



White Paper #20

# Applying Mass Production Theory to Sales

## How a Sales Assembly Line Helps Mass Produce Sales

October 7, 2016





**Think**

**BIGGER**

**GO**

**Further**

**TOGETHER!**





## Makes Market Leaders

ASSEMBLY is the first SaaS solution that has been designed from the ground up to run high-velocity, web-meeting sales assembly lines. The company's Sales Assembly Line software uses many of same techniques that traditional manufacturers use to boost operating results. By employing artificial intelligence, cloud computing, data-mining and advanced statistics, B2B sellers are now able to simultaneously lower the costs of sales while dramatically improving their throughput and close rates. It is the only software package that allows sales teams to use A/B testing to determine what factors influence a prospects buying decisions and then use this data to enhance sales results.

By optimizing performance, ASSEMBLY helps B2B sellers to mass produce sales and quickly scale so that they are able to quickly overwhelm their competition and achieve an undisputed market leadership position.

“Very often, the process of building out your sales capability falls to the bottom of the daily to do list.”

## Introduction

Before the industrial revolution, “craftsman” production was the principal form of manufacturing. Under this approach, a single worker would be solely responsible for completing a product from start to finish. This type of manufacturing was relatively inefficient, as the craftsman could only manufacture a relatively small number of products at any given time. At the turn of the twentieth century, it became clear that the craftsman’s way of doing business was no longer going to be effective to meet growing demand. This situation was rectified when manufacturers began to implement assembly lines. Modern manufacturing relied upon (1) labor specialization, (2) statistics and artificial intelligence to determine best practices that would lead to higher throughput and close rates, (3) specialized tools that ensured that each line worker adhered to the identified best practices, and (4) specialized technology to automate and optimize the end-to-end manufacturing process.

The adoption of these techniques ushered in the second industrial revolution and fostered an unprecedented and phenomenal increase in productivity and material wealth. A parallel can be drawn between the craftsman form of production and the traditional sales approaches used by most B2B sellers today. Like the craftsman, the direct or inside sales professional is often responsible for a large portion of the sales process. As we have learned, this method of custom sales is not only expensive but also makes it practically impossible for the seller to conquer the mass market. The seller will simply not meet with and close enough prospects to hyperscale successfully.

As such, to compete successfully in this winner-takes-all environment, a seller must abandon the traditional methods of sales and adopt a radically new approach that will allow the company to mass-produce sales at a cost-effective price. The only way this can be done is to apply many of the same techniques that traditional manufacturers have relied upon to increase their volume, standardize their quality, and lower their production costs. Specifically, a sales assembly line seller must adopt sales specialization, ensure that best practices are repeated over and over again, and use technology to ensure compliance and to optimize the process.

Each is discussed below.



“In a sales assembly line environment, leads can be randomly distributed to each sales professional. This guarantees that everyone is operating on an even playing field.”

### Sales Specialization

In his 1776 treatise, *The Wealth of Nations*, Adam Smith observed the benefits of the division of labor. This principle became the cornerstone of mass production theory. Before that, the traditional craftsman typically undertook many tasks that were only tangentially related to his primary skill. For example, not only would a blacksmith produce the horseshoes, but he would also source the raw materials, design the product, initially meet with the customer, and haggle over price. After the sale was made, he would produce the shoe, possibly deliver it to the farmer, and even install the shoe on the horse. Clearly, all these tasks dramatically reduced his horseshoe-making effectiveness! Moreover, the overall cost to make and sell the product had to be much higher to take into account all the other functions he had to perform.

With the advent of the assembly line, manufacturers adopted the theory of labor specialization to lower the cost of production and to increase throughput. On an assembly line, each worker was normally assigned one specific task, which he or she would repeat over and over again. The key to making the line operate in a cost-effective manner was to ensure that the “right worker” was assigned to each task. The “right worker” would be the individual best suited to perform the activity from an ability and cost perspective. This meant that in almost all cases, it was not necessary to have a highly skilled, expensive expert working at every stage of the manufacturing process. Instead, many tasks could be completed by a less skilled and therefore less expensive laborer.

As we discussed in the “Generalist” model, a traditional sales professional would normally function in a similar manner as the traditional craftsman. He or she would not only be responsible for selling the product or service but also for handling most of the tasks surrounding the sale. Specifically, the Generalist would research potential leads, undertake localized marketing campaigns, cold-call prospects, prepare correspondence, conduct the sales call, and perform any necessary follow-ups to close the deal. In many cases, after making the sale, the professional would maintain the relationship with the new client by providing ongoing customer support in addition to taking responsibility for renewals and any upsell opportunities. Factoring in travel, it is no wonder that the traditional salesperson can handle so few leads and close such a small number of new prospects per year. In fact, it has been calculated that a direct sales Generalist will often spend only 12 percent of his or her time actually selling.



