

SALES: A PROCESS THAT CAN BE IMPROVED BY USING SIX SIGMA

By Jeff Reinke

There is a common perception that salespeople are cut from a different cloth. Not everyone is born a salesperson, some even consider sales an art form and salespeople artists. There is definitely some validity to this view of the sales profession, but it can also be said that sales is a process.

Can a balance between the art and the science of sales truly be uncovered? Can a repeatable, predictable and scaleable sales process be developed? We believe it can by applying the basic fundamentals of the disciplined, data-driven approach of Six Sigma to the sales process. McKesson is one of several Fortune 100 companies to implement the Six Sigma methodology, however, it is the first non-manufacturing company and one of the first healthcare services company's to successfully implement.

Six Sigma was pioneered in the mid-1980's by companies like Motorola and General Electric, and primarily applied to improving the manufacturing and production processes. In fact, the true definition of the term Six Sigma relates to reducing defects in a process to no more than 3.4 per million opportunities. Obviously, this definition does not apply directly to sales.

However, we can apply the fundamental objective of the Six Sigma methodology to implement a measurement-based strategy that focuses on process improvement and variation reduction through the application of Six Sigma improvement projects. The ultimate goal for applying Six Sigma methodology to a sales process is to "shift the mean" so that a majority of a sales force is doing the right things at the right time by following the right process.

As an example, we can relate this to the art/science of football. Although the players each have special talents, the team doesn't win the game by using the same play over and over again. The coach reads the situation and selects the right play from the playbook. The same could be said about sales. A good salesperson studies each situation and prospect and then selects the right sales approach.

What is Six Sigma

Six Sigma is a business strategy committed to improving customer quality and a key tool for defining and implementing operational excellence across a company. Six Sigma creates a customer-centric culture and drives fact-based decisions, providing the framework for continually assessing and improving internal processes. This proven approach is the standard by which the success of a business can be measured. In 1999, McKesson Corporation was one of the first healthcare services companies to adopt this leading-edge quality methodology as its primary means of process improvement. Over the past seven years, the McKesson Six Sigma team has developed a deep understanding of the processes and challenges particular to the healthcare supply management environment. The McKesson Six Sigma program is now recognized as one of the best in its class and has substantial experience tackling complex back office, supply chain, and information management projects.

With more than \$150 million in internal project savings already and a company-wide belief in the success of Six Sigma, we are now applying this methodology to the way we sell.

Sales as a Process

In using Six Sigma for the sales process, there will be cultural challenges to overcome, the first of which is convincing key stakeholders (sales management and the sales team) that sales is in fact a process. To address this issue we held a three day meeting with people from all areas that impacted the sales process (pricing, finance, marketing, sales leadership, sales management and sales representatives). The meeting began by asking each what they do. The meeting administrators then took the information from all areas in order to create a process map of the current selling process. By having all members of the sales team participate and provide their input, everyone began to see how each area impacted other areas and how important it was to reaching a sale.

Understanding the sales process also involves overcoming the belief that calling sales a 'process' negates a sales associate's unique talents and abilities (thus making it appear that anyone can be successful in sales). That prejudice aside, if sales is a process, Six Sigma principles can be applied and processes optimized.

Although a unique approach is needed to recognize the specific attributes of the sales process, once those attributes are established, the overall sales process and its underlying disciplined processes can be isolated and improved.

Business Objectives

The business objectives for the Pharmaceutical Sales Effectiveness Analysis effort are as follows:

1. **Identify Sales Process** – document the current sales process to determine the variability from one sales associate to the next. Establishing an accurate baseline will allow us to compare and contrast to establish 'best in class.' Additionally, we will identify non-value add activities within processes that are less effective to driving client yield.

This will be the foundation to developing a future state process that fulfills business requirement.

2. **Create Gated Redefined Sales Process** –develop a 'best in class' sales process that utilizes a gated process structure. Each of the tollgates will have clearly defined deliverables with an appropriate approval process that will allow the end-to-end sales process to continue. This will ensure that all business requirements have been met and will allow for a predictable stabilized process where probability to close can be measured. Additionally, we will determine if the current organization structure will support the redefined sales process. The goal is to define and institutionalize a sales process which the sales force will use and eventually adopt as a core competency.
3. **Establish Process Performance/Control Metrics** – identify key process inputs and outputs for the re-defined sales process to establish metrics that will drive the desired behaviors. The ability to ensure that the process is re-occurring and consistent among sales associates over time is contingent on these metrics.
4. **Create Culture** – a disciplined, consultative, analytical sales organization that is unified and driven to a common agenda that will create energy and a sense of community to drive profitable client yield.

