

# Managing a Lean Sales Process

John S. Kiff and David Brunt

**THE LEAN**  
**ENTERPRISE**  
**ACADEMY**

# Managing a Lean Sales Process Breakout Session

Purpose

To show how you can use Lean Thinking and Tools to improve the Sales Process

Process

Presentation – using Cars as a case

- Is there such a thing as a Sales Process?
- How does Lean apply?
- How would you manage it?

Questions & Answers

People

35 Lean Summit delegates

# “Is There Such a Thing as a Sales Process?”



# Straw Poll: 'Yes' or 'No'



## “Yes!”

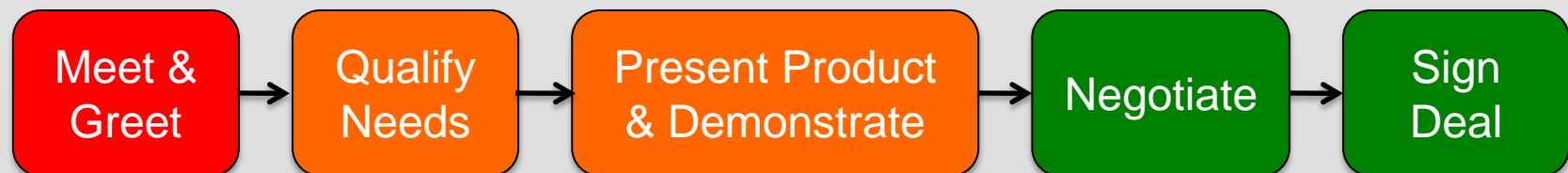
- Various ones over the years
- ‘Route to the sale’
- Qualify / Present / Close
- Belief: follow it rigidly and succeed
- “I use my process”
- Or is it somewhere in between?
- An outline, ‘sort of’ in the back of the mind?
  - But because every customer’s different the process has to be different...every time - ?

## “No!”

- “Selling is an art” (craft)
- “Every customer’s different”
- Don’t want to be a robot!
- Belief: need to duck, dive and deal
- “I just think on my feet”

# Selling, first and foremost, a process

- A process is something that transforms one condition (current) into another (target). Toast.
  - “A series of actions or steps taken in order to achieve a particular end” (Oxford Dictionary)
- Also, if the outcome is important...
  - ...and the resources used, expensive, then...
  - ...it must surely be worth using ‘the best way’
- A typical (car) sales process:



# How Does Lean Apply to Sales?

Can there be such a thing as a Lean  
Sales Process?

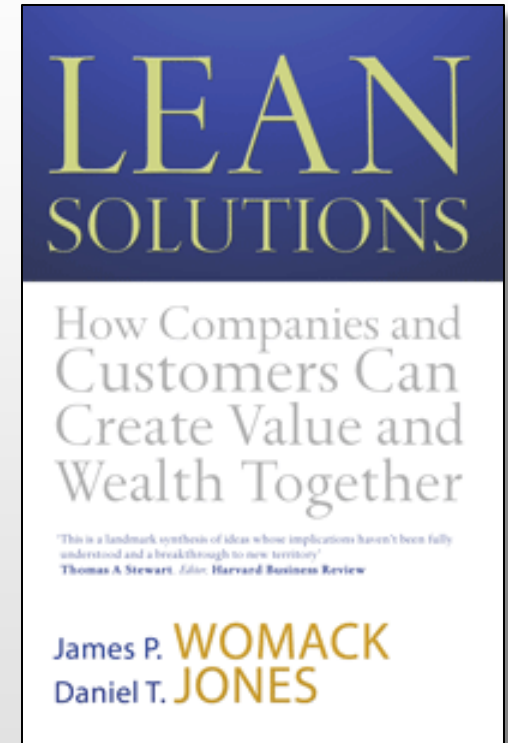
# Where to Start?

- 1. Value!
  - What's Value to the (Potential) Customer?
- 2. Value Stream
- Two processes in buying a car:
  - From perceiving the need to making the purchase (pre-sale)
  - From making the purchase to using it (post-sale or fulfilment)
- What's value in each case here?
- In terms of quality, delivery and cost?

