# Marketing with A3

## Developing a problem solving culture in your marketing.

Introducing a Customer Problem - Centric Platform
- it's not enough to be part of the solution

by Joseph T. Dager

# Marketing with A3

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A problem well-stated is a problem half-solved.

- Charles Kettering

# Chapter 1

## Marketing with A3 Introduction

Most of our marketing centers on providing a solution for our customers. Everyone has a solution and just about all of them can be made to work for you!  But is there anybody out there who can adequately define the problem? The definition of the problem is more important than the solution. We have always heard and most of us believe, “A problem well-stated is a problem half-solved.” - Charles Kettering. It really is that simple. We must move our marketing and sales efforts from a solution-centric culture to a problem-centric culture. The sales and marketing ultimate goal must be to become part of the problem-defining culture of a customer or prospect.

Many organizations define their sales and marketing goals as a way of getting people to take actions to purchase their product or service. They are focused on selling the benefits of their product. Elaborate plans are designed to guide their action for today, tomorrow, and in the future. This serves as a platform for their marketing goals. They might even send the goals through the SMART procedure to make sure that they are specific, measurable, achievable, realistic, and time-specific. The problem with this is that it is mostly internally focused.

Currently, supply exceeds demand in most markets. Many companies are seeking new markets and extending their reach with a hope of more business. They focus on innovation in their own markets and/or adapting existing products to the new markets. These efforts seldom prove effective for the majority of us. Most of the time, someone is already entrenched serving that need. New entrants just seem to drive prices down and reduce market share for all the players.

Marketing needs to be part of the problem-solving process of their customers. What if your marketing processes seek to identify problems versus solutions? What if you were seen as a diagnostic expert rather than as a solution provider? What if you guaranteed to find the problem and collaborate on the solution? Would you build a more trusting and stronger relationship?

*Marketing with A3* is my attempt to improve the problem-solving process of sales and marketing. Using A3 in the marketing process provides a standard method of developing and creating your marketing programs. It will recap the thoughts, efforts, and actions that take place for a particular campaign, such as advertising or public relations or even a launch. An A3 can highlight the value that marketing supplies. You will learn how to format your A3 report in a way that most effectively communicates your story to your team and others.

The A3 tool provides a structure and a template for achieving this. A3 is a one-page document used to capture the dialogue in a problem-solving process. Sending your marketing through such a process will enable you to create the clarity in areas such as CRM, social media, joint ventures, client retention, client acquisition, and more. It is a tool that can be used both strategically and tactically. It has developed in its own right to become a thinking process.

Using the A3 in marketing is an excellent way to communicate with your team members and other members of the organization. How many times have you picked up a piece of paper and spent much of your time figuring out how the information was organized? Once you did this, you then spent the rest of your time connecting the information in a meaningful way so that you could use it.

Stretch your thinking of using an A3. Don't just use it as a problem-solving tool. It can be a great template for other uses. It stimulates thought creativity and, when stretched, allows many other interactions from others.

Use it as your communication tool. The A3 encourages dialogue and the use of stories, graphics, and charts. This is the best way for people to learn and it directly engages people if designed correctly. Your A3 won't do it all. You still have to show up and tell the story. However, having all the information visible allows a person to let the story unfold as they tell it.

The one concept that many fail to consider is indirect marketing or staying in touch with your customer base. I would like to challenge your thinking on how you can become involved in your customer's communities. Becoming active in these areas will not only increase your involvement with your customers and other prospects but there is nothing more effective in making your marketing more efficient. Understanding their needs, what they are looking for, and where they are being underserved is the single greatest marketing concept that I know of. So, if I ask this question: Where are your customers being underserved? Can you answer it? And/or, is that a market you have the ability to take care of or build a future alliance from?

Marketing with A3 is a new way of thinking, a whole new philosophy. To become truly proficient, you must go through a paradigm shift. You must build a Lean problem-solving culture into the way you create your marketing. You have to move from solution-centric to problem-centric. You must develop strategies to focus on the right customer conversation – their problem.

Sales and marketing can no longer operate in a vacuum. It has become a process output (does not mean that it is de-humanized) that intertwines across many of the departments within the organization. As companies have become flat, their decision making is increasingly being done by committee. As a supplier, you must mimic your customer decision-making path and as a result your sales and marketing will also be done by committee.

Applying a systematic approach to any field is challenging, especially to sales and marketing. Gaining agreement on what and how to measure is a difficult process due to the variations seen in customer demand and expectations. With the influx of web analytics, statistical process controls, regression analysis, design of experiments, simulations, and other engineering tools, the management of data is becoming commonplace. Collection, understanding, and interpretation of this data requires that a systematic process to be followed.

As this becomes more commonplace the acceptance of terms and tools such as cause-and-effect, variability, constraints, problem solving, and bottlenecks has crept into the sales and marketing arena. We are seeing cross-functional teams being formed and systematic management of marketing funnels, projects, campaigns, and continuous improvement efforts coming to the forefront.

# Chapter 2

## Transforming to Marketing with A3s

The guidelines for incorporating a systematic approach to marketing are known to us. It can be summed up by Deming's 14 key quality principles for transforming business effectiveness. The points were first presented in his book, *Out of the Crisis.* These principles have been applied throughout industry, hospitals, and software development; they have yet to be accepted in sales and marketing. Following is a brief summary of the points (in bold) followed by how I perceive them in a sales and marketing application.

1. **Create constancy of purpose:** Sales and marketing is the future of your company. It is also the strongest connection that you have to your blood supply, your customer. To apply this point, you need to develop the following areas:
    1. Identify specific products/markets that offer the organization its best options for growth.
    2. Understand your organization's competitive value proposition.
    3. Improve your competitive value proposition
    4. Monitor your competitive value proposition
2. **Adopt the new philosophy:** Adopt a philosophy of problem solving. Better, faster, cheaper is not good enough anymore. It is an expectation. The ability to correctly collaborate with your customer is the only assurance you have to maintain a competitive structure.
3. **Cease dependence on inspection to achieve quality**: Gradually stop inbound marketing. Spend your energies on what provides value to your customer, mainly interaction and creating valuable content that they can use. Social media has brought this to the

forefront but social media is only part of the marketplace. Take your time on developing good contact that assists your customer in extending their business.

4. **End practice of awarding business on the basis of price tag:** Development of long-term relationships is the most important criterion you have in measuring your business effectiveness. Start measuring by your ability to communicate with your customers across multiple channels, co-create projects, joint-ventures, and partnerships. Price becomes insignificant.
5. **Improve constantly and forever the system of production and service:** Cooperation is the key to constant improvement. You may not be able to cooperate and co-create products with customers on every project, but acting as a team, no matter how small the project, will build constant feedback and quality. Build in continuous learning loops to every effort. However, don't rely just on judgment. Use statistical techniques and A3 problem solving to find the root cause.
6. **Institute training on the job:** Institute a continued program of modern learning techniques. Make it part of the job. I have heard that at Toyota every employee was familiar with A3s and was handed one on their first day of employment. Developing a learning culture is imperative.
7. **Institute leadership:** Leadership needs to break down barriers between departments and promote collaboration. They cannot silo sales and marketing. Leadership will cease to be a departmental, hierarchical structure. Instead, it will be based on customer or product/market value streams that will have role players supporting the team from numerous departmental areas.

8. **Drive out fear:** Building a problem-solving culture is very difficult. What is the reward if you solve a problem for a customer and you are not the solution? Do you get a raise? This may be the hardest of all the 14 points to achieve. Sales have been traditionally rewarded immediately for success, a sale. Solving problems may create a longer-term sales cycle with a great deal of anxiety on whether you are the solution.
9. **Break down barriers between departments:** Creating similar goals can only be accomplished if all departments focus in the right area. That area has to be what the customer values. Not on picking low-hanging fruit or internal continuous improvement projects that are unrelated to what the customer values. Teamwork will not happen without focus on the customer.
10. **Eliminate slogans, exhortations, and targets for the work force:** (for the customer) There have been some great marketing slogans. They are getting more and more difficult to create for most companies. Every new ad campaign seems to center on one though. Have you ever tried stating a customer's problem?  Or maybe highlighting how a customer and you defined their problem and found the best solution for it?
11. **Eliminate work standards (quotas) on the factory floor:** Throw out sales commissions. Get rid of them! Sales needs to become a team effort and nothing short of that. Relationships must be built through the organization and commissions are a major deterrent to that effort.
12. **Remove barriers to pride of workmanship:** The highest compliment I believe you can give someone is how far in your organization you allow unlimited customer interaction. Once you depersonalize the product or service, quality typically suffers.

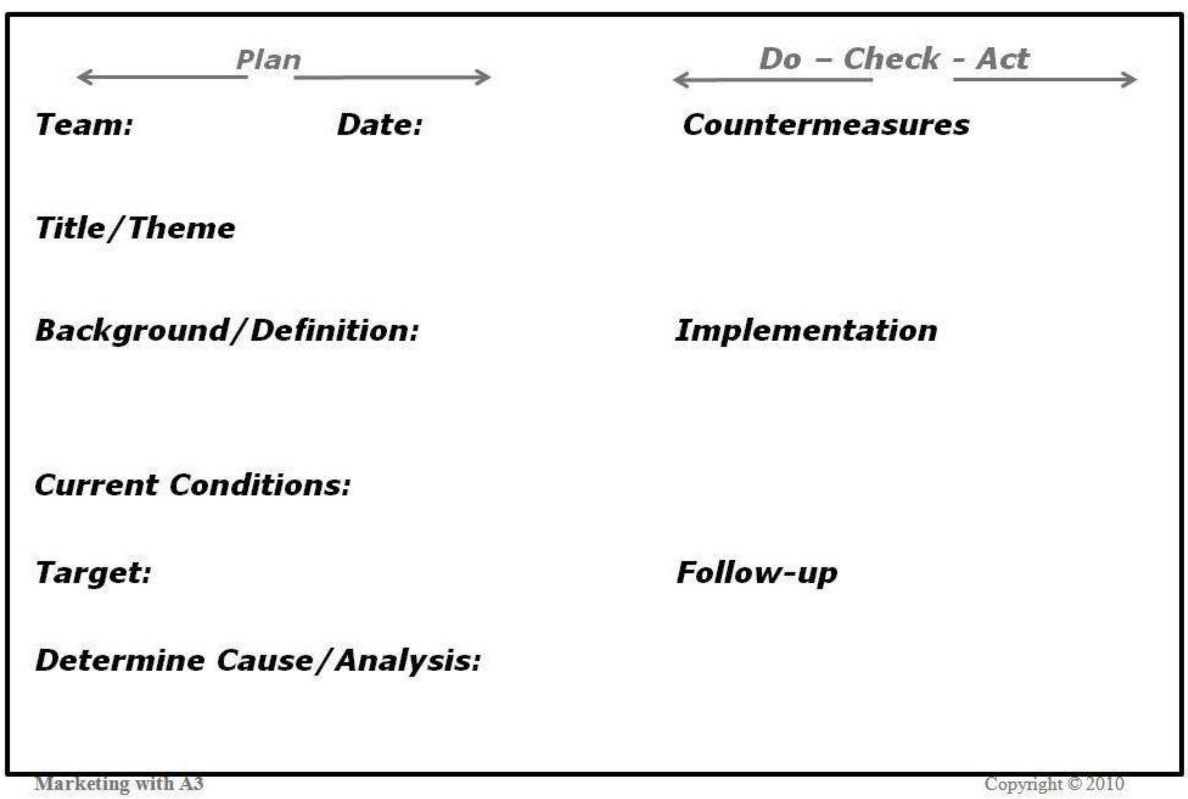
Ensuring the people know who they are working for and how it affects them will instill more pride, more quality, and more care than any other action.

13. **Institute a vigorous program of education and self-improvement:** "Massive training is required to instill the courage to break with tradition. Every activity and every job is a part of the process." – Deming. People have to acquire new skills to be effective in these new roles. Application of this should include but not necessarily be limited to:
    1. Team building skills
    2. Problem solving
    3. Statistical techniques
    4. Lean and Six Sigma
    5. Customer markets and products
14. **Put everybody to work to accomplish the transformation:** Everyone needs to be part of transformation. Having a systematic approach and developing the new way of thinking about marketing is the purpose of using A3 thinking and the reports. Tools are not the answer. But they are a way to help develop your pattern of interaction in marketing and eventually with a customer.

## Chapter 3

## What is an A3?

An A3 is a proven Lean problem-solving tool that allows you to effectively structure and communicate the process that you develop. The left side of the 11 x 17 page identifies your problems and sets your targets. The right side handles the problem-solving process, developing countermeasures, and standardizing the work. I look at the A3 as a mini PDCA project with the left side of the page being the Plan and the right side, the DO, Check, Act.




If you are already a Lean company, most of your staff is familiar with A3 or certainly the principles of PDCA. They spend little time sifting through the structure and more time understanding what you are demonstrating. Their ability to organize these efforts quickly in their mind is priceless.

At the end of the A3, you standardize the process for future use. It becomes a document that can help you improve similar projects or problems at a later date.

John Shook, author of the landmark book, Managing to Learn: Using the A3 Management Process said the following in response to the basic question "**What is an A3**?":

> "The most basic definition of an A3 would be a P-D-C-A storyboard or report, reflecting Toyota's way of capturing the PDCA process on one sheet of paper. But the broader notion of the A3 as a process–embodying the way of thinking represented in the format–captures the heart of Lean management. In this context, an A3 document structures effective and efficient dialogue that fosters understanding followed by the opportunity for deep agreement. It's a tool that engenders communication and dialogue in a manner that leads to good decisions, where the proposed countermeasures have a better chance of being effective because they are based on facts and data gathered at the place where the work is performed, from the people who perform it."

Can you make a difference in one page? Name the most famous documents! Most people in the U.S. would name the Declaration of Independence or the Gettysburg Address. Most Englishman would name the Magna Carter.  With one piece of paper people have changed the world. Today's businesses compete on clarity and there is nothing that drives execution more.  Without clarity, there is procrastination, mistakes, and ineffectiveness.

The A3 is meant to have a storyboard type format and be very flexible. There is not one single correct template for an A3. It is the carrying out of the process, not the piece of paper that is important. As long as you're using the A3 problem-solving approach, and you are able to keep your deliverable on one piece of paper, then you have great flexibility to format your storyboard in any way that most effectively tells your entire story from problem through proposed solution.

# Chapter 4

## Using A3 in your Marketing Process

It is a formal process to document and report solutions in a storyboard fashion on a single sheet of paper. It actually takes a big piece of paper, 11 x 17, or two 8 1/2 x 11 sheets. The paper is laid out with the left side defining the problem and the right side proposing the solutions.

The benefits of A3 are:

1. It helps define a standard for all to use.
2. It provides a clear and concise method of reporting information.
3. The method of operation is visible and accessible to all.
4. It prevents the habit of jumping to solutions.
5. It can promote communication and team working.
6. It is a continuous improvement activity.
7. It creates an efficient working environment.
8. It empowers the people closest to the work.

So what is so special? I think it has several qualities:

1. It makes you think graphically.
2. It forces you to make the story flow logically.
3. It makes you condense words.
4. It creates collaboration and teamwork.

However, the format to follow for the A3s can vary as long as your storyline stays intact. The value comes from the thinking that goes into generating the A3 reports (as Tim Berry of Palo Alto Software says, "It's the act of creating the plan that has value", not conformance to a specific template. If you're familiar with the Plan-Do-Check-Act (PDCA) process, it can make a great beginning as you can think of A3 as a mini-PDCA.

Using the A3 in the marketing process demonstrates and recaps the thoughts, efforts, and actions that took place for a particular campaign, such as advertising or public relations or even a launch. An A3 report can really highlight the value that marketing supplies.

The A3 process is a great internal tool to be used within your company. It develops trains and nurtures a learning atmosphere within your organization. I have always been an advocate of practicing what you preach. If you are not a problem-solving culture internally, how can you develop one externally?

There is more data than you really know what to do with and that's a major concern; collecting unnecessary data is wasteful and harmful. It just adds a lot of noise. You need a template to follow. You have to look at meaningful data as your customer sees it. One of the reasons I am a proponent of using statistical thinking in sales and marketing is the importance of having meaningful data. The A3 process provides a proven set of tools that will give marketers an opportunity to work on the need versus creating the tools.

I've been through many marketing meetings and few of them are about what the numbers tell them. It’s a process based on intuition and if you ask, "How did you get from here to here?" well, let’s say you are not invited back. Looking at situations and relying on your intuition may mean to a large extent you're simply guessing and in many cases it's not an educated guess. Follow the facts. The facts will lead you to where you need to go.

It reminds me of a story when I was going through green belt training. They would show us different scenarios of a story on the overhead and had us pick what we thought the outcome was. We would organize and input the data into mini tab. When we analyzed the data, the answers were practically counterintuitive. I do not remember anyone that guessed the right answer. How do you remedy the situation? You remedy it by bringing information, numbers, and facts into the decision-making process and you base your answer, your solution, on what that data, what that information, what those numbers tell you. This makes for a much more informed decision. One that has accountability to it because if something's wrong, if an outcome is not what we want it to be, we will have the capacity to go back and see where we may have made a mistake, correct that mistake, and then go forward again. But if you're just operating on intuition, what do you go back to?

The use of data in A3 provides a disciplined, fact-based, data-driven approach, and you measure things. Marketing, on the other hand, does not measure to the extent that it should. That is why we say that a lot of marketing is intuition-based or it is agenda-based, but it is not data-driven.

When you can put a number on something like that, than you can begin to manage it. That old saying is, "If you can't measure it, you can't manage it." I have never run across a truer idea than that in my whole life. If marketing remains intuition-based, it will prove very difficult to manage.

Just think if you never did any marketing that you could not put a number to. Can you imagine the power that you would create? Your decision making becomes a lot more focused. It is fact-based. It is data-driven. And when someone says, “We should be doing this,” you simply say, “Show me the numbers.” All this comes from the ability to measure things!

# Chapter 5

## Types of A3

There are basically four types of A3: Problem Solving, Proposal, Status and Strategy. For a complete description and understanding of these, I would recommend reading Understanding A3 Thinking by Sobek and Smalley. This, in my opinion, is the foremost work on A3 thinking and description of its use.

The Problem Solving A3 report is the most common and is the basis for all of the others. It is has been called the thinking form. This structure is the primary tool that Toyota has used to enact PDCA throughout their organization.

The Proposal A3 format is basically the same as the problem solving report except the implementation stage and follow-up are pending. It defines what you are going to do; it is a proposal. Many times it could even be a pilot or a sample offering stating that with these types of results, we will proceed. This type of documentation is very common in marketing. I even use this structure for my own marketing proposals and quotes.

The third type of A3 is the Status report. Think of it as a snapshot of the situation. From this, you can develop a call-to-action but it is not meant to be a problem-solving exercise. The status report is much like an end-month balance sheet.

The Strategy A3 focuses on a business planning strategy or in the case of this writing a marketing plan. It is planning report that looks at strategy for a longer period and at a higher level than the others.

We will concentrate on the problem solving A3. It is the most common and creates the best learning tool for A3 thinking. There is a basic nine-step process that takes place.

Title/Theme: What Changes or Improvement Are You Talking About?

1. Select the problem area
2. Clarify the problem
3. Break down the problem
4. Set the target
5. Investigate/analyze cause(s) then determine root cause
6. Determine countermeasures and agree on plan
7. Manage implementation plan
8. Check and evaluate results and process
9. Standardize and share, then decide next problem

A complete description of the process can be found in the book, Managing to Learn: Using the A3 Management Process.

