

KellerCenter Research Report



» June 2014, Volume 7, Issue 2

Is Work-Family Balance Possible?

Dawn Carlson, PhD, K. Michele Kacmar, PhD, Joseph G. Grzywacz, PhD, Bennett Tepper, PhD, and Dwayne Whitten, DBA

Attracting Talent from University Sales Programs to Grow Your Real Estate Agency

Andrea L. Dixon, PhD, Raj Agnihotri, PhD, Leff Bonney, PhD, Robert Erffmeyer, PhD, Ellen Bolman Pullins, PhD, Jane Z. Sojka, PhD, and Vicki West, MBA

Unmasking the High-Performing Salesperson

Christophe Fournier, PhD (France)

Managing Consumer Resistance to Internet-Based Services

Athanasios G. Patsiotis, PhD (Greece), Tim Hughes, PhD (UK), and Don J. Webber, PhD (UK)

INSIDER: The Ambivert Advantage

Clint Justice, MBA Candidate

INSIDER: Sales and Marketing the Six Sigma Way

Natasha Ashton, JD/MBA Candidate

INSIDER: Changing the Sales Conversation

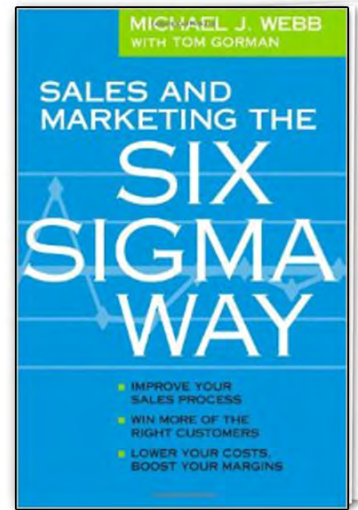
Susan Monaghan, MBA

INSIDER: Sales and Marketing the Six Sigma Way

Natasha Ashton, JD/MBA Candidate

Efficiency, process improvement, and value creation are not just buzzwords in today's business world; they have become the foundation for real, sustainable competitive advantage. However, the path to achieving or improving upon these fundamental concepts is not always clear.

Real estate professionals seeking or employing a process-approach in their operations are probably not doing so in the context of sales or marketing. Most practitioners view sales and marketing as an art, consisting primarily of instinct and personality. This view can potentially impede opportunities for improvement, resource maximization, and optimal value creation.



Sales and marketing are business processes. Just like any business process, these functional areas can and should be continuously improved with deliberate, informed, and measured standards and practices. In *Sales and Marketing the Six Sigma Way*, Michael J. Webb explains Six Sigma, an approach that is leading the process improvement movement, and how it can apply to sales and marketing. Six Sigma, if engaged correctly, can help real estate professionals maximize their sales and marketing efforts.

THINK POINT #1: What is Six Sigma?

Six Sigma is a process improvement method underlined by five principles: *creating value for customers; managing on data and facts; analyzing cause and effect; minimizing waste, errors, and defects; and setting the context for collaboration*. Specifically, Six Sigma is a process of defining measurements to identify operational errors and defects (variations), understanding their causes, and eliminating the roots of such variations to permanently improve performance. Six Sigma is often considered the most thorough and sophisticated process improvement approach available today and is applicable even in a sales and marketing context

THINK POINT #2: Sales and Marketing Should Not Be A Strictly “Numbers Game”

Sales and marketing functions may be viewed in the context of a traditional sales funnel: get as many leads as possible in order to close as many deals as possible. Said in real estate terms, the way for agents to sell more homes is to increase the volume of leads. However, accepting this funnel view can be limiting, as generating mass amounts of unqualified leads in the blind hopes of selling more homes can generate waste.

Consider shifting your sales and marketing paradigm beyond increasing sheer volume: sales and marketing are business processes that can be measured and methodically improved. Thus, real estate professionals can benefit from designing sales and marketing processes that create measurable value for customers, organizes resources efficiently, and measures the actions clients take. A process approach to your sales and marketing processes will help you identify bottlenecks in your real estate practice and the effects inefficiencies can have on your business.

THINK POINT #3: Applying the Five Steps (DMAIC) to Real Estate

In addition to the five Six Sigma principles previously outlined, Webb offers an acronym to outline the five main phases of Six Sigma improvement: DMAIC (*define, measure, analyze, improve, control*). These five steps have specific application for real estate professionals:

1. **Define.** The problems facing a business must be stated clearly in order to identify a clear objective for the entire process improvement project. Defining the problem also ensures that the problem is qualified for a Six Sigma intervention. In other words, the problem must be real (not a pet project), manageable (not too big or contingent on other business issues), and solvable. Additionally, data regarding the project and resources to perform the project must exist or are capable of being developed. Most importantly, solving the problem must be of value to the business' stakeholders and customers.

In the sales and marketing context, business problems can be difficult to define. Webb suggests using tools to facilitate the *define* phase, including [project charters](#), [fishbone](#) (or cause-and-effect) diagrams, [process mapping](#), [SIPOC](#) (suppliers, inputs, processes, outputs, customers) diagrams, and/or [FMEA](#) (failure mode effects analysis). To help define your problems, also consider engaging in brainstorming sessions with colleagues.

What sales and marketing practices are you currently using in your real estate business? What issues are you facing in your sales and marketing? What results are you expecting from sales and marketing efforts?

2. **Measure.** When measuring business problems, real estate professionals should identify specific defects, opportunities, and corresponding metrics within sales and marketing processes. Agents should also develop a detailed process map and plan for collecting and presenting sales and marketing data, both for Six Sigma improvement and for future use.