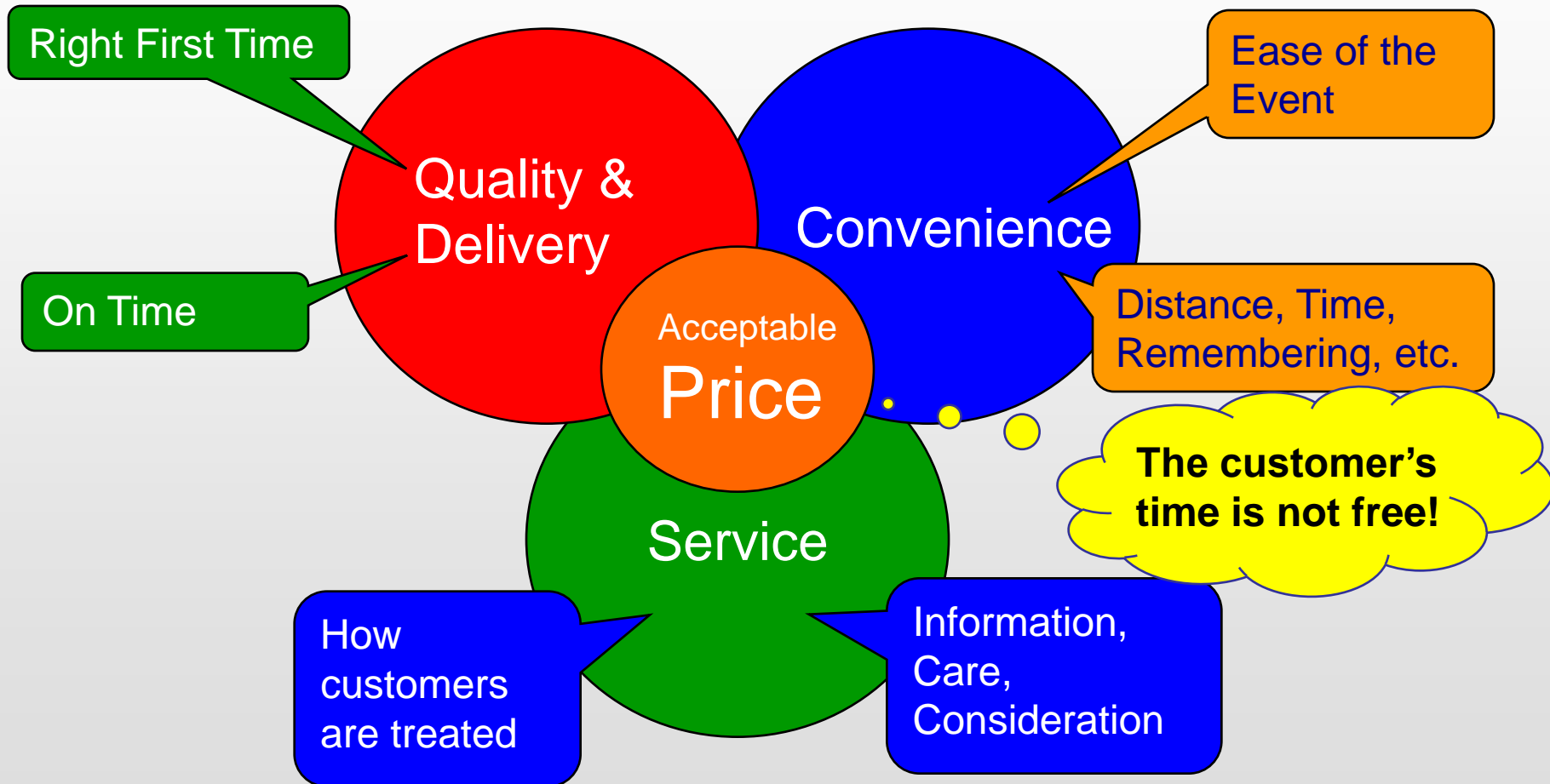


# 'Lean Solutions' Proposes:

- Solve my problem, completely
- Don't waste my time
  - Minimize my 'cost' of consumption (price + time + hassle)
- Provide exactly **what** I want
- Deliver value **where** I want it
- Supply value **when** I want it
- Reduce the number of decisions I must make to solve my problems



# Value to the Customer Another Perspective



# Aligning Purposes

- By focusing on value to the customer we can align the purpose of both customer and provider

	Customer Purpose (Value)	Provider Purpose
<b>Pre-sale process</b>	The right information, at the right time, with least inconvenience (and time) with the best personal service, to enable me to make the most appropriate decision on the right product at the right price for me	Getting as many enquirers as possible to buy, in such a way that meets <b>customer purpose</b> and makes them willing to recommend to others
<b>Post-sale process</b>	The right product, in the right condition, at the right time with good service and convenience	Meeting <b>customer purpose</b> with the minimum waste (overproduction, delay, inventory, rework, etc.) in such a way that customers recommend to others

As a provider, my processes need to deliver this

- “Right first time on time, every time, in less time!”

# But is there a Problem to Solve?

- How well do we provide value at the moment?
  - Customer purpose
- Is our (sales) performance as good as it can be?
  - Business purpose
- What are the **gaps** between where we are and where we need (or would like) to be?
- Gap(s) = Problem(s)
- Problems demand the use of PDCA
- And first step is to grasp the situation



# Grasping the Situation: 1 Measure

- **Customer purpose (value)**
  - Right first time on time with service and convenience
- **Difficult to measure pre-sale, easy for post-sale**
  - Pre-sale by:
    - Post-hoc interviews / Video mystery shops / Phone recordings
  - But measuring against what standard?
    - Need to define a standard before measures are really useful

# Grasping the Situation: 1

## Measure – Defining the Standard

- Possible measures:
- Buyer, **and non-buyer**, feedback on such as:
  - Parking acceptable
  - Acknowledged in an acceptable time
  - Given information; presentation; demonstration appropriate to needs
  - Presentation of financial offer
  - Not left alone too long
  - Met manager
  - etc.

