



Still Looking at Marketing  
with an Old Set of Tools?

Online or Offline, Today's Marketing is about  
Relevancy, Agility and Speed

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### Value Stream Marketing

Speed, Agility, Relevancy

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Thanks to Eric Ries of the Startup Lessons Learned (<http://www.startuplessonslearned.com/>) for the idea of the outline used in the Value Stream Marketing diagram. "Lean Startup" is a term trademarked by Eric Ries.

Steve Blank author of *The Four Steps to the Epiphany* and a leading thinker in the Lean Startup arena, Steve can be found at [SteveBlank.com](http://SteveBlank.com). "Customer Development" is a term used to describe business processes defined in *The Four Steps to the Epiphany*, by Steven Gary Blank

The Create-Seed-Lick diagram was part of a presentation by [Alistair Croll and Sean Power](#) and presentation can be found on slideshare at, <http://www.slideshare.net/watchingwebsites/lean-analytics-for-startups>

Thanks to the Code Horror Blog for the material on Boyd's Iterative process. [Http://codehorrorblog.com](http://codehorrorblog.com)

ScrumBan is a term popularized by Corey Ladas of the [Lean Software Engineering Blog](#). Corey also published a book of the same name which can be found at the [Modus Cooperandi](#) Site.

Jim Benson can be found at Modus Cooperandi and at [Personal Kanban](#).

John Boyd's [OODA Loop](#) can be found on Wikipedia.



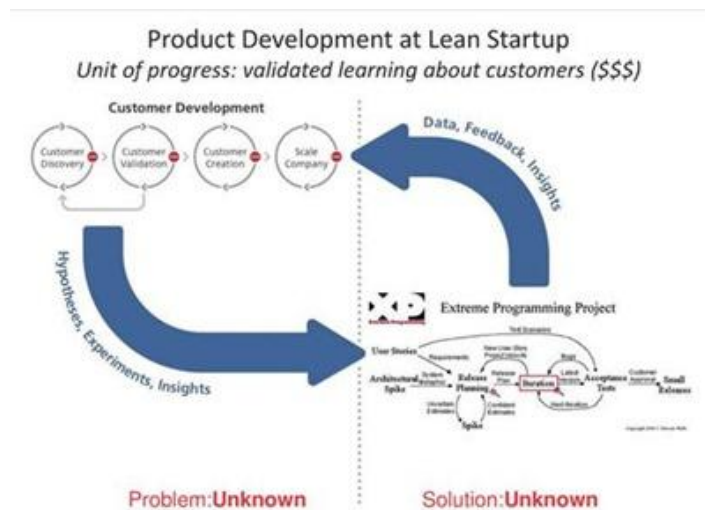
### Value Stream Marketing

Speed, Agility, Relevancy

**Value Stream Marketing** consists of an entirely different way of evaluating and performing your marketing efforts. Marketing has flattened so much that the terms "none" and "all" can practically be used interchangeably. The truth is that marketing is so fragmented that a term I use seems very applicable in most cases: "Everything works, somewhat!" It has become a necessity to be everywhere, but that in itself is impossible.

Eric Ries' concept of the Lean Startup and Steve Blank's concept of Customer Development (which is explained in his book, "The Four Steps to the Epiphany") involve launching the product early and iterating rapidly in response to customer feedback. These iterations follow the OODA loop (Observe, Orient, Decide and Act) of United States Air Force Colonel John

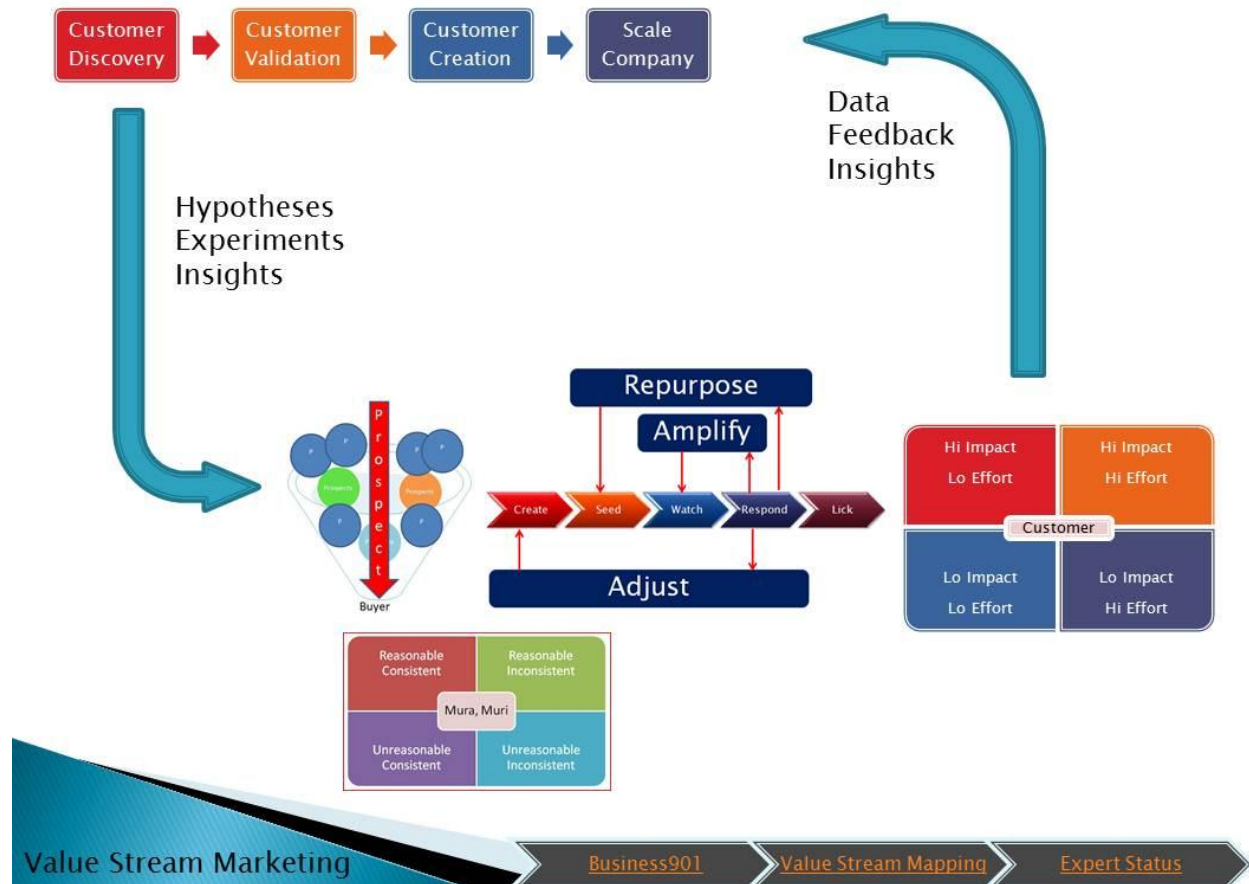
Boyd, as they are applied to consultation with customers using a process of Customer Development. This brings me to a thought process outlined by Eric Reis, as he believes that you need both a programming and a customer-development team.



