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For Manufacturers:

Design Your Sales Systems for Success

10,000 FOOT VIEW

A guide to sales for Complex B2B manufacturing

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INTRODUCTION

I t was the best of times, it was the worst of times…
Charles Dickens, 1859

As a manufacturer of engineered and custom products you are no stranger to variability, complexity, and uncertainty. Supply chain challenges, shortages of skilled labor, Covid 19, inflation and recession worries are staples on the menu of life of an owner.

Despite the challenges, there is plenty to look forward to. New products and innovation, opportunities for automation, new management theories for leaders, and realignment of domestic and global markets are forever on the horizon. For those who create the right strategies and business model, it will be the best of times. For those who are complacent, it will be the worst of times.

This paper is mostly about sales systems for manufacturers. We recognize that no system lives in a vacuum or in isolation, and sales is no exception. There are, however, some interesting distinctions associated with your sales department and how it is designed and managed. If you want to find new customers and grow, read on.

THE PROBLEM

If you have been in business even for a short while, you have no doubt implemented some type of production system and continuous improvement program. There is no shortage of Lean, Six- Sigma and Theory of Constraints training; all of which are good. Your operations and production people naturally rally around these efforts and the payoff is evident.

You expect best practices to be followed on the shop floor, why not extend those practices to include your sales department?

Redesigning your sales efforts will significantly improve the velocity and profitability of revenue, especially NEW revenue. Unfortunately, your best practices are almost never implemented and integrated into your sales department. You are led to believe that the nature of sales is unique and thus the expected behaviors of salespeople is quite different than the rest of your organization.

Your compensation plans, although well intended, foster unhealthy competition and resentment rather than collaboration and teamwork. This is generated from a belief that great salespeople possess rare talents that are often described as a combination of magic and alchemy. Your salespeople may become possessive of key accounts and insert themselves into situations that are counterproductive to winning new business.

If you ask salespeople to identify their biggest barriers to finding new customers, they will tell you an all too familiar story. That story certainly includes not having enough good opportunities and not having enough hours in the day to do all the tasks required to be successful.

If you ask sales management what the barriers are for doing a good job for the company, you hear reasons related to not having enough training budget, not being able to motivate salespeople to make cold calls, or not having enough resources to get the right salespeople on board. In most cases requiring salespeople to perform unpleasant tasks is like trying to get a young child to eat their Brussels sprouts.

THE PROBLEM

Although these statements could be true to a greater or lesser degree, one thing that is often overlooked is the inherent flawed assumption about the roles and responsibilities of the sales department.

The job of the sales department is to capture new revenue, and to do it in a manner that is profitable for the organization. Let's look at some of the specific obstacles mentioned earlier. For sure, it's rare that you'll hear about a sales department that has too many good, qualified opportunities.

<p style="color:orange; font-size:2em; text-align:center;">It's important to recognize the relationship and challenges with respect to sales and lead generation because it provides clues as to where the extreme inefficiencies exist within your sales efforts.</p>

Not having enough qualified sales opportunities brings on a very nasty problem. The cost of customer acquisition skyrockets because you are paying salespeople to execute tasks that have a low probability of leading to more sales. Naturally you can offset this to some extent by paying salespeople commissions on only what they sell, but there is still always a cost associated with having salespeople not selling enough.

If you think about sales in the context of manufacturing and process flow, you can get a clearer sense as to how work is performed and what the expected outcome or productivity should be for each task performed.

THE JOB OF SALES

What is the job of sales?

We define the job of sales as the ability to conduct conversations that facilitate a prospective buyer's decision to buy.

The primary tool that salespeople use to create this condition is the Strategic Results Conversation.

The definition of a Strategic Results Conversation is a discussion (either written or spoken) between the buyer and the seller whereby the buyer is ultimately persuaded to buy. Although we define these terms as singular, we realize that in a complex sales situation there will likely be multiple people involved from both the seller's and buyer's team.

Much like designated hitters in baseball, salespeople are specialists. The designated hitters' job is to hit. The salesperson's job is to sell.

Anything that gets in the way of Strategic Results Conversations needs to be scrutinized.

Thus, if salespeople are doing their job, they will be accountable for the quality and quantity of Strategic Results Conversations.
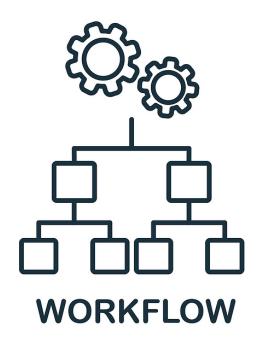
Here is where the job of salespeople gets fuzzy – and where the inefficiencies come to bear. Whose job is it to create access to the people with whom we need to have a Strategic Results Conversation? Do we need our salespeople involved to facilitate simple transactions or to answer simple questions? Do we need our salespeople involved in technical matters whereby they will necessarily get pulled into engineering, solution design, production or other matters? How involved do we want our salespeople in project management? Should salespeople be creating their own quotes and estimates? Should our salespeople be responsible for collecting overdue invoices?

