

# *Business901*

*Podcast Transcription*

*Implementing Lean Marketing Systems*

## Six Sigma Marketing Lessons from

Eric Reidenbach of the

Six Sigma Marketing Institute

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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. Dr. Reidenbach has developed a number of unique approaches for measuring and managing value, the best leading indicator of market share growth.



**Six Sigma Marketing** is a fact-based, disciplined approach for 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](#)

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**Joe Dager:** Thanks everyone for joining us. This is Joe Dager, the host of the Business901 Podcast. Participating in the program today is Eric Reidenbach, director of the Six Sigma Marketing Institute. Eric has authored over 20 books on marketing and market research, and his latest book is "Listening to the Voice of the Market."

Eric, could you tell me what prompted you to write about Voice of the Market?

**Eric Reidenbach:** I think it was probably most of the work that I do with different companies who are pretty heavily invested in gathering the Voice of the Customer. The Voice of the Customer, in most of these situations, involves looking just at their own customer base. The information you got from just looking at your own customers was very limited in terms of what you could do with it.

So the "Voice of the Market" was an effort on my part, and perhaps other people's parts also to enlarge the area of listening to include competitors' customers as well. Once we began to collect the information, not only on a company's customer base but also on his competitors' customers, we were able to do a whole lot more with it because the whole idea of growing market share depends on the competitive dynamics, the performance gaps if you will, between a competitor and a company.

So that by focusing on the voice of the market now, we had an ability to understand where the strengths were, where the weaknesses were, where we could begin to make headway in terms of customer acquisition. So that essentially is what the genesis of the Voice of the Market became.

**Joe:** I think a lot of time when organizations do anything anymore, they are really trading market share. You're taking

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market share from someone; there is not that many new customers out there, is there?

**Eric:** Well, it depends on the industry, I think, Joe. In some of the newer industries -- and let me date myself a little bit. One of my clients was the Wireless Telecom Company, a B2B company. At that time when we first started doing the work for them, it was a very growth-oriented industry, where customers were coming into the industry in gang loads. It has settled down a bit more now, where there is more of the type of taking customer away from different competitors as opposed to new entrants.

The agriculture industry, which I work with a lot, is another classic example of what you're just pointing out, and that is we are not getting a lot of new farmers. So when you're selling tractors, what you're trying to do is get the guy who has bought a Kubota to buy a new Holland or a Deere, or whatever.

That's where the competition and where the Voice of the Market becomes incredibly important, because in order to get those guys to switch brands, you have got to know how to go after them and you've got to understand what the hot buttons are with respect to a competitor's customers.

And that's only part of the story. The second part of the story is making sure that when you do acquire a customer, you hold on to him.

**Joe:** There's a lot of work getting one if you're only going to keep them for one deal or short-term.

**Eric:** Yeah. That happens a lot, too.

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**Joe:** The hot buttons, how do you find them? How do you go about getting that information or soliciting that information from someone?

**Eric:** Well, let me talk briefly about the process of collecting the Voice of the Market. We begin by talking to people within a company, their salespeople, their marketing people, their quality people, getting a sense of what they know about the market. We then take that information, and that information essentially becomes a hypothesis if you will, a big working hypotheses.

Then within the targeted markets that we're looking at, we conduct focus groups. We make sure that the participants in the focus groups are coming from not only the company that I'm working for, but also the competitors of that company.

Then the focus groups really tend to drill down to what are the key attributes? What are the key factors that define quality, and what is the tradeoff between those quality factors and price, for example. How do they define quality? How do they define value? These are essential things to know at this particular point.

The third step then is to take that information and convert it into a questionnaire, and that questionnaire then is fielded to the market. Here again, I emphasize the word "market," not just the customers of the company, but the competitor's customers also.

We collect this information, and then that allows us essentially to produce a model of value, which looks at the interaction between the quality and the price elements of the thing. That model becomes the voice of the market. They're telling us what is important in terms of how the market defines value.

**Joe:** I'm always focused on your market from inward out, to be able to take that next step. You really have to understand what's

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happening on the fringes, right? That's what you're saying; you have to see why you're losing these deals and understand it very well. There are different buttons that other people are responding to that you may not be able to respond to, correct?

**Eric:** Precisely. These show up in the model as the CTQs, the critical to quality factors, and those critical to quality factors are the buttons that we would push. Now, taking that information, once we know what the critical quality factors are and their relative importance, we can now use that information -- the Voice of the Market -- and drive it into the different strategic and operational initiatives that the organization is undertaking.

