

# CAP-DO

Marketing with Lean Book Series: Volume 5



*Connecting Demand  
to the  
Lean Supply Chain*

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## Preface

Many companies and industries world-wide are using Lean with dramatic results. With such outstanding results, Lean is being used across the entire spectrum, hence the Lean Enterprise. However, one important part has been left alone, arguably the most important, sales and marketing. Why hasn't Lean or any other continuous improvement methodology been brought to sales and marketing?

CAP-Do is designed not as a step-by-step guide for implementation. It is our intent for you to continue to use your existing practices and improve on them. More importantly, it is for you to learn how to let your customer guide you through the path of continuous improvement.

Throughout this book you will find many references to blogs, articles and books that expand on the subjects we discuss. It is not revolutionary; CAP-Do has been around for many years. What is different is applying it to the demand side where sales and marketing resides.

Please feel free to contact me directly at [info@business901.com](mailto:info@business901.com).

## **Acknowledgements**

I would like to thank the individuals that have taken the time to participate in the interviews on Business901 podcasts. They have provided me with an immense appreciation for continuous improvement and a foundation for many of my thoughts. I have been very fortunate to interview the foremost thought leaders, authors, consultants, practitioners and industry leaders in the fields of Lean, Six Sigma, Theory of Constraints, Service Design, Design Thinking, Appreciative Inquiry, Lean Software Development and Personal Development. It is my hope that this book will pass along to you just some of the help that I received.

Joe Dager

## **Lean Sales and Marketing**

Lean Sales and Marketing is a method to make you more effective than your competitors. Lean is something that some people want to do, to beat their competitors. It is not something you have to do.

Lean Sales and Marketing is essentially a knowledge transfer system; it's a training system on how to define knowledge gaps and close them.

Lean Sales and Marketing takes an entirely different perspective on knowledge transfer. It is not the perspective of educating the customer; it is from the perspective of learning from the customer, understanding how your customer uses and benefits from your product or service.

Lean Sales and Marketing approach is to leave your customer be the professor, the Sensei, who will take you through a certain number of exercises (their decision making steps), the customer leads.

Lean Sales and Marketing takes responsibility for demand. They are always in search for the next hassle map of the customer where tomorrow's demand exists.

Lean Sales and Marketing is targeted to certain kinds of organizations who actually enjoy learning. Who are committed to continuous improvement as opposed to just doing things and running things as they are.

**Lean Sales and Marketing can be incredibly powerful.**

## Setting the Stage

Will Lean ever be sustained unless sales and marketing are on board?

*Why start with production if we want to look from the customer's eyes?*

Would it be not be more correct if we did Lean sales and marketing first?

*Why can't we have Quality in Sales and Marketing?*

With few exceptions, every time Lean is introduced to sales and marketing, it was through Value Stream Mapping with the sole purpose of removing waste in the process.

*They were told what that data meant and as a result what they should stop doing.*

This resulted in neither an increase in sales nor an increase in value added time with the customer.

*Salespeople had every right to scream and ignore the conversation. All they were ever told to do was gather data.*

*Check*

## **Chapter 1**

### **Structural Conflicts**

When people first think about applying Lean to the demand side (Sales and Marketing) of their organizations, they seek to create a balanced state. They want demand to equal supply. There is nothing wrong with that, it is not good or bad. It says that without that balance we have a discrepancy or a tension between supply and demand. This tension will leave when balance is achieved.

Most organizations create internal control points within the organization and call that pull, which I believe is incorrect. I hear quite frequently from quality experts about how Sales and Marketing can be a resource for them, not about how they can be a resource for Sales and Marketing. They consider how Sales and Marketing can make the internal organization more efficient.

One of the methods for increasing efficiency is a term that is called leveling. Leveling is mostly thought of in production terms where we produce goods at a constant rate. Leveling is achieved by introducing an internal control point that manages internal operations. The expectation is that it should also manage sales and marketing and customers. Without tying production to actual demand, we often just shift the problem to sales and marketing. Customers understand and just wait till the control point needs to adjust and react accordingly, at the end of month, end of quarter, etc. This results in unbalanced demand or increased oscillation.

Tension also exists when sales and marketing unbalances leveling in a positive way. A large order is placed and the reaction from the production

department is a roll of their eyes. A manufacturing manager who does not meet the promised date or deliver quality parts does not keep his job long. There is an expectation to be on schedule. That new order causes a wide variation in the planning. Who makes up for that change or deviation? The production department does.

Tension is justified by the age old sayings; "Customers don't know what they want" or "Our type of business is hard to forecast." However, what we fail to recognize is that tension is a good thing for an organization. It is the way we grow and learn to understand others, such as our customer. I am a big fan of the Structural Tension Modeling of Robert Fritz introduced in the book [\*Path of Least Resistance for Managers\*](#) and the basis for Peter Senge's discussion of it in [\*The Fifth Discipline\*](#). Structural tension is simply the difference between what we want and what we have or our desired state, for example level loading, versus our actual state. Fritz has nine basic laws for Organizational Structure:

1. Organizations either oscillate or advance
2. In organizations that oscillate, success is neutralized. In organizations that advance, success succeeds.
3. If the organization's structure remains unchanged, the organization's behavior will revert to its previous behavior.
4. A change of structure leads to a change of the organization's behavior.
5. When structural tension dominates an organization, the organization will advance.
6. When structural conflicts dominate an organization, oscillation will result.
7. An inadequate organizational structure cannot be fixed. But you can move from an inadequate structure to a suitable structure.

8. When a senior organizing principle is absent, the organization will oscillate. When a senior organizing principle is dominant, the organization will advance.
9. The values that dominate an organization will displace other competing, lesser values.

I would argue that level loading is not the measurable outcome we are trying to achieve. We challenge our salespeople to achieve it. We will neutralize success. I read that greater than 90% of delivery dates are missed at the time the order was accepted.

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

A Lean operation works best when there is a level production load. We must try new approaches, new structures to pricing and most importantly to incentives and measurements. If sales and marketing understand the Value Stream of your company, they will also recognize the capacity restraints or bottlenecks that are within it. They will start recognizing value over the cost of the product. If a part is difficult to get, they will assess more value to it. They may not be as willing to discount that product or at a minimum hesitate to promise an unrealistic delivery.

Can you create a linear demand with your customers? Sales and marketing should work with customers to develop processes more conducive to Lean

operation. Maybe setting up Kanban systems, vendor managed inventory, smaller daily orders, rather than large weekly or monthly orders, forward forecast requirements, and others. You would also expect sales and marketing to develop more appropriate incentives to increase demand for non-bottleneck products. This is especially important because these sales can be increased without increasing other costs.

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

However, I think there is a bigger issue. I believe we are just painting a picture for what we want to see not what is actually there. We are working within predefined boundaries that are aggravated in a Lean organization. It goes against one of the Laws of Organizational Structure, “If the organization's structure remains unchanged, the organization's behavior will revert to its previous behavior.”

Lean thinking leads us to focus our efforts of continuous improvement internally versus externally. The paper, *Evolution of the PDCA Cycle*, covers the development of PDCA cycle from introduction of the scientific method (you could argue between Aristotle or Galileo) to the latest development covered by the paper that was an addition to the Model for Improvement published in 2009 described in *The Improvement Guide*. As we learned, Japanese executives recast the Deming wheel at the 1950 JUSE seminar into the Plan-Do-Check-Act (PDCA) cycle. In his book, *Kaizen: The Key To Japan's Competitive Success*, Masaaki Imai shows the correlation between the Deming wheel and the PDCA cycle which is summarized below:

1. Design – Plan: Product design corresponds to the planning phase of management.
2. Production – Do: Production corresponds to doing-making, or working on the product that was designed.
3. Sales – Check: Sales figures confirm whether the customer is satisfied.
4. Research – Action: In case of a complaint being filed, it has to be incorporated into the planning phase, and action taken for the next round of efforts.

In the paper, *Evolution of the PDCA Cycle*, it goes on to state:

*By the 1960's the PDCA cycle in Japan had evolved into an improvement cycle and a management tool. Lilrank and Kano state the 7 basic tools (check sheet, histograms, Pareto chart, fishbone diagram, graphs, scatter diagrams, and stratification) highlight the central principle of Japanese quality.*

Many people are still touting improving capabilities of internal processes. Except for growing industries, such as healthcare, many companies are seeing less return in their investment in process methodologies. It is not enough to improve internally anymore. We do not live in a world of excess demand. The strategies that we need for improvement must come from the demand side. Simply put, we must focus on the customer.

Somewhere along the way the Check stage focused internally and continued along that path during the years of process improvement. The original seven tools were created to improve operational efficiency. The seven new tools were created to facilitate management. What has happened is the PDCA

cycle, or as I like to call it the *Culture of Lean* has become an instrument internal to the organization and diametrically opposed to a service dominant eco-system.

*The concept of PDCA (Plan Do Check Act) is based on the scientific method, as developed from the work of Francis Bacon (Novum Organum, 1620). The scientific method can be written as "hypothesis" - "experiment" - "evaluation" or plan, do, and check. Shewhart described manufacture under "control" - under statistical control - as a three step process of specification, production, and inspection. PDCA was made popular by Dr. W. Edwards Deming, who is considered by many to be the father of modern quality control; however it was always referred to by him as the "Shewhart cycle". Deming preferred plan, do, study, act because "study" has connotations in English closer to Shewhart's intent than "check". -Wikipedia*

A fundamental principle of the scientific method and PDCA is iteration—once a hypothesis is confirmed (or negated), executing the cycle again will extend the knowledge further. Repeating the PDCA cycle can bring us closer to the goal, usually a perfect operation and output.

Most, if not all, successful companies use some sort of PDCA. It may not always be called PDCA, but similarities exist. PDCA is the umbrella and the culture of change and innovation that is inherent in successful companies. However, there is an underlying tone that we are still internally focused at the beginning and that we check or learn from the customer to validate our hypothesis. What is missing in this equation is the involvement of the customer in the P (Plan) stage of the cycle.

Brian Joiner, a close friend of Deming, stated that they always started the cycle with Check. The book, [\*Step-by-Step QFD\*](#) taught me to use the PDCA process in design, but start with the cycle of CAP-Do. Looking and Thinking correspond to Checking and Acting.

Paraphrased from his book:

*The CAP-Do cycle can be used to identify the first-level tasks needed in design. The critical process for planning the design is contained in the branches of the tree (see below). Within the CAP-DO cycle, there are several tasks that must be completed. Each element of CAP-Do must have at least one task. For instance, the Plan portion should include defining technology and concept requirements.*

*The CAP-Do cycle is used to identify the critical tasks for each of the major tasks in the critical process. These first-level tasks in the CAP-Do cycle require at least one second-level task. For example, there are five tasks for the first major task in the critical process:*

- *C – Identify target market*
- *C – Identify customer needs and expectations*
- *A – Select performance measures*
- *P – Design technical benchmarking*
- *D – Evaluate competition*

Our planning cannot be isolated. In fact, we no longer own our standards. They are only validated through customer interaction. The customer cannot be introduced at the end of the cycle; he must be involved from the beginning and part of the entire cycle. We must share a co-destiny with our customer supported by CAP-Do. When you view current methodologies that

deal best with uncertainty or are more user-centric they closely resemble the CAP-Do cycle, not PDCA:

- OODA Loop: Observe – Orient – Decide - Act
- Design Thinking: Discover – Define – Develop - Deliver
- Appreciative Inquiry: Discover – Dream – Develop – Destiny

In Lean you will come across the words “Respect for People” and it is rigorously applied by most Lean practitioners. However, it is typically applied from an internal viewpoint. I do not want to imply that it does not carry over externally (Customer Experience will mimic the Employee Experience) but seldom do I see it addressed. In healthcare, I believe you will see it addressed more than anywhere else at the moment, but I believe that discipline was built from a compassionate side to begin with. It was not guided by Lean as an enabler of empathy.

Becoming customer centric requires an organization to understand the emotional needs and difficulties of their prospects and customers. Most organizations struggle in their attempts as they evaluate seas of data and lose the personality of the customer using such terminology as “markets” or “value streams”. They have a tendency to view their organization from a product-dominant logic perspective versus a service dominant perspective. CAP-Do provides the bridge for bringing the external eco-system into the internal one that exists within your organization.

In later chapters, I will demonstrate the structural conflict between PDCA and CAP-Do and how to change the structure to create a more adaptive Lean environment. I would like to share the parting words of Robert Fritz from his book, [The Path of Least Resistance for Managers](#):

*The feedback loop is the basic unit of system dynamics, as words are to language, or numbers are to mathematics. Within structural dynamics tension-resolution is the basic unit. A structural consultant will analyze the various tension-resolution systems within an organization that vie for dominance. Then he or she will work with the people in the company to set up new dynamic relationships of tension-resolution systems in which the path of least resistance will tend to move in the direction of the company's goals as a foundation for further fulfillment of the true aspirations and values of the organization.*

Demonstrating a shared outcome with your customers should be the ultimate strategy of your organization and your improvement cycles. Many people are still touting improvement capabilities of internal processes. Except for growing industries, such as the healthcare, many companies see little return in their investment in process methodologies. It is not enough to improve internally anymore. We no longer live in a world of excess demand. The strategies that we need for improvement must be demand driven. We must always focus on the customer. It sounds easy, but in reality, many organizations do not seek customer delight.

Our planning cannot be isolated. In fact, we no longer own our standards. They are only validated through customer interaction. The customer cannot be introduced at the end of the cycle; he must be involved at the beginning, middle and throughout the entire cycle. We must share a Co-Destiny with our customer by creating an Ecosystem. The evolution of our organizations may be one of Community, Connection, Cooperation, Co-producing, Co-creation and finally Co-Destiny.

Previous tools and processes allowed us to exist and improve in a goods dominated world. It was driven by process methodologies and thinking that better, faster, cheaper wins in the market place. Goods dominated thinking has limited our growth, and cause a downward spiral of product commoditization. As new products are developed, prices are driven down, yet very few of us will ever utilize all the features available.

Think about a normal remote control that you have for practically any electronic device. How many of us even know what all the buttons stand for? We have gone from VCR with mindless blinking displays to being able to change channels using voice recognition. These new features may be convenient and useful but do they provide us with the “wow” factor anymore? Product features are commoditized within such a short period of time that they provide little sustainable competitive advantages. Few product features provide value to compel us to buy a specific brand. As a result, we only stay ahead of the curve for a very short time, and most of our development and innovation are quickly imitated, replicated, and mass produced. What we seem to forget is that the significant advantage is not in the product’s features but in the use of the product.

Apple has never raised any eyebrows by being first in the market place, they never are. There were mp3 players in the marketplace before the iPod. I had personal experience with a Rio player that had all of 16Kb of memory in it and later bought a new battery pack that included a whopping 32Kb of memory. I used my Rio for listening to books and used it quite extensively. I even had one of those clunky cassette adaptors to listen to the audio in the car. At my son’s soccer game, I was introduced to the new iPod by another parent. He showed me how you access songs moving the wheel and for the

life of me, I could not see the advantage, except from a cosmetic standpoint, of using it over my Rio.

Apple understood the three components of value. I had been living in a product dominant world as described by Treacy and Wiersma in their book; [\*The Discipline of Market Leaders: Choose Your Customers, Narrow Your Focus, Dominate Your Market.\*](#) The authors suggest that organizations must choose from one of three value disciplines to become a driver for your unique value proposition; Operational Excellence, Product leadership, or Customer Intimacy. Any successful company chooses one value discipline where it aims to be the best in market. It is sufficient to just be average in the other two value disciplines.

Apple is not so much a product innovator --it is a service innovator! Apple was not the first with an Mp3 player, smartphone or a tablet. It took me several years to understand how Apple dominated the marketplace. Apple understood that it was the ecosystem around the product/service that is important. As a result, Apple developed their eco-system and improved their products based on the eco-system that they created. It was the development of the services around the components that enabled the use and experiences around their product. Apple understood the three components of value in a service dominant world; Social, Functional and Emotional.

Graham Hill described how these components relate as follows:

*It is in the use of the product/service that value is derived. I think of value in three ways: Functional, Emotional, Social. Thinking of a Ferrari, I use it to drive (functional), makes me feel good (emotional) and what others think – I am successful (social). All provide value but*

*without the latter two, I could buy a bike. Using this as a guideline, value (Functional, Emotional, Social) is embedded in the use of the product rather than the price.*

Having access to a wide variety of gadgets can be detrimental to your children, especially teenage boys. In my sons' Christmas stockings one year, they each received an Mp3 player. They were not iPods. Upon opening, I missed that gleeful look that you are hoping for at Christmas. I missed the emotional component. Though grateful at first, I found them discarded and not being used several months later. When asked they said, "Dad, they're not cool." This time, I missed the social component. Even after this, I thought surely I would win the functional side. However, Apple trumped me once again with the introduction of iTunes which made it relatively affordable and easy to put the iPod to use. Hanging my head, the following Christmas those original Mp3s were replaced by iPods.

The Smartphone market followed a similar path. Apple observed that people were using smartphones for music listening. At that time, there were very few Apps or applications. However, the App market soon opened up a new world of uses for the smartphone. Again, value was derived from all three of the new value components.

Apple applied what they had learned as they introduced the iPad. Again, not the first tablet, but it happened just as public Wi-Fi allowed the use of the tablet on a more widespread basis. The lesson is not about Apple innovation. It is not about numerous Apple products. You can actually take all the products Apple creates and put them on your kitchen table. It is not about features and benefits. Most of us could, even if you are not an Apple user, name all the features and benefits of one of their products. They are not cost

effective. They are typically considered premium priced products. The products themselves seldom have superior functional capabilities. Product reliability has been described as low or even poor.

What makes Apple special is the eco-system that they have built based on the three new value components; social, functional and emotional. Most of us understand the functional and emotional aspects, but it is the social component that we struggle with. At first, I thought that was where I would win my boys over. It is using the product that the functional superiority exists. Immediately, out of the box, which is exquisitely packaged, comes a product that we customize and take ownership of. It ceases to be looked at as a product but an enabler of use. Additional value and ultimately revenue is generated through the use of the product as it became a shopping tool of sorts

It makes sense when we use money or “what a customer is willing to pay for” as the premise for value. We certainly pay for the value of a Ferrari. Using this argument, money can be the determining factor of value. However, we live in a world that has excess supply and as a result we have to start viewing the market from the demand side. So the connotation of what a “Customer will pay for” is problematic since it focuses us internally. This mindset stems from the process improvement focus of the 90’s and has stayed with us through the Customer Experience decade. Now that the User Experience decade is upon us, an internal focus is simply not useful anymore.

Many organizations justify improvements by using the terms value and internal or external customers. If we're not careful, the process of improvement can become more important than what the customer really

values. If our efforts are not tied to the marketplace, then we need to begin questioning, why not? Sometimes "savings" (Cycle Time, Space, etc.) are trumpeted at during internal meetings when, in fact, the improvements were really cost avoidance or nothing of any real consequence. This is similar to politicians who slow down the growth of government spending and then proclaim it as a cut in spending.

Opportunities for creating value with customers and stakeholders is limited if we take a "goods dominated marketing" approach. Similarly, a transactional approach to marketing ignores customer loyalty entirely by putting emphasis on developing the lifetime value of a customer to the organization. If price is the governing factor, would value turn out to be merely a commodity? It is becoming more about how users actually use of the product that determines value. Some of the most successful companies at the time of this writing, such as Apple and Amazon, organize their businesses around users and building user satisfaction.

Thus, Service Dominant Logic (SD-Logic) proposes a broadening user exchange from both the social and economic points of view. In [\*The Service-Dominant Logic of Marketing\*](#) edited by Robert Lusch and Stephen Vargo they present the case to use SD-Logic as a philosophic model. If we view Lean through the lens of PDCA as a knowledge creation platform, it serves as the vehicle for implementation of SD-Logic thinking. The principles of SD-Logic cannot be implemented in various silos of an organization. It requires a cultural and fundamental shift within the organization placing the customer and user experience at the center. The foundational principles of Service Dominant Logic described in the before mentioned book and later developed into 10 principles (Vargo and Lusch, 2008a):

1. Service is the fundamental basis of exchange.
2. Indirect exchange masks the fundamental basis of exchange.
3. Goods are a distribution mechanism for service provision.
4. Operant resources are the fundamental source of competitive advantage.
5. All economies are service economies.
6. The customer is always a co-creator of value.
7. The enterprise cannot deliver value, but only offer value propositions.
8. A service-centered view is inherently customer oriented and relational.
9. All social and economic actors are resource integrators.
10. Value is always uniquely and phenomenologically determined by the beneficiary.

These essential concepts are the new way of thinking, that customers are always co-creators of value. It's the way that the customer sees value, whether it's in the physical good, or if it's in a service or a combination of both of those and if they don't see a benefit to them, they're not going to engage with you.

When we start thinking of value in the Service Dominant Logic mindset, it is much easier to understand how successful products and services are now being developed. They are developed in a mindset of an ecosystem. Apple's demand has not increased because of more features and benefits. It has increased because of more ways to use the product, such as apps for example. Amazon has not grown and prospered because of more features and benefits but rather through the customer's use of their core services. 37 signals did not grow and prosper because of Ruby on the Rails rather through the proliferation of simple highly focused cloud products that facilitated at first only software developers. Most successful recording artists

now don't make their money from record sales, but rather from tours and other appearances such as starring roles as judges on reality TV shows.

An ecosystem begs us to take a deeper dive into the customer experience. The beauty of it is that by engaging and understanding how users will interact from the functional, emotional, and social points of view, other sources of income could potentially be driven to the organization. This comes as a direct result of interacting with the company's value proposition. An ecosystem is not developed in a simple design process. It is not a matter of hammering out a business plan or a product launch. It is an iterative process, a macro-CAP-Do cycle if you will.

In Simon Sinek's Golden Circle, he states, "People don't buy what you do, they buy why you do it." Sinek goes on to discuss the three components of the Golden Circle with the consistency of what you do, the discipline of how you do something, but to inspire it requires the clarity of why. This is how ecosystems are developed through understanding and developing the clarity of why.

Ari Weinzwieg is a celebrated author and co-owner of Zingerman's Delicatessen that he has turned into a 40-million dollar business. He has done it through empowerment and understanding how a powerful vision can lead the way to greatness. And as Ari says, "Especially if you write it down!"

These are two great examples of vision and though both are very inspiring, the resulting theme is clarity. You must have clarity of your vision and of your entire eco-system. The Business Model Canvas popularized in the book, [\*Business Model Generation\*](#) by Alex Osterwalder and Yves Pigneur provides this. The canvas is a visual template formatted with the nine blocks of a

business model. It allows you to develop and sketch out new or existing business models. This book has established itself as one of the leading sources of modeling for both startups and established businesses.

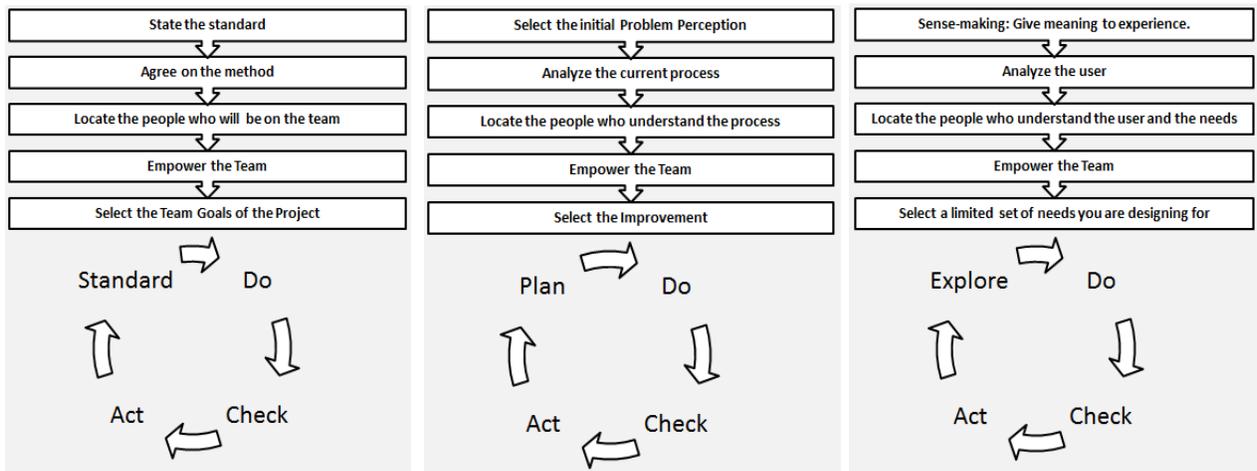
These nine blocks:

1. Customer Segments(Value Stream): An Organization serves one or several segments
2. Value Proposition: It seeks to solve customer problems and satisfy customer needs with value proposition.
3. Channels: Value proposition is delivered to customers through communication, distribution, and sales channels.
4. Customer relationships: What is established and maintained with each customer segment.
5. Revenue Streams: Results from the value proposition successfully offered to customers.
6. Key Resources: Assets required offering and delivering the prescribed elements.
7. Key Activities: Activities that need to be done.
8. Key Partnerships: Activities that are outsourced and resources that are acquired.
9. Cost Structure: The elements that result in the cost structure.

Many organizations may struggle using this with an established product or service. It is in the understanding of this process that adds clarity for your organization and your people. A Canvas will allow you to offer unique services while empowering your people with the ability to handle uncertainty.

We must have empowered workers make decisions without having to go through their boss every time. Our ecosystems must be developed to empower our customer facing personnel with the ability to handle some degree of uncertainty. The days of call scripting and call centers are being replaced by organizations such as Zappos, which allow the latitude of someone leaving work and taking a customer to the hospital. It is the stories of companies lacking traditional hierarchy that routinely solve problems at the place of work, Gemba. This is because we have empowered them to do this through clarity of mission.