Gathering the correct metrics and the voice of the customer are critically important in the Agile method. Since I have been testing and applying Agile

and Lean Startup methods to the marketing process, I have found the typical marketing funnel somewhat rudimentary for the actual marketing process.

**Developing the Value Stream Marketing:** I believe a product introduction — and even a simple marketing function — is not anything more than an experiment, an insight or a hypotheses until validated by the customer. The flow between the two blue arrows is an outline for the Scrum/Kanban process methodologies that are used to implement the Value Stream Marketing stream.



You will seldom find your target through analysis. Rather, you will find your target market by releasing and analyzing that data from the customer. These releases (Create, Seed, Watch, Respond, Lick) are much simpler than they are explained conceptually. The importance of the Marketing Kanban, though, is to develop a rhythm that allows your marketing to deliver a reliable beat through a series of cyclic actions. The more accurate that beat becomes, the louder —and hence, the stronger — that message becomes.

The old adage that only 50 percent of your marketing works, you just don't know what 50 percent it is, may still be true. However, through testing and the iterative process, the cost, time and accuracy of that 50 percent is improved dramatically. I hope you find this introduction of value and an enticement to learn more about the process.



### **Boyd's Law of Iteration: Speed of iteration beats quality of iteration.**

From the Coding Horror Blog:

"You'll find this same theme echoed throughout every discipline of modern software engineering:

- Unit tests should be small and fast, so you can run them with every build.
- Usability tests work best if you make small changes every two weeks and quickly discard what isn't working.
- Most Agile approaches recommend iterations no longer than 4 weeks.
- Software testing is about failing early and often.
- Functional specifications are best when they're concise and evolving."

I believe that Boyd's Law directly applies to today's marketing.

- All marketing should be tested quickly and in small quantities.
- Your marketing-cycle conversions work best if you make small changes in intervals of approximately 20 percent of your sales cycle and quickly discard what isn't working.
- Most Agile marketing approaches recommend iterations of no longer than four weeks.
- Marketing stages are about failing early and often.
- Functional specifications are best when they're concise and evolving.

All marketing should be tested quickly and in small quantities. In fact, why would you not test multiple e-mails one day and release an entire batch the next day? Is there absolutely any reason that we are unable to do this anymore? Another example is that headlines can be tested on Twitter, blogs, etc. Small businesses, specifically, should test constantly.

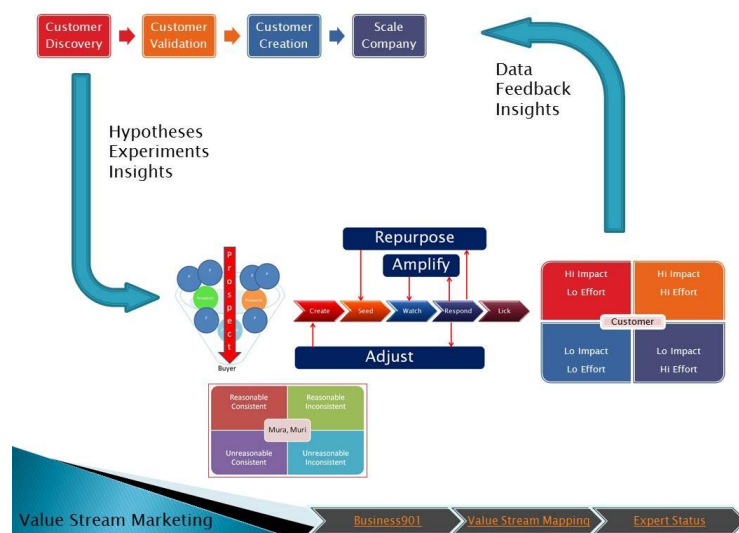


Your marketing-cycle conversions work best if you make small changes approximately at 20 percent of the sales cycle and quickly discard what isn't working. I think it is difficult for put a time frame on this when we are talking in such general terms. So, what I propose is that if you look at your marketing in five stages (as shown above), you would want to make modifications within one stage at a time, or at 20 percent intervals of your total sales cycle. The important thing to remember is to keep the stages flowing and not in constant flux. Modifications should be planned. Do not hinder a stage by doing these things indiscriminately and causing flow interruptions.



Most Agile marketing approaches recommend iterations of no longer than four weeks. Again, we must determine what your normal sales/marketing cycle is and then plan accordingly. The secret to this is to shorten the cycle through these principles, removing waste and creating value.

Marketing stages are about failing early and often. Marketing is the least expensive in the early stages. As you walk through the process, your investment increases, so your conversion should increase and maybe, just maybe, you'll hold on to a lead a little longer.



The importance of gathering the correct metrics and the voice of the customer is critical in the Agile method. Since I have been testing and applying Agile methods to the marketing process in lieu of a marketing funnel, I envision a marketing cycle taking place as we discover, validate, create the offer and then scale the offer. Taking this approach, we can

develop a marketing campaign around this. For an easy example, I will use a simple direct-mail piece.

1. **Customer Discovery:** You must decide who the customer is relative to the offering: a simple procedure of target marketing or building a customer persona.
2. **Customer Validation:** If you are planning a 20,000-piece mailing, you would of course get an adequate sample size, and then validate the offering and see if your call to action is strong enough. You may adjust the mailing several times to improve it and see which mail piece performs the best.
3. **Customer Creation:** I would propose that you tighten your demographics before finalizing your offering. Maybe consider using a Mafia offering of sorts, i.e., something they can't refuse.



