Applying The Concepts Of Continuous Improvement To Sales Leadership

by JEFF THULL

Making "the numbers" is a critical issue in any growing business. Growth depends upon sales and sales depends upon your sales management systems. But surprisingly, many companies pay scant attention to managing this critical area.
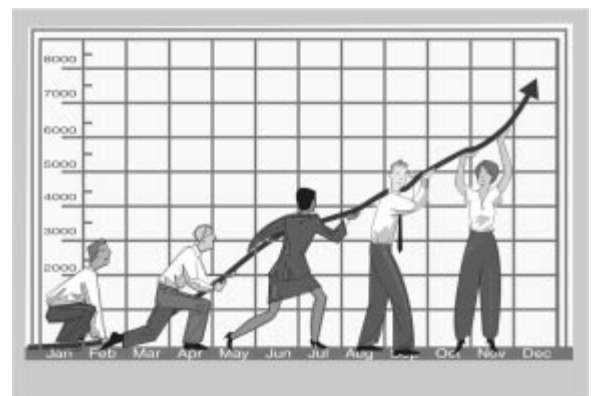
A re your sales management systems as fine-tuned as your other business systems? Many companies, both start-ups and established firms, have applied state-of-the-art procedures and controls to their manufacturing, financial, administrative and distribution systems. Yet for some reason the sales and sales management departments have not been reviewed with the same level of vigor and scrutiny. Many company executives look at the selling function as somewhat of a mystery, a "black box." Because of this, the sales function is one of the last areas considered as a candidate for process analysis and performance improvement.

Symptoms of Sales Management Trouble

The Italian economist Paraeto stated that 80 percent of a country's income will be earned by 20 percent of the country's population. This popular theory has been applied to many types of economic distribu-

tions. One of the most popular applications is in companies who accept as normal the situation where 80 percent of their sales revenue comes from 20 percent of the company's total salespeople. Consider this — would any manufacturer with five manufacturing lines be comfortable with one line producing 80 percent of their output, with the other four comparable lines producing 20 percent? Without improvement, the cost to continue operations of the much less productive four lines would be too great to continue supporting the existence of those lines.

The same parallel should be applied to management of the sales organization. If the same conditions existed as in the manufacturing example, the only conclusion that can be made is that there exists an unmanaged and poorly led sales force. In other words, left to the elements of chance and all but minimal

intervention by management, any given sales force is likely to achieve the popular 80/20 distribution.

I'm sure this thought is unsettling to many business principals and to even more sales managers. In defense of my assumption, the question that begs to be answered is: "If you have a sales force of 100 people and 20 individuals are producing 80 percent of your sales volume, what is it about those 20 that you are unable to replicate in the other 80?"

Sales managers have gone to great lengths over the years to rationalize the inevitability of the 80/20 theory, place the burden of productivity on the salesperson and circumvent the responsibility to create systems and processes that will allow a higher level of efficiency and productivity across their organization.

If you're hearing these comments in your company, the translation may be prompting them:
• "We only hire experienced professionals."
Translation: "We don't have a system for developing successful sales professionals."
• "The sales force is made up of creative and independent individuals."
Translation: "We can't control them."
• "It takes six to nine months to learn this business."
Translation: "It will be at least a year before we can make any judgments as to their productivity."
• "There are many irons in the fire."
Translation: "We're not sure how hot those irons are, but there sure is a lot of smoke. May the god of averages be with us on this one."
• "You just can't find good people any more."
Translation: "I don't know where to look or what to look for."

The above statements represent sales management that is more focused on results or "the numbers." Results are certainly critical; however, you can't manage results. You can manage a process and you can manage behavior. For example, you cannot manage

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the output of a manufacturing process by standing at the end of an assembly line and pointing out the defects in the final product — the results. To develop the desired results you have to monitor and adjust what is put into the manufacturing line throughout the process. It's very similar with sales management systems and it's critical to operate with the right one. Let's look at three:

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Reactive System

Many times the reactive system indicates the absence of a system. The sales manager approaches his or her responsibilities in a posture of self-defense. The skill they have the most confidence in is their ability to sell, and the better part of their day may be spent on selling when they should be leading, or they will find themselves engulfed in crisis and putting out fires instead of equipping their team to succeed in selling. Adjustments will likely be made when fires are out of control, or when salespeople are voicing their frustration from lack of systems and support. The key operative word is *delay*.

Proactive System

This system emphasizes planning, preparation and cheerleading. Management lays out objectives, designs a plan and makes provisions for obstacles that may deter progress. People are then given the plan and encouraged to go forth and produce. The proactive manager often makes the fatal mistake of assuming the salesperson is both capable and can execute the plan successfully.

The key word of the proactive system is "assumption." Management's position is: we told them what is expected of them, they are intelligent adults and the results are forthcoming.

Interactive System

The interactive system combines both preparation and planning with the ability to interact during the execution.

> **The key to the interactive system is continuous feedback ... The goal is to establish a process for efficiency and effectiveness.**

The system is designed with checkpoints or milestones in mind, so that all parties involved can continually perform sanity checks to ensure the quality of work completed at any point. The checkpoints also serve to clarify the validity of continuing the investment of resources in the process. It is important that the sales manager establishes a continuous improvement process in planning, preparing, monitoring, modifying and supporting execution as appropriate.

The key to the interactive system is continuous feedback. The relationships managed include those between the manager and the salesperson as well as between the salesperson and the customer. The goal is to establish a process for efficiency and effectiveness, which is structured to support customers in making quality business decisions. The output of the process is a sale and the development of a long-term, mutually beneficial relationship based on credibility, trust and respect.

Our experience with clients has clearly demonstrated that the development and implementation of a solid interactive system, for both sales management and the professionals on their teams, will eliminate the frustrations of the "black box" of sales and allow for increased accuracy in the prediction and achievement of quality business results. ❒

ABOUT THE AUTHOR:

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