

**Global Partners, Inc.**

**Breakthrough Sales Performance  
Applying Six Sigma to  
Global Sales Processes**

**Hosts: Paul Hesselschwerdt and Charlie Kellogg  
Global Partners, Inc.**

## Panel

### **Peter Featherstone**

Director of Quality  
ALSTOM Power Service Sector

Launched Six Sigma Initiative  
January 2002

### **Lee Ducharme**

Chief Executive  
D&A Consulting

Former Vice President of  
Reengineering  
Johnson & Johnson

## **About Global Partners, Inc.**

**Global Partners, Inc. is an international consulting firm dedicated to helping companies grow their global businesses.**

**Our highly customized research, consulting and management development programs are focused on enabling our customers to achieve their most important business results on a global scale.**

## Today's Discussion

### 1. Introduction to Six Sigma

2. Managing Sales as a Process
3. Sales Process Measurements
4. Systematic Process Improvement
5. Getting Started

## Six Sigma Breakthrough Improvement

“Six Sigma is defined as a broad and comprehensive system for **building** and **sustaining** business performance, success and leadership.”



*(from The Six Sigma Way, Pande, Neuman, Cavanaugh)*

## **Six Sigma Initiatives are...**

### **Customer Focused**

**Grounded in the systematic identification of the requirements of external customers.**

### **Measurement and Data Driven**

**Identification of the right set of process and results measures needed to improve the business.**

### **Deployed through Projects**

**Key cross-functional projects, with significant hands-on support from senior managers.**

### **Creates Culture Change**

**Successful only when the culture of the organization has been redirected toward the principles of Six Sigma.**

## Six Sigma Legends

**GE**



Implemented Six Sigma in 1995

Payoffs: \$5 billion by 2002

In 2001, GE had more than 3,000 Six Sigma projects underway in airline segment, totaling \$400 million in savings for customers

**Johnson  
& Johnson**



Implemented Six Sigma in early 1990s

Payoffs: Has taken out \$3 billion in costs since 1994

Johnson & Johnson integrated Six Sigma with signature of quality and lean manufacturing

**AlliedSignal/  
Honeywell**



**Honeywell**

Implemented Six Sigma in the early 1990s with Larry Bossidy at the helm

By 1999, Allied was saving \$600 million a year thanks to Six Sigma. On aircrafts, reduced the time from design to certification from 42 to 33 months

## **What about Sales Processes?**

### **GE Capital**

**Applied Six Sigma to their process for selling mortgages.**

### **Honeywell**

**Applied Six Sigma to their Key Partnership Accounts.**

### **American Express Corp Credit Card**

**Applied it to their Corporate Credit Card business.**

## **What's Different About Six Sigma *in Sales*?**

- **Processes vary in consistency and are not clearly defined**
- **Data is fragmented and generally not carefully tracked**
- **Sales and support roles are not followed consistently**
- **Poor measurement and correction culture**
- **Strong pressure for short term results**

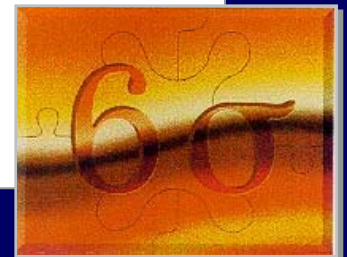
**“Six Sigma is not easy.**

**When the benefits aren't crystal clear to a certain function, it's hard to get buy-in. The process demands time and energy and when you're constantly chasing the next buffalo, it's always difficult to find the time.”**

**- Paul Docherty CEO, iSolutions**

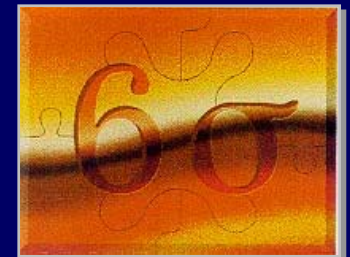
## What are the Major Challenges in Implementing Six Sigma in Sales?

- More experience and good practice in applying it in manufacturing
- Difficult to gain acceptance that you can apply a scientific approach to something like sales, which is personality and relationship driven (soft issues)
- Persuade senior sales people that 6S applies; Buy-in is essential
- Sales measures tend to be subjective
- How can I measure what I am doing now as a process and make it more repeatable and predictable
- Sales haven't before been subject to any boundaries other than immediate expectations of compensation



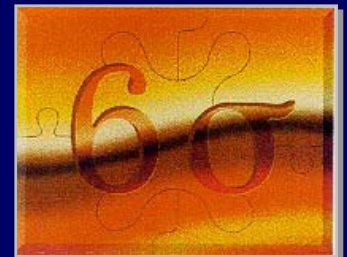
## Why Should You Apply this to Sales?