Measurement of Business Objectives

The business objective measures for the Pharmaceutical Sales Effectiveness Analysis effort are as follows:

- a. Client profitability yield – output
- b. Quantifiable measure of the deal based on business requirements –

- input
- c. Success to close {based on probabilities formula $y\% = f(a, b, c)$ }
- d. Customer renewal cycle times

McKesson Approach

The five steps to complete the Analysis are as follows:

1. **Benchmarking** – discover the sales process from sales associates (Jeff Marshall, Angela Ritter, and John Jay) who have demonstrated over time their ability to continuously drive profitable sales as identified by the sales leadership team. Also, discover the sales process for those associates that have not established the same quality results. We will also examine other sales processes within McKesson, such as MPT and Automation, as well as other external sales processes such as Rainmaker and Counterintuitive.
2. **Data Analysis** – analyze current and historical sales data to establish trends, impact of variables and their interactions, outcomes to performance, and yield percentage of good deals to bad deals. This analysis will provide key insight on process performance, process capability, and critical input variables restricting our entitlement.
3. **Workout Sessions** – a structured brainstorming event over a determined period of time with the “right people,” and defined objectives and outcomes. The purpose is to analyze the designated issue and produce solutions by developing a comprehensive action plan with accountability and timelines around unresolved issues. This methodology, established by GE, reduces bureaucracy and allows those in the trenches to make improvements in a short period of time.

4. **Brainstorming** – assemble a cross-section of sales associates based on experience, success, responsibility, region, and customer mix to openly discuss “what works,” “what doesn’t,” and “what’s needed.” This team will be limited to a maximum of 10 participants. A structured brainstorming session will be conducted using Cause and Effect diagrams, Failure Modes Effects Analysis and Affinity models. Brainstorming is the primary technique used when conducting Workout session.

5. **Communication Plan** – craft an overarching communication plan that will identify target audiences, messaging, and communication vehicles. The objectives are as follows:
 - a. Communicate business case
 - b. Communicate value proposition
 - c. Gain buy-in for institutionalization
 - d. Gauge Analysis progress

Process Scope

The scope of the Pharmaceutical Sales Effectiveness Analysis effort includes examining the ‘As Is’ sales process for MHS field sales and Retail field sales. Our Analysis will be conducted within boundaries ranging from evaluating a new opportunity to executing the strategic plan which represents a sub-set of the entire end-to-end process.

The Opportunity

Over the past two years, McKesson Pharmaceutical has taken a subset of its Sales Operations team to create a Sales Effectiveness department. In doing so, McKesson has created a team of individuals who are responsible for operationally supporting its pharmaceutical sales force. In addition, the Sales Effectiveness team is meeting the challenge to continuously evaluate and improve the effectiveness and efficiency of sales efforts with the goal of greater productivity and the establishment of a more consistent, well-

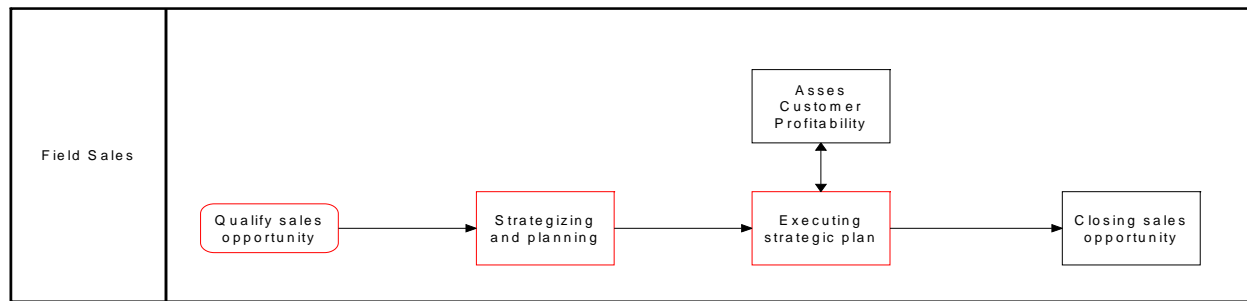


Figure 1: Macro view of the end-to-end sales process.

defined sales process to meet McKesson's larger goals.

By partnering with Six Sigma, Sales Effectiveness is defining and implementing a sales process to reduce variability and ultimately "shift the mean" of McKesson's sales force; moving the bottom half up and capitalizing on the strengths of the high performers.

To do this, the team will focus on three main principles:

- 1) Start with the customer;
- 2) Identify and define the sales process; and
- 3) Measure what is important.

Start with the Customer

We know how we want to sell to our customers, but that does not always directly link to how our customer wants to buy from us. To start, we turn to the Six Sigma concept of starting with the customer to understand the *Voice of the Customer*. This process helps proactively capture the needs of the customer by establishing the buying process. Through customer interviews, surveys and observation, we can discover the process they use for making a buying decision. It may or may not be surprising but, many customers do not want to buy the way we sell. For example, many organizations who sell high ticket items try to sell value and benefits and try to delay the discussion on price until near the end. In doing so, the impact on negotiating and large discounts is negated somewhat. If the customer's buying process is such that they need

to know if the price is even in the ballpark before spending significant time to investigate the purchase, then the selling company and buying company have misaligned processes. Once we know the customer buying process then and only then, can we design our selling process so that it better matches the buying process. The probability of closing increases if the processes are better aligned.

