what they do and how prospects and customers respond. That is the most effective and efficient method of solving problems and improving performance in sales and marketing. Surprisingly, such a method—and I stress the term “method”—has not been widely applied to sales and marketing. As a result, management is largely disconnected from the realities that sales and marketing people face, and thus cannot reliably help them solve their problems and boost their performance. One other point warrants discussion here: sales process excellence does not aim to transform sales and marketing into a factory in which employees and customers are

treated like automatons. To the contrary, sales process excellence makes marketing, sales, and service more productive and pleasant for all parties, because it motivates people to work together to define and achieve complementary, mutually acknowledged goals.

## HOW THIS BOOK CAME ABOUT

I have been working in sales process excellence officially since 2002, when I founded Sales Performance Consultants, Inc. (SPC) and unofficially going back to the late-1980s, when I discovered production planning through the Association for Operations Management (APICS, originally the American Production and Inventory Control Society), and process improvement through the American Society for Quality (ASQ).

As a salesperson, sales manager, and sales trainer, I always believed there *had* to be something better than chasing sketchy leads, presenting features and benefits, and persuading prospects to take the next step. There *had* to be a way for sales and marketing to work together. There *had* to be a way to eliminate end-of-sales-period dramatics, special offers, and games aimed at making the numbers. There *had* to be an alternative to sales forecasts based on guesswork, optimism, and rearview-mirror projections. There *had* to be a way to forecast sales based on solid data on the quantity and quality of leads, prospects, pending deals, and realistic likelihood-of-closing statistics.

Process improvement appealed to the scientist in me (by virtue of my education and inclinations). Customer focus appealed to me as a salesman, while fact-based, data-driven decision making and accountability appealed to me as a manager. So I set out to learn all that I could about the work of quality pioneers like Edwards Deming and Joseph Juran, about process improvement and its application in companies like Toyota and General Electric, and about how these methods might be applied to sales and marketing.

After several years of research and field work, I helped organize the first conferences ever held on applying Six Sigma to sales and marketing, and I wrote my first book, “Sales and Marketing the Six Sigma Way,” published in 2006 by Kaplan Publishing. The book sold well (20,000 copies in hardcover, with Six Sigma in the title!) and led to numerous sizable consulting engagements. On those engagements and

in discussions with readers of that book, I realized that although being able to use data and analysis to design and measure sales production was essential, more work was needed to adapt process improvement to the needs of sales and marketing.

Specifically, I found that while Six Sigma (in which I'd become a black belt) was beneficial for its problem-solving focus, tools, and statistical rigor, it was not the ideal starting point for sales process improvement. I also realized that the sales training industry and the Six Sigma training industry faced nearly identical problems. Both are structured around a "big bang" of training classes supported by field coaching. Both are easy to buy and sell. Both are satisfying in the short run but tend to provide unsatisfactory results in the long run. Although the methods are fundamentally sound, these kinds of approaches are somewhat doctrinaire and primarily about the trainer's material. Most important, they assume a management environment that nurtures process thinking and behaviors, which is precisely the environment most companies lack. I've learned that simpler, more iterative approaches, such as Lean's continuous improvement philosophy, work better. I've also learned that the conceptual framework and management system of process excellence are essential for successfully implementing and sustaining process improvement.

This book distills the eight years of experience I've gained since publication of my first book. As a result of those experiences I have:

- Developed and tested approaches based even more on combining and adapting process improvement tools to sales and marketing
- Focused on enabling sales and marketing to identify and solve common, high-impact problems that prevent them from reaching their goals
- Concentrated more on using voice of the customer (VOC) data to craft sales and marketing activities that create value for customers
- Developed ways to achieve early, substantial successes so that sales process excellence initiatives quickly justify themselves financially and become self-financing investments
- Found new ways of winning the support of multiple internal departments as well as the support of salespeople *and* senior executives

- Addressed the leadership challenges involved in migrating from a traditional management system to one that supports process excellence in sales and marketing

Sales *can* be managed as a business process and in ways quite similar to those used to manage production processes in the most competitive, successful companies in the world. However, the most compelling reason to use sales process excellence is that it enables marketing, sales, and service to achieve higher levels of productivity and performance, with the same or fewer resources.

I am not presenting this book as the last word on the subject. However, I believe it represents the next significant step in bringing process improvement to the marketing, sales, and service functions. I also believe it represents the next step in positioning companies to realize the highest returns on their investments in product quality and production process improvements, and in sales training, CRM or salesforce automation (SFA) systems, sales operations, and other initiatives and infrastructure aimed at increasing sales productivity and performance.

## WHO SHOULD READ THIS BOOK

This book is for CEOs, COOs, and other senior executives; sales, marketing, and service managers; process improvement managers and professionals; and aspirants to these positions. This book focuses on B2B companies with marketing departments and salesforces and those that sell through distributors, dealer networks, and other sales channels. However, companies of all types, including those selling primarily through Web-based methods, will also find valuable tools and lessons here.

While an understanding of quality improvement or process excellence is not a prerequisite, readers who are familiar with or have experience in those methods stand to gain the most from this book. This is not a primer or introduction to process improvement; rather, it is a book on applying methods and tools from those disciplines to sales and marketing. It discusses sales and marketing tactics, but focuses more at the strategic level, at the level of the management system, problem solving, and sustainable performance improvement. That said, I have made every

attempt to minimize jargon, define terms clearly, use real-life examples of actual companies, and generally make the material accessible to a broad management audience.