- Manufacturing represents 6% of activity, whereas 100% of activity comes through the sales; yield more by focusing on the sales
- Important to change the paradigm and try to change the process so that behavior can be measured, modified and repeatable



## Where do You Begin?

- **Need to understand what Six Sigma is all about; need some overview training**
- **Construct the business case, e.g. what are our poor quality costs? What % of earnings does that represent? Must sell it to the entire organization**
- **Make a strong business case beyond cost savings, not just in terms of cost but also in terms of quality, customer focus, product development**



## **Business Case 'Size of the Prize'**

- What are the most urgent business issues that the organization needs to address?
  - What are the business results that correspond to these issues?
- 
- Revenue Growth
  - Increased Earnings, Cash, Profitability
  - Revenue
  - Price & Margin
  - Customer Satisfaction & Retention

**BIG Ys**

## Today's Discussion

**1.** Introduction to Six Sigma

**2.** Managing Sales as a Process

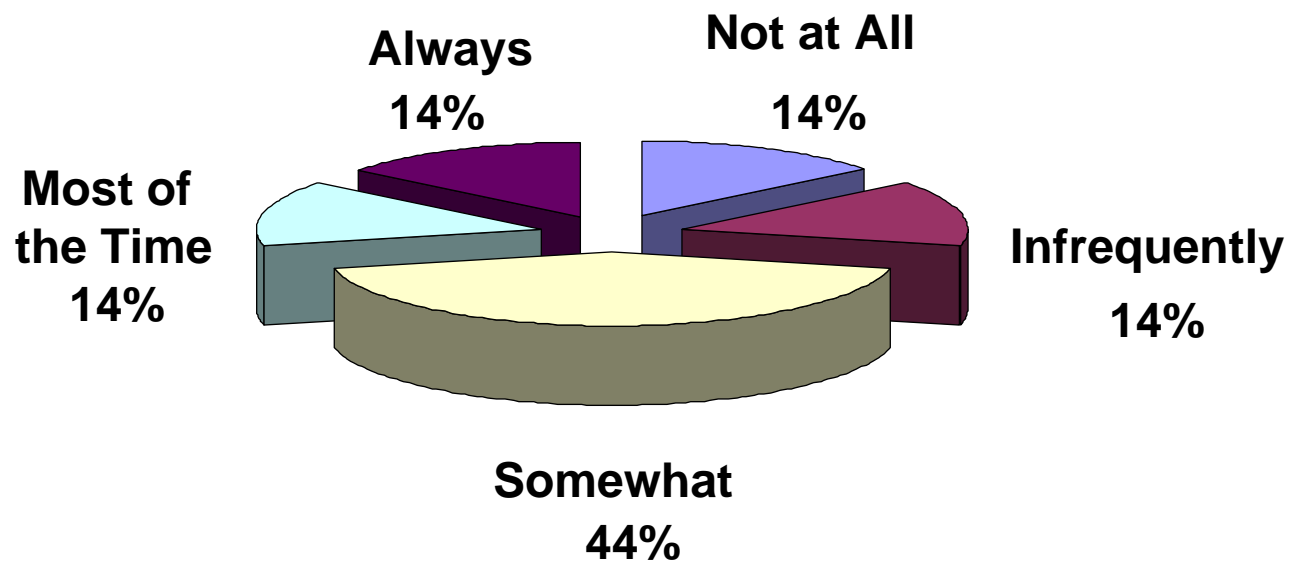
**3.** Sales Process Measurements

**4.** Systematic Process Improvement

**5.** Getting Started

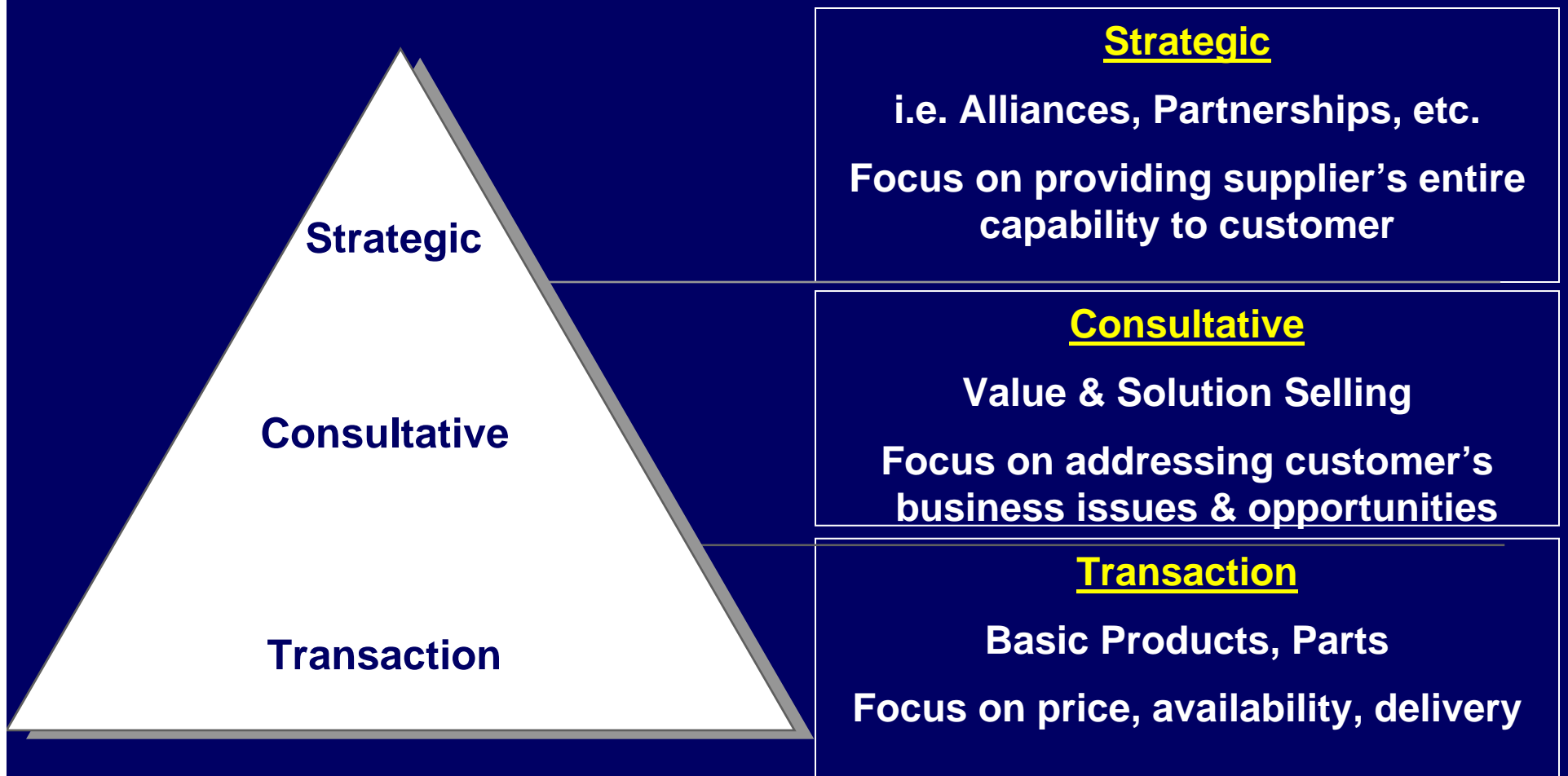
## Survey Results

Our sales processes are well defined and documented



## Three Types of Sales Processes

A starting point for sales process descriptions is to classify  
