Lean Marketing House

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Lean Marketing House Overview

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 departments.

When building a house, you follow the same steps and principles as when building a Lean organization. The first step in building the structure is to create a strong foundation. Many organizations look at marketing from just a tactical sense and start the foundation first with the campaigns, websites, and advertising. However, to build a strong house you need to know what you are supporting to make a strong 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 will build a business? Measuring simply by results is just not enough in today's world. Using Lean metrics measured by drivers is at the heart of making your plan effective. Mapping the future state is where we start seeing it all come together. This is the step everyone typically wants to jump to immediately. We make plans 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 organizations use, 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 if 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.
5. As value is specified, value streams are identified, wasted steps are removed, and flow and pull are introduced, begin the process again and continue it until a state of perfection is reached in which perfect value is created with no waste.

These five values are represented in the Lean Marketing House as

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

It's a different concept that I believe is imperative to the future of marketing. Think of the touch points you have with a customer. Is each one 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. We have to create interactive platforms that allow our customers to interact at their leisure, their timing, and their discretion. Perhaps this a good description of pull marketing, but how do you manage a stream?

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

Why Lean Marketing is the Future of Marketing

For the marketing people, a Lean presentation is a good time to sit back and relax because it has absolutely no applicability to them. They're probably right. Marketing people are creative, right-brained thinkers with a tendency to think they are the only ones who look at the big picture. Sure they understand metrics and what is working in the marketplace, but life would be better if everyone followed the plan while they ventured off on cutting-edge activities. After all, they have to be the part of the organization out on the horizon.

The sales people, on the other hand, are looking for reasons to exit stage right. They conjure up opportunities or impending disasters to get out of these discussions. If someone is going to lead a conversation about waste and metrics, they certainly want little part of that. First, nobody knows what they have to do to get a job, so who is going to tell them what waste is and is not, or even come close to understanding? Second, every time anyone gets into these types of conversations, they want to turn sales into a data collection arm and leave them performing in-person surveys that neither the customer nor the salesperson wants to be doing.

So why have this conversation at all? In this demand-driven economy, Lean (Agile) marketing is the most effective way to mimic the processes that your customer uses to choose about the products or services they purchase.

From Wikipedia: The **value chain**, also known as the **value chain analysis**, is a concept from business management that was first described and popularized by Michael Porter in his 1985 best-seller, *Competitive*

Advantage: Creating and Sustaining Superior Performance. The value chain categorizes the generic value-adding activities of an organization. The "primary activities" include: inbound logistics, operations (production), outbound logistics, marketing and sales (demand), and services (maintenance). The "support activities" include: administrative infrastructure management, human resource management, technology (R&D), and procurement. The costs and value drivers are identified for each value activity.

The noticeable feature that is evident in the review of Porter's value chain is that Lean has been applied in every discipline/activity except for sales and marketing. With the formation and extension of Lean into software development, most noticeably Agile, it has given sales and marketing a foundation to build from. The Agile methodology allows taking the fundamental Lean concepts of flow and value stream mapping and makes them usable in a sales and marketing environment.

The Lean/Agile model builds a bridge for better communication and collaboration between sales and marketing. More importantly, it provides the platform for the development of the sales team that is at the essence of future activity in the demand chain. Future sales and marketing activities will be in the spirit of team collaboration with the customer being the most important member. Instead of the buzzwords of social media there will be a new set of buzzwords such as co-creation and swarming.

My Stab at the Lean (Agile) Marketing Manifesto

In February 2001, 17 software developers met at a ski resort in Snowbird, Utah, to discuss lightweight development methods. They published the "Manifesto for Agile Software Development" to define the approach now known as Agile software development. Lean is the future of marketing. One

of the main reasons is the development of Agile under the Lean umbrella. Using the Agile Manifesto as a basis for my own manifesto on Agile marketing or Lean marketing is a good start. Many of their terms are described in the original Agile Manifesto. We have come to value these principles:

- Individuals and interactions over processes and tools
- Content-rich material overelaborate promotion
- Customer collaboration over contract negotiation
- Response to changing customer needs over following a plan

Our highest priority is to deliver content to the customer that he deems valuable to his decision-making process.

1. Build cross-functional sales/marketing teams and give them the environment and support they need. Trust them to get the job done.
2. Create cross-functional teams based on customer markets to work together daily throughout the project.
3. Deliver sales/marketing/technical direct support as required to optimize the flow of value delivery.
4. Convey information to the customer in face-to-face conversation, the most efficient and effective method.
5. Facilitate a customer's decision making/buying process as the primary measure of progress.
6. Recognize and adapt to changing customer requirements.
7. Promote building customers that will repeat and become advocates, even co-creators in our development.
8. Enhance the value stream through continuous attention to content-rich material and technical excellence.

9. Determine the best architectures, requirements, and designs through customer use of and feedback on products and direct observation of the products in use.

10. At regular intervals, reflect, as a team, on how to become more effective, then tune and adjust team behavior accordingly.

In Lean marketing your goal is to deliver as much value as your customer (prospect) needs as quickly as possible in the most efficient manner possible. Agile systems allow for a framework for people to work together to improve communication through departments and with the customer. Part of this practice will help in understanding exactly what the customer needs to facilitate his decision making process, but often it will require teams to wait until the last responsible moment to fulfill that requirement. You will have to respect your people (another foundation of Lean), to enable such a system. This will minimize the waste and complexity associated with trying to cover all the bases. More importantly, it will provide greater clarity and increased value to the customer.

Lean Marketing Creates Knowledge for the Customer

Many people visualize their marketing cycle through the use of funnel thinking or how it narrows down to the actual purchase of the product. I advocate the use of the Value Stream marketing concept in a similar fashion. However, take an outside-in approach and use a customer/market decision making process as the basis for the various stages. Instead of looking at creating marketing content in reaction to each of these stages, think of it as a way of creating knowledge for the customer.

The creation of knowledge is a fundamental Agile concept and an integral part of the process. In Agile, you build in incremental steps, delivering to the customer frequently and gaining customer insights along the way. This way

you can keep the good things and discard the unwanted. Doing this enables you to build on value and reduce downstream errors.

Small, incremental batches of information will often facilitate quicker feedback from the customer and help us determine what is of value to them. As these areas are uncovered and considered, our credibility also increases and often a stronger loyalty develops.

Many times customers' needs and desires change as they gather information early in the process. During these stages they evaluate many different options and start narrowing down the field. As we get into later stages, especially if this has been a long process with many people involved, errors or not-so-desirable features may be built into the process that could actually rule out a product/service that may have value.

Being there in the beginning of the cycle enables you to be the product/service that the proposal is written around. This happens many times during an upsell or a repeat purchase, but it is difficult to do with a new prospect unless you have significant brand advantage. Delivering knowledge based material in an iterative fashion allows your value proposition or value advantage to be quickly identified by both parties. This will enable you to identify the strongest and weakest prospects. The weaker prospects will require more or different resources. It also identifies your strengths and best opportunities. Either way, it allows you to evaluate and adjust resources and capabilities as needed.

As you move through the value stream, these incremental steps will require a certain amount of customization that at first will seem quite laborious. You will find, through reflection on these processes, that many of them are similar and can be repeated. Utilizing a value stream team will facilitate the

customization. Your team's ability to document, modify, and submit to this concept is imperative.

In the value stream marketing process we encourage delivering or demonstrating knowledge that will enhance your customer (prospect) decision making process. An example of this type of information is web-based content (whitepapers, video, training, trials, etc.), that is instantly obtained and/or accessible to the resources of both the customer/prospect and your sales/marketing team. It also needs to be available to your prospect's influencers. Their influencers are typically less knowledgeable about your product as well as the intricacies of the buying process they are influencing.

Lean Tools and Culture as it Relates to Zen

There's been a big debate lately on tools and the thinking processes of Lean. When you talk about a system, one of the first things considered is the tools. I use the tools to make sense of a system, but I thought that Michael Balle, author of *The Lean Manager*, might feel differently about that statement. In the Business901 Podcast I asked him, "How do you relate the tools and the thinking processes of Lean?"