The following outlines are best viewed in a two-page spread so that you get the actual look of an A3. Though certainly not inclusive, there are questions listed in each section of the various types of A3 for reference. The Strategy A3 has been omitted as it is very similar to the proposal type A3.

## ***Plan***

***Team:*** ***Date:***

***Title/Theme:*** *A3 Problem Solving Template*

What Changes or Improvements are you talking about?

Is the topic relevant to all team members?

***Background/Definition:***

Why is this important?

How does it align with the Critical to Quality items (CTQs) of your market?

Is it worth working on from the market's perspective?

Will it increase revenue or market share? Why?

***Current Conditions:***

What do things look like today?

What are the specific problem or need and the gap in performance?

If applicable, go and observe source.

Break down problem using 4 Ws (What-Where-When-Who)

Are the facts clear or are they just opinions?

Is it measurable and how?

Determine point of concern (POC).

***Target:***

What are the outcomes expected and why?

What will be the changes in metrics? (From what to what by when)

***Determine Cause/Analysis:***

Brainstorm possible causes why the POC exist.

Based on facts determine most likely cause(s).

Establish linkage between cause-and-effect relationships.

Do the "why and therefore" test.

Gain team consensus on cause-and-effect reasoning.

## *Do – Check - Act*

### *Countermeasures:*

Identify countermeasure(s) to eliminate the root cause(s).

Create a criteria matrix to evaluate countermeasure(s).

Predict short- and long-term results of each countermeasure.

Gain team consensus, select countermeasure(s) and document why.

### *Implementation:*

Gain team consensus on execution plan (What, Who, Where, When).

Have task, timelines, owners, costs, and reports been assigned?

Have daily/weekly stand-up meetings been scheduled?

Have control points been well-defined?

Is there a defined project tool for sharing and set-up? (Kanban, Gantt)

If Kanban is used, have work-in-process limits been defined?

### *Follow-up:*

Was the activity/problem a success?

Was the gap closed according to the target metrics?

Did you standardize the new process or procedures?

Did you reflect and note successes and failures of chosen process?

Did you communicate with others on this performance?

Are there any unresolved issues remaining and what happens to them?

***Plan***

***Team:*** ***Date:***

***Title/Theme: A3 Proposal Type***

What Changes or Improvements are you talking about?

Is the topic relevant to all team members?

***Background/Definition:***

Has target audience been identified?

How does it align with the CTQs of your market?

Is it worth working on from the market's perspective?

Will it increase revenue or market share? Why?

Identify historical factors as related to this topic.

***Current Conditions:***

What do things look like today?

What are the specific problem or need and the gap in performance?

Are the facts clear or are they just opinions?

Is it measurable and how?

***Proposal/Analysis:***

State the main cause of the problem in current state.

Target what is wrong and what needs to be changed.

Demonstrate why change is needed.

Identify strongest path, list alternatives to consider through evaluation.

Include financial aspect of proposal and alternatives.

Rationalize: Who, What, Where, Why, and How.

## *Do – Check - Act*

### *Future State:*

What does the customer really need?

How often will we check our performance to customer needs?

Which steps create value and which steps are waste?

How can we flow work with fewer interruptions?

How do we control work between interruptions, and how will work be triggered and prioritized?

How will we level the workload and/or different activities?

What process improvements will be necessary?

### *Implementation*

Gain team consensus on execution plan (What, Who, Where, When).

Have task, timelines, owners, costs, and reports been assigned?

Have daily/weekly stand-up meetings been scheduled?

Have control points been well-defined?

Is there a defined project tool for sharing and set-up? (Kanban, Gantt)

If Kanban is used, have work-in-process limits been defined?

### *Follow-up*

Was the activity/problem a success?

Was the gap closed according to the target metrics?

Did you standardize the new process or procedures?

Did you reflect and note successes and failures of chosen process?

Did you communicate with others on this performance?

Are there any unresolved issues remaining and what happens to them?

## *Plan*

***Team:*** ***Date:***

### *Title/Theme: A3 Status Type*

What Changes or Improvements are you talking about?

### *Background/Definition:*

Has target audience been identified?

Identify historical factors as related to this topic.

### *Current Conditions:*

What do things look like today?

What was the most recent problem or need addressed?

Is there a continued gap in performance?

Are the facts clear or are they just opinions?

Is it measurable and how?

What has been the most recent work performed?

Is the work standardized or are processes still changing?

If applicable, include the financial aspect of status.

What were the previous alternatives not chosen?

## *Do – Check - Act*

### *Results:*

How did this align with the CTQs of your market?

Is it worth working on from the market's perspective?

Did it increase revenue or market share? Why?

Was the activity/problem a success?

Was the gap closed according to the target metrics?

Did you standardize the new process or procedures?

Did you reflect and note successes and failures of chosen process?

Did you communicate with others on this performance?

### *Unresolved Problems*

What are the unresolved issues remaining?

What else needs to be done?

Can gains be sustained without further action?

Who else needs to know this status?

**Using DMAIC for your A3 Report**


Many times I utilize the Six Sigma principles of DMAIC in creating an A3. This acronym stands for Define-Measure-Analyze-Improve-Control. The Six Sigma DMAIC process is closely related to the Lean PDCA process. The difference is the set of tools being utilized. I believe DMAIC has a stronger set for variation and process control. The PDCA process has a more simplified version. Depending on your needs either tool applied appropriately can be utilized. Lean has a tendency to be favored initially because of the lack of measurements within most organizations and that process is a little more forgiving. The important part is that you start the process.

The chart simplifies the DMAIC process:

- Define -What is important?
- Measure – How are we doing?
- Analyze – What is wrong?
- Improve – What needs to be done?
- Control – How do we guarantee performance?

Whether you decide to use DMAIC or PDCA for your A3 makes little difference. The tools are just that, tools. The important part is that you have flexibility to format your A3 report in any way that most effectively can tell and demonstrate your story to your team and others.

Below are some simple guidelines on how to develop an entertaining storyboard or A3 using a DMAIC process.

**Define the problem:** What is the first thing you learned in 5th grade about writing a story? You have to have a hook! Appeal to the emotions of your audience!

**Measure:** Your metrics must clearly define the problem and visually display it. Do not limit yourself to simple metrics; maybe pin the defect or the cause on the wall. If a failure causes a catastrophic condition, display visually what that means.

**Analyze:** Create some drama in analyzing the problem. A typical process here would be identifying the few metrics that are vital. Create some drama in finding the root cause. Think about what may happen if you don’t find the real problem.

**Implement:** We have taken the story to the critical stage; there has to be a solution. This is where everyone wants to jump in and help. We are all problem solvers but are we all MacGyvers? We have to find the best answer that addresses the root cause and is measurable. Who will be the hero?

**Control:** Now is the time in the story that the problem is solved and life goes on happily ever after. Can you depict that in your storyboard? Can you show the results that prove this? Did you reach the other side of the rainbow?

## *Define – Measure*

***Team:*** ***Date:***

***Title/Theme:*** *DMAIC Problem-Solving Template*

What Changes or Improvements are you talking about?

Is the topic relevant to all team members?

### *Define:*

Why is this important?

How does it align with the CTQs of your market?

Is it worth working on from the market's perspective?

Will it increase revenue or market share? Why?

What do things look like today?

What are the specific problem or need and the gap in performance?

If applicable, go and observe source.

Break down problem using 4 Ws (What-Where-When-Who)

Are the facts clear or are they just opinions?

Is it measurable and how?

Determine point of concern (POC).

### *Measure:*

What are the outcomes expected and why?

What will be the changes in metrics? (From what to what by when)

### *Determine Cause/Analysis:*

Brainstorm possible causes for the POC.

Based on facts, determine most likely cause(s).

Establish linkages between cause-and-effect relationships.

Do the "why and therefore" test.

Gain team consensus on cause-and-effect reasoning.

## *Analyze – Implement - Control*

### *Analyze:*

Identify countermeasure(s) to eliminate the root cause(s).

Create a criteria matrix to evaluate countermeasure(s).

Predict short- and long-term results of each countermeasure.

Gain team consensus, select countermeasure(s), and document why.

### *Implement:*

Gain team consensus on execution plan (What, Who, Where, When).

Have task, timelines, owners, costs, and reports been assigned?

Have daily/weekly stand-up meetings been scheduled?

Have control points been well-defined?

Is there a defined project tool for sharing and set-up? (Kanban, Gantt)

If Kanban is used, have work-in-process limits been defined?

### *Control:*

Was the activity/problem a success?

Was the gap closed according to the target metrics?

Did you standardize the new process or procedures?

Did you reflect and note successes and failures of chosen process?

Did you communicate with others on this performance?

Are there any unresolved issues remaining and what happens to them?

# Chapter 6

## Description of the Components of the A3

### *Team*

The team selection is very important in developing A3s. I cannot emphasize enough the importance of collaboration and building a team. You should go to great lengths to find people who are interested in working in a "network" type environment in solving problems, building, and supporting each other.

Typical you must start building a team from a functional perspective. You have to have the technical expertise on hand when problem solving. Do you have someone from IT or HR that may be needed?

Time is another important aspect that needs to be considered. You do not want to create a team if only half the participants can be there. Geographic, psychographic, and all these types of parameters need to be considered, the same as you would do for any other type of project.
Very few times in an initial read of a book have I ever stopped so early and reread an entire chapter. Here is a short excerpt from the book, Innovate the Pixar Way: Business Lessons from the World's Most Creative Corporate Playground, the definitions of a set of proficiencies that Bill Nelson of Pixar looks for:

1. Depth – demonstrating mastery in a subject or a principal skill; having the discipline to chase dreams all the way to the finish line.

2. Breadth – possessing a vast array of experiences and interests; having empathy for others; having the ability to explore insights from many different perspectives; and being able to effectively generate new ideas by collaborating with the entire team.
3. Communications – focusing on the receiver; receiving feedback to ascertain whether the message sent was truly understood; realizing only the receiver can say, "I understand!"
4. Collaboration – bringing together the skills (depth, breadth, and communications), ideas, and personality styles of an entire team to achieve a shared vision; fostering an attitude to say, "Yes, and…", rather than "No, this is better."

Collaboration is critical to the process of generating ideas and problems in any organization. When you review the principles of Kaizen and Agile, your ability to succeed really comes down to how good a team you put together.

Taking a broader stroke may not be in the definition of the project; when you develop a current state, check back to see if you have all the team members you need to solve the problem. The A3 process does not demand that once your team is set it does not change. It may have to. However, the A3 is the glue. It is what keeps the team focused and allows others to pick up where they left off or pick up in the middle of the project.

### *Date*

Date your project and create an estimated time span. From the start date and estimated finish date, people looking at the A3 can get an immediate sense of scope or urgency. Saying "Nov 2010 to Jun 2011" is quite different from saying "Nov 1st to Nov 15th, 2010". It denotes a different sense of urgency surrounding the amount of work in the planning and tasks involve.

## Control #

It is great to create a filing system for your A3 reports even in your computer. You can file them by date or activity such as advertising, PR, and product launch or by individual products. However, I recommend coding them so that they can be sorted by your criteria and then using shortcuts in the different files. If they are not done electronically, scan them or take a picture of them and put them in a file. It will be help locate them later and will capture the knowledge for sharing, one of the reasons for creating them in the first place.

## *Title/Theme*

State whether it was created for status, proposal or problem solving. Let someone pick it up and understand immediately the purpose and what you are trying to create.

Many Scrum teams have adopted the user story template developed by Mike Cohn, which identifies who the end user is, what the end user wants, and why, in a single sentence. This model of the user story is most often written like this: “As a [end user role], I want [the desire] so that [the rationale]. In Scrum, work is expressed in the backlog as user stories. A team may write its user stories in a number of ways as long as they are written from the perspective of the end user. Put another way, team members are encouraged to think of their work from the perspective of who will use it, hence “user” story.

**What Changes or Improvements are you talking about?**

After someone knows it is a problem-solving tool or a proposal A3, the next thing that they will be looking for is why are we here? What changes need to be made? This is not saying the problem will be defined entirely, it is just stating what we came to the table to discuss. Think about this as being the MVF, the minimum viable feature that is used in software. This will be modified and adjusted, but defining too clearly here may limit what you really need to address. What are we after? Quantify, if possible.

**Is the topic relevant to all team members?**

After you have seen what brought you to the table, take time to look around it. Do you really need everyone? Is it relevant to everyone? Are people missing that need to be there and is everyone willing to participate?

## ***Background/Definition:***

**Why is this important?**

You must demonstrate why change is needed. It is important to address the business reason that we are doing this. Many people look at "improvement for the sake of improvement" as beneficial. Improvement must be driven by your voice of market. The more you can demonstrate and reflect this change to the market place, the stronger your position is.

**Has Target Audience been identified?**

Similar to a problem-solving A3, many times a status or proposal A3 will be directed to a target audience. Establishing this will make understanding your A3 simpler and provide clarity, especially to others. Also try to identify the influencers of your target audience. They may be called upon to review portions of the A3 or to provide their opinion.

**Identify historical factors related to this topic.**

Putting things in context is very important and makes it much easier to understand why certain decisions were reached when reviewing this document. If there are no historical references such as latest PR craze or reactions to a competitors challenge, putting in the context of why we are doing this now or what brought this issue to a head provides critical information in review.

**Is it worth working on from the Market's perspective?**

Does your market care? Lean is about value from the eyes of the customer. If the customer sees no value in this exercise, why should you? I think it should be tied to your customer value proposition and to the appropriate CTQ issue. What happens if you can't tie this to a particular CTQ? It may be a wasted project or as a minimum, a very low priority project. We all have plenty of things to do but many quality initiatives show relatively small gains when not tied to the marketplace. I always think it is funny when people blame managers and leadership for not continuing with quality initiatives. I challenge you to show me the money! Show me how this is going to make a difference in market share or revenue.

**How does this align with the CTQs of your Market?**

In your product market segments you should have a list of the Critical to Quality issues that drive each particular segment. Is this problem related to one of these? This is very important because if the problem is not related to a CTQ, you may never see improvement in the market place for the work that you do. Aligning with a particular CTQ will also bring clarity to your subject and add more reason to do it.

**Will it increase revenue or market share? Why?**

If you can substantiate why this problem will increase revenue or market share, I think you will find numerous people jumping on board. Don't try to solve the problem but rather define the problem. What is it preventing? Include financial aspects of the proposal and alternatives. The more you can quantify and put actual dollar signs to the problem, the better off you are. This is the ultimate metric in my opinion. Gaining market share in a marketing channel that makes you little if any money is one thing. Gaining market share in your most profitable line is another. Demonstrate your financial gains.

## *Current Conditions:*

**What do things look like today?**

Don't just accept tribal knowledge. "Show me the numbers" should be your resounding theme in this section. If you can't measure it should you really be doing it? How will you be able to measure success? Use of process flow diagrams and other statistical control charts is ideal for distributing knowledge.

**What are the specific problems/needs and the gap in performance?**

You have identified the problem; what is the gap? Can you fill in the blanks our weekly webinar attendance has decreased from 30 per week to 15? Stay away from that we have noticed a drop in webinar attendance. This becomes vague and not much use when addressing later problems.

**If applicable, go and observe source.**

Going to Gemba (going to where the work is done) in the knowledge field is sometimes difficult to do. However, even in service industries it is important to experience what your customer experiences. If you have identified the problem based on what your customer values, it should be relatively easy to observe the problem. If you have not, this problem may not be defined well enough. If you can’t go to Gemba, role-play. Create an enactment of the problem in front of the group. Bring fresh players in. Call your own office and see how you get routed. Than call a competitor’s office and see how you get routed. Do you have a performance gap?

**Are the facts clear or are they just opinions?**

There is hardly a field that contains more tribal knowledge than sales and marketing. "Show me the data" should be a resounding theme throughout this process. If you cannot substantiate it through data, you need to seriously consider not doing it.

**Is it measurable and how?**

How are you going to quantify and identify success on this project? If you cannot do it now before solving the problem, how are you going to know that your improvement was successful and that your efforts succeeded? This is where Lean and Six Sigma people can start benefitting marketers. They understand metrics, not only in the interpretation of data but in designing the methods of capturing the right data to make a difference.

**Break down problem using 4 Ws (What-Where-When-Who):**

Don’t use "Why"!! Breaking down the problem is not solving it. Remember that to find a good solution you must not only address the root cause with "why" but you must find out what you are shooting at. Few problems are completely isolated; going through this simple process of the 4 Ws allows you to look at the big picture and the smaller ones at the same time. Typically a tree diagram is used.

**Determine point of concern (POC):**

Before determining root cause you must find the point of concern. This is typically done after you have broken down the problem utilizing the 4 Ws. It is recommended that you go to Gemba to evaluate the process and determine the POC.

**Identify strongest path, list alternatives to consider thru evaluation.**

I mention this imperative in addressing POC. As you do this you may find meaningful information that should be noted at the end of the A3 that may prove useful and could then be addressed. You may find that once you get to the root cause, it is cost prohibitive to proceed. There could be other alternatives that could produce similar or identical results if the targets were not as high.

**Who else needs to know this status?**

There may be others within and outside the organization that need to know the status of the process. They may notice something that they could assist with and even approve when they see a certain allocation go through. I warn you not to send to everyone but to create a "pull" type of arrangement where others can easily seek and efficiently find the information when they want to.

**What was the most recent problem or need addressed?**

You may find that what you are working on is an extension, hopefully of another A3 that should be referenced. If you are recording and documenting correctly, having this information may assist you a great deal. You may find that what you are working on has been addressed in a different manner or a portion of the information is still relevant and can be used. What you are trying to create is an efficient way to create knowledge flow within your organization: a learning culture.

**Is there a continued gap in performance?**

Has there been history of a gap in this area? This knowledge is important to gather; you may find knowledgeable individuals who could add their experience and this information could provide you added insight. Be wary of "we tried all this before", but that culture should be minimized as you become a Lean organization. If you do get told that, ask them to identify what was tried and by what method: "How did you measure that...?" The old saying, "First seek to understand" can readily be applied here.

**What has been the most recent work performed?**

Was something done yesterday? Looking at the data without updating it can be very much like looking at your checking account without balancing it. Looking only at the current balance at the bank could get you in trouble.

**Is the work standardized or are processes still changing?**

The bank analogy still works here. Is the work still changing? We must determine if this system has stabilized and if the results we see are the results we get day and day out. This is where variation can play a big role because it is imperative for us to recognize things for what they are, not what they seem to be.

***Target:***

**What are the outcomes expected and why?** What is expected through these efforts? This differs from defining the problem, as you have now identified the problem and found the point of concern. You are ready to address the issue but you must define the future state by answering how much, by when.

**What will be the changes in metrics? (From what to what by when)**

One thing that I found in this area that you need to be very careful about is metric wandering. When you are looking at the problem, you have a tendency to change the metrics at the same time because you are smarter now and can measure better. One of the problems in this is that you may start measuring things that you did not measure before. Does your number become skewed because the new data are not relevant to the old data? Case in point, measuring cash receipts at a store. I saw a store that changed their categories every year to designate different things. Though this kept them current, it also made trending information very hard to obtain. I would not recommend changing to stay current but instead building some type of feature up front that may broaden the way you look at categories or sub-categories so you can still interpret the data easily and then make a decision to drill down or not. The reason many measurements systems fail is this type of inconsistency and failure to step back and look down the road a little bit.