There are many take-offs of the Business Model Canvas. Lance Bettencourt has developed a *Service Innovation Canvas*. Ash Maurya developed the *Lean Canvas* for Startups. Canvases, though not formatted the same way, can be likened to the Lean A3 tool. I developed the SALES SDCA, PDCA and EDCA which is a hybrid between a canvas and an A3. They were based on these outlines.



An example of the SALES SDCA canvas is depicted below. On the left side is the team part of the canvas where clarity and definition occur. This is how

any individual team can be empowered. Once this is set up, leadership allows the team to implement the process. It is through these types of tools that workforces and especially customer facing workers can perform not only to the best of their abilities but with an understanding of their organization's mission and vision.

SALES SDCA CANVAS							
<b>Team Name:</b>	<b>Sales Cycle ID:</b>						
<b>S: State the standard</b> <i>Standard work is the best practice for a given process. It should provide a routine for consistent delivery of work and to do this it must be stated clearly and provide a clear line of sight to the Value Stream Manager, Team Coordinator and Team Members.</i>							
<b>A: Agree on the method.</b> <i>What is the method you are going to use for the documentation of standard work. It will provide the necessary components of a reporting system that ensure the work is being done as expected. What are you currently doing?</i>							
<b>L: Locate the people who will be on the team.</b> <i>List the members of your team, including position and role they will play.</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Name</th> <th style="width: 30%;">Position</th> <th style="width: 40%;">Role</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Name	Position	Role			
Name	Position	Role					
<b>E: Empower the Team</b> <i>The team is autonomous and completely responsible for the tasks within this stage. Clarity is the most critical factor for empowering a team. Outline Meetings, Daily Stand-ups, Weekly Tactical and others as needed. Define Standard Work of Team to accomplish process.</i>							
<b>S: Select the Team Goals of the Project</b> <i>The team must fully understand the exact goals and outcomes that are expected for this particular cycle.</i>							
<b>P: Standard</b> <i>Review the method.            Document the actions needed and who will complete each action step.            Clarify the resources needed for each action step.            Decide on what constitutes variation and required action.</i>							
<b>D: Do the plan</b> <i>Perform to the standard. Use a Kanban board or other means of visualization to demonstrate work flow and problems encountered.</i>							
<b>C: Check (Study) to see if an improvement was made</b> <i>Did the plan work? Collect and analyze data to demonstrate if standard was done. Determine what changes are needed for improvement.</i>							
<b>A: Act (Adjust)</b> <i>Is the standard being completed. Has Customers' needs been completed? If not, reconsider and continue improvement with PDCA. If it has can customer can be handed off to next stage/cycle Document the steps that will be taken to for this and complete hand off.</i>							

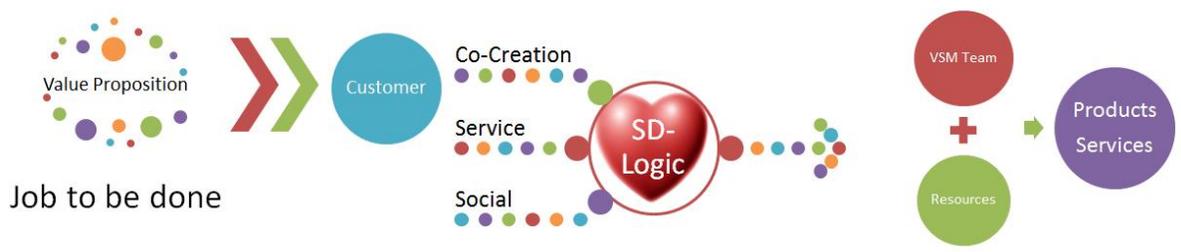
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We have established that there is a structural conflict residing in our organizations. On one side is traditional Lean Thinking, the cultural of problem solving and PDCA. It is Goods Dominant Logic (GD-Logic) thinking. It creates linear thinking and attempts to manipulate the customer through the traditional sales and marketing funnel. We expand on what we do internally through an increasing amount of features and benefits. We believe that scripting and creating standards as we did in production can create a more effective and efficient sales process.



On the other side is the culture of Service Dominant Logic (SD-Logic), where value is co-created with the customer. It is introduced through the CAP-Do cycle which promotes first downloading and moving off the solution. Our sales and marketing team is first and foremost the listening post (Check) for the customer (prospect). The team provides the customer with the information, technology, and support that is required. This is done through an understanding of what is needed in the job to be done value proposition. Passing through from one spiral to the next is a result of the customer or, better put, the result of our increase in knowledge about the customers' "job to be done" and the match of our proposed value proposition. This promotes products and services that evolve into an eco-system structure. This comes from the recognition that our value proposition is at the point of use and at the heart of this system is SD-Logic.



We begin with CAP-Do but the other components of a Lean Enterprise are still in place. Our Value Proposition is delivered based on Customer needs through these lean components:

- Think **SDCA**: A tactical team works with a customer needing standard

products/services.

- Think **PDCA**: A problem solving team works with a customer needing slight alterations or bundled products/services.
- Think **EDCA**: A creative team works with a customer that needs new or major changes to product/services.

A Lean Enterprise will react to these offerings more quickly and more effectively than a traditional company. This is how the five principles of Lean Thinking complement SD-Logic thinking.

- We identify value at the place of use.
- We map value through an understanding of the place of use.
- We create flow by a co-created value proposition.
- We establish Pull through the value proposition offered at the place of use.
- We seek perfection through the application of understanding.

As Taiichi Ono says, *where there is no standard, there can be no kaizen (improvement)*. In GD-Logic (PDCA) or SD-Logic (Cap-Do), we must come to an agreement about the work that needs to be done.

## **Chapter 2**

### ***Enterprise Thinking***

The secret to implementation is to have a specific process/tool that allows a structure of work that allows for the other tools to be used and culture to be developed.

There have been many attempts to posture a company and apply organizational clarity. This is what many big-time consultants do. Most of these processes and/or systems work; they just get squandered. Many studies have demonstrated the importance of including intrinsic and extrinsic motivation and on and on.

Lean and Six Sigma are not alone in their battle. We have attempted the Lean learn by doing approach and the philosophy of servant leadership. In Six Sigma, we have tried a more hierarchy-type approach, which we may even consider something of command and control environment. Both have worked but many times they have worked because this was the existing organization culture that existed. We build processes based on our existing organizational structure. That is the way we get things done.

If we view the existing organizational structure, the organization chart, it does not lend itself to the iterative approach of CAP-Do. Hoshin Kanri is the best example of the Lean approach that attempts to do through a process called catchball. However, within the confines of the organization chart, it is often a matter of tossing the ball (catchball style) over a wall and waiting for its return. When it does return it may have little resemblance, or it has

taken so long that we are on a different path already and therefore it is not the most collaborative approach.

Hoshin Kanri is a management system that creates a method of policy deployment in the form of both organizational and employees goals. It is a step by step implementation and review process from a systems approach perspective for change. In the simplest form, top management sets a vision and bottom line employees set the tactics. In the middle, there are a lot of give and take and coordination through the use of the term “catchball” that results in:

- Prioritizing activities and resources
- Organizational involvement from top to bottom clarifies their own targets and activities
- Utilizing CAP-Do in both the management and employee cycles of improvement

The difference in Hoshin planning is that we do not accept the current situation but rather seek to aspire to something greater. We seek solutions between the current and aspired state by bridging the gap through the process of Kanri, which is the other part of the process.

Hoshin Kanri is different from your typical continuous improvement in that we are not solving the typical workplace problem but rather the value-added problems based on top management thinking (Vision and Targets). The “Hoshin” is developed at each layer of management clarifying strategies and targets to assist in reaching the preceding layer’s targets. This results in both a macro and micro-CAP-Do. This greatly increases the line of sight and shared responsibility to each other in achieving these goals.

What makes Hoshin so unique from other planning methods is the effort that is put into the cascading effect of the Hoshin plan. This effect is called "Catchball". Catchball drives the strategic planning process into every level of the organization and every employee and provides them with the opportunity to define how they will contribute to that success. This is the secret of Hoshin Kanri and I believe the preferred method for engaging change. Most processes are built around the existing organizational structure depicted in the top of the picture. Targets and measures are set, and many times a mandate on how we will achieve them. Hoshin Kanri, through the use of catchball, develops a more collaborative structure and as a result an easier method for change and even more importantly sustainability.

This is not about relinquishing control. It is about gaining more control over implementation. Collaboration does not ensure the best answers get enacted. It typically insures that something does get enacted. It takes away that paralysis from planning. No longer are we trying to gather buy-in to get something accomplished, but rather change is being driven from the bottom up with a sense of joint accountability. The best answer becomes the best implementable action. Eventually, through continuous improvement, a better answer will surface than was originally conceived.

We are starting to challenge the traditional hierarchy of organizations. Traditional hierarchy is limiting when trying to develop new collaborative structures internally and externally. Hoshin Kanri is a Lean Organization's method to set mid to long-term management plans. We prioritize our resources and activities by involving members through a method called catchball. Though it seems an easy process to understand most organizations design their systems based on the structure of the organization. It is a reason that Six Sigma may be better suited for the

typical hierarchy structured command and control organization. It is also why the catchball approach is very difficult for most organizations.

Managers in a hierarchy structured organization believe that not having a detailed process will hinder getting their plans enacted. They also are hesitant sending their well-thought out idea and creating a free for all atmosphere around it. It often may be the fear of losing control. What you will find as you play catchball is that the further you go down in the organization, the more tactical the feedback is. People want leaders to lead. In the same vein, most people want to do a good job. How to implement your idea/ vision is often contained within the tacit knowledge of your organization. Catchball makes that knowledge explicit. Prioritizing activities and resources are best left in the parts of the organization that are closest to the job being done.

An organization is structured into functional areas and each area is given a mission to reach the organization's purposes. In Hoshin, we prioritize these activities to achieve company vision and targets. The Hoshin at each department level clarifies the strategies and targets to reach these targets (macro and micro-CAP-Do). Problem identification is needed in order to study these problems at the place of work, develop improvement measures needed to reach targets. The team leader or manager takes on responsibilities to clarify the measures needed to achieve the Hoshin targets based on the workplace mission. The workplace mission is demonstrated in the question "For whom and what type of value-added products and services should be provided?"

Another way of viewing this process is that you are incorporating multiple CAP-Dos into a grander CAP-Do. This ensures that checks and follow-ups are

made during implementation of Hoshin so that the whole organization is moving in one direction with team members driving the initiative versus management. The entire organization is one large CAP-Do cycle with a defined target. Each division and other layers create specific targets with the appropriate activities to achieve these.

As a result, leading indicators rather than lag accountability measures can be created. Leading indicators are not easy to create. Many times they are only known by the people doing the work. Another way to think about this is that leading indicators are at the level of the individual or the team's process, the activity that they do.

The question "for whom and what type of value-added products and services should be provided?" defines the workplace mission within Toyota. In this way, measures are created from the value added problems determined in the Hoshin process. Breaking the annual strategy down to what I call "Doable Chunks" is one of the secrets to Hoshin Kanri's success.

It is not only the task but the team size that will assist in a positive outcome. Jeff Bezo's of Amazon fame always used what he called the two pizza rule. If you needed more than two pizzas to feed the group, the group was too big. Smaller groups promote informal communication, better assignment of tasks, more manageable tasks, increased participation, reduces information needed to be processed and most importantly - A CLEAR LINE OF SIGHT.

The approaches of Hoshin Kanri and Leader Standard Work seem to have a common thread in them. It is one of shared work and responsibilities and as

a result regular feedback or reflection. It makes the management process continuous over something more formal such as a review.

Leader standard work is a concept in Lean Management, popularized by David Mann in his books "[Creating a Lean Culture](#)", which creates standard work for managers. For many, the notion of "standard work" brings a disgusting idea of standardization and work standards, and the oppressive command culture that comes with that. And yet, the way that Toyota implements standard work is much more affiliated to working agreements, where you record the current best agreed-upon way of the workers in the system for doing something.

*David Mann says, "The purpose of Leader Standard Work is to create behavioral change that drives Lean Leaders to visit the place where work is being done." This, along with Visual Management and a Daily Accountability Process, helps ensure the technical improvements in the Lean Transformation aren't lost to the culture of firefighting and backsliding into what he calls the "pit of instability and despair" or what I like to call, "business as usual." So, there are many organizational benefits to Leader Standard Work. And the good news is, it's also a great way to drive some sanity into your day as a manager.*

Leader Standard Work is becoming more commonplace and the standard for the development of a Lean Culture. It is extremely adaptable and found both in trade and professional services. It excels in experienced based professions, but it may struggle in what I would call knowledge-based services. The problem is there are more knowledge-based jobs being created every day. The experience-based jobs either get automated or outsourced.

For more information on that subject, read Dan Pink's, [\*A Whole New Mind: Why Right-Brainers Will Rule the Future.\*](#)

Since Lean is so intrinsically tied to standard work, many believe Lean cannot apply to their "Knowledge Based" occupation. In fact, it is often resisted in these circles. When met with resistance, I have found that typically there is a good reason why. As I review most Leader Standard Work for knowledge workers, I still find them heavily laden with specific instructions and very results based focus. In Sales and Marketing, you will see instructions such as make 25 calls, send out 15 e-mails, 3 blog posts a week, etc. On the other hand, I do see slack time allowed under the guise of daily or weekly Kaizen.

*Leader Standard Work will fizzle out quickly if you simply try to practice Leader Standard Work through Lean Training, coupled with your experience and try to become more proficient through iteration after iteration. It doesn't work that way. In fact, it may take years, certainly months, to acquire the skills needed. What stops you is that you not only have to learn new skills but these skills and learning are not stagnant. They are in constant turmoil; developing, adapting and evolving while obsolescing the existing structure.*

Many companies may fall short as a result of not creating the internal collaboration structure needed for learning. The organization must develop as a whole and this can only be accomplished by developing their personnel by providing the necessary resources and opportunities. We also need to promote individual differences. Instead of teaching the way to do some things, we may need to step back and determine the key points that are required.

Simon Sinek says the “Why” while leaving the “How” alone ([\*Start with Why: How Great Leaders Inspire Everyone to Take Action\*](#)). What will drive Leader Standard Work is the “Why” more so than the “How”. The “Why” provides the clear strategic intent which will provide the fuel for Leader Standard Work.

Leaders seldom do the 10% or 25% of Standard Work required. They even will sit down in a meeting and go over their subordinate’s standard work and instruct him/her on how to improve without ever observing the process. More importantly, that shared accountability through redundancy is seldom instituted.

Joseph Michelli book, [\*The Zappos Experience: 5 Principles to Inspire, Engage, and WOW\*](#) discusses the relationship of employee and customer experience. Customer Experience is at the forefront of not only marketing but organizational structure as evidenced by the corporate shifts such as IBM to a more Customer-Centric structure. Zappos may be the shining example and the organization to emulate in this new culture. Is Zappos to Customer-Centricity what Toyota and Lean was to the process movement? Michelli breaks the approach down into five key elements:

1. Serve a Perfect Fit—create bedrock company values
2. Make it Effortlessly Swift—deliver a customer experience with ease
3. Step into the Personal—connect with customers authentically
4. S T R E T C H—grow people and products
5. Play to Win—play hard, work harder

Empowering the front line staff with the necessary resources to enable their actions to deliver an outstanding customer experience becomes Leadership’s

primary function. So, how do we correct this and train our workforce? Maybe, we have been going about most of our training wrong. Michael Balle, in a podcast with me brought up how Toyota creates training opportunity.

*He said; "Now, let me take an example, for instance, an andon system, what an andon system is when operators have a problem, they pull a rope, have lights, lights with a station and their team leader has about a minute to two to react and if not the line stops. What happens is that every time an operator has a doubt, they pull the cord, the team leader comes and what the team leader does is to check whether there's a problem or not.*

*I'm wandering around looking at pictures of guys and going, "mm, very good for management reactivity, yes?" I said. The Toyota representative says, "no, operator training," so of course I went back to him, "you mean management reactivity?" I said, "No, it has nothing to do with management reactivity, its operator training," so we're having this back and forth, and he says, "OK, what you mean by operator training?" So, he says, "this is an opportunity to have a conversation about work centers and about standardized work with operators, conjointly. Now when the line actually stops, then yes, it becomes a management reactivity issue, but we don't want to stop the line."*

Viewing training from this perspective results in a new context for organizations. They will be working more closely, more hands-on with the individuals actually doing the work. It will also identify more opportunities for improvement. It may identify skills that are lacking and prioritize the actual improvements for them, but don't call this training. Focusing on improvement, and not training, requires a totally different thought process.

Dan Pink's book [\*Drive: The Surprising Truth About What Motivates Us\*](#) is an excellent description of the modern day Lean practices. Just using the example of Mastery from the book will give you an idea on how powerful of a process Lean actually is. He states that mastery is based on three laws:

1. Mastery is a mindset
2. Mastery is a Pain
3. Mastery is an Asymptote

He also states that flow is essential to mastery: *"But flow doesn't guarantee mastery—because the two concepts operate on different horizons of time. One happens in a moment; the other unfolds over months, years, sometimes decades. You and I each might reach flow tomorrow morning—but neither one of us will achieve mastery overnight."*

In Lean terminology, I can restate these same three laws this way:

1. Lean is a culture
2. Lean is grounded in Standard Work
3. Lean is an Ideal

We also think of Lean in terms of creating flow. But just as flow does not guarantee mastery, flow does not allow us to become Lean. Flow happens along the way of becoming Lean. Many people think they are Lean companies once they have done 5S, Value Stream Mapping or held a few Kaizen Events. The truth is just like mastering anything, it does not happen overnight.

Why does it take so long? Why do so few achieve it? From Dan Pink again: "Mastery is a pain." When implementing Lean, most people draw the wrong conclusion and assume it is Leadership. They blame leadership as being

shortsighted. This view is not only wrong; it is dead wrong. Our primary problem is not leadership but a long-standing culture that is ingrained within our organizations. It's the way we do things. But worse it is also the way others help us do things. The outside forces that surround us to include vendors, customers and for that matter, our entire supply chain simply supports the way we have always done things. So, not only do we have to create change internally but externally as well. It is not only a pain, but it has to be someone else's pain.

What does work is the same thing for both people and organizations. It is the scientific process of trial and error. You don't get it right at first; you have to break habits; personal habits as an individual and company cultures as an organization. Successful companies do it a little bit at a time. In Lean, we call this scientific method PDCA. We plan, do it, check the results and adjust. It is a purposeful experimentation.

In the book, [\*Change Anything: The New Science of Personal Success\*](#), the authors created a strategic, step-by-step guide to breaking longstanding bad habits introduce a system for adopting-and sticking to-better behaviors. I found the work parallels Lean in many of its approaches and I have put Lean practices in parentheses below. Their strategy is based on four simple steps:

1. Identify Crucial Moments (Identify Value)
2. Create Vital Behaviors (Map Value Stream)
3. Engage All Six Sources of Influence (Create Flow – Enable Pull)
4. Turn Bad Days into Good Data (Seek Perfection – PDCA)

The authors provided an outline based on these factors which I have converted to Lean Thinking:

Organizational Motivation will never persist without the change being tied to the marketplace. Dan Jones recently wrote, *"The best chance for lean to survive a change in top management is if it is seen to be delivering significant results, not just point improvements in key processes but bottom-line results for the organization as a whole, which would be reversed if support for lean disappeared. I disagree with the statements that you just have to accept that it is going to work and not expect results. Results are the motivating factors."*

Organizational Ability requires learning new skills if you are going to change. If change is difficult, we will take the path of least resistance. Mastering a new set of tools is never easy and that is why Lean is so powerful. Lean is based on standards, knowing how the process should work, because if it's clear, we should see any variation from the process we can react immediately. This allows us to choose one problem from the other and just solve them one by one. This is incredibly powerful because with lean systems, we rely on increasing our competency, increasing our training without having to take people off line, without having to get to classrooms, but by building it into the way we work.

Social Motivation and Social Ability go hand in hand. Employees, Suppliers, and even Customers would rather you not change. They want to deal with the known. Even voters will vote for someone that they know and disagree with over the unknown. You have to re-define the norm, for example, through Value Stream Mapping or an A3. You have to get those around you on board with the new ideal or without you will fall victim to those old tired out ways that have become ineffective. Surround yourself with willing

partners who will push you to this new ideal. This is sometimes where a consultant can play a role.

Structural Motivation can be difficult in organizations since external goals are difficult to recognize. We can see internal improvements sometimes immediately. But these internal improvements may not result in the needle being moved in the marketplace. An effective motivator may be the fear of loss. Can you tie lost market opportunities to your change efforts? Can you demonstrate even the smallest of wins? If you can, it will significantly increase the odds of success.

Structural Ability does not require wholesale change. It can be summed up that making small changes to your environment will have a direct effect on your choices. Create or decrease resistance in distance, reminders and layers of approval for things that you want to change from or change too. This is where Lean plays such a huge role in change. Lean is not rigorous. It uses visualization and it's a ready-made tool set that reduces the resistance to change. What Lean does require though is rigorous use in order to be successful.

What people forget about Lean is that it is the change agent for an organization. In its simplest form, you must first examine the current state. Second, you visualize your process. You make your process steps visible. You visualize things in a way that reveals your problems, not in a way to hide problems. If you understand what standards are, how the process should work because it's very clear, then whenever we see a variation from the process we react immediately. This allows you to choose one problem from the other and solve them one by one. This is incredibly powerful, this vision we have with lean systems, of increasing our competency, increasing

our training without having to take people off line, without having to get to classrooms, but by building it into the way we work. It is this empowering aspect that is not easy. But it may be the only way an organization can master Lean.

The recent resurgence or maybe recognition of the use of the OODA Loop as a basis for much of the current ideas surrounding Iterations, Rapid Development Cycles and Decision Making. What makes the OODA Loop such a popular subject? When we first think of the OODA Loop we think of fast competitive cycles needed by a fighter pilot to gain a differential advantage. Is that the reason?

A little more insight was provided several years ago in an article, *The Strategy of the Fighter Pilot* written by: Keith H. Hammonds for Fast Company. An excerpt from the article:

*Business is a dogfight. Your job as a leader: Outmaneuver the competition, respond decisively to fast-changing conditions, and defeat your rivals. That's why the OODA loop, the brainchild of "40 Second" Boyd, an unconventional fighter pilot, is one of today's most important ideas in battle or in business.*

Bower and Hout's classic example — and one that Boyd also studied — was Toyota, which designed its organization to speed information, decisions, and materials through four interrelated cycles: product development, ordering, plant scheduling, and production. Self-organized, multifunctional teams at Toyota, they observed, developed products and manufacturing processes in response to demand, turning out new models in just three years compared with Detroit's cycle of four or five. The authors went on to say;

*Systems like Toyota's worked so well, Boyd argued, because of schwerpunkt, a German term meaning organizational focus. Schwerpunkt, Boyd wrote, "represents a unifying medium that provides a directed way to tie initiative of many subordinate actions with superior intent as a basis to diminish friction and compress time." That is, employees decide and act locally, but they are guided by a keen understanding of the bigger picture. In effective organizations, schwerpunkt connects vibrant OODA loops that are operating concurrently at several levels. Workers close to the action stick to tactical loops, and their supervisors travel in operational loops, while leaders navigate much broader strategic and political loops. The loops inform each other: If everything is clicking, feedback from the tactical loops will guide decisions at higher loops and vice versa.*

Many organizations start practicing the tools of Lean and fail to understand that it is the people side that makes Lean effective. I have seen examples of organizations developing the skill set of Value Stream Mapping, A3 Problem Solving or even Hoshin Planning but spending little time developing a Lean attitude around the most basic concepts of Visual Management, Overlapping Responsibilities or Individual Kaizen. As a result, they simply do not act like a Lean Company. They are a collection of their tools, not a collection driven by culture. The mistakes that you were trying to correct by instilling Lean continue to happen. Teamwork is non-existent and individual silos remain. Leader Standard Work is the foundation required for flexibility. It does not hinder the development, but rather it provides the foundation to adapt.

## Chapter 3

### **A Learning Process, not a Teaching Process**

Every act of your Lean sales and marketing process is a learning process. This is why Lean works in development, why Lean works in operations and why Lean works in sales. I have no idea why process consultants continue to try to force fit Lean into the sales and marketing process from a standpoint of waste reduction. Process methodologies such as Lean and Six Sigma worked based on making things better, faster and cheaper. It was how value was determined in the 90's or in a Goods-Dominant Logic (GD Logic) world when we still had economies based on excess demand.

Things have changed, we have excess supply, and though we have not completely expelled GD Logic, *Service-Dominant Logic* (SD Logic) is becoming more prevalent. Lean has survived this change, not because of being a superior waste reduction methodology but because of its foundational principles of being a learning process. The continuous improvement cycle of PDCA, in my humble opinion, is the culture of Lean. It also happens to be one of the two pillars that we discuss in Lean, the other pillar "Respect for People" being of equal stature and importance.

As we have seen this shift of value, the old saying "value is what a customer will pay for" also has limited meaning. That saying fit when value was determined at a point of transaction. Value is still determined by many from a functional standpoint, but the components of social and emotional are more relevant than ever. This trilogy of value is determined at the point of use, which is a foundational principle of SD Logic.

The Lean mindset was first introduced to companies through the eyes of operations or an internal perspective. "Gemba" was considered an internal term to make operations more effective. The point of use or in Lean terms, Gemba was seldom viewed at the point of use of the customer. It is at this external Gemba that Lean can shine as a learning process. However, it is not in the traditional role of shedding your expertise and teaching your customer what he doesn't know. That is back to the GD Logic world, where you are smarter than your customer. In the SD Logic world, it is the contention that the collaborative effort between the customer, the supplier and the product/service is put into use and is where the expertise is co-created.

