



Selling To Zebras

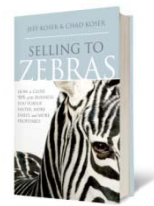
Go with the Flow

Applying Lean Thinking to Complex Sales

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Selling in today's climate is tough. Buyers are Internet-savvy, skeptical of sales claims and cautious about spending. Companies have erected more and stronger barriers to keep sales people from executive buyers. Sellers with high-dollar, complex sales propositions are finding it especially difficult to succeed.










Not surprisingly, the impulse is to double down, work harder and generate more leads. But this impulse pushes sellers in the wrong direction, wastes time and resources and has little impact on actual sales.

The answer doesn't lie in more activity. It lies in smarter activity. It lies in the principles of Lean.

In [Lean](#), the term “*muda*” means activity that consumes resources but creates no value. The goal of

Lean is to eliminate muda and improve [flow](#). In flow, all processes add value and work together smoothly to achieve goals.

[Taiichi Ohno](#), who integrated Lean thinking into the [Toyota Production System](#), identified 7 forms of *muda*:

-  **Muda of Defects**
-  **Muda of Over-processing**
-  **Muda of [Transportation](#)**
-  **Muda of [Motion](#)**
-  **Muda of [Waiting](#)**
-  **Muda of [Inventory](#)**
-  **Muda of [Over-production](#)**

It may surprise you to know that all of these muda are highly relevant to the sales process.

Muda of defects

In Lean, defects are the undesirable results of an *error in a process*. In most cases, this shows up as a product or service not conforming to a specification. Defects are often expressed as either yield of good parts, such as a 95% yield (meaning a 5% defect rate), or as Defects per Million Opportunities (DPMO).

Now, let's apply this to sales. The average company closes 15% of its forecasted sales pipeline. This means that sales, marketing, presales, sales management, post sales and many administrative and professional employees waste 85% of their time on activities that will never produce revenue.

In terms of *muda*, **that is an 85% defect rate.**

Further, a recent survey indicates that sellers request meetings with executives without understanding the roles and responsibilities they have within their companies **90% of the time.**

Given that sellers waste a prospect's time 85% of the time, and request meetings without understanding the executive's roles and responsibilities 90% of the time, is it any wonder companies are building sales motes around their organizations?

Some have tried to solve this problem with Customer Relationship Management (CRM) systems which are implemented to enforce best practice processes. These systems are supposed to eliminate the waste of capture costs, increase average sales price and reduce the time it takes to close a deal. Too often, however, they shift the emphasis to strictly *quantitative* measures of performance with no regard for the *quality* of those activities, adding to the *muda* of defects.






Companies end up using CRM systems to measure the *quantity* of sales activity rather than the *quality*, further adding to sales *muda*.

The muda of over-processing

[Over processing](#) is commonly thought of as the act of doing extra, **non-value added** steps such as printing out an e-mail for filing, or grinding a burr off a product after a cutting [process](#).

Applying this to sales, most organizations spend time responding to requests from companies that are poor prospects and performing tasks that have not been requested. This is because most salespeople actively pursue every possible prospect. But that approach isn't effective in the current business environment.

So why do sales teams exert so much energy to reach prospects who will not buy 85% of the time? Because the traditional model of sales activity and sales management is driven by the philosophy that *all sales activity is good activity*. Most sales goals look something like this:

-  Talk with 100 prospects, in order to...
-  Get 25 appointments, so you can do...
-  12.5 prospect surveys, which will lead to...
-  6.25 proposals, and ultimately to...
-  One sale

The majority of the sales world still preaches and practices activity-driven philosophies. The end result is time and resources wasted 85% of the time. That is a lot of muda!

Muda of transportation

[Transportation](#) waste is the unnecessary movement of parts, double-handling of materials or shuffling of inventory.

For sales organizations, this muda is expressed as time spent on multiple face-to-face meetings with prospects. This muda has become especially costly as both the direct expense and opportunity cost have risen. A long sales cycle involving travel, the participation of highly compensated team members and

managerial and legal reviews results in a very large expense. Include the opportunity cost, and you have an even greater imperative to reduce the *muda* of transportation.

Muda of motion

[Motion](#), simply put, is moving more than necessary when doing work.

Relative to sales, this muda reflects a false sense of accomplishment from simply being in motion. Sales reviews, strategy sessions, reference calls and show up and throw-up demonstrations are all used to close prospects without regard for whether they are a poor fit or do not have the authority to buy.

Muda of waiting

In manufacturing, this muda may manifest itself as [waiting](#) for parts, letting glue set, watching a machine work or staring at an idle computer screen.