Michael responded: "I do not know if you know this Zen story: when you haven't studied Zen, you see the mountain as a mountain. Then if you really study Zen very hard, then you no longer see the mountain as a mountain. But when you understand Zen, you see the mountain as a mountain. I feel the same thing about the tools.

When you first study Lean, you start with the tools. Then you study it more and you get into something that is about thinking, or philosophy, or whatever. But when you do it a lot, you forget about the tools. I think the

tools are essentially very important. However, I have a different take on what the tools mean.

The way I see Lean as a management system is essentially a knowledge transfer system; it's a training system. So what the tools are, the tools to me are self-study exercises to understand your processes better; it's like a microscope or a telescope. The tool is a way to look into problems and they never solve problems by themselves.

Many people have used the tools or have wanted to implement some sort of solutions to these tools, thinking it would make them better. I think that's kind of beside the point. What makes you better is using the tool rigorously, so you understand your problems and your own processes and then, with hard work, take the time to figure out how to solve them. It's this process, it's the process of solving your own problem that empowers you and which leads you to create better and more performing processes."

The trend right now seems to discourage the use of tools and treat Lean as a culture. We may not be seeing the mountain. We should be embracing technology. Lean and Six Sigma have the best set of tools of any improvement methodology. When used correctly, I think Michael is right and leading with the tools and embracing them will empower us to do greater things. They are meant for us to see more, not less. We need to see the mountain again.

Why Social Media is so Lean

Lean is basically about doing the right things, to the right place, at the right time, in the right quantity while minimizing waste and being flexible and open to change.

Lean actually got its name from the bestselling book, [The Machine That Changed the World.](#) This management classic was the first book to reveal Toyota's Lean production system that is the basis for its enduring success. Their next book on Lean, [Lean Thinking: Banish Waste and Create Wealth in Your Corporation, Revised and Updated](#) by Womack and Jones, introduced five core concepts:

1. Specify value in the eyes of the customer
2. Identify the value stream and eliminate waste
3. Make value flow at the pull of the customer
4. Involve and empower employees
5. Continuously improve in the pursuit of perfection.

These concepts have stood the test of time and are still used as the foundation in Lean thinking throughout the world. But as I review these concepts, look how readily they apply to social media and marketing today. I have chosen a list of books that will reinforces these five core principles from a social media perspective.

Specify value in the eyes of the customer: Social media has brought on a wave of content marketing. As a result, we have more FREE information available, instantaneously, today than ever. Social media is about supplying value to the customer. The essence of social media is the interaction and discussion. Book recommendation: [Get Content Get Customers: Turn Prospects into Buyers with Content Marketing](#)

Identify the value stream and eliminate waste: To be effective in social media, you have to understand your value stream and do what is important to your customers. If you try to do everything, you will be quite ineffective and realize very few results, if any. Book recommendation: [Trust Agents](#)

Make value flow at the pull of the customer: Customers find you in social media by your activity, not by your bombarding of messages. Book recommendation: [Inbound Marketing: Get Found Using Google, Social Media, and Blogs (The New Rules of Social Media)](#)

Involve and empower employees: Social media is about transparency and authenticity throughout the entire organization. More people are communicating with each other at all levels of our organizations than ever before. We have no barriers. Book recommendation: [Corporate Blogging](#)

Continuously improve in the pursuit of perfection: The bar is raised for us every day. The people falling behind in social media may not recognize the world tomorrow. Do you have to jump in and spend vast amounts of time in this world? No, not at this point; however, you do need to have not only your toe but also a rather large portion of your foot immersed, testing the waters. If you are participating in social media, the result of it will be continuous improvement. Book recommendation: [World Wide Rave.](#)

Can you become Lean without Sales on Board?

Will Lean ever work within a company unless sales and marketing are on board? In fact, 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?

Do you ever win a large order and watch your production department roll their eyes? You can never understand their frustration. You wonder why they just do not have the same enthusiasm you do. You wonder why they just can't take the attitude of let's "get-r-done"! I would encourage you to take a little deeper look into the frustration, especially if you're trying to become a Lean operation.

A manufacturing manager who does not meet the promised date or deliver quality parts does not keep his job long. There is an expectation to be on schedule. What about sales? Is there the same level of expectation? That new order causes a wide variation in planning. Who makes up for that change or deviation? The production department does. It is justified (of course) by the age-old sayings; "Customers do not know what they want" or "Our type of business is hard to forecast." It was once stated that greater than 90% of delivery dates are missed at the time the order is accepted. This double standard is unacceptable and, in fact, quite detrimental to a Lean transformation. But for this not to happen, you must learn how to market and sell products differently.

First, 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, it is just downright harmful to a Lean operation.

A Lean operation works best when there is a level production load. You must try new approaches in pricing, and particularly to incentives and measurements. If your 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. This may induce them not to be as willing to discount that product or, at a minimum, to 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 conductive to Lean operation. Perhaps by setting up Kanban systems, vendor managed

inventory, smaller daily orders (rather than large weekly or monthly orders), forward forecast requirements, and others may help. 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.

Improve your Marketing Cycle, Increase your Revenue

The very best thing about organizing and "systemizing" your marketing is that you now have more tools at your disposal to understand and facilitate, but not manipulate, your customer's efforts. After creating a marketing funnel, one of the tools I find quite useful is cycle time. A value stream map is used in visualizing and providing calculations for cycle time.

Throughput, or decreasing your marketing cycle time, can have very beneficial results. If you put customers through the cycle quicker it will typically increase revenue. It may also reduce expenses as there would be fewer people in the cycle at any given period. So increasing throughput can be accepted as a good thing.

If you look at the chart below, you will see the cycle time depicted in a value stream map. The blocks represent our value added marketing efforts. The empty spaces are the non-value added time or waste. I am not going to be naive and say that you can remove all the non-value added time and close a sale in three days. The point that I am delivering is that you must learn how to manage the non-value time more effectively. Most companies deliver good presentations, advertise, and get good PR. Where they fall short is handing the baton from one stage to the next. Non-activity turns marketing rotten.

Taking a look at the chart, the first thing you may notice is the time span differs for certain parts of the process. If you can make an effort to understand the customer's process during this time, significant gain may be made. Your actual processing time is insignificant in most marketing. It is the lead time between the processes that is important. Consider, for example, if we would increase the offer to move someone from the Involve stage to the Influence stage, reducing the time from five days to two days. Maybe you noticed that quicker conversions happen when they attend a webinar. What would happen if we paid them to come to the webinar? You may find out segmenting your process halfway through the cycle would allow customers to better understand the results that they may gain from your product. Many of your features and benefits may be confusing to certain prospects that are not utilizing those particular features anyway.

Speed is important in the buying process. Your total cycle time can be improved. However, it seldom can be done without more feedback loops in your system. Develop process blitzes to reduce these non-value times. Go to Gemba or the customer's place of work and find out what happens during this time. See what is keeping them from moving forward. It may be an internal constraint within their company. You may find your responses lack clarity. You may not be responding to the customer's latest needs. Your ability to focus your resources on the customer needs may provide the overall clarity he needs to make a more rapid decision. One method is to create a vision of shorter cycle time through greater segmentation of your customers.

Increase Sales, Increase Face Time

Recently, I made a statement that it is a disaster to have sales people operating on their own. Sales can be better served by a team effort. One of the key concepts in value stream marketing is the value stream sales/marketing team. The team should consist (a minimum) of Mr. Inside and Mr. Outside, but to add some fuel to the process you need to include people from marketing, engineering, service, and operations.

Your teams should be created based on one and only one thing: The customer experience. Think of the customer experience that you could develop if you had a customer support team divided up for one state, one product, etc. Utilizing a virtual daily stand-up meeting, everyone would be attuned to what was going on within the state and if a customer called in, he could be handled and routed very effectively and efficiently.

Of all the different continuous improvement methods, I favor Lean more than others. I think about it a little differently though. I see Lean playing a pivotal role in enhancing or improving the quality experience more so than removing waste. I also have distaste of looking for Muda and have a tendency to look at Mura and Muri. In most discussions about implementing Lean in sales and marketing, the first thing that pops up is that salespeople don't like to supply the data needed. I think that is one of the major stumbling blocks in developing a Lean culture not only in sales and marketing but throughout the company.

