

Scrum in Sales

How to improve account management and sales processes

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Abstract— Like most client service units, the sales and account management teams at iSense accepted that sales are a random, reactive process. After all, customers, not sales managers, decide whether or not to buy. Then, after deciding to learn more about a certain offering, Scrum training, the teams found a way to take more control over this process. In the fall of 2010, the iSense sales and account management teams decided to adopt Scrum internally as their best practice.

Scrum transformed the random process, revealing early indicators related to final sales results, and showed that the direct causes for closing a deal could be detected and controlled. Once it became possible to predict and influence final order intake and sales numbers, the sales teams used early predictive indicators to proactively control their work. With the sales processes under better control, the teams could improve continuously and have more fun at work. Strategically implementing Scrum into sales and account management has led to escalating revenue and a sustainable competitive advantage.

Keywords: Scrum, Sales, Account Management, Scrum Board

I. INTRODUCTION

Scrum is increasingly used outside of software development. In fact, the first use of Scrum in product development, that was observed and named by Takeuchi and Nonaka, was primarily in manufacturing [1]. More recently, Scrum has been adopted by a venture capital group for all its investment search, support, and administrative processes in addition to multi-department use in over a dozen portfolio companies [2]. Scrum has even been adopted as a radical management strategy in some organizations, working at the level of the senior management [3].

Early adoption of Scrum in sales and marketing has been seen in several companies in the U.S. and Europe. However, this paper provides the first documented insights into how Scrum can improve predictability in the sales process leading directly to increased revenue.

As a follow-up to the ‘Scrumification’ of its software development processes, iSense ICT professionals and iSense Prowareness rolled out Scrum in all its departments. It started with the software development teams, and now also includes the account and sales teams.

In this paper we will share:

- the reasons the sales teams adopted Scrum,
- the sales environment prior to adopting Scrum,
- the initial changes the teams implemented and the subsequent changes used to improve,
- the current Scrum processes in sales,
- lessons learned, major achievements and next steps.

II. MOTIVATION TO ADOPT SCRUM

From the experience of developing software for European customers, the iSense Indian software teams learned the power of short iterations, test-driven development and delivering market-ready product. By contract with European customers, these Agile practices were implemented top-down as a risk prevention strategy imposed on the teams. While they had some positive effects, these ‘a la carte’ techniques provided neither a clear structure for the software development process itself, nor a structure to the customer. The Indian teams performed some research and expressed interest in Agile processes, Scrum in particular.

The iSense office in the Netherlands independently was investigating Scrum as an additional line of service to provide training and consulting in Scrum to Dutch customers. Considering the potential benefits of software delivery and Scrum consultancy, and the iSense management’s vision that Agility is a necessary strategy to succeed, Scrum was adopted within both the Indian software teams and the Dutch sales teams. Management sought key Scrum coaches to advise the company on successful Scrum adoption.

The teams selling Agile services and the offshore services decided to ‘eat their own dog food’, or you may say ‘drink their own champagne’. They believed that selling Scrum consulting and software projects required first-hand experience in and a thorough understanding of Scrum. As such, they decided to adopt Scrum for their sales processes to gain direct experience and improve their ability in selling it. Hence, the initial interest to adopt Scrum in sales came forward from an intrinsic motivation to understand Scrum. Improving anything else would have been seen as a bonus at this stage.

III. SITUATION BEFORE THE DEPLOYMENT OF SCRUM

Before diving into our interventions, we would like to first give you a brief idea of how the sales teams worked and their accepted beliefs about the sales process.

A. Focus on individual work and progress

Account managers were responsible for their own work, tasks and outcomes. There was no communications between account managers about goals and sales methods. The account teams use a CRM system to store detailed information on clients, and account managers seldom accessed accounts of one another's clients. This created a black box of individual processes of which only the outcome would be shared: deals made and the size of the deals. As such there was only one main performance indicator: the number of deals closed. At the beginning of every week, account managers shared their sales forecast; at the end of the week they reported the actual sales numbers.

B. Belief that sales is inherently random

In addition to the limited insight into the progress of individual's tasks, there was no cohesive sales process in place. Account managers focused on individual accounts and sales figures, without consideration of the overall result of the entire sales unit. When first discussing the opportunity to apply Scrum for sales, most account managers were skeptical. They felt that software development was radically different from sales, because sales were much more unpredictable. According to the account managers, software developers can predict results simply from the input. In the sales process, they felt that only the customer had control over the outcome, so the same prediction simply could not apply. At this stage, the initial focus was on the feasibility of using Scrum in sales.