In sales, this is usually expressed as the hurry up and wait phenomenon. It is common in complex sales which typically begin when a prospect initiates a sales cycle, often through a request for proposal (RFP) or a request for information (RFI). Much organizational energy is then spent quickly responding to unrealistic deadlines imposed by the RFP/RFI process. Experts answer questions. Sales and sales management, engineering and R&D (important, expensive resources) engage to provide a quality response. Then, organizations sit and wait as the prospect sifts through reams of data provided by the competitors. Prospects rarely if ever meet their own decision deadlines. In fact, they often don't make a decision at all.

Muda of inventory

Lean views [inventory](#) as a necessary evil of production. Without inventory, nothing could be built or sold. But too much inventory drives up costs. Inventory must be stored, managed, moved and insured. Obsolete inventory must be disposed of. Large quantities of inventory require large warehouses, forklifts and staff. Plus there is the capital (invested money) to purchase the inventory.

Applied to sales, nothing could be sold if a pipeline (inventory) of good prospects wasn't built and cultivated. But in a struggling economy, sale cycles lengthen and the non-decision or "inventory" portion of every company's sales pipeline forecast grows.

Traditional sales methodologies have taught that if you make enough sales calls, any and every one will put money in your pocket. This is based on the belief that there is a one-to-one correspondence between a given level of activity and a given level of success. But this belief is and always has been flawed. Conventional wisdom also dictates that you need four, five or even six times your targeted revenue number in the pipeline to ensure that forecast is met. This is a lot of wasted inventory that causes sales, sales management, executive management and other specialized individuals to spend time and money strategizing on a bloated sales pipeline.



Consider the consequences if this same thinking were applied to physical inventory. If inventory levels were run at 15% efficiency, they would increase to six times the current levels. The cost of carrying six times more inventory (including warehousing, management, movement, damage, equity and increased complexity) would kill your business. Carrying a fictitious forecast of six times your revenue goal and the associated management workload is also killing your business.

Muda of over-production

Lean views [over-production](#) as the act of making a product or performing a service before the [downstream customer](#) asks for it. Over-production is one of the leading causes of excess [inventory](#).

In sales, this muda is the performance of sales steps without executive-level buy-in from your prospect. Most sales activities are directed to the middle-level manager who may be sold on features and benefits but has no budgetary authority. Until you have engaged the executive with buying authority, your sales activities suffer from the muda of over-production.

Bringing flow to sales

In Lean, the point of identifying muda is to eliminate waste. When you do, [processes](#) improve, excess inventory is eliminated and work glides effortlessly. You achieve flow. In Lean, flow is often talked about reverently.

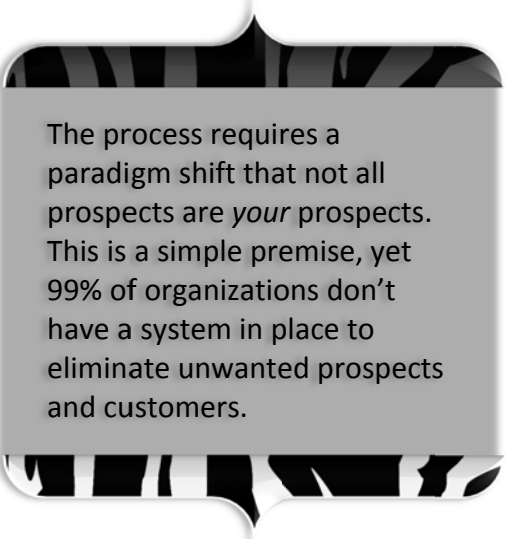
To achieve sales flow, you must eliminate the waste of focusing on volume and knocking on every door with equal vigor. Indiscriminate effort does not achieve *flow*. It is full of muda. Rather, a targeted, streamlined process is the path to sales flow.

Selling to Zebras

Selling to Zebras, Inc. has developed just such a process. It works because it focuses everyone's efforts on the highest value sales targets, links your product's value to business issues felt at the executive level and seeks the interest and support of top management early in the sales cycle.

It starts with a metric for targeting prospects that is so simple that any organization can quickly and effectively adopt it. The metric is called a Zebra score. It is based on the concept that your ideal customer is like a zebra in that once you've identified it, it stands out from everything else. The Zebra score tells you how close every prospect in your pipeline is to your ideal customer.

Invest just five minutes to qualify each prospect that enters your pipeline and you will know *exactly* which prospects to pursue. No need to stuff your pipeline with useless prospects to achieve arbitrary and overstated "opportunity" goals. Instead, you will have a high-value pipeline that can actually be won in a given quarter. No muda of inventory.