Expecting your sales people to supply more data and becoming collectors of data is one of the most wasteful things that you can do. Sales efficiency properly defined is the amount of selling time spent face-to-face with the customer and more precisely the customer decision-maker. The salespeople who spend more time in front of customers sell more. Go back to the team

concept; the team should maximize the salesperson's face-to-face time with the customer. But to apply improvement you need data, right? Look at the following measurements:

1. Gross sales/gross revenue
2. Product distribution
3. Average length of sales cycle
4. Average selling price or size of deal
5. Number sales per month per salesperson
6. Number of calls needed to close the deal
7. Average gross margin
8. Number of quality sales calls per month

Name one of these numbers many of us determine important for sales that a salesperson needs to generate. All can be generated from the team and most can be automated from typical accounting data. When a team, versus one person, has shared responsibility to deliver improvement on these numbers, your sales will improve. Another important aspect to the team concept is the ability to handle customers' requests more effectively and efficiently. With a team concept, the customers can call with an engineering or operation or service request and talk to a familiar body and someone knowledgeable with their account. This improved face time will ultimately lead to increased revenue.

Speed may be the biggest Determent to your Marketing Success

The companies that get to the customer first, the companies that release the product first, the companies that slide in and close the sale while you are still waiting to get the final specifications, all demonstrate how important speed is to your marketing success.

Speed is much, much more than the ability to run your customer through your marketing cycle. It is an integral part of building a marketing system that responds to customer's needs. Having built-in trigger points to help you identify your customer's readiness to proceed to the next stage in your value stream is imperative. I discussed handing off the baton earlier and how many times it gets dropped from one stage to the next. It is similar to an athlete starting the season off and building his "speed" back up. Or a student taking the same test after summer break and scoring lower. These things happen because of the lack of activity during the non-value added time that you have identified in your value stream mapping process. The lack of speed in your marketing process equates to the lack of engagement that you have with your customer. This can be one of the most effective uses of social media and a good content marketing strategy. The engagement of your customer is driven by the needs they identify with your product. Here are some examples of items that may help in decreasing that non-value added time.

1. Choose the right time to move a customer to the next stage. Identify key indicators to move a customer to the next stage

2. Build upon the previous stage by introducing new content and maintain the momentum built in the earlier stage. Incorporate the learning of the previous stage with different content to recap or you may effectively lose the momentum that was built by the earlier stage.

3. Reinforce the previous stage. Creating the linkages between stages is extremely important. It is a great time for a warm-up.

4. Make sure the customer is on the right airplane. You have been there. Even if it is embarrassing, when the stewardess says this plane is headed to Detroit. If you are not going there, you get off. If a customer is not ready for this stage, give him/her a graceful exit and

provide him with an opportunity to get off, or you may lose him forever.

5. Make a better offer. Each stage should create a better offer than the previous. You have more qualified customers at this stage so treat them that way.

6. Create interactive platforms or trials that the customer can use or interact with to solve some of his problems. This happens quite frequently in the construction business when someone leases a bulldozer to a contractor, and online with free down-loadable software.

7. Use a superior call to action, an offer to go the next stage that cannot be refused.

Even with these improvements, without a marketing system in place to monitor results and improve upon them, you will fall behind. Speed is not automation. Automation can be a component of developing speed, but do not mistake the use of automation. Even in the online society we have created, people still want conversation and personal connection surrounding the product. Especially in regards to a service they may purchase. They want a live body behind the curtain. **People mistake Lean for being just about waste. It is more about speed.**

Customer Value

Lean Marketing House Roof

Voice of the Market

Only customers provide results, and customer satisfaction is the key result you are looking for. I think the smartest companies ask their customers what the requirements should be for the product or service and then work backwards. The not-so-smart design a product/service and then figure out ways to market and sell it. Which one are you?

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

1. Identify your market: Do not make this a generic step or skip over it. If you have difficulty, provide clarity by segmenting your marketing channels. Even down to one person if you have to (just for practice).

2. Gather the initial voice of the market by surveys, focus groups, complaints, correspondence. Also, feel free to use "Tribal knowledge" but make sure you test it. An example would be to send out a survey to 10 customers in a particular region that is covered by a salesperson. Have the salesperson (distributor, rep) also complete the survey and compare results. You may find out that some salespeople have a good understanding of their customer base and others do not. Interpret and use the data accordingly.

3. After collecting the data, formulate it and ask your customers to rate the importance of each input. A way to do this is with an online survey that would just move them to another screen after their initial input.

You may even want to do a survey to the masses and then have a focus group rate the importance of each.

4. Prioritize the requirements based on the voice of the market and determine how they are relative to you based on how difficult it is for you to achieve. This is a great place to use a SWOT analysis and start making some intelligent decisions about your product. Often this list can be used for your critical to quality (CTQ) indicators.

5. Use this information to choose the best processes, internally and externally, to achieve the desired results.

6. Determine the activities to create ongoing processes and parameters.

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

Value is a Relative Concept

When considering the value they offer to the marketplace, most companies only consider the value that their customers or buyers receive. Your company's value proposition is actually a two-part function. One is how buyers evaluate your product/service and two is how non-buyers evaluate your product/service offering. If you lack the understanding of how non-buyers rate your value, or expanding that thought to your competitor's value proposition, you are missing the boat. The object of your focus should be the market, since this is where you compete.

In the book Dominating Markets with Value the authors compare this thought to a General about to engage the enemy. The General must not only understand how his/her troops are deployed, but also know where and in

what strength the enemy is deployed. Many corporate generals engage in this very practice. Value is a relative concept. It has no real meaning when measured within a vacuum.

The authors go on to state: "Your value proposition means nothing unless it is compared to that of your competition. It is not unlike a Return on Assets (ROA) figure for a company. That ROA is useful when you can compare it to another company or an industry average. Suppose that your value score is a 7 on a 10-point scale. Is this good? Does it give you the kind of leverage that will allow you to increase your market share or your Return on Investments? The answer is, of course, that you do not know. Again, you do not know unless you have something to compare it to. Value is relative!

Many companies are used to the practice of soliciting information from their customers and even asking lost customers. However, to expand the marketplace for your products you must forego the practice of looking inward at your own customers and start receiving the opinions and attitudes of those buyers who are not customers. This comparative perspective is extremely important. Your growth in the marketplace requires the addition of new customers; those just entering the market or those that must be won from competitors. Knowledge about how these buyers view your value proposition is not only necessary, but essential."

What does a Customer want?

Do you remember the movie "What Women want"? After Mel Gibson slipped and cracked his head, he was able to hear the inner thoughts of women. It gave him some additional power but how he used that to his advantage, well that's the story.

So, what does a customer want? It could be expressed as the value that they are purchasing or expecting. But how do you define that value? It is really not that difficult to define. What is important to them can normally be addressed in finding the CTQs of a particular product (service)/market (market being the important part). I encourage reading [Dominating Markets with Value](#) for further insights into customer value.

If you saw the movie or watched the trailer above you will find that having knowledge is a very powerful tool. However, what you do with it is even more important. If you have the proper CTQs of your market (customers and prospects), it really starts making business so much easier. It prioritizes not only sales and marketing, but the rest of your business structure. Just pick something that you feel is the most important CTQ to your market place and subordinate all decisions to it. I know that is an oversimplification, but why not; let's pretend. Is it on-time delivery? If it is, how will it affect the decisions that you make today? The interesting thing about CTQs is that understanding them as an organization affects every single person within the organization.

I like to apply understanding what a customer wants (CTQs) to the process of continuous improvement. Divorcing the CTQs from the marketplace hinders most improvements. If your improvement initiatives are not addressing the CTQs, you will see little improvement in market share or, even more disheartening, a customer's willingness to pay full price.

So what does a customer want? A customer wants your organization to be constantly improving on the CTQs of the product (service)/market you offer.

Roadmap for Customer Validation

I have always been a big fan of [The Discipline of Market Leaders: Choose Your Customers, Narrow Your Focus, Dominate Your Market](#) by Treacy and Wiersma. I have seen little in other writings over the past 15 years to displace their value discipline model which basically states that you must decide which one of their three value disciplines will become your value proposition. They maintain you have to choose one: operational excellence (Wal-Mart), product leadership (Apple) or customer intimacy (Nordstrom). Any successful company must choose one where it aims to be the best, preferably the best in market. However, you cannot ignore the other two; you must be competent in them as well.