C. Only insight in outputs (final sales numbers)

The only measure of success in the sales teams was the number of deals closed. There was no known system to predict how processes affect end results. There was an attempt to track the number of phone calls made per day. However, to what extent these resulted in actual sales were unknown. Management could only steer the account teams on the output indicators. The final decision of a client determines whether an account manager did a good job or not. This led to large fluctuations in results and huge impact on the morale of the sales teams. If management could only steer the teams by increasing (or decreasing) sales targets, the adjustment of sales targets has limited impact. No matter what the sales targets are, account managers would have put in the same time and effort in a hope to close deals. In this environment, even management could not affect the sales output.

D. Unpredictable cause and effect in the sales process

There was no known relationship between specific tasks and final sales results. The only way to improve sales results was to work harder; the more calls you make, the more deals you close. Without knowing how sales processes affect the sales results, it was simply impossible to find a way to "work smarter". Generally, account managers contacted (potential) customers, identified their needs and when they could provide a service for an acceptable price, they made a deal.

E. No reflection or improvement on sales activities

The sales teams were focusing only on their daily routine and did not realize a need for frequent reflection and improvement each cycle. When there were success stories, sales teams did try to learn from it in order to improve their results. However, such activities occurred on an ad-hoc basis, so it did not allow the sales teams regular opportunities to learn to "work smarter" together.

IV. INTERVENTION

A. Deciding to Scrum the sales teams

The first Scrum team (the team selling Scrum to European clients) decided to 'eat their own dog food' and adopt Scrum in their sales process. This decision was initiated by two of the company's Scrum consultants participating in a sales meeting. At the meeting, the consultants tried to teach the account managers about Scrum in order to help them apply Scrum in sales. Agility is a common term which is easy to understand but hard to apply. This led to a lot of questions on how certain aspects of Scrum can be applied to both the typical software development environments and the sales processes. It appeared to be quite difficult to understand Agility and Scrum fully and even more difficult to convince potential customers with no prior knowledge of Scrum. Understanding Scrum terminology alone had not been sufficient for sales managers to convince skeptical customers of Scrum on the phone.

The Scrum consultants encouraged the sales team to use Scrum themselves in order to gain better understanding of the product. Believing Scrum would only work on predictable processes like software development, the sales managers were reluctant to as they believed that Scrum was repeatable in sales. The consultants confronted the managers' misconception by explaining the unpredictable character of technology and technological solutions.

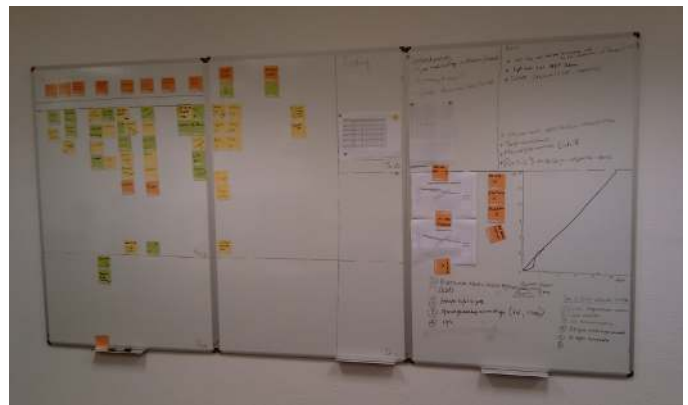


Figure 1. Initial Sales Scrum Board

The first team appointed a sales managers as the ScrumMaster to lead daily stand-ups. Their director was appointed Product Owner, who decided to work with weekly sprints but continue to maintain a quarterly sales target and cycle. Finally, they developed a Scrum board (see figure 1 for the initial version) to align tasks and task progress. On the left of the board, the individual tasks for their respective services were listed. On the

right, a burn-up was drawn and some individual indicators were listed.

B. *Just do it*

The team took a ‘just do it’ approach and simply started with:

- Weekly sprints on Monday with a retrospective and sprint planning on the same day,
- Quarterly focus on sales target (13 sprints till ‘release’),
- Weekly inspection and adaptation: learn the way to do it by doing it, and receiving advice from the internal Scrum consultants/coaches,
- A Scrum board with burn-up for order intake (because over-target sales should not be expressed in negative numbers),
- Daily stand-up at 9:30am in front of the Scrum board.

During the first weeks, the approach of doing Scrum in sales evolved rapidly. The usage of the Scrum board was continuously adapted. The sales team was not self-motivated and lacked discipline in the Scrum rules at the beginning. The appointed ScrumMaster was often out of the office, and the team did not initiate their daily stand-up. When the ScrumMaster was in the office, they neither started on time nor time-boxed at 15 minutes.

Realizing their mistake, the team made a fresh start with Scrum, reflecting on how to better adapt their processes and continue to learn through Scrum.