Some of those strategic initiatives might be in the form of competitive planning: how are we going to compete as an organization within a specific targeted market? And/or we may take it to a quality initiative such as Six Sigma, and focus on those people, process, and product issues that are going to change our value proposition. That's the critical link of all of this, and that's that the value is the best leading indicator of market share that we've got.

I don't know if you've read Brad Gale's book, "Managing Customer Value." I think it was '94 or '95. But in it, he expressly and explicitly lays out the linkage between value and top line revenue growth and market share growth. Accordingly, we've got a really strong leading indicator of how to grow market share.

Now, going back to a previous issue with the voice of the customer, just looking at our own customer base will not give us that kind of information, nor will it if we have captured just customer satisfaction data and not customer value data.

If there's one takeaway from our conversation here that I would urge the listeners to embrace and look at, that is the **nature of**

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**value**, and how value can be an incredibly powerful driving force in the growth of their business.

**Joe:** When you say the nature of value, is that from within the company, or the nature of value from a customer's perspective?

**Eric:** From the market's perspective. You raise a really good point there because in my opinion the whole idea of value has no meaning when it is divorced from the market. This I think is one of the big problems that I've seen with a lot of companies who are embracing Six Sigma or even lean, where supposedly value is central to the whole process is, that these companies rely on what they think value is, rather than listening to the Voice of the Market, and having the market tell them what value is.

So in those companies really value becomes nothing more than just an abstraction. It loses its real meaning when it's divorced from the marketplace.

**Joe:** I think that when you're only looking at your customers too, it becomes so narrowly focused also because there are other value points that have been built into that through the years, especially with long-term customers that you really are not seeing what the nature of value is truly in a more general term.

**Eric:** True enough. You have to remember that your competitor's customers are not your customers for a reason, and that is they're getting, in their opinion, better value elsewhere than what you're providing. So understanding how the value propositions of the different competitors compare is critically important.

That is the information that provides you with the ability to change your processes, change your products, train your people differently and make all those necessary changes to enhance your value proposition that's going to drive share gains.

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**Joe:** I'm going to give a plug for your book here because I found it interesting that it was in three different sections. It was in defining the Voice of the Market, how to listen to the Voice of the Market, and then how to use the information. I could go to a section and build a little program for myself by doing the steps that you outlined in it.

**Eric:** Thank you. I appreciate that. Yes, a lot of the work that I've done with different companies tells me a couple different things about the Voice of the Market, one of which is that a lot of companies don't know how to get the information. They just don't have it in their DNA to be able to collect this kind of information.

Number two, they don't know what information to collect. And number three, which is very important and perhaps one of the biggest problems that they've got, is that they don't know how to use that information.

They know how to use their internal information, but they don't know how to take the Voice of the Market and let the market direct what it is that they're doing as opposed to the accountants, the engineers, the IT people or whatever. So bringing the Voice of the Market into the organization and being able to use it is, I think, going to be the hallmark of many market focused organizations as they move forward in this new millennium.

**Joe:** Why don't you think Six Sigma is applied more into the marketing areas than what it is?

**Eric:** I think it's one of these things where marketing, as you well know, Joe, is a lot more chaotic than the world that exists on the manufacturing floor. So it requires a whole new mindset on the part of, for example, let's say Black Belts and Master Black Belts



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who have been trained in a particular way. And they see their world, to a very large extent, in a very controlled manner.

Taking that Six Sigma view beyond the factory floor, beyond the walls of the organization into that chaotic marketplace where sampling issues are completely different than what they are on the factory floor, where the tools of analysis vary greatly from what is typically taught in many certification programs, means that it's almost like an alien world out there. And being able to bridge the gap that exists on the factory floor to the marketplace becomes a very difficult thing to do. I think it's uncomfortable, as all change is.

That's why I also believe that there's another approach to this, and that is using Six Sigma, applying Six Sigma, to specific marketing activities as opposed to forging marketing with the power of Six Sigma and creating a Six Sigma marketing. Is that distinction clear?

**Joe:** I think so because I think that's how I look at it is that you use it to make a process or modify it. Maybe it's your channel segmentation, or you're building a channel value strategy up and using the Six Sigma process versus just jumping in and saying, "We're a Six Sigma marketing company now."

**Eric:** And I think as long as the Six Sigma is being driven by the Voice of the Market so that the organization is focusing on different aspects of its value delivery system that are going to enhance value, then it becomes somewhat of a moot issue.