**3 broad categories...**



# Transaction Sales Process

Great starting point!



# SIPOC Maps - Illustration

Supplier	Input	Process Step	Output	Number	Process Metrics	Number	Defects	Customer
Customer	RFQ from Customer	1. Receive RFQ from Customer	Number of RFQs (parts) received per month	2,780	On time confirmation of receipt of RFQ	1,545	56%	Customer
					Avg Cycle Time (days)	5		
Engineering Department	Technical Specifications	2. Verify Technical Information	Number of RFQs verified 1st time - technical information	1,830	Nb of tech errors requiring follow-up	950	52%	Customer Service
					Avg Cycle Time (days)	10		
Business Manager	Commercial Terms & Conditions	3. Verify Commercial Information	Number of RFQs verified - commercial information	2,330	Nb of commercial errors requiring follow-up	450	19%	Customer Service
					Avg Cycle Time (days)	10		
Business Manager & Engineering Department	Sign off on technical and commercial terms	4. Prepare and Submit Quote for Customer	Number of quotes submitted to customer	1,200	On-time completion - nb of quotes <u>not</u> submitted according to customer agreement	400	33%	Customer
				1,200	1st time completion - nb.quotes requiring follow-up with customer	200	17%	Customer
					Avg Cycle Time (days)	20		
		5. Negotiate and Close	Number of quotes won	300	Number of bids lost vs submitted RFQs	900	75%	
					Number of bids lost vs total RFQs	2,480	89%	
		Totals	Number of quotes won vs RFQs received from customers	1,550	Total Avg Cycle Time (days)	45		