# Grasping the Situation: 1 Measure

- **Customer purpose (value)**
  - Right first time on time with service and convenience
- Difficult to measure pre-sale, easy for post-sale
  - Pre-sale by:
    - Post-hoc interviews / Video mystery shops / Phone recordings
  - But measuring against what standard?
    - Need to define a standard before measures are really useful
  - Post-sale RFTOT facts, plus ‘would you recommend?’
- **Business purpose**
  - Spreadsheets of financial measures! Which ones??
  - Actually, what we need are process measures!

# Grasping the Situation: 2

## Map the Pre-Sale Process

- Conventionally
  - Learning to See style?
- Maybe – if we want to see the detailed waste
- But actually, where's the problem?



- Start at a higher level and get the gemba facts

# Grasping the Situation: 2

## Map the Pre-Sale Process



- OK, but what's the performance of the process?"
- And what's the gap, versus the above 'ideal'?

# Grasping the Situation: 2

## What Happens Now? (Cars)

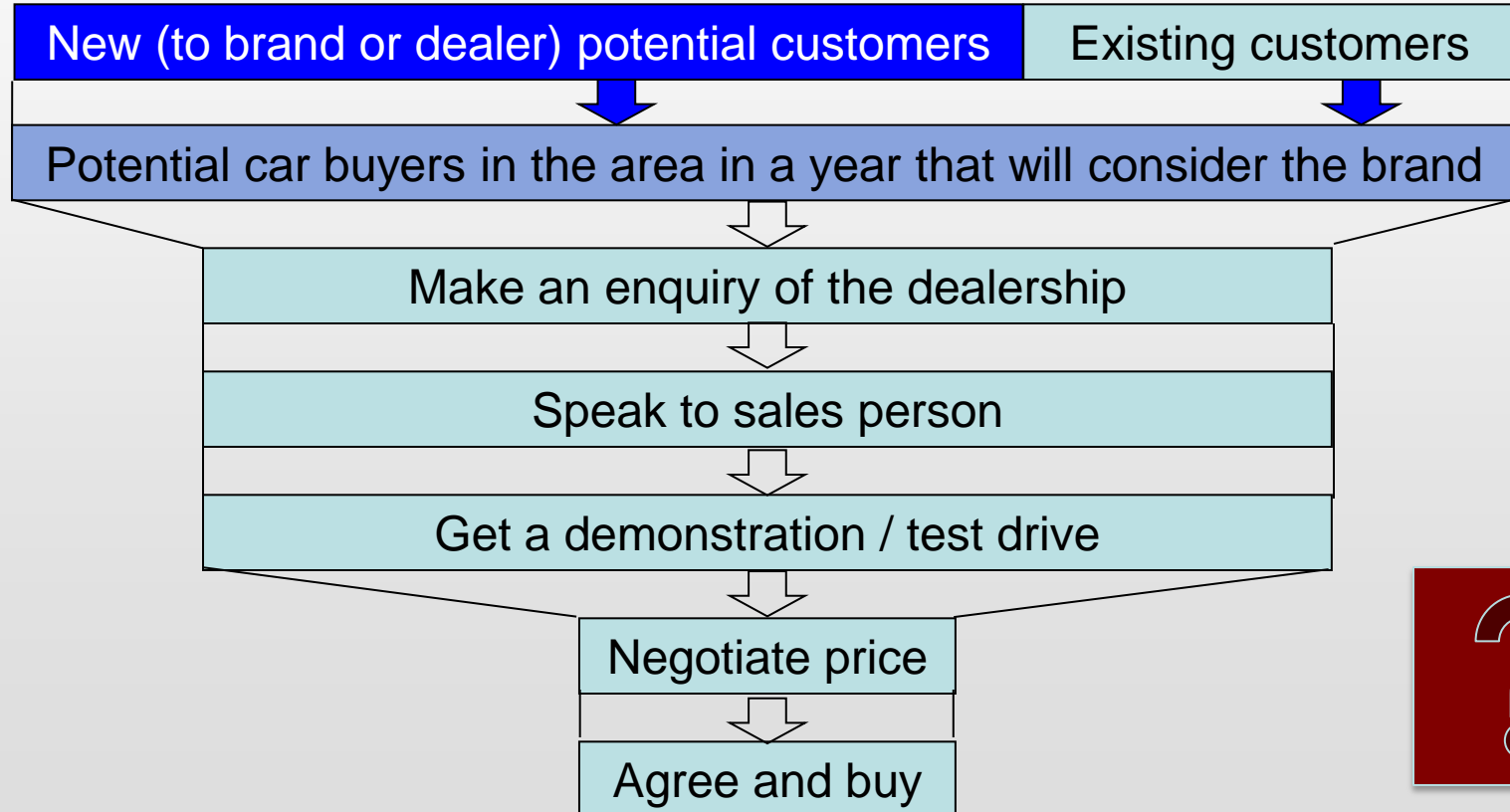
- Few dealers measure their pre-sale process
- Some facts\* about customers:
  - 85% have decided to buy a car before visiting a dealer
  - 78% of those that go out and look at a car, buy one
  - 89% of them want to drive the car before they buy it
  - 68% said they got a lousy presentation/demo – if at all
  - 65% said salesperson didn't qualify their wants & needs, or establish some rapport before trying to sell them a car
    - 46% bought on the spot if they got a good presentation/demo!
  - At any given dealer, only 20% of enquirers buy a car!
- **Boy, has this industry got problems!!**