A major change happened when one of the consultants proposed to organize Agile Awareness Events. These events were organized for customers with an interest in Scrum. Each half-day event was free of charge and was led by a consultant at the iSense European office. The initial objective of the event was for the consultant to promote Scrum knowledge to potential clients. However, the events also had a major impact on the sales team. In the past, it was difficult to get the clients to open up about their needs via cold calling. Through the invitation to the free events, sales managers had an opportunity to develop a rapport with the potential clients. From the organization of these events and setting targets for the number of participants, the sales team was also filling their own sales pipeline. Instead of rushing a potential client towards a deal, sales managers are now taking it slow and one step at a time.

C. *Roll-out*

The management was enthusiastic to see the positive impact of the adoption of Scrum within the first sales team and the increased transparency of sales process. All other sales teams therefore adopted Scrum. At first, the management used Scrum to guide underperforming sales teams to help them get their sales processes under control. This management bias led to Scrum being perceived as a tool for underperforming teams only. This misconception was subsequently corrected, and Scrum has been implemented within all sales teams.

V. LESSONS LEARNED

Three important lessons have emerged from implementing Scrum in sales. First, sales is much more predictable than expected. Cause and effects surface when using Scrum. When such links are known it becomes possible to control order intake for the iSense sales teams. For the Scrum consultancy unit, the current process includes: inviting clients to free Scrum awareness events via cold calling, attending the events to meet potential customers and generate warm leads, contacting warm leads to discuss collaboration, turning them into hot leads, closing hot leads into deals, and delivering services to the customer. Eventually it became clear how many cold calls will lead to how many awareness event participants and then how many warm leads and so on. This process facilitates prediction about the average number of cold calls required to make a deal. While inspecting data on close rates, the teams found that only 1 out of 10 event participants will lead to a deal. The sales managers feel that more can be done with the remaining 9 event participants who did not become clients. After all, these potential customers did not come to a free event just for the coffee. Through the transparency and communication Scrum encourages, account managers realized that the gap between event participation and negotiating collaboration is still too big. In light of this, they proposed to create an intermediate step to close the gap. The sales teams approach event participants with a proposal to organize a workshop at their company. This is another step closer to deal negotiation and is well-received by the potential clients because the approach is not too aggressive. As a result, the hit-rate rises to 2 out of 10, and even these on-site workshops create some revenue.

Second, sales alone are not sufficient, and total value delivery is crucial. Scrum as the sales best practice allows the sales teams transparency into the full sales process and helps them realize the impact of sales on other company divisions. When the account management teams brought in more clients from the on-site workshops, there were not enough consultants available to deliver the service. In order to ensure a smooth and complete sales cycle, the account managers realized they needed to help the recruiters and take an active role in the recruitment process when the number of available consultants could not support any the new accounts. The account managers started to look for professional contractors who could provide service on a temporary basis as a short term solution, in order to allow recruiters more time to look for consultants. Taking this a step further, the account managers are even promoting cross-functional teams comprised of a member from sales, recruitment, marketing and consulting. After all, delivering value to clients from start to finish is much more than just closing deals. It is exciting to see the sales teams overcoming the “sales stereotype” by assisting other divisions in a non-sales capacity.

Lastly, Scrum showed how relationship maintenance and referrals are vital in sales. Future business opportunities emerge from existing accounts, reiterating that the sales teams should not only focus on creating new business but also continue to work maintaining good relationships with existing clients. When the client is satisfied, they promote the service to their acquaintances and help to bring in word-of-mouth business. Such insights arise from the self-reflection cycle

within the sales teams as they tried to identify ways to achieve department goals. This Scrum in sales experience confirmed the importance of retrospectives. In fact, because of the short sprints of a single week, weekly retrospectives mainly focused on the nuts and bolts of the sprint. Monthly (or bi-weekly) retrospectives proved to be more effective as a way to reflect in more detail about how to improve the process itself.

VI. MAJOR ACHIEVEMENTS

Since the introduction of Scrum to the sales teams, the company revenue doubled. It is fair to say that the increased revenue was not solely caused by using Scrum, but the iSense director highlighted that at least 50% of the revenue increase should be attributed to its adoption. Using Scrum was a major change to the company culture as sales teams are now more self-motivated, and they reflect on the effectiveness of their sales process by utilizing a frequent inspect and adapt cycle.

The sales teams are more focused because they learned how their processes work and how they can control them. This results in continuous prioritization and reprioritization with primary focus on activities that return the highest value. The emergence of early indicators of sales fluctuations also avoids the panic of a low revenue cycle because account managers can easily identify action items to raise sales figures.

