



## Improving Sales thru Six Sigma Execution

Want to increase sales and profits?  
Want to capture market share? How  
can you challenge a sales organization  
to simultaneously increase sales and  
reduce costs? The answers may be  
found in the tools of Six Sigma ( $\sigma$ ).

### What is Six Sigma?

Six Sigma is a process improvement methodology with roots in manufacturing. Companies like Motorola and GE popularized the approach with their breakthrough results—saving literally billions of dollars. The Six Sigma approach focuses on consistent error-free performance. The objective is to maximize customer satisfaction and minimize costs associated with errors and rework, thus increasing overall sales and profits. Six Sigma utilizes the basic tools of quality and advanced statistics.

Many managers ask, “What does this have to do with a sales and service organization?” Consider the potential errors and waste in a sales and service system:

- Missed time windows
- Invoice errors
- Damaged product
- Out of code product
- Incorrectly loaded trucks
- Out of stocks (at retail, in vending, in the warehouse, etc.)
- Shelf arrangement does not match plan-o-gram
- Equipment in need of repair
- A/R past due dates
- Customer complaints
- Lack of coordination and communication between sales, delivery, merchandising, and support personnel
- Lack of understanding of how sales contribute to the customer’s overall business objectives

These are just a few of the many “errors” in a sales organization that cause customer dissatisfaction, contribute to lost sales, and increase the cost of doing business.

### Applying Six Sigma to Sales

All work is a process, including the sales function. Sales is more than bringing together buyers and sellers and hoping for magic. Sales is a structured process. Many successful sales organizations have proven that following a structured process increases sales.

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*Gartner Group*

Six Sigma builds on that philosophy by adding an understanding of customer requirements and the measurement and continuous improvement of all aspects of the sales-service chain.

Necessary ingredients to increase sales force effectiveness are:

**1. Understanding Customer Requirements.** What do customers want? It’s simple. They want consistent product and service quality, error-free performance, and help in meeting their business objectives. If this sounds basic, it is. Yet few sales organizations focus their people, processes, and measures on identifying and satisfying customer needs.

Six Sigma starts with identifying these needs and developing structured processes and measures to ensure consistent delivery of those requirements.

**2. Structured processes.** Many organizations do not understand their sales process. Many confuse sales training programs that teach skills with understanding customer needs, presenting benefits, and handling objections within the steps of sales and sales management processes. Six Sigma requires development and implementation of structured processes for every aspect of customer needs:

- Document all sales and service processes. Remove non-value added steps and rework.
- Document and improve all supporting processes. Invoice development, truck loading, merchandising, etc.

**3. Metrics.** Currently, most sales organizations only measure results—actual sales. If the goal is to minimize errors, managers have to measure and track performance against standards. There's an old saying, "You get what you measure." Measurement creates focus.

Six Sigma sales organizations measure and improve the consistent execution of their processes. What does that mean in sales and delivery operations? It means measuring and reducing or eliminating the errors in a sales organization.

**4. Control.** One of the most important principles of Six Sigma is that of predictability or control. To minimize costs and increase retailer satisfaction and sales, a sales organization must deliver consistent product quality and consistent service excellence. Only through a defined process, tracking and measuring, and continuous improvement can those goals be achieved.

### *What's the bottom-line potential for Six Sigma in a DSD organization?*

Let's look at one area. Data from Progressive Grocer and an ECR Best Practices Report suggest that 27% of an average supermarket's sales are DSD, yet 90% of a chain retailer's invoices are from DSD organizations. All these deliveries and invoices cost the retailer and the DSD organization money and introduce the potential for errors... invoice errors, delivery errors, etc. Many DSD companies have implemented hand-helds to automate the check-in and invoice processes, eliminating many errors. But just layering technologies on top of existing processes does not produce dramatic operational improvements. The Design for Six Sigma methodology and tools can address these problems. By understanding the needs of the customer and developing structured processes that meet those needs while minimizing costs and eliminating errors and rework, the entire value-chain realizes improvements. These improvements equate to bottom-line results due to sales increases, cost savings, and enhanced customer relations.

The key question is... what would changes like this and others be worth to your retailers and to your bottom-line? Six Sigma breakthrough results come from challenging existing methods and designing processes that deliver results.

### *What's required to implement Six Sigma?*

There are important lessons to be learned from successful Six Sigma organizations. Requirements include:

**Active direction and support by the senior leaders.** Without this, do not proceed. Leaders are needed to set high performance expectations and to remove barriers that may exist in existing ways of thinking.

**Project selection.** Pick projects that will make a difference. Focus efforts on processes that impact the customer vs. isolated cost reductions.

**Training.** Employees must be trained on process improvement and other quality tools. Selected individuals must acquire Black Belt and Green Belt skills to apply the statistical tools to analyze and improve operations.

**Employee involvement and reward/recognition.** Employees must share in rewards for their contributions to bottom-line results.

**Flawless execution and control.** A fundamental of Six Sigma is error-free performance. All improvements must be "locked-in." Many organizations are successful at identifying improvements, but a lack of discipline often returns their performance to previous levels. Six Sigma organizations are able to lock-in the performance gains and continue to increase performance.

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The tools of Six Sigma are not limited to manufacturing. Sales, service, and administrative processes can benefit from a systematic process that sets high expectations for improving customer satisfaction and bottom-line results. Competitive advantage can be created *today* by utilizing the tools of Six Sigma.