



PROACTION – Generating Best Practices

Marketing & Sales Best Practices

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Article Summary:

Does your company have “too much success” in the marketing and selling area? No? Really? We thought so. Well, you are not alone – this is one of the least understood, least worked on, most universal performance improvement opportunities, applicable to almost every firm. The message here is that Best Practice marketing and sales is a defined, understood, improve-able process, with its own performance metrics, business processes, systems, and continuous improvement program. Key topics in the article include:

- Symptoms identify great opportunities
- Widespread – lack of a defined process
- What to do, where to start.

Symptoms Identify Great Opportunities

In the marketing and sales area, it is rare to find a company with a well defined, well understood marketing and sales process, even though sales is the “life-blood” of any company. It is this lack, we believe, more than any other single factor that kills off otherwise good companies, with great products or service offerings. Symptoms that one typically finds:

- **Marketing, a separate world** – often marketing is a separate organization from sales – it buys media time, advertising, creates art work, logos, ads, brochures, does direct mail



campaigns, or other “bush-beating” activities. But often there is little or no coordination, even communication with the sales organization.

- **Star-based sales** – in many companies there is a small, often VERY small team of “hot-shot” sales people (“stars”) who bring the bulk of the business in the door. When one of these people leaves the company, often taking key customers with him/her, the company suffers a huge drop in sales. One company in our experience literally went bankrupt after its top sales rep left for a competitor and took the “A” customers with him. No joke.
- **Coaching oriented** – selling is seen as a motivational challenge, one wrapped up with personal egos, fears of rejection and the like. Sales improvement therefore involves personality attributes like confidence, charisma, speaking skills, and others. Coaching does have a role, of course, even in a well-defined sales process.
- **No improvement over time** – since marketing and sales are not structured, clearly defined processes, with inputs, steps and outputs that can be studied and improved, the company has good years, and not-so-good years. No one knows what else to do.

As a side note, we should comment here that the primary focus of these remarks is business to business marketing and sales. Consumer products, at least at the retail level, are typically more driven by effective (or ineffective) marketing – advertising especially. However, even with these products, the preceding steps from producer of the product to the retail shelf will frequently involve a considerable amount of “business-to-business” strategy, marketing and sales activity.

Widespread – lack of a defined process

What do we mean by a “defined process?” A *process* is a series of actions or functions between inputs and outputs that brings about a result. The elements of the process are therefore capable of being measured. If they can be measured, then they can in turn be controlled.

Anything that can be controlled, and therefore changed, and if it is changeable, it can be improved by comparing the effects of the changes on the results (outputs) with measurements.

In the absence of processes, there is, even under the best intentioned circumstances, a powerful element of randomness. If it is random, then the results cannot be reliably predicted over time.

In the sales and marketing arena, there are three distinct overall processes:

- Strategy
- Marketing
- Sales



Each of these is in a sense, *nested* within the others – sales within marketing, marketing within strategy. There is, then, a strong interdependence relationship between these three processes. The interdependence is there whether we like it or not, that's not the question.

The question is, is the interdependence being intelligently and effectively managed? Further, it is a simple fact that in addition to these interrelationships, there are others with the rest of the company. Are *these* being intelligently managed, as interrelated, interdependent processes, with appropriate measurements, communication streams, information management, and improvement efforts?

What about the effect on the 4 Essential Factors of the Best Practice Path of a non-process oriented approach to handling both overall business strategy and specifically marketing/sales strategy, marketing and the activity of selling? Let's touch on these briefly:

1. **Effective Systems & Processes** – to the extent that these three critical-success-factor areas are not managed via defined, improvable processes, this vital factor will be seriously constrained, even if efforts elsewhere in the company are top-notch.
2. **Continuous Improvement Process** – by definition, if it isn't a defined process, with measurements, controls and changes over time, it is not amenable to organized improvements. There will therefore be a strong element of *luck* in how things go with a company in this situation. Or “star” performers.
3. **Education and training** – there may be education and training, but where will it go, absent a structured process to apply it to? If it's personal growth-style, with confidence development workshops and the like, there may be some improvement, but only as long as the individuals who took the workshop retain the material and stay with the company in that position. The best use of education and training is to apply it to the process improvement effort itself, so that improvements are *permanent*.
4. **Effective Leadership and Culture** – absent a structured process, leadership may have a very positive effect, but it is only temporary, as its effect is almost exclusively on the individuals themselves, not on the process or system that produces the results. It is important here to distinguish between the vitally important individual motivation, or better still *inspiration* that results from effective leadership and organization culture, and much longer-term results of having that effective leadership and culture applied to continuously improved, integrated marketing and sales processes.

Leading best practice companies have been working on their strategy, marketing and sales processes for decades; this is why, in part, they are consistently successful over such long time periods. Naturally, excellence in other areas is vital, but these, such as engineering and production are dependent on successful marketing and sales processes.



Some few companies with average-level products or services, but superior, high-performing marketing and sales processes experience sustained success for many years, with the *only distinguishing characteristic* being their highly effective marketing and sales process.