This is why the Lean Startup<sup>TM</sup>, Service Design and Design Thinking have received so much support. The Lean Startup calls this Product/Market fit. I think Service Design and Design Thinking look at it slightly different and consider the process in terms of empathy. I am not discussing empathy from a point of sympathy but from a point of understanding. If we want to connect with our customer, if we want to develop an intuitive read of an organization's needs, we first need to have empathy. Empathy is the fundamental principle of understanding. How can we develop objective views without it?

When we utilize the traditional cycle of PDCA, we start with Plan. We form a hypothesis of what we need to do. We assume the role of a teacher or revert to GD Logic. If we utilize the CAP-Do, we start with Check or understanding. We look to uncover common intent while stopping and listening to others. This point of understanding and SD Logic is best implemented through the CAP-Do cycle.

If there is one tool in the Lean arsenal that is overused, it has to be Value Stream Mapping. We want to determine the current state and “fix” the process. The problem is that, in sales, there is seldom a current state. In the appropriate context where there are facts and evidence, it is excellent. However, in sales I question whether it should be introduced. In fact, I might go so far as to say, “Value Stream Mapping is a process better left on the shop floor or at least on the supply side.” Show a little respect for your customers and don’t use value stream mapping in the sales process. The problem is mapping becomes a prediction of what someone might do. We typically take that “prediction” and that “might” and turn them into a guide and what someone *should* do. We end up trying to manage our customer through the flows that we have decided for them.

The problem with most mapping processes is that we are making a prediction about how our customer is going to act. After we make this prediction, we determine the reactionary steps that we take to satisfy this prediction. We are driving towards a decision, resolving issues and concerns. We are trying to solve the problem from the inside-out. We think we can control things and shape the outcome. I think by the time we are done, we have invested so much in what we think the customer should do, that well, we better make them do it!

In Lean, where do predictions come in? In Lean 101, I was always taught to form a hypothesis. In sales, we must employ divergent thinking and develop multiple hypotheses. We must seek to understand (which means including the customer) and map out the different hypotheses that are plausible for the customer. One way to do this is through the use of scenarios.

Scenarios are not predictions; they are hypotheses on what might happen. This outside-thinking process starts by exploring your product or service at the point of use (Service Dominant Logic). It introduces multiple perspectives, which shed a different light on your value proposition. You will see strengths, weaknesses, opportunities and even threats (SWOT) in an entirely different view. It allows a greater opportunity for mutual collaboration.

When we look at the different perspectives that will take place, it does not limit the use of your product or service. Instead, it enhances the possibilities and long term rewards that exist in the marketplace. It takes a different type of sales person to thrive in this model.

There is merit in the use of casual mapping or cognitive mapping in the sales process. These tools, when used appropriately, can identify influencers, users and decision-makers. They can assist in visualizing the multiple scenarios that may play out and highlight the social context of the process. Sales people work in the social context. It is that context we must seek to understand.

We do need to systemize our sales and marketing process. I believe that Lean allows us to do this; however, most organizations struggle with how this applies. The first step many think about is identifying value from a customer's perspective and removing non-value added activities to speed up the sales and marketing process. Though this is a commendable action, it misses the essence of system development. It is one of the main reasons that Lean is avoided by sales and marketing people. Many times systemizing assumes answers are internal to the organization.

First, we will define a system, which to me is a set of coordinated processes that accomplish the core objectives of the business. I will narrow this further, for the sake of narrowing the conversation, by segmenting the process into a particular product/market or as I call it; a value stream.

Let's define a sales and marketing process for a value stream:

- Define the customer's "job to be done" for the value stream.
- Define the internal structure to support the value stream.
- Set objectives for the entire value stream and the individual components.
- Understanding the environmental situation in which the customer operates.
- Define the process; actions, measures, feedback.
- Provide resources to perform the determined activities.

Second, we must build an adaptable system. We talk about being adaptable or agile, but few of us know what that means. We may talk about being customer-centric or customer focused, but the majority of us are still caught up in product dominant thinking. For both of these to take place, we must develop a sales and marketing planning system that incorporates a structure that values long-term type thinking with a short term process of regular review and assessment that can be adjusted or changed.

Is there a reliable system that incorporates both of these points? The Lean practice of Hoshin Kanri is the best template I have found for instituting a Lean Sales and Marketing System. Hoshin Kanri emphasizes the process itself through the development of targets, the means to achieve targets, and most importantly the deployment of both. Norman Bodek said,

*"Hoshin Kanri is a method devised to capture and concretize strategic goals, as well as flashes of insight about the future, and develop the means to bring these into reality. Hoshin Kanri, to indicate its unique intention: to integrate an entire organization's daily activities with its long-term goals.*

*With Hoshin Kanri, insight and vision are not lost; plans are rolled up on the charts of week-long planning, meetings and forgotten until next year. The daily crush of events and quarterly bottom-line pressures do not take precedence over strategic plans, rather, these short-term activities are determined and managed by the plans themselves. There is a continual process of checking to make sure that what is done each day reflects the intentions, the targets, the vision the company has agreed to pursue. Both planning and deployment are critical features of Hoshin Kanri."*

Most people will discuss the PDCA cycle as the heart of Hoshin Kanri (see below). It is taking a macro-view of PDCA for long term planning in combination with a micro-view for daily management. However, I go back to the thoughts of Brian Joiner and Yoji Akao, which uses the CAP-Do (CAP-DO) cycle in lieu of PDCA that is needed in Hoshin Kanri.

CAP-Do is what makes Hoshin Kanri, Lean, a viable tool in sales and marketing. Lean Sales and Marketing must first start by checking the current status. If we want to be customer focused, and customer centric we cannot start with planning and defining a customer's problem. It is not about us being problem solvers with a pre-defined product or service that we offer. Instead, we must focus on checking what a customer really wants. We must uncover common intent through listening and discovery. CAP-Do is how daily management occurs in sales and marketing.

Norman Bodek excerpts are taken from the book by Yoji Akao, [Hoshin Kanri: Policy Deployment for Successful TQM](#). Norman Bodek says:

*At the heart of TQM is the PDCA cycle. This also forms the core of Hoshin Kanri, but the order is rearranged. In Hoshin Kanri, one begins with the check cycle PDCA becomes the CAP-DO cycle. Thus, checking the current status of company activity propels the Hoshin process. With each repetition of the company wide check, a new deployment of target and means occurs at every level. Control items (control points for target deployment and checkpoints for means deployment) are integral to Hoshin Kanri implementation. Through the CAP-DO, daily control — integral to the application of quality control tools in maintaining improved standards — is linked to company strategy through Hoshin Kanri.*

Through the Hoshin Kanri process, we develop a deeper understanding of customers' needs that are aligned with our value proposition. This alignment and understanding incorporated in daily actions is the ultimate driver for your sales and marketing efforts. It is the "viral" factor that you are looking for.

Are you looking at growth strategies from a customer's viewpoint? I refer to the concept of Service Dominant Logic and how your value proposition should be viewed from the point of use. This type of thinking opens up a new context for innovation and growth. It moves you past transactional thinking and into the customer's world. However, for long term growth it is not enough.

One of my favorite authors, Michael Schrage, author of [Serious Play](#), recently published a new book taking these concepts one step further. [Who](#)

[Do You Want Your Customers to Become?](#) challenges us to take our value proposition of use to a longer term growth platform. He dares us to not only have a corporate vision statement but a customer vision statement saying that our future depends on their future. He phrases all this in something he calls "The Ask" and defines it this way:

*Conventional management wisdom has evolved from thinking about innovation as designing for customers, to innovation as designing with customers. The Ask takes the next essential leap: thinking about innovation as designing customers. Innovation should be treated as a medium and method for (re)designing customers.*

*Making customers the (re)design focus fundamentally changes how innovators invest in change. At one global foods giant, The Ask prompted spirited debate about creating a "store within a store" instead of redesigning product packaging and point-of-purchase displays. These executives grasped that the future of a brand or a marketing promotion or a product enhancement demanded different conversations than defining their customers' futures. Designing tomorrow's best customer is not the same as designing tomorrow's best product.*

We find our greatest growth opportunities on the edges of the use of our product/services. We must make a concentrated effort to identify and participate in relevant knowledge flows on the edge (EDCA).

In the book [The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion](#), the authors discuss the relationship between the core and the edge. In the excerpt below, think about the core being the standard

work (SDCA) of your growth strategy. PDCA provides the bridge between the core (SDCA) and the edge (EDCA).

*Knowledge flows naturally flourishes on the edge. Why? Because by definition, participants on these edges are wrestling with how to match unmet needs with unexploited capabilities and all the uncertainty that implies. Edge participants therefore focus on ways to innovate and create value by connecting unmet needs with unexploited capabilities and then scaling these opportunities as rapidly as possible. In the process, they create significant new knowledge.*

*Since much of the most relevant knowledge on the edge is tacit knowledge, edge participants naturally place a heavy emphasis on building diverse networks of relationships that will help them to collaborate more effectively with others in the creation of new knowledge. For this reason, gatherings where participants can share stories and experiences, learn from each other, and identify potential collaborators become particularly prominent on the edges.*

*Edge participants often reach out to participants in the core in an effort to build relationships and enhance knowledge flows. But those efforts are often frustrated or at best to marginalize because where participants are too busy concentrating on defensive strategies within the core, trying to protect their profits and position, to understand the true growth opportunities represented by relevant edges. Or participants tend to focus on transactions rather than investing in a long-term effort to build sustainable, trust-based relationships on the edge.*

Lean becomes even more powerful in these terms when we first understand through CAP-Do. More from the Power of Pull:

*For this reason, especially, the few core participants to understand the full potential of the edge and are able to reach out and connect into rich knowledgeable flows occurring on the edge will be in the best position to create economic value. They will be able to respond to increasing margin pressure in the core by helping to scale innovation on the edge and in participating rich new sources of profitable growth arising there. Unfortunately most core participants to the extent that they recognize increasing importance of knowledge flows at all, tend to focus and knowledge flows within the core rather than making a concentrated effort to identify and participate in relevant knowledge flows on the edge.*

*Why do these edge people or these risk takers even care about the core people? Edges and cores need each other. Unless they become part of the core, edge players never gain access to the stature, money or connections that exist in the core. The core needs innovation from the edge to continue refreshing and regenerating itself. In business terms, edge companies need resources to scale growth and core companies need new growth platforms to compensate for increasing competitive pressures.*

When we envision tomorrow's best product or service being used in our customer's future it creates far-reaching possibilities. Our most successful sales people are already thinking in these terms. [The Challenger](#) type salespeople are willing to challenge a customer's thinking to create new opportunities through more effective or innovative ways. It is this type of thinking of your customer's business, the edges of their business that we must strive to achieve through the methods of CAP-Do.

In [The Challenger Sale: Taking Control of the Customer Conversation](#), the authors summed up much of what I have been trying to say for the past several years in a much more compelling and concise way than I ever could. At the heart of their research is the Sales Person and Sales Manager. First, let me explain the five types of sales people that you will recognize in an instant.

1. **Hard Worker:** *Show up early, stay late and always willing to put in the extra effort.*
2. **Relationship Builder:** *Strong personal and professional relationships and advocates for the customer.*
3. **Lone Wolf:** *Follow their own instincts instead of the rules, they just get it done.*
4. **Reactive Problem Solver:** *Tend to focus heavily on post-sales follow-up to ensure promises are kept.*
5. **The Challenger:** *Assertive and have a deep understanding of customer's business.*

Many would look at this mix and think how they have a few of each type. In fact, the study shows that the average salesperson is spread across all five areas. As the authors say, "mediocrity comes in multiple flavors." What is so revealing in the study is that 40% of the top (star) performers are The Challenger model. The attributes of *The Challenger* were further broken down into six significant factors:

1. Offers the customer unique perspectives
2. Have strong 2-way communication skills
3. Knows the individual customers value drivers

4. Can identify economic drivers of the customer's business
5. Is comfortable discussing money
6. Can pressure the customer

These factors relate to how the challenger creates sales. They are willing to challenge a customer, and their thinking to create new opportunities through more effective or innovative ways of thinking. In other words, they are making the customer more profitable with different ideas. Another surprising truth is that this also relates to sales managers. The sales manager role is not resource allocation but assisting sales people to adopt innovative ways of getting a deal done. The authors define this innovative thinking in this way. This is about creatively connecting the suppliers existing capabilities to each customer's unique environment and then presenting those capabilities to the customer through the specific lens of whatever customer obstacle is keeping that deal from closing.

What is happening in the world of sales is that we are on the edge (or maybe already there) of a collaborative way of selling. We no longer can just sell to a customer; we have to understand our customer's business and our customer's business. The only way that I believe this is possible is if we are participating at the point of use of our product or service.

When most people think about Lean, they view Lean only from a problem solving perspective, the 5-why stuff. In that context, a Lean salesperson would assume the role of an expert solving a problem for someone. If we view it from The Challenger perspective, we would just be average utilizing Lean Sales and Marketing. When I apply Lean to Sales and Marketing, I view Lean as a knowledge building exercise. It is the deeper understanding of the customer business that we achieve through the methods of CAP-Do. We are

exploring opportunities and helping the customer become more efficient or create better opportunities. It is not the role of expert that you must take. Experts are only average sales people. You must allow your customer to become your Sensei and learn their business from their perspective. This opens up the role of *The Challenger Sale*, which happens to be the most productive type of salesperson.

*Adjust*

## **Chapter 4**

### **A Broadening Perspective of Strength Based Principles**

I find most comments following the age old line that the reason for Lean failures can always be summed up in one word; leadership. Leadership is ultimately responsible for everything. However, I think Lean has to step-up to the table and take some responsibility of its own. If Lean is too sustained through a leadership change, I believe that Lean Thinking needs to address the issues of leadership better. Many in the Lean world jump into the operational issues and address how to make a company better, faster, and cheaper. I am not arguing with the merits of applying Lean and having an efficient operation but the fact is that is not why most leaders get hired.

Process methodologies became popularized/ popular when we had excess demand in the 80s and 90s. We strived to reach perfection and increase operational efficiencies. Sales and Marketing in the Lean world, was often an instrument to balance work flow and to collect data for voice of customer. In traditional Lean, we forecast and create an internal control point holding sales and marketing accountable to a forecast.

We now live in a world of excess supply and Leaders get hired to grow revenue. For the past 20 years, Lean has been sold from a perspective that faster, better, cheaper wins in the marketplace. It puts a high degree of value on product/goods dominant logic (GD-Logic) thinking. Lean only values what the customer will buy, a transactional experience (GD-Logic). Lean has flourished as a waste reduction method and viewing revenue growth through operations.

Most view Lean from the perspective of providing more value than your competitor and discuss building and operating a company chiefly from an

operational perspective. This traditional Lean thinking would lead us to focus our efforts of continuous improvement internally versus externally. Lean is constantly trying to improve these internal processes making them more and more efficient. What I believe the comments are missing is that there has been a significant shift in the marketplace and at the moment the customer is in control. Supply exceeds demands. However, Lean seems to focus on the wrong side of the fulcrum; the internal processes.

I have always viewed Lean as a knowledge building exercise versus one of a problem solving method. I believe that is what has attracted me via Appreciative Inquiry to the Strength-Based approach.

I could be wrong in this statement, but I find European "Lean" more attuned to Strength-Based Lean and Service-Dominant Logic type thinking. U.S. Lean is still based primarily on Goods-Dominant Logic type thinking, and as a result limits itself. *The Lean Startup* (Build/Measure/Learn) movement was fueled by a reduction of waste but has matured into a Customer Development process. You find little in the way of Reflect/Discover/Create within most organizations. CAP-Do and EDCA (Explore – introduced to me by Graham Hill via Toyota) is a method of moving "traditional" Lean Thinking to one of Reflect/Discover/Create.

Applying Strength-Based principles to Lean is not all that difficult as it has always been there, but just required a deeper understanding of Lean. All you need to do is re-read the material of Dr. Deming, Peter Scholtes and Brian Joiner.

There is a great deal of support in the Lean Software world, most specifically the Kanban enthusiasts, for Strength-Based Lean thinking. The [\*Personal Kanban: Mapping Work | Navigating Life\*](#) book by Jim Benson and ToniAnne Marie Barry just won a *Shingo Prize*. Though Personal Kanban can be looked

at as only a time management tool, there is a deeper meaning. It is a way of pulling work based more on what you want and can do versus pushing work. I think the award may assist in a broadening perspective of strength-based principles.

In *Service Dominant Logic* thinking, the fundamental belief is that value is co-created with a customer through the use of the product or service. Instead of value being seen at the point of transaction, it is at the point of use. When Lean moves to that view, leaders can understand it as a way to build revenue. It is no longer viewed from an operational perspective.

Amazon and Apple with the Kindle and iPad derive value from the product through the customized use of the product. When a customer receives them, within five minutes they are customizing them to their use. It is through the use of the product that value is derived. Would Amazon make money with the Kindle if the use was not the primary function? Would Apple profits be limited without use as the primary function of their products?

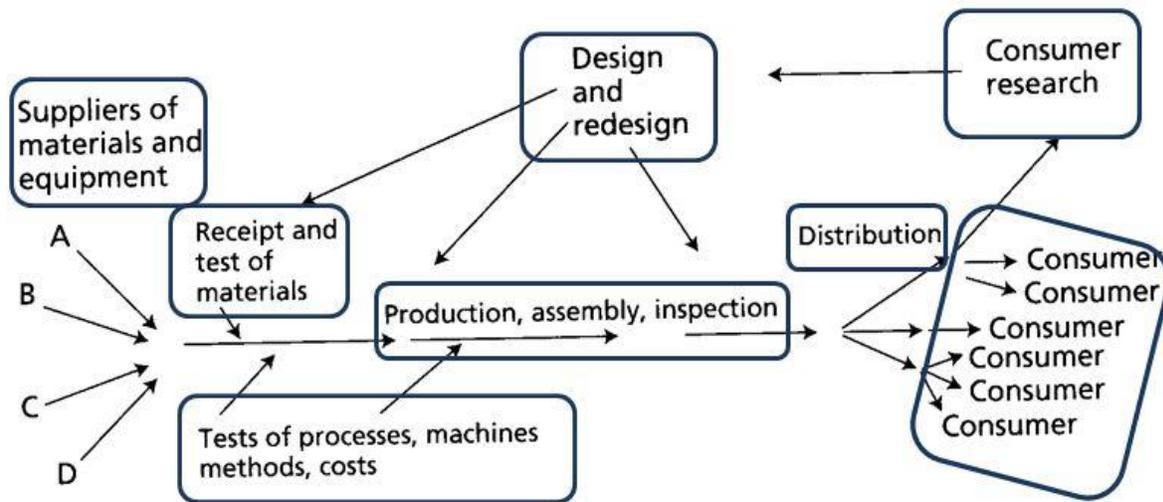
The value of Lean must be demonstrated by the use. We can have operational efficiencies, but they must move the needle in the market place. If you look at the last ten years of Lean books, I can count on my hand the ones that talk about anything besides internal processes or organizational development. When Lean people talk about sales and marketing, they discuss them as an instrument to balance internal efficiencies and to collect data for use in Voice of Customer.

If we want Lean to sustain leadership change, it must be embedded in the strategic framework of the organization. This is accomplished through the Lean practice of Hoshin Kanri. Hoshin Kanri allows us to create our strategic vision. This is the place leadership resides and Lean must learn how to “Play to Win”.

In the book, [Playing to Win: How Strategy Really Works](#), co-Authors A.G. Lafley and Roger Martin discuss strategy and how to make a business grow through the marketplace. My take on the book is that it could have been written from an entirely Lean perspective substituting the “Playing to Win” structure with a Hoshin Kanri approach. The two processes are amazingly similar. In the past, I have referred to Franklin Covey’s, [The 4 Disciplines of Execution](#) as “Lean Simplified”. I believe Playing to Win could be called “Hoshin Kanri simplified”.

Dr. W. Edwards Deming advised us that a supplier is a partner and our relationships must be based on cooperation and trust. Adversarial relationships result in waste. Supplier relationships based on Dr. Deming’s teachings change fundamentally and, moreover, both suppliers and customers win. Dr. Deming showed how customers and suppliers are brought into, and become part of, the production system. System’s Thinking is the key. The supplier-producer-customer network (value stream) works together as a system.

Dr. Deming would also talk about how we sub-optimize an organization by looking at each component above as an adversarial position. He talked about how each person, plant, supplier, work unit are pitted against each other and have little care for its impact on another part of the unit. When something goes wrong these isolated units strive to protect themselves from blame.



Dr. Deming's description of a system:

*A system is a series of functions or activities within an organization that work together for the aim of the organization.*

*The components are necessary but not sufficient to accomplish the aim of the system. There is in almost any system inter-dependence between the components thereof. The greater is the interdependence between components, the greater the need for communication and cooperation between them.*

*The aim, the values and beliefs of the organization, as set forth by top management, are important. The aim of the system must be clear to everyone in the system. Without an aim, there is no system. The performance of any component is to be judged in terms of its contribution to the aim of the system, not for its individual production or profit, nor for any other competitive measures.*

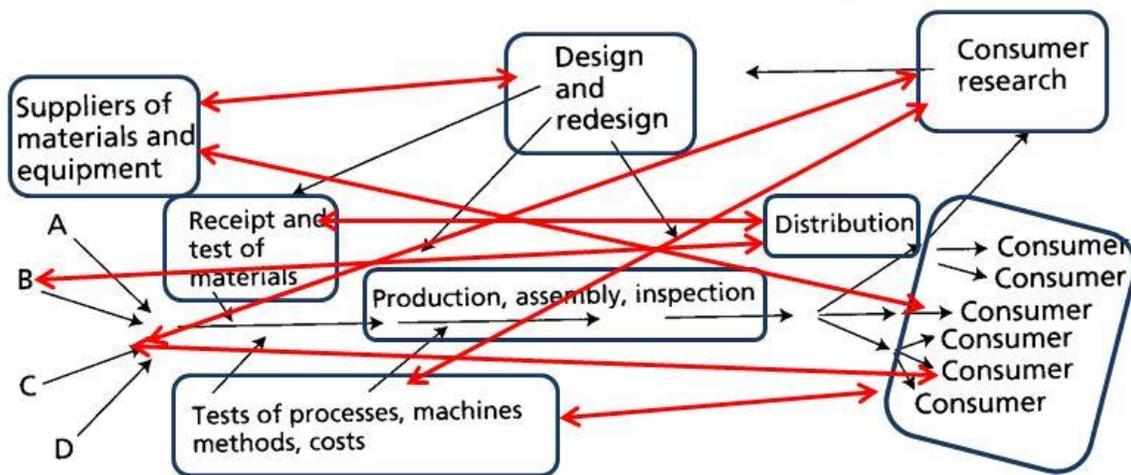
*If the aim, size, or boundary of the organization changes; the functions of the subcomponents will change for optimization of the new system.*

*Management of a system, therefore, requires knowledge of the interrelationship between all the sub-processes within the system and of everybody that works in it.*

*Management's job is to optimize the entire system. Sub-optimization is costly. It would be poor management, for example, to optimize sales, or to optimize manufacture, design of product, or of service, or incoming supplies, to the exclusion of the effect on other stages of production.*

*-Deming, W. Edwards, Foundation for Management of Quality in the Western World*

I would believe that a Lean enterprise or organization follows Dr. Deming's teachings. It is also why I believe a Lean Enterprise has the best opportunity in this social world. It is the essence of what Dr. Deming has taught us.



I drew a few red lines in order to demonstrate how social interaction has become a little more complicated than what Dr. Deming first proposed. Value streams are anything but linear anymore. They are collaborative in nature with overlapping responsibilities. Most of us are not looking at the

production process as Dr. Deming addresses, rather we are viewing social collaboration. We are looking at how vendors, customers and others that may even be hard to classify can provide value to our network. In fact, we may even have a hard time establishing whether they are a customer or vendor.

How good are you at managing the relationships that your organization builds? As we move from a Product-Dominant to a Service-Dominant market, the relationships we create are at the core of our business model. However, how many of us understand these relationships? How many of us know what collaborative networks the other members of our team or organization are creating? Can we be successful, can we be social without this understanding?

In Lean you try to find the one best path – the value stream map. In marketing, we have created the marketing funnel. However, Organizations can no longer feed products to customers. Customers have the ability to access resources and information comparable to their suppliers and choose suppliers by their own definition of value and how that value should be created. Organizations must adapt to the networks our customer chooses to find value in the use of our products and services. Our world is increasingly more collaborative, driving changes in the way decisions are made. Our organizations need to change to a more collaborative structure, but the question is where do we begin?

Role-based exchange networks are the natural way that people organize and collaborate to create value and achieve outcomes. In such a network, every single person executes a chosen role. Through that role they provide value contributions to others and receive value in turn. Further, as long as people experience a sense of reciprocity and perceived value or accomplishment from the interactions – people will stay engaged.

The collaboration patterns that make things work have been pushed to the background through more than two decades of focusing on business process models. Now, with the growing use of social networking and collaborative technologies, the importance of those patterns is finally being recognized.

Indeed, people, and their very human exchanges and interactions, are at the heart of value creation. People, not processes, are the active agents in organizations. Only people have the unique capacity to identify opportunities, innovate, and provide value.