- 4. Scale Company:** You should have acquired enough knowledge to scale your offering not only to meet the needs of the customer but the resources of your organization. Maybe, it is something as simple as the final number of pieces that will be mailed and/or the material that you have on hand based on the response rate that you have tested.

There's nothing earth shattering in this proposal, but the true iterative process will or should change the way you look at this. As Jim Highsmith, a founding member of the Agile Alliance and celebrated author once said: "Deliver the product needed at the end, not the one requested at the beginning." The purpose of such a relatively small project is not completing the project, but the ability to learn how to adapt a process to your customers' needs. As you take these relatively small steps, they will turn into large leaps as time goes on.

Usually the biggest argument that people have against a process such as this is time. However, my argument would be that there is a huge tradeoff between time and effectiveness. The worst-case scenario is if your sampling never works and you end up sampling all 20,000. What have you lost in this case, a little time? Another scenario is that you just mailed 20,000 pieces and were happy with a typical return of 1 or 2 percent because that is what direct mail gets. So if you receive 200 to 400 responses, you are entirely happy. But what if you sampled 1,000 and then another 2,000 and another 2,000? If you received 1 percent just on these and 3 to 5 percent on the balance, you would have increased your effectiveness from 200/400 to 500/800.

This simple concept should actually become a foundation of your mail system. Presently, I have started to formalize a plan for my own e-mail delivery system, breaking my list into sample sizes that I rotate for feedback. This way I will be delivering the same e-mail practically every day with an adjustment to each one based on the click stream from the day before. It may be nothing more than moving one section to a higher level in the letter. The next day, maybe I add a picture to the worst performing section and so on. What do you think I will learn? Or not learn?

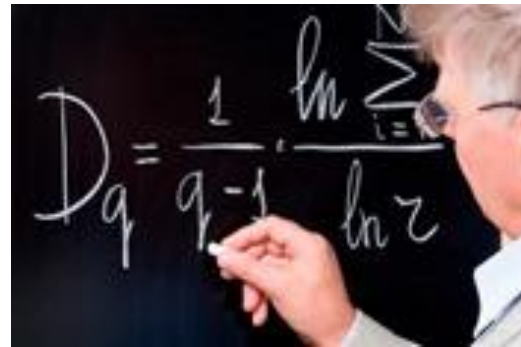
### **Understanding your Customer's Problem**

Your product or service solves a problem for the customer, right? Does your customer understand the problem you're solving? Have you been able to put numerical relationships into this problem-solving process?



Go back to school for a second, maybe even as far back as grade school, and think about solving mathematical word problems. Remember with word problems, each problem described a situation that involved numerical relationships. However, the situation and those relationships had to be first interpreted and understood. That was really just a matter of simple arithmetic computations needed to be performed to get the answer. But, how good were you at it?

Many of the computations were simple, and even the use of algebra or formulas were not required. The problem required that you understood and precisely spelled out the situation that was being described. Once a problem was set up properly in arithmetic, it was typically very easy.



Here's a takeoff for solving math word problems that could easily be applied to solving your customers' problems:

**First things first, don't try to do it alone.** Do your analysis with a partner, i.e., the customer. This is a joint effort, so blasting your message in the hope that someone will understand it does not work.

**Try to do all of your thinking as part of a conversation.** Communicate all of your thoughts, decisions, analysis and conclusions. Communicate how you're starting the problem, questions you're asking yourself, steps you're taking to break the problem into parts, conclusions you are drawing — everything. If you perform any mental operations, even translating an unfamiliar word or visualizing a picture of a relationship, communicate these operations. Letting each other know what you're thinking is imperative.

**Use a step-by-step analytical procedure.** Use the techniques that good problem solvers use, and break a problem into parts. Work one part accurately and then move on to the next part. Translate unfamiliar phases into your own words and/or visualize or make diagrams of the relationships presented verbally. Simplify problems by substituting easier numbers, making a table of successive computations or referring to an earlier problem.

**Be extremely accurate.** Continually check your thinking. Your thoughts should drive questions like: Is that entirely correct? Is that completely accurate? Never work so quickly that your speed leads to errors. Give

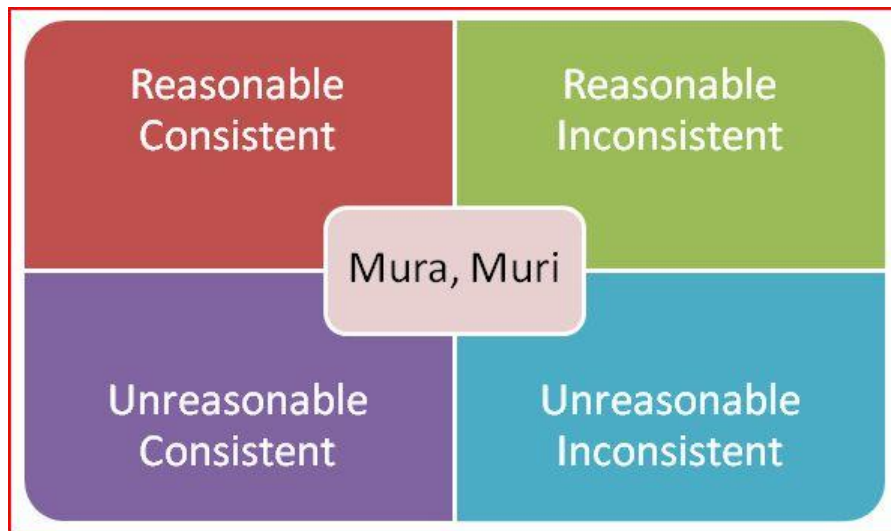


yourself efficient time to address all parts of the problem. Never just give up on the problem to get a quick answer. Always try to reason the problem out.

While your customer is working through the problem, **keep checking the accuracy** so that you will learn to think with more precision and thoroughness. In addition, in your own mind contrast the methods with the way the problem was attacked. How might you break the problem down more completely into smaller problems? What other steps might you take? How might you visualize or use diagrams or relationships to make it more effective? Would you work more carefully? In other words, try to imagine ways in which you might attack the problem more effectively.

If your customers use inaccurate information or computations that lead to wrong answers or maybe do not spell out situations and provide full descriptions, try showing them a table or diagram that illustrates, step-by-step, the relationships between the facts in the problem. Stopping your customer and requesting a full explanation of certain computations is your responsibility in helping both of you to fully understand the problem.

