

## Making Lean Six Sigma Work in Sales – Finally!

For a number of years, businesses in a wide range of industries have been successfully implementing Six Sigma, Lean and Lean Six Sigma in manufacturing and engineering. More recently there has been a focus in customer service, administrative functions and research and development. It is fair to say that the Lean Six Sigma tools and methods have become a well-accepted way for organizations to solve serious operational problems that had resisted all other improvement approaches. Having said that, one key area seemed to be the last holdout for organizations implementing the tools and concepts of Lean Six Sigma - the sales process and the sales force. Finally it seems that even in sales, businesses have had successful experiences implementing Lean Six Sigma and achieving the breakthrough benefits that have become commonplace in other organizational functions and processes.

Although the majority of large companies in nearly every industry that are already implementing Lean Six Sigma are not yet applying it in their commercial areas, there are enough successful experiences from industry leaders and innovators to offer proof that the methodology works, as well as best practice guidelines for implementing Lean Six Sigma in sales.

### Selecting the Right Project Focus Area

A common question for organizations considering the extension of Lean Six Sigma into sales is: *what types of projects are best for applying Lean Six Sigma in sales?* Based on our experience as well as that of best practices companies such as GE, J&J, Honeywell, Xerox and others, we have found six types of projects that represent fertile ground for early projects:

1. Lead Generation
2. Sales Proposal Process
3. Sales Forecasting
4. New Product Launch
5. Sales Force Efficiency and Effectiveness
6. Voice of the Customer

The six project areas can be roughly grouped into two categories. Category 1 projects include: *Lead Generation, Sales Proposal Process, Sales Forecasting and New Product Launch*. These projects focus *primarily* on the improvement of sub-processes that are related to or support field sales. Companies often find it helpful to start with a Category 1 project for a number of reasons. First of all, the processes involved in Category 1 projects are relatively easy to identify, visualize and map. In addition, data and metrics on process performance are relatively easy to collect and define. The processes involved are usually repeatable in a fairly consistent manner and lastly, solutions and improvements are easier to identify and implement than is the case with Category 2 projects.

Category 1 projects, however do not directly impact increased revenue generated by the sales force. Instead these projects primarily create improvements in the efficiency of internal processes. For example, generating better qualified leads and speeding the flow of proposals to customers will undoubtedly lead to more revenue. Likewise improved reliability of sales forecasts will impact the availability of products, which will ultimately impact revenue as well. However the gains from Category 1 projects will not, by themselves generate the breakthrough results that have become the hallmark of Lean Six Sigma initiatives.

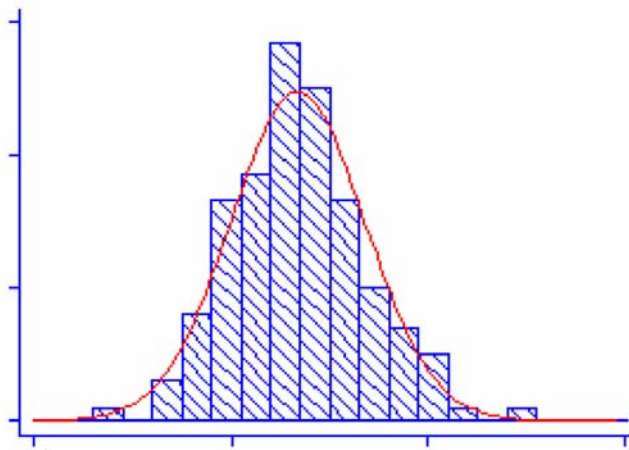
Our experience has been that it is the Category 2 project areas, *Sales Force Efficiency and Effectiveness* and *Voice of the Customer* that generate the breakthrough results typically associated with Lean Six Sigma projects.

These projects are far more complex and challenging in terms of identifying consistent processes, collecting reliable quantitative data, identifying root causes and finding and implementing solutions. Nevertheless, because Category 2 projects impact the field sales force and selling processes directly, they create solutions and improvements that drive significant and sustainable revenue and margin growth.

### Sales Force Efficiency and Effectiveness (SFE&E) Projects

Companies with sales forces that call on many customers and represent fairly standard products and services are the best candidates for Sales Force Efficiency and Effectiveness projects. These companies are in such industries as pharmaceutical, medical devices and hospital products, financial services and information technology. Although sales reps working for these companies all have more or less the same market and customer opportunities in terms of local territories, products to sell, competition, etc. there is typically significant variation in the performance and results of individual reps. In Six Sigma terminology, a significant amount of process variation exists which, if eliminated will yield breakthrough improvement in output – in this case revenue growth.

In SFE&E projects, standard Six Sigma tools such as Fishbone and the 5 Whys are used to identify the root causes of variation in performance and results of different sales. Soft (and difficult to measure) factors, such as selling behaviors and skills are frequently more significant root causes than are hard factors such as job experience. Nevertheless, even soft factors can be addressed effectively. For example, best practice selling behaviors and tactics can be identified and replicated across the sales force and coaching by sales managers can be applied to reinforce best practices and enable the development of best in class selling behaviors. Often simply measuring and communicating publicly the performance of different sales reps results in sales growth. This is no doubt due to the competitive nature of sales people.



### Voice of the Customer (VOC)

VOC projects are most attractive for companies with a concentrated market and customer segment. These companies operate in such industries as aerospace, automotive and household appliances and have a smaller, highly consultative sales force, typically organized around a few key accounts.

VOC projects are targeted on driving customer share or penetration, by first identifying each individual customer's 'Basic Requirements'. Basic requirements are those measurable standards of product, service and relationship quality that a supplier must meet in order to remain a supplier to a key account.

Of course meeting basic requirements is not enough to ensure continued penetration and customer share growth, especially since competitors within the same account are likewise trying to grow customer share. In order to achieve competitive differentiation and thereby drive customer penetration and share, companies must learn what they need to do more of to

please the customer and finally what it takes to 'Delight' the customer. In a typical VOC project, Six Sigma tools are applied to identify Basic Requirements, More is Better and Delight Factors. Root causes or opportunities can then be identified that, when addressed will enable the supplier to not only meet the customer's basic requirements 100% of the time, but will also lead to the discovery of Delight Factors. Implementing improvements and solutions that address Delight factors is ultimately what will lead to breakthrough revenue growth.

## Getting Started

The selection of the best project or projects to implement in order to bring Lean Six Sigma to sales depends on a number of factors, which will be different for every company. However it is important to keep in mind a number of factors that are key to the success of any implementation in sales:

- First, it is important to emphasize that Lean Six Sigma in sales projects should focus on driving the top line of the business (profitably), more so than driving down costs. As revenue increase, the productivity and cost to revenue ratios of the sales force will improve by definition. However, sales people will avoid and even resist anything that they see as an attempt solely to squeeze costs out of the sales force. On the other hand, they will embrace anything that they believe will help them make more sales.
- Second, involving the field sales force directly in projects is essential, but should not require pulling people out of the field for extended training sessions and project team meetings. Typically sales people can work virtually and remain in the field while still participating in a project. Training in the Lean Six Sigma tools and methods can be done on a 'just in time' basis and teams can be supported by Black Belts, even if the Black Belts have only limited experience in sales.
- Third, as is usually the case with organizational change initiatives, keep it simple. Most implementations require use of a handful of key tools: data collection plans, fishbone, Pareto, 5 whys, and a few others which can be easily adapted for the sales environment.

One final piece of advice - don't wait! Keep in mind that while your company is debating whether or not to bring this powerful methodology to your most important function, your competitors may already be there!

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