It is extremely inefficient and ineffective to have a good salesperson, a professional who is likely one of the organization's most scarce and valuable resources, do anything but sell. The amount of time a salesperson spends selling is the single and most important gating factor in determining the throughput or volume of sales that can be made. So to optimize the sales process, the concept of labor specialization should be applied to the sales operation. Specifically, each additional task the sales professional typically undertakes should be removed from his or her purview and given to a professional who is either better equipped to perform the task or is a less costly, more readily available resource. For example, it makes no economic sense for the salesperson to cold-call leads, as this can be done by a much more junior, less expensive employee.

The same specialization process should be completed over and over again for each task that has been removed. For example, in the case of a sales development representative, who has developed a special skill for calling prospects and convincing them to schedule an appointment, this professional should not research his or her own leads, as this would lower his or her overall throughput. Instead, the task of researching should be given to a relatively junior marketing professional who might be more proficient in data search. This task-winning exercise should continue until the sales process closely resembles an assembly line. An optimized sales assembly line contains the following stages:

- Lead Management: Determines flow and quantity of leads necessary. Enters inbound leads and batches of raw prospects into the sales automation system.
  - ° Outbound lead research: Identifies, sources, and tests leads purchased from third parties
  - ° Social media research: Identifies potential leads and connects through social media
- Campaign Management: Determines how leads should be dealt with by sales development reps (SDRs)
- Sales Development: Responds to inbound leads and cold-calls outbound leads
- Account Executive: Moves leads through the sales funnel until they close or die
  - ° Sales engineer: Helps conduct appointments and develop solutions
  - ° Customer Success Group: Owns the client experience and handles renewals
  - ° Technical Support
  - ° Onboarding
- Business Development: Identifies and works upsell opportunities





### *Additional Benefits of Sales Specialization*

Sales specialization can provide a web-meeting sales assembly line seller with other benefits.

- Traditionalists often argue that having specialized resources lowers performance because the specialist will be less skilled than the salesperson, who is the most senior person on the assembly line. This is not the case. As these other resources are spending 100 percent of their time focusing on their specific tasks, they quickly become über “experts.”
- When any professional engages in more than one task, it becomes difficult to evaluate the individual’s performance accurately. This is because it gets substantially harder to establish reliable internal benchmarks and then to compare professionals against one another. For example, take the traditional sales professional who handles lead generation and new sales. In this situation, it would be difficult for management to determine whether the professional is making an optimal number of cold calls. If the number is low, does this indicate laziness or does it mean that compared to coworkers, this person has more sales opportunities and does not need to add anything to his or her pipeline? Compare this to the situation where a SDR does nothing but cold-call all day. In this case, it is easy to establish an optimal number.
- Successful sales professionals are constantly being poached by other organizations. One of the best ways to prevent this is to make the work environment as pleasant as possible so employees do not want to leave. One way to do this is to remove the tasks they hate from their responsibilities. For example, cold-calling is generally one of the most unpleasant aspects of a salesperson’s job description. Removing this task will likely dramatically increase job satisfaction, which will boost retention and even make it easier to attract high-quality sales professionals. At CrossBorder Solutions, when sales candidates were told they no longer had to make cold calls and instead would be presented with hundreds of qualified leads per year, it was not difficult to convince them to join and stay with the company.
- The aforementioned structure also provides a pathway for professional development. Typically, the most obvious route to becoming a sales professional is to move from sales development to sales. At CrossBorder Solutions, this route often did not work well. Sales development professionals are typically too junior to be successful in the Hunter role, especially for a sophisticated product. Numerous times I have seen a great SDR promoted to sales and then fail miserably and wind up leaving the company. This is a tremendous waste of a valuable resource. A better approach is to have the sales development representative graduate to become a customer management professional. Customer management professionals who have experience closing renewal business can graduate to business development, where they learn to close new business in a more forgiving environment. Finally, with this experience, successful business development professionals are perfectly suited to move into the Hunter position.





By aligning the skills of the professionals with the different tasks in the sales process, a sales assembly line seller can become dramatically more productive. In fact, with this breakdown of roles, the seller's assembly line will be in the position to handle up to seven times the number of leads compared to a traditional sales operation. Moreover, the operation itself will become much more profitable, as the seller is able to have less expensive resources performing the tasks associated with making the sale and ensuring customer success.