The way I envision Six Sigma marketing is that it's a very product market focused approach and heavily dependent upon the Voice of the Market. When you have those two elements put in there, and you can modify the problem-solving approach of Six Sigma it

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becomes an incredibly powerful tool for companies to grow their market share.

**Joe:** Let me ask this question first. Does Six really apply in the Six Sigma marketing world? Are we looking for that type of quality or are we just using the tools that Six Sigma has developed to obtain this information?

**Eric:** I think primarily it's the second as opposed to the first. I think the idea of operating a Six Sigma level in marketing is much more of a goal that probably never will be achieved simply because of the nature and the dynamic of the marketplace.

I look at the whole issue of defections within the Six Sigma marketing world as those situations in which customers are not getting the kind of value that they are seeking. And this shows up in the way they interact with different companies.

So they may call in about an order, they may call in about an invoice, they may call in about a delivery. And if they're not being satisfied in the way those things are being handled, then after a certain period of time they will defect and go someplace else.

Now we don't know empirically what that threshold level is because it varies from individual to individual. But I liken it almost to rivets on an airplane wing. You can lose a rivet or two, and nothing happens to the integrity of the wing. But over a period of time if you lose too many rivets, the wing is going to fall, the plane goes down and the same holds true for customer interaction.

So if you've got a customer and you're not treating that customer properly over a period of time, as those defects if you will continue to increase, they're going to go someplace else where they can get better value. So it really puts the organization on

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guard to value their current customer base and do everything they can to make sure that those interactions with the customer are positive interactions, problem-solving interactions, value-laden interactions.

**Joe:** When you bring up Six Sigma to marketing people, do they sit back and roll their eyes? Do you have to be in an organization that's already doing Six Sigma for people to want to do it? Is that too much of a hurdle to go in there with a company and say, "Gee, we're going to do Six Sigma marketing"?

**Eric:** No, I don't think so. I think in those companies that are currently deploying Six Sigma it's an easier sell if you will. What I find in a lot of those companies is that the Black Belts are telling me they're running out of projects. And that is that if they're focusing principally on cost cutting, there's only so much cutting that you can do.

And there is a sociological factor here I believe that's at play, and that's these guys have achieved a certain status within the organization and within the quality movement, having been certified as Black Belts and Master Black Belts, and they want to maintain that. And so they can see that it's in their own best interest to be able to broaden the view of Six Sigma.

And my goodness sakes, there's probably no bigger frontier, no bigger arena for the application of Six Sigma than in the marketing field.

**Joe:** Oh, I have to agree. I think Six Sigma with its strength of obtaining Voice of Customer and Voice of Market is ideal to fit. But what I see as the resistance is you need a Six Sigma Black Belt. Like you mentioned earlier here, you need a Six Sigma Black Belt to kind of reorganize his thought process just as much as you need marketing to reorganize their thought processes.

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**Eric:** Absolutely. My belief is, and I could be wrong about this, it's going to be easier to rearrange the Six Sigma Black Belts' thought process than the marketer. And that's coming from a reformed marketer. I think that the modified DMAIC process that Six Sigma marketing uses is a very comforting thing to a lot of them.

Now, what's going to happen I believe, Joe, in the future is that a lot of these certification programs are where some of the change is going to take place. They're going to have to begin to understand that in a lot of these programs they're really paying lip service to the voice of the market and not really addressing it at the level that it should be.

In so doing, certification programs, ASQ, those types, are going to have to broaden their certification curriculum to include aspects of data collection, for example, that they may not currently address. They are going to have to start addressing different types of analyses such as factor analysis, discriminate analysis, cluster analysis, multiple regression, all of these different techniques which are more complex than your typical t-tests or chi-squares and things like this.

But they're going to have to begin to deal with the complexity of the marketplace and these multivariate techniques, as an example, and do that much better than do some of the more simplistic types of statistical testing.

**Joe:** You do realize, Eric, that you had half the marketing audience just run away after you said all that.

**Eric:** Again, Joe, the marketing audience too, I believe, is partly to blame for some of this. From my experience, a lot of the decisions that come out of marketing in companies are based on

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intuition and are agenda-driven. I don't believe that marketing does a particularly good job of dealing with what I would call fact-based information such as the Voice of the Market provides.

**Joe:** There seems to be a big gap here. You educate me on this one. When I'm sitting here listening to you, it makes sense, and I understand. I'm a numbers guy. But I also look at numbers that mean something. I don't want to sit there and just look at numbers for the sake of looking at numbers.