A later writing of Treacy, [Double-Digit Growth: How Great Companies Achieve It--No Matter What](#), expands on this theory and addresses growth from the perspective of customer retention and acquisition. He even prescribes a way to manage it through the four Ps of priorities, perspective, people, and plans. A new book that I just completed, [Strategy from the Outside In: Profiting from Customer Value](#), further expands on a very similar theme except that the authors turn more of the discussion to viewing similar concepts from the customer's view.

I have included a mind map that I created combining a brief overview. It is a collection of what you should do but falls short of how you should do it. Using this mind map will certainly assist you in determining your overall weakness. However, without the validation of the marketplace, it simply lacks the facts needed to make a serious investment in time or money. Understanding your product/market value perspective is validation. It is the basis for all future growth.

Customer Value

Value Proposition
from "The Discipline of Market Leaders"

Operational Excellence
- Best Price for Std Offering
- Reasonable Quality

Product Leadership
- Superior Functionality
- Innovative Features
- Superior Quality
- Strong Brand

Customer Intimacy
- Personalization
- Tailored Offerings
- Integrated Solutions
- Service Excellence
- Lifetime Value Concepts

Operatiing Model
- Peak Results in Chosen Value Proposition
- Meet Induistry Standards in other 2
- Continously Improve Chosen Value Proposition

Growth
from "Double-Digit Growth"

Customer Retention
- Forget Customer Loyalty
- Shape Value Criteria
- Narrow Alternatives
- Increase Switching Costs

Customer Acquisition
- From Competitors
- Where it is occuring
- Adjacent Markets
- Investing iin New Lines

Managing
- Priorities
- Perspective
- People
- Plans

"Shameless plug", the program [5Cs of Driving Market Share](), that I assisted in developing with Dr. Eric Reidenbach of the Six Sigma Marketing Institute, addresses the how of customer value. It is a natural extension of the process that was started in *The Five Disciplines of Market Share*. The major difference is that it determines and provides you with the tools to determine your value proposition from the market's perspective. I believe that formulating an opinion internally (the above books do not advocate this) of where you fit in the marketplace is an exercise that belongs in your Marketing 101 class. Understanding your value proposition and more importantly, relative to your competition, is how you should determine not only your growth strategy but your survival strategy.

Customer Value is an Input to your Company, not an Output

As I mentioned previously in my post, [Six Sigma Discipline is Good for a Creative Process](), accountants are seeing the value in getting Lean and marketing together. They see the use of data collection and prioritization methods as a means to create predictable streams of revenue growth. This comes from developing a company's value proposition and identifying the CTQ associated with it.

Let's take a quick look at the customer value viewpoint:

1. Customer needs and wants: If you can identify the CTQs and determine what the most important CTQ is, you will know how much more important that CTQ is than the next CTQ.
2. Value placed on needs and wants: That enables you to know what impact that CTQ is going to have on your value proposition. That comes from the ability to measure things. Your decision making becomes a lot more focused because it is right in front of you. It is fact based. It is data driven.

3. Competitors' Products: When you compare and measure yourself against the competition using value, you will see the value gap that exists between your organization and your competition. This is an important function especially for monitoring your marketing. Increasing and decreasing value gaps may be the most efficient, effective, and useful way of measuring marketing.
4. Marketplace Perceptions: This perception can only be measured through the value proposition and by the inclusion of real customers through the use of surveys and focus groups and sometimes just by picking up the phone and calling a few.

In most successful companies, the customer value activity is a premier importance. Determining the customer value proposition for specific product/markets needs to be continuous and understood throughout the organization. As marketing and Lean come together, they have the innate ability to drive revenue growth through the company. Numbers and creativity are not contradictory. They can be highly consistent. If you can identify what the most important CTQ is, how much more important it is than anything else and then, how you address that CTQ and how you use that CTQ to leverage your value proposition, it can enhance the creative process.

Understanding and controlling these four key points will determine the overall success and profitability of a company. However, you must also understand that customer value is an input to your company and not an output. It is something that has to be measured, monitored, and earned!

Unclear Customer Value leads to Failure

All of us know we must distinguish ourselves in the marketplace to be successful. However, do we go to the marketplace to find that unique

dimension of matched value? In fact, there's been study after study showing that we do not even get out of our own organization with an understanding of our own unique value proposition.

When organizations were dominated by one single individual, the value proposition was very clear. Different views and questions were discouraged. Now, in the age of collaboration, it is becoming more and more difficult to arrive at a clear understanding of the value that you provide your customer.

One of the classic marketing books, [The Discipline of Market Leaders: Choose Your Customers, Narrow Your Focus, Dominate Your Market](), says that the only way to reach common ground is to find fact-based answers to five very fundamental questions:

1. What are the dimensions of value that customers care about?
2. For each dimension of value, what proportion of customers focus on it as their primary or dominate decision criterion?
3. Which competitors provide the best value in each of these value dimensions?
4. How do we measure up against the competition on each dimension of value?
5. Why do we fall short of the value leaders in each dimension of value?

The authors go on to say value stems from the product - from unique features that deliver superior results - and from the kinds of service benefits provided. They are measured against customers' expectations, so products and services really offer benefits only if they substantially exceed competitors' offerings. Competitive parity, after all, creates a base level for customer expectations.•

These five questions are just a starting point. Your value proposition must continue to increase at a more rapid rate than your competitors'. However, you cannot sustain your customer value proposition without being part of your customer's business. Everyone in your company must walk in the shoes of your customer. Experience what they experience. If you do that, your head might just rise above the cloud that your organization has been in and start living the value experience. Remember, customer value is the best leading indicator of future market share!

Understanding your Customer's problem

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

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

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

Here's a take-off for solving math word problems that could be applied to solving your customer's problems.

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

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

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

Be extremely accurate. Continually check your thinking. Your thoughts should drive questions like: Is that entirely correct? Is that completely accurate? Never work so quickly that it leads to errors. Give sufficient time to all parts of the problem. Never just give up on the problem and get some answer. Always try to reason the problem out.

While your customer is working through the problem, keep checking the accuracy so that you will learn to think with more precision and thoroughness. In addition, in your own mind contrast the methods with the way the problem was attacked. How might you break the problem down more completely into smaller problems? What other steps might you take? How might you visualize or diagram the relationships, making it more

effective? Would you work more carefully? In other words, try to imagine ways in which you might attack the problem more effectively.

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

Obtaining the Voice of Customer

John Mariotti of Small Business Trends wrote an interesting article titled "*A Hazard of Innovation: Falling in Love with Your Own Ideas*" on the American Express Open Forum. John states: "There seems to be widespread agreement that innovation is the path to profitable growth and competitive advantage. If that is true (I think it is true), then why aren't more people doing it? And why do so many new products fail? I know of no 'hard statistic' other than the generalized one 'that over 90% of new products fail.' But again, I ask, why? Here are a few proven methods to make your idea more successful and prevent its premature failure:

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

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

Do not give up too easily or quickly — but do not be afraid to cut your losses and move on. Innovation is wonderful, powerful, intoxicating, and exciting. Failure is devastating. Use every means you can to prevent failure and improve the chance of success. Often, a small change, a minor difference in pricing, promotion, features, packaging or placement is all it takes to transform a potential loser into a winner. "

This is the crux of "A Hazard of Innovation," and I encourage you to read it in its entirety. Mariotti explains each of the six points. However, this article outlines many of the reasons that have driven me to start utilizing the Agile (Lean) product development methods in marketing. In today's marketing, it is imperative to involve, verify, create, and scale as early in the process as possible. The "fail often and fail early" approach is much better than hoping that you will be among the 10 percent that succeed. I mean, really, are you batting .900? If you wait for the perfect product, there may be too much invested to change.

The tools are there to facilitate early customer involvement, but are we utilizing them? Are we even participating in our customer's communities that will allow us to do this?

It is very difficult to get many organizations to listen for that heartbeat. They want to monitor the process but keep it inside to the last possible moment. If you think about your organization and the marketing of a new product, is

it your internal structure of marketing, engineering, and finance that drives the process? Should innovation and development not be more centric to sales and customers? Developing better methods to hear the voice of the customer is essential. Is your organization still listening to your customer's heartbeat with a stethoscope, or have you moved on to an ultrasound?