\* Source: Sewells 2000-2005

# Grasping the Situation: 2

## Map the Pre-Sale Process

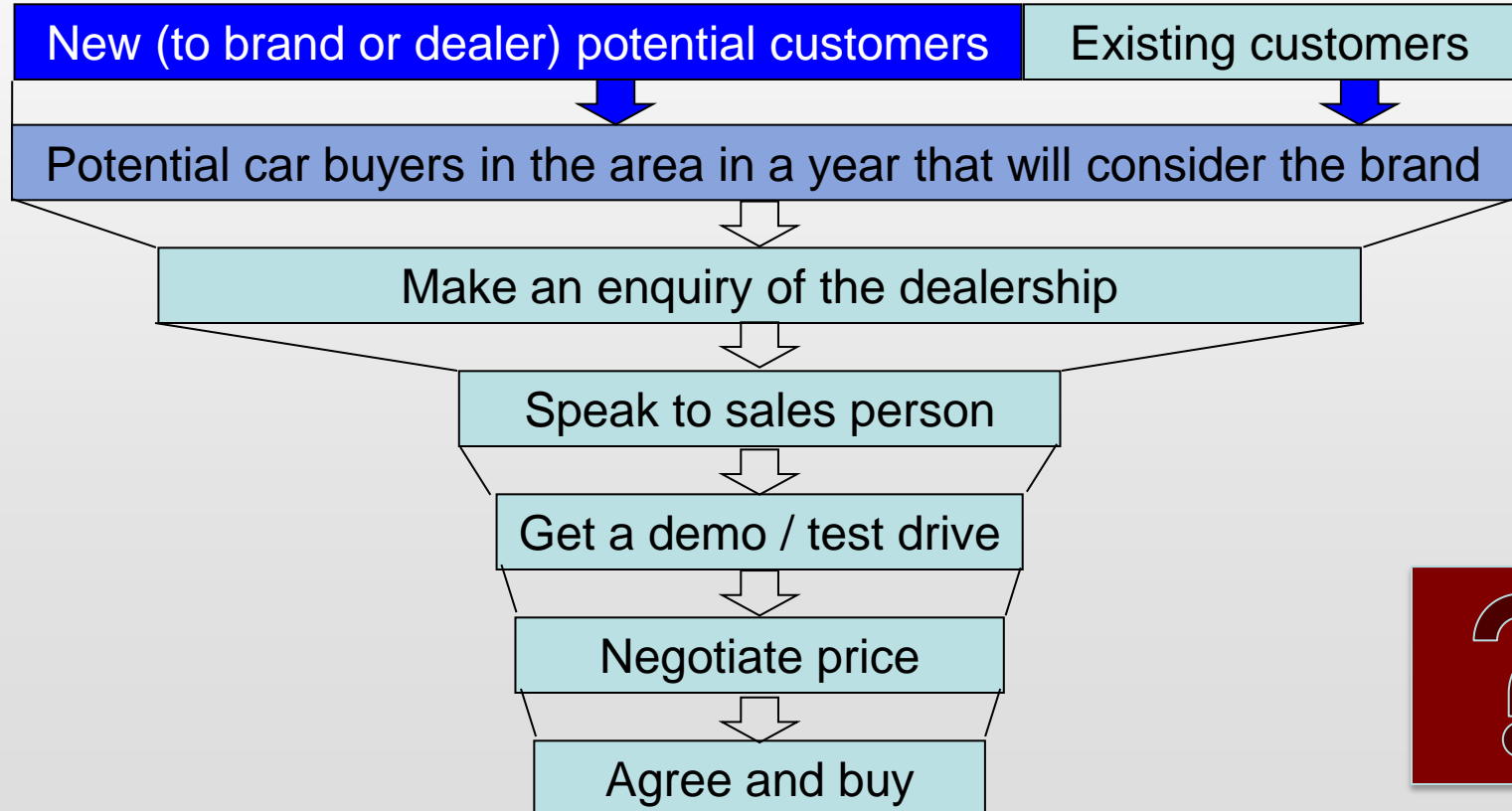
So, does the performance look like this...?



# Grasping the Situation: 2

## Map the Pre-Sale Process

- ...or like this?



# Grasping the Situation: 2

## Map the Pre-Sale Process

- ...or even this?