# Consultative Sales Process Template



**Identify  
Opportunity**

**Evaluate  
Opportunity**

**Prepare  
Solution**

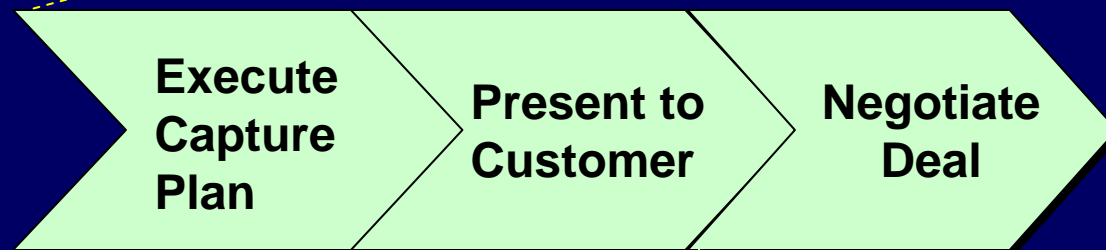
**Negotiate  
the Deal**

**Win the  
Business**

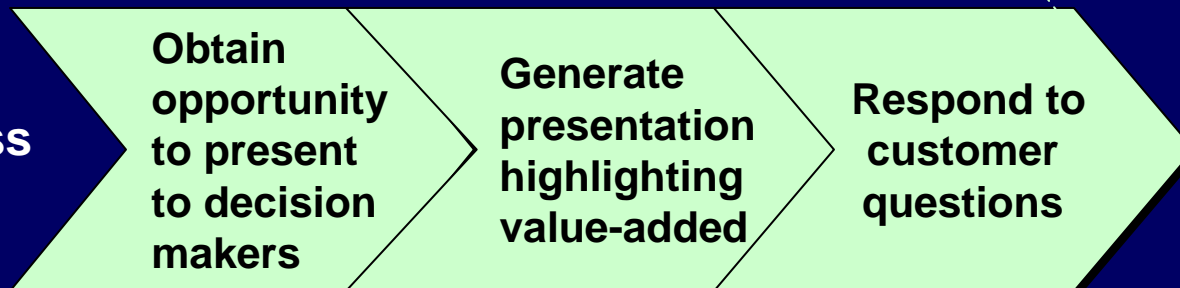
# Process Templates



## Sub Process



## Sub Process



## Today's Discussion

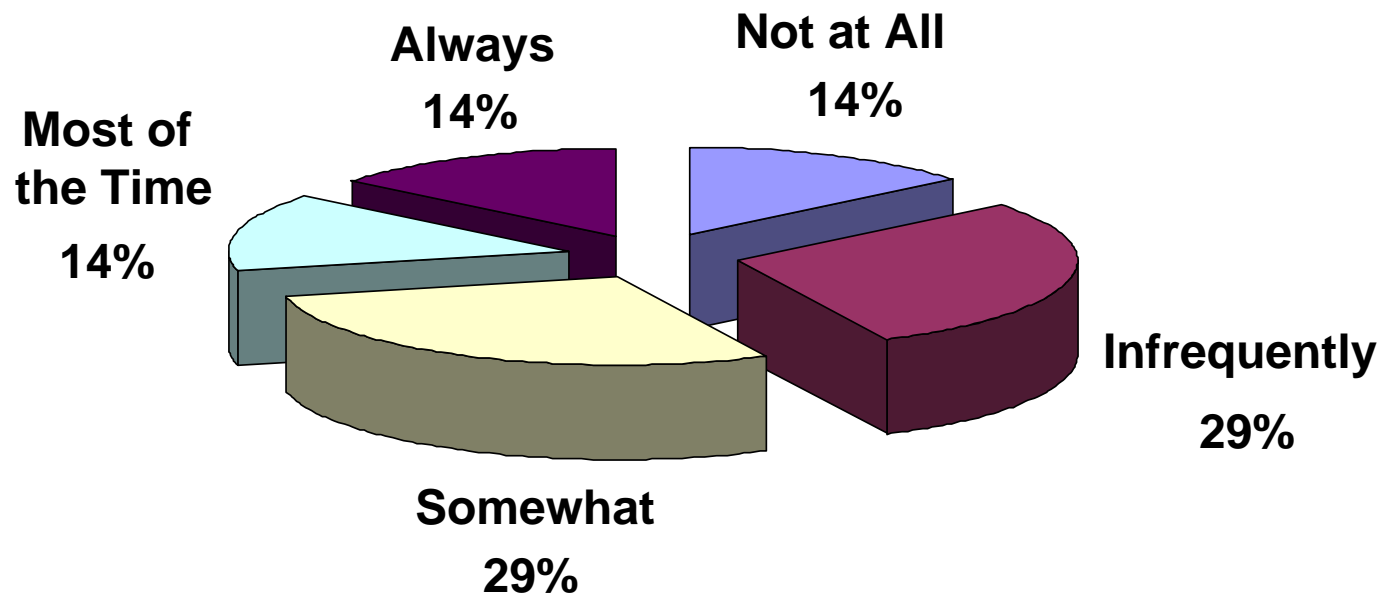
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## Survey Results