Value streams typically only focuses only on the more formal deliverables. But in a collaborative world, it is not only the formal deliverable but also the informal, which in value networks are called tangible and intangible. Value network modeling is something that allows us to understand the pattern of different activities within an organization or within the same basic value network structure. It's a very, very different way of thinking about who delivers value. I like to use red and black checkers after creating a map, and stack them on the individual roles. I use black for tangible and red for intangible. This way you can have a better visual on what role the customer derives the most value from and what kind of value the customer is seeking.

Verna Allee, author of [The Future of Knowledge](#), defined these deliverables:

*When we model business activity we get into the very specific kinds of exchanges that are critical for success and we define two types of exchanges. We call them tangible or intangible. Tangibles are those things that are formal, contractual. If you don't do these somebody's going to want their money back. The things you must do, the value that must be delivered. We also are modeling all of those intangibles or informal exchanges that really build relationships and help things run smoothly. That is what is missing from process modeling.*

When we look at a problem, we should devise the best set of methods that we know of to solve the problem. However, many of us are prisoners of our own tools. How does that happen? It is very simple. If we are a Lean, Six Sigma or even a Theory of Constraints practitioner, we often times become prescriptive to the methods developed for that field. In conversation, you easily pick up which field someone favors just in the nomenclature they use, especially in problem solving.

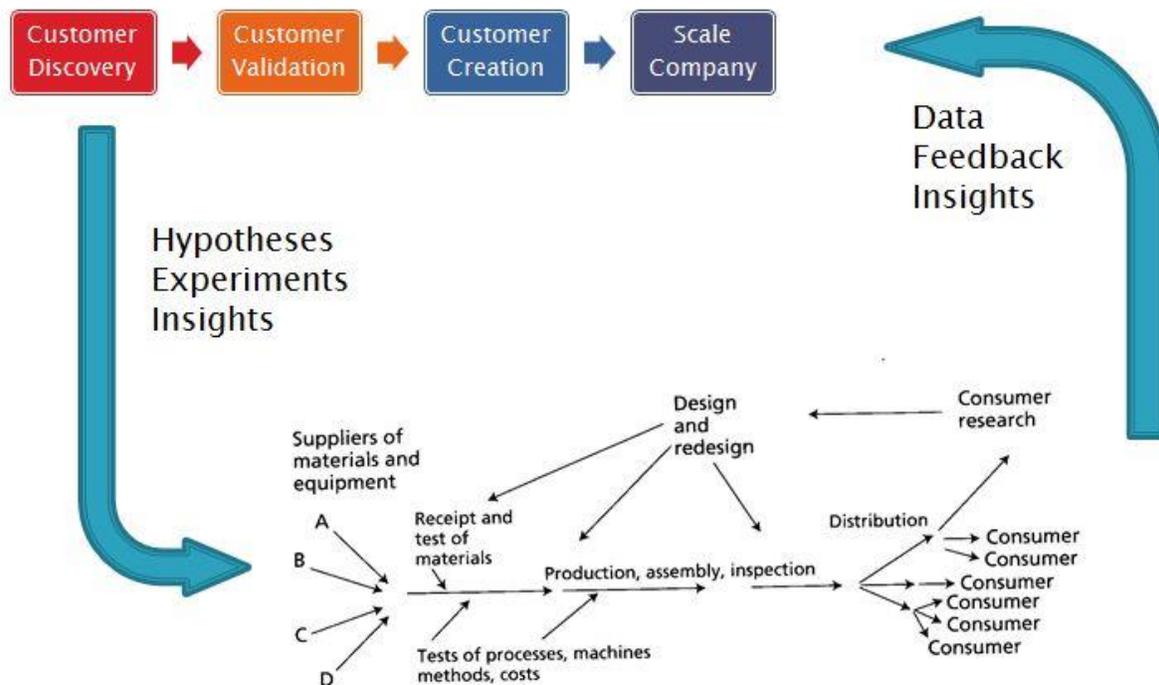
In solving a problem, we all have a tendency to gravitate to what we know best. It is the same in practically any application or for that matter, job. The old saying is so true; "if all you have is a hammer, soon everything starts looking like a nail." This can be counterproductive and stop many methodologies or the people and organizations using them from advancing. Of the three that I mentioned, Lean seems to be the most predominant one at the moment. Why? I believe Lean has adapted itself better than the others because it has been less prescriptive and more iterative in its process.

These iterations, these trials or as we call them in developing an A3 – countermeasures, reflect our current thinking. Capturing this thought and improving on it (CAP-Do) allows for refinement of our observations and will decrease what we call the performance gap. This is validated by putting our countermeasures or courses of actions into practice. This approach has served us well and substantial gains have been made with Lean.

For the most part, gains have been limited to internal processes. We have recently started looking at more encompassing end-to-end supply chains to include suppliers, distribution and in some cases even the consumer. However, for the most part, these activities are based on getting others to "think" like we do.

The world around the structure of process improvement that Dr. Deming depicted has changed. In fact, the days where we once pushed products out to consumers assuming that a “Better, Faster, Cheaper” approach was a winning formula is gone. The days where we could test many of our assumptions, our improvements and close our performance gaps have also disappeared. We learn best through our experiences, but now we have relinquished much of the control of the consequences and understanding of the outcome. We must incorporate and trust the feedback from the consumer.

I started out this conversation by touching upon how Lean has developed through the iterative process and is more adaptive than other processes. However, traditional Lean thinking has stayed centered on this end-to-end process structure. [The Lean Startup](#) Methodology is a prime example of the expanded view that is needed in Lean. It focuses on customer development and product/market fit. It focuses on the internal efforts of the process being validated by the marketplace, the consumer. Maybe, a little prescription of The Lean Startup is what Lean needs?



When we ideate, we want to explore a wide solution space. We need to look at both quantity and a variety of ideas. I have found that the best way to start is to take the user stories created and categorize them, combine them, separate them, break them down but most of all experience them. We looked at how customers currently frame their problems, their mental models and constraints. Now we need to use this information to formulate a hypothesis about new possibilities. The ideas are in the stories. Keep writing user stories. Shyness is not a virtue at the moment. It would not be out of line to have a hundred because we are going to start eliminating a few of them.

There are a many tools we can use to start eliminating ideas, to name a few: SWOT, Pugh Matrix, Voice of Customer, Voice of Market, Kano Model and different Decision Matrices. Maybe the most important consideration is the items that your organization values the most to make sure your customers value them also. It is a hard road to go if you sell your organization on the

values that identify your organization and then turn around and find a customer base that disregards them.

I want to look at 2 tools rather briefly:

### 1. **SWOT Analysis:** Briefly from Wikipedia:

SWOT Analysis is a planning method used to evaluate the **S**trengths, **W**eaknesses/Limitations, **O**pportunities, and **T**hreats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization.

- **Strengths:** characteristics of the business, or project team that give it an advantage over others
- **Weaknesses (or Limitations):** are characteristics that place the team at a disadvantage relative to others
- **Opportunities:** *external* chances to improve performance (e.g. make greater profits) in the environment
- **Threats:** *external* elements in the environment that could cause trouble for the business or project

### 2. **SOAR Analysis:**

In the [Appreciative Inquiry](#) field, there has been a movement to use a SOAR (Strengths, Opportunities, Aspirations, Results) analysis in lieu of SWOT. SOAR is a great method to use for expanding on the positive areas of an

organization. It normally is much easier to gain buy-in from stakeholders with this approach versus others.

In the book *The Thin Book of SOAR; Building Strengths-Based Strategy*, the authors' state:

*People tend to look for problems and focus on weaknesses and threats before searching for possibilities. For example, one participant of a SWOT process described this tendency as follows: "Having used SWOT analysis for the previous fifteen years, I had experienced that it could be draining as people often got stuck in the weaknesses and threats conversations. The analysis became a descending spiral of energy." Or, as another described his experience of a planning process deeply rooted in a SWOT analysis, "[the SWOT approach] gave us a plan, but took our spirit. From our experience, drained energy and loss of spirit can negatively impact momentum and achieving results.*

*In SOAR, we focus on our strengths and opportunities, so that we can align and expand them until they lessen or manage our weaknesses and threats. Weaknesses and threats are not ignored. They are refrained and given the appropriate focus within the Opportunities and Results conversation. Ultimately, it becomes a question of balance. Why not spend as much time or more on what you do well and how you can do more of that? What gives you more energy to take action? What gives you confidence to set a stretch goal?*

The SOAR framework is the beginning step in the Defining stage and is a natural lead in to the others.

- Strengths: Internal to organization; What is our core
- Opportunities: External to organization; What might be

- Aspirations: Internal to organization; What should be
- Results: External to organization; What will be

How many resources do you have? Should you be using them on your weaknesses or your strengths? In a previous lesson, I discussed not looking for areas of deficiencies and improvements but to expand on the areas we do well in. You cannot be everything to everyone and so you have to limit your resources. So why not use them on what you do well?

When I engage with a customer, I find the initial sequence of steps used to create a Lean Marketing System must ensure we carefully think through what outcomes we want to create, what supports and barriers we need to plan for, and who we have to involve within your organization to guarantee success. Our starting point looks like this:

1. (Definition) What are you presently doing and how do your clients and organization feels about them?
2. (Discovery) What is your present value proposition for retaining customers? What is your present value proposition for acquiring customers?
3. (Dream)What are your targets? How will we measure success?
4. (Design) Do you understand your customer's decision-making process? For each product/market segment?
5. (Destiny) What's your investment strategy –in media, in time and events?

The first steps of any Lean process are identifying value and creating a current state. When working in demand, why should we identify the process through Non-Value Activities defined as waste (Weaknesses and Threats) versus the Value Added activities of SOAR?

## Chapter 5

### Lean and the OODA Loop

I have found talking too little or too much are both ineffective ways to proceed in a sales conversation. When we discuss a Lean Sales Person, many people think of this problem solving person that is out finding the root cause and how their product/service could benefit the customer. I have expressed my views on that subject as a problem solving salesperson ends up typically being an average salesperson.

I think what we need when having a Lean Sales Conversation is not to ask about the five Whys to find the root cause, but rather the use of the CAP-Do approach where we concentrate more on the downloading of information at the beginning. This conversation is not what I would call one of discovery, that seems to be little premature. I think of the yoga saying; **“if you want to take a deep breath, you first need to exhale.”** In a sales conversation the person that needs to exhale is the salesperson. The first step in this process is not to think what you want a customer to know, feel, and do. That leads to an attempt to manipulate the customer actions. Instead, try to learn what the customer knows, feels and wants to do. I look at this from a perspective of learning, the Lean way. You learn what they know.

In the Agile world, you will find John Boyd’s unifying theory of this thing we call agility. His key agility concept was that of the decision cycle or OODA Loop (Observe, Orient, Decide, Act):

1. Observe: The lightning-quick collection of relevant information about your current environment by means of the senses rather than drawn-out data analysis.

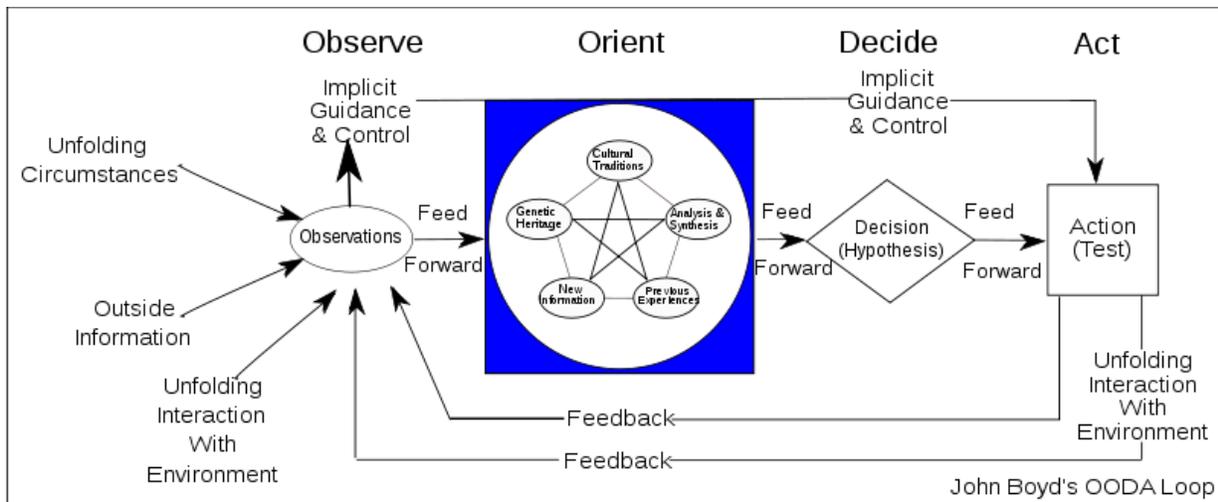
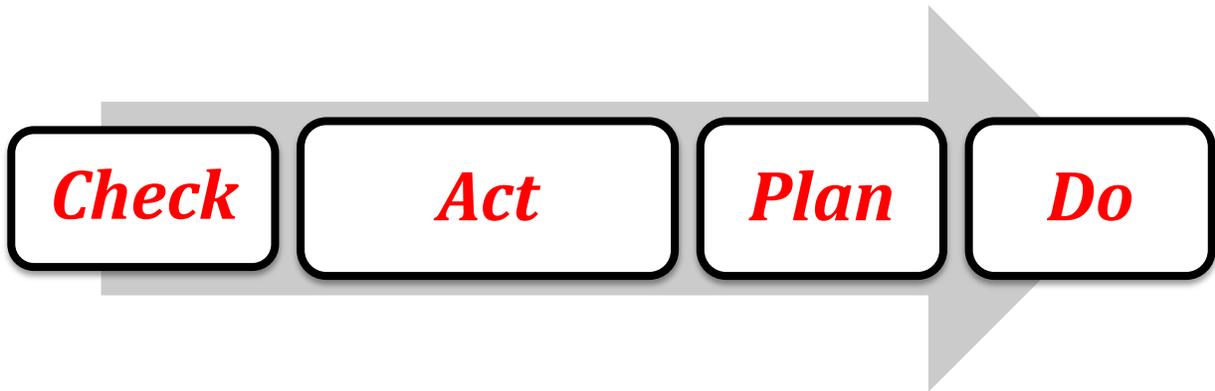
2. Orient: The analysis and synthesis of information to form one's current mental perspective. This is where information is turned into situational awareness.
3. Decide: The determination of a course of action based on one's current mental perspective.
4. Act: The physical carrying out of the decisions. Of course, while your action is taking place, it will change the situation, favorably or unfavorably.

Then the loop repeats, again and again, in real time, as nothing is standing still. Forty-second Boyd was his nickname. He was a top gun type, the Viper, and he would bet that he could be on your tail in 40 seconds. I assume since the nickname stuck, he did it .

There has been a resurgence or maybe recognition of the use of the OODA Loop as a basis for many of the current ideas surrounding Iterations, Rapid Development Cycles and Decision Making. What makes the OODA Loop such a popular subject? When we first think of the OODA Loop, we think of fast competitive cycles needed by a fighter pilot to gain a differential advantage.

Leading companies are taking this "unsystematic" approach to business innovation and turning it into repeatable, managed business processes. Disney has a process, GE calls it CENCOR (calibrate, explore, create, organize, and realize) The Mayo Clinic calls it SPARC (see, plan, act, refine, communicate). Eric Ries's of the Lean Startup original thoughts were centered on the OODA Loop principles. Bill Dettmer, Don Reinertsen and on and on have included the OODA Loop in their latest publications.

I stumbled applying OODA to Lean Sales and Marketing until it finally dawned upon me that it was CAP-Do not a PDCA Cycle. Look at the ingredients:



The OODA Loop when applied to Lean Language is the CAP-Do cycle. The strength of OODA Loop is in the first two steps, Observe and Orientate - Just as Check and Act are in CAP-Do. In Boyd's terminology, the D in the OODA Loop stands for Decision or formulating the Plan to carry out the Hypothesis. He uses A, Act to perform the hypothesis or the Do cycle. I believe CAP-Do, the OODA Loop, is the best way to apply Lean in an external environment.

In the most common use of the OODA Loop, adaption is rather direct. At the strategic level it revolves around adjusting procedures, systems, processes and ideology. Boyd advocated an agile cellular organization with some explicit control mechanisms and feedback loops but one more reliant on

common frames of reference and shared ideas. He always contended that Command was about clarity of ones goals and philosophies versus the traditional form of command and control thought of in a hierarchy structure.

The fundamental goals of your sales and marketing cycle should be one of discovery, learning and adaptability with a shared responsibility for a successful outcome. That implies that it is all about engaging both organizations into effective problem solving and learning. In applying this, think of the sales cycle in terms of a series of iterative loops of problem solving and knowledge creation. Taking this approach, each iterative loop of the sales cycle should be built around:

**Understanding the customer's needs:** Before an iterative loop starts there has to be a need for the answer or the outcome. It may sound silly but many people start a sales cycle based on their thoughts. They think they can improve something, but it may not be what the customer needs. Breaking down the sales cycle into a series of iterative loops allows you to describe the outcome of that individual loop completely before starting.

**Managing knowledge growth versus tasks:** It takes integration of the customer along with the sales and marketing team to look at alternatives and quickly reject bad ideas and keep the good ones. It's building upon those learning cycles for greater understanding of the customer's needs and problems.

**Managing hand-offs to support the next cycle:** Putting execution into the learning cycles is exactly what we talk about when we discuss handoffs. Understanding or having the need of the customer defined clearly for the next cycle is what allows us to execute.

In lieu of having these iterative sales cycles, we typically would have sales and sometimes engineering go out talk to customers when needed, put together huge proposals to find out that much of it may or may not be needed and/or by the time the proposal was completed the requirements have changed.

At first, customer may question a process like this. However, organizations that are making decisions by committee are often your most willing participant. They relish that discussion can take place on a peer to peer basis and across organization boundaries. Their assembled team values the fact that their opinions are considered outside of their organization. As a result of this type of process, a tremendous amount of wasted time is reduced and better definitions of their needs are defined. The result typically means a better, faster, and sometimes even cheaper solution.

The ability to generate the required knowledge effectively and efficiently in the customer decision making process will ultimately make you the preferred supplier.

*Pause*

## Chapter 6

### Pausing

When we apply Lean to sales and marketing, most practitioners think of improving processes from the element of cycle time or reducing waste. My thoughts of applying Lean center on developing deeper perception of customers and experiences they should have with us. It is the collective thought and how we develop that in our interactions. This is what makes Lean powerful. The CAP-Do cycle symbolizes this process.

Lean Engagement teams face new challenges that are solved by collective thought. This collective thinking needs to be done internally, externally and across organizations. It will not come naturally and needs to be created and learned. Lean provides that opportunity.

The Shewart or Deming Cycle or The Plan-Do-Check-Act (PDCA) model is a proven framework for implementing continuous quality improvement. These four steps provide the framework for continuous improvement. The PDCA cycle basically starts with a plan and ends with an action in accordance with the information learned during the process.

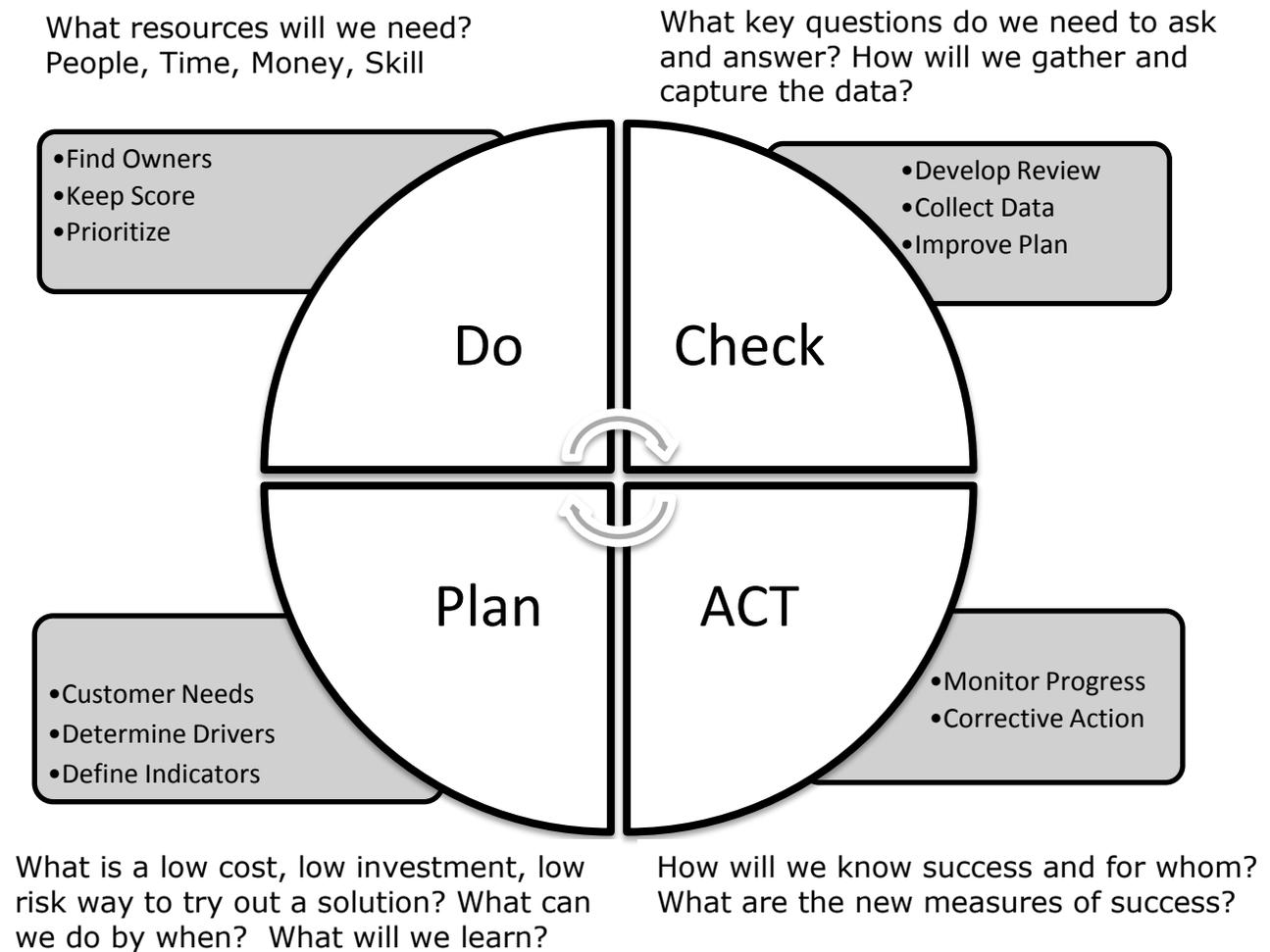
Terinko in *Step-by-Step QFD* taught me to use the CAP-Do process in design saying that Looking and Thinking corresponded to Checking and Acting. It is this process to compare actual work, or standard to our targets or objectives is the reason we start with Check. Without doing this often, we may change just for the sake of changing without knowing the appropriate reasons for changing. Brian Joiner in his book, [Fourth Generation Management: The New Business Consciousness](#) states it this way:

*The temptation to "make changes" is great once we start asking people for improvement ideas. But it is a temptation we have to resist: in the beginning*

*we simply don't know what really a good way to do a job is. Are the documented standards best? The methods people are actually using? Are new ideas being recommended? Can we eliminate certain steps or inventory or inspection, or are they there for a reason?*

To answer these questions, its best to use CAP-Do:

**Check:** Make sure we know why the work is being done. See if this purpose is clearly documented. Locate any existing documentation of methods. Compare actual practice with the documented methods. If there are no documented standards, compare different practices among the people doing the work?



## **Basic Description of the Check-Act-Plan-Do (CAP-Do) Model:**

**Check:** In the Check stage, one must check to determine where work is at this point and what the existing standards are. The standards and/or existing conditions must be checked. The conditions should be compared to the standards or perceptions. If a check detects a value different from the expected value then a search for the cause of the difference should be initiated.

Summary of the Check Stage:

- Analyze the data.
- Compare data to perceptions.
- Summarize what was learned.
- Proceed with results.

**Act:** If the Action stage determines that the work is not being performed according to expectations or targets or those results are not what were anticipated, measures must be devised for appropriate action and you go back through the next project.

Summary of the Act Stage:

- Standardize changes learned into the implementation.
- Complete the data analysis and verify to the target.
- Establish the process/controls needed to monitor.

**Plan:** The Plan stage is where you define the customer objectives or the problem statement and determine the conditions and methods required to achieve the objectives. It is imperative that you clearly describe the customer need you must fulfill and the goals and policies required to achieve the objectives at this stage. A specific target should be documented

numerically, if possible, and the procedures and conditions for the means and methods to achieve the target must be described.

Summary of the Plan Stage:

- State the objective of the change.
- Define causes within the current state that keep the system from achieving the objective.
- Determine baseline measurements of the existing process.
- Understand the causes that make up the problem.
- Decide what needs to change to eliminate the problem.
- Develop a plan to carry out the change

**Do:** In the Do stage, conditions are created and the necessary training or additional support to execute the plan is implemented. It is important that the sales/marketing teams completely understand the objectives and the plan and are in agreement with the procedures needed to fulfill the plan. The work is then performed according to these procedures.

Summary of the Do Stage:

- Implement the change in a trial form.
- Adjust and modify where needed.
- Document what you have learned, both expected and unexpected.

CAP-Do was a term popularized by many that were directly influenced by Dr. Deming, Brian Joiner and Yoji Akao. Even with the direct influence of those three, I have struggled with placing a context around the Lean Marketing or Lean Sales conversation. There has not been a more profound effect on my thinking than C. Otto Scharmer's work that he captured in the book, [\*Theory U: Leading from the Future as It Emerges\*](#). The Theory U, when applied to the CAP-Do cycle, does a remarkable job of explaining the shift required

from internal thinking as an organization and moving to collective/external thinking. Scharmer calls this link the field structure of attention. In the Check/Plan stages, we are able to reflect and adjust our internal thinking and provide incremental improvement to our external world of the Act/Do stages.