The sales teams changed their misconceptions about the unpredictability of sales, and learned the causality between what they do and the order intake. They now understand that they have control. Trying to close a deal is like giving a demo. As a team you are not a 100% sure that the client got what they needed, but a great Scrum team will come close every time. A great sales Scrum team will hit its targets most of the time, if not all the time.

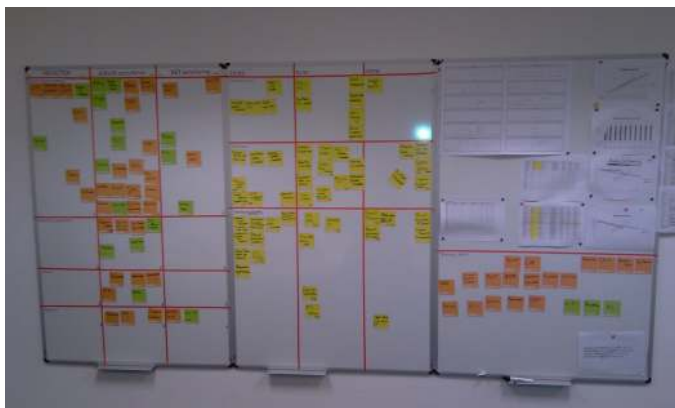


Figure 2. Sales Scrum Board

In the last few months the teams clearly learned that business is much more predictable than ever thought possible. They are able to streamline the sales pipeline better and better every week. Increases or drops in sales can be detected in advance. The company uses this information to adjust behavior. For example, HR can use sales indicators to decide whether to increase or decrease recruitment efforts.

It is really remarkable to see that sales people deployed a learning process they did not know could be deployed; they learned to learn, so to speak. Running weekly cycles showed

teams that sales are predictable when defining the stages potential clients follow and can be manipulated when helping them continue to the next stage (or not). This notion is reflected in the current Scrum board (figure 2). In the initial board (figure 1) the team only planned tasks. In the current Scrum board, the sales pipeline is included. Every week, the teams review the status of each lead in the cycle and agree on the actions required to bring every potential customer a step closer to the collaboration negotiation stage. Availability of consultants and burn-down charts for participants to the initial events are also shown on the board. The output is reflected in a single burn-up chart showing order intake compared to the quarterly target.

Looking back, the sales team worked without any indication that their daily tasks lead to results. Doing Scrum has empowered teams to impact potential customers' decision-making process. As more data is collected, the sales teams are increasingly able to accurately predict when to take actions. The Scrum board helps to transpire the evolution of the understanding of the sales process.

VII. WHAT TO DO DIFFERENTLY

Although the teams are remarkably enthusiastic about the use of Scrum in sales, not everything went smoothly during the roll-out phase. In the early stages of deployment the team did not fully commitment to the Scrum meetings and roles. The daily stand-up was not held at the same time each day because team members were out of the office, travelling or meeting clients. When the ScrumMaster was not present there was no daily stand-up. Furthermore, time-boxed planning was not done regularly, and retrospectives were not effective. This jeopardized the adoption as Scrum in sales started to slowly deteriorate after its initial introduction. The two internal consultants continuously challenged the team, which ultimately helped to overcome the obstacles to adoption.

Initially there was no real improvement cycle. The first sales team reviewed each week what did not work well but did not critically reflect and alter their way of working. Most impediments identified at the weekly review were beyond the team's control, so the account managers were never to blame for the poor results.

This attitude changed drastically when the team used the A3-process [4] during a quarterly retrospective meeting. The team identified their biggest impediment and together performed a root-cause analysis. They realized that they had been calling the wrong management levels when contacting potential customers. Additionally, the first sales team defined many small improvements during the retrospectives, but these were not fixed in following sprints. One external consultant advised the team to prioritize impediments and select only the most important from a retrospective. The team would eliminate it by defining concrete actions and list them as normal tasks (with the highest priority) on the backlog for the next sprint. The sales teams now define one major improvement per week and assign it the highest priority of all tasks. After all, that one improvement area will make the sprint better than the previous one. The account management teams realized that nothing has a greater impact on future sales than continuously improving the sales process with the highest value improvement first.

VIII. CONCLUSION

Although Scrum was initially designed for software development, there is no reason why it cannot work in other disciplines. After all, value prioritization, self-steering, teams, joint task definition and continuous improvement are invaluable to any disciplines. At Toyota, for example, management teams believe that organizational routines for improvement and adaptation, not quantitative or financial targets, define the pathway to long-term success [5].

The experiences described in this paper illustrate how the adoption of Scrum can be beneficial in any disciplines. Scrum can lead to increased revenue and a sustainable competitive advantage when implemented in parts of an organization outside of IT [2, 6].

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