The performance of sales people is evaluated using sales process measures as well as results measures



# Measuring the Sales Process

Three types of Measures Drive Six Sigma Projects

## Process Metrics (Xs)

RFP Response Time

Total Sales Cycle Time

Customer Face Time

Sales Conversion Rates

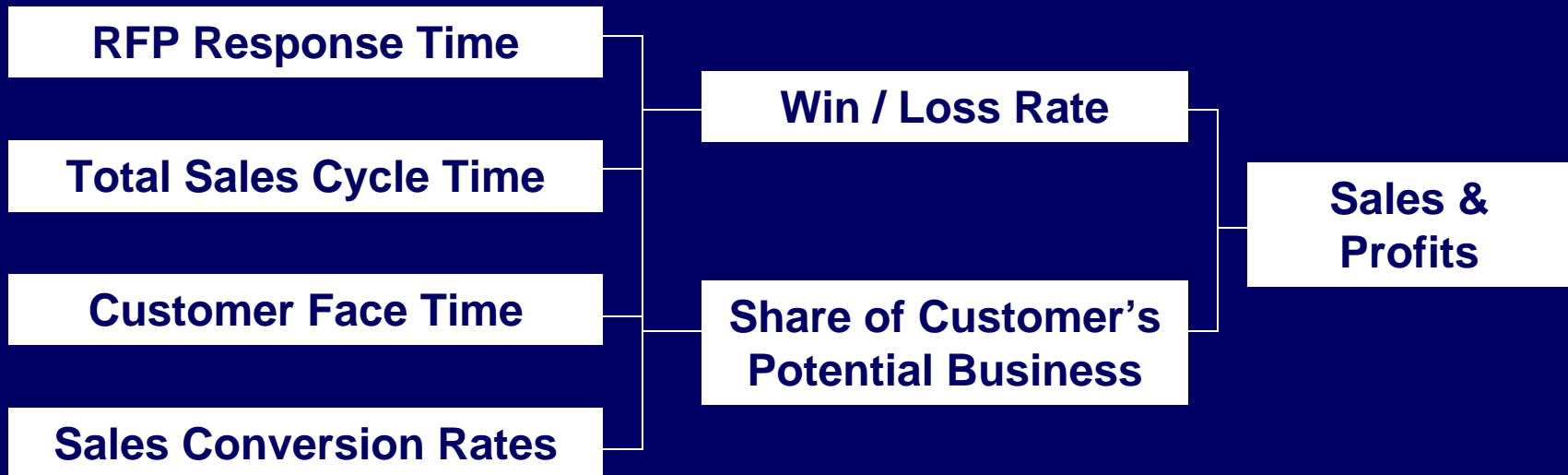
## Results (Ys)

Win / Loss Rate

Share of Customer's  
Potential Business

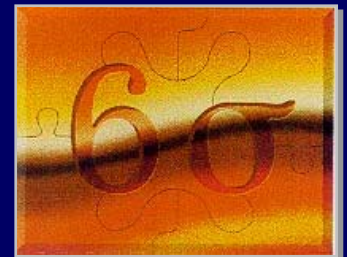
## Financial Results (Big Ys)

