

THE DEVIL IS IN THE DETAIL

Sales is no mystery – it's a business process like any other, says **ALEXANDER LOUDON**. But you do need a critical eye to improve it

Sales is a profession. Where one excels, another will achieve less or fail completely. The same principle applies to sales management. However, there is no magic involved whatsoever. Sales is a business process, just like marketing, production or finance, and therefore can be handled in much the same way. We are talking about science and knowledge rather than art. The main issue involves promoting the transparency of a process, assessing its net gain and continuously making improvements. The main question should always be: what adds value to the sales process and what does not?

Permanent critical introspection is a solid foundation for the continuous improvement of processes and the achievement of better results. In this article, I will be stressing four factors:

- Sales is a business process, like any other
- There is a lot of room for improvement in the average sales process
- A number of tools to help improve the process are easy to use and can yield big results
- You can map the sales process of your company.

A SIMPLE ADJUSTMENT

First, an example. If you request a quote from the self-storage company, Shurgard, through the Internet, you can expect a phone call within 15 minutes. This firm has discovered that if it follows up a lead within 15 minutes, the conversion-rate will be twice as high.

It's a simple adjustment to the sales process with impressive, tangible results. It has been achieved not in the usual way of pressuring salespeople to sell (even more, sending people off to seminars, or replacing and/or adding sales professionals, but through a simple improvement to the sales process.

THE BUSINESS PROCESS

So is sales a business process like marketing or production? Or is it something magical? To answer this question, we first have to define what a business process is: a set of activities that requires input, adds value, and produces output to serve an internal or external customer. A business process can be dissected, studied and improved on in a systematic manner.

All of the above applies to sales. The input is made ➤





↳ up of customers and salespeople, the added value consists of commercial expertise, and the output equals total sales. Therefore, sales — like any other business process — can be systematically improved. It is remarkable that the improvement of sales processes does not get a lot of attention in day-to-day sales management practice. And it is incomprehensible considering the many 'low hanging fruit' that could be plucked, without very much effort, in most organisations.

WASTING LEADS

Take leads, for example. Good leads are a *sine qua non* for successful sales. And yet it transpires that, in most organisations, one in every three leads is not followed up. Most sales departments consider this waste to be an unchangeable given. Such reasoning would be considered unthinkable in other functional areas.

Imagine for a moment that you are the manager of a car manufacturing plant. In a corner of the factory floor you see a stack of left-side door panels that are not being used, and this stack grows by the day. Would you not do anything about that either? Then why do we allow the exact same thing to happen with the sales process? What makes the sales process more difficult to manage than any other business process is the fact that its main means of production are people. And people are harder to manage than machines.

ACTIVITIES CAN BE MORE EFFECTIVE

Nonetheless, impressive improvements can be realised in the sales process. They can often be achieved just by having a critical look at the conscious and sometimes unconscious decisions ("that's just how we always handle things around here") you make as a sales manager concerning the activities of your sales professionals. They, for example, do not decide which steps, or indeed how many, they have to go through to have a price approved. That is a process that you can structure more effectively to enable the salespeople to have more time for value-adding activities.

In most companies, business processes other than sales have already gone through many improvement cycles. For example, in the Six Sigma method of process improvement, a maximum of 3.4 errors for a production of one million units has now become an accepted standard of quality. Because of this, most business processes do not offer as much 'low hanging fruit' — easily implemented improvements in processes with considerable results — as sales does. No wonder then that the improvement of the sales process is becoming a top priority in a growing number of companies. After production, IT and marketing, sales is the next business process to benefit from continuous improvement.

HIGH POTENTIAL FOR IMPROVEMENT

So, in contrast with other business processes, process improvement for sales is a rather recent development. The traditional focus of sales management has been to recruit the most able people and train them well. However, the crucial question should be: what is the purpose of all this, when the underlying process is not

structured correctly? This underlying issue is finally being recognised more and more, causing a number of companies to treat sales just as they would any other business process. As a result, various methods of improving business processes are now being adapted to improve the sales process.

In sales, most companies see a decrease in productivity. In other words, salespeople need more and more time, leads and effort to keep the total amount of sales at the same level. And this happens where there is tremendous potential for improvement. In many organisations, it is within the area of sales that the most low hanging fruit becomes available through easily implemented improvements. So the net yield is very high.

SPECIFIC TEAMS

A growing number of organisations, such as Merck and BT, have organised teams whose specific task is to continuously improve sales processes. Examples would be speeding up the quoting process or improving precision in forecasting. Through an increase in effectiveness, they are able to sell more using the same number of people. The sales department, through process improvements, operates more effectively. Increases in generated opportunities and conversion of opportunities of the order of 10-50% are not unheard of.

