Business901 Podcast Transcription

Implementing Lean Marketing Systems

Applying Six Sigma Marketing to become Best in Market

Guest was Dr. Eric Reidenbach, creator of the 5Cs of Driving Market Share

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Implementing Lean Marketing Systems

Dr. Eric Reidenbach is the Director of the Six Sigma Marketing Institute. The Institute is one of the leading organizations and authorities of Six Sigma Marketing, a fact-based, disciplined approach to growing market share in targeted product/markets by providing superior value. The Six Sigma Marketing Institute is dedicated to the advancement and deployment of Six Sigma Marketing. At the heart of SSM is a modified DMAIC process that provides the architecture for growing top-line revenues and market share.

Dr. Reidenbach is the author of over 20 books on marketing and market research. His most recent books include:
Listening to the Voice of the Market: How to Increase Market Share and Satisfy Current Customers
Six Sigma Marketing: From Cutting Costs to Growing 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. For organizations that have deployed Six Sigma or other quality initiatives, 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.

Joe Dager: Welcome everyone. This is Joe Dager, the host of the Business901 podcast. With me today is Dr. Eric Reidenbach, the director of the Six Sigma Marketing Institute, one of the leading organizations and authority on Six Sigma marketing. Dr. Reidenbach has recently published a new book called "Best in Market." This book was written in response to what the author has experienced working with manufacturers and is aimed at quality personnel, including Lean and Six Sigma practitioners, as well as marketing professionals.

Dr. Reidenbach, could you start with an overview of "Best in Market"?

Dr. Eric Reidenbach: I'd be delighted, Joe. "Best in Market" is my response to a couple of different factors. First of all, is the idea of world class. World class has really become nothing more than an ad slogan. Just about every company that you see indicates that it is world class, and it's really kind of meaningless. "Best in Market," however, really communicates something very measurable and something very palpable. That is best in market companies are those companies that are the market share leaders in those markets which they have targeted. There's only one market share leader in any specific product-market. The rest are challengers, and the rest are followers, but there's only one company that is best in market.

The second part of the impetus for doing this book was that the old model regarding manufacturing is giving way to a newer model. The newer model is predicated on the idea of ability of the manufacturer to identify, to create, and to deliver value. This, of course, is very specific to those markets that the manufacturer is targeting.

For the United States manufacturers to achieve their position of dominance in the world, it's going to require them to acquire the technology, the know-how to do those three things: to identify and to create and to deliver value. Those are the things that will drive them to be best in market in their targeted product markets.

Joe: Can companies, a normal company truly achieve that?

Eric: Absolutely. It takes a certain discipline to do that. Becoming best in market begins with really the basics, and that is identifying those key product markets that the firm is going to target. Each product market becomes a competitive arena for that particular company. The idea that manufacturers in specific, and any other company for that matter, can be everything to everybody is long past. We are now at a point where focus is required. That focus is the thing that drives the effectiveness of the organization and the efficiency of the organization.

So the first step in all of this is to identify those key product markets that represent opportunities for growth for the manufacturer. This is going to require rethinking about the way they do business, in many respects because many manufacturers are very product focused, very product oriented. They think in terms of product features. They don't think in terms of markets. They don't think in terms of market opportunities per se. They don't understand markets. Most importantly, they don't really understand value.

Value in terms of how that market defines value. That is absolutely critical in the new manufacturing paradigm. They're going to have to become value engines in the future if they're going to achieve any kind of dominance in the global markets. This means that they're going to have to develop the technologies to identify specific product markets, to prioritize them. Which are the ones that are most important to them? Which offer the manufacturer the best opportunity for growth and for future performance?

Once they've identified these particular product markets, and they've been able to prioritize them and there may be three, four, five or even six. I've got a client for example that has identified over 100 product markets, based upon their product line offerings and the markets that they serve. But only really about 10 of those product markets represent superior growth options for them.

By focusing on those 10 product markets, this company is able to generate about 80 to 90 percent of its revenue stream from those specific product markets. This has enabled them to grow from about a $200 million company to somewhere in the neighborhood of about three billion over about a 10-year period.