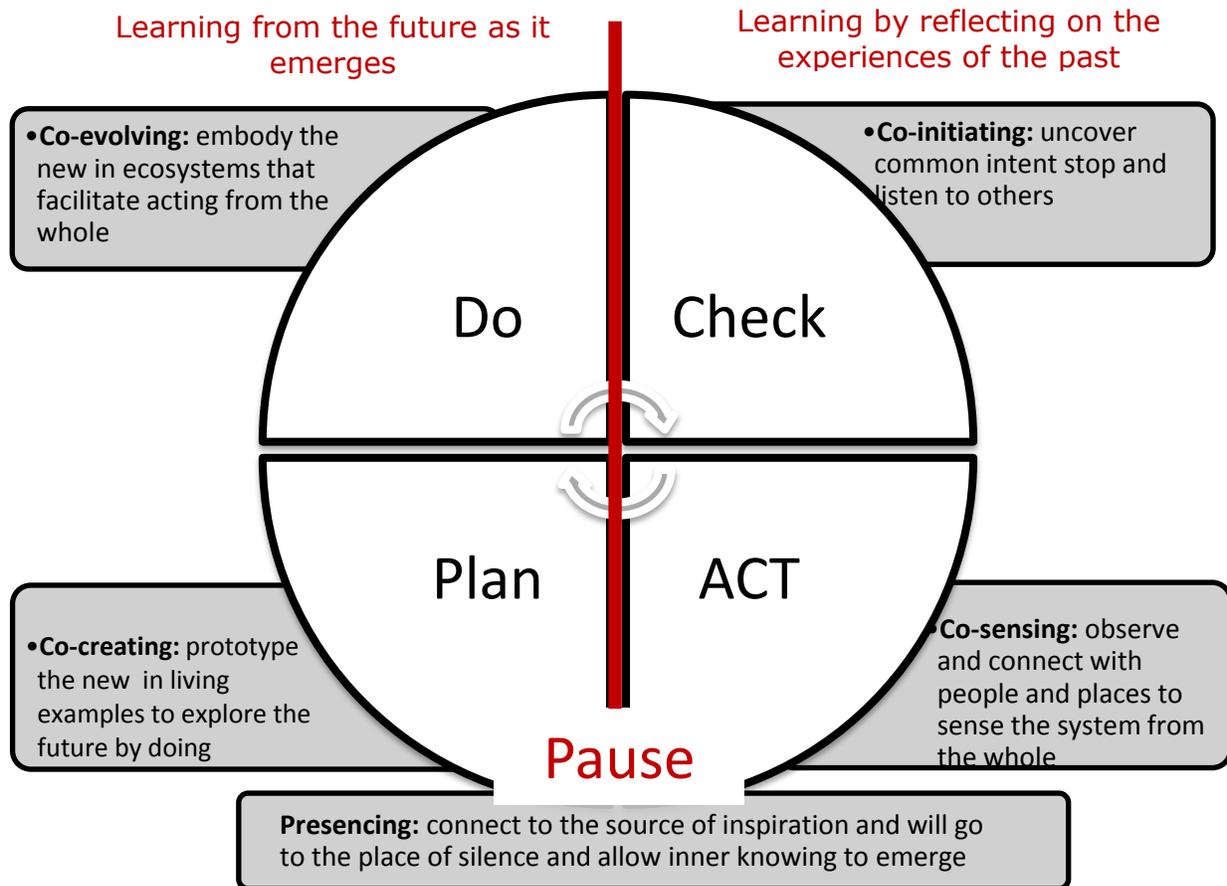
In the book Scharmer says:

*The essence of leadership is to shift the inner place from which we operate both individually and collectively.*

*The soil in my father's fields ranges from shallow to deep. Likewise, in our social fields, there are fundamentally different layers (field structures) of attention, also varying from shallow to deep. The field structure of attention concerns the relationship between observer and observed. It concerns the quality of how we attend to the world. That quality differs depending on the place or position from which our attention originates relative to the organizational boundary of the observer and the observed. In my research that led to this book, I found that there are four different places or positions that each gives rise to a different quality or field structure of attention.*

*They are: (1) I-in-me: what I perceive based on my habitual ways of seeing and thinking, (2) I-in-it: what I perceive with my senses and mind wide open, (3) I-in-you: what I tune in to and sense from within with my heart wide open, and (4) I-in-now: what I understand from the source or the bottom of my being, that is, from attending with my open will. The four field structures differ in the place from which attention (and intention) originates: habits, open mind, open heart, and open will, respectively. Every action by a person, a leader, a group, an organization, or a community can be enacted in these four different ways.*

Below is a graphical representation showing the Theory U applied to Cap-Do.

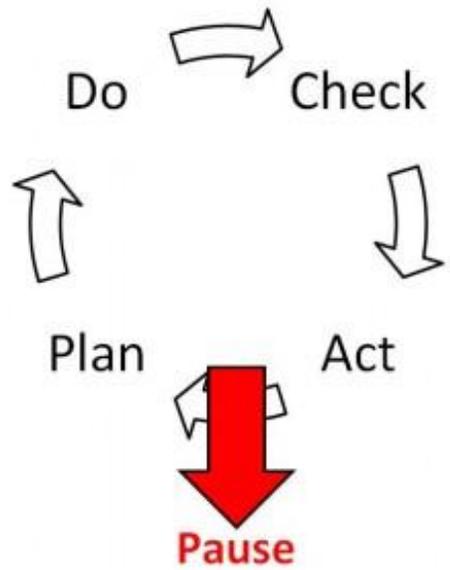


What I like about the CAP-Do process is that it starts by comparing the actual work or our standard. Without doing this often, we may change just for the sake of changing, not knowing the appropriate reasons for changing. Adding Scharmer’s work, we are able to adjust our internal thinking and provide incremental improvement to our external world.

I take a slightly different approach than many others when I interpret the Act or Adjust stage in CAP-Do. I view the A, not as a method to prepare for Plan but to connect with others to see divergent views, similar to the Learn Stage in the Lean Startup. Where C was about factual listening and measurement, A is about empathetic listening. It is where we look and listen through the eyes and ears of our customer before proceeding. It is not an easy process to accept different, and often times opposing, views. When

considered, these views should not cause us to jump to “Pivoting” or make adjustments in the Plan stage of PDCA. Rather, it should cause us to PAUSE.

We are oftentimes in a rush to get through the Act (Adjust) stage. One of the secrets to Lean, and foreign to many of us in Western Culture, is the state of reflection or “Hansei”. Reflection needs to come before the Plan stage. As a child, I was always taught to Stop, Look, Listen. However, as time went on it seemed that those words were replaced with the Nike motto of “Just Do It.” Maybe it is an age thing, but reflection or Hansei seems to be more important to me now. I believe it is what makes for a successful Plan stage. I think it is the missing ingredient in many of our iterative cycles. To test this is quite simple; ask yourself, can you accept divergent thoughts without reflection, without a PAUSE?



What makes Scenario Thinking and CAP-Do so attractive is that it assumes we do not have the answers and addresses multiple outcomes that may occur. Instead of trying to influence customers and lead them down a path or journey, we use a disciplined process of thinking together and adapting our actions accordingly. It allows us to create a systematic way to face a situation that has been found to be problematic (pain) or opportunistic (gain) from different views and reasons. In [\*Transformative Scenario Planning: Working Together to Change the Future\*](#), they address this by using scenarios to approach this “transformation indirectly, through first building shared understanding, relationships and intentions.” **Sounds like Sales to me!**

The authors state the difference between adaptive and transformative scenario planning:

*Adaptive scenario planning uses stories about possible futures to study what could happen, whereas transformative scenario planning assumes that studying the future is insufficient, and so it also uses stories about possible futures to influence what could happen. To achieve these two different purposes, adaptive scenario planning focuses on producing new systemic understandings, whereas transformative scenario planning assumes that new understandings alone are insufficient and so also focuses on producing new cross-system relationships and new system-transforming intentions. And to produce these two different sets of outputs, adaptive scenario planning requires a rigorous process, whereas transformative scenario planning assumes that process alone is insufficient, and so it also requires a whole-system team and a strong container. Transformative scenario planning enables people to transform their problematic situation through building a strong alliance of actors who deeply understand the situation, one another, and what they need to do.*



I found the description of Transformative Scenario Planning right on target with my use of the SALES acronym that I introduced in the book, [Marketing with PDCA](#). I use the acronym in front of the individual Lean cycles of SDCA, PDCA, EDCA. This acronym forms the alliance of actors/people who understand the situation and will

be empowered to make decisions. The acronym stands for:

**Sense-making:** Give meaning to experience.

**Analyze the user**

**Locate the people who understand the user and the needs**

**Empower the Team**

**Select a limited set of needs you are designing for**

Through this thinking, we are not looking to influence customers down a marketing funnel. Instead, we are working towards joint outcomes that will empower both parties, a true win-win scenario.

*Plan*

## Chapter 7

### Lean Sales Methods

Lean Sales Methods allows us to start adapting and understanding our customer needs during the sales learning cycles. We no longer can think about control and manipulation that occurs in the traditional sales funnel. The problem is that sales forces have been forced to create their own hybrid way to accomplish their goals, SALES. As a result, most organizations have left the sales people to fend for themselves, as long as they meet their numbers. We accepted a variety of methods from relationship to problem solving selling, deeming that every salesperson has their own style. Though this is true, it often results in misinformation and downstream problems after the job has been sold.

Lean Sales Methods do not organize and streamline the process for a cookie cutter approach. Instead, it emphasizes an action framework that allows sales people and teams to evaluate a range of options around pre-constructed scenarios. In simpler terms, we practice the possible outcomes and determine strength based approaches to them.

**Sales and Marketing have never been against systemizing the process. They have been against being systemized by the process.**

Re-visiting the work of Dr. Edward Deming and people that he worked directly with such as Peter Scholtes and Brian Joiner, I am amazed at the clearness of thought that they offer, completely untainted with Japanese words and constant references to Toyota. It is quite evident in reading Scholtes and Joiner that sales and marketing were never meant to be excluded from the continuous improvement process. I believe it has been those limiting words, "Lean Manufacturing" that has caused part of the

exclusion. The other part is that it cannot be validated through Toyota. I have always been frustrated that Lean has not moved more away from Toyota. Although Toyota is the model that has excelled at applying Deming, I think the constant validation that seems to be required by citing Toyota is limiting to Lean.

In [The Leader's Handbook: Making Things Happen, Getting Things Done](#), Peter Scholtes discusses Standardizing Sales, from page 128:

*Perhaps more than other professionals, salespeople are inclined to see themselves as a unique subspecies of the human race. "This stuff may work with those other people," they protest, "but salespeople are different. What we do is intuitive. We have to use our instincts. There is no system here. It's an art form!"*

*Such was the response among the salespeople at one very high-tech product/service organization. They provided very sophisticated financial systems software tailored to the needs of the user. These salespeople also had to be very technically astute.*

*Do you go out and make sales calls?" I asked. They responded in the affirmative*



*"So let's look at that sales call this way." I drew on the flipchart:*

*"What is important to do before the sales call?" They offered various answers, which I listed. Some items caused discussion among the salespeople, not so much disagreement among them as awareness of interesting differences in their approaches.*

*Then we moved on. "What is important during the sales call?" I asked. They offered several items, but when one salesperson said, "The presentation is the most important part of the call!" everyone agreed.*

*"What constitutes a good presentation?" I asked. The salespeople started listing a number of factors. Once again they mostly agreed, though there were some interesting variations. Then I asked two important questions.*

*"Who decides what a good presentation is?" It took them a while to say, "The customer does!" "And how do your customers define a good presentation'?" Silence.*

If you read Scholtes or listen to him, you will find that you are learning through a series of questions that he asks. I would enjoy seeing the percentage of questions in his books versus today's writers of continuous improvement. Not saying today's writers are wrong. It seems that we are all looking for that template for success, the silver bullet, versus finding success within our own structures.

A good case in point is the struggles of many conferences, workshops, etc. centered on learning Lean or closing the so-called knowledge gap. These conferences are populated largely by consultants and vendors trying to sell to the learners. Another telling sign in our times is that conferences that focus on coaching, consulting, certification or in other words creation of an expert status to tell others how to do things are flourishing. No wonder sales and marketing have resisted. Do we really think that without asking them what is needed to improve or visiting their Gemba (the customer's place of work) with them that we can improve their processes?

Back to Peter Scholtes on Standardizing Sales:

*So we devised a little research project for the sales force: Talk to customers about sales presentations they have seen. What made some better and some worse? How can our presentations be improved? What are you, the customer, getting in our presentations that you don't need? What do you need that you're not getting?*

*What happened here? The salespeople started looking at their work as a process aimed at customers, a process that can be improved with feedback from the customer.*

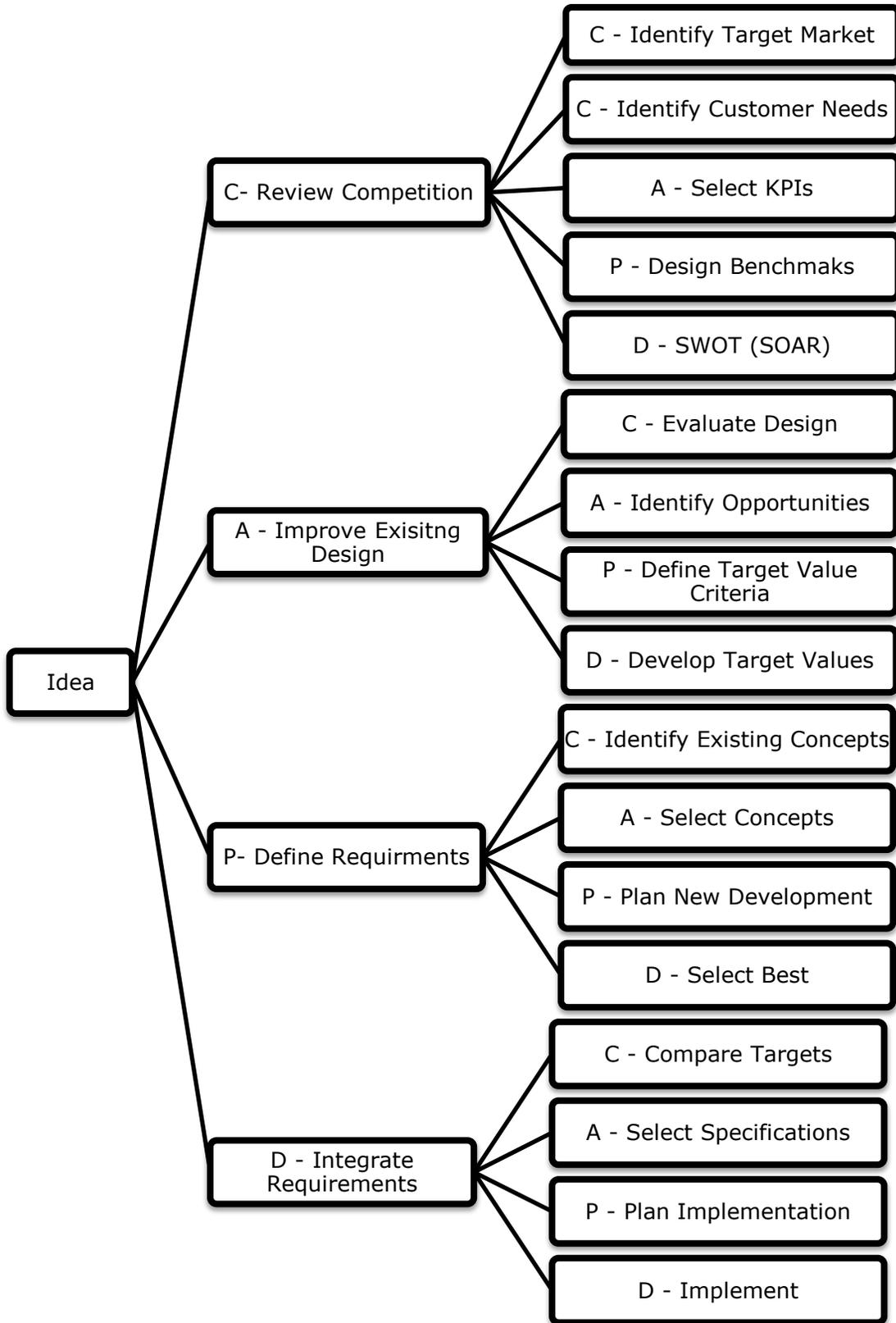
*We didn't use the words "system" or process." Nor did we need to debate the issues of intuition and art form. But we started examining the system called selling. Also, these salespeople got excited about the exploration.*

Sales and marketing have never been against systemizing the process. They have been against being systemized by the process, Lean or Lean Manufacturing. If you review, *The Leader's Handbook: Making Things Happen, Getting Things Done* I think you will find a great deal of guidance and understanding on how to include sales and marketing into continuous improvement. I would encourage you to not stop there.

Starting with Check is not a new phenomenon. Looking and Thinking correspond to Checking and Acting and that should be our first step.

Paraphrased from the book [Step-by-Step QFD](#):

The CAP-Do cycle can be used to identify the first-level tasks needed in design. The critical process for planning the design is contained in the branches of the tree (see below). Within the CAP-Do cycle, there are several tasks that must be completed. Each element of CAP-Do must have at least one task. For instance, the Plan portion should include defining technology and concept requirements.



Adapted from [Step-by-Step QFD](#)

The CAP-Do cycle is used to identify the critical tasks for each of the major tasks in the critical process. These first-level tasks in the CAP-Do cycle require at least one second-level task. For example, there are five tasks for the first major task in the critical process:

- C – Identify target market
- C – Identify customer needs and expectations
- A – Select performance measures
- P – Design technical benchmarking
- D – Evaluate competition

Depending upon the steps in the critical process, the critical tasks can be different. For more complex design processes, it may be necessary to use the CAP-Do cycle again to identify critical subtasks.

**It is not the Process, it is the Conversation:** *Joseph Juran* observed, “There should be no reason our familiar principles of quality and process engineering would not work in the sales process.” In *Management of a Sales Force*, a sales process is presented as consisting of eight steps. These are:

1. Prospecting/Initial contact
2. Pre-approach planning the sale
3. Approach
4. Need assessment
5. Presentation
6. Meeting objections
7. Gaining commitment
8. Follow-up

This is your typical marketing funnel or a sales process describing an approach to selling a product or service. We may even choose to call it sales

process engineering. Along comes a Lean consultant or a Six Sigma Black Belt saying that we can apply Lean or Six Sigma to the sales process. What they are really saying is that they can show you how to engineer the process. If they are somewhat current, they will throw in discussions about agility, iterations, uncertainty and flexibility. But they are still trying to engineer the process. I know this all too well; I have done the same.

I started out creating product/markets or value streams. The next step of the process is to map the customer journey and then start defining the individual reaction or internal processes to it. The rationale for having a well thought-out sales process is that you can standardize customer interaction. From a consultant's (internal or external) view, it offers the opportunity to use design and improvement tools from other disciplines such as product development (Agile) and manufacturing (Quality). It is a good learning exercise and helps you understand your process and may even be a starting point to help you understand your customers. However, it is a mistake to create a sales and marketing process around this thinking. Linear planning will increase the risk for a customer to engage in an inappropriate course of action.

In today's world, you may not know or be able to identify the decision-makers anymore. Decisions are being made in committees and every one of those committee members are influenced by many others. It is becoming a very collaborative process. There are still people that carry more influence than others, though it is not the perceived hierarchy that an organizational chart depicts. Rather, it is through a network of tangible and intangible deliverables, a network of value.

The conversation is at the heart of the Sales and Marketing process. Through the above mapping exercise, you should not be attempting to find a step by step process; rather you should be identifying the conversation and

interactions and prioritizing the moments of truths that take place. Just as Lean in the 3P process development process has moved away from stage gate reviews to an event, we need to make a similar move in sales and marketing. I prefer not to call it an event, but rather a conversation. A conversation of willing participants who have demonstrated a willingness to address a job that needs to be done. This conversation has several paths, one of discovery through CAP-Do and another through continuous improvement of PDCA. It is not restricted to a funnel that will limit participants and the sharing of knowledge.

Dave Gray discusses this type of hierarchy and sales structure in his book, *The Connected Company*. He calls this structure a POD. In the book, he mentions a few companies like Amazon and 3M that operate in this manner. He also mentions Semco, a Brazilian conglomerate that has grown from \$4 to \$200 million or Rational who was acquired by IBM for \$2.1 billion and others. Whether you call them Pods or Value Stream Teams, it makes little difference. They are built through a clearly defined vision and supporting processes that empower them in the conversation they have with customers.

## Chapter 8

### Retool your Sales and Marketing with Lean

The traditional marketing outsourcing strategy one where you find someone or some agency that has done wonders for friends of yours or can produce an outstanding portfolio of accomplishments. You will interview them, and those items of brilliance will be demonstrated. You will hire one and they will probably deliver outstanding content. You may hire the same people or someone else to develop social media. At first, you will be amazed by the new content and all the new activity. You may even gather a few new clients because this activity reaches out to areas that you have not been before. After a while, you will experience a few problem clients and this activity will not be generating as much return. You start reviewing ROI and wondering. Of course, there is a lot of branding, and you can't measure it all, so they say. You finally determine that you have to reduce the costs and either find a less expensive agency or stop doing anything new, just continuing with what you have.

Marketing has transformed from the traditional methods of outbound marketing to the new methods of inbound marketing. It has spawned a different type of engagement. However, the traditional means of marketing still reside within most organizations. They still hire people based on the look and feel of inbound marketing and the "deliverables". When you outsource your marketing, you ask someone else to perform a job that only you and your organization can really do. You allow that consultant or agency to come in and assume the role of delivering your brand.

As Phil Hernandez says in his book *Revenue Disruption: "We are living, marketing, and selling in a new world, one where buyers determine their own brand preferences, research their own alternatives, ask friends about*

*vendor qualifications, learn about pricing, and consent to talk to a salesperson only on their own timeline and terms. We have seen how this new mode of buying has run headlong into outbound marketing and sales practices that have not really changed much over the past 50 years. This clash of styles has created an enormous challenge for companies everywhere. But we have also seen the promise: Companies that embark on fundamental change in the ways they create revenue have the opportunity to unleash a radically higher performance revenue channel, take share from competitors, and achieve outsized revenue acceleration of 40 percent or more. The issue is real. The opportunity is huge. The strategy is concrete and actionable."*

The successful Marketing Consultancies such as Sales Force, Hubspot and Phil Hernandez's own Marketo, are companies that deliver a process that an organization, large or small, takes ownership of delivering their own message. This process has become the marketing. Marketing is no longer driven by the arts or the latest social media tool. Marketing now must deliver a powerful, transparent, and authentic message communicated in a compelling and trusting manner. This process can consume large blocks of time and energy if it is not delivered in a consistent, effective and efficient manner. Consultant and author Kristin Zhivago has been widely quoted for her observation: **"Marketing has shifted from 80 percent creative and 20 percent logistics to 80 percent logistics and 20 percent creative."**

Your products and services have become commoditized. Oftentimes, if you are responding to a request for a proposal, the actual decision has long ago been made. Most buyers know what they want. The old thinking of solving problems for customers is just that; old thinking. Buyers want fresh perspectives that are aligned with theirs. This cannot be done through outsourced marketing content.

Can you afford to have everyone marketing, and the inefficiencies throughout the organization that this creates? Can you afford to have your entire organization taking a 10-minute "Twitter Break"? What you need is a systematic process, (I do not mean optimizing a sales funnel) so that across organizational boundaries, the right people engage at the right time. This is now one of the primary roles of marketing; reducing the clutter and bringing the right people together.

Many small organizations procrastinate working on their marketing efforts. They already have other jobs or are working on a sufficient number of bids. When they finally reach out for marketing assistance, what they are looking for is sales. On the flip side of the coin, people oftentimes start marketing by creating brochures, advertisements and other marketing collateral without having a well define process or strategy.

An example of this type of thinking in the new wave of "innovation" symbolized so well with the success of the Lean Startup™ concept. Lean Startup is a strong buzzword these days along with Service Design and Design Thinking. I am perceived at times as anti-Lean Startup because I am unwilling to throw the baby out with the bathwater. My belief is that established companies must grow from their existing core. There is nothing wrong with innovation, but it is only a percentage of what you do. We have to create a mix in the marketing process; SDCA \_\_\_\_\_%, PDCA \_\_\_\_\_%, EDCA \_\_\_\_\_%. Which means a certain percentage of resources must be allocated to standard work, continuous improvement and innovation.

This mix has to be balanced along with time, money, and people. If you don't, people will grab that next "silver bullet" for marketing, thinking that is the answer. A question you might want to ask is; what percentage of these resources are you willing to risk? Can you take a 25% hit if the new idea does not work? This is why you reduce the risk by creating a certain

percentage of standard work. We would take and dedicate a % to PDCA and a % to EDCA. This way we learn by doing so with little risk and still have upside potential.

The tendency is to jump into EDCA (Lean Startup) and try to create a silver bullet. When “retooling”, you should delay starting “new” marketing ideas. You start with CAP-Do and categorize and develop the idea and practice of standard work. Standard Work consists of understanding the basic Lean principles, an understanding of your value proposition, how your product/services are used and the markets you serve.