### ***Determine Cause/Analysis:***

**Brainstorm possible causes why the POC exist:**

This is an important step and is the root cause of many unsuccessful projects. Taking the time to properly determined and define the problem is 50% of your efforts. Seldom is that much time taken as we are in a rush to solve the problem. As I mentioned before, problems are not isolated. Determining which problem will have the greatest impact is imperative.

**Based on facts determine most likely cause(s):**

You must base your decisions on facts and not emotion. This is one of the reasons that following a proven methodology is so helpful. A well-thought out and repeatable approach to gathering customer & market data is essential if your efforts are to be viable.

**Establish linkage between Cause-and-Effect relationships.**

From Wikipedia: "This refers to the philosophical concept of causality, in which an action or event will produce a certain response to the action in the form of another event. **Correlation does not imply causation** is a phrase used in science and statistics to emphasize that correlation between two variables does not automatically imply that one causes the other (though correlation is *necessary* for linear causation, and can indicate possible causes or areas for further investigation... in other words, correlation can be a hint). The opposite belief, *correlation proves causation*, is a logical fallacy by which two events that occur together are claimed to have a cause-and-effect relationship."

**Do the "why" and "therefore" tests.**

"Five whys" is a simple and logical process that everyone seems to get, but is it too simple? How do you check it? The "therefore" test is a reliable method to check the logic of the "five whys". The "five whys" is easy to explain but it is not idiot-proof. We often bring in related information or predisposed thinking that gets us off the critical path. The "therefore" test assists us in determining if we stayed on a logical path. After finishing your "five whys" just do the steps in reverse and instead of using "why", use "therefore". This is a simple validity test that works remarkably well.

**Gain team consensus on cause-and-effect reasoning.**
It's very important to gain consensus here; without it there is probably little reason to proceed. When decisions are made by one person, study after study shows that the effectiveness and the carrying-out of this decision are greatly minimized. If you want your efforts to be a success, gaining buy-in at critical junctures of the process is imperative. One juncture is when the problem is defined and the other is at the point when the root cause is determined. Eighty percent of your work should be involved in reaching this point.

**Rationalize: Who, What, Where, Why, and How.**
Determine the fundamental reason behind these concepts. Thinking through your problem is like taking a deep breath before moving on. Are these rational answers? Is there anything that jumps off the paper at you? Have you gone too far with root cause and have little, if any, control over the needed outcome? Have your thoughts been substantiated with data or do you need to sample?

**Measure:** Even if you only use tribal knowledge, you will be better off going through the exercise. To get quantified results you do have to measure and use statistical data, but to improve your processes, you can simply use tribal knowledge, to an extent.

However, I will warn you, tribal knowledge is not always correct. Observation of the numbers, without proper analysis, seldom works. You would be amazed at some of the scenarios I have seen where the obvious data do not work out to the obvious answer. But, on with the show and how you analyze something.

Typically, great discussion takes place on what should be measured. Make sure whatever you do has impact on the customer. You have a process map at your disposal, a set of measurements, so pick the one you understand best that has an obvious problem. This will make it simple rather than just trying to improve on the process.

You have two basic analyses to do, process and data. You can probably analyze either one first or even have separate parties do each. Remember the purpose of the analysis is to find the root cause of the problem. You will use these three steps: exploring, generating hypothesis, and verifying cause. Support your decision utilizing one of the tools listed in the chart. There are more advanced steps, but this will give you a good foundation to start.

Some people make a few assumptions and go directly to the implement stage. If you did that, one of my suggestions would be to at least experiment with your decision and analyze what change takes place. Testing is a big part of marketing and is seldom used enough.

Data Analysis Tips:

1. Choose something that has different customers, segments, technologies, economics, etc., that are isolated. This way monitoring the results will be easier.
2. Choose something that represents a significant or growing proportion of cost.
3. Prioritize your objectives into price, speed, quality, service, etc.

Process Analysis Tips:

1. Processing time: the time actually worked on the job

2. Queue time: the time a job is waiting for the next operation
3. Wait time: the time a job is waiting on other parts of the process
4. Transport time: the time a job is in transit

Only processing time adds value; the other time elements should be reduced or removed.

Is this really possible to do in marketing? I think not only possible but mandatory in the coming years. And with the tools that are becoming available as we move further into the electronic age, data will get easier to manage. Sophisticated analysis is becoming available to the masses. Right now, we have more data than we know what to do with, but how we are analyzing website traffic or open rates, etc., must be improved. The understanding and implementation of this data is what will be imperative to have. Now you get to go to the Improve step.

### ***Countermeasures***

Identify countermeasure(s) to eliminate the root cause(s): we either get paralyzed by analysis or we jump to this point, offering solutions too quickly. If the problem is well-defined and the root cause is verified then the appropriate countermeasures are seldom difficult. This is where if you walk away saying "I knew that" it's not that bad a situation.

**Countermeasures:** Countermeasures are the changes to be made to the processes by addressing root cause. They should move the organization towards reducing the specified gap.

**Why waste everyone's time?**

Some may have been thinking that we have been wasting our time. But changing the process without the data is cause for failure. You have heard it time and time again, JUST DO IT! We have been trained that way, action is accomplishment. But the wrong action may accomplish little or drive you deeper into a hole. Without the data from the previous steps, you will not be able to make the effective and dramatic improvements that you desire. Seek 200% process improvements and cost reductions of half!

If you have defined, measured, and analyzed, if nothing else you are one smart cookie. More importantly, if your team has survived, this is the stage where they will come back together and the excitement can be re-kindled. Let's put it all into action: In the improve stage, we must find and implement solutions that will eliminate the cause of problems. We typically go through a five-step process.

1. Generate ideas
2. Refine ideas
3. Select a solution
4. Test
5. Implement

I have a tendency to use two different tools at this point, an impact/effort matrix and a tree diagram. As we are generating ideas, we are refining ideas. If we can place the ideas in the impact/effort matrix it simplifies the solution process. So, after you are done brainstorming using the famous Post-It notes method, just post the notes into their appropriate squares, as you see fit. You may even segment them in the squares themselves as you are reviewing them. Ask yourself "Is this easier to do than that?" Or "Will this have minimum impact from a customer standpoint". It is even great to have an online focus group of customers, operations, sales, etc., who are willing to participate and pick which solutions will have the greatest impact.

So let's say we have narrowed our solutions and we have two or three really good ideas but have difficulty deciding on which one to test. A tree diagram is what I use. The reason I wait to this stage is that I do not want to limit any ideas at the beginning. Using the tree diagram allows me to expand on each idea and drill down on how difficult it will be to implement and the exact strategies and tactics and even resources that may be needed.

Testing follows a project planning guideline that is somewhat beyond the scope of this blog post, but it is a mini-project in itself with one more important ingredient. Ask yourself two questions: "Did we get the results we wanted?" and "Did we follow the procedures outline?" Don't fall so in love with your idea that you compromise the results.

After the testing, we are actually ready to implement, except we have to put some controls in for stability of the process! **Don't settle for routine improvements.** If you want your creative juices to flow, push yourself to eliminate and make radical improvement of 200% or more. Seek cost reductions of half or more. Go for it!

**Create a Criteria Matrix to evaluate countermeasure(s):**
A criteria matrix is a tool used to choose among several possible items that need to be weighed against several key factors. It promotes the use of data and facts to facilitate decision making. A matrix is usually nothing more than a table with specifications written in rows and then the weights of those rows depicted in numbers by the data down.

**Predict short- and long-term results of each countermeasure:**
They differ! You must weigh the long-term effects versus short-term. New commission structures established for short-term gains may be very difficult to change down the road. You may set an expectation either internally or externally (which is more difficult to control) with short-term thinking.

**Gain team consensus, select countermeasure(s) and document why.**
You have all this data in front of you and you are ready to act. Acting as a team to move forward is imperative.  Reach consensus and select which countermeasures to act on and give the business reason for doing so. There is no better way to reach consensus than for everyone to understand why you are doing it. At this point it should be obvious, and if it is, document it. If it is not, find out why it is not... It sounds really simple but ambiguity here when there is absolutely no reason for it will reduce the clarity needed to carry out and implement the plan.

### *Future State*

**What does the customer really need?**
Identifying the CTQs is very important to us, as is working on the items that provide value to the customer. If a customer does not value the action, why would you do it? Anytime it comes to prioritization, people will have a tendency to pick the low-hanging fruit. Why not prioritize by the importance the customer sees and by the most profitable segment of your business? This will make a greater impact in your efforts and achieve the greatest results.

From Wikpedia: "A minimum viable product (MVP) has just those features (and no more) that allow the product to be deployed. The product is typically deployed to a subset of possible customers, such as early adopters that are thought to be more forgiving, more likely to give feedback, and more able to grasp a product vision from an early prototype or marketing information. It is a strategy targeted at avoiding building products that customers do not want, that seeks to maximize the information learned about the customer per dollar spent. "*The minimum viable product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.*"

The MVP is not a minimal product; it is a strategy and process directed toward making and selling a product to customers. It is an iterative process of idea generation, prototyping, presentation, data collection, analysis, and learning. One seeks to minimize the total time spent on iteration. The process is iterated until a desirable product-market fit is obtained, or until the product is deemed to be non-viable."

The MVP is a key term that I think should be considered more in the marketing world than it is. When I think about some of the best advertisements, they are all geared around one simple thought and message. Look at any Steve Jobs presentations, "The World's Thinnest Notebook" for example. Who can forget the notebook being slid into a manila folder? Getting rid of the hype and keeping it simple should be part of our marketing mantra.

What prompted me to re-visit the MVP was the book, Rework authored by the 37Signals team. 37Signals creates simple small-business software and their products include Ruby on the Rails and Backpack. Their motto is "Goodbye to Bloat" and they provide simple, focused software that does just what you need and nothing you don't. Rework is…

"Inspirational. REWORK is a minimalist manifesto that's profoundly practical. In a world where we all keep getting asked to do more with less, the authors show us how to do less and create more."

**How often will we check our performance to customer needs?**
What happens if before you complete this project your competitor comes out with a new gadget that makes yours obsolete? Will that cause you to change your way of thinking? Certainly! Set parameters on how often metrics need to be looked at. One of the ways to decide this is by determining how often you are going to use the data. If you are only going to react to it once a month, the collection could be continuous but continuous accessibility may not be needed.

**Which steps create value and which steps are waste*?***
In a typical value stream it is important to understand value-added and non-value-added steps. It will help you prioritize the work and also, discovering that you are working on a step that is not a priority or that a customer deems foolish is, well, not a good use of your time. However, some non-value-added steps from a customer perspective may add value to your organization. The question still might be "Why we are doing it?" but that probably is beyond the scope of your A3 at this point and time.

**How can we flow work with fewer interruptions?**
One item that we always need to consider is hand-offs, moving from one stage to the next. "The more hand-offs, the more room for errors" is a pretty good rule of thumb. "Continuous delivery, continuous work" used to be the old axiom for success. Seldom is that possible but the flow of work to the customer on a continuous state would be very good collaboration, so don't hesitate to consider looking for ways to do that.

**How do we control work between interruptions, and how will work be triggered and prioritized?**
Building a future state for work can be a tricky process. This work needs to be identified and prioritized. Work standing still is not a bad thing if it does not affect the overall flow of the project... This is where Kanban can be a very effective tool.

***Implementation***

**Gain team consensus on execution plan (What, Who, Where, When);**
Make an Excel spreadsheet and carry out the plan. Define your 4 Ws map and get on with it. If you leave blanks in this map, there probably will be blanks in the execution process of it.

I like to use the one-page project manager (1PPM) which is an excellent reporting form to use in conjunction with the A3. The author, Clarke Clifford, has even written a book about using the 1PPM with A3s. I sometimes embed the 1PPM in the electronic A3 or print them out on an A3 sheet on the back of the A3 (I know that is cheating) so that the entire process can be shown.

**Have task, timelines, owners, costs, and reports been assigned?**
This is basic project management. If they have not been assigned individually or as part of a team effort, they will not get done and as a result may cause unneeded complications at a later date or even threaten completion of the project.

**Have daily/weekly stand-up meetings been scheduled**?
I love stand-up meetings even with my virtual clients when I use Skype. Just saying good morning and hearing what each of us will be working on today

makes for great community and maintaining connections. You may not be included in each other’s plans that day and you may say "the next time we need to talk it’s on a certain day" but take advantage of it so that the relationship can be maintained. Without communication, projects wander off course and the urgency leaves.
Stealing from Scrum, just ask these questions…

**Have control points been well-defined?** Control points are touch points within your organization to determine how well things are going. They can help determine whether all the goals within a stage have been achieved successfully and whether the project can progress to the next stage.

A control point is similar to a tollgate. The gate comes down and you must pay the toll before continuing. Now, what makes this such a strong feature is how many times do you pay the toll without knowing where you are going?

Control point reviews help determine whether all the goals within each stage have been achieved successfully and whether the project can progress to the next stage. Many reviews fail due to lack of preparation. If you are going to have a control point review, prepare for it. This should include a minimum of a check sheet, a milestone list, deliverable documents, etc., for review. This could even be an automated process that the customer knowingly or even unknowingly completes.

Let the numbers be your guide: Spend time developing good metrics and methodologies for their capture. If you do control point reviews, the review process is simple: either you made the numbers or you did not. If you let metrics be general, like using the word "most" in lieu of a defined number, you will create an ineffective control point. Always finding exceptions to allow someone to pass through the point, defeats the purpose of the control point. Stopping the line will take some courage initially and must be part of the training that is received.

### *Follow-up*

**Was the activity/problem a success?**
Sing your praise! One of the main purposes of using A3 in marketing is that we start providing quantified and measured data to others.

**Was the gap closed according to the target metrics?**
Demonstrate the difference in the gap that you identified. This is what the entire process was about. It may be fine to talk about everything else that may have resulted from the process, but the first topics addressed should be "Was the target metric used", "Did you close the gap", and "By how much?"

**Did you standardize the new process or procedures?**
This is particularly important if you are not closing the entire process out at this stage. If this process is going to be continued or if this process was improved, then it should be standardized so that it becomes part of the regular routine.

When you start a continuous improvement process such as Lean or Six Sigma, many times you will get that initial surge and after some additional hard work, you might feel that you have developed a good process for continuous improvement. You’re happy and the employees are happy and things could not be better! Then it stops…why?

Our basic instinct is that we have a tendency to keep things as they are even if they aren't very good. We resist all change. If you have been doing something one way for 20 years, a 60-day improvement is minuscule in comparison. I was always taught when training bird dogs that once a habit is created it takes at least twice as long to break it. There are exceptions if a traumatic or an extraordinary circumstance takes place but for the most part it takes time.

If an organizational culture change incurs large resistance, it may be because it is a really terrible idea or a really good idea. Small incremental improvements meet the least amount of resistance and are a much easier way to gain acceptance. But can you afford to wait?

According to George Leonard, author of *the Mastery*, it is a universal experience.

Every one of us resists significant change, no matter whether it's for better or worse. Our body, brain, and behavior have the ability and the tendency to stay the same within rather narrow limits.

It is safe to assume that resistance to change, even the beginning of a change for the better, is interpreted as a threat. No need to count the ways that organizations and cultures resist change and backslide when change does occur. Just let it be said that the resistance here is proportionate to the size and speed of the change, not to whether the change is a favorable or unfavorable one.

Leonard also outlined five guidelines, which I have taken the liberty of changing slightly to fit this discussion:

1. **Expect resistance and backlash:** Realize that when the alarm bell starts ringing it doesn't necessarily mean you've made a bad decision on the journey for continuous improvement. In fact you might take these signals as an indication that your life is deftly changing just what you wanted. Of course it might be that you have started something that's not right for you: only you can decide. But in any case, don't panic and give up at the first sign of trouble. Expect resistance from coworkers and managers. You might figure that they should be overjoyed if things have improved but bear in mind that an entire system has to change when any part changes. So don't be surprised if some of the people start covertly or overtly undermining your self-improvement.
2. **Be willing to negotiate with your resistance to change:** So what you should do when you run into resistance is not back off and don't bully your way through. Negotiation is a ticket to successful long-term change in everything and in particular to transforming your organization. The change-oriented manager keeps his or her eyes and ears open for signs of dissatisfaction and then plays the edge of discontent, the inevitable escort of a transformation. The fine art of playing the edge in this case involves a willingness to take one step back for every two forward, sometimes vice versa. It also demands a determination to keep pushing, but not without awareness. Simply turning off your awareness to the warnings deprives you of guidance and risks damaging the system. Simply pushing your way through despite the warning signals increases the chances for backsliding.
3. **Develop a support system:** You can do it alone but it helps a great deal to have other people with whom you can share the joys and perils of the change you are making. The best support system would involve people who have gone through or who are going through a similar

process, people who can tell their own story of change and listen to yours, people who breach you up when you start to backslide and encourage you when you don't.

4. **Follow regular practice:** People embarking on any type of change can gain stability and comfort from practicing some worthwhile activity on a more or less regular basis, not so much for the sake of achieving an external goal as simply for its own sake. A traveler in the path of continuous improvement is again fortunate, for practice in this sense is the foundation of the path itself. If you already have particular practices in place, use them as the method for introducing change. Providing a stable base during the instability of change can significantly help the transition.
5. **Dedicate yourself to lifelong learning:** To learn is to change. Education and training play a pivotal role in any transformation process. Don't try to institute a continuous program without the learning. I think what made Six Sigma so successful and sustainable at places like GE, Motorola, and Xerox is the training programs they instituted. The levels of knowledge created by the color of belts may be chastised by many but I thought it was a great internal mechanism provided by those organizations. On a broader perspective, the book *On the Mend* was about change and the authors illustrated the Five Stages of Change with a diagram that bears many similarities to the outline by George Leonard.

**Did you reflect and note successes and failures of process chosen?**
This is the time you improve on how you do the A3 process. This is not about the problem you solved but the process you used in solving the problem. Continuous improvement (CI) is also about improving the way you utilized A3 and what you must do to improve the way you manage the

process of improvement. Very important and also suggest to the standard process should be used as the result of this. CI is an important part of all aspects of your business. Team improvement, team communications do not improve with an effort to improve them.

Create a simple review process of the A3:

- **The Problem.** Was the problem well enough defined? Were you able to find the point of concern and root cause as a result?
- **The Application.** Once your organization decided to use A3 and transform its processes, how did you go about doing it? What were the first steps you took? Was it an organization-wide adoption or just on the team level? Did you use training or tools?
- **The Solution.** What was the result? Can you quantify the improvements that the A3 process helped realize?
- **Assembly**: Was the assembly simple or time-consuming to create?
- **Fun Factor**: Did team members and others like it? Did it provide buzz or word of mouth as a result? How far did it extend itself from its natural boundaries?
- **Educational Factor**: Is it educational? Does it encourage other discussion?
- **Novelty Factor**: Was it unique? Seen before? Is it enjoyable? Have other teams been able to use your A3 to help in other areas?

**Did you communicate with others on this performance?**
A true knowledge and continuous improvement culture does not exist unless successes and failures are shared. This must become a standard part of the way you do business. Overcoming this gap is very important because this is a key Lean term in respect of people. Many times people don’t share because they are not sure how it will get interpreted. Lean makes the case

to find problems with the process, not the people. This is the ultimate goal. If your people are afraid of sharing, then you will have difficulty operating in the collaborative culture that exists today. Collaboration is what is creating the competitive advantage for most organizations and this must start with assigning blame within your organization before success can be realized outside the organization.

Every team member should be able to tell the story of the A3. Think of the A3 as a simple storytelling process. Using the A3 as a backdrop, you walk through the process of defining the problem, the overall vision of the process, highlighting the gaps you hope to close, the critical issues you need to address to do this, the implementation, and the follow up.