So it's this kind of focus that is absolutely essential. Then once they are able to identify the product markets, they're going to have to go in and understand how those specific product markets define value. Out of this value comes the idea of being able to identify the critical-to-quality factors.

I can give you an example of this, I think, that one company, one of my clients, has done a superior job on. These guys understand this concept better than any other company I've ever seen.

Joe: Are you going to pick these particular product markets that you're looking at, and then within the product market, you are going to take a look at what's important to the clients? The CTQs, or critical-to-quality issues what's important to the clients, and weight them. Are you not?

Eric: Exactly so. Let me back up just a little second on that too because you've raised an interesting point. In choosing those product markets, what you'll probably want to do is to apply certain criteria, such as what is your current market share within that particular product market. What is the market growth rate of that particular product market? You don't want to invest in product markets that are in decline. We want to invest in product markets that have room for growth. You may want to look at the competitive intensity. You may want to take a look at what the must-haves, the qualifiers are within that product market. Can you satisfy those must-haves or are you going to have to invest additional resources simply just to qualify?

Once we're able to identify and list the different product markets, then we want to go in and do the type of analysis that's going to allow us to identify how those particular product markets define value. As part of that value, what are the critical-to-quality factors? Not only in terms of what they are, but how important each one of them is relative to the other.

This is going to have an impact on the way we select them and the way we prioritize them in terms of what's going to give us our biggest bang for our dollar. This gets back to efficiency and an effectiveness issue that we certainly want to pay attention to. We know that value is the best leading indicator of market share. Becoming a superior value provider is the vehicle that allows us to become best in market.

The key is understanding how those markets, how those product markets define value from a quality standpoint and being able to identify the importance of those different quality factors. That's absolutely essential.

Joe: When people are looking at growing market share and increasing business is it easier, in your experience, to go deeper into a customer or to find new customers based on their respective product markets?

Eric: Well, I would phrase it a little differently, Joe. There are a couple strategies that they can embrace. One of which is a market penetration strategy. Maybe it's just a difference in terminology. Market penetration talks about penetrating the market even deeper than we currently are at this particular point. It means that if we have a market share in a particular product market of 10 percent, market penetration strategy would focus on bringing that market share rate up to about 15 percent. So, in essence, what we would be doing is actually selling more of our current product line to current markets that we're serving. That's typically referred to as a market penetration strategy. We also may want to embark on, at the same time, on a market development strategy. That is where we're going to take our current product line and sell it, market it to a new market.

We've certainly got to understand how that new market defines value. What are the CTQs and what is the importance of those relative CTQs? In order to establish a foothold in that market, we've got to be able to provide a really outstanding palpable sense of value to that particular market.

I often talk to my clients about what I call the "speed" of value. That is products that are marketed in particular to new markets. If they have a discernible sense of value, such that a customer can look at that and say, "Wow, this is really going to add to my own value proposition," then the speed of penetration, the speed of introduction, and the rapid growth of the product takes place.

Those products that don't have that discernible value, it takes a lot longer for the markets to find it, if it's embedded in the product, or to try to convince them that the value is there, when in fact it may not be as discernible or as palpable. There are a couple of strategies there, with respect to that: a market penetration strategy and a market development strategy. Both of which are going to revolve around this capacity to identify, create and deliver value. And that is the major dictum facing U.S. manufacturers today.

Joe: I think that rephrasing of my question was very good and brought out some great issues. The part of customer intimacy of going deeper into a customer. You may be able to give me an example of that. I think customer intimacy is something that is important today because let's face it, there're not a lot of customers out there right now?

Eric: Well, that's a really good point, Joe. Let me revert back to my example, because this fits very nicely into this type of example. One of my clients is an Australian firm that sells heavy equipment to miners, and because of their franchising agreement, they're restricted in geography, as to where they can sell. Within this particular geography, for this client, there is a finite set of mine sites in iron-ore mine sites. There maybe six or seven of these things, so really there's six or seven customers here.

So how do you grow a business that's got a finite set of customers like this company does, that's got six or seven basic customers? This is where the customer intimacy that you bring up is so important.

Here's a company that took a look at what the key CTQs were in this highly competitive mining industry. One of the most important CTQs, if not the most important CTQ, was a thing called product support. That is the capacity to keep the gear that they sell up and running 24/7.