What to do, where to start

The good news in most companies is that their mere survival indicates that they are doing enough “good” things to at least stay afloat. Those of us who have been focused on business performance improvements are often the most enthused when we find un-worked improvement opportunities, as it is far easier to improve something that is already working, however poorly, than it is to start something from scratch.

And, if intelligently worked out changes are made, there is a very good chance that performance will improve substantially, simply because you have brought order into a previously random or even chaotic area.

By contrast, if you tinker in a major way with an already well-defined, very successful process, the odds of scoring a “home-run” are not as high – you may even do some damage. So, improvements opportunities are great news in most cases.

To provide a guide for you to place your company in perspective, we provide a series of questions that you can ask yourself, a checklist, to determine where your company is, and where the best place to start might be. This list, by the way, is by no means exhaustive or all-inclusive to all types of companies or industries.

- **Strategy** – McKinsey, in a recent global survey, concluded that most companies are not satisfied with their strategy planning process. If the overall strategy process is weak, then the market/sales strategy process will, of necessity, be weaker still in most cases. What is the strategy process your company uses – both overall, but specifically, the marketing and sales area? Is there a start-middle-end set of steps that are used repeatedly, the result of which is a set of actions? And, over time are these actions measured, then “re-processed” in the next strategy cycle in a systematic way so improvements in the strategy process can be made?
- **Marketing** – is it an “island?” Are managers in marketing measured by criteria such as how many ads are placed, direct mail pieces sent out, or other non-sales oriented factors?

Does the marketing function work closely, via defined steps on a regular, consistent basis with sales and other functions? Are promotions made for which products are not yet available? Are selling activities and resources adjusted and coordinated with promotion campaigns and with production schedules? Are marketing performance measurements tied to sales volume successes and targets or better still, profitability and market share penetration? Or are these kinds of measurements absent?



- **Sales** – can you (or someone working in sales, at least) articulate the specific steps, the sequence in a structured, systematic sales process? Does the process start with tracking some type of initial contact or expression of interest and work step-by-step through the whole process to actual sales? Is there a sales “system” that is used? Are there measurements at each step in the process to enable sales managers to understand how to improve the process? Is it improved over time?
- **Sales Forecasting** – it is an axiom among sales managers that more managers are fired for poor sales forecasting than for inability to generate actual sales. What is the sales forecasting process at your company? Is its accuracy measured? Publicized? Has the forecast accuracy improved over time? Is it accurate overall, but terrible at the detail level? If so, what could be done to improve this? Do people make jokes in bad taste about the forecast?

Is there an effective sales and operation planning process in use? How is the sale forecasting process adjusted to accommodate new product or service offerings, promotions, close-outs, soon-to-be-obsolete products and other non-linear factors? Is there an effective product-life-cycle management process in use?

- **Mixed product and service business** – increasingly companies have realized that integrating the two activities brings sizeable benefits – to customers, and especially the marketing and sales activity. Is there a service component to your company’s products?

Is service even marketed at all? Or, is it treated as an after-thought, with the “real money” being in the product sale? Companies that have worked long and hard to develop well-integrated combined product and service offerings have frequently come to dominate their market, as customers come to depend on them, and are willing to pay consistently for the service that follows the product. Is there a defined process by which services are linked to products or other integration opportunities. Is the “service or field support” manager a low-ranking person at the company? Or is he/she a real executive, with P&L accountability?

In conclusion, we have just scratched the surface here, as you may surmise. The thread through all of these questions is, once again, not whether you have “something going on” in the area. Rather, is it *systematic*, carried out by means of a clearly defined, consistently followed set of steps – a process that is itself independent of specific people and personalities.

And better still, is it consistently improved in its performance over time, so the results of that these processes themselves improve over time? If your company is like many, the good news is that there is a LOT of opportunity to improve performance, stability of the company, security of everyone’s jobs, happier investors (higher profitability), larger market share, and a host of other benefits that all result from integrated marketing and sales process management.



Best Practice Q & A

Question: “In your and other discussions of outsourcing to China and other foreign countries I keep reading and hearing about a variety of other, somewhat hidden costs. What are these, besides the more obvious ones of freight and customs? Why do we need to pay so much attention to them?”

Answer: “Mostly they are indirect costs, what we call the cost of coordination and communication. Since they are indirect, they are often more hidden, poorly measured, and with consequences that are not necessarily immediate and obvious. One company we know of, doing over \$100 million in outsourced products to China has over 100 US-based people traveling to/from China, to meet with vendors, resolve problems with quality, deliveries, materials, processes and other issues. The travel expenses alone are huge, of course. And these are relatively simple products, yet substantial in-person communication is required.

Our favorite story of this kind of communication / coordination problem is old and involves a company with an “internal outsource” arrangement, where engineering design was in California, with production in Arizona, about a \$ billion/yr operation. The complexity of communication between engineering and production was so difficult that a company study showed that about 5% of the entire manpower of the whole company was involved in this single communication activity, with scheduled company flights several times a day to/from the two locations. It’s seldom as easy as it looks, and when one adds differences in language, technical understanding, culture and other variables, it can easily escalate into a huge problem, a costly one – yet the unit cost and logistics costs can be as originally planned.”