Companies in one or more of the following circumstances are most receptive to—and most likely to benefit from—sales process excellence:

- When the organization has to achieve a quantum leap in growth due to corporate demands, new owners, or strategic or financial imperatives
- When salespeople are spending most of their time maintaining current accounts rather than growing the business
- When the company's products are moving from one stage of the product lifecycle to another, or when various customers are at various stages of the technology adoption lifecycle
- When the company persistently faces traditional sales problems, such as too few leads, difficulty closing, missed sales targets, low sales productivity, or high sales costs
- When the company is moving into a new business or product line or seeking to move up the value chain with new, more complex products or value propositions
- When the company is merging with or acquiring another business, entering a new market, facing new competitors, or navigating market turmoil

Senior executives; marketing, sales, and service managers; and process excellence professionals will learn about their respective roles in sales process excellence, and about each other's roles in this highly collaborative effort. Distributors, dealers, and other sales channels will also benefit. Senior leaders will learn how important their support is to sales process excellence and about the changes they will have to make as *leaders* to spearhead successful implementation.

I trust that every reader—including those who are either not ready or not positioned to address the management system in their organizations—will learn methods and tools that they can readily apply in their sales and marketing functions. Of course, the gains from individual initiatives are limited compared with those achieved when the management system is also addressed. That said, there is every reason to take relatively simple steps, such as upgrading the quality of your leads;

using customer research to refine your value propositions; linking marketing, sales, and service activities; and analyzing cause and effect in your sales process. Many companies have benefited from these initiatives, which can often serve as introductions to the approach, or as pilot projects that lead management to have even more ambition for process excellence in sales.

Finally, I have done my best to take a straightforward approach, to avoid glib solutions, and to provide additional sources and material for interested readers. I have held nothing back, omitted no steps, and completely opened the books, so to speak. Since many readers may have either process improvement or sales or marketing knowledge, but not all three, the Glossary of Terms includes process improvement as well as sales and marketing terms. In addition to a normal index, there is a separate index detailing the nearly forty case examples included in the book. Executives wanting to learn more about how other companies have applied and profited from the concepts described in this book can participate in the Sales Performance Improvement Forum ([salesperformance.com/spif](http://salesperformance.com/spif)). SPIF is a professional membership forum for readers of this book based on a scaled-back version of the collaboration platform we use for helping corporate clients achieve business growth goals.

## THE STRUCTURE OF THIS BOOK

This book is organized into twelve chapters, each covering an essential area in applying process excellence to marketing, sales, and service.

- **Chapter 1: A New Perspective on Sales and Marketing**  
examines current methods of managing sales and marketing and why they impede efforts to solve problems and improve performance.
- **Chapter 2: Bringing Process Excellence to Sales**  
shows how to view marketing, sales, and service as a process for finding, winning, and keeping customers.
- **Chapter 3: Concepts That Change People's Thinking**  
explains how to apply operational definitions and standard work in marketing and sales to immediately improve the way people approach their jobs in those functions.

- **Chapter 4: How to Listen to the Voice of the Customer**  
demonstrates the power of data drawn from customers and how readily this resource can be tapped to create a positive feedback loop between your prospects and customers and marketing and sales.
- **Chapter 5: Developing and Accelerating Your Sales Production System**  
explains how to match marketing and sales activities to customer needs, and thus maximize value, minimize waste, and speed the flow of your sales funnel.
- **Chapter 6: Designing Sales Processes and Solving Sales Problems**  
provides an approach to defining and addressing the common, high-impact problems that are preventing your organization from reaching its sales goals.
- **Chapter 7: Marketing: Making Buying and Selling Easier**  
shows how marketing can transform its relationship with sales through process excellence.
- **Chapter 8: Sales: Managing Sales Production**  
explains how the work of salespeople and sales managers changes in an environment of sales process excellence.
- **Chapter 9: Service: The Lasting Link to Customers**  
examines ways the service function can lift sales and marketing to new levels of performance.
- **Chapter 10: Managing Through Channel Partners**  
shows how to apply sales process excellence to relations with distributors, dealers, and other third-party sales channels.
- **Chapter 11: Managing Sales Process Excellence Initiatives**  
points out paths to take and pitfalls to avoid in planning and implementing sales process excellence in your organization.
- **Chapter 12: Leading the Change**  
examines the role of senior executives in implementing and sustaining sales process excellence.

Launching and completing a sales process excellence initiative is challenging and ultimately rewarding. I therefore wish you good fortune, as well as strength and patience, in your efforts to improve the ways in which sales and marketing are managed in your company.

# A NEW PERSPECTIVE ON SALES AND MARKETING

*Never mistake motion for action.*

—ERNEST HEMINGWAY  
American author

**F**or a new view of marketing and sales, let's consider the functions from three different perspectives: that of the customer, the marketing or sales manager, and the CEO.

The customer's perspective depends on what your business does for them. We are all customers of many businesses, and, as customers, we all share one thing in common: we want to solve a problem, seize an opportunity, or gain something of value in exchange for our time and money. Those actions may include conducting research, considering options, meeting with sales reps, and, eventually, spending money. From the customer perspective, the question for your business is, "Can you deliver what I value, from my perspective, now and in the future?"