### Lean Marketing concentrates on Mura and Muri



Most people that are familiar with Lean understand the term “Muda,” which signifies waste. It has been popularized by the common use of the 5-S, which is used to create a clean, ordered and disciplined work environment. If you think you could use it, just look at your desk!

What I wanted to discuss are the other two M’s that are often overlooked and somewhat unknown except to true Lean practitioners. The two terms



are Mura and Muri. Mura is usually translated as "inconsistency," and Muri translates as "overburden." These two terms may be significant factors preventing us from **"Just Being There."**

Muri (overburden) could also be defined as "unreasonable" or "impossible." I would question people on how much they are asking out of their marketing.

Typically, people are event driven, and that is the main thrust of their marketing. Being in the community where their customers are may be a secondary function. They think that the better and more spectacular the event, the more they will get out of it. This thought process is getting more and more difficult to pull off. The bar has been significantly raised in recent times, as there have become fewer and fewer customers. **Being there is a better alternative.** I am not saying we should do away with the events, but what I am saying is to create events that your typical day-in and day-out customers will appreciate. Don't only try to get new customers; also grow your business from your existing traffic.

The other term I discussed was **Mura**, translated as "inconsistency." How consistent is your marketing? Does your e-zine go out regularly? Are you consistently sending out your direct mail or using other advertising? Do you have a consistent theme in your marketing that builds continuously on the last message? Are your online and offline presences integrated with each other so that a consistent message is used? I believe Mura may be the single biggest reason that marketing fails.

Looking at these two M's, you can see how quickly your marketing can be improved. Simple tactics, such as using a tool like a process matrix, can provide a quick evaluation of your marketing efforts. Try this: Isolate the consistent from the true inconsistent. Establish a routine process to do routine things in a routine way. **Just be there.** You may still have exceptions, just realize they exist and process them accordingly.

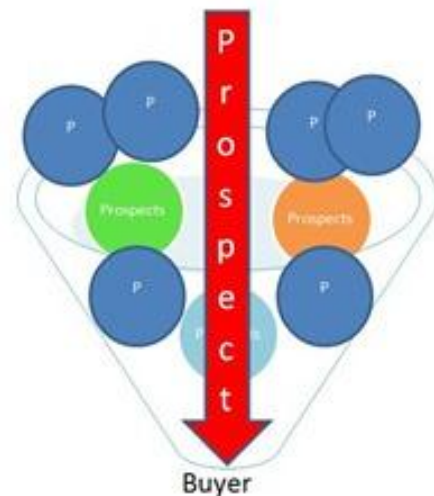
### **Work in Process is Wasteful, Even in Sales and Marketing**

One of the tenants I am convinced of is that "work in process" is wasteful and unproductive. If you look at this from a sales and marketing perspective, it basically says that the more people you have in your sales and marketing funnel, the more unproductive you are. A blog by Jim Benson of Personal Kanban said this (and more) in a recent post Inventory makes Work:



"Inventory lowers organizational effectiveness because the time and money spent taking care of the inventory could have been spent making the company more successful. Therefore, Lean organizations tend to receive the things they need to operate at the last responsible moment; this is called 'Just in Time' (JIT). A JIT organization does not take on inventory until the moment they need it and therefore spends as little as possible maintaining inventory, greatly reducing the risk of having overstock. But inventory isn't just 'stuff.' Inventory for us as individuals include anything we have that requires maintenance or on-going attention."

Inventory for sales and marketing is prospects! As you think about what stops your marketing from being effective, it is all about trying to appeal to the masses, and as a result you lose effectiveness both in time and money. As Jim said above, you should be taking the time to make your company more successful and working on ineffective or wasteful leads is not going to do it. During the past several years the buzzword has been Inbound Marketing.



Though I am an advocate of the basic approach and an advocate of using social media, I have found that it really has resulted in a failed marketing strategy for many companies. Though it has increased the number of prospects, it has done little to increase qualified buyers. That is why there has been pushback from many organizations. It just has not been effective as the principle seems to indicate. Just because we automated the process does not mean we are managing work in process better.

So what happens if we limit work in process or the numbers of leads that we receive? Marketing to a targeted audience results in a cost savings and time savings. Would you need to hire more salespeople? Would you be able to use more experienced people at the right time and in the right place more often? Would you nurture and promote to a better-qualified prospect? I believe the most important benefit of limiting work in process is that your message would simply be better. Not only would your information packet be much more targeted and information rich, but it would also have a better chance to be delivered on time, or in other words, when a prospect is ready for it. Giving prospects what they need, when they need it and how they want it is a pretty important factor in today's market. If you look at what



vehicles prospects and your customers use to acquire the information they need, you will notice one important factor: They are almost all different. Multiplying that number by the number of prospects should certainly give you a reason to start narrowing your field.

Why is now the best time to convert to this strategy? The market itself has caused a constriction for most companies. This constriction has narrowed your market that should enable you to readily identify your target market. What are the last-minute adjustments or concessions you make (JIT) to capture the sale? These are the present value drivers of your business. Are these the value drivers that you are willing to live with in the long term? How do they help you in identifying your present and future market? Work in process is wasteful. It is wasteful in your personal life when not managed well, it is bad in manufacturing and it is bad from a sales and marketing perspective. Quit marketing at the top of your funnel. Instead learn how to manage your work in process!

### **Marketing is About Content and Circulation not Cute and Clever**

The overall concept of Value Stream Marketing is that you must continuously add value and create value in your marketing for your customer. For most of us, it is no longer an issue of cute and clever; it is an issue of content and circulation. It goes hand and hand with the transition from outbound to inbound marketing.