- And **WHY?**

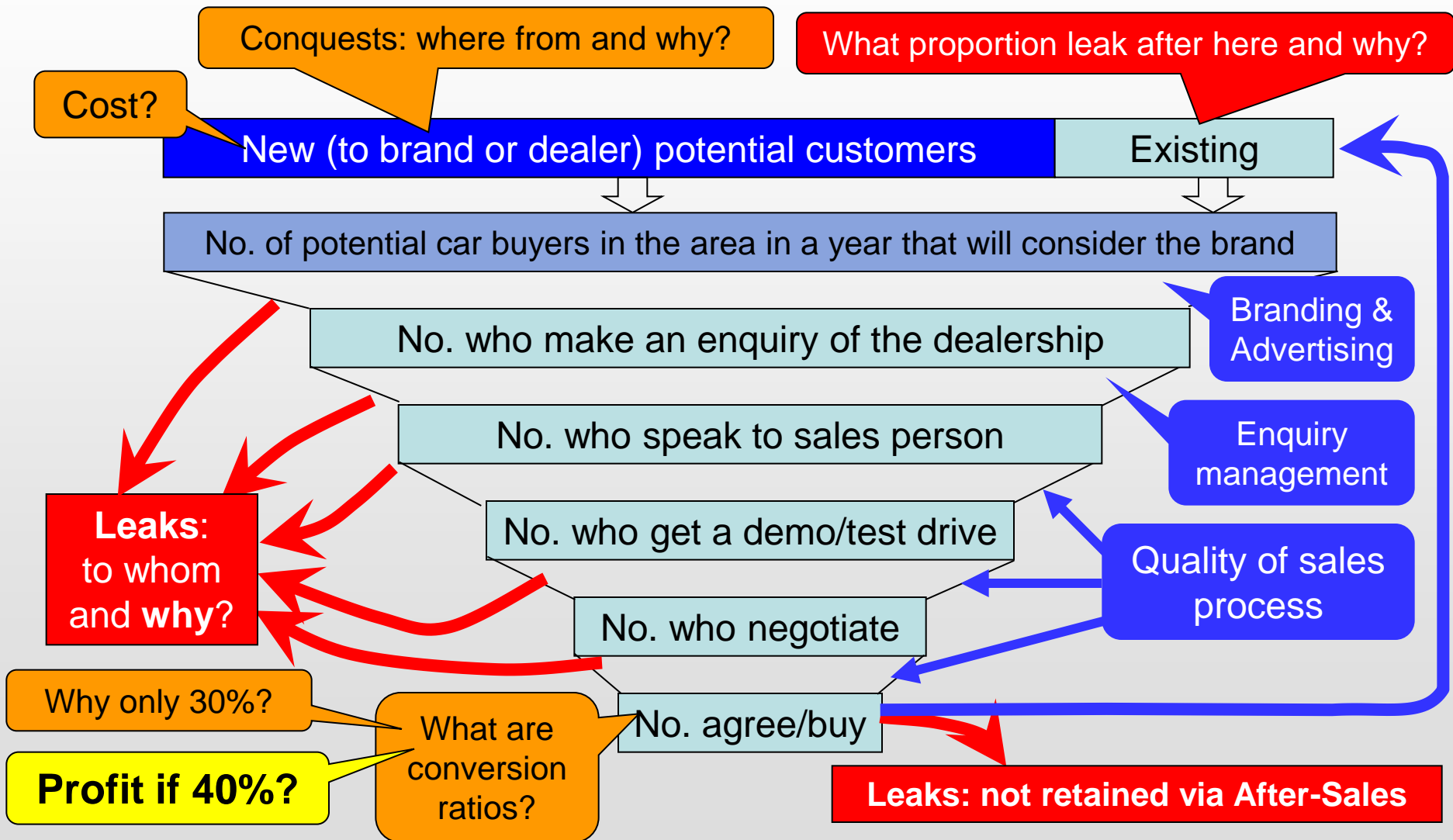


# Grasping the Situation: 2

- In all 3 cases,
  - ...not only is the customer purpose not met (value)
  - ...but also, the 'business purpose' could improve
    - By converting (more) enquirers in a professional way
- Need to meet / improve both
- So what's happening?
- Think:
- If it's not Value...
- ...it must be Waste