Customers invest time and money in figuring out what they need, which sellers to consider, with whom to meet, and so on. These days they do much of their own research on the Internet. Customers like it that way. In fact, surveys by Google and others have found that B2B customers tend to avoid interacting with salespeople until they are 60 to 70 percent of the way through their buying process.<sup>1</sup>

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<sup>1</sup>Corporate Executive Board's Marketing Leadership Council in partnership with Google, "The Digital Evolution in B2B Marketing": <http://www.executiveboard.com/exbd-resources/content/digital-evolution/pdf/Digital-Evolution-in-B2B-Marketing.pdf>.



Meanwhile, while some potential customers are looking for you or a company like yours, many others don't even know they need the value that you provide. Still others may be open to better solutions than the ones they're currently using. Your challenge as a seller is to position your company to sell to everyone you would like to have as a customer.

As an example, I'll use a chain of restaurants (the customer) and a company that distributes water filtration systems (the seller). The actual buyer may be a restaurant manager, the head of the test kitchen in a restaurant chain, the food and beverage manager, the facilities and equipment manager, or even the president or business owner. Any of them may or may not know they would benefit from improved water quality. They may or may not realize the effect of water quality on the sales of soft drinks, coffee, or tea. They may or may not be aware of the harmful impact of mineral deposits from water on ice makers, coffee boilers, or steam tables. If they're unaware of these problems, they may not be seeking solutions. But the water filtration distributor—one I'll call ABClear (a real company, but not its real name), which I'll revisit occasionally in this book—has to be able to market and sell to viable prospects at any stage of their buying process. Given the presence of multiple buyers, they have to sell at multiple levels and functions for many potential customers, whether they are restaurants, hotels, cafeterias, or hospitals.

ABClear's customers may also possess any of the following characteristics:

- Wide variations in water quality, depending on geographic location, municipality, time of year, and equipment currently installed
- Differing functional roles, with goals ranging from reducing operational costs and increasing revenue to improving food, beverage quality, and customer satisfaction
- Varying levels of knowledge of water quality and its effect on their business
- Potential confusion about solutions to water quality problems and what their restaurant competitors might be doing about them
- Limited ability to prioritize problems in general, and to gain consensus on which ones need solving and how to go about solving them

These factors notwithstanding, customers of ABClear want *their* restaurant chain to be profitable, growing, competitive, and able to deliver what *their* patrons want. This holds true for virtually all potential customers in B2B sales environments.

The perspective of the marketing and sales managers at ABClear differs from that of its customers. They want to spread the word about ABClear's water filtration products and get businesses to purchase them as soon as possible. Toward that end, the company's marketing people put information on the Web site, produce sales brochures, develop promotions, and try occasional lead generation efforts. The company's salespeople work to set up calls, deliver persuasive presentations, and prepare sales proposals. Yet the marketing manager wonders about the value of certain activities and whether his budget or headcount will be cut. The sales manager constantly seeks ways to motivate his salespeople to make more calls, deliver more presentations and proposals, and improve their sales skills. During his three years in the job, he has tried sales training, hired and fired salespeople, held sales contests, adjusted the incentive plan, and reassigned accounts.

At this point, two questions arise:

1. What do people at the restaurant chain (the customer) know about water quality problems, as opposed to water filtration products, and what—if anything—are they doing about them?
2. How can ABClear learn more about the water quality problems experienced by its customers and the impact on restaurant costs, quality, and on customer satisfaction?

Answering these questions could lead marketing and sales to conduct their respective activities and engage with customers in ways that differ sharply from those they currently use. Yet ABClear lacks the answers to these questions. Given this, marketing tries to build awareness without enough information about potential customers, while sales pushes product by presenting its filtration systems and their benefits and trying to move the sale toward close.

Note the glaring mismatch between the customer's mindset and the marketing and sales people's motives and activities. ABClear's marketing aims to have leads "raise their hands" at the Web site. Sales wants

to get orders. The Web site touts product features and benefits. Salespeople's questions focus on customers' ice and beverage equipment, budgets, and timeframes. However, potential customers rarely think about water quality, let alone have an internal consensus that it's a problem. They think about costs, revenue, and their own businesses' pains and urgencies.

Those are also intense concerns for ABClear's CEO, who, like all CEOs and company owners, wants to drive and sustain profitable growth.

To sustain profitable growth, ABClear seeks to maximize the number of orders for filtration systems and replacement filters it secures from the market. On the surface, the CEO and other executives see sales and marketing as one sphere (delivering value) and production as another (creating value). When the market was growing, it was relatively easy to reach revenue targets by adding dealer channels and products. More customers reached meant more demand could be fulfilled. However, when the market changed, it took time for management to understand that the old ways no longer worked. It took even more time for them to understand why:

- To get their prospects to spend time and money researching offerings or meeting with salespeople, ABClear had to do things they currently were not doing for prospects
- ABClear needed the equivalent of a production system to enable this value-creating work to take place

What is the nature of this "production system?" Years ago, executives viewed production as a series of separately managed functions that included purchasing, inventory control, scheduling, operations, maintenance, warehousing, and shipping. Thanks to process excellence, that view gradually changed. Most CEOs now view production as a series of interdependent processes, which include the entire "supply chain." They understand that the interdependencies among functions can create effects that may seem counterintuitive at first yet have a huge impact on overall productivity. Unfortunately, most executives continue to view marketing, selling, and servicing as separate, independent functions that deliver, rather than create, value—and they manage them as such.