The process requires a paradigm shift that not all prospects are *your* prospects. This is a simple premise, yet 99% of organizations don't have a system in place to eliminate unwanted prospects and customers.

Here's how it works: Assemble a cross-functional team of marketing, development and sales people. Choose three of your *best* customers (include recent wins as the economy and market are very dynamic). Ask the following seven questions about these accounts:

- 🐎 What types of organizations are they?
- 🐎 What critical business issues of theirs does your solution address?
- 🐎 Who was the person in a position of power that got your project approved?
- 🐎 What funding was required?
- 🐎 What level and type of return-on-investment did you prove?
- 🐎 What role did technology play?
- 🐎 What were the service requirements?

This process will help produce seven attributes to be asked about every prospect both before and during the sales cycle.

Score a prospect

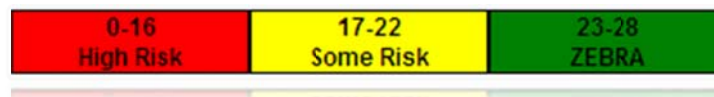
Before engaging any resources, spend five minutes to score your prospect against the profile of your newly created zebra. Apply a score of 0-4 for each question, where 0 is an extremely unfavorable response and 4 is extremely favorable.

A perfect Zebra score is 28 (7×4).

For most companies, a Zebra score of 23 indicates that the prospect will buy 90% of the time. Deals you have won should score at or near 23. Lost deals, deals you don't believe will ever close and stalled deals will always score 17-22. Most deals that you lose will score less than 17.

Now before spending time with a prospect (or an existing customer), assess whether they are worth your time using your Zebra scoring method:

- 🐎 A score of 0-16 says spending time with this customer is a waste of resource
- 🐎 A score of 17-22 says proceed with caution
- 🐎 A score of 23 or above says pursue this account with everything you have!



This approach enables you to eliminate the muda of over-processing (spending time with low-value prospects and customers).

Speak to power

The next step is to elicit the interest and support of a key decision-maker (Power) early in the process to eliminate the muda of over-production. Power is the executive who owns the results and budget and makes the final buying decision.

Uncover the critical business issues (CBIs) that are weighing on the executive's mind. Study the president's message in the annual report, read the company's 10-K report, review information on the company website and news releases. These are the unresolved CBIs that are creating pain for Power.

Then, most importantly, **determine how your product solves those critical business issues and how it will either create revenue or reduce cost for Power.** This is the path to shorter, more successful sales cycles.

Complete these steps early in the sales cycle and you eliminate unproductive sales *inventory*, reduce unrequested sales steps (*over-production*), hold fewer sales meetings (*transportation and motion*) and decide early whether to respond to RFP/RFIs, eliminating a lot of *waste and waiting*. In other words, you achieve sales flow.

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Our results speak for themselves

Learn about the results our customers have achieved using the Selling to Zebras sales methodology on our website: <http://www.sellingtozebras.com/customers.html>.

If you'd like to see the level of improvement we can bring to *your* sales performance, contact us to schedule a Best Practice Sales Cycle Assessment (email info@sellingtozebras.com or call 877-932-7270).





About Selling to Zebras

Selling to Zebras is a global leader in sales process improvement. We teach sales professionals how to close 90% of the business they pursue with greater ease, speed and profitability. We provide process efficiency tools, sales software and management support to help companies achieve considerable sales improvement. Selling to Zebras has helped countless companies achieve their sales goals. Read about the ZEBRASelling process in Jeff and Chad Koser's award-winning book, ***Selling to Zebras***.

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Selling to Zebras Awards & Recognition

Book awards finalist four times and we won two. *Selling to Zebras* HOW TO CLOSE 90% of the BUSINESS YOU PURSUE FASTER, MORE EASILY and MORE PROFITALLY won the USA Book News and Library Journal's Award for best business book, sales category.

 <p>USA Book News WINNER Best Business Book 2008 Sales Category</p>	 <p>LIBRARY JOURNAL.COM Library Journal's WINNER Best Business Books of 2008 Sales Category</p>	 <p>800CEORead FINALIST 2008 Business Book Awards Sales Category</p>	 <p>ForeWord MAGAZINE Foreword Magazine FINALIST 2008 Business & Economics Category</p>
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"Jeff and Chad Koser wrote a book [*Selling to Zebras*] that I consider one of the best sales books I have read in the last decade." - Marc Kramer, Wharton School of Management at the University of Pennsylvania.