# Grasping the Situation: 2

## Map the Pre-Sale Process

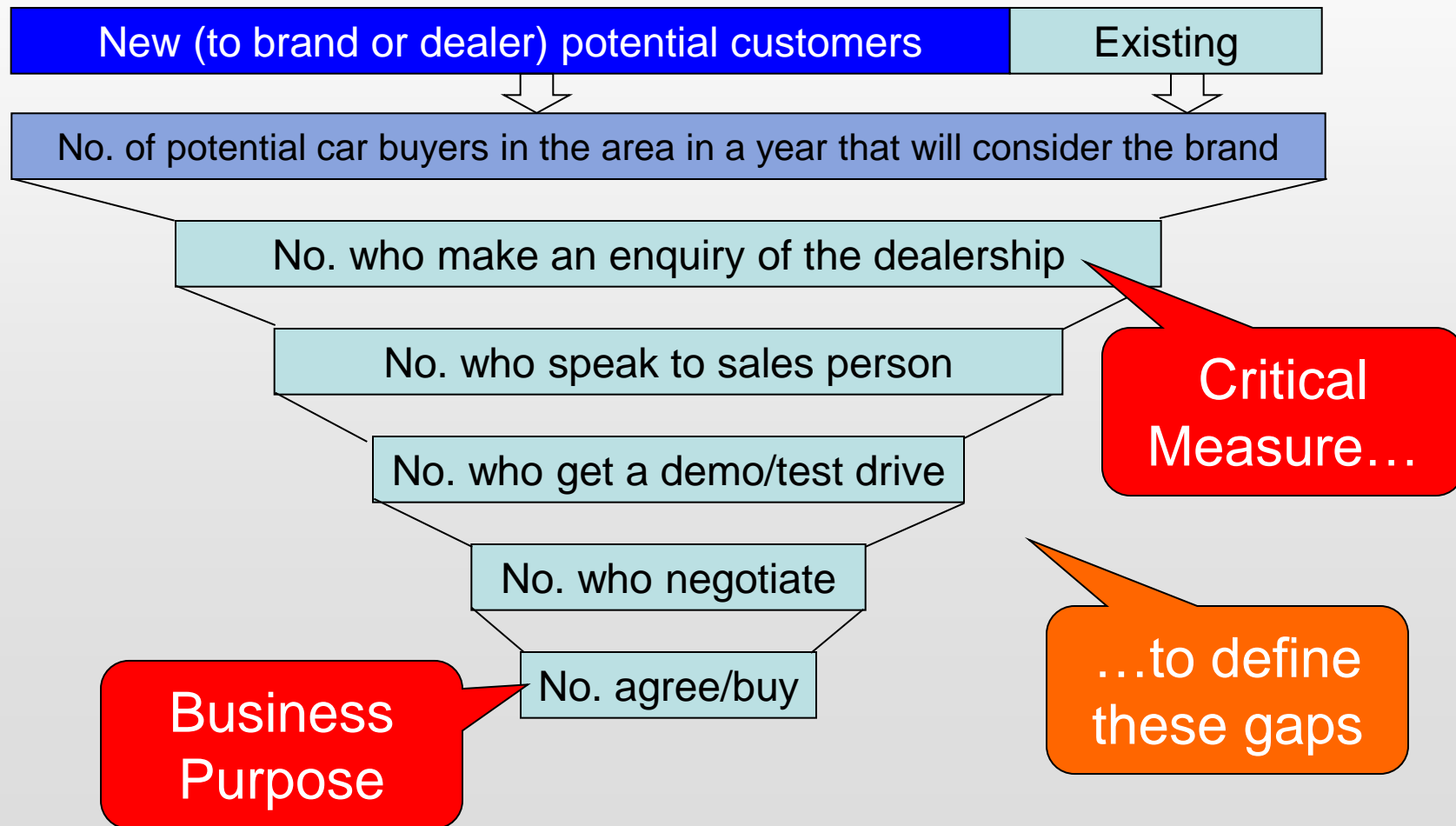


# Grasping the Situation: 2

- Leaks are waste
  - Probably to the customer,
    - (But not if the info step clarified to them it wasn't the right car)
  - Definitely to the business
    - What's the cost of attracting 100 customers only to sell to 20?
- Leaks are problems
- Problems mean PDCA & A3
- Need to measure, prioritise and break them down
  - For the business as a whole
  - By salesperson

# Grasping the Situation: 2

## Defining the Gap(s) / Problem(s)



# Managing a Lean Sales Process

**'Managing' = 'Improving'**

# Root Causes & Countermeasures

- Root causes vary, but typically include:
  - Inappropriate process
    - i.e. variation in method, by salesperson, maybe by day
  - Fire-fighting – ‘Groundhog Day’ problem-solving
  - Unevenness – ‘end of month’ surge = stress & cost
- Countermeasures typically include:
  - ‘Mechanical’ – standard method
  - ‘People’ – training using a standard method
  - Visual management
    - Performance vs target
    - Problem-solving / improvements