Value Stream Mapping your Marketing

Use a value stream map to outline your customer's buying process and to vividly demonstrate how your marketing efforts mimic that process. Consider the map as a tool designed to highlight activities.

The current state serves as a guideline to communicate the opportunities so they may be prioritized and acted upon. It helps build a shared and consistent understanding of the customer's experience of your process and of your business as a whole. Value stream mapping can enable your entire organization to understand what the customer experiences in order to purchase from you.

Often it is difficult to stop organizations from playing "what if" games when we are just trying to determine the current state. I usually just take a sticky note and stick it out to the side for future reference. When we do start playing the "what if" games (What if we eliminate this step? What if we had different information at this point in the process?) we are in essence identifying ways in which the quality of our marketing process can be improved.

During this process you should also be able to identify critical control points or interfaces with the customer. These critical points deserve special consideration as they typically will be the deciding factor for your customers. You may ask what they will look like. I typically find two obvious areas are

the cause of most concern. First is the area of flow. If your marketing process does not flow well in its delivery to the customer, it seldom flows well for the customer. Your marketing must be in sync with the customer's buying process. A crystal ball would be great, but if your typical customer takes three months to make a decision about your product, trying to accelerate or stretch that process out will seldom prove successful.

Secondly, a clear-cut understanding of how that product meets your customers' needs is imperative. A strong value proposition is the first step in building a successful value stream. Many organizations struggle with this concept and do not utilize the tools available to understand their position in the marketplace. Understanding how your customer perceives your position in the marketplace relative to your competition may be the single most important issue you face.

Many organizations try to build their first marketing value streams from an organizational perspective. I encourage breaking down your value stream into your product/market segment. Seldom will your organization's products or the markets they compete in be so clear-cut that you can have one simple value stream.

Do you have a clear-cut value stream for a product/market that you can map from inquiry to purchase?

Lean Marketing House Ceiling

Value Stream Mapping differs in Lean Marketing

In the Lean marketing concept, value streams differ from the more traditional approaches found in other value stream mapping processes. The primary focus is not the discovery of waste but of process improvement with a very specific strategic intent; delivery of superior value for the execution of an organization's value proposition. This means that the focus of the analysis must be on those value streams and processes within those value streams that have the most substantial impact on the most important value drivers. These are the drivers that customers are telling you create value. A value stream map (VSM) is a comprehensive set of activities and communications that collectively creates and delivers value to the customer. A typical approach to process improvement is to select a process of concern to the organization, map all the details of the process, remove the non-value added activities and then fix whatever seems to be broken. The non-value added activities should be determined from the customer's point of view. Most organizations focusing on system redesign do so with the intent of reducing costs.

A VSM begins with a customer need for a product or service, and ends with that customer's belief that he has received something of genuine value. Value streams typically are made up of several inter-connected processes and involve any number of functional areas within the organization. An important distinction in Lean marketing concepts is that the VSM exists to deliver value to an *external* customer. This approach in the Lean marketing concepts of value stream mapping is similar to the traditional approach; we

evaluate the entire set of processes, communications, and activities that make up a value stream. Employing a flowcharting approach, we describe exactly how value is currently being delivered by the organization and how you can deliver it more effectively and efficiently. The VSM (current state) points out those critical value delivery processes as they currently exist. The map then provides the value stream mapping team with the template to redesign the value delivery process to:

- Increase the responsiveness of the system
- Enhance its value delivery capacity
- Deliver greater customer quality at a reduced cost to the organization.

The actual skill of mapping is very learnable and can be developed. The keys to effective Lean marketing using VSM are in mapping the right processes, identifying all process linkages to key customer contacts, making dramatic improvements on key customer benefits, eliminating only those costs that do not contribute to outstanding value delivery, and monitoring the impact of those improvements on your market-perceived value proposition. These are only achievable if the analysis is driven by your customer value information. Your value streams are the focal point of any significant targeted improvement efforts and should be the driver for enhancing your organization's competitive value proposition.

Define your Business by Value Stream not Product

How do you identify your prospects? Many organizations have a tendency to provide the solution without really spending time identifying the specific market that their solution fits. That is one of the ideas that have made Eric Reis's Lean Startup™ movement so strong. He calls it the pivot, which in very basic terms is creating a minimum marketable product and getting it in

the hands of real people to provide feedback in the early stages of development.

It is a great concept for a startup but what if you are an existing company? You have existing markets and products. In fact you may be saying, "I am a 20-year old company with an existing database. Sales are down because of the economy. We just need to create more awareness and get more opportunities. Our products will work in other markets; we just need to start talking to more people."

Of course, there is truth in what you're saying; however, the economy has changed. It may get better but there are some fundamental changes that have taken place. You'd better learn how to make money in this economy because even with a shift for the better, I doubt that it will ever return to yesteryear. Creating awareness and opportunities will help but this is the most expensive means of selling products; can you afford it? If you are looking at selling your products in other markets, guess what? There is already an established company fulfilling that solution for that market! You'd better discover a significant advantage for your product and be willing to spend more than the existing provider to take market share away from them.

The secret sauce for any marketing improvement begins with identifying the correct products/markets for growing your business. All opportunities are not equal. You have to identify your markets but not by product line. Products are sold, people buy things. The best way to identify your market is to identify the buyers. Without doing this you lose sight of your market and how they place value on your product. Ultimately, what we seek in identification is an understanding from the customer of the value of that particular product. I think an interesting concept is not to have product managers within a company, but rather value stream managers.

After you have identified your prospects, you will define the opportunity or product/market based on your ability to compete. If there is already a provider in this segment that provides a better solution at a better price with better delivery, you may have a problem. You can save yourself a lot of money by assessing how attractive this market is by doing your research. Some markets are worth more to an organization than others. Your organization's capacity to compete within a potential market or customer segment is critical to any strategy.

If you are doing a startup or attacking a new set of prospects, many of these items may seem overwhelming to do. However, they are very worthwhile. The easiest way I have found to start is by identifying and segmenting an existing product into a product/market. Discover your customers and quit hiding them within your product. Get rid of product managers and create value stream managers!

Current State Map – "Where are you?"

I have to admit, I was always and still am a Scooby Doo fan. Those famous words, "Scooby Doo, where are you?" still bring a smile to my face. When I use those words in marketing circles, seldom do I win a lot of points by asking that question.

Where are you? Defining your current marketing state can be quite a job. Most feedback has been received from current customers or people that will take the time to respond; people that like you. Sure, you have a few real disgruntled people that give you feedback, but you rule them out as extremists, right?

Where are you? Do you understand your marketing process? I mean the progression people take moving through your system; you have a system,

do not you? Mapping this process and creating an accurate value stream is seldom accomplished without proper customer segmentation.

Where are you? What do your measurements do? We talk about them but do we really follow them? Are we making decisions on metrics or are we spending time justifying why they are what they are? I see a lot of metrics floating around these days but understanding them and what they mean is an entirely different story.

Where are you? Do you understand what triggers your customer/prospect to move through your value chain? Learn what causes a response, both positive and negative. Determine if you are providing enough value at each stage? Think, would your customer pay to get it?

Where are you? Are the right people participating at the right time during the sale process? Key staff members may be required at critical times. Do not think this only happens at the end of the cycle; star power can work practically at any point.

Most organizations want to know where they are going versus where they are. I can use all the corny phrases that we have all heard but the point is you need to know what you need to change before changing it. Running new ads, publishing new material, and just creating new material for the sake of movement is wasteful and non-productive.

Learn how to apply VSM, a fundamental and critical tool, to address what many companies find difficult to do: making a fundamental change in business processes such as administrative, professional, and transactional activities. You will see how the key elements of Lean thinking and value stream mapping apply to such activities by identifying key processes to tackle, drawing an accurate current state map of each process, applying

Lean principles to envision a leaner future state for each process, and implementing the future state in a way that can be sustained.

## Providing Clarity to your Marketing Process

One purpose of value stream marketing is to provide clarity to an individual's or organization's marketing process. This gives you the ability to walk a prospect through the process, understanding where they are in the process. Typically, I have a customer add the activities or, in Lean terms, map the process he uses to gain a customer. It should mimic the path a customer makes in his/her decision process.

