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## Why Apply Lean Six Sigma in Sales

We recently met with the senior sales executive of a leading, global supplier of research laboratory equipment to discuss the application of Lean Six Sigma in driving their top line growth. We began the conversation by stating that, in our experience, most companies were asking *how Lean Six Sigma could be applied in the sales area*. I was quickly corrected by this senior manager who asked:

“Actually my first question is, why would we want to apply Lean Six Sigma in sales?”

Interesting distinction; and frankly not the first time this question has been asked by a sales executive. When you think about it, most businesses with a sales force of any significant size are continuously working to improve the effectiveness of their sales people. The executive in front of me at the moment, no doubt like many others, was already involved in Value Selling, Key Account Management and Voice of the Customer initiatives, all focused on driving improvements and staying ahead of the competition. So the question is: *what does Lean Six Sigma bring to an organization already applying these leading edge sales force improvement tools?* Based on our experience as well as that of best practice companies there are a number of factors that can enable even highly advanced companies to achieve significant benefits from applying Lean Six Sigma in their sales organizations.

### What Does Lean Six Sigma Bring to Sales Force Improvement?

We put this question to Michael VanderMate, Master Black Belt who has been involved in driving the implementation of Six Sigma in sales for a large global engineering and construction firm.

“First, VanderMate explained, “Lean Six Sigma in sales projects enable companies to use data and rigorous analysis to zero-in on those steps in their sales processes that make the difference between winning and losing business.

“In our company, for example we already had a well-developed key account management process. Nevertheless, we believed we needed to better understand the critical few steps in that process that consistently made the difference when customers were awarding contracts.”

“A good key account manager will work a spectrum of activities in driving penetration within a key account, without really knowing precisely which of those activities is having the greatest impact on winning business.” VanderMate further explained, “However, once we applied Six Sigma data collection and analysis tools, we were able to zero in on the 2-3 activities that were responsible for driving 90% of the contract awards”.

“In some cases, steps in the process that we were thought were value added for customers, such as providing multiple pricing alternatives in bids, were in fact not adding value for the customer. In fact they were creating non value-added work for the customer as he tried to compare our multiple alternatives to the other bids submitted. The improvements we made as a result of Six Sigma project not only resulted in increased customer satisfaction and penetration, but also enabled our company to re-allocate our selling resources to those areas where the customer said they were needed most.”

### Converting Behaviors into Process Steps

Another key opportunity for applying Six Sigma in sales relates to converting best practice selling behaviors into a set of repeatable steps, which can be measured and improved in much the same way

as the steps in a manufacturing process. Traditionally companies have struggled with ways to systematically imbed best practice selling behaviors in their sales forces, thereby enabling the average sales person to learn and apply the behaviors of high performers. Two major obstacles have been; first, isolating the activities executed by the sales person in a typical sale that have the greatest impact on closing business, and second, once identified, determining how successful reps execute those activities in order to drive superior performance.

As one Black Belt involved in Six Sigma in sales recently observed: "In manufacturing, identifying the cause and effect relationships between different x and y variables can be done with a fairly high degree of precision. In sales, however, each customer and even individual deals can vary significantly. Knowing which sales activities, executed consistently on every sale, increases your likelihood of closing an individual deal with an individual customer - seems like an impossible task!"

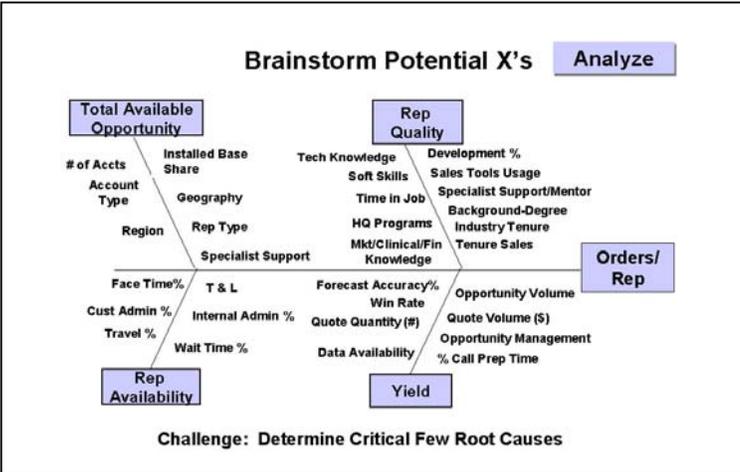
Recent studies, supported by our own experience, indicate that superior sales people do in fact execute the same set of activities on most sales, using consistent, observable (and therefore transferable) behaviors. Six Sigma tools, can, therefore be applied to identify those key activities and behaviors, link them to measurable outcomes and systematically imbed them in a standardized sales process. Failure Mode and Effect Analysis (FMEA), process mapping and value analysis are three tools that we have used effectively with clients to enable them to define a standard sales process and identify the steps that have the greatest impact on achieving above average results. Once the critical steps have been identified, measurable or observable behavior that represents best in class execution of that step can be identified by interviewing and observing high performing reps. These key activities and behaviors can then be replicated across the sales organization, resulting in a 'shift in the curve' toward high performers.

**Applying Root Cause Analysis to Drive Breakthrough Results**

And finally, best practice companies have discovered that applying basic Root Cause Analysis tools to complex, difficult sales problems can yield breakthrough results. Working with the sales organization of one of our clients, we recently applied two Six Sigma tools. Fishbone (see diagram) and 5 whys analysis, to identify the root causes of sales reps not making more sales calls. The root cause analysis revealed dozens of possible causes of low call rates, which were prioritized into a number of root cause themes using a Quality Functional Deployment (QFD) matrix.

Each of these root cause themes was then addressed using controlled experiments and each controlled experiment focused on a measurable activity in the overall sales calling process. By breaking down the total,

highly complex process into measurable pieces, systematically improving each piece and measuring the results of each improvement, the overall result, i.e. more sales calls per rep will improve dramatically.



## Conclusion

In our experience, companies that are already best in class in many areas of sales force management can benefit from applying the tools of Lean Six Sigma in their organizations. Few would argue that such companies as Honeywell, Johnson and Johnson, Schneider Electric and GE are in the top tier in terms of effectively managing their sales forces. Nevertheless, these are the same companies that are currently leading the way in terms of bringing Lean Six Sigma to their sales organizations. Perhaps they believe that implementing Lean Six Sigma in Sales provides them with, as one of our clients once remarked, an *unfair competitive advantage!*

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