**TWI**  
Job  
Methods  
and  
Job  
Instruction

# JI Training and Checking

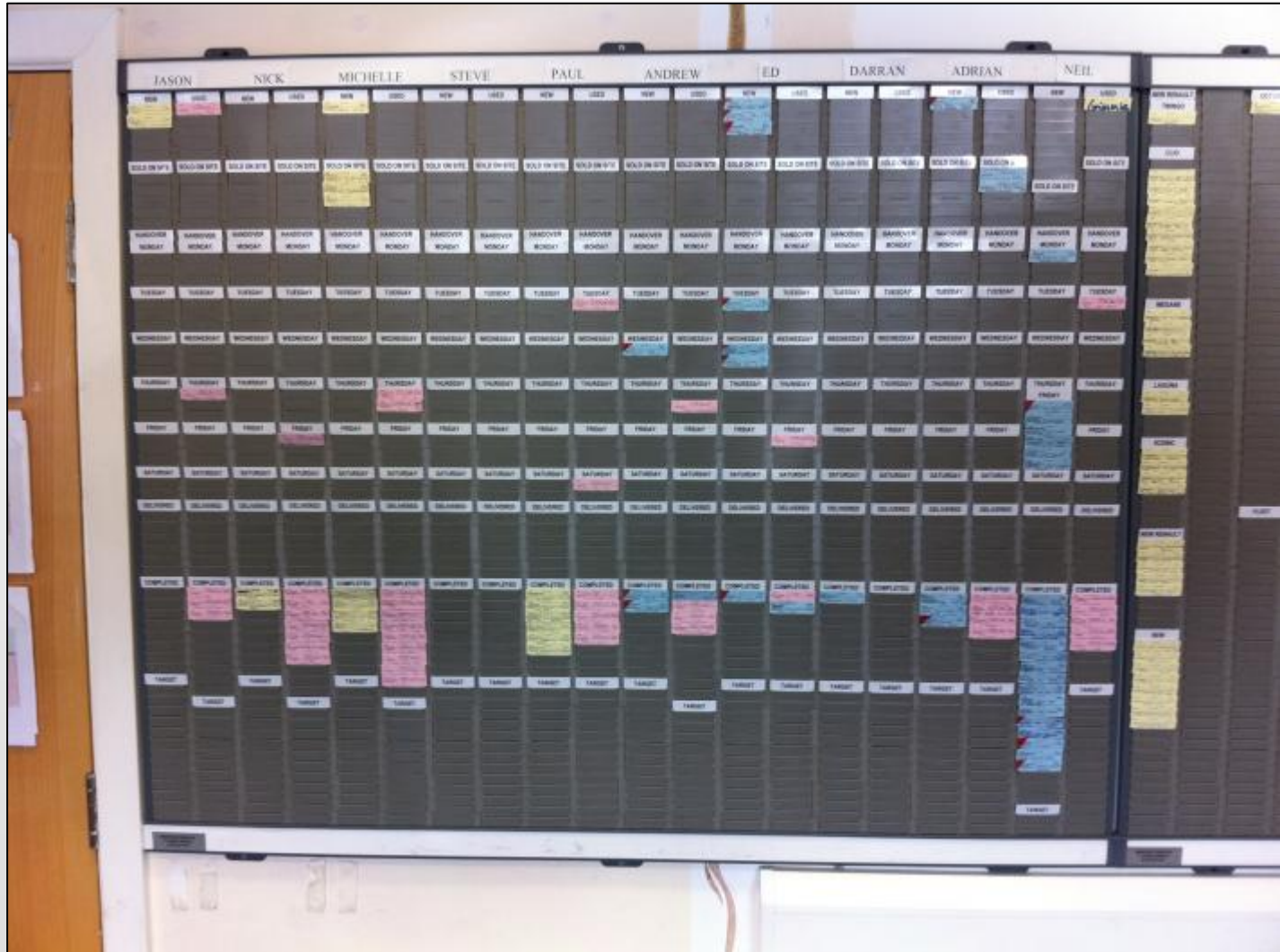


Video of  
mystery  
shop

# Visual Management



# Visual Management - Performance



# Visual Management - Performance

Enquiry Type

Inbound		Outbound		
Phone / Email	Walk In	Finance Maturing	Service Diary	Campaigns
23	17	0	0	0
Actual		Target MTD		Gap MTD
42		53		-11
Dealt on Phone 3				
Face 2 Face				
25	4	0	0	0
Actual		Target MTD		Gap MTD
29		30		-1
30	Demo Static	21	23	-2
30	Demo Driven	8	23	-15
30	Trial Close	19	23	-4
20	Dealt	11	15	-4

