



CUSTOMER MANUFACTURING GROUP

Improving Sales process is always valuable. In a turn-around situation it needs to happen fast and correctly.

REDESIGNING A SALES PROCESS IN A TURN-AROUND SITUATION

A CUSTOMER MANUFACTURING CASE STUDY

The Background:

A manufacturing company focused on the housing industry misread their success in a growing market with thinking they had excellent marketing and sales. When the market crashed in 2009, they suffered a severe downturn in sales and found their ineffective marketing and sales efforts could not cushion them from the crash sufficiently. While they believed the sales decline was primarily a personnel problem, they discovered that the real problem was that their marketing/sales processes were ad hoc and incapable of dealing with any downturn. Their prior success had actually been due to being in the right place at the right time.

The Company:

The company is a 30-year old manufacturer of home interior products sold through big-box retailers and a direct sales force to homeowners.

Their Issue:

Revenues had declined to the point that the company was in jeopardy of bankruptcy. An operating turn-around expert had been brought in to help the company gain stability, reduce operating costs and survive. Once he had accomplished those things, the company needed to return to a growth mode to assure survival. This growth had to occur even in a down economy.

Their initial actions to improve revenue results had been to hire a new

VP of Sales. He came in and made changes mostly to personnel and organizational structure. However, his actions did not improve results. Further, their sales performance with their key retail partner had deteriorated to a point that the retailer (who represented a substantial portion of their business) was on the verge of cancelling their working relationship.

They were now in a clear crisis again because any significant shortfall in revenue would likely assure the company's demise. Changing people (hiring a new VP of Sales and his organizational and people changes) had not worked. The new VP also pushed for a technology solution based on a new CRM system. At about that time the CEO met us and became intrigued by our recommendation they consider a process-based solution. Our mantra that every process is perfectly constructed to produce the results it produces resonated with him.

Our Solution:

Our process focus needed to triage the situation with their primary retail partner . . . fast. A review of that process found they were investing tremendous people resources to keep their partner up-to-date on how the sales process was proceeding because they did not have a process to understand it themselves and simply report that information to the retailer. And further, the sales process itself was

CASE STUDY

ineffective and inefficient and was simply being brute-forced to some results . . . which were not only inadequate but now in jeopardy of ending a key relationship.

Fortuitously we were able to pilot our new process design in a few regions where they were most in jeopardy with their retail partner, and when demonstrated success was observed, the process was then rolled out to the rest of the territories.

Let's Look At What We Did:

The top constraint in their sales process was lead qualification. Based on the partnership they had with their retailer they were given a large number of leads, most of which were not really qualified. For reasons outside of their control, improving lead quality was not an option. Therefore we looked to reduce the cost of lead qualification, increase their capacity to handle lead qualification in a timely fashion (a requirement of their continuing relationship), and provide prompt feedback on lead quality and make sure that qualified leads were followed-up in a timely fashion.

We were further hampered in our ability to effectively design a new process because their current information systems were collecting sales data but not sales process information. Therefore, there was limited actual data as to what the sales process was actually producing and what marketing or business development programs were working . . . or not.

As is always the case, we focused on designing a system to help the right customers buy and to then make that process as efficient as possible without losing focus on the key element . . . facilitating the customer's ability to buy. Our solution involved splitting the sales activities into two parts: those handled by the field team and those that should be handled by an inside sales team.

Their existing process had the outside sales people handling the entire process from lead qualification to sales assessment, helping the customer choose and then closing the sale. This made the outside people inefficient and they

were also unable to provide timely response to new leads and provide the requisite feedback to their retail partner.

In addition, the field sales people's most critical value add in the sales process was providing expertise to the customer to help that customer buy right. The existing process limited the time sales people had to do that critical aspect of their job.

By adding inside sales partners to the outside people we were able to develop a process that qualified leads faster and for less cost. The outside people could focus exclusively on doing the work they were best qualified to do, which is help qualified customers make informed buying decisions.

The Results:

Initially they were able to work with fewer outside sales people and they eliminated those who were not performing well, thus lowering the cost of selling by more than the cost of adding new inside sales people. They now have a process that can be measured, managed and improved because each step of the process can be monitored for outcomes and continuous improvement is possible.

As a key metric they went from being in jeopardy of losing their key retail partner to being the standard by which all vendors are measured. Sales have increased while the cost of selling as a percentage of sales has dropped.

It can be easy and simplistic to view this case as simply adding inside sales to an outside sales team. This is accurate, and insufficient. Often combining inside and outside sales teams can improve efficiency and effectiveness¹, in this case it was understanding the "work-cell" requirements of the customer that allowed for a new design to be deployed quickly and successfully.

¹ For more information:
<http://www.customermanufacturing.com/wpfiles/insideoutsideteams.pdf>

CASE STUDY

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, or e-mail us at info@customermfg.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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