



**SupplyVelocity®**

# Creating a Lean Sales Process

Mitch Millstein, CFPIM, C.P.M., CQM, CQE  
Supply Velocity, Inc.  
[mitch@supplyvelocity.com](mailto:mitch@supplyvelocity.com)  
(314) 406-4962

January 2010



## **Abstract**

Selling is a process. Like many processes it includes tasks that directly add value to customers and tasks that are “non-value-added.” Enlightened sales executives are learning Lean Six Sigma tools from their operations counterparts to streamline and simplify the sales process. This white paper will case study how a CEO of a Distribution Company deployed Lean to reduce steps in the sales process, giving his Sales Representatives more time with customers. This resulted in a 40% increase in profit margins.

## **Background**

The CEO of this Transportation Equipment Distributor had executed a successful growth strategy and in a few years grew sales 400%. This is outstanding sales performance. However, what was even more outstanding is his realization that the company had out-grown its Sales and Sales Support Process.

He knew this growth had created inefficiencies in his sales process, but didn't know how to find and eliminate them. Sales Representatives should be working with customers, adding value and closing deals. Instead, he saw them doing a lot of paperwork.

Deploying Lean Tools to find and eliminate this administrative (non value added) work was the answer.

## **Lean Versus Re-engineering**

There are two ways to redesign a process. One option is to start with a “clean piece of paper” and design the process you want. This was popularized in the book “Re-engineering the Corporation” in the early 1990's. It was extremely popular and then fizzled very quickly.

There are many problems with this approach. First, the new process takes too long to design because every step is debated by team members trying to protect their turf. It was not uncommon for re-engineering projects to take 6 months to 2 years to complete. Second, the newly designed process usually did not work because it didn't integrate the company's existing information systems. It is too difficult to start over.

The Lean method is much simpler and faster. We map the current process, then identify and eliminate the non value added steps. The new process is simply the old process with the non value added steps taken out. Lean projects are completed in 4 weeks and have lasting improvement.



## **Current State Process Flow Mapping**

The sales process of this Distribution Company includes:

- Creating proposals
- Configuring orders
- Customizing standard product (coming from the manufacturer) to customer specifications
- Delivering
- Billing
- Accounting for payment & paying commission

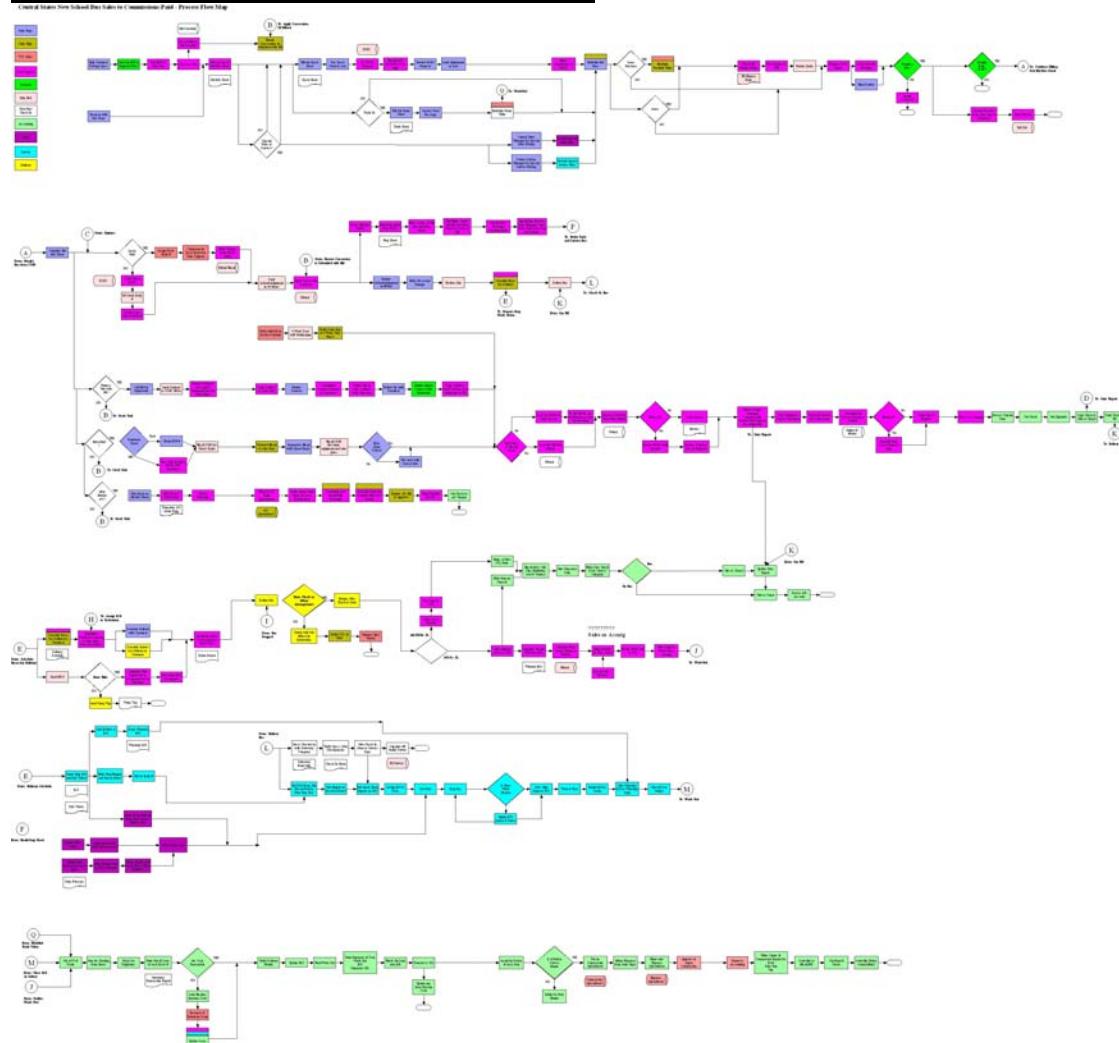
We created a process flow map, including all the detailed steps, decisions, paperwork and databases that are part of the Sales Process. The Mapping team included people from each department that touch the process including:

- Sales Representatives
- Sales Management
- Sales Support
- Parts Department
- Service Department
- Accounting

We created this very detailed process flow map to identify all the tasks that are wasting Sales Representatives' time and do not add value to the customer. The actual map is shown below.



## Current State Sales Process Flow Map



The different colors represent the different departments that touch the Sales Process.



### **What the Current State Process Flow Map Showed Us**

Once the Current State Process Flow Map was complete we looked at every step and asked two questions:

- Does the customer value us doing this step?
- Is it preventing Sales Representatives from spending more time with customers?

If the task does not add value to the customer, or is preventing Sales Representatives from selling, we considered it a task that should be eliminated or streamlined.

We removed these non-value added tasks from the Process Flow Map and created action items to either eliminate them or reduce the time they require. Then we quantified each step to determine how much time we were saving the Sales Representatives and the Sales Manager. These action items are show below.

**The Task Duration is shown in Minutes. Total Time Saved is shown in Hours.**

Issue	Solution	Role	Freq. Per Year	Task Duration	Total Time Saved	
Sales manager verifies check amount for payment to BB	Jeff to authorize Cathy to sign check request, Tim to let Liz know	Sales Mgr.	275	3	13.8	
Return Prep Sheet to Sales Manager if it doesn't have enough information	Prep sheet from BOSS	Sales Mgr.	15	10	2.5	
Sales Manager reviews leasing information for some Sales Reps.	Sales Rep has to fill out the correct payment amount on Bid Info Sheet, Henrietta to verify contract to Bid Info Sheet before sending contract out.	Sales Mgr.	20	5	1.7	<b>17.9</b>

We eliminated 17.9 hours per year of work done by the Sales Manager.



Issue	Solution	Role	Freq. Per Year	Task Duration	Total Time Saved
Sale Rep fills out the Transartic Form and faxes	Jeff will tell Sales Reps to have Sales-Support do it for them from Bid-Info Sheet	Sales Rep	15	5	1.3
Joe Wright doing BOSS quote	Joe will stop doing it unless he needs to in an emergency	Sales Rep	150	20	50.0
Sales reps fill out bid info sheet	Sales Support will fill it out, Jeff will communicate to Sales Reps.	Sales Rep	100	3	5.0
Sales reps fill out BB finance form	Jeff will tell Sales Reps to let Lori fill it out (they can put the numbers in)	Sales Rep	150	3	7.5
Sales reps preparing cover letter	Jeff will tell Sales Reps to have Sales-Support do it for them	Sales Rep	100	5	8.3
Sales reps update scorecard	Jeff will tell Sales Reps to have Sales-Support do it for them	Sales Rep	12	10	6.0
Sales reps make changes to BBOND for sale of stock unit	Jeff will tell Sales Reps to have Sales-Support do it for them	Sales Rep	80	15	30.0
Sales Rep mails contract to customer and notifies regional office	Contract is sent out from regional office	Sales Rep	20	20	6.7
Prepare bid on customer specifications	Develop a new proposal form from BOSS, with exact specifications, including dealer installed options. Will no longer edit customer specs.	Sales Rep	200	20	66.7
Sales reps proofreading typed bid	Jeff will tell them they don't have to anymore, once BOSS kicks out bid	Sales Rep	200	10	33.3
Sales reps order 2 way radios	Will be done by Parts Manager, update to the prep sheet needed	Sales Rep	0	0	0.0
Fill out prep sheet	Try to have prep-sheet come off of dealer-installed options on BOSS	Sales Rep	60	5	5.0 <b>219.8</b>

We eliminated 219.8 hours or work per year done by each Sales Representative.



## **Results**

- Eliminated Sales Representatives doing administrative work
  - Typing proposals
  - Filling out forms
  - Ordering miscellaneous supplies for customer-order
- Eliminated tasks using existing company information systems
- Moved task to sales support admin
- Each Sales Representative was given 5.5 weeks of extra selling time per year
- Over the following 2 years gross profit margins increased 40%

This project entailed identifying the non value added tasks that Sales Representatives do, and eliminating them or moving them to lower paid sales support personnel. There were 12 tasks a Sales Representative had to do for each customer inquiry that were eliminated from their workload. While this doesn't sound like a significant reduction in steps, we created 5.5 weeks of additional selling time for every Sales Representative.

Sales Representatives should be selling, not doing paperwork. This Lean project freed up time for this company's Sales Representatives to spend more time with customers, understanding their needs, adding more value. The result was that they closed deals at much higher profit margins.

The 40% increase in gross profit margin, happened as sales continued to grow. This equated to a multi-million dollar increase in profit.