Optimal areas to be tracking data include *reach* (the number of people you/your company can reach with content or marketing messages – accessed via email database, social media/blog followers); *revenue* (total dollar amount generated – measured monthly, quarterly, annually); *leads* (prospective clients); *leads converted* (prospective clients

converted to revenue-generating clients); *referrals* (number of leads generated by existing clients); and so on.

Webb emphasizes that data is one of the most important aspects of process improvement, and that a lack of data is very common in sales and marketing failures. Even tracking data points in a simple Excel document can be a starting point for you to capture meaningful data for your business.

Additionally, agents should measure business problem data by utilizing VOC (voice of the customer) descriptions and potential clients' concerns and hesitations. These qualitative tools can help agents identify specific client wants, needs, and concerns in ways that quantitative data cannot. These data can be collected via surveys, interviews, focus groups, comment cards, or even verbal complaints. Qualitative data (in addition to quantitative data) can be incredibly insightful and efficient for your business.

What activities are you currently measuring? What processes do you have in place to track/manage data in your business? How are you capturing qualitative data from your clients?

3. **Analyze.** Once data have been collected, the next step is to analyze the data. Initial data analysis establishes a baseline for performance from which agents can quantify improvements in later Six Sigma phases. Long-term analysis can help agents see growth or decline in specific areas of their business.

Specific to Six Sigma, the analysis phase can also help agents identify value-adding and non-value-adding components of sales and marketing efforts. Determine key input variables from tools utilized in the design phase (project charters, fishbone diagrams, etc.) – for example, what are the current ways you are engaging in intentional sales and marketing activities? Direct mail? Social Media? Email/digital marketing? Web ads? Cold calling? One way to engage in meaningful analysis is to calculate the cost for each component of your sales and marketing efforts.

You may find that additional data may be needed for meaningful analysis. To know how many revenue-generating sales came from cold calling efforts may require a bit of digging. If this information is accessible, though, agents can calculate costs associated with each activity, and therefore an ultimate value of that activity to the overall real estate business. These data, coupled with VOC data, can empower agents to determine which activities add value (or not) to the business, and how much money is spent (or wasted) to drive sales. With this type of analysis, a baseline and specific areas to improve can be specifically identified and developed.

How much time and resources are you investing in value-adding efforts? In non-value-adding efforts? What baseline performance metrics might you consider incorporating into your business activities? Where have you seen growth/opportunity in your sales and marketing efforts in the past year? 3-5 years?

*It is important to note that it is often appropriate and beneficial to go back and forth between the measure and analyze phases before moving on. Rigorous measurement and analysis can lead to more significant opportunities in later phases of the Six Sigma intervention.

4. **Improve.** After measuring and analyzing sales and marketing data, real estate professionals are finally ready for DMAIC's improve stage. This stage involves planning and implementing solutions to address the business problems identified in the define stage.

The Six Sigma improvement phase can involve brainstorming, selecting an improvement strategy, mapping new/potential processes, FMEA, planning for changes, and defining metrics for results. Each new strategy must be tested and each step must be measured (or projected) with before and after comparisons. This level of detail will allow agents to see which changes in the sales and marketing process directly impact desired results. If tests of the new strategy prove successful, agents can move on to the last phase. If the test/projections do not yield desired outcomes, the brainstorming and strategy selection process should begin again.

What will a change in your sales and marketing strategy mean for your day-to-day responsibilities? How do you think your current customers will react to change in your processes? What timeline and specific metrics will you use to assess the effectiveness of your new strategy?

5. **Control.** Agents should develop a specific plan to institutionalize any changes in sales and marketing practices. This plan should help the agent make sustainable improvements by clarifying outcomes and relevant metrics to evaluate the change(s).

Webb suggests documenting each change, clearly explaining what the change entails and the reason behind the change. He also encourages practitioners to develop a response plan to initiate when any new change begins to stray from optimal performance. Consider also developing training procedures to help colleagues and managers effectively navigate and manage the change.

What change(s) will you make to improve your real estate business? How can you help your colleagues and clients manage these changes? How will you respond if you determine your changes are not achieving the results you expected?

Conclusion

Real estate professionals can improve sales and marketing performance by engaging Six Sigma tools. Agents should view sales and marketing as business processes that can be measured and methodically improved – not just a way to generate volume. By leveraging the DMAIC processes, real estate professionals can make purposeful decisions and actions to produce positive results in their business. Do not leave future results to chance; make decisions that are intentional and informed to achieve desired results.

Recommended Reading

Webb, Michael J. with Tom Gorman (2013), *Sales and Marketing the Six Sigma Way*, Atlanta, GA: Sales Performance Consultants, Inc.

About the Author

Natasha Ashton, JD/MBA Candidate

Baylor University

Natasha Ashton is a graduate student from Fort Worth, TX. She received her BA in Public Relations with a minor in Business Administration from the University of Texas at Arlington. She is currently pursuing a JD/MBA at Baylor Law School and the Hankamer School of Business. While in school, she interned with Mission Waco Legal Aid with a focus on research, case analysis, and client interfacing. With her cross-functional education and skillsets, she plans to transition into business transactional law.

Keller Center Research Report

Baylor University » Keller Center for Research » Hankamer School of Business
One Bear Place #98007 » Waco, TX 76798
www.baylor.edu/kellercenter » Keller_Center@baylor.edu

*Keller Center Research Report is a trademark owned by Baylor University.
© Baylor University. All rights reserved.*