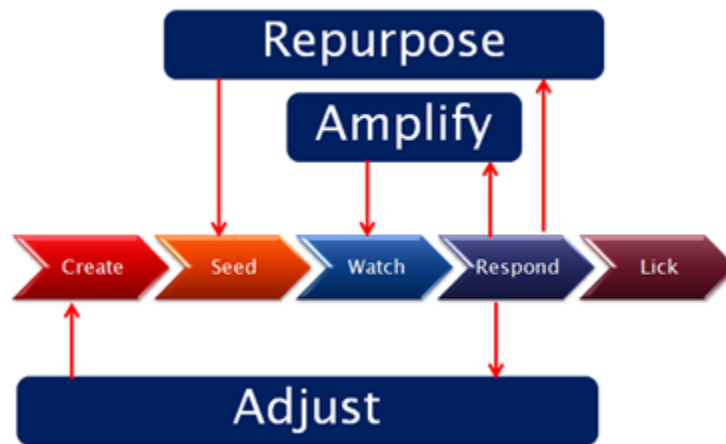
Outbound marketing is the old traditional style of lead generation, including advertising, referral and public relations. These items are still very prominent in marketing but should be viewed from a totally different perspective. An overview of the way PR is looked at today can be found in David Meerman Scott's book, "The New Rules of Marketing and PR: How to Use Social Media, Blogs, News Releases, Online Video, and Viral Marketing to Reach Buyers Directly" — and even that book is getting somewhat dated. However, yesterday someone asked me, "Isn't the purpose of PR about getting published?" I was somewhat shocked by that question, as I have not looked at PR from that standpoint for a couple of years. I look at PR as a soft selling tool, a way of telling my customers news about my organization. It should also provide SEO, distributed widely through other online publications and social media. But most of all it should have a call to action! And yes, if a publication chooses to use two lines buried with 10 other news releases, maybe using a small picture of it and publishing it four months from now, I would still say "Thank You!" It still is a powerful message; it just has been severely diluted. It is exactly the same scenario that has happened with



other forms of old media. Print publications are struggling; people are getting their information quicker, many times from people closer to the source (more authentic) and in the method that they want to receive it. The one saving grace of traditional media is that some people still want to receive it.

This brings me back to cute and clever versus content and circulation. In cute and clever, you only had these expensive one-time opportunities to make a significant impact. You needed to have impact and lasting power. However, the shelf life and the distribution of cute and clever has deteriorated to a point that it is only one of many, but still important. So how do you handle one in many? The answer to that question is content and circulation. You must create content based on what your customer base values. Then you must circulate it to a vast audience, hopefully somewhat targeted so that it will be read.

A good rule of thumb is that the more expensive the circulation method, the more targeted it needs to be. If you think about that statement, it goes directly against traditional methods of advertising. It was all about numbers and yes, cute and clever.



Now, here is the secret to the next stage. If what you posted stinks, lick your wounds and stop using it. If it has some legs and needs improvement, you adjust and test it again. If the content is well received, you amplify it by posting to a wider variety of sources. After it is amplified, you repurpose the material: You turn it into an article, subject

matter for a LinkedIn discussion, etc. and send it back through the cycle. You can even combine it with additional material or expand on the original thought.

How do I do something like this? If you appear on my podcast and use 45 to 60 minutes of your time, you can expect the following benefits:



### Example from the Business901 Podcast

1. The Podcast posts on the Business901 podcast site
2. It is captured in the Business901 iTunes Store
3. It became part of the Business901 Blog and as a result circulated to many sites including Business Week
4. It became a widely distributed news release that included PDFs, pictures and videos
5. It was transcribed and formatted into an EBook that went through a similar cycle
6. The EBook was broken down into several interviews that I can post when I need blog material (Yes, I do run out of ideas occasionally)
7. And after being widely distributed, it ferments and lasts forever in the online world!

This is an example of content and circulation that happens on a simple podcast, and I have not included the podcast recipient's potential courses of action. When you think about your last radio spot, advertisement or PR release in the newspaper, consider what it did for you and whether you'd rather appear on my podcast.

### Think. Sketch. Execute. Revise.

This was stated in a blog post by Chris Brogan on "How We Make Business These Days." To me, it is the new formula for business: **Think. Sketch. Execute. Revise.** It's important to consider contingencies. It's important to be prepared for what can go wrong. But the best way to find out what's going to go wrong is to launch and find the flaws.

This is top of mind to me right now, as I'm about to launch a business in a marketplace that I don't fully understand, with a product that I'm still developing, to a bunch of people who I don't necessarily have neatly corralled. Am I afraid, not at all? I've got smart collaborators. We'll figure it out. Will we upset someone along the way? No question. Tell me one business that hasn't made a mistake. The goal, I imagine, is not to make any *fatal* mistakes. **Think. Sketch. Execute. Revise.**

That looks very close to the iterative process of the five phases of Agile Project Management as described by Jim Highsmith. I adapted the description to a marketing tone. **Envision. Speculate. Explore. Adapt. Close.**

### Defining each term:



1. Envision: Determine your marketing vision, objectives, constraints and community, as well as how your team will work together.
2. Speculate: Develop the capability and/or feature-based launch to deliver on the vision.
3. Explore: Plan and deliver running tested stories in the short iteration, constantly seeking to reduce the risk and uncertainty of the launch.
4. Adapt: Review the delivered results, the current situation and the team's performance, and adapt as necessary.
5. Close: Conclude the launch, pass along key learning and celebrate.

Even more important is this key point: We're not concentrating on the flow; we're concentrating on the cycle. Continuous short iterations are constantly happening to improve the value of the offering. No longer can we wait for the perfect scenario. We build the scenario as an ongoing process. Customer relationships need to be as collaborative as possible. Customers then can define the capabilities needed to provide value. When that scenario can no longer be adapted or improved upon, the life of that marketing cycle is over or exhausted. This effort enables customers to define the value and judge your marketing cycle. Your marketing team must always be in contact with the customer and continuously asking: Is what we are doing providing value in your decision-making process for our product or service? **Envision. Speculate. Explore. Adapt. Close.**

### **Start Thinking Cycles, not Funnels in Your Marketing!**

Marketing fails when it does not deliver the right message at the right time to the right person! Marketing correctly prevents waste, minimizes cost and more importantly excites customers. Typical marketing practices are unable to do this when you think of marketing in a linear fashion. If you develop your marketing as a cycle in lieu of the typical marketing funnel, you will begin to understand how this can be accomplished.

Lean marketing systems are developed from the pull of the customer. If you review my blog post on "Lean Marketing, The Toyota Way" you will see how Toyota looks at marketing as a cycle and as the "radar" for Toyota — the "radar" meaning the voice of the customer. This constant feedback shortens its marketing cycle by creating an intimate knowledge of the customer so that it can be at the right place at the right time, delivering the right knowledge to the right person.