**Are there any unresolved issues remaining and what happens to them?**

It is ok to have unresolved issues. They may just be issues that were unresolved because there was not enough value in doing them at the time or they may have been too far off in the distant future and beyond the scope of this project. There should be a type of closure to the A3 and those unresolved issues should be noted and if necessary referred through proper channels. What is important is that they are noted and that there is a way for the appropriate people to decide whether or not to act. What happens to them should just be part of the report.

**Can gains be sustained without further action?**

What is the sense in all the effort if it is just going to return to the present? One of the biggest reasons for failures is the hand-offs between different projects, teams or even stages in marketing. All that may be needed is a simple tickle file for this A3 to be reviewed in 90 days. It may require documentation to move the process to another team or department. If you want your sales and marketing to improve, this area should be addressed.

## A Lesson in Problem Solving

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 first had to be interpreted and understood. Then it was really just a matter of performing simple arithmetic computations to get the answer. But, how good were you at it?

Many of the computations were simple, and the use of algebra or formulas was not even 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 phrases 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? Give yourself sufficient 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.

# Chapter 7

## Tools used in A3

The use of statistical methods is essential to minimize confusion and to explain your story accurately in an A3. Statistics help us to understand the processes, gain control, and improve them.  Not to say statistical techniques are simple, but the graphical presentation is when done correctly. Always remember your audience when creating a diagram, chart or graph. The following is an outline of some of the methods which are used in A3s.  Since the cause and effect is so common, I have added a bit more description.

Flow Chart. This is a graphical method of documenting a process. It is a diagram that shows the sequential steps of a process or of a work flow that goes into creating a product or service. The justification of flow charts is that in order to improve a process, one needs first to understand it.

Pareto Chart. This is a commonly used graphical technique in which events to be analyzed are named. The incidents are counted by name: the events are ranked by frequency in a bar chart in ascending sequence. Pareto analysis applies the 80/20 rule. An example of this is when 20% of an organization's customers account for 80% of the revenue, the company focuses on the 20%.

Run Chart. A run chart is a technique that graphs data points in chronological order to illustrate trends of a characteristic being measured in order to assign a potential cause rather than random variation.

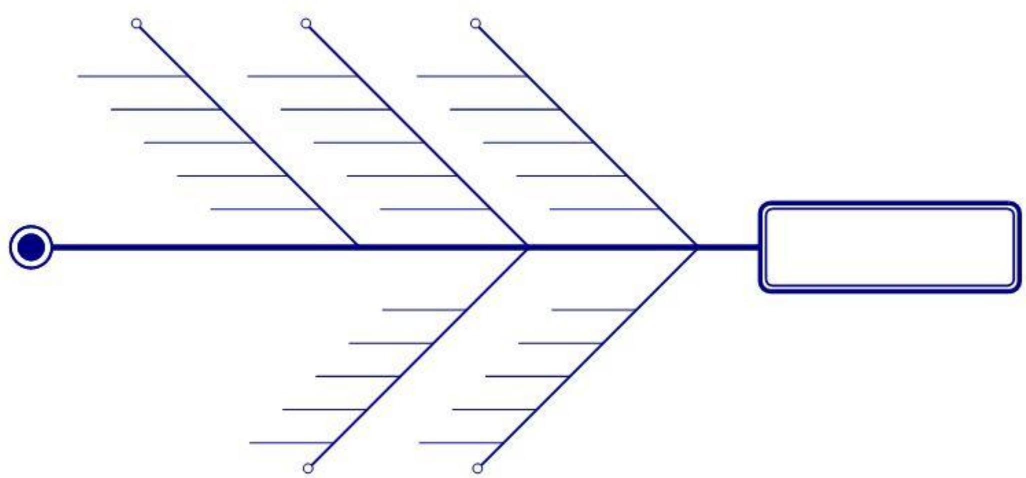
Histogram. A histogram is a graphical description of measured values organized according to the frequency or relative frequency of occurrence. It also provides the average and variation.

Scatter Diagram. A scatter diagram is a graph designed to show where there is a relationship between two variables or changing factors.

Control Chart. A control chart is a statistical method for distinguishing between special and common variations exhibited by processes. It is a run chart with statistically determined upper and lower limits drawn on either side of the process averages.

## Cause-and-Effect Diagram

One of the Lean tools used to determine cause and effect is the Fishbone diagram, also known as the Cause-and-Effect diagram or Ishikawa diagram. It identifies and explores on a single chart the "five whys" technique. The aim is to work down through the causes to identify basic root causes of a problem by asking the question "Why?" five times.



It appears very simple but the results are outstanding. As a result, it is used very often and should be mastered. Why would you use it?

- Allows various categories of causes to be explored.
- Encourages creativity through a brainstorming process.
- Provides a visual image of the problem and potential categories of causes
- Analyzes complex problems that seem to have many interrelated causes

One of the most important aspects of the "five whys" approach is that the REAL root cause should point toward a process. You will observe that the process is not working well or that the process does not even exist.

The Business901 podcast that featured Tracey Richardson and her discussion on Problem Solving was one of my top podcasts in 2010. One of the topics we covered was the "five whys" process. I asked this question:

> **Joe**: One of the great tools of Lean is the "Five Whys" to get to the root cause. Can you explain why you don't use three whys, two whys, or seven whys? I mean, how did they come up with the five whys and what's that really mean?
>
> **Tracey**: Right. And it's funny you say that because when I first started in my career at Toyota, everybody was like; "You got to have five whys!" My first question was, "Well, what if it's only two or what if it's three? What if you start asking too many times?" So that was one of my first questions, too, and how it was explained to me is that it's not about five or two or 10. It's about the thought process behind your thinking. Are you asking why? Do you need to go deeper? Do you need to go even deeper when you're asking why?

Because most of the time symptoms are at the surface, and the root cause is normally below the surface. That's getting into the design of the work, into the process, into the specific standardized work steps that folks are doing out there on a daily basis.

Continuing to ask why allows you to get deeper, rather than just "Oh, I've got to solve this today. I've got to hurry up and get the answer so I can make my boss happy." That "five whys" allows you to get into the work, and that's where the answers are, in that work.

I've had many A3s, hundreds of A3s, and they will vary. I might have only two whys, where I get down to the actual root cause by just asking twice. Or I've got examples where I've had 10 and you need to be aware that if you ask "why?" too many times, it changes the scope of the problem. I have several examples in class and one of them kind of talks about the alarm clock going off. I can ask why did the alarm go off? Well, the power went out. Why did the power go out? Well, there was a storm. Why was there a storm? If you keep asking why, you're getting into things that you can't control.

We try to say OK, where is it within the "why" chain that I can control that an effective countermeasure will address that root cause and all the symptoms or all the whys up the chain lead me back to the problem? You don't want to go too far, because again it gets you out of the control and it changes the scope of the problem. Because if you get into asking about storms and the clouds not liking each other up in the atmosphere, then you're countermeasuring something that has nothing to do with your problem. That's when you do the "why" test down and the "therefore" test back up through the chain to establish that cause-and-effect relationship.

## *Plan*

***Team:*** ***Date:***

***Title/Theme:*** *A3 Problem Solving Template*

Brief Description | Bullet Points

### *Background/Definition:*

| | |
|---|---|
| Summary | Sketch |
| Graph | |

### *Current Conditions:*

| | |
|---|---|
| Visual tools | Control Chart |
| Current State Map | Graph |
| Process Flow Diagram | SIPOC |
| Pareto Diagram | CTQ’s |
| Histogram | Product Market Matrix |
| Inference Diagram | Market Opportunity Matrix |

### *Target:*

| | |
|---|---|
| Chart | Gap Analysis |
| Flow Diagram | Value Proposition |

### *Determine Cause/Analysis:*

| | |
|---|---|
| Control Chart | Scatter Diagram |
| Fishbone (5 Whys) | Loyalty Value Model |
| 4Ws (Who, What, Where, When) | Customer Loyalty Matrix |
| Qc Tools | Competitive Value Matrix |
| Tree Diagram | Competitive Value Model |

## *Do – Check - Act*

### *Countermeasures:*

Criteria Matrix

Diagram

Future state Map

FMEA

Sampling Plan

Poka Yoke

### *Implementation:*

Project Plan

One Page Project Manager

Evaluation Matrix

Gantt Chart

Kanban Board

Handoff Plan

### *Follow-up:*

Criteria Matrix

Management Presentations

Education

Monitoring Measures

Process Charts

Summarize Benefits

Monitoring Outline

Documentation Update

# Storyboarding

## A Little about Storyboarding

Your A3 should not be a dry report but an active document that truly makes your efforts come alive! Your A3 has become a popular way of transferring the details of a project to a graphical representation, very much like your child's fifth grade science fair project. The purpose, of course, is to give your team a way to summarize their efforts and let other people outside of the team understand their efforts. I think that is why A3 reporting has become so popular. It is a graphical way of displaying the project. Though we are not all visual learners, the majority of us find learning by stories and pictures and diagrams much easier.

Lean has always relied on value stream mapping as one of its core tools. Six Sigma storyboards have also been popularized to document project results. In my opinion, both of these seem to follow too rigorous a process and they don't include some of the great visualization tools that exist. The Agile, Kanban, and Scrum contingencies have introduced a much more visual aspect to their boards. Even assigning cartoon characters to people to designate who is responsible for the task. The point is allowing a little fun in the process not only creates a better environment but also enhances and extends the learning experience.

One of the interesting things about Agile Project Management is that you start with creating a user story. In the marketing process, how many times do you start with a customer/prospect telling the marketing department how they use or will use the product or service? I know we interview people or perform win/loss analysis, but I want to go an additional step. What if we paint the picture of how a user will interpret this marketing campaign or for that matter this blog, advertisement, whitepaper, etc.? If we take the time to determine that reaction, would we not create a better product? The master of telling the story is, of course, Disney and who better to help than the Mouse himself.

**Mickey's 10 Commandments:**

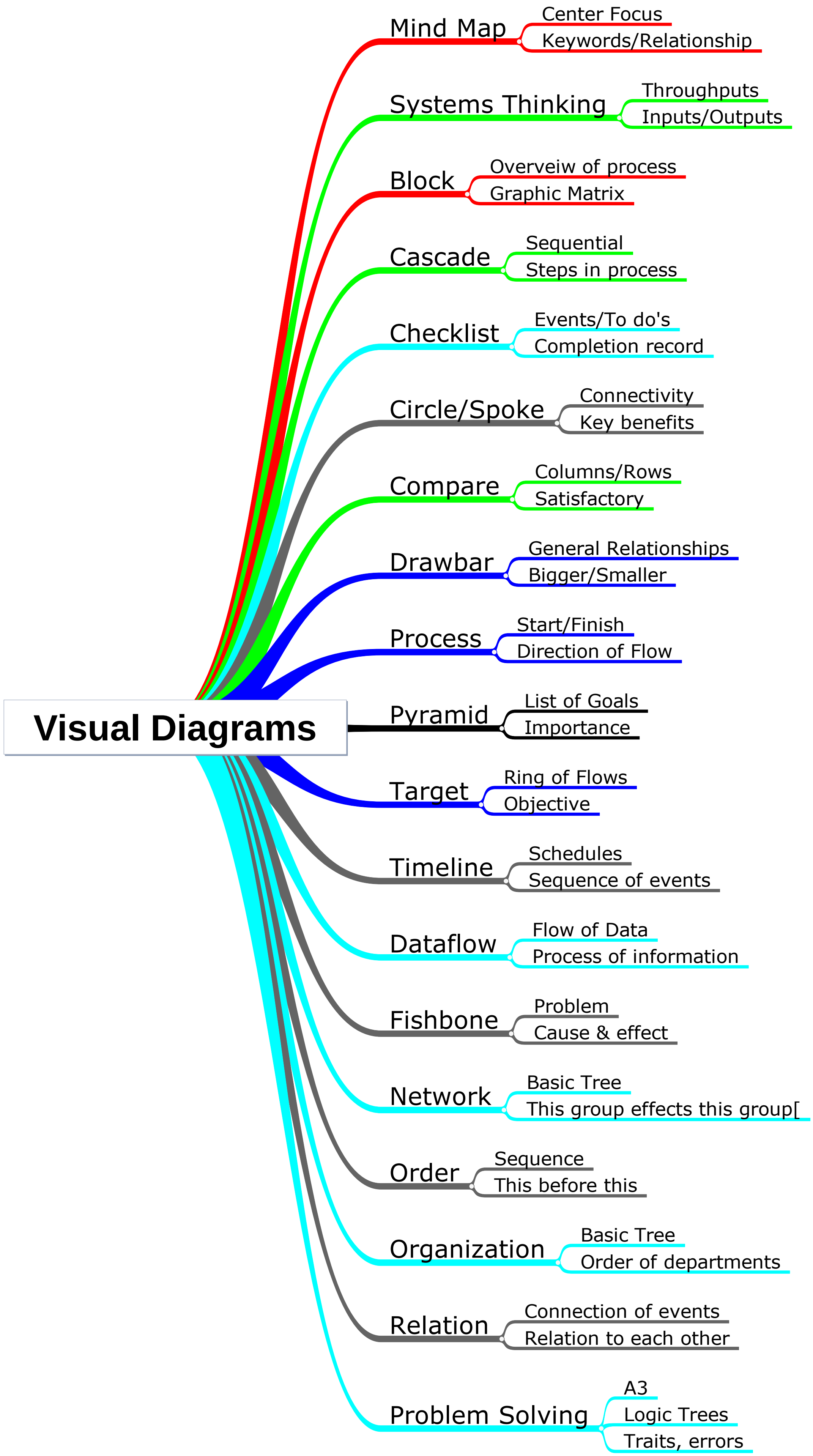
1. **Know your audience:** Before creating a setting, obtain a firm understanding of who will be using it.
2. **Wear your guest's shoes:** That is, never forget the human factor. Evaluate your setting from the customer's perspective by experiencing it as a customer.
3. **Organize the flow of people and ideas:** Think of a setting as a story and tell that story in a sequenced, organized way. Build the same order and logic into the design of customer involvement.
4. **Create a weenie**: Borrowed from the slang of the silent film business, a weenie was what Walt Disney called a visual magnet. It means a visual landmark used to orientate and attract customers.
5. **Communicate with visual learners too:** Language is not always composed of words. Use the common languages of color, shape, and form to communicate through setting.
6. **Avoid overload - create turn-ons:** Do not bombard customers with data. Let them choose the information they want when they want it.
7. **Tell one story at a time:** Mixing multiple stories in a single setting is confusing. Create one setting for each big idea.

8. **Avoid contradictions; maintain identity:** Every detail of every setting should support and further your organizational identity and mission.
9. **For every ounce of treatment provided a ton of treat:** Give your customers the highest value by building an interactive setting that gives them the opportunity to exercise all their senses.
10. **Keep it up:** Never get complacent and always maintain your setting.

The Ten Commandments were taken from Be Our Guest: Perfecting the Art of Customer Service

Through the use of story mapping, you can extend these tools and create a more graphical description. I believe this adds a better understanding of space and time to your process. Storyboarding the process tells a little more on how they look at it, what is important to them, and what the choice says about them. It seems much easier to develop your sales and marketing process from this type of description.

Creating a compelling presentation that depicts the story accurately and allows others outside the team to participate is extremely important. Leonardo da Vinci did it; Aristotle did it; should you? Mind mapping is a widely understood term but few people utilize it. I am amazed that even in our school systems it still does not replace linear note taking. Mind Map represents the best of both worlds by resembling the visual aspects of a flow chart and the organizational structure of an outline.
There are a lot of tools that can be utilized to enhance visual thinking and learning. This particular one depicts a few of the different visual diagrams that I have run across and utilized.




Business901

I think it is a reason that the popularity of Lean has increased over that of Six Sigma. The Lean tools are much more visual and, as a result, appeal to a wider audience. Think of Value Stream Mapping, A3, Spaghetti Diagrams, 5S and of course, the Lean Marketing House in comparison to SIPOC, Anova, Multiple Regression, etc. Which would you want to implement?

If you want to get your point across in today's world, you had better learn how to craft a good story. The next workforce generation has been trained with fewer tables and lists and more pictures and graphs. Just review today's textbooks to confirm this. We are appealing more to the left side of the brain.
As a result, stories are not only useful but I believe a necessity in today's world. I believe an important trait you need to develop within your organization is the ability to practice or rehearse.

In The Harvard Business Review, John Sviokla wrote How would Walt Disney Market in 2009? A great article which points out the core principles that we can all learn from:

1. **Know the story is king.**
2. **Utilize the newest technology to tell that ancient story in a new way.**
3. **Coordinate the message across the media.**
4. **Have the courage to innovate.**
5. **Ride your uniqueness.**
6. **Stay on message.**

In the article, John states: “We can draw wisdom from Walt Disney, who understood the multi-media, multi-channel, multi-experience world four score years ago (what are you thinking of now?)" In this world of "Change" take ownership of the word that describes your organization and you will live through it. Do you question what Disney stands for when you see the Castle?

A storyboard provides a quick, visual summary of a team's work. They are very well-suited as presentation materials to highlight the work of the project and the improvements made, and for executive overviews. I recommend having an A3 created before closing the project. Depending on your project, you may use a different set of tools but the outline can still serve as a guideline for what should be included.

I think there should be a happy medium somewhere between the Disney storyboard and the A3 storyboard. However, if you err, err toward the Disney side. More people will look at them. Your A3 should not be a report but an active document that truly makes your project come alive!

## Meetings

I know what you're thinking - another meeting? There is nothing that improves communication more in a project, a meeting even more so than a Kanban board. Any team working toward a common goal will benefit because this practice will improve your communications.

The biggest resistances in meetings are because they're poorly run. Daily Scrum meetings are an integral part of the Scrum methodology. The meetings last for 15 minutes, occasionally longer, but provide just enough time to address problems and allow time to define solutions. An important part of having an effective meeting is to realize that you're not there to look at solving the problems, but rather to raise them.

A daily Scrum meeting effectively answers these three questions:

1. What have you done since the last meeting?
2. What will you do between now and the next meeting?
3. What got in your way of doing work?

The daily meeting is not a design session and should not turn into a working session. Don't discuss design or start to solve a problem. The meeting informs the team leader, giving him/her direct information on what to do to improve the productivity of the team. Meetings are for creating awareness, and if you want to solve the problem immediately, suggest that anyone who's interested should hang around afterward.

Patrick Lencioni is one of my favorite authors. One of his books, Death by Meeting: A Leadership Fable...About Solving the Most Painful Problem in Business (J-B Lencioni Series), advocates the structure of a daily check-in. He says the keys to making it successful are: don't sit down, keep it administrative, and don't cancel when someone can't be there. It is important to share the news. I highly recommend the book and the outline of the four different types of meetings he discusses: Daily, Weekly Tactical, Monthly Strategic, and Quarterly Review.

Having frequent short meetings simply keeps everyone on track. Sharing daily activities and schedules allows you to not operate in a vacuum and the knowledge of a team is always more powerful than the knowledge of an individual.
BTW: Short meetings are easier to manage and make interesting. Improve your communications

Listen to a tip from Patrick about improving team communication:

P.S. Patrick's book is great in audio: Death by Meeting: A Leadership Fable. When holding a Kaizen event, have you ever really taken the time to think through the event and how you will hold people's interest and more importantly how you will get them engaged? Managers may think that everyone has the same level of interest and are willing to participate and share openly. I think that is what separates the professional facilitator from the average manager: the ability to engage in conversation with the entire team. Without doing this you may leave the best idea lying on the table, never to surface and be implemented.