Lack of a value-creating, *interdependent* view of marketing, sales, and

service leaves executives with a few poorly connected levers for influencing sales volume. Spend more or less on marketing. Reduce or raise prices. Increase or decrease marketing or sales staff. Develop new products or phase some out. Line up more dealers (or distributors) or focus on fewer. I'm not implying that CEOs don't think strategically about decisions that determine sales: they know when markets are growing or maturing, when competitors are absent or moving in, and when margins are rising or falling. Instead, I'm saying CEOs often fail to anticipate and respond proactively to such strategic developments, although the signs are usually clear to those who regularly interact with prospects and customers. What's lacking are not just mechanisms for getting data from those people to the CEO and other senior executives, but doing so in a way that transforms merely conflicting opinions into theories that have been proven through reliable tests and experiments. CEOs of manufacturers supplying distributors like ABClear are at an even greater disadvantage.

As a result, strategic decisions about marketing and sales are made based on gross information, such as data on sales results and marketing and sales costs. "Should we develop a new product or not?" "Should we close the Denver sales office or not?" Executives lack data on which marketing and sales activities are creating which results, the cost of specific activities, and specific customer responses to those activities. They believe they know which value propositions are working, how and why customers are responding, and what value they seek from the company. But without recent, detailed data along those dimensions, they cannot know those things. Revenue results, even when supplemented with anecdotal evidence, cannot portray what's going on in the field, let alone in customer minds or organizations.

## WHAT PROBLEMS DO DIFFERING CUSTOMER, SALES VP, AND CEO PERSPECTIVES CAUSE?

While the conditions I've described almost certainly differ in your company, the resulting problems are similar and have common roots. Companies across industries and around the world are struggling to make sound decisions and solve problems in sales and marketing, as these stories show:

- A software company's high-end, real-time operating system was a technical marvel, but demonstrating its systems in simulated customer environments was costly. The strong likelihood of closing a sale after these time-consuming demos delighted a new executive assigned to this group. He saw this as his ticket to increased revenue. In a startling reversal of cause and effect, he demanded that salespeople do whatever it took to double the number of demos, offering them \$10,000 bonuses for each new demo they booked. Predictably, as the company's schedule of demos filled, the cost of sales also skyrocketed. A year later revenues had not increased, and the company was sold under adverse circumstances.
- A once famous manufacturer of laser scanners and mobile computing technology perceived a major market opportunity in "enterprise mobility." To them, this meant acquiring data at the point of contact and transmitting it in real time over wireless networks to customer enterprise resource planning (ERP) and customer relationship management (CRM) systems. But to exploit this opportunity, the salesforce would need to stop its traditional practice of pushing product through distribution channels and start calling on higher-level decision makers to apply new and unfamiliar value propositions. A sales training company was hired, and discussions began to integrate the training into the desired new sales approach. Unfortunately, there were no agreements on how to distribute sales leads among the competing direct salesforce and distribution channels. These conflicts threatened to delay the company's conversion to a new CRM within its SAP software, which was declared as management's top priority. So the sales training contract was canceled and the distribution issues were left unresolved. The CRM was installed "vanilla" with the expectation that the sales vice presidents would just have to work it out, while also hitting higher and higher sales targets. Eighteen months later, Motorola purchased the company at a fraction of its original market capitalization.
- A B2B print-based direct marketing company was struggling to grow in a difficult market. For the second time in three

years, the board brought in a new president to spark revenue growth. He soon realized that salespeople were spending lots of time with long-term customers and little with new prospects. The new president decided to address this problem, and hired a consulting firm to analyze territory coverage and develop a new compensation plan. The latter would increase commissions on new accounts and reduce them on existing accounts. However, new account development took longer than anticipated and customer service processes were not robust enough, causing salespeople to be dragged back into account relationships. Key accounts and salespeople left the business, the new president was forced out, and a financial death spiral ensued, ending in bankruptcy.

In these cases, and in the case of ABClear, management focused on sales results, close ratios, and maybe one or two other sales pipeline metrics, such as lead conversion rates. They lacked detailed information on the customer's journey (the often lengthy and zigzagging path customers travel from being unaware of a problem to purchasing a solution). They lacked sufficient data on the costs, conduct, and outcomes of specific marketing and sales activities, such as lead generation, sales presentations, proposals, and negotiations. They also lacked data on the quality (and in some cases, even the quantity) of leads, prospects, and sales opportunities in the pipeline.

Disappointing sales are not a problem; they are a symptom. Senior executives and sales and marketing managers who manage mainly on sales results fail to grasp this, and in a sense they are not at fault. Without measurements of interim sales process activities and their results, they lack essential data that would point to actual causes of sales and marketing problems (which may fall outside marketing or sales). This method of managing, which I call the Numbers Game, renders sales and marketing a mysterious enterprise, in which managers rely on hunch and intuition often guided by past preferences and experiences to increase sales.

## The Numbers Game, and Why It Is Rigged Against You

The Numbers Game often makes managers suckers for outfits selling sales training, lead-generation schemes, sales management software, promotional programs, and other so-called solutions that I call the Usual Fixes.