The main idea behind improvement of the sales process is that most potential for gain lies in reducing the amount of time wasted on activities that do not contribute to total sales, ie. creating opportunities and converting opportunities to orders. An example of this would be the elimination of redundant paperwork. Take CRM for example: in some organisations sales professionals are forced to subserviently fill out every field on any given form, although in most cases the information is never used, and therefore does not add any value whatsoever. So why not eliminate the redundant fields?

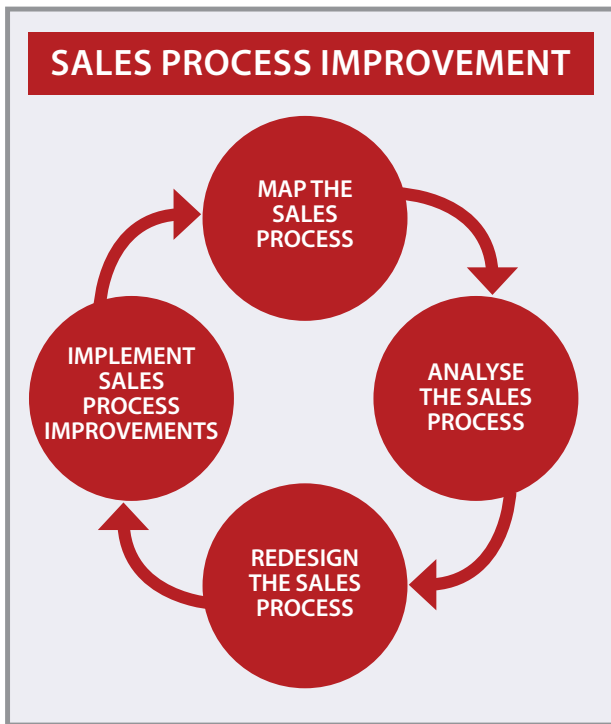
A major opportunity for improvement lies in the consideration of which activities to terminate, and which to relocate or simplify. The underlying question should always be: what does it add to the sales process? It is all about critical introspection.

TOOLS FOR IMPROVEMENT

We arrive at the question: how does process improvement come about? Is it not fairly complex and therefore time-consuming? The answer is no. You do not have to be a certified expert in the area of business process improvement to obtain impressive results. Do not worry if 'chi-squared analysis' is not your cup of tea or if you lack a black belt in Six Sigma. There are a number of easily usable tools that can help you obtain impressive results. An example is the time/value map (see right) which, based on an activity survey, shows the comparison in time allocation of value-adding activities relative to those activities that do not add any value.

Of course, every company is different when it comes to which activities do or do not add value to the sales

Improvements made to the sales process of a company will boost its sales figures, most of the time'



process. Some activities that do not add value are nonetheless essential, and therefore cannot be terminated. Other activities can be terminated, relocated or simplified. The time-value map helps you to get a clear picture in a glance. The example shown represents a fictional high-tech enterprise and reveals that only a small amount of time is allocated to activities that add value to the sales process.

A CONTINUOUS CYCLE

One thing is certain: improvements made to the sales process of a company will boost its sales figures, most of the time drastically. Most organisations offer numerous opportunities for improvement in the sales process that are easily implemented and have a major effect. What does the sales process of your company look like? And which tools would you use to describe it? In order to be able to improve your sales process, you need to make it clearly visible first. Useful aids to help you with this task are the sales process flowchart (see above) and the activity survey. Using the sales process flowchart you can

map the sales process of your company and, using the activity survey, you will learn more about how your sales professionals are spending their time. Improving processes is not a one-time venture. It involves a continuous cycle of mapping, analysing, (re)designing and implementing.

Both tools complement each other, because a flowchart is an excellent way to map a given process as it is being experienced by the people involved, and an activity survey is a simple, but adequate way of distilling the sales process from the activities in which time is invested. Combining both these tools is recommended because research has shown that sales professionals often foster an image of their activities that is too positive, overestimating the value that many of their activities actually have for their company.

CLEAR GOALS

Mapping the sales process is necessary to be able to improve it, but there is an added benefit too: it provides a clear picture to everyone in the company of how sales professionals spend their time. In this way, it clarifies the consequences of decisions about the tasks that sales professionals are given.

Before you start mapping the sales process of your company, it is important that there is a clear picture of your intended goals. But beware: the results should not be used as a stick with which to beat individual sales professionals. Make it clear from the start that the mapped sales process will be used towards a common goal, which is to reduce activities that do not add value to the sales process and that only distract sales professionals from their core task: selling.

By mapping the sales process of your company you will undoubtedly gain a number of useful insights. Complications and bottlenecks that you had no idea existed can suddenly come to light. But resist the temptation to act on those insights without further investigation. With proper analysis, you might oversee improvements in other areas that may yield even greater results. So carefully sort your facts before you take action and this way you will avoid spending time on changes that will have little or no impact.

Contributor *Alexander Loudon* is a managing consultant at Turner and the author of *More sales, same people*. You can find out more at: www.alexanderloudon.info