I believe the best way to get the team engaged is by delivering a "Holy Shit" moment. That's right, don't try to loosen them up with small talk or a joke but go right for the throat and bring importance to why they are there. If you can, wheel in the issue, show why the improvement has to be made but do it in a visual manner. Maybe even start the event at Gemba or maybe even downstream from that. Add some realism to the problem by bringing in several customers to describe how they interpret or how the problem affected them. You need to set the stage; before Act 1 is over, you want everyone on the team to be muttering, "Holy Shit."

Below is a slide presentation on how Steve Jobs prepares for presentations and I think it is a good template for delivering that moment.  Other great resources I would recommend are Patrick Lencioni's books, Death by Meeting: A Leadership Fable...About Solving the Most Painful Problem in Business and Overcoming the Five Dysfunctions of a Team: A Field Guide for Leaders, Managers, and Facilitators.

The war room has been around forever and of course the original purpose was for generals to visualize the field of battle. The most famous ***War Room*** was made into a 1993 American documentary film about Bill Clinton's campaign for President of the United States in 1992. Though still popular in the Agile software development where a Scrum room and even more intimate, pair programming is still very much in vogue, I am finding it less and less popular in the marketing arena.

I actually think the war room is essential in today's marketing, even for an individual consultant. I actually have what I call a battle wall. Each of my clients has their own spot or board which consists mostly of Post-It notes and a calendar for events. I move the Post-It notes to my personal Kanban board located next to my desk on a weekly basis. I like to do many things virtually but I let the customer drive that versus me trying to get them to try the latest and greatest product.

As we become more virtual, I think the war room will certainly go online. Have you always wondered why your problem-solving meetings failed before they even started? How do you calculate the actual time that you need or do you just do it from experience or maybe just pick the time slot available?

Most continuous improvement Lean experts know the answer, but I am not sure that they translate it into action. If you are holding a Kaizen event, value stream mapping session or just working on an A3, we know that 50% of the time should be spent on the planning side or the big "P" in PDCA. The problem you have is whether you really understand how to schedule that from a time perspective. Well, a recent podcast guest of mine, Edward Muzio of Group Harmonics, has a great tip on how to use the hourglass principle to help.

Creating that atmosphere is tough online for most. Many are still in a learning curve. There seems to be big gap in the use of technology between the geeks and the others. I am not really sure if that gap is closing or growing?

## Tips to Starting a Cost Reduction Plan

Putting in a cost reduction strategy is always beneficial but many times difficult to start. I have listed a few steps below just to get the juices flowing and to have an entry into cost reduction. Put them to use and brainstorm a few more. But the most important tip I can leave behind is one you have heard many times before by Rudyard Kipling: "I keep six honest men. They taught me all I knew. Their names are What and Why and When and How and Where and Who." I urge you to use these six men.

The most effective way to reduce cost is STOP DOING IT! Really, just stop doing it! It is simply amazing how many things you may not need to do. If you think the process is unnecessary, skip it for one minute, one hour, one day, one week, one month, and finally one year. You may discover parts of it can combine into other parts of the process but trying to do only part of something is very difficult. Try it on something simple and see what happens. If you do not think you can, how do you react to a person's absence, a machine's failure or missing paperwork? Try it! I am reminded of an observation by Peter Drucker in 1963: "There is surely nothing quite so useless as doing with great efficiency what should not be done at all."

Do cost reduction in an area where you have a competitive advantage. This will enable you to have the greatest impact and the most "bang for your buck". If you make great strides in this area, it will in fact strengthen your advantage and may protect or even strengthen your long-term market share. Long-term market share is the true measure of a company's growth.

Spend an hour per day/week on each “impact area” of your business, and you will be astonished at how much you can accomplish. You must schedule time to be effective. Even with yourself. An old line that I have heard many times is “It is not a matter of time but a matter of priorities.” If you cannot schedule time, then cost reduction is not a priority.

Use matrixes with low and high impact, low and high cost return, and easy and hard to do, to help decide what to do first. I typically use a four-box matrix but on items that are more complicated, a six-box matrix should be used. Prioritizing this way can help you visualize the process so much better. It can also be used in defining the difficult/easy areas by department. Sometimes it is readily seen why it is easy for operations but difficult for finance or sales. The clearer the picture is for all, the easier it is to accomplish.

Most savings/expense is created in the design of the product/process. How many times have you told an engineer "We are not designing a space shuttle"? How many times do you come under budget? Anyone can do anything if he has all the money in the world. Do you wonder why our government is in the position it is? Cost effective and simple are not dirty words. They should be the words we reward.

*Cost Half: The Method for Radical Cost Reduction* by Toshio Suzue is a book on cost reduction. I do not recommend it for a turnaround or a company in trouble. I do like it for the approach he takes for cost-cutting activities. Base your goal for cost cutting on something big, 50%. People will not start with small incremental changes but approach it with a much broader perspective. Be radical; accomplish something if you are going to do it.

Look at what is important, not to you, but to your customer. Lean is a great process for this. It is a process that I highly recommend everyone receive training in, especially the design team. Proven methods in process improvement are beyond the scope of this writing but Lean, Six Sigma, and Lean Six Sigma have made great strides in manufacturing, administration, sales, and other areas. The principles are sound and with minimal creativity can readily apply to just about any field. The value of these processes, I believe, requires a long-term commitment. You can spend a great deal of money and make little progress. Ease into it gently but with full commitment; the pot of gold is certainly at the end of the rainbow but it is a steep climb.

Be objective, no sacred cows! People have a tendency to take ownership of "their ideas" and justify them. I have seen jobs created and continued for years in positions that did not do anything that added value to the company.

I once removed a position and took away the "book" that the person was responsible for; neither was missed. Objectivity can be tough though. We all love our own ideas and struggle to see the other side. We must be careful, especially the leaders of the project. Remember to lose a few battles; we are trying to win the war.

Typically, it is not the lack of available savings, but the lack of a process to find them or to improve them. Processes are important. You have a culture within in a company that you have created and most cost reduction actions will have a tendency to go against that culture. It may rub a few people the wrong way. That is typically when you know you are getting somewhere.

Below is a very simple methodology that you can start using today without any training, just a little common sense.

Seven-step method for solving a cost reduction problem:

1. Define your problem
2. Define your ideal solution (Stop doing it!)
3. Gather the facts
4. Try various combinations, look outside the box, but be careful when you do
5. Break the pattern; not everything happens outside the box. It is interesting how many things are solved within the box. Do not forget the simple solution. Complexity is seldom a solution; it is usually part of the problem.
6. SCAMPER it
    a. What can you Substitute?
    b. What can you Combine?
    c. What can you Adapt?
    d. What can you Modify or Magnify?
    e. What can you Put to other uses?
    f. What can you Eliminate or reduce?
    g. What can you Reverse/Rearrange?
7. Leave it sit for a day, but set a deadline. Sleeping on it has value!

## *Project Planning*

Project planning can be an important part in carrying out your A3. You may use your existing project management tools, an agile methodology or even Kanban. A project needs to be planned, controlled, and monitored from its inception to its completion. In fact, all projects use a methodology of processes, procedures, and templates. If you don't think you have one, it really means that you have a poor and informal one. Do not confuse scheduling software with project planning!

If you need a project plan, there are three basic sources:

1. You can build a custom campaign that perfectly reflects the philosophy and best practices of your organization. Many companies try this.
2. You might be surprised to learn that your plan when finished ultimately looks similar to most others that people use. That is why many consultants can help without having an intimate knowledge of your industry. However, you may think that you spend as much time with the consultant as you would have doing it yourself. I know; I have been on both sides!
3. The third option is purchasing a methodology and then customizing it to meet the specific needs of your organization. This gives you some of the benefits of option 1, while also taking less time, which is the major benefit of option 2.

An existing methodology allows you to deliver an effective option practically immediately. I recommend the use of option three, which enables you to spend your time on the application versus building the plan to achieve the result. The simplicity of a single flexible model will create clarity for your staff and as a result, better execution.

A great saying I heard once and always remembered: **How many good ideas have been wasted because of a poor plan!**

I have been using a very simple project plan and in fact the author, Clarke Clifford, has just introduced a new book on using the One-Page Project Manager with A3s.

A description of his original book, *The One-Page Project Manager:*

**This uncommonly practical guide** shows you how to reduce any project into a simple, one-page document that can be used to communicate all essential details to upper management, other departments, suppliers, and audiences. Developed at O.C. Tanner, the world's leading employee recognition company, this one-page system shows readers how to identify the five essential parts of a project, construct a one-page "OPPM," use the document as an effective management and communication tool, and adapt this tool for use in other projects and organizations. *The One-Page Project Manager* is the ultimate tool for managers who understand the value of simplicity.

The One-Page Project Manager is an efficient way to get projects done, to improve your team's efficiency and output, and to make work a bit easier. The OPPM is a great companion to an A3.

## Recommended Resources

In Understanding A3 Thinking, the authors first show that the A3 report is an effective tool when it is implemented in conjunction with a PDCA-based management philosophy. Toyota views A3 Reports as just one piece in their PDCA management approach. Second, the authors show that the process leading to the development and management of A3 reports is at least as important as the reports themselves, because of the deep learning and professional development that occurs in the process. And finally, the authors provide a number of examples as well as some very practical advice on how to write and review A3 reports.

Managing to Learn by Toyota veteran John Shook, reveals the thinking underlying the vital A3 management process at the heart of lean management and lean leadership. Constructed as a dialogue between a manager and his boss, the book explains how A3 thinking helps managers and executives identify, frame, and then act on problems and challenges. Shook calls this approach, which is captured in the simple structure of an A3 report, the key to Toyota's entire system of developing talent and continually deepening its knowledge and capabilities. The A3 Report is a Toyota-pioneered practice of getting the problem, the analysis, the corrective actions, and the action plan down on a single sheet of large (A3) paper, often with the use of graphics.

*The One-Page Project Manager* set a new standard as an understandable and easy-to-apply organizational tool, allowing managers to summarize complex projects on a single information-rich page. This book, third in the OPPM series, describes how to combine the OPPM with the Toyota A3 report to create an enhanced, integrated management tool.

The A3 Workbook: Unlock Your Problem-Solving Mind is designed to teach A3 Problem Solving to workers at every level of an organization. This workbook provides a practical tool for solving specific problems or for making a specific proposal, while also encouraging the development of a corporate culture that empowers all employees to support continuous improvement. The workbook follows the progression of a basic A3 Problem Solving format, offering instructions every step of the way.

### Podcast on Lean Problem Solving

Is Problem Solving the Core of Lean Implementation?

# A3 Contributors

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## Marketing with Lean Program Series

### Marketing with Lean

1. Lean Marketing House Overview
2. Driving Market Share
3. Marketing with PDCA
4. Marketing with A3
5. Marketing your Black Belt

**Lean Marketing House Overview:** When you first hear the terms Lean and value stream, most of you think about manufacturing processes and waste. Putting the word marketing behind both of them is hardly creative or effective. Whether marketing meets Lean under this name or another, it will be very close to the Lean methodologies developed in software primarily under the agile connotation. This book is about bridging that gap. It may not bring all the pieces into place, but it is a starting point for creating true iterative marketing cycles based on not only Lean principles but more importantly on customer value. It scares many. It is not about being in a cozy facility or going to Gemba on the factory floor. It is about starting with collaboration with your customer and not ending there. It is about creating sales teams that are made up of different departments, not other sales people.

**Driving Market Share:** 5 Cs of Driving Market Share is a comprehensive program. It is not a project-by-project approach for reducing the costs of marketing activities, but rather an approach that seeks to enhance marketing's effectiveness and efficiency.

The 5 Cs approach provides a user friendly bridge for moving the quality focus from the manufacturing floor to the marketplace. Those seeking to become best in market must shift their focus from a product orientation to a market orientation, from an internal efficiency focus to an external focus.

Best in market companies will be those that can make this transformation and make it soon.

1. Customer Identification identifies specific products/markets that offer the organization its best options for growth.
2. Customer Value is the voice of the market (VOM) that drives all operational and strategic initiatives undertaken by the organization.
3. Customer Acquisition will guide you through the delivery of value relative to that of its competitors. The buyer is asking a simple question: “Is this brand worth it?” By understanding your organization’s competitive value proposition, leaders can make better decisions regarding market share growth.
4. Customer Retention could also be called the Enhancement stage. This is when organizations need to enhance or improve their competitive value proposition in accordance with the directives of the market place.
5. Customer Monitoring is where you learn how to put monitoring systems into place to ensure that their competitive value proposition accomplishes what is intended.

**Marketing with PDCA:** Value stream marketing is about using PDCA (Plan-Do-Check-Act) throughout the marketing cycle with constant feedback from customers, which can only occur if they are part of the process. It is about creating value in your marketing that a customer needs to enable him to make a better decision.

This book is about managing a value stream. Targeting that value proposition through the methods described in this book will increase your ability to deliver quicker and more accurately than your competitor. It is a moving target and the principles of Lean and PDCA facilitate the journey to customer value.

This book also introduces the Kanban as a planning tool or, as I like to think about it, as an execution tool. Improving your marketing process does not have to constitute wholesale changes nor increased spending. Getting more customers into your Marketing Kanban may not solve anything at all. Improving what you do and increasing the speed that you do it can result in an increase in sales and a decrease in expenses.

**Marketing with A3:** Using A3 in the marketing process will provide you a standard method of developing and creating your marketing programs. It will recap the thoughts, efforts, and actions that took place for a particular campaign, such as advertising or public relations or even a launch. This report can really highlight the value that marketing supplies.

This book will also discuss how an A3 applies to the foundation of the Lean Marketing House™. The tools are explained and examples given. The important part is that you will learn how to format your A3 report in a way that most effectively communicates your story to your team and others.

**Marketing your Black Belt:** Marketing your Black Belt utilizes Lean principles in addressing marketing for the individual continuous improvement consultant. If you are a consultant that writes countless articles, speaks at numerous trade functions, and holds workshops and webinars, all with the intent of gaining customers but miss the real reason, BECOMING A RECOGNIZED EXPERT in your field, this book will be for you. It will also specifically address issues that you are facing as an individual consultant:

1. Customer Acquisition: The process of finding new customers is expensive.
2. Marketing: Advertising is expensive, and you may not have the specialized skills or time to create sophisticated websites or professional-looking marketing materials.

3. Customer Retention: It is hard to stretch limited resources in order to spend time with existing customers while trying to acquire new ones.
4. Communication & Collaboration: Your customers need to be able to stay in touch with you from anywhere.

**Websites of interest:**

http://business901.com
http://marketingwithlean.com
Http://leanmarketinghouse.com
http://marketingwithA3.com
http://marketingwithPDCA.com
http://drivingmarketshare.com

**About the Author:** Joe Dager takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing Concepts. He has owned and operated companies involved in retail, manufacturing and professional services that include several turnarounds and growth companies. Joe is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena.

# *Appendix A*

## Lean Marketing House Overview

The "TPS house" diagram has become one of the most recognized symbols in modern manufacturing. A house was used because it is strong only if the roof, pillars, and foundations are strong. A weak link weakens the whole system. I took the liberty of rebuilding the Toyota Lean house to what I believe is the proper structure for today's marketing.

When building a house, you follow the same steps and principles as when building a Lean organization. The first step in building the structure is to create a strong foundation. Many organizations look at marketing from just a tactical sense and start the foundation first with the campaigns, websites, and advertising. However, to build a strong house you need to know what you are supporting to make a strong enough foundation. Understanding the value that you create for the customer is the starting point in the Lean Marketing House and will determine the rest of the structure.

Below the roof of the house lays the substructure of a five-step Lean process. Lean is a system focused on and driven by customers. Optimizing the value stream from their eyes and in an efficient process takes your processes to a level not experienced before. Review your past sales and processes that are performing well. Determine why and what may be different about them.  It really is like starting on a journey without knowing where you are at. Your metrics play such an important part. How are you going to measure success? What in the short term will allow you to survive and in the long term will build a business? Measuring simply by results is just not enough in today's world. Using Lean metrics measured by drivers is at the heart of making your plan effective.  Mapping the future state is where we start seeing it all come together. This is the step everyone typically wants to jump to immediately. We make plans and instead of having a sound basis, we use instincts and tools that are not directed and are often based on what I call "Tribal Knowledge." Kaizen is the Japanese word for continuous improvement. It is all about idea submission, not acceptance. Kaizen has three steps. First, create a standard. Second, follow it. Third, find a better way.

We will support this substructure with the pillars or the value stream of the Lean Marketing House. Each pillar represents a product (service)/market segment. It does not matter how many pillars you have, just that each product/market segment is well defined. Seldom does even the smallest company have only one pillar or value stream.

The Lean House's foundation that the pillars stand on is the work we do each day and is what insures the customer value proposition is implemented. In accordance with Lean House philosophy, it doesn’t necessarily matter which tools the organizations uses, but which tools are effective with the customer or the particular value stream segment, represented by the pillars. The number of blocks and the depth will differ with each organization but what is important is that they are all considered and that the foundation is strong enough to support the pillars. Below the foundation is a substructure of A3 problem solving that will be the control practice that is implemented throughout the foundation. This allows us constant feedback and will heighten our awareness that a weakness of measurement is what will allow the foundation to start crumbling.

We use the Lean Marketing House as a way of introducing Lean. In Lean Thinking: Banish Waste and Create Wealth in Your Corporation, Revised and Updated by Womack and Jones, the authors introduced five core concepts:

1. Specify value from the standpoint of the end customer by product family.
2. Identify all the steps in the value stream for each product family, eliminating whenever possible those steps that do not create value.
3. Make the value-creating steps occur in tight sequence so the product will flow smoothly toward the customer.
4. As flow is introduced, let customers pull value from the next upstream activity.
5. As value is specified, value streams are identified, wasted steps are removed, and flow and pull are introduced, begin the process again and continue it until a state of perfection is reached in which perfect value is created with no waste.

These five values are represented in the Lean Marketing House as

1. Identify Value (Roof)
2. Map Value Stream (Ceiling)
3. Create Flow (Value Stream – Pillars)
4. Establish Pull (Foundation)
5. Seek Perfection (Base)

It's a different concept that I believe is imperative to the future of marketing. Think of the touch points you have with a customer. Is each one of them creating value? When your customer moves from one stage to the next, is the move value-driven? In the truest form of the meaning, a Lean Marketing company should only have two components: an introduction to a new lead and the acceptance of an order. All other components would be considered wasteful and are candidates for elimination. If you consider each item that you deliver to a customer something of value that he is paying for, in essence he accepts an order each and every time. Do you create valuable enough content that your customer would pay for it?

Marketing has to address value and the content they are distributing. As important, they have to address the time or the stream of their marketing system. The acceleration or throughput is extremely important. Creating systems within our process that are efficient and propels customers through value stream is imperative. Our days of leaving non-responsive customers on our mailing list, online or offline, are ending. Creating advertising to the masses and expecting a reasonable return have already ended for small and maybe even medium size businesses. These statements are not meant to say that we only market to someone for 90 or 120 days and that's it. It is more inline that we have to create interactive platforms that allow our customers to interact at their leisure, their timing, and at their discretion. A good description of pull marketing, but how do you manage a stream?

You must understand your value stream well enough to have a throttle. You must know where your constraint is, maybe even on a seasonal basis. You must address indicators that are built into your process and not built into month-end reports. Do you have a monitoring system that lets you know? Do you adjust your marketing message accordingly? Are you improving your stream with better information to qualify yourself to the customer? If you are providing a higher value of information to the customer, does that propel you through their decision making process?