Sales &  
Profits



## What prevents organizations from measuring the sales process?

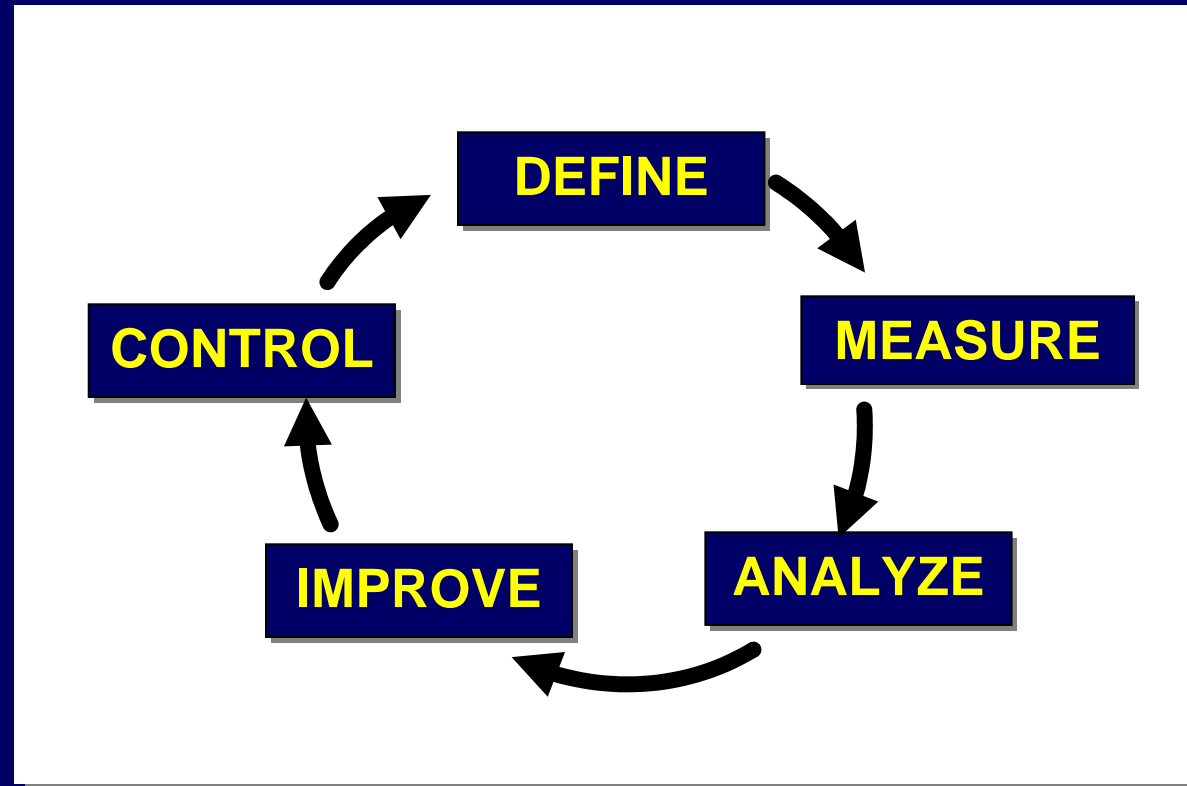
- Sales is a very individual process
- Areas to measure, e.g. hit rate – then break down metrics into more detail that can be used to gather actionable data
- Segment data in order to understand areas of improvement opportunities
- Requires rethinking of how data is collected and used
- Very much a cultural issue. In sales especially requires a major cultural shift to measuring
- Benchmark internally sales success rates with quality



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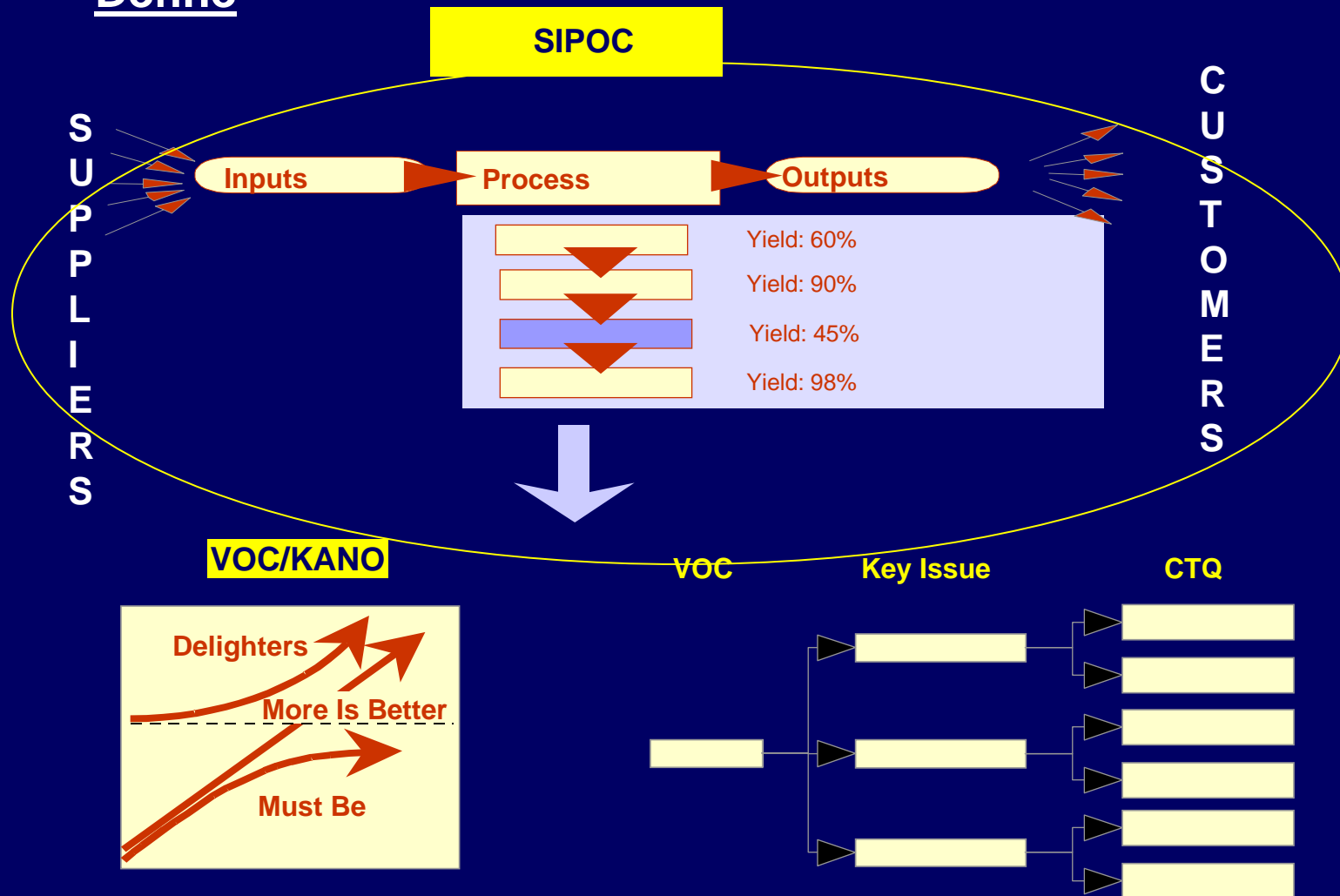
## Systematic Process Improvement