### **Discovery of Repeatable, Best Practices**

Assembly lines would not work effectively if production decisions were left to the individual workers. Consider what would happen on a traditional manufacturing assembly line if each worker were allowed to perform a task as he or she saw fit. While many products might be produced, it is highly likely that each product would be slightly different and the quality would be uneven at best. Therefore, one of the hallmarks of a traditional manufacturing assembly line is that it produces the same exact product over and over again. When it is working properly there should be no discernible difference between each item coming off the line.

To operate properly, every action along the line must be centrally planned, tightly controlled, and above all else, repeatable over and over again. To be successful, every step in the manufacturing process must be determined in the utmost detail so a series of best practices are developed. Then, the line must be constantly monitored to ensure that every repeatable action is being followed to the exact specifications. Not only does this ensure a consistent result, but the massive data sets generated from the processes can be mathematically analyzed so the results can continually be used to refine and continually improve the assembly line's overall operating performance.

Specifically, the first step is to centrally plan the sales manufacturing process from start to finish. This exercise starts with creating a sales map. This is a diagram of each and every function undertaken by the organization when making a new or renewal sale. To optimize the process, each primary function must be broken down into individual tasks in excruciating detail. It is critical that every action, no matter how seemingly small, is identified and dissected.

Once the sales map has been developed, it is necessary to figure out how to optimize each task. Remember that most existing methods have been developed through a fundamentally flawed trial-and-error process that has likely impacted the seller's ability to survive. If these same outdated practices are followed in the sales assembly line environment, the company will forfeit many of the benefits associated with specialization and will also achieve a less than optimal close rate. Therefore, to successfully hyper-scale, a high-velocity sales assembly line must find a way to identify the best practices for each task.





While many of these decisions can be made by multidisciplinary teams that carefully examine and weigh different approaches, in some cases it will be necessary to scientifically determine the right approach. Whether using third-party data, A/B tests, or other forms of statistical analysis, the seller's goal is to develop a series of processes that lead to a higher level of throughput or close rate. This work plan will become the North Star for the team as it prepares to implement the sales assembly line.

The decision to adopt a new sales approach is not an easy one. It is natural to feel apprehensive about moving away from a well-trodden, conventional strategy—even one that almost guarantees that the company will eventually fail. While the effort can certainly be designed and spearheaded by the VP of sales or VP of marketing, a decision this important demands the direct involvement of the CEO, who will need to be the main force behind the transformation. Since the sales assembly line spans so many in-house departments, without strong leadership, it is doubtful that the entire organization will have the courage and internal fortitude to make this type of change. In my experience, in situations where the CEO has not been an active participant in moving the entire company in the same direction, the end result has been less than optimal.

#### **Tools to Ensure Compliance with Best Practices**

In the sales environment, it can be difficult to convince the professionals on the line to follow the established procedures, as they are accustomed to having a great deal of leeway on how they deal with their daily responsibilities. However, if systems are not put into place to ensure actions are repeatable and strictly followed, the entire effort of figuring out what works and what doesn't will have been for naught. There are a number of ways this can be accomplished in the sales assembly line environment, including the following:

- The brute-force method, in which management exerts influence over the staff. In this light, many companies have hired a director of sales operations, whose role is to oversee the staff and ensure they are complying with established procedures. In our experience, while this can be helpful, the “Big Brother” aspect of it can sometimes impede compliance.
- If the system controlling the sales assembly line can generate both real-time and historical performance data and share it with each professional, this can positively influence behavior without being overbearing. The gamification of this sharing process with leader boards, internal contests, and so on, can certainly encourage sales professionals to comply with the established best practices.



### **Specialized Technology to Manage and Optimize the Assembly Line Operation**

In the days when a single craftsman manufactured a product, he needed only a relatively unsophisticated tool set to be successful. This ceases to be the case in an assembly line environment. Not only does each worker need specialized tools to perform their repetitive task easily, but systems must be in place that constantly evaluate the performance of every aspect of the process so it can undergo a cycle of improvement. In addition, with a high volume of product being produced across a number of stages, specialized technology helps to ensure the product moves from step to step efficiently and effectively.

The same holds true in a sales assembly line environment. In a traditional sales environment, most sales professionals rely on CRM software that was developed for the traveling Generalist. Such systems often suffer from many shortcomings when they are employed in a sales assembly line environment:

- They are complex and often difficult to use because they are developed to support a single professional's ability to handle a myriad of sales-related tasks.
- They do not handle large volumes of sales assets (leads, prospects, opportunities, customers) efficiently.
- They do not tightly structure the sales process, because they support the concept of providing the sales professional with a great deal of freedom on how to handle each sales asset.
- They collect information via a free-form process, which limits the system's ability to statistically analyze the data.
- They are territory based, which prevents equalization of assets.
- They do not seamlessly support sales specialization, so moving sales assets from one stage to the next is not seamless or easy to accomplish.

