BOOSTING SALES BY FOCUSING ON SALES EFFICACY

How to increase sales by double-digit percentages.
By Michele Buonaiuto
The typical Lean Sales approach focuses often only on minimizing waste in the pre-sales and the sales process.

- Analyzing the times spent by the different actors of a process in order to maximize sales managers value added time to increase win ratios.

- Increasing what is perceived as value for the customer during this process
  - Minimizing waiting time and frustrations

- Producing action plans meant to address waste and metrics to focus on how well the new more efficient process will be performed
COMPANY WIN RATE IS BELOW TARGET AND WE WILL INCREASE IT BY DOING THINGS MORE EFFICIENTLY?

**Highlights:**
- Win Rate is 4% of the Total Contract Value whereas the company target is 40%.
- 65% of the won contracts (TCV) is a Renewal.
- 0% is new Business with new Customers.

Is this happening only because we have a lot of waste in the process?
TYPICAL LEAN LET'S LOOK AT ACCOUNT SALES TIME DISTRIBUTION DETAILS

**ASM time allocation**

<table>
<thead>
<tr>
<th>Percentage of time spent</th>
<th>Customer interactions</th>
<th>Customer interactions by call</th>
<th>Customer interactions by e-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>29%</td>
<td>32%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Customer interactions**

- Face to face customer interactions: 39%
- Customer interactions by call: 32%
- Customer interactions by e-mail: 30%

**Proposal development**

<table>
<thead>
<tr>
<th>Percentage of time spent</th>
<th>Identification of relevant Pre-sales</th>
<th>RFP preparation</th>
<th>RFI preparation</th>
<th>Innovation Workshop</th>
<th>PROCESS Process</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>23%</td>
<td>15%</td>
<td>30%</td>
<td>24%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Internal**

<table>
<thead>
<tr>
<th>Percentage of time spent</th>
<th>Direct coaching</th>
<th>Sales planning</th>
<th>Trainings</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>25%</td>
<td>32%</td>
<td>25%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Admin, Travel & Others**

<table>
<thead>
<tr>
<th>Percentage of time spent</th>
<th>Travel preparation</th>
<th>Fill CRM</th>
<th>Expense reports</th>
<th>Travel</th>
<th>Others (mostly data requests)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>21%</td>
<td>3%</td>
<td>45%</td>
<td>23%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Others**

- Trainings
- Sales planning
- Direct coaching

**Customer interaction**

- "Customer interaction is what motivates me most. It is therefore great that I get to spend enough time with my customers every week."

- "I spend a huge amount of time looking for the relevant resources."

- "It would definitely help me if my AEX could spend more time coaching me."

**Area of potential improvement**

- On average, a Sales Manager receives less than 1.5 hours of direct coaching per week.

- An equivalent of ~3 FTEs is needed to fill the CRM.

- An equivalent of ~3 FTEs is needed to answer short-term data requests.

**Notes**

- For sure the Sales Manager is wasting time.

- This is a LOT of waste here is where we definitely should focus on.
WHAT ABOUT ACCOUNT EXECUTIVE TIME DISTRIBUTION?

AEM time allocation
% of time spent

100%

Customer interactions
21

Customer preparation
18

Proposal development
17

Internal activities
21

Admin, Travel & Others
23

Identification of relevant Pre-sales
20

RFI preparation
17

RFP preparation
27

Win Workshop
8

Innovation Workshop
8

PROCESS process
20

Other
0

Proposal development

100%

AEX spend almost a full day per week finding resources and helping their teams manage RFP and RFI answering

We disperse our energy on too many opportunities and organizational topics. Therefore we are under lot of pressure and are not able to close any of those appropriately. As a consequence, people get demotivated and leave the company.

►

In an average work week, AEX will find 4 to 5 hours to coach all his ASM

“I coach eight colleagues and try to give each of them at best one hour per week.”

►

Every week, AEX spend almost half a day answering data requests while data could be provided centrally

Area of potential improvement

However does he have the right Focus?

What about the people?

But wait in moment this is a LOT of waste here is where we should focus on.
EFFICIENCY VS. EFFICACY

- We started identifying waste and defining action plan on how we could minimize all the time that sales managers were not investing in facing the customer or deliverying the most appropriate proposal in the shortest time.