From that, we can grow through PDCA by addressing either an improvement our position in a market or a product/service. We improve this through PDCA and create what is called the little i of innovation. The little i of innovation is as important as the big I (EDCA), maybe, even more. It is how we improve standard processes and how we make them better. Practicing PDCA allows us to see opportunities for improvement and leverage the resources that we have. Developing this type of culture is imperative for an established company if we want to become innovative or practice the big I of innovation or as some may call it, The Lean Startup.

I like to use the term EDCA learned from *Graham Hill* to designate the Explore aspect of Lean. I view it as more of Design Type thinking content that allows for that collaborative learning cycle with a customer. Companies need innovative practices. We look to the fringes of our markets where chaos exists. It is where development and the Big I of innovation (EDCA) occur, and the Lean Startup principles apply. Companies need all three.

Doing it this way, we build a culture of continuous improvement so that the organization is ready for innovation. EDCA is the third leg of the journey. I would recommend starting there only if you have no core value proposition

and are at risk of closing if something dramatic does not happen. The Lean Startup with all of its hype has not offered any evidence that it has improved the success rate of start-ups. I think it is a better way, but I certainly would not bet my entire program on it.

As you can see, I talk little about marketing tools and material. The tools that are used are all dependent on what the process tells us. You should try many, though you will only be successful with a few. However, our trials will be small and directed so that mistakes are early and at a minimal cost. Look at things through an appreciate inquiry lens, using SOAR as much as SWOT. This way we expand on the positive (our core) versus trying to find waste. Waste becomes what disappears or we stop using.

One of the first introductions most of us have to Lean is through the term Gemba. Gemba means “the real place.” In Lean terms, we usually view it as “the place where work takes place.” When we try to solve problem, or as I like to say in appreciative terms, improve the process, we should always visit Gemba. It is important that you “go see” for yourself. That physical presence where you can observe directly is the essence of Lean improvement (problem solving).

Even with this acute observation, we don’t really take the Deep-Dive. The Deep-dive consists of some things that I learned from Bob Petruska, author of [\*Gemba Walks for Service Excellence: The Step-by-Step Guide for Identifying Service Delighters.\*](#) Taking a deeper-dive requires more than observation. It requires an acceptance of the idea that we are not the smartest person in the room; the room is the smartest person. The ability to open up this dialogue and see through the eyes of others is where the deep-dive Gemba Walk takes us. It is that observation which allows true creative thought to emerge.

Designers use the word empathy. I think it is more than that. I think it lies in the ability to shape and form other's ideas. W. Brian Arthur, the founding head of the Economics Program at the Santa Fe Institute said, "*the real power comes from recognizing patterns that are forming and fitting with them. Most tend to be the standard cognitive kind that you can work with in your conscious mind. But there is a deeper level. Instead of an understanding, I would call this deeper level a 'knowing.'*" It is about observing. It is about Hansei or reflection. It is about empathy. But just as important, it is about "knowing" and leaving matters take their course. The room typically wins, no matter how much influence you may choose to exert.

Most organizations have never viewed their marketing from a process standpoint. The world of creativity clashes with the logical thinkers in the process world. It is very difficult to make this transformation on your own and without the experience of someone well versed in both areas. The best way to start is to arrange a time that we can discuss your needs in greater detail. What I have found is that every instance is a little different and the first several weeks are important to the ultimate success of the marketing transformation. It needs to be done from a strength-based approach versus instructing people.

***Involving the Customer:*** What do you see in a Gemba Walk? It's interesting because not one of us will see the same thing. As a result, I believe it is important that multiple people observe and document a procedure. We must then all come together and develop a current state of the job that is being done. In "Lean-ish" terms, the standard work that is being performed. This is the basis for framing the problem that we need to solve.

Clayton Christensen, author of *The Innovator's DNA* and *The Innovator's Solution* to name just a few of his books, talks about the "Job to be Done."

**Product and customer characteristics are poor indicators of customer behavior**, because from the customer's perspective that is not how markets are structured. Customers' purchase decisions don't necessarily conform to those of the "average" customer in their demographic; nor do they confine the search for solutions within a product category. **Rather, customers just find themselves needing to get things done.** When customers find that they need to get a job done, they "hire" products or services to do the job. This means that **marketers need to understand the jobs that arise in customers' lives for which their products might be hired.** Most of the "home runs" of marketing history were hit by marketers who saw the world this way. The "strike outs" of marketing history, in contrast, generally have been the result of focusing on developing products with better features and functions or of attempting to decipher what the average customer in a demographic wants.

Thomas Koulopoulos on a Fast Company blog post said: *We are at the tail end of an era that has focused almost entirely on the innovation of products and services, and we are at the beginning of a new era that focuses on the innovation of what I like to call "behavioral business models."* These models go beyond asking how we can make what we make better and cheaper, or asking how we can do what we do faster. They are about asking why we do what we do to begin with. And the question of why is almost always tied to the question of how markets behave.

He goes on to say: *The greatest shift in the way we view innovation will be that the innovation surrounding behavior will need to be as continuous a process as the innovation of products has been over the last hundred years. The greatest shift in the way we view innovation will be that the innovation surrounding behavior will need to be as continuous a process as the innovation of products has been over the last hundred years. It's here that*

*the greatest payback and value of innovation in the cloud has yet to be fully understood and exploited.*

Most of us are defined not by their products but the services they offer. You cannot build value or even create it through clever marketing. Value is only created when a customer puts it into use. This is Service Dominant Logic Thinking (Vargo and Lusch (2006)).

The internal thinking of product development hinders us more than we know. If we viewed our products as “enablers of use” or in SD-Logic the “Value in use” our opportunities skyrocket. In many Lean Organizations there are no longer Product Managers, there are Value Stream Managers. When people think about products, they automatically internalize their thoughts. They think about where they work and depict a product or service. Do you picture it in use? Now think about something you own. Do you think about it being used?

What if we started thinking about it from the perspective that we own this product. If we first begin by viewing how our customers use our products and then how we might extend that use or make it easier. Maybe, we need a lesson on Empathy Development? Maybe, we all need to use the products made by the organizations we work for? Famously Google proclaims; "we eat our own dog food".

I doubt outside of the construction world many have studied *The Promised Conversation Cycle*. What is intriguing about this concept is its ability to plan around uncertainty through a collaborative structure. However, The Last Planner® provides an excellent roadmap to begin your journey. Taking it a step further, *The Promised Conversation Cycle* provides a discipline for your conversations. Can you promise anything you are uncertain about? Of course not, that is why this conversation is the key component of The Last Planner.

If we are going to create collaboration, a social process, we must define and adhere to a structure that builds trust and removes uncertainty in an uncertain world. Working through the deliverables, even though there will be failures at times, builds the team structure. The planning process becomes a 'personal thing' with shared responsibilities.

This conversation is the key component of The Last Planner. If we are going to create collaboration, a social process, we must define and adhere to a structure that builds trust and removes uncertainty in an uncertain world.

Our world is increasingly more collaborative, driving changes in the way decisions are made. Our organizations need to change to a collaborative structure but the question is, where do we begin? The question "*for whom and what type of value added products and services should be provided?*" defines the workplace mission within Toyota. In this way, measures can be created from the value-added problems from the conversation.

Concept Development is the application of a process to identify the best possible solution. Paraphrased from Nigel Cross's book, *Engineering Design Methods: Strategies for Product Design*:

*Designers tend to use conjectures about solution concepts as the means of developing their understanding of the problem. Designers impose a primary generator and generate early solution concepts. This is used to base a tightly restricted set of constraints or solution possibilities. The problem cannot be fully understood in isolation from the solution, so solution conjectures should be used as a means to understand and explore the problem formulation.*

As the architect, Richard MacCormac, has said, "*What you need to know about the problem only becomes apparent as you're trying to solve it.*" Solution-focused strategies are sometimes the best way of tackling

problems, which are by nature ill-defined problems. The major hindrance to this type of thinking is found in becoming fixated on a particular early solution concept and an unwillingness to discard the concept. Instead we make minor improvements rather than discard the work and start with a fresh idea. Another problem is going too much in depth versus staying at a minimum level to continue the process.

Cross added these steps for the solution focused process:

- Clarify requirements by asking sets of related questions which focus on problem structure.
- Actively search for information and critically check given requirements.
- Summarize information on the problem formulation into requirements and partially prioritize them.
- Do not suppress first solution ideas, hold on to them and return to them to clarify the problem rather than pursuing them in depth.
- Detach themselves during conceptual design stages from fixation on early solution concepts.
- Produce variants but limited the production and overview periodically assessing and evaluating in order to reduce the number of possible variants.

Another part of the process, especially used by designers and architects, is the act of sketching. They have a tendency through sketching to handle different levels of detail shifting from overall concept to detailed aspect practically simultaneously. Sketching permits tentative solutions to be explored and investigated and the typical hierarchy steps of problem-solving analysis are prevented.

We accept that Architects have an ability to design pleasing structures. Another part of their repertoire is equally as important; the ability to

visualize the change needed between the current and the future state and to successfully chart the path for evolving to it. You may believe that these traits are common in organizations through engineering, project management and operations but Architects do it a different way. They do it through the lens of design.

How do Architects think? A study, *Thinking like an Architect*, by Kyle Gabhart explores the subject of architects and how they view, and ultimately solve, problems.

The overwhelming indication here is that building-style toys (LEGOs, blocks, Lincoln Logs, etc.) were a favorite toy of those individuals that eventually grew up to become architects. Could it be that the abstract thinking and pattern-recognition that is inherent in building-style toys was already being developed and enhanced at such an early age? The second contender is board games, which has a strong component of rules sets and also pattern-recognition. Here again, the impressionable mind of the future architect may already be creating mental categories, placeholders, and thought patterns for future architecture activities.

LEGOs is not that surprising, but another part of the survey listed these results:

- 53.08% of respondents studied / trained with a musical instrument
- 36.97% pursued mathematics studies beyond the basics required by a degree program
- 22.27% engaged in formal singing activities, including music theory and sight-reading

What does that tell us? A background in music may mean a great deal of regimented practice and the ability to take instruction. In combination with

LEGOs, it shows the ability to build on an existing process and achieve future results. It may also say a lot about teamwork, since many that play music in high school participate in a band.

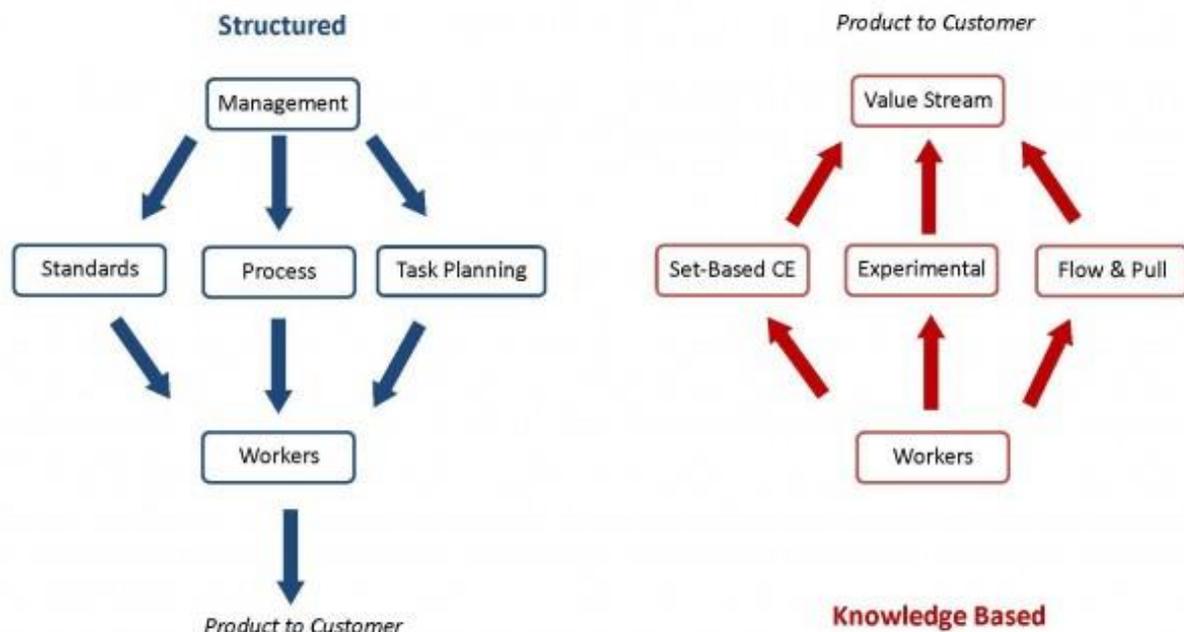
Architects offer traditional core services but they also balance human, technical and business factors as well, managing these factors to achieve their outcomes. Architects build and coordinate teams from a variety of services. Just doing this within our own organizations seems insurmountable at times. Have you ever thought about outsourcing your entire business?

Our products/services have increasingly become more strategic. We must enable the use of our product/service to serve clients more effectively and to increase customer engagement. Architects add a great deal of value to this thought process, and have always started with customer engagement in their design practice. Design is never an afterthought; it is the real reason for engagement. There is no such thing as features and benefits until a definition of the client's needs is established.

Design Thinking is one method of engagement by focusing on the bigger picture. There are several other methods such as the Lean 3P. The accepted meaning of 3P is Production, Preparation, Process. Lean 3P has found favor with many Lean practitioners recently with organizations such as General Electric, Ingersol Rand and Siemens adopting it. The principles of design and development of the 3P process is attributed to Chihiro Nakao, a former Toyota group manager and the founder of Shingijutsu company. Allan R. Coletta, author of the book *The Lean 3P Advantage: A Practitioner's Guide to the Production Preparation Process*, explains the Lean 3P process as follows:

*Lean 3P is a powerful enabler for invention and innovation because it creates a structure and a process for people to create both independently and collaboratively. However, 3P is not presented as a "one size fits all" means of*

creating brilliant new products that takes us from "blue sky" to product launch. It might work like that in some instances where a new product is a variation of an established product or in organizations where the same team is inventing, developing, and working together to launch a new product. With additional experience the role of 3P in the full product development will likely expand. For companies new to Lean 3P, the question might be how 3P will integrate into existing product development processes.



The picture above was created from Michael N. Kennedy's book, [\*Product Development for the Lean Enterprise: Why Toyota's System is Four Times More Productive and How You Can Implement It\*](#) and represents the change gap between past product design and future product design. As you can see, design and innovation pulls from the expertise of the workers (knowledge-based) rather than management creating direction (structured).

This is Lean Design of the future. If you envision the *Business Model Canvas* of Alex Osterwalder's as the value stream, you will see how Lean is poised to create the ecosystem that is needed for new product/service development. It

is deep within Lean Thinking how CAP-Do can get embedded in sales and marketing and creates pull and a collaborating flow to and from the customer. This is how new demand will be created in the future. Without an existing culture and ecosystem, every product must be a breakthrough.

Before a recent interview, Ron Mascitelli, author of [Mastering Lean Product Development: A Practical, Event-Driven Process for Maximizing Speed, Profits, and Quality](#) discussed the use of Stage Gates or Control Points in the Lean Service Design methodology. Ron explains how he has eliminated them:

*Other than the fact Kaizen events are a great example of how powerful this kind of intensive collaboration with a high focus can be. But it's not a Kaizen event in the classical sense of being continuous improvement. It is an execution event, where you have, again, a standard preparation in advance. Everyone, within their role, comes to this very cross functional event with preparation, information, and in some cases completed work. When we get in the event, we follow an agenda of tools, discussion, and prioritization. Then ultimately, we have a standard output that determines the close of the event.*

*In fact, if we don't close the event properly, if we don't reach that outcome, we reconvene in a week or whenever we can, and we continue until we can reach that closure. I think it's a very powerful forcing function for timely decision making and for really getting all the voices together, looking at the same issues and problems, and answering the same question.*

*Actually, in my perfect vision of the world, the events become the phases and gates. Our market requirement event is a knowledge gate, so is our project planning event. The rapid learning cycle event, which is to burn down your early risk on a project, each of these, in a sense, are knowledge gates.*

*So in my perfect world, we don't use artificial governance gates like concept freeze gate and a detail design freeze gate or whatever they might be. We actually use these events as knowledge gates. But in most companies that already have a comfortable language of governance, we just embed the event at the appropriate phase and it will give you the outputs you need for your existing gate reviews.*

*If you think about it, in product development all of the knowledge that is needed to create the best commercial product in the world resides in the heads of the cross-functional groups that you have in your company. It's all in there somewhere. All they need is a problem to focus on and the ability to somehow pull all of that diverse cross-functional knowledge together in a way that's optimal. So really that's what we're trying to get at here. Really, it's forcing collaboration, not just names on a list, "Oh yeah, we've got a manufacturing person on the team. See here's Joe, he's listed down here on the list."*

*It's getting them in the room, break down the barriers to communication, have a common vision and a common set of tools they use so that we really do get that consensus input. Product development can't be optimized without the contribution of virtually every function in the firm at one time or another.*

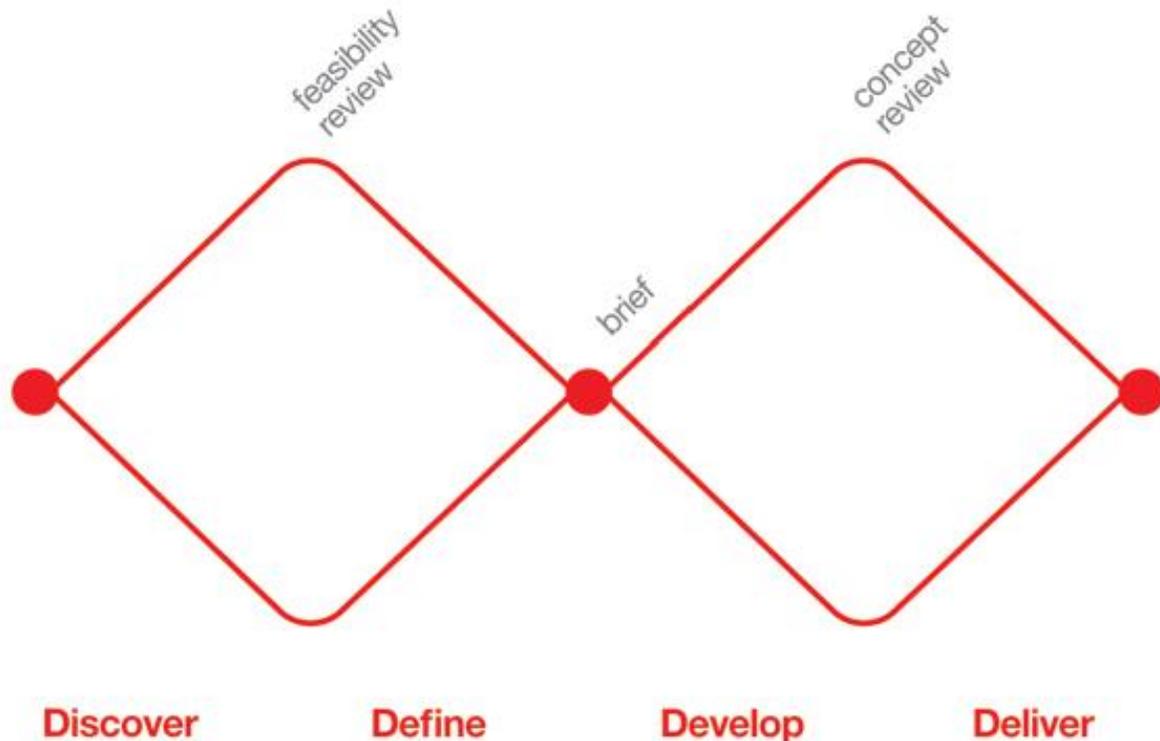
We have moved from stage gate thinking to event style collaborative agreement on a regular basis. These processes can even be done concurrently to speed up the process depending on available personnel. During this process, don't change the tools you are accustomed to using. If you reflect on the discussions in the book on Leader Standard Work, you will once again see the commonality of overlapping responsibility and the practice of arriving at agreement, a consensus of what is best practice. This can only be done through involvement at all levels of the organization.

This is not about relinquishing control of the process. It is about gaining more control over implementation. Collaboration does not ensure that the best answer gets enacted. It typically ensures that something does get enacted. It takes away that paralysis from planning. No longer are we trying to gather buy-in to get something accomplished, but rather change is being driven from the bottom up with a sense of joint accountability. The best answer becomes the best implementable action. Eventually through continuous improvement a better answer will surface than was originally conceived.

In Lean, you will find the words "Respect for People", which is rigorously applied by most Lean practitioners. However, it is typically applied from an internal viewpoint. I do not want to imply that it does not carry over externally; the customer experience will mimic the employee experience, but seldom is it addressed. In healthcare, you will see empathy addressed more than anywhere else at the moment, but that discipline was built from a compassionate side to begin with. It was not guided by Lean as an enabler of empathy.

Developing collaborative sales and marketing efforts requires an organization to understand the emotional needs and difficulties of their prospects and customers. Our sales and marketing should be centered on understanding value in use (SD-Logic). Most organizations struggle in their attempts as they evaluate seas of data, often times masqueraded in a method called voice of customer. Often, it loses the personality of the customer.

No longer can we consider ourselves the experts. We may have more product knowledge, but unless we understand how that can be applied and transferred to customer use, it will serve little purpose for the organization and the customer.

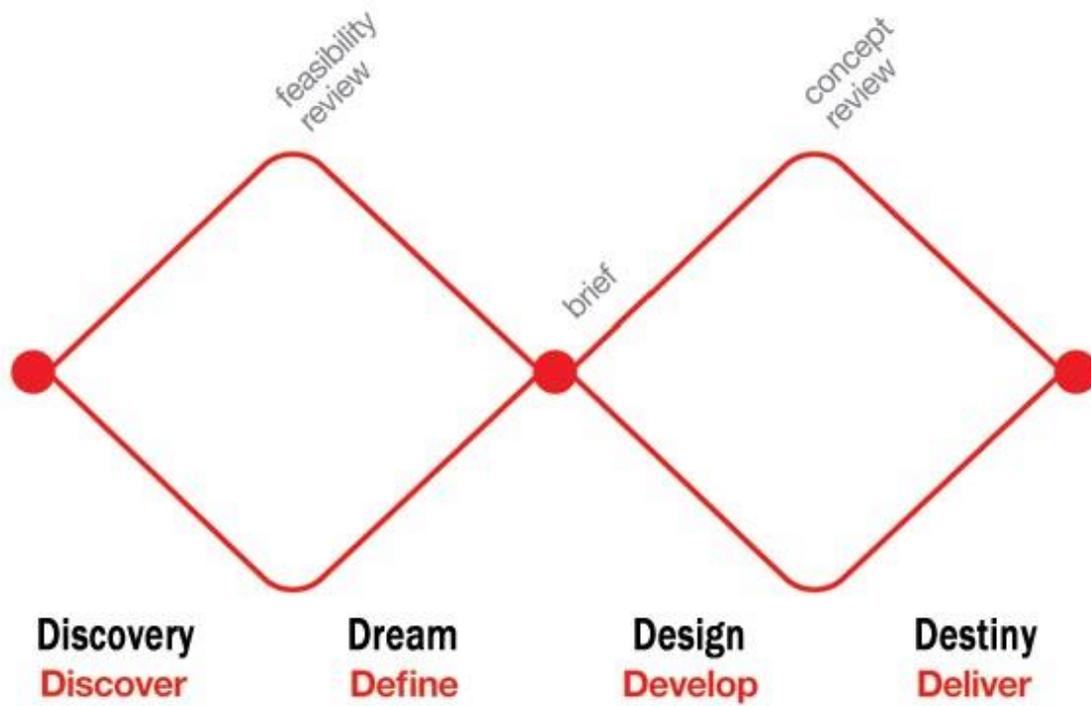


The area of Empathy is very evident in Service Design and Design Thinking.  
**The 'Double Diamond' Design Process Model** (From the Design Council in the UK)

*Different designers manage the process of design in different ways. But when we studied the design process in eleven leading companies, we found striking similarities and shared approaches among the designers we talked to. In this section we show one way of mapping the design process, and give more detail on the key activities in each of the process's four stages.*

The double diamond diagram was developed through in-house research at the Design Council in 2005 as a simple graphical way of describing the design process. Divided into four distinct phases, Discover, Define, Develop and Deliver, it maps the divergent and convergent stages of the design process, showing the different modes of thinking that designers use.

What I find intriguing about Design, and specifically the double diamond, is its similarity with the 4D process of Appreciative Inquiry.



1. Discovery: What gives life?
2. Dream: What might be?
3. Design: What should be?
4. Destiny: What will be?

I think the resemblance is not coincidental by any means. I think it is a direct reflection on how the Design process has moved development into the customer's playground. Shaping positive outcomes is only done by understanding, which comes from empathy, the user of your product or service.

We can no longer consider ourselves the experts. We may have more product knowledge, but unless we understand how that can be applied and

transferred to the use of the product (SD-Logic) it will serve little purpose for the organization and the customer.

Shifting your organization from an internal GD-Logic process to a SD-Logic process may be assisted with Appreciative Inquiry Training. Empathy is a more difficult process to acquire. Many will say it is a personality trait and much easier to hire than to change someone who has little. In the Appreciative Inquiry field, there has been a movement to use a SOAR (Strengths, Opportunities, Aspirations, Results) analysis in lieu of SWOT. SOAR is a great method to use for expanding on the positive areas of an organization. It normally is much easier to gain buy-in from stakeholders with this approach versus others.