Most people think about the marketing process as a function of lead generation and follow-up. They envision the marketing funnel which creates an excellent visual image of collecting prospects and narrowing the field till you produce a customer at the bottom. This image is oftentimes a fair reflection of your marketing budget. You spend most of your money reaching out to the masses. It is an expensive proposition and seldom produces measurable results. However, you can't just cap the funnel because you never know where you will receive your next lead or sale.

The job of marketing is to increase prospects, create better odds in obtaining a customer, and increase the number of customers and the dollars per customer. I believe marketing is also responsible for decreasing the dollars in obtaining a customer. I think these five parts can be best served through Lean and more specifically using a value stream approach.

This is going to require re-thinking about the way you do business and the way you think about your markets. More importantly, the way you think about value. Value in terms of how your market defines it. Stop thinking about product or even product benefits. Your marketing systems must support the delivery of value to your customer at a much higher rate than your competitor's. Targeting that value proposition through the methods described in this book will increase your ability to deliver quicker and more accurately than your competitor. It is a moving target and the principles of Lean and PDCA facilitate the journey to customer value.

# *Appendix B*

## *Templates*

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**Plan**

**Team:** **Date:**

**Title/Theme:** *A3 Problem Solving Template*

**Background/Definition:**

**Current Conditions:**

**Target:**

**Determine Cause/Analysis:**

**Do – Check - Act**

**Countermeasures:**

**Implementation:**

**Follow-up:**

**Plan**

***Team:*** ***Date:***

***Title/Theme: A3 Proposal Type***

***Background/Definition:***

***Current Conditions:***

***Proposal/Analysis:***

## *Do – Check – Act*

### *Future State:*

### *Implementation*

### *Follow-up*

**Plan**

***Team:*** ***Date:***

***Title/Theme: A3 Status Type***

***Background/Definition:***

***Current Conditions:***

## *Do – Check – Act*

### *Results:*

### *Unresolved Problems*

## Define – Measure

**Team:** **Date:**

**Title/Theme:** *DMAIC Problem Solving Template*

**Define:**

**Measure:**

**Analyze – Implement – Control**

**Analyze:**

**Implement:**

**Control:**

# Appendix C

# Examples

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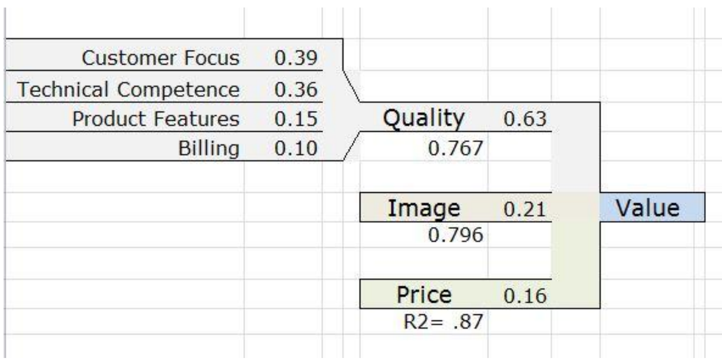
**Team:** *Sales/Marketing Executive Team* **Date:** *10/2009*

***Title/Theme:*** *Churn Rate Exceeding Industry Average*
Reducing And improving churn rate to above industry average.

***Background/Definition:*** The organization sells wireless services to businesses only. It does so through two distribution systems, one controlled by the supplier and one composed of independent distributors. The organization was experiencing a high degree of churn, or customer turnover, averaging about 50 percent per year. In fact, the churn issue was so significant that the company unofficial strategy was to "outsell churn."

***Current Conditions:*** The customer value analysis of this product/market produced this model:




Discussion focused on the technical competence and product features drivers because their customer service center was fielding a large number of calls indicating that customers did know how to use the complex handset.

***Target:*** The team turned its attention to the most important dnver. customer focus. Customer focus is composed of the following value performance criteria:

1. Being responsive to your organization's questions and service needs
2. Company reps promptly making changes to your organization's service when you request them
3. After the sale, company reps resolving problems the first time you call
4. Company reps accurately representing products/services
5. Company reps providing timely training on how louse products/services

***Determine Cause/Analysis:*** Investigating these issue began by identifying the value streams in the organization and concluded that there was really only one value stream, order to delivery. The team generates the process driver /matrix linking the various customer focus value performance criteria to the different processes. By grading each level of impact of the process on the value performance criterion, the focused was on the sales process. It was also a process that had high impact on costs.

| Processes / Customer focus attributes | Customer Inquiry (Initial) | Sales | Customer Services | Delivery | Billing |
|---|---|---|---|---|---|
| Responsiveness to Service Needs | H | H | H | M | L |
| Reps promptly making changes when requested | M | H | M | L | L |
| After sales reps resolving problems first time | L | H | M | L | L |
| Reps accurately representing products and services | L | H | L | L | L |
| Reps providing training on features and services | L | H | M | L | L |
| Cost | L | H | H | M | L |

H-High M – Medium L- Low

### *Countermeasures:*

1. Mapped and re-engineered sales process removing a number of impediments that reduced the costs of sales.
2. Rewrite the selling process in such a way to recognize the contribution that a solid and consultative sales relationship has on the retention of customers.
3. The channel composed of independent agents were primarily responsible for excessive churn, changes were targeted towards them.
4. Training Process implemented on consultative selling

### *Implementation:*

| Implmentation Steps | | Who | When |
|---|---|---|---|
| Consultive Selling Training | | Workshop | 10-Dec |
| Independent Agents training | | In-house | 15-Jan |
| Rewrite Sales Priocess | | Sales Team | 31-Dec |
| On-Going Training for Agents | | Sales Team | Quarterly starting 1/15 |
| Customer Webinars | | Sales Team | Monthly/On-demand |

**Follow-up:** Within one year Churn was reduced to the industry average of 20% in direct sales and was reduced 20%, 10% above the industry average for independent agents. As a result of several of the process changes made in the consultative selling approach other opportunities were created for additional revenue streams. Deliveries were also improved which was attributed to this process.

Following is the Sample A3s reduced to the page size of this publication.

To download the full size A3, please visit the following link.

Click Open File and Save As.

# Business901 Marketing Outline

**Problem Definition:** Receiving **low ROI** on present marketing efforts

Stuck at a certain level of **success** — Still **rely** too heavily on you

Need an **in-house** marketing department — Tired of building **awareness** and brand

**Breakdown the Problem:**

- **Customer Acquisition**: The process of finding new customers is expensive.
- **Marketing**: Advertising is expensive, and you may not have the specialized skills or time to create sophisticated websites or professional-looking marketing materials.
- **Customer Retention**: It is hard to stretch limited resources in order to spend time with existing customers while trying to acquire new ones.
- **Communication & Collaboration**: Your customers need to be able to stay in touch with you from anywhere.

**Sample Info Product Structure:**

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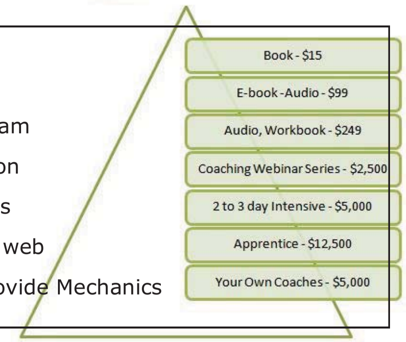
Outsourced Marketing = Blue Space in Value Stream

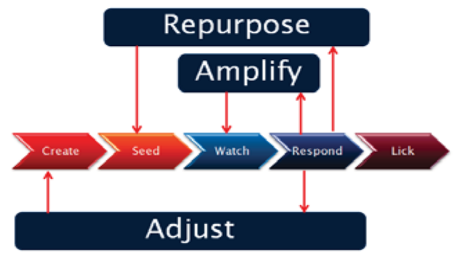
Long-Term Relationship = vs. One—Time Transaction

Shared Risk = Self-funding after 90 days

Shared Revenue = Manage info products on web

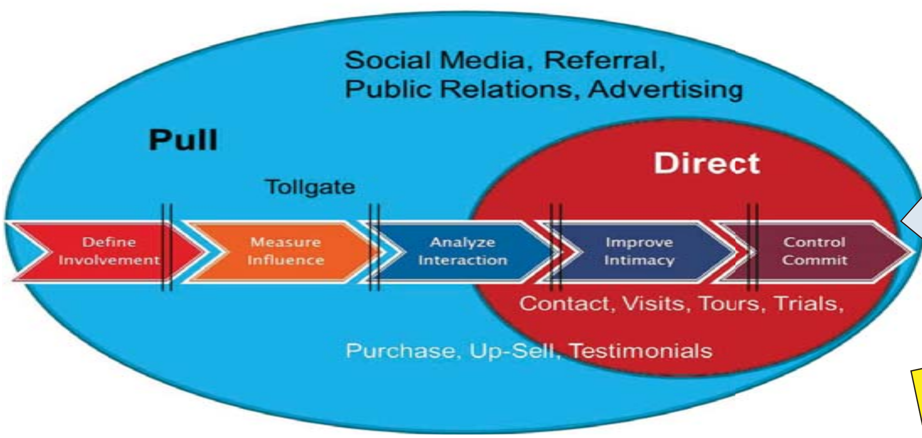
Collaborative = You supply Content, I provide Mechanics



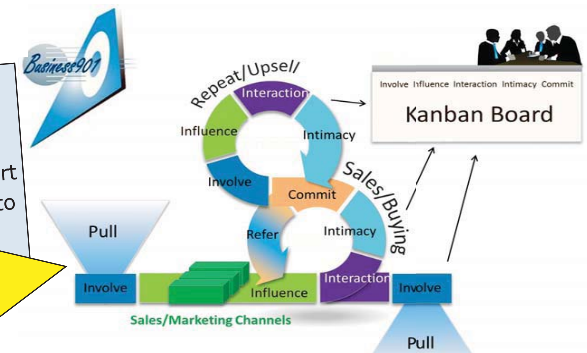

**Content Creation:** We create content and distribute. We will find other ways of expanding products through customer feedback. The info product structure is important for residual income stream, developing expert status, creating social content and self–funding marketing.

## Create & Maintain your Value Stream




We develop a Value Stream for your different marketing channels. The Blue/Pull sections is the part that I manage or automate. The Red/Direct section is the part that you are responsible for and we try to shrink this as time goes on.

We will prioritize and manage through the use of a Marketing Kanban board.




Value Stream Marketing

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## Implement a Web Presence and Offline Presence

| | | | |
|---|---|---|---|
| Fresh Content | •Geared towards your market<br>•Use Ezines, Direct E-Mail, Website | Lead Generation | • Advertising, Referrals<br>• Public Relations |
| Valuable Links | •Your website and constent is connected with valuable links creating a very strong web presence. | Speaking, Workshops | • Topics<br>• Programs<br>• Materials |
| Target Themes | •Advertising, Branding on current Themes and Trends | Channel Management | • Affiliations<br>• Networks |

## Investment

# A3 PROBLEM STATEMENT – direct marketing inbound & outbound calls.

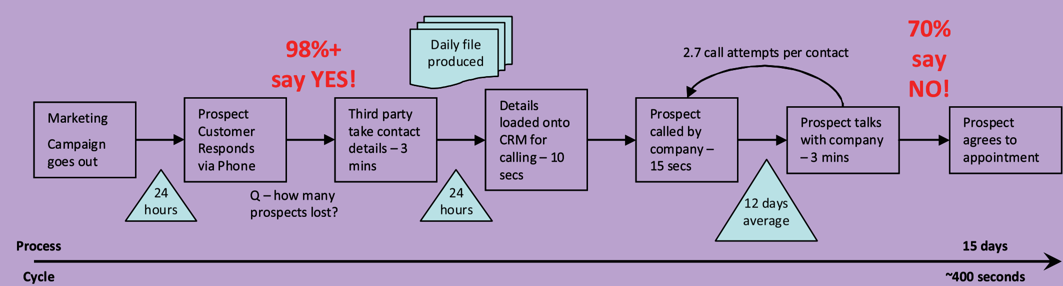
## Owner: Mark Greenhouse (resQ) + client    Date: spring 2010

## PLAN

### Background:

- Marketing Prospect bucket is leaking faster than we can fill it! Never the case before
- 70% of potential customers who respond to initial direct marketing campaigns drop out at first contact. "Long lead time from potential customer response to first contact is good – hence prospect bank is kept full"
- Campaign costs increasing and responses dropping – don't know which campaigns are +ve ROI.
- Focus is always on Quantity of responses not Quality

### Current Observed & Verified Condition:




Process Cycle Efficiency % = (400 sec / 1,296,000 sec) *100% = 0.031%

### Goals:

- ✓ Handle 95% of telephone call responses in 10 mins (prior average of 12 days!)
- ✓ Improve conversion rate from 30% to 40% - a 33% improvement
- ✓ Reduce the number of calls per prospect from 3.7 to 1.1 – releasing spare call centre capacity.
- ✓ Reduce number of marketing campaigns whilst increasing number of appointments generated.

### Root-cause:

The 3rd party handling of calls has prospects ringing in to a call centre to give their details and book an appointment, these prospects cannot be offered appointments as 3rd party can't see diaries to make appointments. 3rd party not offered access to diaries due to "security" issues. Calls from prospects handled by 3rd party and not internally due to call volume fluctuations, "internal call centre would have too much work to do."

Prospects who give details are then loaded onto an electronic file which is sent daily to the internal call centre team. Prospects are waiting at least 24 hours for a call back from the internal call centre, which takes on average 2.7 calls to make contact with someone who had previously called in. Internal call centre takes on average 12 days to get back to a prospect. Prospect goes cold the longer from their response to the company calling them.
Internal call centre believes that handling prospects straight away (in a single call) takes up more resource than current calling back process (total of 3.7 calls) and is difficult to forecast.
Prospect response rates are not understood on a daily basis or hourly basis, for the different campaign types, (data IS available to required levels) therefore forecasting is not undertaken to these levels. Different campaign types have different response mechanisms and timescales.

## DO, CHECK, ACT

### Activities (Countermeasures):

1) Call handling
   Handle all inbound calls directly – remove the 3rd party – immediately reduces call handling to 1, increasing call handling capacity.
   Potential customers converted to appointment at first point of contact - red hot prospects v luke warm several days after.
2) Advertising to run Mon – Tues split focus on telephone and paper responses, Wed adverts on the telephone responses to match demand with response process.
3) Use released capacity to train staff in call handling techniques.

### RESULTS!! (Effect confirmation):

1) Call Centre
   Conversion rate rose from 30% to 55% - an 83% improvement
   Contacts per prospect down from 2.7 to 1.08 – achieved improved capacity.
   Need more contacts to call to keep staff busy – appointment diaries full, faster and better conversion – is this the purpose?
2) Appointments
   Appointment diaries become full – "Appointment rate" no longer an issue.
3) Campaigns
   Appointment diaries become "too" full – contact to appointment conversion rate now considerably higher, therefore reduce number of marketing campaigns to achieve desired appointment level.

### Follow-up:

1. Identify application of Lean Thinking to appointment system to increase capacity of existing resources.
2. Alter marketing plan to reflect response channel used by prospects and test plans to influence.
3. Apply segmentation techniques to establish the quality of the responders.
4. Adjust marketing campaigns according to segmentation insight.
5. Remove geographical calling patterns from call centre to "flatten" demand throughout the team.
6. Continuous improvement techniques to be applied to call handling and appointment conversion.
7. Identify the number of prospects not captured on first contact.
8. Identify the number of serial prospects that have never converted.

A3 provided by Tracey Richardson- http://www.teachingleaninc.com - traceyr@gmail.com

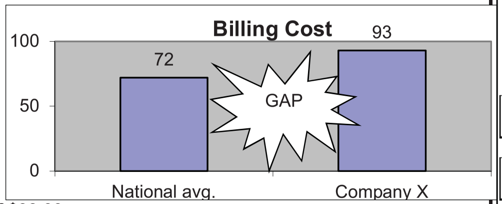
# Company X Medical Clinic Improvements

## Clarify the Problem and Purpose

**Purpose for Solving:** Control medical cost to improve profits for Company X while maintaining worker satisfaction.

**What should be happening:** All scheduled visits in the company X Medical clinic maintain a billing cost avg. of $72.00

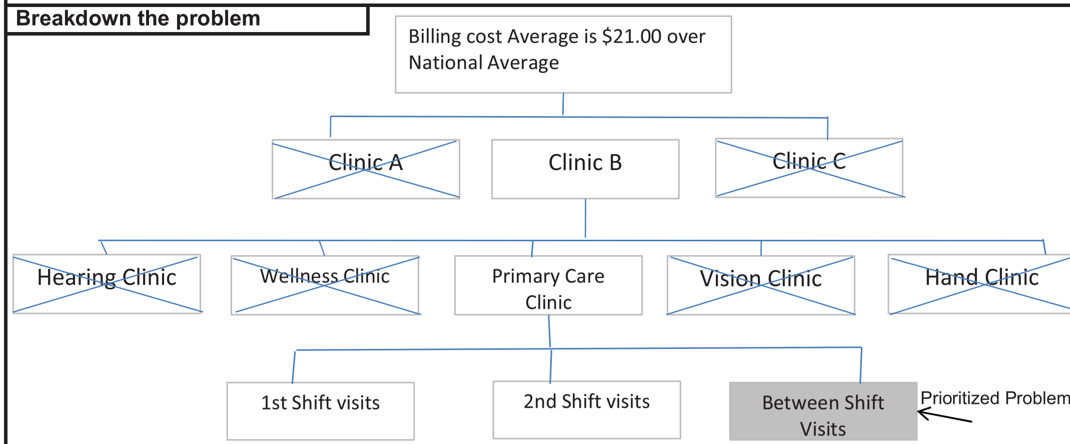
**GAP = $21.00 cost per visit average**



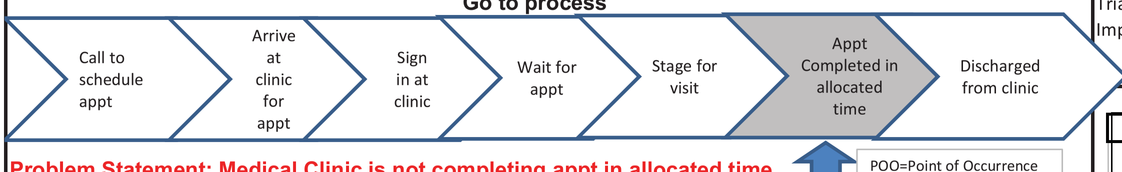

**Current conditions:** Scheduled visits in the medical clinic avg cost of $93.00

*20 min appt. slot national avg=$72.00 of provider resource time

## Breakdown the problem



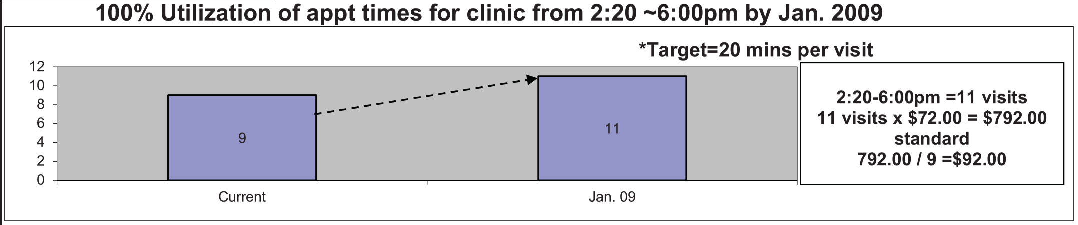

### Go to process



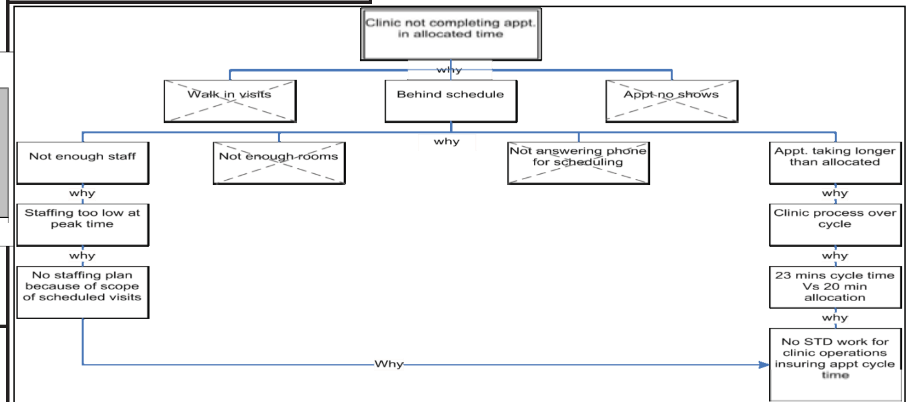

**Problem Statement: Medical Clinic is not completing appt in allocated time.**

## Target Setting

**100% Utilization of appt times for clinic from 2:20 ~6:00pm by Jan. 2009**




## Root Cause Analysis




## Develop Countermeasures

Scale: 0=poor 4=excellent

| Countermeasures | Effectiveness | Cost | Feasibility | Overall | Total Assessment |
|---|---|---|---|---|---|
| 1. Develop Type III STD work | 4 | 4 | 4 | 4 | 16 |
| 2. Rebalance clinic work hours | 4 | 4 | 3 | 4 | 15 |
| 3. Revise clinic layout | 3 | 3 | 4 | 3 | 13 |
| 4. Review clinic objectives | 4 | 4 | 3 | 4 | 15 |