How does someone create and utilize a marketing cycle in the planning process? The typical Toyota solution is to gradually move on a solution as data becomes available. It's very much like the iterative process in an Agile Project Management Project. In marketing, you must have a cadence, much like the military, established in your marketing practice. Think of the army. Almost everything is standardized: uniforms, weapons, training manuals, vehicles and so on. This standardization allows the army and its soldiers to react to the huge variation presented in a combat mission.

You should note that we are not talking about a repeatable process. Repeatability means doing the same thing in the same way to produce the same results. Though repetition will allow you to convert your inputs to outputs with little variation, it also implies that no new information can be generated and used. Repeatable processes are not effective because precise results are rarely predictable in the marketing process. Reliable processes focus on outputs, not inputs. Using a reliable process, you can consistently achieve a given goal even though the inputs vary dramatically. Reliability is results driven.

Marketing cycles are not completely stable. They are subject to variations caused by new knowledge. They are constantly being improved. The emphasis of activities changes during projects from more emphasis on understanding the customer at the beginning to more constructing and testing marketing functions at the end. We are trying to eliminate variation caused by new knowledge. A marketing process that does exactly the same thing every time is useless, but we are trying to eliminate variation that we cause for no good reason.

Cycles are small and fast so that they will continuously produce knowledge. The knowledge is used to determine tradeoff and is the basis of primary exchanges at schedule meetings. These changes will be introduced into the marketing process quickly so that customer's knowledge value can be evaluated through small incremental changes.

Conventional thinking produces large quantities of knowledge. For example, take direct-mail pieces. Marketers schedule and execute these mailings to large volumes of consumers for efficiency and cost-reduction purposes. Conventional thinkers imagine marketers will have all the needed knowledge



before they start designing. Lean marketing recognizes the cost of such a large batch and the waste that must be transported, stored, managed and delivered to the customer. Utilizing a marketing-cycle process, small batches with several different messages would be sent out, tested for effectiveness and improved upon as the data is obtained. The cost of using small batches is completely negated by the improved results.

### **Marketing Kanban**

Kanban is any signaling device that gives authorization for a supplying process to know what to produce, or for a material handler to know what items to replenish. For example, it might be a physical paper card placed in a container of parts. When stored items are actually used, the Kanban card gets "freed" (perhaps it was in the bottom of the container), and gets put back into a Kanban stand where the Kanban "requests" are fulfilled.

Kanban is a way of limiting work in process and the amount of new work that is introduced into the process. As a result, work would be pulled from the previous stage as work is completed and levels demand. It emphasizes throughput rather than numbers. If you have read my previous posts, you would recognize the emphasis I put on throughput and the need for this to be monitored in the sales and marketing process.

The Reasons for a Kanban can be summed up in these previous posts:

Improve Your Marketing Cycle, Increase Your Revenue: Speed is important in the buying process. Your total cycle time can be improved. However, it seldom can be done without more feedback loops in your system. Develop process blitzes to reduce these nonvalue times. Go to Gemba or the customers' places of work and find out what happens during this time. See what is stopping them from moving forward. It may be an internal constraint within their companies. However, the constraint may be yours. You may not be responding to the customers' latest needs. Your ability to focus your resources on customer needs may provide the overall clarity they need to make a more rapid decision.

Improve Throughput, Cut Your Customers in Half: In a manufacturing system, cutting work in process just about always will increase throughput. Why? You end up working only on what is needed, when it is needed. You also will have less waste, less material to handle and fewer mistakes. Good things happen when you are not handling excessive amounts of material. In a marketing system, cutting the amount of customers in half works very much the same way. You end up working on what a customer truly needs



and wants. Your marketing will become more personal and more direct, and you'll make fewer mistakes.

Using the Six Sigma Tollgate in Your Marketing Funnel: Have you thought of using DMAIC as a way of defining your marketing funnel? We looked at Define, Measure, Analyze, Improve and Control and utilized these basic principles to walk a customer through the marketing funnel. In other posts, I discussed the ability to create a shorter cycle time by decreasing the nonvalue time in between each of these stages. One of the methods of doing this is to have a strong call to action for a prospect to move from one stage to the next. However, how do you know if a customer is ready to move from one stage to the next?

What Kind of Questions Would you ask at a Tollgate?: In a recent post, "Using the Six Sigma Tollgate in Your Marketing Funnel," I went through the concept of using a tollgate in your marketing funnel. Below is a list of questions that might help generate a few ideas that you may want to consider. (Review Post)

The essential points needed in a Kanban system are:

1. Stock Points
2. Replenishment Signal
3. Quick Feedback
4. Frequent Replenishment



If you consider the typical marketing cycle as a prospect moves from one stage to another, you imagine it as a step-by-step process, with certain events taking place within that stage. With a Kanban method or a tollgate, you could have certain trigger points for each stage or even a phase within that stage allowing one marketing effort to pull from the previous. The method would also limit the number of prospects within that cycle so that the proper amount could be managed or more importantly satisfied! Or, you could have an unlimited supply of leads flowing into each stage. You probably wish you had the latter. However, which would prove more effective?



Kanban scheduling can be simply stated as demand scheduling. In Kanban, the products are produced based on actual usage rather than a forecasted usage. Therefore, to be considered a true Kanban scheduling process, the production process it controls must:

- Only produce product to replace the product consumed by its customer
- Only produce product based on signals sent to its customers

The Kanban schedule replaces the traditional weekly or daily production schedule most of us have become familiar with in manufacturing operations. This schedule is replaced with visual signals and predetermined decision rules that allow the production operators to schedule the line. Think of Kanban scheduling as an execution tool rather than a planning tool. Kanban replaces the daily scheduling activities necessary to operate the process and the need for supervisors to continuously monitor and scheduled status to determine the next item needed. This is done all through visual signals within the Kanban.

### **Why Would you Want to Implement Kanban?**

Kanban is a tool that controls your work in process. In marketing that would be your number of prospects within your Value Stream. Most organizations fail to recognize the hidden costs in overhead, effort, lost prospects that were never prospects, support material and other service-related activities. Work-in-process reductions together with these factors can make Kanban a competitive edge in today's business environment. The benefits of Kanban can become a driver for creating a culture of continuous process improvement when the improvements are translated directly into work in process.