Month Target: 70

Month Gap: -14

Target: 40

Gap: -1

Target: 30

Gap: -2

Target: 30

Gap: -19

Target: 30

Gap: -5

Target: 20

Gap: -5

JOHN

USED FOCU, NEW LEADS

By Salesperson

Areas for Improvement



# So, a Lean Sales Process Would Be...

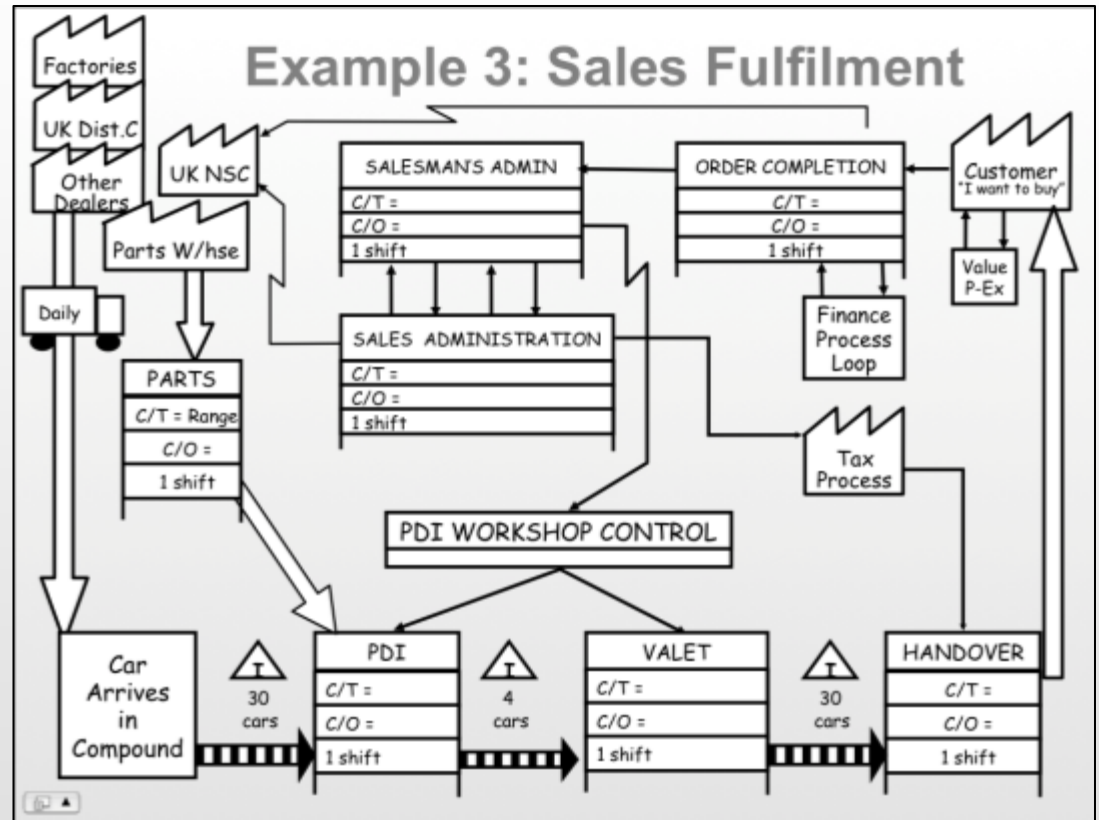
- One where there was continuous improvement of:
  - Customer Value (purpose), and of
  - Business purpose
- By eliminating waste both for customer & provider
- So:
  - More enquiring customers buy
  - More customers recommend
  - More profit is made
  - With the same (or less) resource
- One dealer group has increased conversion of enquiries from around 30% to 40% via std. work!

# Lean (Post-Sale) Fulfilment Process

- RFTOT (100% quality & delivery)
- Was the car...
- ...handed over to the customer RFTOT?
  - Without problems
  - With no problems for first month
- Were there problems (wastes) in the process between the arrival of the car and the handover?  
Was it RFTOT at every step?
  - Physical on the car or in the paperwork

# For the Fulfilment Process

- Map each step
- Measure RFTOT at each step
- PDCA on the priority problems
  - Remove waste
  - Improve RFTOT
- Visual management



# Visual Management - Fulfilment

	1	2	3	4	5	6	7	8	9	10	11	12
MON 27												
TUES 28												
WED 29												
THUR 30												
FRI 01												
SAT 02												
SUN 03												
MON 30												
TUES 31												
WED 22												
THUR 23												
FRI 24												
SAT 25												
SUN 26												

Standard Deal File

Sales Administration Board

Making the invisible, visible

STOCK NO.	SONG NO.	PERIOD:
N1166	0046LQEM	

RETAIL	MOTABILITY	NETWORK B	FTBC	SELF SUPPLY	OTHER
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MAKE: Vx MODEL: Corsa TAG:

Customer: Op Stock MFG: Op Stock V.I. No: 1000

Delivery Date: 2000/01/01 Delivery Time: 10:00 Chassis ID: 1000

Subsidiary: Nelly Tax example: YAN Detachable:

Managers App'd:  Dealer notes:

File No: 1000 Finance Agreement:  Finance option:

Planned Termination:

BSC Code(s):  Motability Ref'd Approval:

Partners Company: 1000 Motability Retrieval Date:

Warranty Auth's Code: 1000 Warranty Ref'd Number:

GM Card Auth's Code:  Warranty Expiry Date:

P. Ex. Make: Op Stock Chartered Rate Ref:

P. Ex. Model: Op Stock Chartered Required: Y/N

P. Ex. Ref. No.: 1000

Settlement: 1 MTS: 1 FTBC: 1 TRADE: 1 USAP: 1

Settlement Expiry Date:

Settle's Charge Term:

Partners: 1 1 1 1

PAYMENTS RECEIVED			
Date	Amount	Type	Notes
2000/01/01	1000	1000	1000
2000/01/01	1000	1000	1000
2000/01/01	1000	1000	1000

# Managing a Lean Sales Process

John S. Kiff and David Brunt

**THE LEAN**  
**ENTERPRISE**  
**ACADEMY**