In the iron-ore business, which is a commodity business, downtime is an incredible drag on profitability for the miner. Their equipment has to be up and running 24/7. One key element or product within product portfolio that the miner buys is these big trucks. These big trucks take a huge beating because they run constantly, and at some in point in time they do require maintenance.

This company took a look at how well they were performing on product support. They found that in a comparative analysis of their product support to other competitors, that they were getting what they would call good scores. However, everybody was getting good scores.

The interesting part about this is that the management took a look at that and came to a real interesting conclusion, and that is that if everybody's getting good scores, what is average? Well, good is average. So, in essence, they were just average.

Average doesn't have a differentiating capability, and so they were looking for a way to create a differential value advantage. So immediately, they took apart their product support business and said, "How can we provide superior--I emphasize superior product support--to our customers?"

One of the things that this led them to was the idea of establishing maintenance operations at each mine site so that they could respond more quickly to any kind of maintenance issues. This meant establishing parts warehouses and depots, putting trained maintenance people on the mine site.

Well, this turned out to be a really good thing. They recognized it. They leveraged it. They invested more money into it. Not only did they service their equipment, but they began to service competitor’s equipment.

The mine site operators were just tickled to death with this because all of this was reducing the downtime for their equipment. My client enjoyed the differential advantage here, because the product support dollars are huge. In fact, I think on trucks, I was quoted there are about five times greater revenues in product support, downstream product support then there are in the sales of the product. So it's a real huge revenue grower for these guys.

At the same time, they found that they were establishing a tremendous source of competitive information because they knew more about their competitors by serving this particular equipment. They knew when the miners were ready to buy new equipment before the competitors knew.

They were able, at this particular point, to get on the bid list of more of these different miners, by creating this kind of collaborative partnering relationship with the mine site operators that became actually part of the production process for them.

Joe: They really became part of their community?

Eric: They did, exactly. This is I think what a lot of people are talking about in terms of community collaboration. They have become a very key part of the value proposition of these particular mine sites.

Joe: Cost had to be reduced for the client, and it certainly had to drive a lot of other areas to include innovation?

Eric: The local guy, the mine site operator, didn't have to incur a fix cost if you will, of having his own people there. So this become somewhat of a variable cost to him. The relationship that was established between the miners and the supplier of equipment, in this particular case, has led to all sorts of different innovations in terms of that. This is one of the things that really drives me crazy, about a lot of this. We talk about innovation, and a lot of innovation focuses on product innovation, but for the smart company, the company that's achieving best in market status, innovation can take a number of different avenues for them.

The whole point of this gets back to that concept of creating that differential advantage, a differential value advantage that is sustainable, one that cannot be neutralized quickly. When you look at how the market or customers define value, you open yourself up to all sorts of different ways to create those differential advantages that lead to some sort of innovative position within the marketplace.

It's not always in terms of the product itself, but often times, it may be in areas of product support, product differential. The supply chain is a tremendous area that is ready for innovation that can add to the value proposition of a manufacturer and create that differential advantage that a competitor cannot neutralize easily.

Joe: By putting your service in the customer's yard, for example, you really minimized the supply chain right there?

Eric: To a very large extent, you did. What you've done there is you've created a real valuable tool for the mine site operator because he does not have to deal with that now. He knows that by this community, this collaboration that's taking place here, this partnering, that this is a function that is going be taken care of by, in this case, the supplier.

Joe: I think the other thing you mentioned there: when we sit there talk about innovation, most people look at product innovation on the beginning of the curve and getting to the early adapters. But a lot of good innovation based on differential advantage is way up there on the curve, ready to be used, and is, I hate to use this word, but practically instant cash?

Eric: It can be, yes. Because one of the ways... I'll give you a real simple example of what I thought was a real innovation, and that is in the warranty area. This one client that I've got was selling these compact tractors to what they call the "sundowner" market. These are guys that would come home from work, professional guys who come home from work and sit on their tractors, their 40-horsepower tractors and mow their estates while drinking a cold beer. They put on, over the course of a year, a relatively low number of hours on the equipment.

When they started looking at the number of hours that these guys are putting on the equipment, instead of identifying the warranty, like a three year warranty, they found that they could extend that warranty something like five, six years, because of the low hours on it, and still not incur a whole lot of warranty cost.