In the book [\*The Thin Book of SOAR; Building Strengths-Based Strategy\*](#), the authors' state:

*People tend to look for problems and focus on weaknesses and threats before searching for possibilities. For example, one participant of a SWOT process described this tendency as follows: "Having used SWOT analysis for the previous fifteen years, I had experienced that it could be draining as people often got stuck in the weaknesses and threats conversations. The analysis became a descending spiral of energy." Or, as another described his experience of a planning process deeply rooted in a SWOT analysis, "[the SWOT approach] gave us a plan, but took our spirit. From our experience, drained energy and loss of spirit can negatively impact momentum and achieving results.*

*In SOAR, we focus on our strengths and opportunities, so that we can align and expand them until they lessen or manage our weaknesses and threats. Weaknesses and threats are not ignored. They are refrained and given the appropriate focus within the Opportunities and Results conversation.*

*Ultimately, it becomes a question of balance. Why not spend as much time or more on what you do well and how you can do more of that? What gives you more energy to take action? What gives you confidence to set a stretch goal?*

The SOAR framework is the beginning step in the Defining stage and is a natural lead in to the others.

- Strengths: Internal to organization; What is our core
- Opportunities: External to organization; What might be
- Aspirations: Internal to organization; What should be
- Results : External to organization; What will be

How many resources do you have? Should you be using them on your weaknesses or your strengths? In a previous lesson I discussed not looking for areas of deficiencies and improvement but to expand on the areas we do well in. You cannot be everything to everyone and so you have to limit your resources. So why not use them on what you do well?

*Do*

## Chapter 9

### Experiment through Prototypes

Technology has allowed us to take prototyping to a completely different level. No longer do we need to develop products/services to later stages before we gather customer and user input. Seldom do we even start this process without some involvement for feasibility in the ideation stage.

Though prototyping is the tool, the actual way that most of us think about the tool would be the application of using BIM or 3D Modeling. The way we go about Prototyping is vastly different. Google, for example, believes in continuous development and Beta Versions. They have little problem in introducing products to a wide audience and allow failure to occur. On the other hand, Apple's prototyping is very extensive but clouded in secrecy. They made over 20 physical prototypes for the screen alone on the iPhone. That is not counting the tweaks they made as they narrowed the field down.

Both examples demonstrate that there is not one particular method of prototyping that can be specified. It is the act of prototyping that is important. Prototyping is a way to introduce our products or services. It is a way of saying, "*I would like your opinion*" – unknown. A connection through empathy with others can have a profound impact on your company.

We all prefer to buy products from people that we perceive to be experts in their field. But the role of the expert has changed. It is no longer the expert with superior product knowledge; it is the person or organization that can let a customer demonstrate through their own means how the product/service will be used. We have gone from a world of selling benefits and features to a world of listening and collaboration. That connection with a customer clarifies how the product is perceived, not how it may look to us.

Prototyping can be a powerful tool but only if we are willing listen and make that connection with customers. The ability to reach outside of companies and connect with our customers develops a shared outlook of our markets and will allow us to develop new opportunities faster than our competitors. It is a simple fact that the companies that know their customers best are the market leaders. They understand what is important. The companies that don't market to the general public and as a result get average results. Our new products, our prototypes are shared experiences. Prototypes should serve as models not just for improved design but for improved connection with our customers.

Prototyping helps us to design better user experiences. However, many of us still forget to include the user! We still dwell on what we can do versus looking at what the user does! Even at the paper stage of prototyping. I encourage trying only to communicate feeling and functioning of the design into a model and putting it in the hands of the user. **Their interactivity is the most meaningful part of design.** Do it early and do it often.

Prototypes are becoming a design deliverable with the advent of many sophisticated software applications spurred by Rapid Prototyping, 3D Modeling etc. However, the initial paper sketch is arguably the best tool at the beginning. There are few faster, cheaper and more effective tools. It's easy, you can use it anywhere and anytime and it is one of the most effective collaboration tools that exist.

Prototyping is a way to introduce our products or services in a very disarming way. It is a way of saying, "I respect your opinion." Creating that empathetic connection with others can have a profound impact on your company. We all prefer to buy services from people that we perceive to be experts in their field. The role of the expert has changed. It is no longer the expert with superior knowledge; it is the expert that shows **knowledge in**

**how the service/product is used.** We have gone from a world of selling benefits and features to a world of listening and collaboration. That connection with a customer clarifies how the service is perceived, not how it may look to us.

Traditional sales approaches in the past centered on improving customer experience through techniques that tried to manipulate the customer's emotions. In the book [\*Listening With Empathy\*](#) , author John Selby says:

*The new approach is participatory rather than manipulative – teaching you how to shift inwardly from negative to positive moods, and thus become genuinely friendly and helpful. Our Listening with Empathy method will enable you to move through the following four customer-encounter phases with high success:*

*Phase1 – Preparation: Before meeting with a customer or client, it's vital to put aside any stress, worries, or judgments that may pollute the encounter – and shift your focus toward positive feelings and heart-centered emotions.*

*Phase 2 – The Moment of Encounter: Right when you meet someone, you need to present an honest, friendly, nonjudgmental greeting, and offer relaxed space. New techniques can help you maintain a bright inner center, emit a friendly presence, and converse with relaxed spontaneity, acceptance, and enjoyment.*

*Phase 3 – Empathic Communication: When you begin talking business, you need to maintain clear intent to be of service and to enable your customers to truly satisfy their needs. By encouraging an enjoyable emotion atmosphere, you can make sure your customers feel good hands and well taken care of.*

*Phase 4 – Processing: This fourth phase involves pausing after a meeting to reflect on a recent sales or service encounter and to decide purposefully how to follow up on it. You'll learn to re-experience positive aspects of the encounter and focus on your desire to meet with the customer again.*

Customer interactivity is the most meaningful part of sales. Prototypes are becoming a design deliverable with the advent of many sophisticated software applications spurred by Rapid Prototyping, 3D Modeling, etc. However, the initial paper sketch is arguably the best tool, at least in the beginning. Prototyping helps us to design better user experiences. However, many of us still forget to include the user! We still dwell on what we can do versus looking at what the user does! Even at the paper stage of prototyping, I encourage you to try to articulate that feeling and function of the outcome into a model and put it in the hands of the user. Do it early and do it often.

As Service Design, Design Thinking, Open Innovation and Co-creation continue become more prevalent, prototyping is becoming more applicable to any industry or even professional service firm. The most obvious is of course on the web with many Beta or Free-trial type applications.

**Constantly generate and refine ideas based on the customer's perspective.** It is why getting a prototype out in front of customer early – even in the pen and paper stage - is so important. What we think are great ideas, may not be so great. If you are going to be radical as Clayton Christensen says, “Consider your customers’ deepest values and interest rather than their purchasing behavior”.

When you see a prototype being used, or played with you'll know you're on the right path. One of my favorite stories and coincidentally again about the Palm Pilot was that the inventor went into a “Shark Tank” (not the TV show

or a literal definition) and was completely ill-prepared. Looking around for something to engage his audience, he tossed a wallet in the middle of the table and said it would look something like this. Moments later, he saw them starting to look at the wallet and knew the deal was done when they started passing the wallet around the table.

This is why prototyping early is so important. It allows for minor changes in the process and the ability to undo changes that later may prove to be ineffective. If you can overcome these challenges, it will give you a competitive advantage over other companies because you will have gained particular knowledge and a distinct product for the market.

Prototyping is meant to be an iterative process. However, this is a new practice for people and organizations. Most people within organizations are implementing orders and maintaining the way a company operates. So how do you create this type of thinking and bring it into reality in everyday work? More importantly, how do you learn to experiment? Want to get an idea across, or a problem solved in an internal setting? Remember the old game of telephone – give them a prototype and see what develops.

## Chapter 10

### Lean Thoughts

Design Thinking and Customer Experience are not the *future* of being successful in business but are already upon us as the new *norm*. These principles address the demand side of the equation. Examples are Amazon, Starbucks, Xerox and IBM to name a few high profile companies. As a side note, these companies are also driven internally by continuous improvement.

Lean Thinking can lead the way using the external principles of CAP-Do. But the internal planning focus of many Lean Companies prevents that. Viewing CAP-Do as a way to identify the knowledge gaps that exist between the customer and your organizations and closing them is actually what Toyota has done in their supplier management programs. You move up the supply chain with your customer through cooperation, co-producing and co-creation. You create the demand with your customer and CAP-Do is the best way to achieve this.

Working on internal processes is not creating business opportunities. Working on supply side economics is not solving anything. We must simply focus on Demand through Service Design and Customer Experience, and why not use Lean to lead the way?

I believe so many continuous efforts fail because they are concentrating on supply. Although by doing this the same scenario could occur without it being tied to a competitive advantage in the marketplace, it accomplishes little if anything.

I think improvement efforts should be based on results in the marketplace. We are constantly trying to improve internal processes, making them more

and more efficient. Many companies are seeing little change or improvement from these efforts over their competitors and in the marketplace.

Manufacturers are failing to reach their cost-savings targets, despite significant investments in “Lean manufacturing,” “Six Sigma” and other productivity programs as part of their overall retrenchment efforts in this tepid economy. Nearly 70% of manufacturing executives say that their manufacturing-improvement efforts led to a reduction in manufacturing costs of less than 5%, the typical minimum threshold for successful productivity programs. That’s according to a survey of manufacturing executives conducted by [AlixPartners](#), the global business-advisory firm.

*“At their core, continuous-improvement programs must include clear priorities based on the expected financial impact,”* said Andrew Csicsila, director in AlixPartners’ Manufacturing Practice. *“Yet, there remains a pervasive misunderstanding that simply focusing on ‘lean’ and ‘Six Sigma’ processes alone will be the magic fix. Ultimately, it’s not about chasing a process or philosophy. It’s about the cash.”*

Can this be true? I am a proponent of Lean and adhere to most of the underlying philosophies that it exhorts. However, I go off on a rant sometimes when I hear that we are always supposed to “wait” for improvements to prove their effectiveness. “It is all about culture”, you will hear echoed by the top-level consultants. It seems to always fall back on the idea that Leadership is shortsighted and not patient enough.

On one side of the fulcrum we have products and services supported by internal processes and on the other side of the fulcrum we have customers or the demand side. There has been a significant shift in the marketplace and at the moment the customer is in control. Supply exceeds demand.

However, continuous improvement seems to still be stuck on the wrong side of the fulcrum; the internal processes.

We do not live in a world of excess demand. The strategies that we require for improvement need to be focused on the demand side, the customer. These efforts of continuous improvement must be focused on moving ourselves along the path of our customers. Do you wonder how that path is shaped? A brief synopsis is that the path is shaped initially by understanding the knowledge gaps that exist between you and your customers. As that knowledge is shared and made explicit, the gaps close and eventually the power of the two organizations is realized. It is in the spirit of CAP-Do that these thoughts will flourish.

Looking back at the beginning of the quality movement, can you remember this type of common scenario described by Tim Ogilvie, CEO of innovation strategy consultancy Peer Insight and co-author of a new book [Designing for Growth: A Design Thinking Toolkit for Managers](#):

*"We had a VP of production and a VP of quality, and they had an argument on the loading dock on the 30th of the month as to whether we we're going to ship that order or not. And the VP of quality said, "It's not high enough quality because I inspected it." And the VP of production said, "I got to make my order." It was an adversarial system, and here we are 25 years later and the quality is all baked in because at our workstation we self-inspected and we fulfilled with a Kanban, and we got single minute exchanges. All of these amazing breakthroughs have happened in that time period."*

It is the time for continuous improvement to start tackling the demand side the equation. It is not going to be an overnight success but small gains of moving from frameworks such as cooperation and joint ventures to co-producing and co-creation or platforms of customer-centricity to user-

centricity are the starting points. This is one of the few ways that you can create and sustain demand. With demand comes increased revenue and market shares that can be measured. Without doing this, your company may flounder and the results may not be very forgiving.

Lean's culture ties to PDCA are what limit Lean's success in sales and marketing. I may even go out on a limb and say it will limit the success of the [The Lean Startup's](#) Build-Measure-Learn methodology being applied effectively to sales and marketing. The reason is that these theories are based on product-dominant thinking or GD-Logic.

When using GD-Logic thinking, organizations tend to start with Plan (PDCA). In the Lean Startup, they skip the Plan and go right to Build (Do) or the experiment (hypothesis). What we forget to do in both instances is to download the customer's needs. We assume tacit knowledge is far better than co-created knowledge. As we take our knowledge and make it explicit (experiment), we have difficulty not holding on to our pre-conceived thoughts and proving our hypothesis. We are stuck in one view. We proceed to the Check/Study or Measure stage and the answers are manipulated and our Adjust or Learn Stage is just confirmation of the results that we wanted.

Think of your sales process. Are your sales efforts focused on guiding customers through a process that will ultimately lead them to a desired outcome; a purchase of your product? Are efforts guided on a website and data provided to segment and guide your customer through the ultimate experience? In offline sales, do you try to be a problem solver for your customer and assist him/her in making the right decision? Is problem solving a key ingredient for successful sales people or is it the Challenger Model?

It is difficult to learn when you position yourself as the expert. It is also difficult to see things objectively without suspending your thoughts. When

we utilize the traditional cycle of PDCA, we start with Plan. We form a hypothesis of what we need to do. We assume the role of a teacher or revert to GD Logic. If we utilize CAP-Do, we start with Check or understanding. We look to uncover common intent while stopping and listening to others. This point of understanding and Service Dominant Logic (SD Logic) is best implemented through the CAP-Do cycle.

I take a slightly different approach than many others when I interpret the Act or Adjust stage in CAP-Do. I view Adjust not as a method to prepare for Plan but as a method to connect with others to see divergent views. Where C was about factual listening and measurement, A is about empathetic listening. It is where we look and listen through the eyes and ears of our customer before proceeding. It is not an easy process to accept different and often times opposing views. When considered, these views should not cause us to jump to "Pivoting" or make adjustments in the Plan stage of PDCA. Rather, it should cause us to PAUSE. We are oftentimes in a rush to get through the Act (Adjust) stage.

PDCA and CAP-Do create a healthy tension between the Supply and the Demand side of your business. Times are changing, and this tension is no longer being controlled by the supply side or PDCA. It is on the customer experience side, where the importance of CAP-Do has come to the forefront. One of the secrets to Lean, and foreign to many of us in Western Culture, is the state of reflection or "Hansei". Reflection needs to come before the Plan stage. I believe it is what makes for a successful Plan stage. I think it is the missing ingredient in many of our iterative cycles. To test this is quite simple; ask yourself, can you accept divergent thoughts without reflection, without a PAUSE? Can you accept divergent thoughts starting at Plan?

Companies that apply Lean to Sales and Marketing think incorrectly in terms of PDCA versus Cap-Do. In the post, I stated:

It is not just SD-Logic thinking that supports my Cap-Do premise, it is also supported by what Tony Ulwick calls Outcome Based Innovation so well described in his landmark book, [What Customers Want: Using Outcome-Driven Innovation to Create Breakthrough Products and Services](#). In it he states;

*Marketing managers are responsible for identifying Opportunities for growth, segmenting markets, conducting competitive analysis, generating and evaluating ideas, generating intellectual property, communicating value to customers, and measuring customer satisfaction. To successfully perform these activities, these managers rely on feedback from customers, which means the customer-requirements-gathering process is one of the most critical in business.*

*It is surprising, then, that there is such a lack of precision when it comes to capturing customer data. "Listen to the voice of the customer." That has been the marketing mantra for the past two decades, and although great strides have been made as a result of the customer-driven movement, the voice that managers are listening to needs to be silenced in order for marketing and development to be more successful. It is no longer sufficient for managers to simply gather customer requirements. Rather, they must know precisely what types of information are needed and what types of information they are collecting in order to create a more accountable model of innovation.*

In the book, he lists Customer-Driven Innovation (Voice of Customer) inputs as Solutions, Specifications, Needs, and Benefits. This is well supported by

PDCA or GD-Logic thinking and a view that Faster, Better, Cheaper is a battle cry for growth or even sustainability.

When Ulwick turns to Outcome-Driven Innovation (Jobs, Outcomes, Constraints), he claims that these three distinct outcomes are what organizations need to know in their marketing practices. Expanding on them:

- Jobs (to be Done) are the tasks or activities that customers are trying to get done
- Outcomes are what customers are trying to achieve
- Constraints are something that may prevent a customer from using a product or service

When we use Ulwick's Outcome Driven Innovation it easily compares and is best implemented through CAP-Do. If we utilize the CAP-Do, we start with Check or understanding. We look to uncover common intent while stopping and listening to others. This point of understanding and [Service Dominant Logic](#) (SD Logic) is best implemented through the CAP-Do cycle.

For most marketers this is somewhat old news. However, in Lean and other Process Methodologies with a central focus on GD-Logic and operations it still seems foreign to them. They resist building an organization that will put the customer's outcome as a priority. They still center their thinking on internal improvements. Parting words from Ulwick drives home the need to change to an outcome-based approach and for a Lean organization that means the co-mingling of Supply and Demand through PDCA and Cap-Do, a subject for tomorrow's blog post. Ulwick's closing comments:

*As in most disciplines, managers need a common language around which to discuss issues and build a shared understanding. The innovation process is*

*no different. Knowing that jobs, out-comes, and constraints are desired inputs and that solutions, specifications, needs, and benefit statements hinder the successful execution of the innovation process gives managers a new language to consider when talking with external and internal customers.*

*Today, very few employees in any firm know all the jobs that customers are trying to get done, all the outcomes they are trying to achieve, and all the constraints that are standing in the way of product use. Improvement is inevitable when all employees across a firm have access to this valuable information and are empowered and motivated to use it to create customer value.*

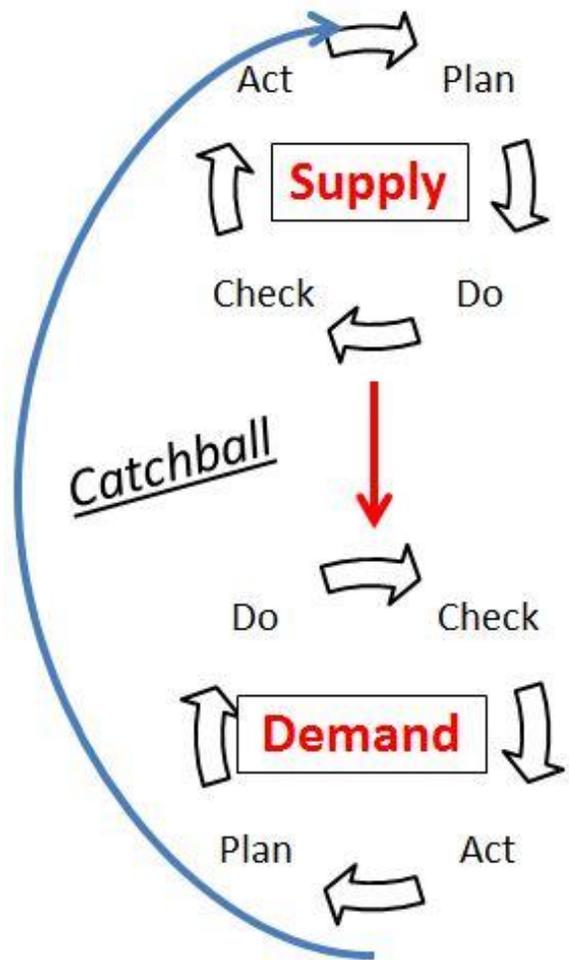
*Without the proper inputs, the innovation process will remain an art. However, those managers who know what types of information to look for (and what types to ignore) will be at the forefront of a transformation in the way that companies manage their innovation processes.*

I am a firm believer in the idea that a Lean Enterprise will outperform most other types of organizations. However, that advantage is being minimized, through a focus on internal operation versus becoming more externally focused. On the demand side, I believe that CAP-Do is the predominant thinking needed in a Lean Enterprise.

My thoughts of applying Lean center on developing deeper a perception of customers and experiences they should have with us. It is the collective thought and how we develop that in our interactions. This is what makes Lean powerful. The CAP-Do cycle symbolizes this process. Lean Engagement teams face new challenges that are solved by collective thought. This collective thinking needs to be done internally, externally and across organizations. It will not come naturally and needs to be created and learned. Lean provides that opportunity.

**On the Demand Side:** I take a slightly different approach than many others when I interpret the Act or Adjust stage in CAP-Do. I view the A, not as a method to prepare for Plan but to connect with others to see divergent views. Where C was about factual listening and measurement, A is about empathetic listening. It is where we look and listen through the eyes and ears of our customer before proceeding. It is not an easy process to accept different and often times opposing views. When considered, these views should not cause us to make adjustments in the Plan stage of PDCA. Rather, it should cause us to PAUSE.

**On the Supply Side:** We start with Plan (PDCA) but forget to download the customers' outcomes or what they are trying to achieve. We assume the tacit knowledge within our company is far better than co-created knowledge. What we must do is take the co-created knowledge created in the first part of CAP-Do and makes it explicit. Without this, we have a tendency to use our preconceived thoughts and prove our own hypothesis in isolation, without our customer. We are stuck in one view. We proceed to the Check/Study and the answers are manipulated and Adjust is just confirmation on the results that we wanted.



**Demand & Supply:** What must happen is that the Supply side must interact with the Demand side before either side starts and definitely before completing the Plan stage. It is during Plan that we can arrive at an organizational hypothesis that is complimentary of both sides. It is an enactment of catchball often used in Hoshin Kanri. Sales and marketing (Demand) validates its beliefs (Check) with the customer (ACT) and gives the ball to the internal Operation (Supply) side. This may be in terms of a forecast, orders, innovation, feedback or any insights required for operations to perform their duties. Operations (supply) will coordinate their efforts to toss the ball back to Sales and Marketing (demand) when they pause before their Check Phase. This way there is a constant effort of catchball between Operations (supply) and Sales and Marketing (demand) with overlapping responsibility. This overlapping responsibility goes a step further as Sales and Marketing (demand) interacts with customers during the Act stage.

If you want to become a Lean Enterprise, if you want to extend Lean Thinking beyond the four walls of your enterprise, if you want to participate in building your future with your customer, introduce CAP-Do to your organization.

## Chapter 11

### Doing CAP-Do

When we use our typical approach that we have in the past, we form an idea of the way things should be, forming maps or journeys that we want our customer to adhere to. As they get further along, we have so much invested that our manipulations get stronger. When they push back, we push back. When we apply what Stephen Covey said, "Seek first to understand," we only do that for qualification purposes.

Successful companies are destined to create the future of the outcomes with their customers. It is not incremental change or problem solving. It is not a prediction, it is what we think will happen; it is The Challenger Type Sale. We can only bring this about through challenging ourselves to first let go of our pre-determined thoughts and build structures based on possible scenarios. It requires experimentation, prototyping and the practice of learning by doing. This is not an easy process and one that requires a well-structured outline. CAP-Do offers such an outline and will create a process of understanding and collaboration to help determine the future with our customers. In the Check and Act Stages leads to discovery of what we must attempt, experiment within the Plan and Do stages.

I introduce the SALES acronym in my eBook, [Marketing with PDCA](#). SALES PDCA is the framework I use for the process that takes place in sales and marketing. It is nothing more than a standard PDCA cycle except the SALES part of the framework is where the sales/marketing team is formed, gets its directions and coaching from the team coordinator and value stream manager. Within the actual PDCA stage, the sales team is empowered to

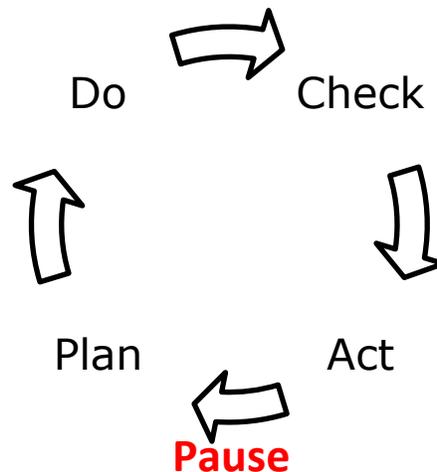
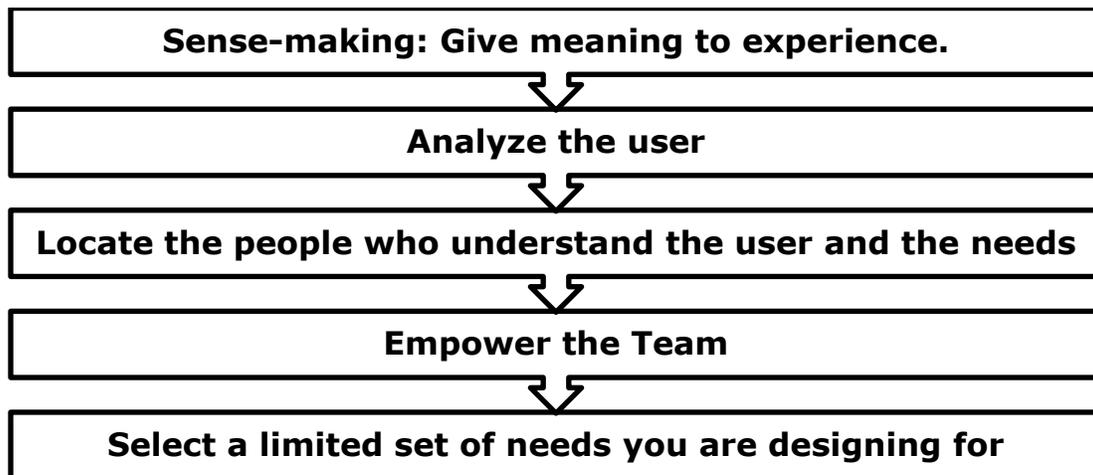
make their own choices and determine their own direction to accomplish the goals of that cycle. This concept was further developed and expanded in the eBook, [The Lean Engagement Team](#), to include SALES SDCA and SALES EDCA.