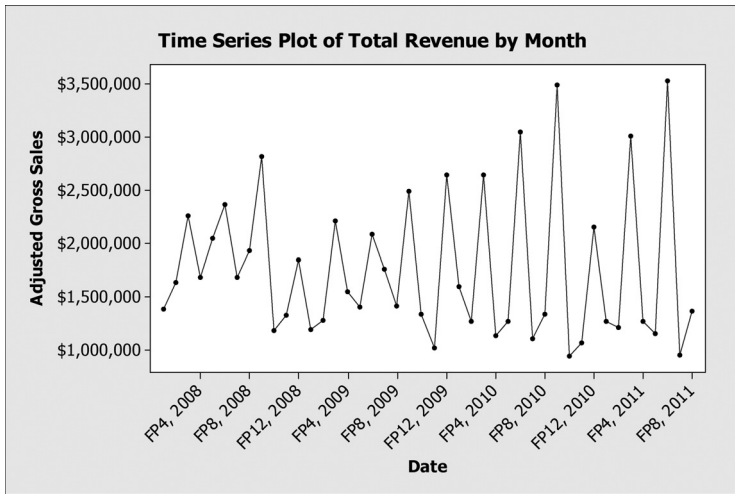
Sales is numbers driven. We can all agree on that. But managing the sales function solely on weekly, monthly, quarterly, and annual sales figures severely limits management. It perpetuates a “black box” view of sales, which isolates management and the whole company from what salespeople and customers are really saying and doing. It limits management’s inquiries to, “Did you make your numbers?” and “Which office is holding us back?” It reinforces the common reliance on a few star salespeople, who are often found to have feet of clay when the market moves on or they do. It leaves sales managers with a few well-known carrots and sticks, with the view that salespeople are coin operated, and with the mantra of A-B-C (Always Be Closing).

The Numbers Game frames a sales problem as the failure to produce sales, to hit your numbers, and to “do enough” during the sales period. Strangely and frustratingly, this frame is employed even when the actual problem lies outside the sales or marketing department or when the company is failing to deliver the right value to the right customers. The troops, of course, know what’s really going on. In such environments, they know how managers—from the sales team leader to the sales manager to the vice president of marketing to the CEO—really view the customer: as the source of the money that we should be pulling into our company.

I’m not saying sales and marketing should not be run on numbers. I am saying current methods of using numbers are ineffective for solving sales problems and improving sales performance. As I’ll demonstrate throughout this book, it’s the choice and quality of data and how data is used that provides insight into sales productivity and performance issues.

For example, a company selling business equipment through distribution channels was under intense pressure to grow its business. As is typical, sales was held accountable for total revenue, and senior management showed little interest in the activities that generated that revenue. Figure 1-1 is a chart plotting this company’s monthly revenue from one set of its distribution channels. Note that the chart reveals spikes in sales at the end of every quarter.

FIGURE I-1  
Time Series Plot



The question—as usual in process excellence—is why? Why were these end-of-quarter spikes in sales occurring?

Quick investigation revealed the increases were the result of promotions at the end of every quarter, held in order to meet (you guessed it) quarterly sales goals. Those promotions, which relied on deep discounts, resulted from a systemic but reactive policy contrived by marketing, sales, and the finance department, and the effects backed up into production. This was not an idea from sales or marketing, but one that management came up with after facing competitive threats and distributor complaints. They were simply using what they saw as the best tool available to achieve financial targets. Yet the discounts used in this approach eroded margins by over \$1 million per year. The cyclic increases in production flows required overtime and temporary staffing and boosted costs related to inventories and shipments. It also made selling through distributors more difficult during most months because, in effect, the company had “trained” its distributors and its customers to wait for—and to expect—end-of-quarter discounts.

The Numbers Game distorts the behavior of salespeople, sales managers, distributors, and customers and generates unintended conse-



quences. The results show human nature at work. More specifically, the results show human nature at work in organizations whose management teams choose intuitive, command-and-control methods over data-driven, process-oriented management. These management teams fail to ask and seek to answer the question, “What do customers value most?”

Further, the distorted behavior and unintended consequences are hardly limited to sales and marketing. For instance, another client in the materials handling equipment business had demanded that no order be shipped until it was complete *and* that production continue to meet units-shipped targets. This was operationally impossible. To meet these mutually impossible demands, production simply changed the definition of “complete” to omit certain hardware and fittings that came from an area of the company outside their business unit. They also decided that as long as a revised shipping date was communicated to the customer, they could say they shipped on time, regardless of the originally promised date.

Meanwhile, out at the customer sites, the field installers could not finish their job without all required hardware and fittings. Field engineers became frustrated when they had to separately expedite shipments of fittings, which created excess costs and eroded customer satisfaction. Senior management failed to look behind the numbers in the columns for “Shipped Complete” and “Shipped On Time,” and thus failed to detect the problem. Customer satisfaction surveys indicating that the company was seen as “hard to do business with” mystified management.

Organizations talk about creating value for customers, but when push comes to shove they do more pushing and shoving. Even today, after companies have collectively spent several decades and untold millions on strategic selling, customer-centric selling, and other sophisticated approaches, sales is still largely seen—and managed—as a get-the-money activity aimed at increasing revenue. Yet in today’s marketplace you cannot increase revenue directly, any more than you can raise a room’s temperature by holding a lighter under the thermostat. Most attempts to push sales and shove customers to “make the numbers” ultimately succeed in reallocating sales to a different period or eroding margins, or both.

A sole focus on making the numbers leaves management with little insight into sales problems and a limited repertoire of problem-solving approaches—the Usual Fixes.

## What Are the Usual Fixes, and Why Are They So Useless?

There's an old saying in business: "Half of the money we spend on advertising is wasted. Unfortunately, we don't know which half." This actually applies to most marketing and sales activities. Some activities work and some don't. But you cannot know which ones work, let alone why they work, if you don't track the quantity *and* quality of deal flow in meaningful ways. The quantity and quality of deal flow must then be analyzed and related to specific activities and groups of customers so the relationship between marketing and sales activities and prospect and customer behaviors becomes crystal clear.

