



# **SOLVING A LEAD QUALIFICATION AND SALES PERFORMANCE PROBLEM WITH PROCESS IMPROVEMENT**

## **A CUSTOMER MANUFACTURING GROUP CASE STUDY**

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### The Background:

The right product for the right customers in the right market would seem to be all that a company could need for success. That is, unless, it was stumbling over its own inadequate systems, procedures and processes. While expending enormous energy struggling to get through its own swamp, the company was losing market share to its competitors in a rapidly growing market; a double whammy.

The company's marketing and sales operations and administrative tools were woefully outdated, having served it well in earlier years in a less dynamic and less competitive market. Everyone sort of knew everyone else, including the prospects and customers, and tracking and managing things was relatively easily accomplished.

### The Company:

The company was an independent marketer of petroleum products and services headquartered in San Francisco. It had three separate businesses under one roof, each handling different deliverables. However, all of the sales were generated through a six person field sales force, and part-time inside sales/customer service person.

### Their Issue:

The resulting impact of several issues was a zero percent growth rate across all product lines. The external environmental influences the company faced included significantly increased competition, increasing cost of sales, and ever-demanding

agency regulations governing the handling and transportation of many of their products. These were facts of life over which the company had absolutely no control.

Even more significantly, their own internal infrastructure characteristics combined to produce constraints on their operations. Their processes were poorly documented and relied heavily on the experience of a few key people to keep their system running. Secondly, their technology was virtually non-existent in so far as their systems capability to track and measure sales activity and results was concerned. System inadequacy was also apparent in their general inability to efficiently and effectively communicate prospect and customer information to their sales personnel. Finally, the company's sales resources were stretched too thin to perform even an adequate job . . . let alone generate exceptional performance.

### Customer Manufacturing Group's Role:

As the result of some initial fact finding, CMG was asked to evaluate and recommend process solutions in two key areas: 1) The separate and combined responsibilities and activities of the company's inside sales and field sales personnel, and; 2) The information handling technology with which the company could monitor, track, and communicate all aspects of its prospect and customer buying activity.

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### What We Found:

No one was doing an adequate job of lead qualification. With only a part-time person handling both inside sales and customer service, the field sales personnel were forced to qualify most of their own leads through whatever means available, thus reducing their effective sales time. This situation not only cut down on their sales performance but also impacted their ability to generate enough new qualified leads to meet quota. With the inadequate resources for inside sales and customer service, much of field sales "new business generation" time was taken up servicing existing accounts and doing their own administrative work. "Inside sales" was barely even "order taking," and as far as the field personnel were concerned, sales opportunities were merely name "pass-thrus" to them with no attempt whatsoever to qualify the would-be prospect.

At best, the "information system" currently employed could only be described as a data collection system for keeping track of sales for accounting purposes, and one that was not at all designed for marketing/sales tactical operations. It provided no useful information for market development or marketing programs, and very little information for sales management and personnel that would be useful to them in analyzing sales programs, buying patterns, prospect and customer potentials and projections, or for even planning follow-up contact and activities. It was, in short, a sales history archival system; great for counting beans but of no help whatsoever in preparing for and planting next year's crop. From a sales management perspective, sales forecasts were prepared on not much more than a "best guess" basis. Setting any type of credible performance metrics using this backdrop was highly problematic.

Putting these two critical performance barriers together, the company was doing very little to facilitate its selling process and execution, and was expending nearly all of its total — and very scarce — available resources simply trying to keep its head above water. As the sales results showed, there was no market place progress, and the company was in danger of becoming an "also ran."

### Recommendations and Solutions:

Using its proprietary Customer Manufacturing System (CMS) integration model as a guide, CMG performed an in-depth audit of the company's sales and marketing processes. Our primary focus was the company's telesales/lead qualification process and system with the objective of improving tactical sales operations performance. That is, to maximize the field sales personnel selling time and their efficiency and effectiveness. To do this they had to stop chasing false leads, stop being responsible for conducting their own initial lead qualification, and to be provided with more meaningful and potentially productive prospect (and customer repeat sell) buying information.

One result of this phase of the project was the hiring of one full-time outbound telesales representative to do lead qualification for the field sales reps and to close sales on their own when appropriate. This not only resulted in much better leads going to the reps, it also freed them up to concentrate on prospects that required face contact, or more relationship selling, and to spend more time engaged in finding and pursuing new business opportunities.

A second outcome of this phase was to make the position of Sales Administrator<sup>1</sup> a full-time position. This person would now handle all the sales-related and administrative paperwork, and would become the sales information system database administrator. This one step not only relieved the tactical sales personnel of much of their previously time-consuming administrative overhead requirements, it also allowed management the "luxury" of managing by the information that they no longer had to spend a large amount of their time collecting.