Identify and Define the Sales Process

Once the buying process has been established, we can start to take a closer look at how we are currently selling. Mapping the current sales process, as defined by our sales force, will help to highlight the variability among sales associates and establish an accurate baseline. By conducting focus groups and interviews with current sales professionals and sales leadership, as well as team members from finance, legal and marketing, we set out to discover the sales process of established, successful sales associates. Once the current sales process has been identified it will serve as the baseline for measurement.

To shift the mean and reduce variability in the sales process, we will map the successful actions of top performers to the buying process to ultimately establish 'best in class' processes.

Crafting a sales process that the sales force will use and adopt involves not only defining and redefining the sales process, but pinpointing the exact process inputs and outputs to establish metrics and drive the desired behaviors. This will ultimately increase the predictability of the

sale to close. Through benchmarking, design sessions, and data analysis, the team will gather and analyze relevant sales process data from multiple sources to quickly identify problems and produce solutions or action plans for any unresolved issues.

At the same time, the team will identify non-value add activities within processes that are less effective in driving client yield. The outcome of the mapping process will be the foundation to developing a future sales process that fulfills business requirements. We will wrap technology around our newly defined sales process in the form of a sales force automation solution.

Creating a gated sales process

A gated sales process is one with tollgates that have clearly defined deliverables and an appropriate approval process to ensure all business requirements are met. For example, in any sales engagement, it is vital for sales associates to get to the right decision maker or they risk wasting valuable sales time and effort with the wrong people. Then, attainment of the target company's organizational chart could be one of the 'gates' in this process and the vital first step in approaching a new client. By having a defined sales process with specific gates, it ensures that the sales representative and buying company have the right information at the right time.

By breaking up the sales process into milestones with measurable outcomes/activities, it provides a predictable and stable process that can be repeated successfully over and over. The sales team can then measure probability-to-close for each customer and determine if the current organizational structure of the selling company will support the redefined sales process. This again reinforces the notion that the sales team (pricing, finance, marketing, sales leadership, sales management, and sales representatives) needs to be engaged early in the development of redefining the selling company's selling processes.

Creating Success Metrics

Identifying key process inputs and outputs for the redefined sales process establishes metrics that will drive the desired behaviors. Through analysis of current and historical sales data, the team will establish trends, impact of variables and their interactions, outcomes to performance, and yield percentage of good deals to bad deals. This analysis provides key insight on process performance, process capability, and critical input variables. Establishing metrics will ensure that the new sales process is reoccurring and consistent among sales associates over time.

Creating a New Sales Culture

McKesson has not moved its way up to Fortune 15 status without having an effective sales force. In fact, the sales force continues to surpass sales targets year over year in spite of internal inefficiencies and an undefined sales process. This brings into question why the need for change.

The world of pharmaceutical sales is evolving. We can no longer win on price or personality alone. To be competitive, we need to sell value and solutions. By creating and implementing a repeatable, predictable sales process, we can equip our current and future sales professionals with a winning framework for replicating best practices to manage, grow and measure sales outcomes.

Communication is key to successfully leading the culture change. Regarding the selling process, The Sales Effectiveness Department is in charge of developing an overarching communication plan to identify target audiences, messaging, and communication vehicles that will sell the business case and its value, gain key stakeholder buy-in for institutionalization, and gauge project progress..

Senior management and sales leadership must act as change agents by communicating the objectives of implementing a new sales process. It will be vital to clearly communicate what will

be expected before, during and after implementation of any change. As with most companies, McKesson is using Six Sigma in the sales organization primarily to increase sales. By developing a selling process that better matches the customer's buying process, establishing milestones and a gated selling process, and eliminating activities that are ineffective the effectiveness of each salesperson will increase and McKesson will reach its stretch sales goals. As side benefit with six sigma in sales will be to reduce the cost of selling and thus positively impact the bottom line. Thus, establishing and promoting a vision of a new sales culture will focus efforts and drive the change that will help reach sales goals the next three years.

The resulting disciplined, consultative, analytical sales organization will be unified and driven to a common agenda, creating energy and a sense of community to drive profitable client yield.

Jeff Reinke started his career with McKesson 15 years ago as a sales rep before making the move to sales management. In 2000, he became a Six Sigma Black Belt and led process improvement initiatives for McKesson. Eventually, Jeff was promoted to Vice President of Six Sigma. Two years ago, he moved to McKesson Pharmaceutical's Sales Operations team to form the Sales Effectiveness team. Since then, he has been working to implement process improvements to increase the efficiency and effectiveness of the sales team.
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