Just reducing the work in process forces you to better understand your marketing Value Stream. It forces you to recognize how that marketing Value Stream relates to target customers and how they need to be segmented for more focused efforts. When you are forced to constrict the numbers of organizations or individuals that you are dealing with, you will be reminded of the comfort levels and informal walls that allowed these levels to build up over time. An added plus is that you will start using much more realistic data to formulate these decisions. It is not easy to say that you will stop marketing to a certain segment or group.



In many marketing processes it is more about growing the sales funnel with leads, which in Lean terms is overproduction. The very nature of the Kanban scheduling process sets up maximum and minimum work in process levels. These levels should be controlled by setting up control points, setting up for better sales channels (segmentation) and providing directions for moving the process forward. The Kanban also gives individuals much better guidance on what is needed and by its very nature allows for better utilization of your human resources. It will also readily identify the constraints and bottlenecks within your process.

These levels can also signal when you should and shouldn't accelerate marketing actions. You avoid the issue of "should you or shouldn't you" and instead increase targeted efforts in various stages of your marketing process.

As a result of this, it will improve the flow of the entire sales and marketing process and better identify who it needs to be directed at. Controlling these levels should also create shorter flow cycles that will prevent you from working on activities or creating material that becomes dated or obsolete.

### **Can you Become Lean Without Sales on Board?**

I am not sure that Lean will ever work within a company unless sales and marketing are on board. In fact, why start with production if we want to look through the customer's eyes. Would it be tainted if we did not lean sales and marketing first?



Have you ever won a large order and watched your production department roll their eyes? You could never understand the frustration. You wondered why they just didn't have the same enthusiasm you did. You wondered why they just couldn't take the attitude of "Lets gitter done!" I would encourage you to take a deeper look at the frustration, especially if you've been trying to become a Lean operation.

Let's face it. A manufacturing manager who does not meet the promised date or deliver quality parts does not keep his job long. There is an expectation to be on schedule. What about sales? Is there the



same level of expectation? That new order causes a wide variation in the planning. Who makes up for that change or deviation? The production department does. It is justified, of course, by the age old saying: "Customers don't know what they want" or "Our type of business is hard to forecast." I read once that greater than 90 percent of delivery dates are missed at the time the order was accepted. This double standard is unacceptable and in fact quite detrimental to a Lean transformation. But to avoid this, you must learn how to market and sell products differently.

First, just think about how you typically measure salespeople and the incentives that you give customers. Companies usually provide incentives to their salespeople and customers based upon the volume of sales. You have pricing policies that reward customers for buying large quantities of products. Does this sound like Lean principles in action? In fact, they are just downright harmful to a Lean operation.

A Lean operation works best when there is a level production load. So you must try some new approaches to pricing and most particularly to incentives and measurements.

If your sales and marketing teams understand the Value Stream of your company, they will also recognize the capacity restraints or bottlenecks that are within it. All at once they will start recognizing value over the cost of the product. If a part is difficult to get, they will assess more value to it. Thus, salespeople will likely not be as willing to discount that product, or at minimum, will hesitate to promise an unrealistic delivery.

Can you create a linear demand with your customers? Sales and marketing could work with customers to develop processes more conducive to Lean operation. Maybe setting up Kanban systems, vendor-managed inventory, smaller daily orders as opposed to large weekly or monthly orders, forward forecast requirements and others. You would also expect sales and marketing to develop more appropriate incentives to increase demand for non-bottleneck products. This is especially important because these sales can be increased without increasing other costs.

The purpose of all this is to recognize the Value Stream of your operations and maximize all the components of it. By the way... How much would a "Leveling" sales and marketing initiative cost to implement? What value would you receive from it?



### Obtaining Your Voice of Customer

John Mariotti of Small Business Trends wrote an interesting article titled "A Hazard of Innovation: Falling in Love with Your Own Ideas" on the American Express Open Forum. John states:

"There seems to be widespread agreement that innovation is the path to profitable growth and competitive advantage. If that is true (I think it is true), then why aren't more people doing it? And why do so many new products fail? I know of no 'hard statistic' other than the generalized one 'that over 90% of new products fail.' But again, I ask, why?"

Here are a few proven methods to make your idea more successful and prevent its premature failure:

**First and Foremost, Focus Outside, Not Inside.** If such common and deep-seated beliefs lead to new product failures, (and they aren't limited to products — it could be new processes, new acquisitions, new whatever), what can you do to guard against this? How about getting some independent outside opinions? Here are a half-dozen more "**safeguard tests**" that can be used to enhance the likelihood of success and reduce the chance of innovation failures.

1. **Market Research**
2. **Focus Groups**
3. **Surveys**
4. **Consumer Panels**
5. **Test Markets**
6. **Truth Tellers**

**"Trust, but Verify"** is a term used in delegation and management. When a group of new product, marketing or sales people is exuberantly proclaiming the greatness of a product, investigate more deeply. If these proclamations are coming in the face of lackluster performance in any of the above six "safeguard tests," dig deeper, and fast. Verify that this is not a group who has "fallen in love with their own ideas."

**Don't give up too easily or quickly — but don't be afraid to cut your losses and move on.** Innovation is wonderful, powerful, intoxicating and exciting. Failure is devastating. Use every means you can to prevent failure and improve the chance of success. Often, a small change, a minor



difference in pricing, promotion, features, packaging or placement is all it takes to transform a potential loser into a winner.

This is the crux of "A Hazard of Innovation," and I encourage you to read it in its entirety. Mariotti explains each of the six points, and the picture is worth the click. However, this article outlines many of the reasons that have driven me to start utilizing the Agile, Lean Product Development methods in marketing. In today's marketing, it is imperative to Involve, Verify, Create and Scale as early in the process as possible. The "fail often and fail early" approach is much better than hoping that you will be among the 10 percent that succeed. I mean really, are you batting 900? If you wait for the perfect product, there may be too much invested to change. The tools are there to facilitate early customer involvement, but are we utilizing them? Are we even participating in our customer's communities that will allow us to do this?

It is very difficult to get many organizations to listen for that heartbeat. They want to monitor the process but keep it inside to the last possible moment. If you think about your organization and the marketing of a new product, is it your internal structure of marketing, engineering and finance that drives the process? Should innovation and development not be more centric to sales and customers? Developing better methods to hear the voice of the customer is essential. Is your organization still listening to your customer's heartbeat with a stethoscope, or have you moved on to an ultrasound?