Well, this took off. The whole idea was spreading through this company about, "We can take this warranty program and extend it from three years to six years. What would that do for the customers?" Well, the customers liked that. Because the customer is not a technical guy, relies heavily on the dealer for any kind of product support.

You can create that differential advantage through a warranty program. The automobile industry has understood this now and is beginning to offer extended warranties, ten-year warranties. This essentially takes the risk out of owning a car. A lot of companies are not attuned to creating the kind of differential advantage in ways that are not associated with product.

Joe: From a manufacturing perspective, really you're most likely innovations that can help you out in the short term are other factors outside of the product itself?

Eric: Absolutely. And if you understand value, how the markets define value, you're going to find that in many cases product is not the major driving critical-to-quality factor. There will be a whole lot of other factors there. I often marvel at manufacturers when they buy an automobile. When they go out to buy an automobile, they start evaluating the different products and the different brands; they don't rely solely on the product itself. They rely on what the warranty is; they look at the dealer and the quality of the dealership. They look at any past repair problems that they might have had.

They look at factors such as cleanliness of the dealership, etc., etc. I've often wondered why they don't bring that same type of thinking back into their business and understand their business from the market standpoint and not solely from just a product standpoint.

Joe: That differential advantage compared to your competitor has to be seen in the eye the customer. How do you go about doing that?

Eric: Well, you have to understand what your value proposition is and what your competitors' value proposition is. Value is a relative concept. Let's say you have an ROA, a return on assets of 5.0. Is that a good ROA? Well, it really depends on what the industry is: the ROA for the industry and what the ROA for your competitors is. Value is the same type of comparative type of thing. So that if you can understand value and if you're listening to the voice of the market, by that I mean, if you understand how the markets defining your value proposition relative to the value proposition of your competitors, you get that comparative view.

With that comparative view, gives you an opportunity to identify where your value gap is, or where your quality gap is, by breaking value down and understanding what the quality elements of that are and your performance on those quality elements relative to the competitor. Much like the example I gave you about product support, where everybody was getting good performance on that.

If everybody is getting good, then good becomes average, and it fails to be a differentiator. Look at those gaps, you now have an opportunity to either leverage a gap for which you have an advantage, invest in that gap, make it even wider, or improving on a factor to close the gap between you and a competitor.

It really is a very simple process of understanding how this works, if you've got the right tools. If you can understand how the market defines value, and if you can look and see how your value proposition compares to somebody else's, you can take a look at that gap and then do something about it.

Joe: Back to the parts supplier or the service suppliers in the mining industry, can you give me an example of how they created their differential advantage and how they looked at it?

Eric: Well, they had the information. They had the information on how that particular mining market defined value when it came to those big trucks. That was the product market. These are off-highway trucks that are the product. Mining is the market. They went in there, and they talked to these guys. They created a value model out of it. They understood how that particular product market defined value. In the process, they were able to get information, not only on themselves, but how their competitors stacked up.

This is where I made the point earlier, that everybody had a good performance on product support. They took a look at that and said, "Well, there's no gap there, that's not a differentiator. But it is the most important critical-to-quality factor. Now, if we're going to become best in market here, we're going to have to excel on product support. We're going to have to create a gap between us and our competitors."

By taking that apart, by brainstorming it, by mapping out how they went about doing this, how they provided product support, they were able to see that there was a huge opportunity there, that by establishing maintenance operations at each mine site, they could closer to that particular customer.

They could create that kind of intimacy that would make them part of their value proposition and create that differential advantage, which is going to differentiate them from a value standpoint among their competitors.

Joe: So they really sat down and went through a process mapped the value stream and started with that process, correct?

Eric: Exactly so. They started with information. They knew which product market they were targeting, and then they went in there and got the kind of information that led to this type of actionable results. Without that information, Joe, everything else becomes sort of intuition or guessing. Strategic planning becomes strategic guessing. There is a lot of inefficiencies, a lot of ineffectiveness that's associated with something like that.

Joe: Reducing someone risk may be the most important thing for anyone buying a product anymore?