We are explicit about the responsibility of salespeople as creating a valuable new buying experience, and NOT a valuable customer experience. The reason ties back to a dilemma; you

THE JOB OF SALES

may have labeled someone a salesperson and assigned them the role of customer service or account manager. This can be problematic if you want to grow sales. Account Managers are not interested in setting aside existing customer needs so that they can create new customers.

If you assign tasks to salespeople that inhibits the quality or quantity of Strategic Results Conversations you will have baked into your sales design a lot of activities that are fundamentally counterproductive.

WORKFLOW

THE WONDERS OF WORKFLOW

Let's return to an earlier notion with respect to manufacturing and workflow processes. Imagine you have a skilled machine operator whose main responsibility is to make sure the machine is producing 10 widgets per hour – and that each widget produced was extremely profitable relative to all other products offered. Let's further assume that the machine is complex in that it takes all the operator's senses and attention to be fully productive.

Now suppose someone in shipping needs some help packing up a few boxes to ensure that another customer order makes it on the delivery truck by the 3:00 deadline. In this case it might seem reasonable to ask our master operator to push the pause button on the machine to help get the other order out by 3:00. However, it would be far better to find someone else to assist with shipping the other order and keep our master operator engage in high value activities.

Yet, this is exactly what we are doing to our salespeople. They are often some of the highest paid and highest skilled people in our company – and we will fill their time with low probability prospecting, Customer Relationship Management (CRM) reporting, inefficient travel, account management, project management and on, without completely thinking through how the job of having Strategic Results Conversations are being impacted.

The process of selling is NOT an automated system – not even close. Sales is highly dependent on a variety of tasks and shared resources. Prior to making a sale, the interdependencies between sales, engineering, applications engineering, and design are complex and nuanced. If you ignore or neglect the handoffs of information, the sale will fall apart almost 100% of the time. The "account manager" dilemma persists for many companies. You may think you are hiring salespeople when in fact you are hiring account managers.

Existing customer accounts belong to your company and should NOT be distributed among salespeople.

That is why it is impossible to know how much a salesperson is truly capable of selling because servicing existing accounts is NOT synonymous with sales. The old workflow mentality of more Salespeople implies more sales, is being replaced by better workflow implies more and better sales. We have an opportunity to apply shop floor manufacturing principles to significantly increase the sales department's ability to have more and better Strategic Results Conversations.

DESIGNING A BETTER MOUSETRAP

Let's now turn our attention to the design of the sales department. It is important to think about designing your sales system before making functional changes.

The business plan and business goals should inform the design. Too often we see an existing sales function and team, and the tendency of leadership to work with what they have rather than rethinking and redesigning the entire function. It's one of the reasons why sales training remains so popular in the market. The logic is always the same…let's teach our people how to be better at what they do.

It's hard to argue against the general logic of this, but it's absurd to think small shuffles can fundamentally change a system. If small incremental change is what you are looking for, then sales training might be sufficient. If you're looking for something bigger in scale, then rede-signing the system should be considered.

Because we will be talking about the elements of designing your sales department without knowing your business plans and goals, we'll have to make a key underlying assumption.

We assume your salespeople spend 60-70% of their time on non-selling activities[1].

Here is the rub - while some of your highest paid people are performing non-selling tasks, your cost of customer acquisition keeps going higher and higher.

If you are paying your salespeople to engage in activities at the expense of not having a Strategic Results Conversation, the cost/benefit ratio will become untenable.

What is the proper sales design?

Step 1: Clarify your objectives. It's not good enough just to want more sales. Knowing why you want more sales sheds light on the nature of the types of customers you want to cre-ate. What do you want more sales to do? Produce more profit? Increase the salability of your company? Gain more market share to pressure your competition?

Here is a story that relates to having clear objectives. I recall a time former Secretary of

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1 https://www.forbes.com/sites/kenrogue/2018/02/15/why-sales-reps-spend-so-little-time-selling/?sh=2d6909721051

DESIGNING A BETTER MOUSETRAP

State Colin Powell was being interviewed by a Sunday news program prior to our country's involvement in Afghanistan. He was asked if the US should send the military into the country. He said, "Maybe, maybe not. First and foremost, what do you want the military to do? They are good at logistics, and at taking territory by force, but they aren't in existence to run a country or provide long-term security so that the people of a given country can live their day to day lives."

As you design and engineer your sales effort, figure out what you will be asking your salespeople to do and what you are really wanting them to do.

Generate leads? Follow-up with current and future customers? Update the CRM database? Create and deliver compelling stories? Perform discovery interviews? Demonstrate the value of your offerings? If the answer is 'all the above', you may be in danger of expecting too much and will fall prey to the warning of General Powell of having your salespeople perform tasks for which they are incapable.

If you agree that a salespersons main objective is to have Strategic Results Conversations, then it becomes important to identify the tasks that will either support or detract from this objective. Supporting tasks should be encouraged.

Eliminate tasks that detract from the overall goal of your salespeople.

Step 2: Analyze your existing structure.