A simple process you may want to try to obtain the voice of your customer is outlined below:

1. Identify your customer. Do not make this a generic step or skip over it. If you have difficulty, provide clarity by segmenting your marketing channels — even down to one person if you have to, just for practice.
2. Gather the initial voice of the customer by surveys, focus groups, complaints, correspondence, etc. Also, feel free to use "tribal knowledge," but make sure you test it. For example, send out a survey to 10 customers in a particular region covered by a salesperson. Have the salesperson (distributor, rep) also complete the survey and compare results. You may find that several salespeople have a better



understanding of their customer base and others do not. Interpret and use the data accordingly.

3. Formulate the data collected and ask your customers to rate the importance of each input. A cool way to do this is via an online survey that moves respondents to another screen after their initial input. You may even want to do a survey to the masses and then have a focus group rate the importance of each.
4. Prioritize the requirements based on the voice of the customer and determine the relevance of the requirements based on how difficult they are for you to achieve. This a great place to use a SWOT analysis and start making some intelligent decisions about your product. Oftentimes, this list can be used for your Critical to Quality (CTQ) indicators.
5. Use this information to choose the best processes, internally and externally, to achieve the desired results.
6. Determine the activities to create ongoing processes and parameters.

Tip: A great tool is the Kano Model that measures three types of customer needs. Its premise is that if you only do what the customers tell you to do, you are only meeting one-third of the equation. You also have to address performance needs and excitement needs. It is great tool to use so that you can address these issues in step two of the process above.

### **Evaluate Your Customers' Needs**

How do you increase speed in your marketing? It actually is very easy. You must target your market. Most professionals lose jobs because they do not make their offers crystal clear to their prospects. The prospects must understand completely, without a doubt, what benefits they will receive and what the outcomes will be from working with you or using your product. You must be crystal clear in your definition. However, are you crystal clear in what you will be offering?

I have recently started using the Kano model to help provide better definition for my clients of their products and services. The Kano model relates to three factors:



The first factor involves **basic, must be or expected needs**. Without these, the customer would be dissatisfied. This sounds very straightforward, but if these needs are not adequately defined during the marketing process, they are simply deal breakers — and questions that neither party may ever have asked.

The second factor is **performance**, and to define performance, think about the term “**more is better.**” The more this performance is met, the more the prospect is satisfied. This is the area in which the customers measure the value of the product or service they are receiving. In a few cases, these features have meaning to some clients and have no value to others. They even may cause dissatisfaction to some. Herein lies a great opportunity to improve these areas, and many times improvements can be made via relatively inexpensive options. Or, you may even be **able to remove them completely for a few of your target segments**. If you can, are these segments really your target customer?

Another way to leverage the performance-factor segment is to have a better definition of your target market and how it relates to these factors. You may find that making these features an option or even using them to further segment your customer base may ultimately give you an advantage over the competition either through price or features.



The third factor involves **delighters**. If these are absent, they will not cause any dissatisfaction at all. The customer does not even expect these. But when they are there, they cause extreme happiness. OK, maybe that is a bit much. But an interesting side note about the delighters is that typically they do not increase the value in the product or the service. Seldom will you get paid more because of them. In time, the delighters may

also even become a basic need. What is a delighter today may be an expectation tomorrow.

The Kano Model is constantly shifting, but it is a great method to use to gain a better understanding of your prospects' values that are critical to success



and to prioritize the requirements for further development activities. Just as importantly, I think it really lends itself to better understanding your market-segment characteristics. And if you divide your marketing segments better, you will increase throughput and develop better budgets as a result.

Another important feature of the Kano Model is that it gives you a better understanding of what tradeoffs you might have in your marketing cycles. You certainly could not trade off a basic need, but you might be able to reduce the level of a performance factor.

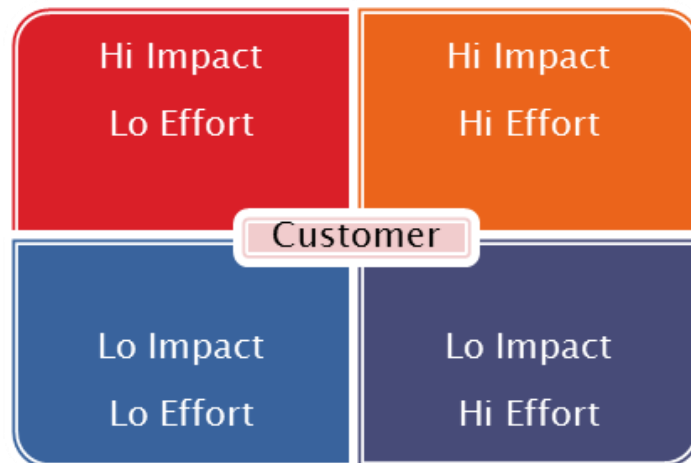
### How do you Start?

One of the best ways to learn and start implementing Kanban is to first apply it on a personal level. Therefore, to be considered a true marketing Kanban scheduling process, the marketing process it controls must:

- Only produce material/services that add value to the customers' decision-making process for their established need
- Only produce materials/services based on signals sent from your customers

### Are you Ready to Start?

As I was trying to start up a hot-mix asphalt plant, an old construction worker once told me, "Engineering does not start till you turn the key!" Being a brash 28-year-old, hot-shot engineer, I thought he was pretty silly at the time. However, only customers provide results, and customer satisfaction is the key result you are looking for. I think the smartest



companies ask their customers what the requirements should be for the product or service and then work backwards. The not-so-smart companies design a product/service and then figure out ways to market and sell it. Which one are you? And what type of customer are you looking for?

**This leads to the next question, could I help you?**



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#### ***What others say:***

*"In the past 20 years, Joe and I have collaborated on many difficult issues. Joe's ability to combine his expertise with "out of the box" thinking is unsurpassed. He has always delivered quickly, cost effectively and with ingenuity. A brilliant mind that is always a pleasure to work with." James R.*

Joe Dager is President of Business901, a progressive company providing direction in areas such as Lean Marketing, Product Marketing, Product Launches and Re-Launches. As a Lean Six Sigma Black Belt, Business901 provides and implements marketing, project and performance planning methodologies in small businesses.