Improving the company's sales information system was the second phase of the project which resulted in CMG recommending and then assisting the company in the implementation of an automated sales/customer data base management system.

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<sup>1</sup>In other companies this position is often called Sales Operations.

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This system not only eliminated all manual record keeping of sales transactions, but more importantly allowed for the recording and tracking of all prospecting and contact activity, documenting of future sales opportunities and prospects, and scheduling of follow-up contact activities. This software significantly increased the effectiveness and efficiency of the company's sales and marketing efforts. The sales department "owned" this system and took responsibility for its accuracy and maintenance, with the newly created position of Sales Administrator having primary responsibility for the latter. This "ownership" accountability would be a critical issue for the success of the system as it was the sales reps' principal sales tool, their means of facilitating what they were hired to do, sell.

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### The Results:

For the first time in recent years, both sales and profit forecasts had become quantified, measurable, and most importantly, credible. Actual performance of both sales and profits began to track meaningfully with their forecasts. Within the first year of operations with the new systems, the company realized a 7 percent increase in profits over the prior year, owing to its greater operating efficiencies and effectiveness. Market share was once again on the rise and the company was again considered to be a worthy supplier and competitor.

The software automation system reduced administrative work for the field representatives, giving them more time to sell. It also allowed management to quantify and measure results instantly. The outbound telesales rep/lead qualifier not only increased the income of each territory by personally closing some of the smaller accounts, but provided highly qualified leads for the field reps to pursue, making them much more productive.

### The Benefit of Process and Process Integration:

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**WITHIN THE FIRST  
YEAR OF OPERATIONS  
WITH THE NEW  
SYSTEMS, THE COMPANY  
REALIZED A 7 PERCENT  
INCREASE IN PROFITS  
OVER THE PRIOR YEAR,  
OWING TO ITS GREATER  
OPERATING  
EFFICIENCIES AND  
EFFECTIVENESS.**

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Prior to engaging CMG, the company's various sales departments and sub-functions were each performing activities necessary to its business operations; each doing its own thing without much support and no team effort as such. Each activity did have a process; its own. The culture within the company wasn't "bad," but with that operating environment its prospects for viability were dimming.

To begin its engagement, CMG utilized its proprietary CMS tool and first evaluated the company's overall sales operations on the basis of the four key management principles embedded within the CMS model:

#### **Process Management (PM)**

PM defines that all work is done via documented processes with controls, feedback, and performance limits.

In the company's case, there was very little documentation, almost no feedback, and no performance metrics or limits whatsoever.

#### **Constraint Analysis (CA)**

CA defines how to allocate resources such that total system throughput is optimized.

In the company's case, not only were there insufficient personnel in total, the time of some was being poorly allocated, and the information system resource was virtually nonexistent.

**Continuous Improvement (CI)**

CI defines the mentality and processes for discovering how to improve the performance of each activity within the process . . . and of the process itself.

In the company's case, there was no continuous improvement; the patient was in a condition of stasis, i.e., motionlessness. Everyone was working so very hard just trying to maintain what they had that there was no time or energy left to consider self-improvement. When you're busy bailing with buckets you don't stop to consider what else you should have done or could be doing instead.

**Lean Thinking (LT)**

LT describes the attitude of applying 'just enough' resources to an activity to get the job done with no waste. Within the CMS concept we apply LT to the entire process as a whole and combine it with CA, in effect "balancing the line" from start to finish with just the right amount of appropriate resources applied at the right time. In the company's case, the entire line was out of balance with far too few resources in the wrong places doing the wrong job. You can be very lean and still be out of shape.

Looking for the Foundation:

Using the above principles and our CMS model, we began our assessment of a client's operations by looking for a foundation or master plan that incorporates these process guidelines. Without them, many marketing/sales operations metaphorically resemble the Winchester Mystery House in San Jose, California; a 160-room structure with no logical, rational design or layout, just separate rooms — some connected some not — but each taking up space and costing a great deal of money.

More Information About CMG

If you would like more information about how to apply a process to improve your marketing/sales function, simply contact us and we'd be happy to help you get started. From sweeping marketing/sales management process strategies to specific branding or product launch services, Customer Manufacturing Group can help.

Detailed information on our services and a number of Special Reports and cassette tapes and CDs are also available.

If you'd like to learn more about Customer Manufacturing Group, or for a complimentary subscription to *Customer Manufacturing Updates*, give us a call at (800) 947-0140, fax us at (408) 727-3949, visit our website at [www.customermanufacturing.com](http://www.customermanufacturing.com), or e-mail us at [info@customerfmfg.com](mailto:info@customerfmfg.com).

We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.

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