To try and counteract the above deficiencies, numerous third party sales automation applications have been developed that sit on top of the basic CRM system. However, because the underlying foundation is so inappropriate for high-velocity sales methodologies, the resulting sales stacks are expensive and difficult to implement, maintain, and use. Therefore, to optimize a sales assembly line, sellers must use specialized technology designed to support the unique characteristics of this sales approach. In general, it is important that any system has the following attributes:



*Sales Asset Flow Control.* Any system must ensure that the human capital on the assembly line is efficiently employed. As such, the system must carefully calibrate the flow of sales assets to each professional to ascertain that they are dealing with the optimal number at any given time. For example, if a sales professional has too many opportunities, then he or she will not keep up and will likely cherry-pick, which will lower the overall close rate. Alternatively, if the professionals are presented with too few leads, they will be underproductive. Making this task more difficult is the fact that the system must calculate the optimal flow so every station is working in equilibrium with one another.

*Raw Material Planning.* For the assembly line to function, there must be a constant, steady supply of the materials needed to produce a sale. Specifically, taking into account production volume and timing, management needs to determine how many leads are necessary to introduce into the system on a daily basis. Similarly, it is critical to understand how many references the sales professionals will need to maintain the targeted close rate.

*Randomization/Equalization.* Continuous process improvement is a hallmark of any sales assembly line system. To accomplish improvement scientifically, it is absolutely critical to distribute sales assets to each professional on the line in a randomized but equal manner. If sales assets are not equal, it is impossible to compare the performance of each person and of the line itself.

*Timing.* How long a sales asset stays at each node of the assembly line and how much time the individual workers have to complete their respective tasks are critical factors that the system controlling the line must take into account. Otherwise, bottlenecks can occur that dramatically decrease the efficiency of the sales process. For instance, if it takes on average two minutes to process a cold call, the line must automatically make sure the SDR does not receive more than thirty leads per hour.

*Role-Specific Functionality.* Since sales specialization is so important, any system must support this concept and ensure that each worker on the line has specialized software that allows them to accomplish their task in an efficient and effective manner while collecting a wide range of performance data.

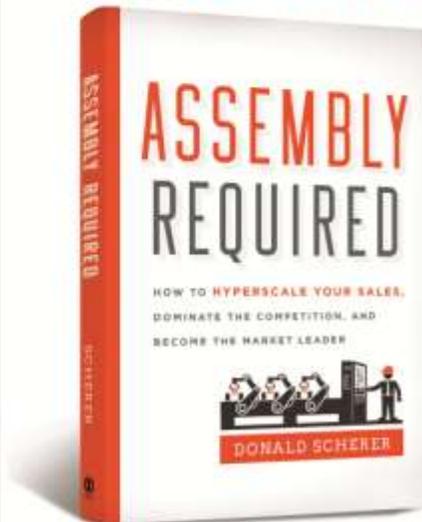
## Conclusion

Traditional manufacturing assembly lines have allowed producer to dramatically increase their production throughput while dramatically lowering their direct costs. Sellers who adopt many of the same techniques can mass produce sales while simultaneously improving their operating margins. This powerful combination is key to helping a seller hyper-scale and obtain a market leadership position.



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In any technology market, there can be only one Marketplace Gorilla. This enterprise will eventually receive 50% of the revenue and 75% of the profits from the segment. Except for one other company, the sad truth is that most other market participants will eventually fail.

If your company is using a direct or inside sales approach, it is mathematically impossible to win the all-important Gorilla Game. The only way to survive is to implement a high-velocity sales assembly line. Using the same

approaches employed by traditional manufacturers to increase output, such as artificial intelligence and big data analytics, the book will teach you how to hyper-scale, dominate the competition and become the market leader! *Assembly Required* will be published by INC. Magazines imprint in April 2017.

### ABOUT THE AUTHOR

**DONALD SCHERER** was the CEO and Co-Founder of CrossBorder Solutions, one of the world's largest tax software companies where he developed the sales assembly line methodology outlined in this book. He is now the CEO of AssemblySales.com which has developed the first enterprise software solution that has been designed from the ground up to optimize sales assembly lines. Further information on ASSEMBLY can be found at [www.AssemblySales.com](http://www.AssemblySales.com) and on Twitter @AssemblySales. Follow Donald on Twitter @Donald\_Scherer.