But here we are in this digital world where we are starting to get data every day, all the analytics and different things. Everything we do, we can look at data now, if we want to.

But I'm seeing in the marketing world where less and less people are familiar with the data and that marketing is becoming more of an intuitive type, feel-good type profession where years ago the marketing guy was the closet guy that ran the statistics and the numbers. We get feedback from direct mail of one and a quarter percent, and they would over analyze everything. Is my perspective wrong there a little bit?

**Eric:** No, I think you're accurate. I think that there is a ton of data, and that's why you need some overriding metric, if you will, or overriding paradigm such as a value paradigm which governs and directs you as to how you convert data into information.

The big breakthrough that Gale has made for marketers is the discovery of the power of value. And the company who can harness and identify, create, and deliver value is going to be the market share winner.

Now this opened a lot of eyes. Not all of them, unfortunately, but some. So now a lot of the data that is collected, and a lot of the

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information that is generated from that data, is in the nature of value, and the tradeoff between quality and price.

What are the CTQs that comprise quality? What is their relative importance? How do we use that information? There's always, always that one final glitch in the whole process and that is after we've generated this information, how do we use it?

That, in essence, is where Six Sigma Marketing came from, because I was working with a big Cat dealer in Australia, and I was doing some customer value management measurement stuff for them, primarily focusing on competitive planning.

This guy took me aside and said, "How do we use this stuff in Six Sigma?" and I said, "Wow! That's interesting." So I sat down, and probably about six months later, I came up with the concept of Six Sigma Marketing, that I've detailed in that book "Six Sigma Marketing."

It really does, it provides a paradigm for addressing what data do we collect, and what do we do with that data to transform it into information, and then how do we use that information to drive our competitive value proposition. It really focuses on the attention of the organization on value identification, value creation, and value delivery.

**Joe:** You think you can really define the Nature of Value without numbers? You really think statistical-wise you have to prove it out like a theorem or whatever?

**Eric:** I think it has to be quantified, Joe because we have to know which is more important than other things. For example, which CTQs are the most important CTQs? Otherwise, we end up perhaps spending a lot of money and time on trying to improve something that's relatively unimportant to the marketplace.

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I am a strong believer in that old adage of "if you can't measure it, then you can't manage it." I think this is one of the things Six Sigma will bring to marketers, is this need to measure, measure, and measure.

**Joe:** Should someone be scared of Six Sigma? Your typical marketing guy, should he be scared of Six Sigma? How should he go about embracing that comfortably? Does he need a Black Belt? Does he need a Six Sigma guy to really be able to have an understanding of it?

**Eric:** I think a lot of it has to do with how Six Sigma is sold in an organization. I've been in some organizations where the marketing guys, you talk to them about Six Sigma, and they see it as a threat. They see it deployed primarily in the area of cost reduction, and they're scared to death that that means that they're going to lose a job or get their resources cut.

I think it really requires a meeting of the minds. It requires a company to create the environment where it brings marketing into an active role in the quality area. If you go into most companies, it's not particularly likely that you're going to see marketing and quality mentioned in the same breath.

You're going to see the quality guys are over here, and the marketing guys are over here. In some cases, the marketing guy reports to the sales guy, you have a VP of sales. Again, this is the old functionalism that creates those functional silos that everybody rails against, but which are alive and well in corporate America.

In breaking down those silos, creating the market focus for the organization, so that value flows through the organization as a process is critical. That's a very difficult thing to do.

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**Joe:** Your organization, the Six Sigma Marketing Institute, what's that about?

**Eric:** What I'm trying to do is I am trying to mainstream the idea of Six Sigma Marketing. I'm trying to take the concept of Six Sigma Marketing and I'm primarily focused on the Six Sigma world, the quality world right now, simply because I think the discipline that they have already been able to create within Six Sigma lends itself to an easier sell of Six Sigma Marketing, the need to find new applications for Six Sigma instead of just cost cutting.

I'm sure you've read an interview with; I think it was Michael Harry, I'm not sure. I believe it was him. And I think it was in "Quality Digest." He was talking about the evolutionary nature of Six Sigma. The first evolution was on defect reduction, the second was on cost reduction, and he calls generation three of Six Sigma one of value creation and performance enhancement. And this is where Six Sigma marketing is.

It provides a bridge between the factory floor and marketplace. It is attempting to create that flow, that process of value of identification, creation and delivery that transcends the whole organization. I called it Six Sigma marketing simply because I think that marketing represents a huge arena for the application of the modified DMAIC process to create value and to grow market share.