However, do not look at this as just a simple exercise for a small organization. I use this in larger organizations by just repeating this process for each sales channel they may have. The secret to this is that it really forces you to lay out your marketing process. It is really the beginning of development of transferring your marketing into a process.

The purpose of creating your value stream is to achieve better cooperation in the multiple phases. Each interlinking phase depends upon the other links. In each of them, you will have different capabilities, normal variation, and a changing workload making it practically impossible to balance. You will often find that the value stream is dependent upon the cooperation of all phases and as a result it highlights the strength of your handoffs. I have often found that in many organizations the individual steps or phases of the value stream are quite good but the quality of the handoffs is where the problems occur.

Many organizations do not look at their sales and marketing process in a linear fashion, let alone segment it. When organizations first map out the

Lean Marketing House
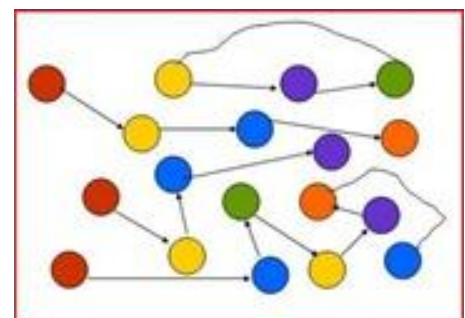
process, they look at connections where people work all over the map such as the diagram to the right. They look at a simple linear process as an oversimplification of reality.

Not everybody goes through each step of the cycle. Some will skip from step one to step three. Someone may enter the cycle in step three. These interconnections are not trivial. It is what makes your process work and it also may be stopping it from working. So what is the purpose? The purpose of creating your value stream is very simple: Which is harder to manage, the above diagram or the next one? (The Post-it notes represent a tactic such as a webinar, newsletter, financing, sales calls, etc.)

Your flow system, your value stream, will allow your organization to operate at maximum efficiency. The secret in creating such a linear flow is segmentation. Without it, you will continue to operate in a less than optimum manner. Keep segmenting your list until you gain a linear flow. Yes, there may be a few exceptions.

This is a simplified version of how a value stream would look. As you can see the natural progression of the flow (Involve, Interaction, Influence flow to the right), the enablers or information to move the process forward are provided above each step. Taking a group of current customers, you can identify this in your current process. If this seems difficult, make a certain group that you can segment and document the process. Many companies will find huge gaps in their processes that are supported by other departments such as sales or service or maybe by repetitive marketing.

Creating a horizontal segment/swim lane for each of your marketing channels will not only allow you to create your value stream but also serve as a basis for your Marketing Kanban and execution of your marketing process.

Lean practitioners would hardly view what I say as revolutionary. Marketers may view it as just a way for Lean practitioners to maneuver themselves into some of their market share. I happen to be more of a marketing guy than a Lean or Six Sigma technician. But I believe that marketing should be a process and when viewed that way, many of the principles and tools of Lean start making a lot of sense.

Marketing people view their role as a series of events, tasks, and campaigns versus a process. Not to over simplify, but a calendar is a static document and does not support the use of a process. Once you start systematizing or building a marketing process, deliverables, stability, variation, and measurable results become important. Hence, Lean can be a significant partner in improving the marketing process.

Marketing needs Statistical Knowledge to Improve

Marketing needs to do a better job of using statistics and especially variation. When I start talking numbers to people, and what they mean, I get looked at like someone who is just trying to complicate a creative process. Improvement is about numbers. Measurement is about numbers. The truth is, marketing is about numbers. Your present marketing data more than likely is flawed and ineffective. Comparing one number to another is just ineffective. Comparison is limited because numbers are subject to variation and without variation taken into account the data is distorted.

"[Understanding Variation - The Key to Managing Chaos](#)" by Donald Wheeler is a book that I reference time and time again. This book was originally published in 1993. Don Wheeler starts his book by saying that comparing numbers to specifications will not lead to improvement. Specifications are the voice of the customer. The specification approach will not reveal insights into how the process works and as a result will not tell you where you are, how you got there, and how or what to improve to get out of it.

Defining this a bit: Voice of the customer defines what you want. Voice of the process defines what you will get from the system. Management's job is to bring voice of the customer into alignment with voice of the process. Don uses examples of control charts, X-charts, XmR charts, and a few other graphs. He does a nice job of mixing practical stories and making a statistical book as easy to read as it can be. He sums up one story by saying:

1. Optimization of the parts does not equal optimization of the whole.
2. Traditional cost accounting can hide or miss the essential figures.
3. Analysis by osmosis is very ineffective.
4. Graphs communicate the data better than tables.
5. It is dangerous to confuse a target value with the voice of the process.

Can you start using proper data in your marketing process? The book recommends starting tomorrow:

1. Begin to collect the right data.
2. Insist upon interpreting within their context.
3. Filter out the noise before considering any value as a potential signal.
4. Cease to ask for explanations of noise.

5. Understand that no matter how the results may stack up against the specifications, a process which displays statistical control is performing as consistently as possible.
6. Always distinguish between voice of customer and voice of process.
7. Help others take action on assignable causes.

Why should 50% of your marketing fail?

The need for a high failure rate is in direct contradiction to most approaches to Lean and why most continuous improvement practitioners fail in applying methodologies to sales and marketing. I was reviewing one of Donald Reinertsen's older books, [Managing the Design Factory.](#) Reinertsen is simply a great author that takes what I call "geek" information and converts it to a level of understanding that even I get. I used material from the aforementioned book, re-writing it for the purpose of marketing versus software development.

Why should 50% of your marketing fail? Using the Information Theory: the more probable the event, the less information is needed. Why is that true? If you receive information that you expect, it contains little value. For example, if you have targeted a message to one person, that information will have a better chance to succeed. If you send the same message to two people, you have introduced more risk and less chance to succeed. So rather than try to drive failures out of the process or become more efficient, we must introduce large amounts of information and as a result, more risk. In fact, that magic number for efficiency is 50%.

To generate that 50% number, let's define the two extremes. If we want 100%, the information theory states the lower amount of information is needed. That means if we do it right the first time, we have driven all the information out of the process except for a very select audience. If we look

at 0% that means that we provide all the information to a very large audience. An analogy that I use for 0% may be a Super Bowl ad. I am pretty sure at this point that anyone reading this is not contemplating a Super Bowl ad next year. My failure rate at this point may be high but it is not at either extreme. At least it is at a starting point. How do we generate this information efficiently (50%)?

1. Distinguish between failures to generate useful information: which are new failures and those that generate information that we already have old failures.
2. Provide tracking information or checklists especially from past experiences. Good accounting of your failures is really more valuable than the description of the most successful work.
3. Test early: the earlier, the better.
4. Use the smallest batch size possible.

In our discussions about small batch size strategies, we can think of the process as producing potential errors at a certain rate. If we can test early, we choose to receive these errors when the costs of reacting to them are low. The striking advantages of the small batch size are that information arrives early and our total population of errors remains small because it arrives in more manageable chunks. When the cost of the trial is high, fewer iterations will be performed and vice versa. However, frequent iterations can actually be much more valuable than people suspect.

Processes lend themselves to Measurement.

If you treat your marketing as a process, then you should be able to measure your marketing. The Define stage answers the question: What is important? The Measure stage will answer that question by asking: How are we doing?

The purpose of the Measure stage is to quantify process performance and baseline process performance was determined in the Deliverable stage. Without these facts, you will be very ineffective in improving performance. This is the stage which is most difficult for the novice. Adequate measurements in the current state are simply not there many times. As a result we either never get out of this stage by trying to be too precise or we move on with inadequate information that causes us reduce the effectiveness of latter stages.

If you think something that you are doing is not measurable, there is someone already measuring it: YOUR CUSTOMER. In Lean methodology we use tools such as CTQ to determine what is important to a prospect. Instead of thinking about this step from an internal point of view, step back and consider what the prospect would use to measure your product or service and make the decision to move through the next stage of your value stream. Developing measures with customer input will certainly help a prospect move though the value stream.