### Ghantt Chart - Action Plan

| ACTION ITEM | WHO | WHEN |
|---|---|---|
| Schedule Type III Standardized Work Training | Health Group | 9/8/2008 |
| Complete Type III Time Study | Health Group | 9/8/2008 |
| Trial Time Study countermeasure | Health Group | 9/8/2008 |
| Implement Clinic Changes | Health Group | 9/8/2008 |

### See Countermeasure Through

| Countermeasure (what) | Report (who/when) | Inform (who/when) | Progress |
|---|---|---|---|
| Schedule Type III STD work training | Healthgroup Sept. 08 | Medical Team Sept. 08 | O |
| Complete Type III Time Study | Healthgroup Oct. 08 | Medical Team Oct. 08 | O |
| Trial time study c/m's | Healthgroup. Medical Team. Nov. 08 | Company X Nov. 08 | O |
| Develop Type III STD work | —— | Company X HR/GM Nov. 08 | △ |
| Implement clinic changes | Company X Healthgroup Medical Mgmt Team Jan. 09 | Company X Officers Medical Team Jan. 08 | X |

**Team:** Workshop Marketing Team

# *Title/Theme:* A3PS - Declining Workshop Attendance

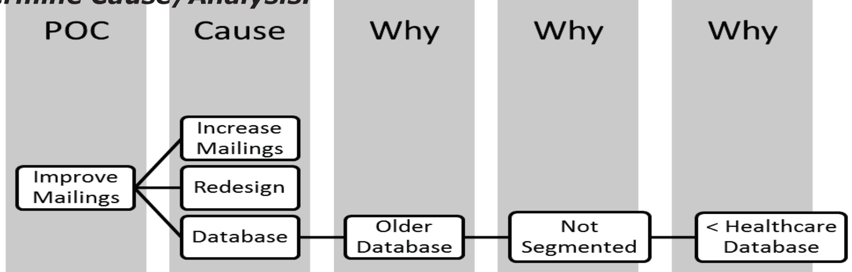
***Control #:*** 10-2300
***Date:*** 4/15/10

***Background/Definition:*** In the past, we have averaged 80% capacity in workshop attendance. The past several years we have noticed a significant decline in attendance to only 50% capacity. We have tried increased PR, advertising and new social media ventures. Without an increase in attendance, we will have to either reduce in size or cut one

***Problem:*** Breaking down the problem, we separated the different conferences by location (when is by city/event) and looked at the greatest decreases using the 4Ws. We found that our greatest area of concern was the Austin show, the A3 workshop, attended by service people that we acquire primarily through our existing database. Since Gemba was the process flow of the database, we reviewed that value stream and actually found no significant difference in the way the Austin workshop was handled versus the other workshops.


***Target:*** *Service* Database for the Austin workshop needs to be increased by 50%

***Determine Cause/Analysis:***




Since Austin was the original workshop and had been well attended for many years the database lacked the segmentation that the others had and also a much lower percentage (50%) of healthcare professionals incorporated in it.

***Countermeasures:***

Countermeasures are the action steps you are considering. This is a good time to start brainstorming and then organizing your thought process. Pick out the best and create a criteria matrix to evaluate the ideas. In our example below, we selected seven countermeasures and evaluated them.

**Develop Counter measures**
Criteria Matrix (1-10, bad to good)

| Countermeasure | Cost | Feasibility | Effective | Impact | Risk | Total |
|---|---|---|---|---|---|---|
| Purchase Databases | 2 | 8 | 6 | 4 | 2 | 22 |
| Enlist Healthcare Leaders | 2 | 3 | 6 | 4 | 6 | 21 |
| Combine Workshop w/other | 2 | 5 | 5 | 6 | 2 | 20 |
| Handout Book Incentive | 4 | 8 | 3 | 2 | 2 | 19 |
| Advertise in Local Forums | 5 | 8 | 5 | 2 | 2 | 22 |
| Direct Mail | 3 | 8 | 2 | 2 | 4 | 19 |
| Telephone Solicitations | 4 | 8 | 4 | 4 | 4 | 24 |

We chose 4 of the 7 to implement: Telephone Solicitations, Purchase Database (mail and phone numbers), Advertise in Hospital Newsletters and Direct Mail in support of solicitations and follow-up. The implementation plan started 120 days prior to the workshop.

***Implementation:*** Bill worked out a payment plan with the call center that if they met their targets, which would mean that we would meet our gap of 30%, they would receive a bonus of an additional $800 bringing their total to $4,000. On the other hand if we did not reach 15% of our gap that could be directly attributed to them our payment would be $2,500 versus the $3,200.

**Implementation Plan**

| What | Who | When | Cost |
|---|---|---|---|
| Purchase Healthcare Databases | Purchasing | 5/1/2010 | 1,250.00 |
| Hire Call Center | Bill Smith | 5/30/2010 | 3,200.00 |
| Telephone Solicitations | Call Center | 6/15 thru 9/1 | Incl. |
| Advertise in Local Forums | Jennifer Stoz | 6/1 thru 9/1 | 1,800.00 |
| Direct Mail | Lisa Zeiss | 7/1 thru 9/1 | 1,500.00 |
| | | | |
| Austin Event | Marketing Group | | 7,750.00 |

***Follow up:***

- We failed to meet our goal of 30% but came very close at a 25% increase in attendance.
- Though we had high hopes for the call center, we felt that their efforts fell short and required us to make direct phone calls and follow ups after their initial conversations and our follow-up mailings. We ended up paying them $3,000
- The added increases in participants were primarily from the healthcare related fields. The other areas still stayed sluggish and in fact may have even dropped slightly.
- The local advertising that Jennifer created proved to be an excellent source of leads. We felt that a dedicated phone line in the future with the option of talking to a live person or requesting information through automation may assist us in the future.
- Lack of testimonials from like professionals would have helped us especially from leaders in the healthcare field. We did gather a few at the conference to assist us in future workshops.
- As a result of this A3, we recommended and received approval to update all databases.

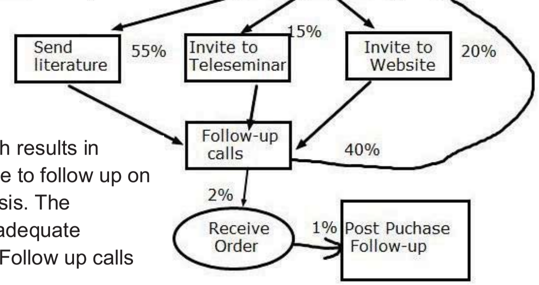
# Improve Telephone Sales Communication on Promotion

Revised: 5/24/10 Author: Bob Arnold Approvals: BA_x_ CH:_x_ LM:_x_ CW:_x_

## Background & Importance

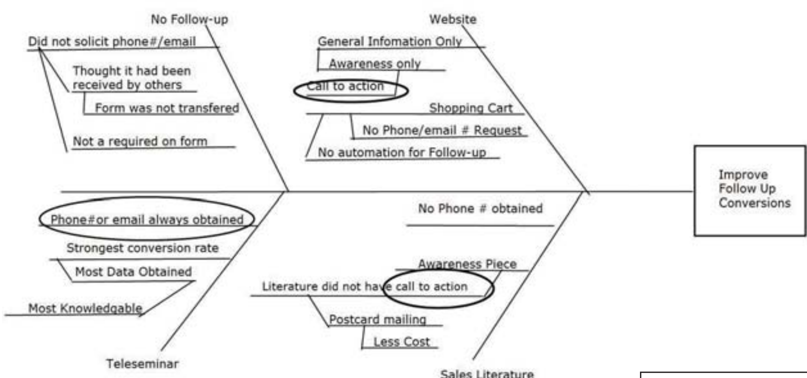
In August, we are planning a sales promotion on a bundled product that will use internet and telephone sales as the only source of purchase. In our past experiences we have had more success with the telephone communications as it typically requires several conversations and literature to support the product. A dialogue must be created with the person in order for a sale to take place. An upgraded website will facilitate more internet orders but we would like to handle the telephones with existing staff. In the past we hired an outside call center and were not satisfied with the results.

## Current Conditions


This is the existing flow structure that we have interpolated from the call centers records. We feel like we are getting approximately 2% orders on incoming calls which results in $50,000 in sales volume. At this time we continue to follow up on every phone number that we have on weekly basis. The promotion runs for 60 days. Currently, we have adequate personnel to handle the existing phone volume. Follow up calls seem to be ineffective.

## Root Cause Analysis




*Marketing with A3* *Business901*
info@business901.com

## Target Condition

We discovered that the vast majority of our conversions were happening after someone attended our weekly teleseminar. There was much higher conversion rate for the following 12 hours after the seminar was attended. After that was discovered we felt comfortable that doubling sales from 2% to 4% of last year's total was not out of line if we increase call to actions (CtA) in directing them to the Teleseminar.

## Countermeasures

| Root Cause | Countermeasures | Benefits | Prioritize |
|---|---|---|---|
| CtA Literature | Re-design post card offering discount to attend teleseminar | >Teleseminar attend | 4 |
| CtA Website | Create Link to Teleseminar sign-up with discount offering as above | >Teleseminar attend | 3 |
| CtA Follow-up | Before they are transferred mention Teleseminar/Discount | >Teleseminar attend | 2 |
| CtA Follow-up | Assign obtain Phone # to person soliciting Need | > Follow-up | 1 |
| CtA Follow-up | Create Product Offering Phone# to go direct to Soliciting Need | > Response | 6 |
| CtA Follow-up | Automate hold/Voicemail with teleseminar features and discount | > awareness | 5 |

## Implementation Plan

| Assignment | Due | Responsible | Reviewer |
|---|---|---|---|
| Re-design post card with discount offering | 7/1/10 | CW | BA |
| Create Link to Teleseminar sign-up with discount offering | 8/1/10 | LM | BA |
| Mention Teleseminar/Discount – Create Script | 7/20/10 | CH | BA |
| Assign obtain Phone # to person soliciting Need - Checklist | 7/1/10 | BA | BA |
| Create Product Offering Phone# to go direct to Soliciting Need | 7/15/10 | LM | BA |
| Automate hold/Voicemail with teleseminar features and discount | 7/15/10 | LM | BA |

## Follow-up

The items that were targeted went over very well and we tripled our attendance to the teleseminar and increased our sales on the bundle offering from 2% to 3.7% missing our target by 0.3%. The added discount to induce people to attend the webinar and if they purchased would receive it cost 0.1% of total revenue bring an increase of 1.6% in sales.

Call volumes were high at times as people did not use the phone number for the bundled product but chose to use our regular number. We considered having a call services as a backup on future offering as we noticed if transferred to voice mail there was significant drop in obtaining the information that we needed to follow-up.

Future Considerations:

1. Upgrading the teleseminar to a webinar to highlight more product features and uses.
2. Recording Webinar to have on demand on website.
3. Customization of offering during the first 30 days. Building the product and managing inventory in the last 30 days would prevent us at this time to offering customization in the last 30 days without a high degree of waste. A trial could be run to see if this could be managed the following year and if customization was a success.

# A3 Problem Report

Author: Daniel D. Matthews
Dept: Planning
Date: December 15, 2008

**Theme:**
Increase Dart Management Consulting (DMC) 2009 Bookings

President:
Vice President:
Manager:

## Problem Situation:

**Background:** DMC's focus is Quality Management Systems (QMS). The last 2 years DMC experienced difficulty generating revenue. Actions taken: furloughs & 10% pay cuts across the board.

| | 2005 - 2006 | 2006 - 2007 | 2007 - 2008 |
|---|---|---|---|
| **Total Proposals** | 38 | 48 | 65 |
| **Signed Contracts** | 17 | 22 | 22 |
| **Average Contract** | $30,441.00 | $23,747.00 | $23,712.00 |
| **Total Contracts** | $517,500.00 | $522,435.00 | $521,675.00 |
| **Budget** | **$510,000.00** | **$527,000.00** | **$532,500.00** |

| As of: 12/15/2008 | 2009 Budget | Current 2009 Bookings | Difference |
|---|---|---|---|
| | $530,000.00 | $289,000.00 | -$241,000.00 |

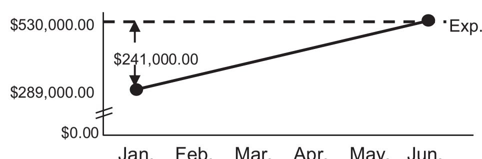
| 1st Contact after IDing | Tickler File | Write Proposal | 1st Signed Contract | Start Project | Lead Time In Days |
|---|---|---|---|---|---|
| 06 C/T: 30 | 06 C/T: 893 | 06 C/T: 5 | 06 C/T: 33 | 06 C/T: 56 | = 1017 |
| 07 C/T: 30 | 07 C/T: 1013 | 07 C/T: 5 | 07 C/T: 49 | 07 C/T: 74 | = 1171 |
| 08 C/T: 30 | 08 C/T: 1137 | 08 C/T: 5 | 08 C/T: 33 | 08 C/T: 28 | = 1233 |

3.3 Years

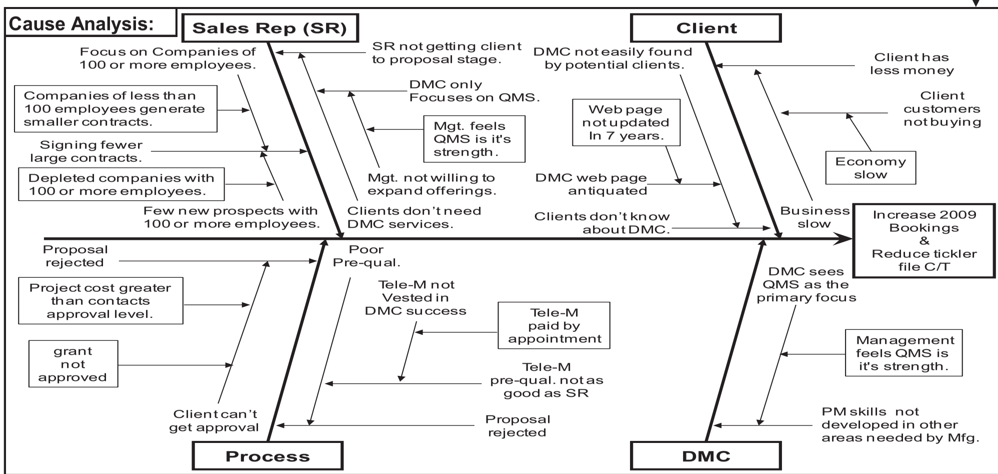
Rationale: To prevent additional cuts in pay, reduction in staffing or the extreme of restructuring, DMC must find ways to increase bookings. If nothing is done DMC will not make budget for a third year.

## Target:

| | 1st Target | 2nd Target |
|---|---|---|
| **Do What:** | Increase | Reduce |
| **To What:** | 2009 DMC bookings | Courting cycle time |
| **How Much:** | $241,000.00 | From 3.3 yrs. to 1 yr. |
| **By When:** | 6/30/2009 | 6/30/2009 |




## Cause Analysis:




## Countermeasures & Implementation:

| | Root Causes | Action Items | P.I.C. | Jan. | Feb. | Mar. | Apr. | May | Results | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| A | Mgt. feels QMS is its strength and hasn't expanded offerings. | Identify top 10 needs of most manufactures. | Eric | 1/15 | 2/15 | | | | | |
| | | Develop offerings based on needs assessment. | Eric | | 2/15 | | 4/30 | | | |
| B | Web page not up dated in 7 years. | Update the look and appeal of DMC web page. Find ways to ensure DMC appears on first page during client searches | Consultant | | 2/1 | | 4/15 | | | |
| C | Telemarketing paid based on the number of appointments. | Change Telemarketing pay criteria to include decision makers within the organization (production manager or above). | Susan | | 2/1 | | | | | |
| D | Companies with less than 100 employees generate smaller contracts - SR's would rather focus on larger companies. SRs have depleted the number of companies with greater than 100 employees. | Develop a marketing strategy and package that will appeal to companies with 20 to 100 employees. | Lisa | | 2/1 | | 4/15 | | | |
| E | Proposal costs greater than clients signing approval. Client project grants not approved. Slow Economy | Create a staged proposal process and a payment plan based on actual ROI by the customer. | Beth | | | 3/15 | | 5/30 | | |

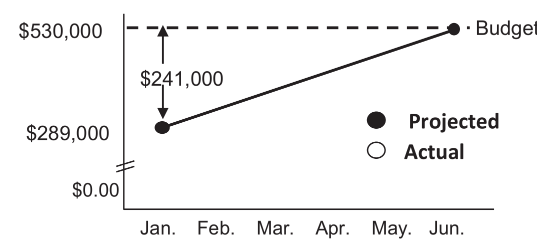
**Results** VERY GOOD GOOD FAIR POOR

## Follow-up:

**How/ When Check:**

1. Conduct Bi-weekly Sales meeting to monitor number and status of proposals.
2. Track number of days from 1st contact to signed contract.