Eric: Well, I think you're right. I think that, of course, there's throw away products. But when you're talking about a lot of these manufacturing situations, the investment in the product is so significant that product support comes to the surface as the number one factor. Let me give you another example here. It comes from the same company that applied this thinking from the mining situation, and they translated that to another product market of theirs, which again was off-highway trucks to the heavy construction market.

In their value analysis in this particular product market, there was two things, two CTQs that emerged from the pack. The first one was speed of repair. That's not uncommon because anytime you are dealing with heavy investment in capital equipment like this, downtime is a killer.

So the speed of repair was number one. Number two was keeping the customer informed. A lot of the complaints that companies had, supply companies had in this particular area had to do with the fact that when something was taken into be repaired the customer was not kept informed.

Now that created all sorts of scheduling problems. And again, this company was pretty much at parity with respect to its competitors. The issue then was well, what can we do to create a differential advantage? How can we increase the speed of repair and how can we keep the customer more informed?

So this began a process of mapping the repair value stream. What they were looking at were ways to remove wasted time. One area that came right to the surface was that every time a drive or transmission was brought in, there's always a strip and inspect process.

What was holding up the repair process lots of times was getting the right parts to put the equipment back together again after the strip and inspect had been done. So what they ended up doing was saying well, we know what parts are going to be necessary, so what they did was created parts kits and delivered these to the repair bay at the same time that the repair was being conducted on the equipment.

Now when I talk about a repair facility here, people have to understand that this is a 40-acre facility. It's not like a Goodyear tire changing place. As a result, it took time to put in parts orders, to pick the parts, to gather the parts, and to take the parts to the right facility. Lots of times those parts were delivered to the wrong facility and they didn't have them when they needed. All of this added to the repair time. So by having these parts kits and having them color-coded to specific repair bays, they were able to really cut down the speed of repair on that.

In the mapping process, they looked at where the customer contacts came into that mapping process. Who initiated those contacts? In most of the cases, it was a worried customer calling in saying what's happening with my repair? When am I going to get it? Am I going to get it when you said I was going to get it?

So by looking at those types of contacts and the direction of those arrows from the customer down to the repair service, they were able to reverse those arrow flows and give them periodic updates.

Well, this made the customer very happy. Not only was he getting his repair done more quickly, he also knew when that repair was going to be done and when his gear was going to be available to put back in service.

This was really a tremendous finding for them, a tremendous differential advantage because they were able to cut the repair time by up to six hours which meant that these guys got their gear back into service a lot quicker.

This put them back in the top for bids. It created that kind of differential advantage. Sales, I believe, increased by about 15 percent predicated on the basis that if there was something wrong with the product, if a repair was needed, they knew that these guys were going to be able to repair it quickly and get it back into service.

Joe: Like in the first example you used when they were also repairing the competitor's equipment, you actually had to build a relationship with your competitor. That's the ultimate form of collaboration is that you're really sharing knowledge, and the customer is at the forefront.

Eric: Yes, exactly so. But it also requires, in this case, the manufacturer. One of the points that I would make here is that none of this was done by the manufacturer. The manufacturer, the information on repairs went back to the manufacturer so that it could be incorporated into future product development. All of these were done in the distribution system, things the manufacturer had very little control over. The manufacturer had invested in the distribution system to such an extent that they were capable of doing these types of things.

Joe: During the discussion, you've mentioned several times that performance was at parity with competitors. I've sat in a lot of meetings where someone has sat there and said that's because the customer doesn't understand. To me, that sounds like the product manager or the manufacturer is assigning the CTQs versus the customer assigning the CTQs. Have you been in that same situation?

Eric: I think I must have been sitting next to you in several of those meetings because you're absolutely right. This reflects a product orientation on the part of the company, the belief that the only value that is conveyed to the customer is conveyed in terms of the product or product features itself. It's a misunderstanding about value at the point of consumption versus value at the point of production. These companies that are so focused on the product do not have that clear line of sight to the market to customers who actually define value, and you get a mismatch of value definitions here.

The mental model, if you will, of the organization does not match up to the mental model of the market. And to that extent there is a discrepancy there, there's problems. I've been in a lot of meetings that were dominated by product managers and I've even heard them say things like the customer doesn't know what he's talking about and if that doesn't send up a red flag, I don't know what does.