The disconnect that occurs in the absence of this data and analysis—which is endemic to sales cultures—leaves executives and managers with only the Usual Fixes as a response to sales and marketing problems.

The Usual Fixes include:

- Increasing the sales quotas, especially for new accounts
- Adjusting the sales compensation plan or holding a sales contest
- Launching a new lead generation program
- Cranking up Web site traffic via pay-per-click ad campaigns
- Replacing the sales manager or salespeople
- Trying new sales training
- Raising or reducing prices
- Developing a new product or service
- Reassigning accounts or redrawing sales territories
- Hiring a new ad agency to reinvigorate the brand
- Installing new or upgrading existing CRM or salesforce automation (SFA) software

Of course, in the right circumstances any of these initiatives can be a valid solution to the problem at hand. However, they are usually implemented without rigorous effort to identify the real problem, discover the root cause, or develop and test alternate solutions. Companies lack detailed data on the time, money, and other resources spent on specific sales and marketing activities. They also lack data on prospects' and customers' responses to those activities. They rarely understand how these activities are being conducted, particularly those involving one-on-one

interactions with customers. Without data on the quality of leads, prospects, and sales opportunities, meaningful analysis about the outcomes of activities is virtually impossible.

Most senior executives and sales and marketing managers simply accept this. They accept the idea that they must manage sales and marketing mainly on revenue data. They accept the idea that they cannot identify (much less prove) the *causes* of missed sales targets, decreasing sales volume, high customer turnover, or lost competitive bids. They accept rough estimates and standing assumptions about deal flow rather than accurately measuring it. As a result, management cannot reconcile conflicting opinions about the location of bottlenecks and fall-off points in the sales pipeline, or identify ineffective or inefficient sales and marketing activities. This places their organizations at a huge disadvantage.

The Numbers Game and the Usual Fixes blind managers to the most common impediments to increased sales performance. These include ineffective value propositions, poor lead qualification criteria, offerings mismatched to customer needs, lack of insight regarding customer response to initiatives, poor handoffs among sales, marketing, and service, problems in customer training and instruction, and incentives that distort salespeople's and customers' behavior.

Hidden problems both result from *and* reinforce the view that marketing and sales are more art than science, more intuitive than rational. That may be true of marketing and sales *relative to* production and operations. But first consider, for a moment, the number of marketing, sales, and service interactions that occur in a sizable company in an average month. Then consider the data gathering and analytical resources—and the brainpower—available to most companies. If you do, you will almost certainly agree that there is neither a reason nor an excuse to manage sales and deal with sales problems in “traditional” ways. The alternative is to adapt certain tools and methods—and the mindset—of process excellence to the management of marketing, sales, and service. That said, even readers in companies that have adopted process excellence in production and operations, as many thousands have, may find this idea difficult, if only given their view of process excellence and process improvement professionals.

## How Process Excellence Can Go Wrong, and How to Fix It

I purposely omitted one key perspective on sales and marketing at the beginning of this chapter: that of the process improvement professional. Did you notice? If you are a senior executive or marketing, sales, or service manager, I am guessing that you didn't. Yet process improvement professionals can lend a valuable practical perspective to marketing and sales.

Usually found in manufacturing or large service companies, process improvement professionals possess expertise in Lean, Six Sigma, and similar formal methodologies from the quality and productivity sciences. They understand tools like value stream mapping and root cause analysis as well as methods for statistical analysis. Most of them spend their time helping production and operations address problems, without much thought to sales and marketing. This reflects the deep, artificial divide between production and sales, which I referred to earlier.

Also, given their training and experience, process managers know little about sales and marketing. Thus, when asked to assist those functions, they typically try to apply their methods and tools directly to whatever data is available. Without insights and experience regarding how process improvement can help salespeople sell, they alienate them with their statistical approaches and technical language. Most process improvement experts find the lack of "process data" in those functions dispiriting. Nonetheless, they may take a deep breath, dive in, and hold a process mapping session or a Kaizen event, which the sales and marketing people sit through (more or less) politely before returning to what they see as their real jobs.

Don't blame the process improvement people! They are simply not as well versed in sales and marketing as they are in production and operations. They're used to dealing with tangible problems, such as engineering specifications, manufacturing tolerances, and performance characteristics of shippable products and with the people who face those problems. They're not grounded, and don't feel grounded, in the challenges marketing and sales people face. They are rarely given the preparation and support by senior executives or sales and marketing managers that could help them overcome these obstacles. Instead, they're sent over to try to help, without an understanding of how the behavioral activities

of sales and marketing affect the attitudes and decisions of prospects and customers. Is it any wonder they stand little chance of success?

Yet with the right knowledge, experience, preparation, and support, process improvement professionals can contribute analytical rigor and operational insights that benefit sales and marketing enormously. After all, the goal of both disciplines is essentially the same: to give the customer what they will pay for, at a profit. However, process excellence professionals can do so only up to a point, because a deeper challenge lurks ahead. The artificially constructed organizational and intellectual divisions between operations and sales, between producing value and delivering value, and between making stuff and selling stuff can preclude or pervert process excellence initiatives—and not only in sales and marketing. Many organizations have “tried” process excellence rather than adopted it. Many have applied a few tools or held a Kaizen event or two, and then moved on to their next quick fix. Many executives have mistaken process improvement for a cost-reduction, headcount-saving, or supplier-bashing ploy. These approaches doom process excellence to the status of “something we tried” when, in fact, it stood about as much chance of success as a Six Sigma expert with a PowerPoint presentation at the annual sales meeting in Las Vegas.