**Recommendations:**

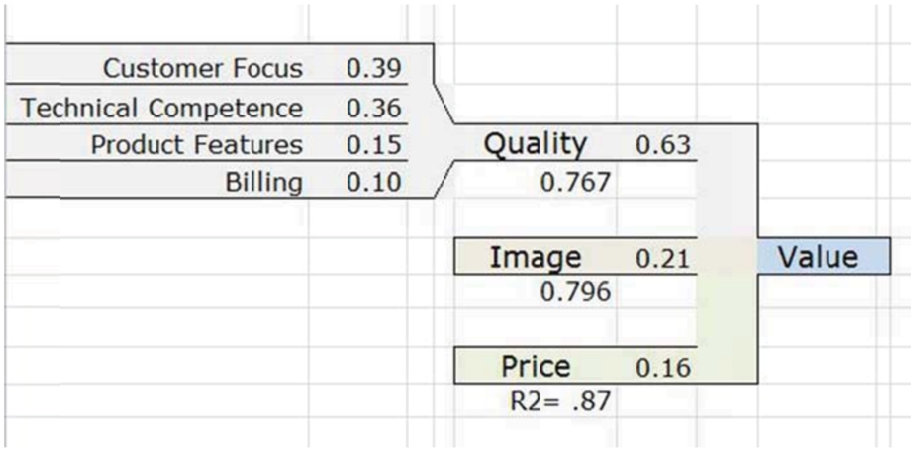


**Team:** *Sales/Marketing Executive Team* **Date:** *10/2009*

**Title/Theme:** *Churn Rate Exceeding Industry Average*
Reducing And improving churn rate to above industry average.

**Background/Definition:** The organization sells wireless services to businesses only. It does so through two distribution systems, one controlled by the supplier and one composed of independent distributors. The organization was experiencing a high degree of churn, or customer turnover, averaging about 50 percent per year. In fact, the churn issue was so significant that the company unofficial strategy was to "outsell churn."

**Current Conditions:** The customer value analysis of this product/market produced this model:




Discussion focused on the technical competence and product features drivers because their customer service center was fielding a large number of calls indicating that customers did know how to use the complex handset.

**Target:** The team turned its attention to the most important driver, customer focus. Customer focus is composed of the following value performance criteria:

1. Being responsive to your organization's questions and service needs
2. Company reps promptly making changes to your organization's service when you request them
3. After the sale, company reps resolving problems the first time you call
4. Company reps accurately representing products/services
5. Company reps providing timely training on how louse products/services

**Determine Cause/Analysis:** Investigating these issue began by identifying the value streams in the organization and concluded that there was really only one value stream, order to delivery. The team generates the process driver /matrix linking the various customer focus value performance criteria to the different processes. By grading each level of impact of the process on the value performance criterion, the focused was on the sales process. It was also a process that had high impact on costs.

***Countermeasures:***

| Customer focus attributes / Processes | Customer Inquiry (Initial) | Sales | Customer Services | Delivery | Billing |
|---|---|---|---|---|---|
| Responsiveness to Service Needs | H | H | H | M | L |
| Reps promptly making changes when requested | M | H | M | L | L |
| After sales reps resolving problems first time | L | H | M | L | L |
| Reps accurately representing products and services | L | H | L | L | L |
| Reps providing training on features and services | L | H | M | L | L |
| Cost | L | H | H | M | L |

H-High M – Medium L- Low

1. Mapped and re-engineered sales process removing a number of impediments that reduced the costs of sales.
2. Rewrite the selling process in such a way to recognize the contribution that a solid and consultative sales relationship has on the retention of customers.
3. The channel composed of independent agents were primarily responsible for excessive churn, changes were targeted towards them.
4. Training Process implemented on consultative selling

***Implementation:***

| Implmentation Steps | | Who | When |
|---|---|---|---|
| Consultive Selling Training | | Workshop | 10-Dec |
| Independent Agents training | | In-house | 15-Jan |
| Rewrite Sales Priocess | | Sales Team | 31-Dec |
| On-Going Training for Agents | | Sales Team | Quarterly starting 1/15 |
| Customer Webinars | | Sales Team | Monthly/On-demand |

**Follow-up:** Within one year Churn was reduced to the industry average of 20% in direct sales and was reduced 20%, 10% above the industry average for independent agents. As a result of several of the process changes made in the consultative selling approach other opportunities were created for additional revenue streams. Deliveries were also improved which was attributed to this process.


Created by

Six Sigma Marketing Institute
http://6sigmarketing.com

Business901
http://business901.com

## Vision

To become the world's leading company for domestic and industrial service robots.

## Mission

- Unequivocal excellence in all aspects of the company
- Set the scientific standards for all other robot manufacturers
- Build a continuous learning organization by supporting training pertinent to the vision of Rosie's robots

## Values

- Empower our people to take initiative and do what's right
- Act with honesty and integrity, not compromising the truth
- Treat everyone with respect while recognizing the importance of diversity
- Work hard, learn everyday, satisfy the customer, and have fun!

## Rolling 5 Year Goals

| Year: | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| **Revenue** | **$ 949,810,300.00** | **$ 968,806,506.00** | **$ 1,007,558,766.00** | **$ 1,037,785,529.00** | **$ 1,100,052,661.00** |
| | | | | | |
| | | | | | |
| **EBIT** | **$ 284,943,090.00** | **$ 290,641,951.80** | **$ 302,267,629.80** | **$ 311,335,658.70** | **$ 330,015,798.30** |
| | | | | | |
| | | | | | |
| **Company Presence** | **Georgia** | **Michigan** | **Iowa** | **California** | **New York** |
| **People** | **707** | **1050** | **1494** | **2237** | **3150** |
| Corp. Dev. | 101 | 150 | 213 | 320 | 450 |
| R&D | 202 | 300 | 427 | 639 | 900 |
| Operations | 337 | 500 | 712 | 1065 | 1500 |
| VS Support | 67 | 100 | 142 | 213 | 300 |

## Historical Reflections

| | |
|---|---|
| Corporate Development | Fantastic delivery of sales goals & growth initiatives<br>Department is not an example of a continuous improvement/learning department |
| Research & Development | Solid development and growth in children's markets, but the market is nearly saturated<br>Neglecting teen & adult markets<br>Our organization is not seen as the industry standard<br>We are in the business of solving our customers problems, not just making robots |
| Operations | Distribution network is riddled with inventory & unleveled flow of material<br>Employees are not company loyal, we need business partners not temporary associates<br>Suppliers are not improving with our company, and we will soon be constrained by their problems<br>Systems are antiquated and cause employees more headache than help |
| Value Stream Support | We are wasting the knowledge of our workforce by ignoring their pleas for help and improvement<br>Our competitors have good processes in places we don't, can we copy and improve?<br>Innovation needs to be driven within the company and from external sources, who can we partner with? |

## Strategies, Correlations, Measures, & Timeline

### Value Stream — Corporate Development

| M | V | G | P | Strategies | Key Measure | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2010 Q2 | 2010 Q3 | 2010 Q4 | 2011 Q1 | 2011 Q2 | 2011 Q3 | 2011 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | 5 | 3 | 75 | Develop a problem solving culture | | | | | | | | | | | | | |
| 5 | 4 | 3 | 60 | Lean six sigma logistics training for all tier 1 managers | | | | | | | | | | | | | |
| 5 | 3 | 3 | 45 | 5S and kanban training for all tier 2 managers | | | | | | | | | | | | | |
| 5 | 4 | 3 | 60 | Lean six sigma logistics training for all tier 2 managers | | | | | | | | | | | | | |
| 5 | 4 | 3 | 60 | Organizational 5S initiative | | | | | | | | | | | | | |
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### Research & Product Development

| M | V | G | P | Strategies | Key Measure | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2010 Q2 | 2010 Q3 | 2010 Q4 | 2011 Q1 | 2011 Q2 | 2011 Q3 | 2011 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | 5 | 4 | 100 | Develop and launch robot for the teen girl market | | | | | | | | | | | | | |
| 5 | 4 | 3 | 60 | Department research published in professional journal | | | | | | | | | | | | | |
| 5 | 5 | 4 | 100 | Research robot needs to open on the teen boy market | | | | | | | | | | | | | |
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### Operations

| M | V | G | P | Strategies | Key Measure | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2010 Q2 | 2010 Q3 | 2010 Q4 | 2011 Q1 | 2011 Q2 | 2011 Q3 | 2011 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | 4 | 4 | 80 | Evaluate and Improve Distribution Network | | | | | | | | | | | | | |
| 5 | 5 | 3 | 75 | Pull replenishment and kanban | | | | | | | | | | | | | |
| 3 | 4 | 4 | 48 | Minimize usage of temp workers in the warehouse | | | | | | | | | | | | | |
| 4 | 3 | 4 | 48 | Elimination of warehouse OT | | | | | | | | | | | | | |
| 5 | 4 | 5 | 100 | Implement Supplier Development program | | | | | | | | | | | | | |
| 5 | 5 | 4 | 100 | Improve WMS and TMS in-house systems | | | | | | | | | | | | | |
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### Value Stream Support

| M | V | G | P | Strategies | Key Measure | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2010 Q2 | 2010 Q3 | 2010 Q4 | 2011 Q1 | 2011 Q2 | 2011 Q3 | 2011 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | 4 | 5 | 100 | Analyze and learn from competitor's strategies | | | | | | | | | | | | | |
| 5 | 4 | 4 | 80 | Maintain a focus on market and customers | | | | | | | | | | | | | |
| 5 | 5 | 5 | 125 | Develop the workforce | | | | | | | | | | | | | |
| 5 | 4 | 4 | 80 | Forge innovative partnerships | | | | | | | | | | | | | |
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**_Define – Measure_**

**_Team: Six Sigma Marketing Institute_** **_Date: 10/01/2010_**

**_Title/Theme:_** *5 Cs of Driving Market Share Program*

Change from a customer satisfaction focus to a customer value focus
Seek to become ***Best in Market*** shifting focus from a product orientation to a market orientation, from an internal efficiency focus to an external focus

**_Define:_** Customer Identification

Identify specific products or markets that offer the organization its best options for growth. You will learn how to evaluate products and markets using metrics such as current market share, market growth rate and competitive intensity to assess the best targets for the organization. When completed, you will eschew the notion that a company can be everything to everybody, and instead focuses on key market opportunities.

1. Customer Identification Assessment
2. Customer Identification Assessment Scoring
3. Customer Identification Transcription
4. Market Opportunity Matrix Form
5. Market Opportunity Matrix
6. Product Market Matrix
7. Product Market Matrix Form
8. Resource Page

**_Measure:_** Customer Value

Create a value model for each of your targeted product or markets. This value model is the voice of the market (VOM) that drives all operational and strategic initiatives undertaken by the organization. The VOM replaces agendas, hunches and strategic guessing as the guiding factor in growing market share. Value has been shown to be the best leading indicator of market share and top-line revenue growth. Learn how to use superior value creation and delivery to propel growth within the targeted product or markets.

1. Customer Value Assessment
2. Customer Value Assessment Scoring
3. Customer Value Transcription
4. Using the Value Model
5. Value Model Form
6. Value Model Spreadsheet
7. Resource Page





**_Analyze – Improve - Control_**

**_Analyze:_** Customer Acquisition

The Competitive Value Matrix is used to guide you through the delivery of value delivery. An organization's value is relative to that of its competitors. This is part of the buyers' comparative calculus in assessing where to buy. The buyer is asking a simple question: "Is this brand worth it?" By understanding your organization's competitive value proposition, leaders can make better decisions regarding market share growth.

1. Customer Acquisition Value Assessment
2. Customer Acquisition Value Assessment Scoring
3. Customer Acquisition Value Transcription
4. Competitive Value Matrix
5. Competitive Value Matrix Form
6. Competitive Value Model Spreadsheet
7. CTQ Gap Analysis Spreadsheet
8. Competitive Value
9. Resource Page

**_Improve:_** Customer Retention

This could also be called the Enhancement stage. For value leaders, the focus should be on enhancing value to sustain their leadership position. Extending the gap between the value an organization provides and the value provided by the nearest competitor can lead to best in market status. Value followers will want to improve those elements of the value creation and delivery system that will close the gap. This is when organizations need to enhance or improve their competitive value proposition in accordance to the directives of the market place.

1. Customer Retention Assessment
2. Customer Retention Assessment Scoring
3. Customer Retention Transcription
4. Loyalty Wisdom
5. How Loyal Are They?
6. Loyalty Matrix Form
7. Loyalty Value Model
8. Loyalty Value Model Form

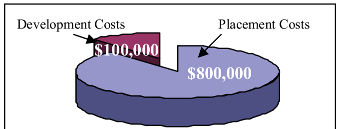
**_Control:_** Customer Monitoring

Put monitoring systems into place to ensure that their competitive value proposition accomplishes what is intended. This control effort focuses on the more strategic value proposition, but also to monitor specific transactions such as sales, repairs, inquires and other customer experiences. This monitoring process acts as a trip wire, providing information where there are potential people, product of process issues that require intervention.

1. Customer Monitoring Assessment & Scoring
2. Customer Monitoring Transcription

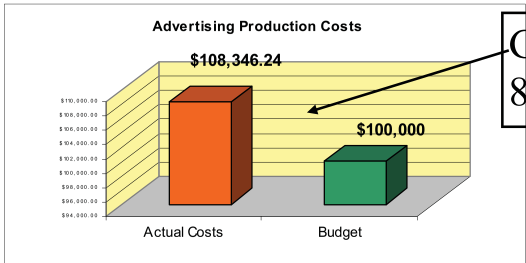
## Step 1: Clarify the Problem

**Background:** Company A conducts and annual advertising campaign to promote the company's good corporate citizenship. The budget is $900,000. ($800,000—placement costs/$100,000—development costs). Company A places ads in publications that offer the highest audience reach. However, Company A is forced to provide ad placements for low-visibility ads to support the company's philanthropic activity (sponsorships).



$900,000 Advertising Budget

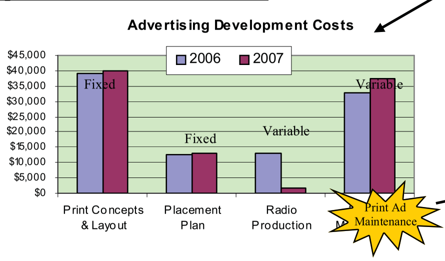
**Ultimate Goal:** Launch an annual advertising campaign to promote Company A as a good corporate citizen across the state.
**Ideal Situation:** Stay within a $100,000 development budget to create advertisements.
**Current Situation:** Development costs exceeded budget by eight-percent.

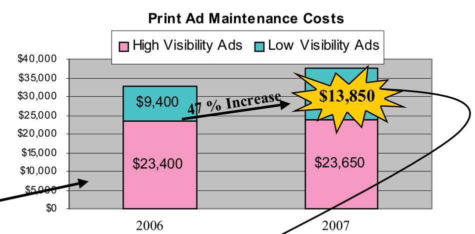


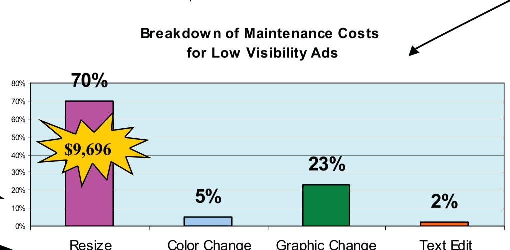

GAP = $8,346.24 or 8-percent over target

**Summary Problem Statement:**
Advertising Production Costs have exceeded the budget by 8% ($8,346.24) reducing Company A's profit.

## Step 2: Break Down the Problem




Discussed break-down of costs with Acme Advertising Agency

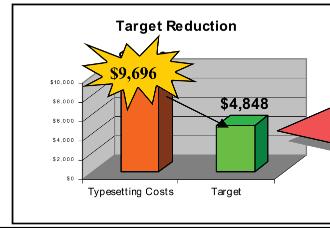
Discussion with Acme Advertising Agency led to Prioritized Problem & Point of Cause

Prioritized Problem — Resizing Process → Graphic dimensions are reconsidered/ selected → Point of Occurrence — Typesetting → Proofing - Approval Process → File Preparation → Ad is placed

## Step 3: Set the Target:

Reduce the Resizing– Typesetting Maintenance Costs For Low-Visibility ads by fifty-percent by fiscal year 2010.

Note: Typesetting costs represent the largest area of maintenance for low-visibility ads:
Typesetting: $9,696
Graphic Edits: $3,186
Color Change: $690
Text Edits: $278




If achieved, we will still be over budget by $3,498.24

## Step 4: Root Cause Analysis

Typesetting costs make up the vast majority of maintenance for low-visibility ads

Method / Man / Machine / Method / Method

Why? Typesetting labor for low-visibility ads is greater than high-visibility ads

Why? ~~Graphic Design artist is not properly trained.~~

Why? ~~Graphic artist does not have proper software or hardware to efficiently complete task~~

Why? ~~Typesetting rates have increased.~~

Why? ~~Typesetting volume has increased.~~

Through Genchi Genbutsu, these possibilities were eliminated.

4-year college degree & 9 years experience

Latest MacIntosh computer and Illustrator & InDesign software programs are utilized.

The last rate increase was in 2006

Volume is about the same (2006 vs 2007)

Why? More Typesetting changes are required for low-visibility ads.

Why? Most low-visibility ads are not proportional to original ads.

Why? Original ads are created in an 8 1/2x11, full-color format to match the requests for the high volume of high-visibility ads placements

Why? Agency has never been instructed to consider alternatives for base ad development of low-visibility ads.

There's no standard process for developing base ads for use in low-visibility placements.

Root Cause

## Step 5: Develop Countermeasures (Scale: poor 0 - 5 excellent)

| | Countermeasure | Dev. Cost | Maint. Cost | Feasibility | Message Effectiveness | Quality | Overall |
|---|---|---|---|---|---|---|---|
| 1 | Develop a single base ad template for low-visibility ads | 3 | 4 | 5 | 4 | 4 | 4.0 |
| 2 | Decline placement opportunities for low-visibility ads | 5 | 5 | 0 | 0 | 0 | 2.0 |
| 3 | Develop a base ad for each low-visibility ad request | 0 | 5 | 0 | 5 | 5 | 3.0 |

**Action Plan**

| What | Who | When |
|---|---|---|
| Brainstorm ideas with agency | Company A & Vendor | January 2008 |
| Present concepts | Vendor | February 2008 |
| Approve concepts | Company A | March 2008 |
| Standardize Process | Company A & Vendor | March 2008 |
| ~~Place low-visibility ads~~ | ~~Vendor~~ | ~~April 2008~~ |

## Step 6: See Countermeasure Through (In Progress)

| Countermeasure (What) | Report (Who/When) | Inform (Who/When) | Consult (Who/When) | Progress | Reasons |
|---|---|---|---|---|---|
| Discuss dev. of ad template for low-visibility ads. | Acme Adv Agency (Jan. 4, 2008) | Comm. Relations (Jan. 6, 2008) | Acme Adv. Agency Jan. 6, 2008) | ○ | |
| Meeting to present initial concepts of ad templates | AcmeAdv Agency (Feb. 13, 2008) | Comm. Relations (Feb. 13, 2008) | Comm Relations/Focus Group (Feb. 13, 2008) | ○ | |
| Approve Concepts | Company A-March | CR-March | Acme Advertising (Feb. 29, 2008) | ○ | |
| Standardize Process | Company-March | CR-March | Acme-March | | In Process |
| Placement of ads | Comm. Rel. FY'09 | Acme FY Year 09 | Comm. Rel. FY '09 | | Will begin in April |
| Next Step: Investigate Print Concepts & Layout Costs for cost reduction activity. | Acme Adv Agency | | | | |

***Plan***

***Team:*** ***Date:***

***Title/Theme***

***Background/Definition:***

***Current Conditions:***

***Target:***

***Determine Cause/Analysis:***

***Do – Check - Act***

***Countermeasures***

***Implementation***

***Follow-up***

**Marketing with A3**

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