Most Sales processes today cannot be handled by a single individual. It takes a sales team that can interact with the customer from the point of their relative positions within the organization. We need to create a structure whereas it is a team process versus an individual process. CAP-Do will not work in isolation nor will effective collaboration with your customers.

CAP-Do is an emergent process. You may know the outcomes that you desire but that is relatively unimportant in today's world or The Challenger Model. It is the outcomes that your customer requires and how you adapt to his/her processes to produce their needed results. This takes a willingness to discover as you go versus leading the way.

You will not have a clear cut journey ahead of yourself. Your challenge in putting a team together is avoiding people that do not want change. Those people still serve a very strong purpose within the organization and can often times be slotted in the area of SDCA or in certain cases PDCA.

The CAP-Do process is more closely aligned with EDCA (Explore-Do-Check-Act). *In fact, I use the same acronym definition of SALES for SALES CAP-Do outline as I do for SALES EDCA.*



The SALES part of the framework is where the sales team gets its directions and coaching from the team coordinator and value stream manager. Using the SALES Acronym we build our teams:

**S: Sense-making:** Give meaning to experience

- Create a point of view statement that defines the efforts to understand connections which can be among people, places, and events.
- Understanding the problem space is many times as important as understanding the user.

## **A: Analyze the user**

- Define and study the user to develop insights as a starting point for defining value.
- Review and focus on the service period to determine the pre-service, service and post service durations.
- What are the points of concern?

## **L: Locate people who understand the process**

- List the members of your team
- Include the position and role they will play

## **E: Empower the Team**

- Team is autonomous and completely responsible for the tasks within this stage
- Clarity is the most critical factor for empowering a team
  - **Why** are we doing this project? Is it clear to all participants?
  - **What** are we going to do? How will it be measured?
  - **Who** is responsible for each task? Who does it involve?
  - **How** must it be accomplished? How do we review?
  - **Where** will it take place? Where can the data be found?
  - **When** must it be complete?
- Outline Meetings, Daily Stand-ups, Weekly Tactical, Monthly Strategic and others

## **S: Select a limited set of needs you are designing for the user.**

- Create user stories based on this set of needs.
- Team agrees to the goals and outcomes expected for this particular cycle

- Team accepts responsibilities of outcomes.

Within the actual cycle, the sales and marketing team is empowered to make their own choices and determine their own direction to accomplish the goals of that cycle. This is the outline for CAP-Do.

In Check, we start with transforming our understanding, creating stories that articulate what is happening around the use of our Product/service. We see our customers' through the eyes of that use and our roles in utilization of that use. This is accomplished by listing what we are presently doing.

### **C: Check:**

- List what we are presently doing – Why, What, How
- Share and document experiences in the SALES Team
- Review organizational structural forces
- List what we are certain and uncertain about
- Value Chain Analysis: assess the current value chain that supports the customer's journey

In Adjust, we must view and see how these actions have strengthened our relationship with our customers. Most organizations are willing to change their present position and seek out the latest and greatest tool to do it, social media being an example. We are polarized in our own thinking and seldom reach out at this stage to our customers for help and assistance to seek a better alternative. We are trying to build a neutral space and doing it early in the process, before we have a predefined strategy and tactic, is imperative. This approach allows building shared understandings, relationships, and most of all shared intentions.

## **C: Adjust (Act)**

- Confirm with Customers/Markets key certainties and uncertainties
- Observe, Think and Feel: Planning is not done in isolation.
- Visit customers, go to Gemba for planning.
- Write stories with customers of existing events
- Write stories of customers of future events/scenarios

The essence of Pausing or as Peter Senge calls it “Presencing” is the act of acknowledging that there is more than right answer. We refrained from trying to find answers or problem-solve in the Check and Adjust stage. We can now gather and understand the actions, roles and uses of our product/services. This is the stage where the connection between supply and demand occurs. Most organizations try to choose between what we know (Check) and what we learned (Adjust). The key though is acceptance and understanding or as I have explained earlier; empathy. This empathetic connection is important, not only to our customer, but as an external team we must also empathize with our internal organization. It is this preparation, done with a pause, before we move into the planning stage that is imperative. As we cycle or iterate between the supply and the demand world we will discover complementary answers. The obstacles will get smaller and smaller.

### **Pause:**

- Are the stories clear, concise and relevant?
- Reflection – The stories that you created in Check match with the stories collected in Adjust (Divergent view are important)
- Isolate and group key assumptions
- Seek to understand

In Plan, we start creating our plan of action. We look at four basic principles on what projects offer the best alternatives to what we have discovered. We are preparing for another external round with our customer, forming several hypotheses based on acquired information. We must look at our sales and marketing as a learning process and design our systems that we learn from what everything that we do.

**Plan:**

- Act and Engage: look and generate new alternatives
- Visualization: use imagery to envision possible future conditions
- Concept Development: assemble innovative elements into a coherent alternative solution that can be explored and evaluated
- Group and make decisions on what:
  - To Start
  - To Stop
  - To do Differently
  - Not to Change

In Do, we must start by accepting that we do not have a predictable process other than the standard work we create. The other parts of the process are experiments that we conduct with our customers. The more that we can engage and move towards complementary solutions, the more successes are created.

**Do:**

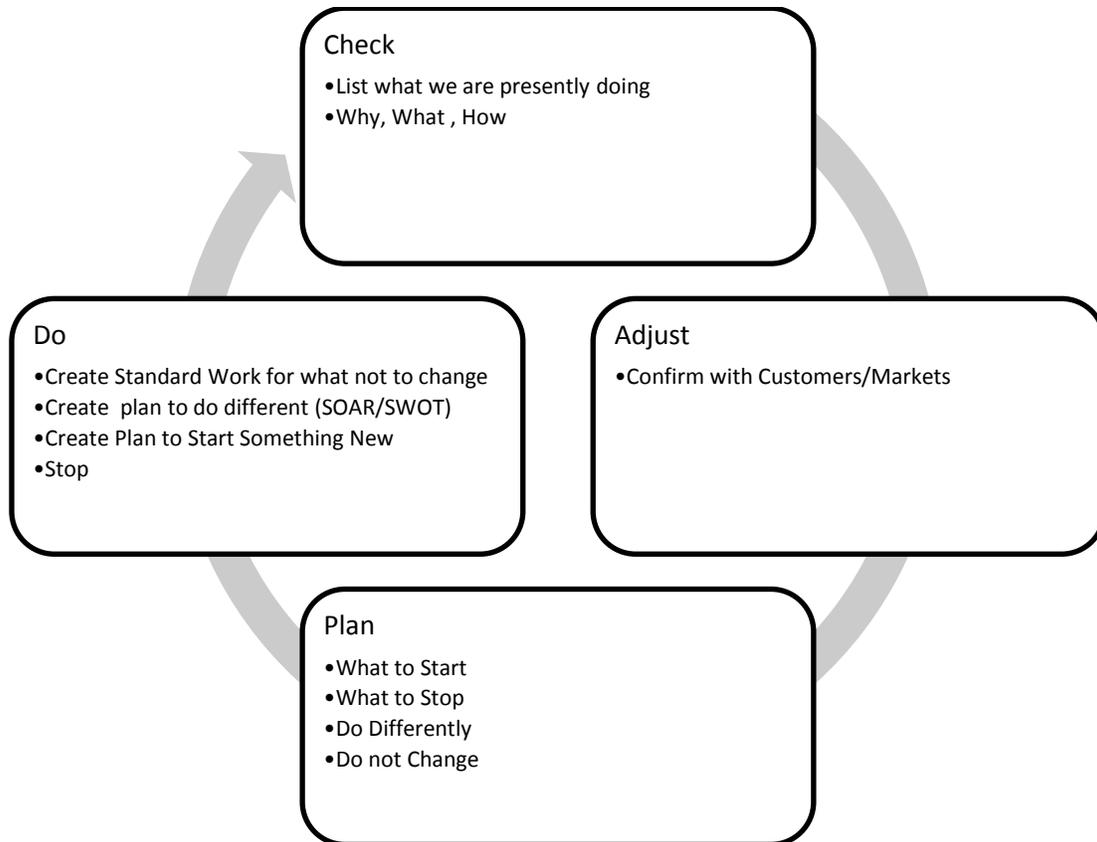
- Enact our Decisions
  - Create Standard Work for what not to change
  - Create Plan to do different (SOAR/SWOT)
  - Create Plan to Start Something New
  - Stop what we don't want to do

- Customer Co-Creation: enroll customers to participate in creating a solution that best meets their needs
- Analyze and optimize: isolating and testing the key assumptions that will drive success or failure of a concept
- Rapid Prototyping: express new concepts in a tangible form for exploration, testing, and refinement
- Relate and Influence: No matter how good of an idea you have, the key is still in gaining acceptance of others, build constituency.

The organization that instills the CAP-Do process will put a tremendous amount of faith in the Sales and Marketing teams. These teams must work and overcome the tension between supply and demand. CAP-Do is a Lean process that supports the tenants of Service Dominant Logic and Jobs to be Done. It requires a fundamental understanding of the idea that there is not one single answer in this world for any problem. The answers lie with the people that are addressing the problem at the moment and have a particular job-to-get-done. It is in understanding their needs and their outcomes with greater wisdom. Most fundamentally, you have created a way to get your own job done in any situation.

## Chapter 12

### CAP-Do Process – Working with SDCA, PDCA, EDCA

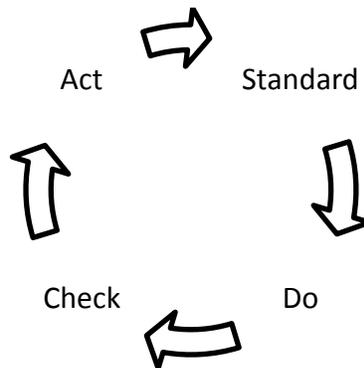
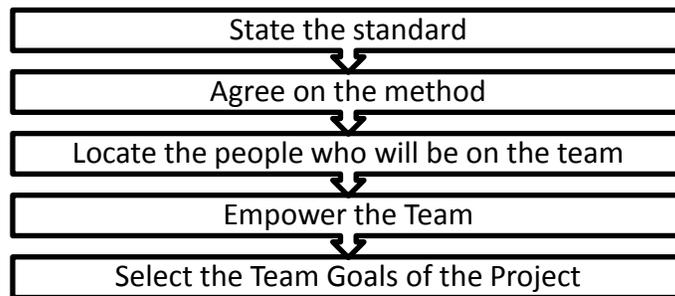


**Step 1:** The steps are rather simple but often more difficult than some might first imagine. The problem originates from the fact that marketing has seldom been treated as a process.

- **Check:** We start out by listing our marketing activities, events, people and the current processes we use.
- **Adjust:** We confirm the Why, What and How of the process with a few customers receiving feedback on the effectiveness of our current efforts.
- **Plan:** Organizing what we have learned, we decide what to Stop, start, do differently, and not change.

- **Do:** The work of this cycle is to create a starting point for our efforts. We will branch out into three areas after completing this cycle. The only things we will not continue with at this time are the items we have decided to stop doing. We may come back and revisit those later.

**Step 2: What we are not going to change**



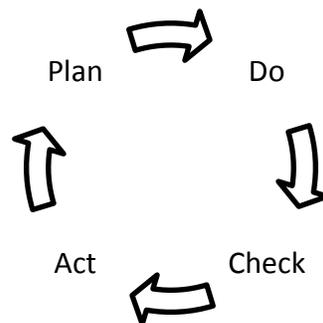
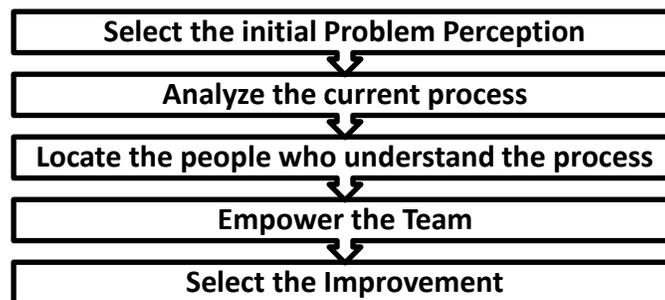
This is where we just document what a standard is and start performing to the existing standards. SALES SDCA documents the current best practice and provides the foundation for all continuous improvement. It provides the structure for daily accountability and the prescribed performance to a standard. Part of Standard Work is the visual forms that provide the line of sight between team members, teams, leaders and coordinators.

One of the key considerations in developing a team is to determine the objective of the cycle. In SDCA, we structure for tactical execution.

## SDCA: Tactical-Execution Team

- **Objective:** Focuses on carrying out a well-defined plan.
- **Dominant Feature:** Clarity
- **Sales Process Example:** Purchase an existing product
- **Process emphasis:** Highly focused task with clear roles
- **Lifecycle Models:** Waterfall, design to schedule, staged delivery
- **Team Members:** Action-orientated, sense of urgency, responsiveness
- **Team Models:** Business team, feature team, SWAT

### Step 3: What we are going to change



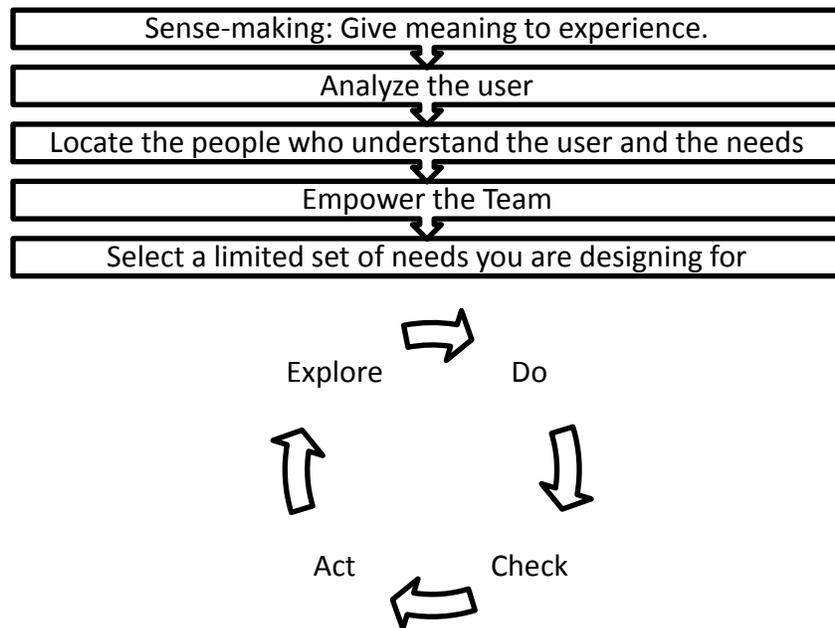
This is where we choose between improving an existing process, introducing a new product, acquiring new customers or entering new markets. When we view existing Product (Service) /Markets we will only work on one/half at a time, either Product/Services or markets not both. SALES PDCA provides feedback to justify our hypotheses and increase our knowledge. This allows both the customer and us not to be perfect the first time. PDCA allows for major jumps in performance, not through massive breakthroughs, but

instead through frequent small improvements. One of the key considerations in developing a team is to determine the objective of the cycle. In PDCA, we structure for problem-resolution.

Problem-resolution team:

- **Objective:** Focuses on solving a complex, poorly defined problems.
- **Dominant Feature:** Trust
- **Sales Process Example:** Improve Product offering
- **Process emphasis:** Focus on issues
- **Lifecycle Models:** Try and Fix, spiral
- **Team Members:** Street-smart, people-sensitive, hi-integrity
- **Team Models:** Business team, athletic team, search and rescue

#### Step 4: Start Something New



This is where we choose to enter into a new product and a new market. SALES EDCA provides an opportunity to explore new propositions and innovations in the users' domain. The environment determines where to

start and complex marketing environments need EDCA. Within the actual EDCA cycle, the team is empowered to make their own choices and determine their own direction to accomplish the goals of that cycle. One of the key considerations in developing a team is to determine the objective of the cycle. In EDCA we structure for innovation and creativity.

Creativity Team:

- **Objective:** Explore possibilities and alternatives.
- **Dominant Feature:** Autonomy
- **Sales Process Example:** New Product Launch into new market
- **Process emphasis:** Explore possibilities and alternatives
- **Lifecycle Models:** Evolutionary prototyping, evolutionary delivery, staged delivery, spiral, design-to-schedule
- **Team Members:** Cerebral, independent thinkers, self-starters
- **Team Models:** Business team, skunk-works team, theater team

# *Appendix*

## Lean Marketing House Overview

(Excerpt from the Lean Marketing House)

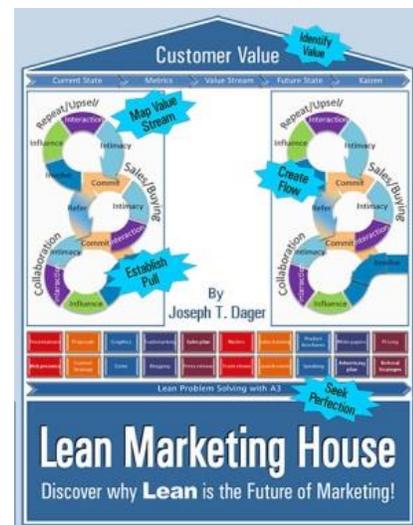
The "TPS house" diagram has become one of the most recognized symbols in modern manufacturing. A house is used because it is strong only if the roof, pillars, and foundations are strong. A weak link weakens the whole system. I took the liberty of rebuilding the Toyota Lean house to what I believe is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

When building a house, you follow the same steps and principles as 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 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 manner 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. 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 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 instead of having a sound basis. We use instincts and tools that are not focused 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 organization uses, but which tools are effective with the customer or the particular value stream segment, represented by the pillars. The number and depth of blocks will differ with each organization. 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 alert us the foundation starts to weaken.

When we first hear the terms Lean and value stream, most of us 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 not only on 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 your customer, not ending there. It is about creating sales teams that are made up of different departments, not other sales people. It is about using PDCA (Plan-Do-Check-Act) throughout the marketing cycle with constant feedback from customers that can only occur if they are part of the process. It is about creating value in your marketing, which a customer needs to enable him to make a better decision. It is about managing a value stream marketing process.

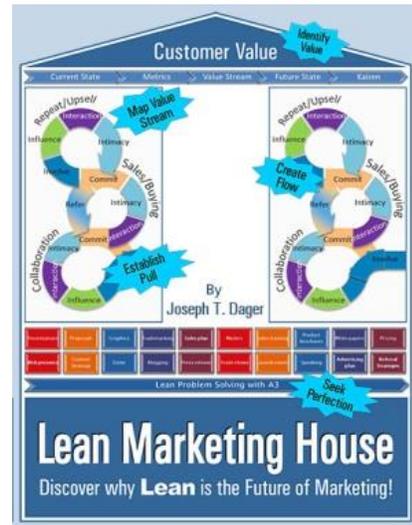
We use the Lean Marketing House as a way of introducing Lean. In Lean Thinking: Banish Waste and Create Wealth in Your Corporation, Revised and Updated by Womack and Jones, the authors introduced five core concepts:

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.

- 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

- Identify Value (Roof)
- Map Value Stream (Ceiling)
- Create Flow (Value Stream/Pillars  
**or Marketing with PDCA**)
- Establish Pull (Foundation)
- 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 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 propel customers through

the 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 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 a belief that we have to create interactive platforms that allow our customers to interact at their leisure, their timing, and their discretion. A good description of pull marketing, but how do you manage it as a value 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 higher value 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 until you produce a customer at the bottom. This image is often 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, 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 competitors. Targeting that value proposition through the methods described in this book will increase your ability to deliver more quickly and accurately than your competitor. It is a moving target and the principles of Lean and PDCA facilitate the journey to customer value.

## Marketing with Lean Program Series

### Marketing with Lean Series

1. Lean Marketing House Overview
2. Marketing with PDCA
3. Marketing with A3
4. Lean Engagement Team
5. CAP-Do

**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.

**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.

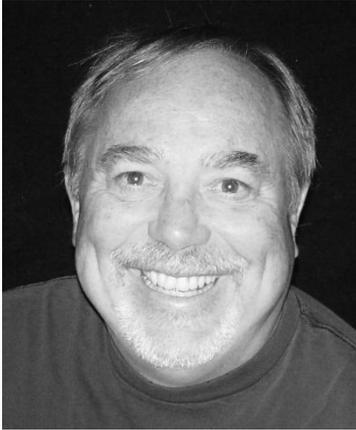
**Marketing with A3:** Using A3 in the marketing process will provide you a standard method of developing and creating your marketing programs. It will recap the thoughts, efforts, and actions that took place for a particular campaign, such as advertising or public relations or even a launch. This report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

**CAP-Do:** What makes CAP-Do so attractive is that it assumes we do not have the answers. Instead, we address multiple outcomes that may occur and stop trying to lead customers down a path or journey. We use a disciplined process of thinking together and adapting our actions accordingly. It allows us to create a systematic way to address the problems (pain) or opportunities (gain) from the use of our products and services. It is outcome-based thinking.

## 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.

“Joe Dager is a leading author on Lean Six Sigma and Marketing and frequent contributor to the Lean Six Sigma Group community. Joe Dager is an experienced transformational executive and Lean Six Sigma Black Belt with deep expertise in implementing value stream marketing systems that assist his clients in achieving rapid results in reaching their targeted customer markets. Joe is polished in the various online networking tools that enrich messaging in areas like podcasts, blogs, audio and video media, event marketing, and qualifying leads into prospects for rapid business development of opportunities. If you are in need of a professional lean six sigma consultant in sales and marketing processes, I recommend networking with Joe Dager, I am confident you will find his approach simple and results-focused.” *February 8, 2011*

“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.” *May 21,*

# CAP-Do Book References

## Check

[The Improvement Guide: A Practical Approach to Enhancing Organizational Performance \(Wiley Desktop Editions\)](#)

[Path of Least Resistance for Managers](#)

[The Fifth Discipline](#)

[Step-by-Step QFD](#)

[The Discipline of Market Leaders: Choose Your Customers, Narrow Your Focus, Dominate Your Market.](#)

[The Service-Dominant Logic of Marketing](#)

[Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers](#)

[Creating a Lean Culture](#)

[A Whole New Mind: Why Right-Brainers Will Rule the Future](#)

[Drive: The Surprising Truth About What Motivates Us](#)

[\(Start with Why: How Great Leaders Inspire Everyone to Take Action\)](#)

[The Zappos Experience: 5 Principles to Inspire, Engage, and WOW](#)

[Change Anything: The New Science of Personal Success](#)

[Hoshin Kanri: Policy Deployment for Successful TQM](#)

[Serious Play](#)

[Who Do You Want Your Customers to Become?](#)

[The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion](#)

[The Challenger Sale: Taking Control of the Customer Conversation](#)

[The 4 Disciplines of Execution](#)

[The Future of Knowledge](#)

## **Adjust (Act)**

[A Vision So Noble: John Boyd, the OODA Loop, and America's War on Terror](#)

[\*The Strategy of the Fighter Pilot\*](#)

[Science, Strategy and War: The Strategic Theory of John Boyd \(Strategy and History\)](#)

[\*Personal Kanban: Mapping Work | Navigating Life\*](#)

[Playing to Win: How Strategy Really Works](#)

[The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses](#)

[Appreciative Inquiry](#)

[Out of the Crisis](#)

[Four Days with Dr. Deming: A Strategy for Modern Methods of Management](#)

## **Plan**

[The Leader's Handbook: Making Things Happen, Getting Things Done](#)

[Fourth Generation Management: The New Business Consciousness](#)

[\*Gemba Walks for Service Excellence: The Step-by-Step Guide for Identifying Service Delighters.\*](#)

[\*Product Development for the Lean Enterprise: Why Toyota's System is Four Times More Productive and How You Can Implement It\*](#)

[\*Mastering Lean Product Development: A Practical, Event-Driven Process for Maximizing Speed, Profits, and Quality\*](#)

[\*The Thin Book of SOAR; Building Strengths-Based Strategy\*](#)

[This is Service Design Thinking: Basics – Tools – Cases](#)

# CAP-Do Book References

## Do

[Prototyping: A Practitioner's Guide](#)

[\*Listening With Empathy\*](#)

[Designing for Growth: A Design Thinking Toolkit for Managers](#)

[What Customers Want: Using Outcome-Driven Innovation to Create Breakthrough Products and Services](#)

## Pause (Presencing)

[Presence: Human Purpose and the Field of the Future](#)

[Working with Presence: A Leading with Emotional Intelligence Conversation](#)

## Related Subject Matter

[Theory U: Leading from the Future as It Emerges](#)

[Transformative Scenario Planning: Working Together to Change the Future](#)

[Leading from the Emerging Future: From Ego-System to Eco-System Economics](#)

[Four Practical Revolutions in Management: Systems for Creating Unique Organizational Capability](#)

## Other Marketing with Lean Books

[Lean Marketing House](#)

[Marketing with PDCA](#)

[Marketing with A3](#)

[Lean Engagement Team](#)

## **Business901 Websites**

Please connect and introduce yourself!

Website: <http://Business901.com>

Community: [Lean Marketing Lab](#)

Facebook: [Marketing with Lean](#)

LinkedIn: [Joe Dager](#)

Slideshare: [business901](#)

Twitter: [@business901](#)

You Tube: [biz901](#)

What makes CAP-Do so attractive is that it assumes we do not have the answers. Instead, we address multiple outcomes that may occur and stop trying to lead customers down a path or journey. We use a disciplined process of thinking together and adapting our actions accordingly. It allows us to create a systematic way to address the problems (pain) or opportunities (gain) from the use of our products and services. It is outcome-based thinking.

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