As I will show in this book, process excellence is the most intellectually sound, customer-driven, stakeholder-satisfying approach to creating value in a business organization. That goal of creating value involves every area of the company, because every department must be aligned with that goal. Every business function—finance, accounting, HR, engineering, R&D, production, operations, warehousing, delivery, IT, legal, and, of course, marketing, sales, and service—must have processes, developed and maintained with management, that enable the people in the department to fulfill their function for internal and external customers, to solve problems, and to continually improve their performance. Every person in every department must understand what customers value in their dealings with the company. The most effective way for them to grasp that is to understand what marketing and sales are doing and how they can support those efforts. When people realize that marketing and sales aim to recognize and meet customer needs, they understand why the company exists, what it is doing, what their role is, and how best to fulfill that role.

Without those processes and that understanding, people will in-

evitably generate waste instead of value and engage in motion rather than action. Worse yet, management will be unable to distinguish one from the other.

## HOW TO AVOID MOTION IN FAVOR OF ACTION IN SALES AND MARKETING

Current views of marketing and sales encourage executives and managers to see *activity*—Web pages generating hits, advertisements triggering recall, salespeople making calls, and proposals hitting customer desks—as good things. This is not irrational, given the Numbers Game. If you don't know which activities work and which ones don't, then it makes sense to engage in more activity. If you throw more leads into the pipeline, more customers will probably come out the other end. If you generate more landing page hits, buy more advertising, make more sales calls, and generate more proposals, sales should increase.

But, as the epigraph at the beginning of this chapter cautions, this is mistaking motion for action. In emphasizing quantity but ignoring the *quality* of leads, prospects, sales opportunities, and customers, it omits the most fundamental consideration—whether value is being created by marketing and sales. The surest way for a business to fail is to pay employees to produce things that customers don't value. Motion is wasted, but *action creates value*. In marketing and sales, value is what people pay for with their attention, their time, their trust, and ultimately their money. Anything else is waste. By that measure, as you will see, you can know whether your sales and marketing activities are creating value based on whether your prospects and customers take action in response to them.

Failure to distinguish value from waste drives wrongheaded management decisions across most industries. A senior executive of a telesales company hired a firm I worked for to help her salespeople engage in more productive conversations with customers. We did indeed help them improve those conversations, as measured by customers' responses. However, this initiative increased the duration of many calls. The increased call duration ran counter to the CEO's belief in the Numbers Game, which focuses on quantity rather than quality. Despite clear data that call quality had improved (and that the calls created increased value for cus-

tomers), the CEO insisted on enforcing the calls-per-day quota, astonishing me and the call center manager. Now, you might be thinking that the CEO's calls-per-day metric had been developed through rigorous cost-benefit analysis of call length, sales costs, customer behavior, and sales results. But you would be wrong. It was a figure based on industry statistics and on the way the CEO had "always done it."

On a larger scale, the marketing manager of a nearly \$1 billion business equipment company told me they had no structured method for deciding how to spend budgeted funds to support sales activities. Decisions on millions of dollars in expenditures for marketing literature, product-demo DVDs, sales training, trade shows, and advertising were made based on the answers to questions such as, "What do you think?" "What did we do last year?" and "What does Steve want us to do?"

Such decision-making "methodologies" generate mind-boggling waste rather than profits. They also go hand in hand with the following problems and conditions:

- Senior management handing down "stretch" goals without handing down the strategies or resources for achieving them
- Baseless, inaccurate, or wishful sales forecasts that are regularly missed
- Sales pipelines larded with useless leads and "sales opportunities" that will never close
- Diminished profitability due to margin-killing discounting
- Deals repeatedly lost to lower-priced or higher-value competitors
- High salesforce turnover and attrition, amid increasing demands from top performers
- Low, no, or unmeasured returns on investments in sales training, CRM systems, and sales support
- High attrition or churn among customers, and failure to grow accounts

*Every one of these problems is rooted in the way in which sales and marketing are managed.* If you have any these problems, you may find that hard to believe. You may think you need improved forecasting methods, better lead generation, more skilled salespeople, or new products. If you are a senior executive with revenue responsibility, you may resist the notion

that your management methods are causing problems, but they almost certainly are. (Recall that in the early 1900s physicians initially denied that germs on their hands were transmitting diseases to their patients—and resisted pleas to wash up between patients.<sup>2</sup>) Whatever your organizational role, you may find it hard to believe that process excellence, adapted to sales and marketing, is the solution to *all* of these problems. Yet it is or, more accurately, it is the method by which you and your organization can develop solutions to all of these problems.

That method must enable people to solve problems and improve performance, in marketing, sales, and service and throughout the organization. This method of improvement must be explicitly recognized, constantly discussed, rigorously implemented, and vigorously supported by management. It must enable management to delegate responsibility properly and hold all functions accountable for fulfilling their organizational roles. It must also enable management to hold itself accountable and to be held accountable to the board of directors (if present) and owners. It must start with customers—the wellspring of revenue, profitability, and growth—and lay out a chain of logical thinking, lucid analysis, and effective action dedicated to fulfilling customer needs and company needs.