At this stage, do you know how a prospect is measuring you? What is the CTQ standard that most influences your product or service? What is more critical than others? The old saying is that people perform by how they are measured. If your company is based on how you are being measured, do you have measurements in place that you are performing to? This is an area where we take the mapping to a deeper level. A customer's expectation has three aspects: assumed, expected, and desired. The assumed requirements are the basics and typically are only communicated when the customer is dissatisfied. Customers have come to anticipate the expected, certain features from their experience or observation in the marketplace. The desired customer requirements, however, are not objectively communicated to the supplier. They represent what desires the customer would really like

to have met but does not expect. Some call these *customer delights.* Could you be scaling yourself in these three areas?

Developing marketing measurements requires a mindset for accountability. Measurements must be understandable, quantifiable, and economic. Customers objectively and clearly state these requirements and pay the supplier for meeting their explicit expectations. We must be there listening and responding to them. The better these requirements are met, the more satisfied the customer.

Can Voice of Customer deliver?

In Dr. Reidenbach's book, [Listening to the Voice of the Market: How to Increase Market Share and Satisfy Current Customers](#), he makes a strong case that obtaining the voice of customer is just not good enough; it must be voice of market. He maintains that you cannot focus solely on your organization's customers, but must focus on the market as a whole including your competitors' customers. It is imperative to understand how the market evaluates competitive offerings, their strengths and weaknesses, and the value gaps that exist, whether positive or negative.

He goes on to discuss this, which I paraphrase below:

Many companies cling to the tenets of the production orientation with its emphasis on low-cost and its lack of focus on the customer. Others, who embrace a selling philosophy, focus simply on selling the organization's products and utilize sales and advertising to promote the product versus centering on customer needs.

The customer focus model was a shift from what the company could sell to what the customer wanted. Their commercial organization existed solely to satisfy what the customer wanted or needed. Companies began to

understand the importance and power of the voice of the customer. This orientation generated the key metric, or measure, of customer satisfaction and increasingly gave credit to the theory that a satisfied customer is a profitable customer.

The voice of market is a simple concept that expands on the voice of customer so that you're not listening just to your organization's customer but also to your competitors' customers. Taken together, your organization's customers and your major competitors' customers constitute the market, or a good approximation of it. Market-share is a function of both retaining your own customers and adding new ones. These new customers come from two basic sources, new entrants into the market and your competitors' customer base. Your competitors' customers aren't your customers for reasons.

Assuming that your customers speak for the market is a major error. What they consider important is not necessarily what the market considers important. If your strategic focus is on cementing the loyalty of your own customer base, the voice of customer is essential. If, however, your strategic emphasis is on growing market share, including both retention and acquisition, the voice of customer is insufficient.

A second important reason to embrace the voice of market is that you need to understand what your competitors are doing. What successful general engages an enemy without first understanding the disposition of the opponent's troops, their strengths and weaknesses? Yet many a company plan is drafted in the confines of an office without customer intelligence, resulting in the process called strategic guessing. Many organizations that engage in strategic guessing think that they know what the market wants and needs, when they really do not.

Do you know who your competitors are? Are new ones emerging beneath the radar? Do you know how strong they are? Only by listening to the voice of market can you answer these questions with any validity. A singular focus on your own customer base cannot and will not give you this information.

Voice of market is essential and at the core of your marketing process. I have always promoted that it is imperative to manage your work in process (WIP) or your pipeline effectively and efficiently, this being the quickest way to increase revenue and decrease cost. This includes customer retention as part of the process. The next extension is acquiring new customers (It is also where we spend the most money). To do this, you must have knowledge of non-existing customers. For example, when you read a survey, do you learn more from a customer or a non-customer? Do both columns in a win-loss analysis look the same?

Voice of market information goes much deeper than this. It unlocks the mystery surrounding value. Value is such an abstract term for most companies because it is difficult to measure and can be somewhat subjective. However, the value gap between you and your competitors is not. It is real and can be quantified. These gaps, whether positive or negative, enable you to address real criteria in your marketing efforts. This is a great eye opener for most companies.

Most companies have a tendency to look at additional markets in a recession (I think many of us believe that the grass is greener on the other side). However, seldom are they offering breakthrough products to this new market. Determining voice of market information and deciding upon the most attractive market(s) to pursue is imperative in a down economy. You cannot afford to enter markets that you have little chance of winning.

Understanding the key metrics certainly helps your marketing efforts, but just think for a moment what it does for your innovation efforts. It opens up tremendous opportunities from a fact driven methodology versus a hunch or even a limited view of an existing customer. Voice of market is a key strategy in driving market share and is imperative to understand in a down economy.

Are your Metrics more than Intuition?

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

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

It reminds me of a story when I was going through green belt training. They would show us different scenarios of a story on the overhead and have us pick what we thought the outcome was. We would organize and input the data into Minitab. When we analyzed the data, the answers were practically counterintuitive. I do not remember anyone that guessed the right answer.

How do you remedy the situation? You remedy it by bringing information, numbers, and facts into the decision making process and you base your answer, your solution, on what that data, what that information, what those numbers tell you. This makes for a much more informed decision. One that has got accountability to it because if something's wrong, if an outcome is not what we want it to be, we will have the capacity to go back and see where we may have made a mistake, correct that mistake, and then go forward again. But if you're just operating on intuition, what do you go back to?

The use of data in Lean provides a disciplined, fact-based, data driven approach, and you measure things. Marketing, on the other hand, does not measure to the extent that they should. That is why we say that a lot of marketing is intuition-based or agenda-based, but it is not data driven. For example, how do you measure customer base loyalty? When you can put a number on something like that, than you can begin to manage it. The old saying is, "If you can't measure it, you can't manage it." I have never run across something so true. If marketing remains intuition-based, it will prove very difficult to manage.

Just imagine if you never did any marketing that you could not put a number too. Can you imagine the power that you create? Your decision making becomes a lot more focused. It is fact-based. It is data driven. When someone suggests you should be doing "this", you answer "Show me the data."

Value Stream Map your Customer's Buying Process

Above is the outline I use for a guideline to create a VSM and to mimic a customer's buying process. I have written many times, and have an eBook (Mirror Marketing) on the subject, that you should mirror your customers'

buying process in developing your marketing strategy and tactics. I choose this flow diagram for several reasons. The Involve, Influence, Interaction, Intimacy, and Commit stages are central to the patterns you must create during the customers' buying process.
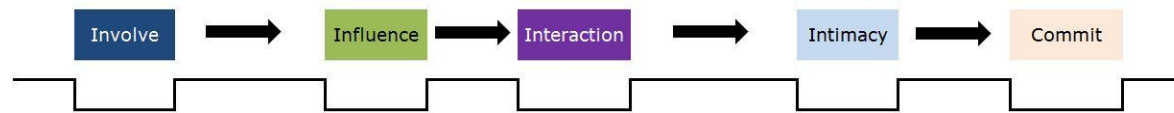
Most businesses are very consistent when they are making a purchase decision and practically any purchase is taken through a process. Below is the process most customers will go through. You can see how it correlates to my standard outline.
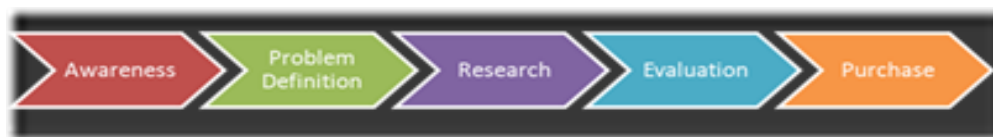
Many people might not consider the Awareness stage but I believe that is critical in today's marketing. Seldom does a purchase occur today by simply starting when a buyer realizes or recognizes they have a need for the product. Most business purchases are still from someone the customer is already aware of or through a direct connection to them, even if it is only a Google Search.

Your VSM should mimic your customers' buying patterns and provide/supply the information that enables them to make a decision. This material supports or creates the action to move to the next stage, not necessarily to buy. You may find out by interacting with one value stream that they need only to attend a webinar to support the transition from evaluation to purchase, while in another channel it may require that the webinar is attended during the research phase and a free trial is needed before a purchase is made.