But this is a major problem, I believe, with a lot of U.S. manufacturing, and that is that product focus inhibits them from understanding how the markets define value. Then how to take that information and incorporate that information into your strategic and operational initiatives that are going to create that differential value advantage for you and increase your market share.

Joe: So, how do companies find a differential advantage?

Eric: Well, lots of times they don't. Lots of times they're just, they become me to's. They become followers. Keep in mind, there's only **one Best in Market Company** in any market and that's because these are the guys that typically understand how customers define value and are able to take that information and incorporate it into their business in a way that it actually enhances their value proposition and creates that value gap between themselves and their competitors. That's what drives the market share gains and makes these companies best in market.

They rely heavily on an understanding of who their markets are. They take the time to carefully define product markets. They take the time to get the kind of information that's going to allow them to act positively with respect to this and create that value advantage.

They understand that the lack of market information is an inhibiting factor. They've stopped guessing. They've stopped driving their business by intuition and by an agenda, instead are listening to the voice of the market.

That voice of the market actually brings the customer into the business and puts them at the table with the different elements of that business that are represented there and partners with the customer, partners with the market, creates that community collaboration, if you will, that allows them to get closer to the market and create that value advantage.

Joe: It's not about just taking the information from surveys and focus groups and salespeople, it's about extending customer value and having customer value driven through the whole company and having the whole company have a meaningful, let's say, benchmark to the customer. Engineers, service people, salespeople all need to be together on this proposition, don't they?

Eric: Absolutely. It's the type of thing, the old water cooler talk. How do companies create value? Value starts being discussed in a meaningful way outside of the corporate missions and corporate creeds. Value becomes not an abstract idea within an organization but a very important driving factor within that business. You then get this kind of response that creates those differential value advantages and drives market share. It's the type of thing; it's the DNA, if you will, of best of market companies. They think, eat and sleep value.

Joe: Value defined may be going just a step deeper is differential value.

Eric: That's exactly what you're trying to do is create that differential value advantage. That may be based in terms of any number of the different quality elements that comprise value. Now, value also has a pricing element to it, also. Pricing advantage, unless it's based on some operational factor that is sustainable, and not easily neutralized, is not a particularly good way to create any kind of value advantage.

You see companies that have sales. That sale generates a lot of business simply because if the company is offering a high value of quality in their product, service offering, and now they've reduced the price of it, the value proposition of that company goes up. It goes up for a short period of time until prices go back. Then, once they go back, the value equation has changed once again.

So companies that rely on pricing, and there's a lot of them that rely on pricing to make sales at the end of month, all their customers know that if they wait until the end of the month, the prices are going to down because they're going try to increase sales. That's when the value is the best deal for them, for the customer.

But instead of investing in ways to provide superior quality in their product, service offering, at a fair and competitive price, these companies rely on price itself. To be neutralized, another company only has to reduce its prices.

Then, you get into that internecine scenario, that self-destructive situation, where these companies fall into this pricing competition and actually manage themselves almost into a commodity proposition, where their product is good as another product. It doesn't matter which product which you buy because they're all the same. They lose that capacity to differentiate.

Joe: What I take from that is that quality advantages, quality differentiation, lasts a much longer time than any price advantage ever will?

Eric: It's typically so. Of course that is the challenge facing all these different companies, is to continually innovative from a value standpoint. Always look for ways to provide superior value to the markets that they're targeting, because other companies will be coming along and challenging them on this regard. The company that creates a value advantage and sits back and does nothing with it to leverage that, for example, that value gap that they've created will be closed by the other company that's following them, that's challenging them.

So it's a continuous task on the part of management of these different companies to look for ways to provide superior value, innovative in the area of value, so that they can create those value gaps and drive market share gains.

Joe: If I am best in market in a certain area, I have to work just as hard to maintain that?

Eric: Yes, absolutely. It's not a one time... It's not an event; it's a process. Companies have to look at this as a continual improvement process. A continual value improvement process, if you will, that not only looks at how do we reduce our costs? But perhaps more importantly is how we increase the value that we're providing our customers? It's not a one-time situation. It's a continuous process of invigorating the business and charging it with the objective of creating superior value at every opportunity.