**Joe:** You've mentioned a couple times the modified DMAIC process. Can you briefly tell me what's modified about it?

**Eric:** The Six Sigma marketing DMAIC process begins with, the D is the defined stage. And there what we're looking at are identifying the specific product markets that an organization is



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going to target. These are the competitive arenas in which it's going to grow revenue and grow market share.

Let me give you a quick example of that. We use a product market matrix where we have product lines down the side and market segments across the top, and that creates literally a matrix filled with cells. Each one of the inner sections of a product line with a market is a cell. And this company identified 108 product markets in which they compete.

The second step is to say, there's no way we're going to be able to serve all 108 of these. Let's use some criteria to distil this down into something more manageable. And so we use such things as market growth rates, market share, we might talk about competitive intensity. And we use those things to grade each one of those cells.

Well, they reduced 108 down to 10. And these 10 are where they focused their resources. That doesn't mean that they won't service customers from other product markets, but they're going to focus their resources, their people, their money in growing their presence within those 10 targeted product markets. Now that's the defined stage. The defined stage then identifies the competitive arenas in which an organization is going to compete.

The measure stage then focuses on the voice of the market. For each targeted product market, we're going to have to understand how that product market defines value. And that's the creation of the value model that we've been talking about, the voice of the market.

The analysis stage then takes the voice of the market and uses it. There's a set of unique tools that have to be learned that allow us to look at value gaps and the nature of those value gaps, all this premised on the idea that value is the best leading indicator of

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market share. And we look at those gaps, and we can then develop strategies for either closing the gap if we're a challenger or increasing the gap if we're a leader. And this is the difference between improvement if we're a challenger, and enhancement if we're a leader.

And then in the improve stage we use typical Six Sigma tools, value stream mapping, cause and effect matrix, this type of thing, to isolate specific areas that need improvement. And those will typically be in the form of products, people or processes.

And then there's the final one which is the control stage, and that is where we're going to set up systems that monitor our value proposition to insure that what we've done in the improvement stage is actually having a positive impact on our value proposition.

And number two, attempting to make sure that we can identify any problems before they become super problematic for us because that value proposition is one of our most important assets as an organization. And if you're not managing your own value proposition, your competitors are managing it for you because it's a relative thing.

**Joe:** If I'm a marketing guy with not a lot of Six Sigma experience, what would you recommend be my first step to start learning about Six Sigma marketing?

**Eric:** Read my book. Pardon, the crass commercial.

**Joe:** "Listening to the Voice of the Market," that book.

**Eric:** That and "Six Sigma Marketing." I would encourage marketing people to sit down and have a conversation with Six Sigma people because I think there's a big gulf that exists

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between them. I think the Six Sigma people look at marketers as they treat it as if marketing is an art rather than a science. And then the marketing guys look at Six Sigma and say, "It's too rigorous, it's too rigid. We need a little more creativity than Six Sigma allows."

But I think if the two ever got together and had a good conversation about it, I think that they would find that there are ample grounds there to collaborate on.

**Joe:** I think the first thing is that the Six Sigma guy can't go in there and look and say, "Cut costs." He's got to go in there and build value. We go back to what you mentioned and Michael Harry said in generation three is that Six Sigma is about building value, and building quality systems in your company is what value is all about.

**Eric:** I couldn't agree with you more. But I think the whole concept gets hijacked a little bit, at least as it's practiced in some cases. Now I don't want to tar everybody with the same brush here. I was sitting at a Six Sigma meeting at this very large Midwestern financial services company. And they were talking about the Voice of the Customer, and I was going, wow, this is great. I get to see how these guys used it.

The conversation went on and on and on. And suddenly I realized they weren't talking about the customer. They were talking about some guy in IT and some so-called internal customer. And the value that was being generated was not value for the marketplace. It was economic value for the firm.

These are things that have to be addressed because I think from my experience, both lean and Six Sigma have allowed the concept of value to be somewhat diminished in the sense that it's not really talking about customer value as much as it is talking

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about using what I call the voice of the business to enhance the economic value of the firm.

Along the way, the idea of a customer has been hijacked. And a lot of these companies, Henry Ford wouldn't know what they were talking about when they talked about the customer.

**Joe:** I've seen that though. I've been to a lot of different workshops and sat in meetings like you just mentioned that it's, "Well, my customer is manufacturing." And they all address their customers, that guy that walks into their office and stares at them.