**DMAIC - The Six Sigma Improvement Cycle**

# Systematic Process Improvement

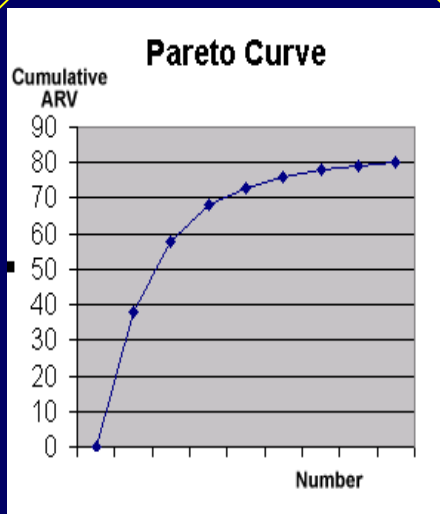
## Define



# Systematic Process Improvement

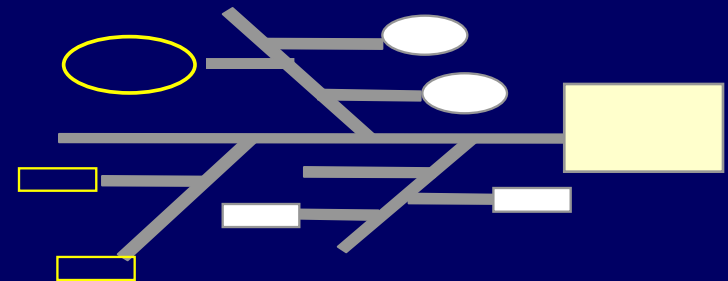
## Measure

### Pareto Analysis

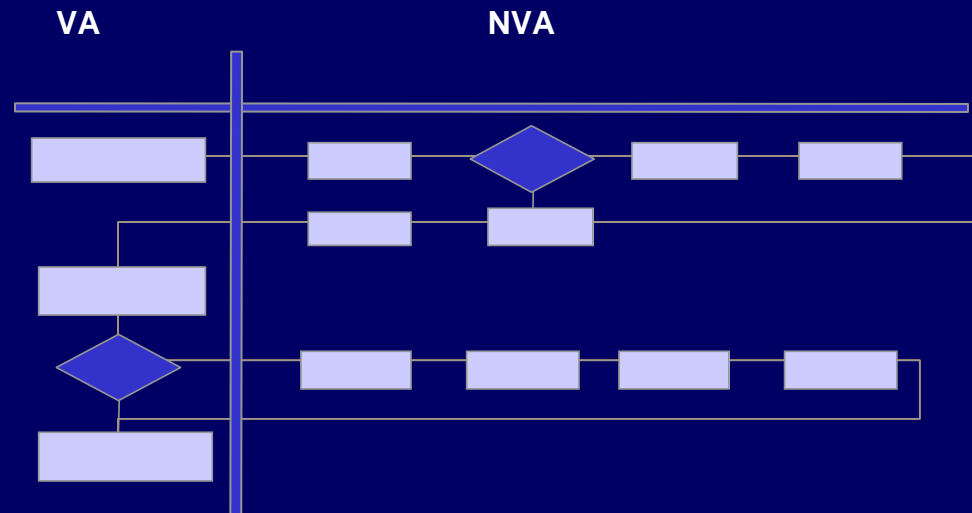


## Analyze

### Cause & Effect

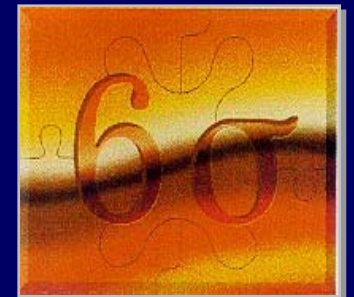


### Value-Add Process Analysis



## What are the Key Tools?

- **KANO/Voice of the Customer**
- **SIPOC Diagram – Input-Process-Outputs**
- **Pareto Analysis / 80-20 rule**
- **Cause & Effect or “Fishbone” Diagram**
- **Value-add Process Analysis**