Joe: Eric, is there something that maybe I didn't ask you about "Best in Market" that I've left out of this conversation?

Eric: One of the things that has struck me, with respect to my experience with a lot of manufacturing firms, has to do with the culture of the firms. People talk about culture. Culture is an insidious factor. It can be very beneficial if it's a positive culture, but it can also be very detrimental if it's an inhibiting culture. I believe in a lot of these manufacturing firms, what I see, is that they're engineer dominated, and that's what gives them the product focus.

About six months ago, or a little bit longer than that, when I researching information for "Best in Market," I downloaded a lot of curricula from really good engineering schools: Purdue, Berkeley, gosh, I can't remember them all. MIT. I downloaded the actual curricula. What I found, Joe, was kind of striking. That is that in none of those curricula did I see mention words like customers, markets, customer information, value, things like that. All I saw was a focus on tools, on calculus, differential calculus, and trigonometry, all of the things that make engineers good engineers.

But that's kind of old school. One of the things that I believe that's representing a real challenge for our manufacturing sector at this particular point is being able to re-educate engineers. To understand, as I started off this whole conversation with you, how to identify, create and deliver value.

It's not something you stumble over. But the identification, creation and delivery of value has to got to be able to be done on a systematic basis, not on a random basis. It has to be part of the way they do business, and it's got to supplant the focus on just the product itself. The belief that value or quality at the point of production automatically equates to value or quality at the point of consumption--it does not.

Because the value stream that flows from the organization to the customer transcends the manufacturers walls. He's got to be able to incorporate how that product moves from the manufacturer to the customer and the different utilities that are created in that particular process.

Until they do that, any innovation that occurs in U.S. manufacturing is going to be dependent solely upon product and manufacturing process. My point here is that there is an entire world beyond that, that represents a very fertile, a very fecund area for creating value innovation that is going to allow these companies, these manufacturers to become best in market.

Until they can raise their gaze from the manufacturing floor to the markets to get that clear line of sight to the market, to understand how those markets define value, to take that information drive it back into their business, incorporate it into the way they do business, that their opportunities for differential value advantage are going to greatly limited.

This is what's going to inhibit them from becoming best in market. They're going to have to take that information, learn how to use that information. The irony of all of this is that is the U.S. leads in this whole area of value measurement and value management. It's not coming from China; it's not coming from Japan, and it’s here resident within the United States. And getting manufacturers to open up their business in such a way as to bring that information and to bring that know-how in is critical. The National Association of Manufacturers at the national level, at the state level, all these other manufacturing organizations, associations, are going to have to take a lead in bringing that in and offering that technology to U.S. manufacturers if they're going to dominate the world markets.

Joe: How can someone get a hold of you if they want to learn more?

Eric: I can be reached a number of different ways. By phone: 601-213-4849. I can be reached at eric@6sigmarketing.com. By the contact option on a new website called Driving Market Share: www.drivingmarketshare.com.

Joe: I would like to also mention that the ebook "Best in Market" can be purchased on that site, along with program associated with drivingmarketshare.com.

Eric: I would say one final thing. I will guarantee anybody who buys that book; they will be challenged in their ways of thinking about their business. They will be challenged in the ways they think about their competitors, and the way they think about their markets. **Joe**: Well, thank you very much, Eric. I appreciate it, and we'll be looking forward to talking to you some more.

Eric: Thank you, sir.

Business901 *Podcast Transcription*

Implementing Lean Marketing Systems

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

Joe Dager is President of Business901, a progressive company providing direction in areas **such as Lean Marketing, Product Marketing, Product Launches, and Re-Launches. As a Lean** Six Sigma Black Belt, Business901 provides and implements marketing, project and performance planning methodologies in small businesses. The simplicity of a single flexible model will create clarity for your staff and, as a result, better execution. My goal is to allow you spend your time on the **need versus the plan**.

An example of how we may work: Business901 could start with a consulting style utilizing an individual from your organization or a virtual assistance that is well versed in our principles. We have **capabilities to plug virtually any marketing function** into your process immediately. As proficiencies develop, Business901 moves into a coach's role supporting the process as needed. The goal of implementing a system is that the processes will become a habit and not an event.

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