

Case Study: Lean Sales

An aerial, black and white photograph of a dense city skyline, likely New York City, featuring numerous skyscrapers and a bridge in the distance. A semi-transparent purple rectangular box is overlaid on the lower-left portion of the image, containing white text.

Predictable and repeatable
sales results in B2B sales

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The Challenger Company – case study of B2B solution providers journey into Lean in Sales

An organization that we are going to call the Challenger Company was a mid-sized enterprise providing products and solutions to corporate customers. It had a private equity investor and it was looking to grow faster than the industry, challenging the leading operators in the business.

The average sales cycle length ranged from three months to 12 or even 24 months, and the average value of an individual sales opportunity was tens of thousands or hundreds of thousands of euros. Their customers' decision-making in units typically involved more than two people from different functions, such as IT, finance, etc.

To reach their above-industry growth targets, they wanted to review their sales processes. We approached the situation by starting to create a better customer understanding through customer segmentation.

The segmentation was to be needs-based, meaning that the customer needs and buying behaviors would be identified to be used as inputs for the segmentation. We wanted to know what decisions they take, the steps they go through, and the kind of activities they perform in order to make a buying decision. The segmentation was also to be fact-based, meaning that customer data on these topics would be collected and analyzed to create, validate and finalize the model. The sales processes would then be defined based on the segmentation.

The first step of the process was to define the objectives for the customer segmentation.

Objectives were set in three categories:

1. **Strategic objectives:** growth of business, increase in market share, customer focus, and implementation of sales and marketing strategies.
2. **Financial objectives:** additional revenue growth per offering and impact on profitability.
3. **Operational objectives:** increasing the hit rate of proposals, shortening sales processes and differentiating sales approach towards different customers.

When designing the segmentation model, two dimensions were considered: the value-based dimension and the needs-based dimension.

The value-based dimension showed how valuable a particular customer is to the Challenger Company, and what his potential for growth was. This dimension was named Business Size in our project. The criteria under Business Size included items such as the number of sites, the number of telecom users and the annual spending in certain categories. We had developed more such criteria when working with the Challenger Company; however, after sufficient study, all other criteria were dropped while these three criteria remained. They were chosen because they were tangible and the salespeople would be able to gather data on them through their normal interaction.

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The second needs-based dimension was called Strategic Fit. It described how well the provider's strategies fit with the customer's needs. Eventually, after much deliberation, five criteria for this category were accepted, including degree of customer investment, customer's ability to change provider, and three others. Note that some of these criteria were unique to the Challenger Company. It is important that a customer segmentation model is unique; no publicly available data should be relied on when designing it. The aim is to connect unique data about the customer with the provider's capabilities, strengths and strategies.

When the necessary data was collected, the customers were then assigned to different segments based on their needs, buying processes and decision-making processes. Two different decision-making processes were identified. After it was defined how the customers were buying, it was simple to define two matching sales processes.

The Product Sales Process was used for selling off-the-shelf products, which are typically sold based on their price and availability. The Solution Sales Process was used for selling complex customer-specific solutions.

Using these sales processes based on segmentation, the Challenger Company was able to achieve substantial financial benefits. They increased the proposals hit rate by 20%, and their revenues by 10%. They currently generate 60% of their revenues and over 90% of their gross margin profitability through their new customer acquisition process. Therefore, segmentation plays a fundamental role in driving both top-line and bottom-line growth. Even exceptionally high targets can be reached by a determined and focused application of customer segmentation.

The full results of the sales transformation journey for this international B2B solutions provider were:

Sales results

- 10% increased revenues
- 20% improvement in the proposals hit rate
- 60% of total revenue and over 90% of profits come from the new customer acquisition process

Sales process, sales activities and resource utilization

- 10% increase in the average size of sales opportunities
- 100% increase in the number of weekly sales meetings
- Sales management can use their time for making decisions

Customer satisfaction, quality and costs

- 400% increase in customer satisfaction (Net Promoter Score)
- Lower total cost of sales process
- Increase in customer data quality in CRM

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Impact of Lean thinking in Sales and Sales Management

Case study in B2B solution sales

From	Sales people responsible for both analytical and transactional activities in the process			
To	Marketing responsible for analytical part and dispatching	Inside sales / call center makes first contact	Sales people meet customers and identify sales opportunities	
Project scope	<ul style="list-style-type: none">• Need based Customer Segmentation model (current and potential customers)• Integration of marketing and sales funnel• Lead generation process for new customer acquisition• Opportunity qualification criteria to support No Go decisions			
Results	New business dev 100 % growth in sales meetings per week (quadrupling productivity) Average size of sales opp +10%	Sales results Hit rate up +20% Sales increase >10% New process delivers 60 % of revenue and 93 % of gross margin	Customer satisfaction NPS up by 400 %	Resource usage Creation of marketing campaign from 1 week to 3 hours Lower cost of sales Data quality

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Lean approach can be utilized to improve sales results, productivity and costs at the same time

Sales Results

Improve performance and allocate current resources on creating more results



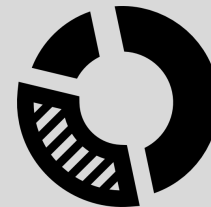
Cost of Sales

Maintain current performance and productivity and lower the costs through improved efficiency



Capital structure

Can one minimize capital structure?

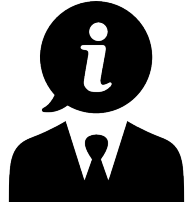


Risks

Minimize financial and business risks through improving predictability and efficiency in Sales



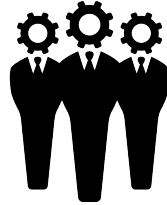
We help our clients to build sales and sales management capabilities



Lean Sales book

Lean Sales book will help you familiarize yourself with key concepts and learnings from other companies.

Available on Amazon.com



Lean Sales Transformation

Coaching services to support will help you and your team to identify issues, define solutions and improve sales process and sales performance. Typical examples are

- Online Access to tools and templates
- 100 day Lean Sales Transformation plan
- Continuous Improvement
- Sales Leadership Academy
- Lean Sales Certified Sales Development professional



Lean Sales Consulting

Consulting services to deliver will help you get certain areas of your sales process fixed. Typical examples are

- Customer Segmentation
- Value Proposition
- Pricing Strategy
- Sales Organization Design
- Sales Process Design
- Sales Management System Design
- Incentive Design



Outsourced Sales Operations

Outsourced sales operations service will help you implement changes in your sales process quickly and effectively. We'll lead your sales and new customer acquisition effort and take responsibility over continuous improvement. Your sales people will do the selling.

- Prospecting as a Service
- Sales ops outsourcing
- Full outsourcing

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If you think there is room for improvement, please contact

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