- However we understood that More time with the customer and lesser waste in the process does not directly imply better win rate.

- “The worst use of time is to do something really well that doesn't need to be done at all.[Eat That Frog Brian Tracy ]”

Making the process more efficient is a good thing however:

  Focusing on “Doing the Right Thing” before “Doing Things Right” has a disruptive effect on the delivered performance.
HEADLESS CHICKENS STRATEGY AND IMPLEMENTATION?

Highlights:

- CRM shows an odd reality
- The process is well known but wrongly implemented and badly reported.
- CRM shows that Sales are running around has headless chickens.

Is this happening only because we have a lot of waste in the process?
STRATEGY & DISCIPLINE SHOULD BE THE FUEL OF AN EFFICIENT SALES PROCESS

Unclear Strategy and lack of discipline in the Sales Process

Lack of Discipline

Unclear Strategy

- Pressure to fill the pipeline
- No right qualification from the beginning – run for everything
- Too little strategy planning before rushing into action

Identification/qualification/validation not shared at right time with SL

- NO Accountability
- No leadership
- No follow-up
- Lack of focus and strategy

No discipline in applying and following the processes

- Need to justify budget commitments
- Bad Pipeline
- Shrinking Market due to economic crisis

Top down strategy (TIP)

Impact of lack of discipline vs. Win/Hit Rate.

Effort

Lack of understanding of new market trends

Market analysis (TIP)

Market analysis (TIP)

Not all early sales activities are registered

Wrong market approach - bids based on market not capabilities

Understand capabilities (TIP)

Balanced scorecards (TIP)

Enforce PROCESS coordination roles

(Balanced scorecards (TIP))

(Kanban process)

Issue

Proposed solution
A SUCCESSFUL EXAMPLE STRATEGY + DISCIPLINE

Tabla de Incremento de ventas (% Presupuesto 2015 Vs. 2016)

¿Qué hemos logrado en estos 14 meses?

✓ Superamos la meta del presupuesto 2015 (13% vs 8%)
✓ Cumplimiento de la meta a agosto 2016 (12% vs 10%)
✓ 862 MDP generados de negocio nuevo durante el acompañamiento de Lean
✓ Cubrimos el gap de 580 MDP que tuvimos debido a la pérdida de cuentas (400 mdp 2016 y 180 mdp en 2016)
✓ Prospección generada por 4683 MDP

Highlights:

- The chart shows the performance of a sales department (Insurance sector) in a big city of Latin America.
- Main Levers:
  - **Strategy**: Implementation of a Sales Agenda. Structured follow up of leads, prospects and sales.
  - **Discipline**: Implementation of lean tools (Visual management and meetings)
  - **Efficiency**: reducing time waste activities.

What about consistent double digit (above 50%) sales improvements?
LEADERSHIP AS CATALYST FOR THE BIGGEST SUCCESS

---

**Highlights:**
- The chart shows the performance of a sales department (reselling cars) in a big city in Latin America.
- **Main Levers:**
  - **Strategy:** Problem Solving adopted in a religious manner.
  - **Discipline:** Strong Implementation of lean tools.
  - **Efficiency:** Reducing time waste activities.
  - **Leadership & Organization:** Org change and focus on strengths.
A SHORT SUMMARY

○ How to improve a Sales Process?
  ○ First focus on Efficacy then work on Efficiency
    ○ Improve Sales Strategy (Focus)
      ○ Apply problem solving and continuous improvement in defining and fine-tuning strategies and implementation
      ○ Ensure continuous alignment with product development (aligning products to customer demand)
    ○ Ensure Discipline
      ○ Lean tools
    ○ Focus on enhancing people leadership (not only managers)
      ○ Reshape organization identifying enthusiasts and focusing on strengths instead than on skills

○ What are the biggest benefits of applying such an approach?
  ○ Improved wellbeing at work
    ○ All the departments that underwent such a transformation increased their job satisfaction due to clearer objectives and focus.
  ○ Double digits sales improvements
    ○ The main difference between obtaining double digits or above exceptional results is related to the amount of effort spent on increasing team leadership
THANKS

Questions?