## What Does It Look Like to Begin Improvement for Real?

I've given you a few negative examples and lists of problems in this chapter. So I'll close with two positive examples of how companies got started in sales process excellence.

Several years ago, ABClear, the water filtration distributor, saw a significant growth opportunity in the market. The company's products were superior to competitive offerings, and no one company had significant market penetration and share. The owner decided to do whatever it took to achieve annual growth targets of *three times* the current level. The vice president of sales, who I'll call Kevin Kuwata, knew that a) the targets, although quite challenging, were achievable, but b) they would be impossible to achieve with current sales and marketing methods.

The need for a quantum leap in sales results—and in sales and mar-

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<sup>2</sup>A classic article describes this fascinating historical gem: Myron Tribus, "The Germ Theory of Management": [http://www.systemsthinking.co.uk/The\\_Germ\\_theory\\_of\\_Management.pdf](http://www.systemsthinking.co.uk/The_Germ_theory_of_Management.pdf).



keting productivity—led this executive to conclude that the organization *had to change* its approach. Here’s how Kevin came to decide to pursue sales process excellence, in his own words:

I am big on strategy deployment, and we sat down toward the end of that year, going through our planning process and prepping our charts. We were growing and getting awards and recognition and the board loved us, and all of that. But we knew the new targets—to grow revenue three times faster in the next year and to reach \$200 million in five years—we knew we couldn’t achieve that by continuing what we were doing.

It wasn’t that we’d built a house of cards or were afraid or saw negative indicators. We just said, “We need to start thinking about how we reach the next level. How do we reach \$200 million in five years? How do we need to be different or what do we need to do differently to get there?”

So I brought in the Lean guru from operations, because other companies we knew used Lean in manufacturing, and said, “I want to see if Lean can help us,” and I shared our aspirations. He suggested that we start with value stream mapping, and we did that and started seeing how things fit and didn’t fit together and where the bottlenecks were. One thing led to another until over a few months we committed to the effort and got ourselves external assistance.

The president of a company that produces trailers for transporting cars; light trucks; and broadcasting, landscaping, and other equipment took a different route to getting started.

I was really into “Good to Great” by Jim Collins. I was looking for ways to grow my company, and, to me, that book says get your strategy right, get what you do best in place, and make sure you’ve got the best people. Then the right outcome will happen. But Toyota had taken the opposite approach. They took ordinary employees and pounded the process so that process became the driver. Of course, there are always people issues, but one approach is more focused on people and the other more on process, and that changed my thinking.

We had good people, but they operated as craftsmen, making one trailer at a time. We had no method to make that better, to get a handle on the workflow and streamline our process. There are several potential methods, and I liked Lean. So we implemented Lean in operations and we went from four annual inventory turns on raw materials to twelve turns in a matter of months.

But to really be Lean we had to change everything about the way we did things, including the way we sold. We set up three value streams—one for standard trailers, one for trailers customizable through hundreds of options, and one for totally customized trailers. Once we took that view, we looked at the way we sold our trailers, which was through dealers. We had to explain to dealers what we were doing, why we were doing it, and how it would help them and their customers. This is where we started with sales process improvement, and we are continuing that initiative.

These organizations illustrate only two of the many ways and reasons to get started in sales process excellence. The key reason to get started was noted by each of these gentlemen. It is because you need a *method for improving*. You cannot significantly and sustainably increase sales results and productivity by working harder to do more of the same things and by pushing more of the same leads, prospects, and sales opportunities through the same pipeline. That is not a method.

Take your inspiration from process improvement pioneer Edwards Deming. He was famous for asking, “By what method?” Deming would

### *How Healthy Is Your Sales and Marketing?*

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Compare your business to the best in the world.

Start diagnosing your cause system.

Discuss with your team.

Build consensus and momentum for sales process excellence.

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hear someone say, “We are going to do X!” or “We are going to improve Y!” and he would ask, “By what method?” In fact, process improvement expert John Shook, president and CEO of the Lean Enterprise Institute, extends Deming’s question to good advantage when he asks, “How do you go about identifying and solving problems in your company?” and “How do you go about developing your people to solve bigger and bigger problems?”

Chapter 2 begins to answer these questions as they apply to sales and marketing. As you read on, please remember that the goal of sales process excellence is actually managerial and organizational excellence focused on generating ever-increasing value—for your customers and for your company.

## S U M M A R Y

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**A NEW PERSPECTIVE ON  
SALES AND MARKETING**

- The customer, the senior executive, and the sales or marketing manager each has unique views of sales and marketing. However, value begins with recognition of the customers' problems and organizational alignment toward delivering solutions to those problems. Value does not begin with your company's products and services.
- Without an aligned and integrated view of the business and its problems, and without an explicit method of improvement, the organization cannot generate improvement or sustain any gains in sales and marketing productivity or performance.
- Disappointing sales are a symptom of a problem, not the problem itself. To analyze sales problems correctly, organizations need data on interim process activities and results.
- Although revenue growth is important, a single-minded focus on numerical sales results limits organizations to managing sales by the Numbers Game, in which sales managers encourage, exhort, and threaten salespeople to make their numbers.
- Given a lack of data on sales process activities and results and the prevalence of opinions, most organizations are unwittingly limited to the Usual Fixes for sales problems. Their failure to define the actual causes of their problems locks them into never-ending cycles of chasing solutions that do not produce the desired improvements.
- Sales process excellence is the alternative to the Usual Fixes and the Numbers Game.