**Eric:** Exactly. They're maybe partners, but they're not customers. This is something that may seem like a small point, but over a period of time the idea can become institutionalized within an organization. It fools them into thinking that they are customer focused when, in fact, the customers and internal customer if there is such a thing. And what it's doing is it's really building up blinders to what's actually happening in the marketplace.

**Joe:** That's a great point. What it goes back to is really defining the nature of the value that you're delivering. Do you think a company can have a general mission statement, vision anymore or do you think they all need to be segmented and defined by their nature of value within the channel segments?

**Eric:** I think it has to be individualized because depending on the individual product markets that are targeted by a company, they're dealing with completely different sets of competitors. And those sets of competitors are going to have a big impact on how value's defined and the nature of value competition.

So I think it's incredibly important that concepts of value, initiatives that are value-driven, all be predicated on the specific

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voice of the market that exists within each targeted product market.

**Joe:** The first thing I think of in Six Sigma marketing is segmentation and to reduce variation, but as you pointed out before, you can also have a 106 segments and when you really get into it, you can narrow it down to 10.

**Eric:** In fact the 10 that this company has identified accounts for about 85% of their revenue flows. It's that targeted and what they've done is that they've asked a very simple question and that's, "Where do we make our money?" If a lot of companies did that, a lot of companies wouldn't be able to answer that question.

**Joe:** Lots of times, you'll find out that they spend 50% of your time on things that don't make you any money.

**Eric:** Oh absolutely so. They're aided in that effort by accounting systems which can account for expenses and revenues by product line but not by market segment. And one of the companies I work with is losing market share and tractors. The question is, then how do you turn that around?

We have to identify where that's occurring. It's not occurring across all segments, and some segments are doing very well and other segments, they're not doing well. But without having that product market focus, they would have to blunder around until they find where it is.

**Joe:** Is there something that you'd like to add that maybe I didn't ask that you want to leave the listeners with?

**Eric:** Well, I think you've been pretty exhaustive in your questions. I would point out one truism, at the least the truism that I hold to be true, and that is: value at the point of production

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does not necessary equate to value at the point of consumption. And by that I mean internal definitions of value, when they're divorced from the marketplace, really become an abstraction and you have to look at value from the perspective of the buyer.

When you do that, you'll find that the buyer is not focused solely on just the product and product features, but the buyer's also looking at such things as parts availability, repair services -- both shop field service, for example -- technical support, and billing. All of these things become the CTQs for the value equation and represent the different margins at which a company can focus and enhance their overall value proposition.

In a lot of manufacturing firms that are very product-focused, they tend to look at values solely in terms of the product itself. They might actually have adverse effects with dealers, agents, brokers, and other channel members that add a tremendous amount of value to the overall value proposition of the organization.

I was working with Caterpillar on a project that was looking at information flows and product flows from Peoria to Perth, Australia. I was talking to this woman who was a product manager, I think it was in trucking, and she said "It used to be that all value was created by our yellow metal. If you wanted value, you bought Cat products."

Then she said, "Technology has reduced any kind of competitive advantage, any value advantage we have, solely within our products. Now most of the value is being added at the dealer level."

This was a real eye opener for me because Cat was very proud of its equipment, but recognizing that the dealers were a major contributor to value was really something that I think that

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represented a much better understanding of how the market responds in those particular industries.

I would add that. Just make sure you're looking at value from the customer -- the buyer's -- standpoint. Make sure that you look at the entire value stream, not just the product itself.

**Joe:** How can someone contact you, Eric?

**Eric:** I can be reached on my website, which is [www.6sigmarketing.com](http://www.6sigmarketing.com), or by the old-fashioned way of giving me a call. 601-213-4849. My email address is [Eric@6sigmarketing.com](mailto:Eric@6sigmarketing.com).

**Joe:** I will do that, and I will go ahead and post that on the website right along with that. You also offer have an eBook which can be found on my website by the way that describes....

**Eric:** I do. It's called "Best In Market: The New Imperative For US Manufacturing." It's just a quirk of mine, I hear a thing like "world class" and I don't know what that means, or "top tier," I still don't know what any of that stuff means, but I do know what "best in market" means.

Best in the market is highly measurable, and it's the goal, I think, of what our manufacturing firms should be striving for, and that is to be the best in any market that they target. The vehicle for doing that is value. Understanding how value is identified, created, and delivered. In essence, it is Six Sigma marketing.

**Joe:** I would like to thank you very much. The podcast is available in the Business901 iTunes store, and also on the Business901 podcast site. So thanks again, Eric.

**Eric:** Thank you very much, Joe, I enjoyed it very much.

# 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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