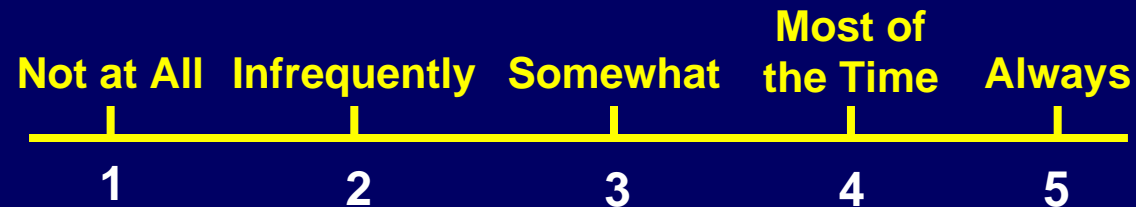
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## Are you Ready for Six Sigma in Sales?

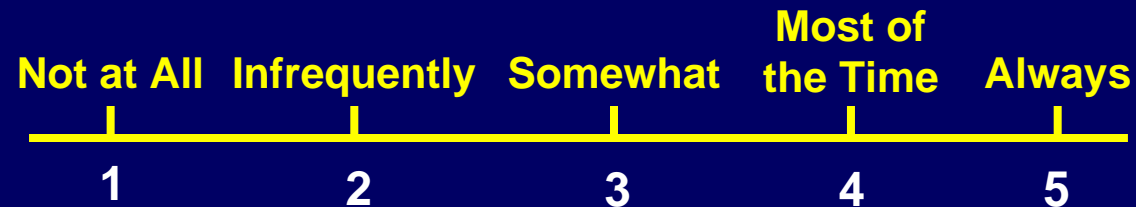
Using the following scale, determine the degree of “readiness” of your organization to take on the challenges of implementing Six Sigma in Sales.



1. Our sales people understand their customers' most important requirements.
2. The performance of our sales people is evaluated using sales process measures as well as results measures.
3. We use metrics such as win / loss rate, response time on customer requests for proposals and sales person's selling time vs. total available time, to track the performance of our sales process.
4. We use the same sales processes consistently throughout our worldwide business.

## Are you Ready for Six Sigma in Sales? (con't.)

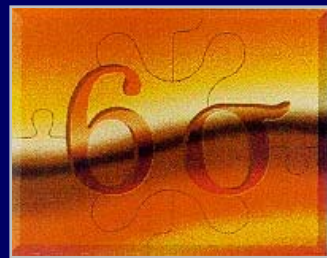
Using the following scale, determine the degree of “readiness” of your organization to take on the challenges of implementing Six Sigma in Sales.



5. Our sales processes are well-defined and documented.
6. Our sales support systems, i.e. Customer Relationship Management (CRM), pricing and estimating tools, etc. are effective at helping our sales people to win business.
7. Our sales people are directly involved in projects to improve sales processes.
8. Our sales people believe that selling is a process that can be systematically measured and improved.

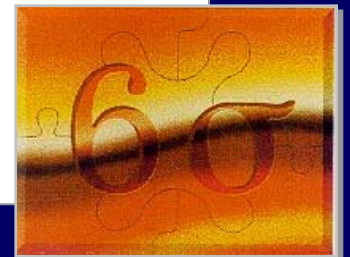
## Getting Started

- **Identify an area of opportunity in your current sales process – high potential or big weakness**
- **Imagine your results if you could make this process Six Sigma capable**
- **Assess the obstacles and the potential benefits**
- **Communicate and gain the commitment of senior management and the sales force**



## Getting Started

- Do the business case to sell up and down in the organization
- What are the attention grabbers?
- Create some structure
- Need training, but as importantly follow-up with coaching of green and black belts
- Understand how Six Sigma links to company strategy
- Take as much out of theoretical element as possible
- Determine how best to use your resources
- How will you collect data and measure results?
- Get acceptance for resources is an on-going process
- Look at reward systems



## **Six Sigma Readiness**

**“As anyone experienced in implementing Six Sigma will tell you, this powerful methodology will create a total transformation, not only of an organization’s key processes, but of its culture as well.**

**...As with any business transformation, people at all levels will continually ask—is it worth it? To that, the response should be: ask GE, American Express or Johnson & Johnson!”**

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