It's important to know what is happening in each stage of the sales process. For example, the origin of new sales opportunities may have changed over time. Traditionally, many manufacturers attended trade shows and other industry conferences to meet new prospects. If Covid and other circumstances have adversely affected the way you find new opportunities, then it might be time to revise your approach. Another area to carefully examine is your solution design activity. Oftentimes the sales team will expend a lot of effort providing what amounts to free consulting without consideration as to the actual costs in providing these services.

DESIGNING A BETTER MOUSETRAP

Step 3: Create a prototype of what an effective sales function will look like.

Taking care of current customers is the centerpiece of your business and gives you a platform for all future growth. Identify the tasks associated with servicing the needs of current customers and isolate those activities that could be assigned exclusively to the people responsible for these activities. We often see inefficiencies in the engineering and quoting process for new and existing customers. Salespeople who are tasked with finding new business may not need to be involved in solutions design, reviewing quotes and pricing.

Step 4: Assign the Leader. The changes necessary to design your sales systems properly require authority and total commitment. For small and medium sized businesses this will almost always be the owner, CEO or someone with senior executive status with a vested interest in the growth of the company. The changes necessary for sales growth are not without risk and will require a strong vision and persistent leadership.

Step 5: Rollout the plan. On paper, the changes that are necessary to produce significant revenue growth looks remarkably simple.

Any time you change a system comprised of people, the change may be simple, but it won't be as easy as one might think.

Your leader will have to sell the ideas for change internally or the initiative will quickly die. Old selling habit will creep back into the routines - especially if someone who loves being in direct contacts with existing customers is assigned tasks that change those relationships.

CASES IN POINT

Let's turn our attention to two case studies. Each example demonstrates a slightly different final design concept for their sales department.

The first example is a machine builder in the food industry. They build capital equipment that's integrated into other new or existing equipment. Even though about 80% of any given machine is made from standard specifications, the complexity and cost of any project could go through the roof due to the last 20% of customization that's necessary to complete the project and satisfy the factory acceptance tests.

We distinguished a clear line of involvement between sales and applications engineering. The division of tasks and labor was redefined such that the risk of redundant and conflicting information was reduced throughout the sales and engineering cycle.

Because the product lines were very technical in nature, it was necessary to rely on the collective knowledge of the entire applications engineering team to advance the sales process.

It was no longer the sole job of the salesperson to be the conduit for highly technical information between internal engineers and prospective customers. Detailed solution design, quoting and final presentation became the responsibility of the applications engineering team.

Over a fairly short period of time, the salespeople could see that their quantity of Strategic Results Conversations with new prospective customers doubled.

In this case, salespeople enjoyed gains on two fronts. Their overall sales and margins increased. These gains were directly associated with a clear understanding of the division of labor and making sure the right people were executing the right tasks.
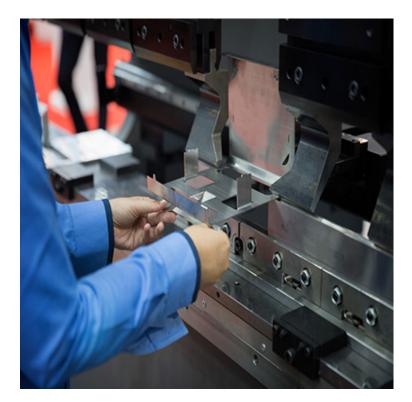
The next example speaks directly to the cost of customer acquisition with respect to lead generation and lead nurturing. Like our first case study, they too are a capital equipment ma-

CASES IN POINT

nufacturer. Similarly, about 80% of each machine they built was made from standard specifications. The last 20% of customization that's necessary to complete the project required the skill and experience of a seasoned salesperson. It's worth repeating that a job of a salesperson is to have Strategic Results Conversations. It was typical for a salesperson to need 3-5 years of experience to acquire the skills necessary to be successful.

Rather than attempting to train several new salespeople to create new demand, the company decided to re--define the role of sales and keep their focus stubbornly connected to Strategic Results Conversations. The job of new hires (sales coordinators) was to make initial contact, ask preliminary questions, and provide basic company information. One of the key roles of the sales coordinator was to manage the schedule for the next steps in the sales process.

Remarkably, three-quarters of the salesperson's time was freed up by NOT having to manage their own schedule and not having to chase down the scheduling of the next step in the sales process.

The overall result of this was an increase of sales of 34% in 90 days. There was much less pressure to train the next salesperson. Management encouraged sales coordinators to work their way up to a sales role if they wanted to follow a lucrative career path that required several years of specialized knowledge.

CONCLUSION

We have defined the role of salespeople as being responsible for the quality of Strategic Results Conversations with new prospective customers. The objective for the sales organization is to design a system that will produce enough of these conversations so that salespeople are in the best position to advance the sales process. Careful planning and design will ensure that all tasks related to creating new customers are assigned and managed appropriately.

Forward thinking companies must remain vigilant so that they do not fall prey to obsolete methods. Winning organizations will be those that work in the spirit of continuous improvement in their production department as well as keeping long-term sales and marketing strategies top of mind.