Buyers will buy differently through different channels and your tactics will have to be different or in a different order depending on the value stream. For example, a value stream may be created for a dealer network, direct sales, internet sales, part sales, etc. The customer's decision making process will also vary in length and the number of decision makers. It is safe to say the higher the cost of the product, the longer the time it takes, the more material reviewed and the greater the number of people involved in the process. Price will also affect what purchase method is used (P.O., online, in person, etc.). These are all critical factors in determining your value stream and ultimately in how you manage it.

The key to successful implementation of value stream marketing is getting this right. You may understand your marketing/sales channels but the level or how deep you go into the process may be difficult. There is no right answer.

Compressing your Value Stream for Unprofitable Customers

In today's environment, many of your customers may not be profitable. When you start looking at true costs, you probably will find that you are actually losing money at double or triple the percentage that you would first think.

The pricing pressures we have faced in the last year or two have even added to the number of non-profitable customers. The rapid commoditizing of your product and increased Internet purchases are two more examples that have accelerated the decline of profit margins. Use the analogy of a stream full of rocks (customers). As the water is lowered, more rocks start appearing. These unprofitable customers are appearing daily. However, in these economic times even a bad customer is valued because they seem to help

support your fixed cost. This puts additional pressure on your profitable customers at a risk that you can hardly afford to continue. If you do, you may start losing the profitable ones.

Most advisors will tell you to replace or remove these unprofitable customers. It is a sound and prudent strategy, but who is going to give up a customer in these economic times? I certainly would not.

My strategy is first to rate your customers by profitability. That can be a rather eye-opening experience. It may not only tell you who to value but also what they value about your organization. This, of course, is the marketing segment where you want to spend your efforts, and more than likely your money, on developing and maintaining.

Secondly, I encourage you to build your marketing value stream by segmenting customers by profitability levels. You may end up with several swim lanes but try to put the marketing flow, your value stream, in for each segment.

Thirdly, segmenting these customers will allow you to better see what they do not value. You may see something they are not utilizing such as training, engineering support, etc. Not all people or organizations value the same thing. To build the unprofitable customer segment into a profitable stream may only take the removal of certain items, streamlining your offering. Other features may have developed in your product, become normal and just easier to include all the time. Strip these out and offer a lower cost model. I am not necessarily thinking about just the end product or service but also the overhead associated in operations, sales, and marketing.

Compressing this value stream may even create additional opportunities. Customers left to their own imagination, to utilize a simple product that they

understand, create some of the best product innovation. You will even get better at distinguishing your customers' preferences and anticipating their needs. Customers are moving to what I would call marketing singularity. Having marketing segments as small as one person may not be that far in the future. The key will be taking these simpler segments and still maintaining profitability, rather than just passing them on to your competitor.

Work in Process is Wasteful even in Sales and Marketing

One of the tenets I am convinced of is that work in process is wasteful and unproductive. If you look at this from a sales and marketing process, it basically says that the more people you have in your sales and marketing funnel, the more unproductive you are. Inventory makes your organization less effective. The time and money spent taking care of the inventory could have been spent making the company more successful. A JIT organization does not take on inventory until the moment they need it and spends as little as possible maintaining inventory.

Inventory for sales and marketing is prospects! As you think about what stops your marketing from being effective, it is all about trying to appeal to the masses. A result is losing effectiveness both in time and money. You should be taking the time to make your company more successful. Working on ineffective or wasteful leads is not going to do it.

So what happens if we limit work in process or the number of leads that we receive? Marketing to a targeted audience results in cost savings and time savings. Would you need to hire more salespeople? Would you be able to use more experienced people at the right time and in the right place more often? Would you nurture and promote to a better qualified prospect? The most important part of limiting work in process is that your message would

simply be better. Not only would your information packet be much more targeted and information rich, it would also have a better chance to be delivered on time. In other words, when a prospect is ready for it. Giving a prospect what he needs when he needs it and how he wants it is a pretty important factor in today's market. If you look at what vehicles prospects and your customers use to acquire the information they need, you will notice one important factor: they are almost all different. Multiplying that number by the number of prospects should certainly give you reason to start narrowing your field.
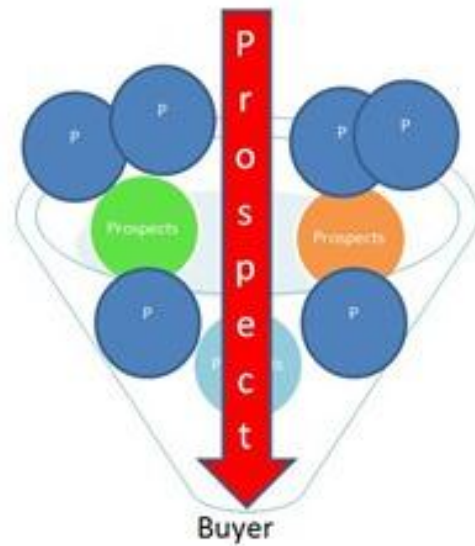
Why is now the best time to convert to this strategy? The market itself has caused a constriction for most companies. This constriction has narrowed your market and should enable you to readily identify your target market. What are the last minute adjustments or concessions you make (JIT) to capture the sale? These are the present value drivers of your business. Are these the value drivers that you are willing to live with for the long term? How do they help you in identifying your present and future market?

Work in process is wasteful. It is wasteful in your personal life when not managed well. It is bad in manufacturing. It is bad from a sales and marketing perspective. Quit marketing at the top of your funnel. Instead, learn how to manage your work in process!

Using the Control points in your Marketing Cycle

Consider how a customer proceeds through the value stream. The tendency is to think about shortening the cycle time by decreasing the non-value time between each of these stages. One of the methods of doing this is to have a strong call to action for a prospect to move from one stage to the next. Do you know if a customer is ready to move from one stage to the next?

A lesson that marketers can learn from the Lean methodology is the utilization of the control point. The control point is used to clearly define measurable objectives that will allow a prospect to pass through the point to the next stage, or be held until the objectives are completed. Consider how many times a prospect enters a stage of your value stream without experiencing the previous stages. When this happens, do you find yourself explaining at the last moment certain objections that should have been dealt with previously?

The tendency to slip into the next phase can be common early in the timeline. The desire to move someone quickly through the value stream and to the Buy stage or the Close will often compromise your original standards. Our typical response is to flood the prospect with the additional information, or make additional sales calls to explain the situation. More than likely this situation will cause the process to be held up and dealt with as a special situation.

Overview of a Control Point: Control point reviews help determine whether all the goals within each stage have been achieved successfully and whether the project can progress to the next stage.

Preparing for a successful control point review: Many reviews fail due to lack of preparation. If you are going to have a control point review, prepare for it. This should include a minimum of a check sheet, milestone list,

deliverable documents, etc., for review. This could even be an automated process that the customer knowingly or unknowingly completes.

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

Getting on Track – Start thinking Cycles, Not Funnels in your Marketing

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

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

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

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

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

Cycles are small and fast so that they will continuously produce knowledge. The knowledge is used to determine tradeoff and is the basis of primary exchanges at schedule meetings. These changes will be introduced into the

marketing process quickly so that customer's knowledge value can be evaluated through small incremental changes.

Lean Marketing House Pillars (Value Stream Marketing)
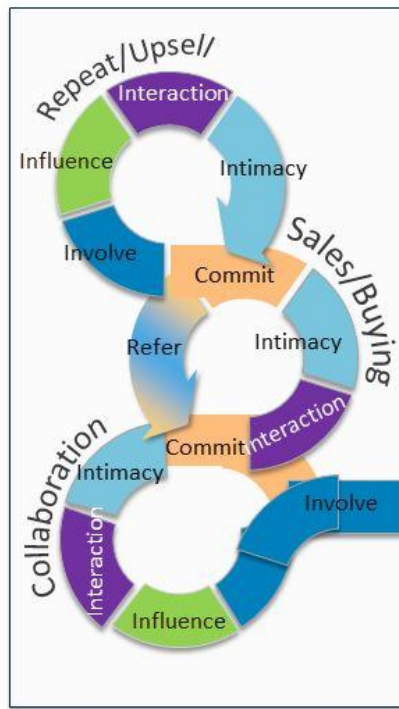
Value Stream Marketing – The Pillars

If you have been following the stages of the Lean Marketing House you might be feeling a bit confused. Marketing is not linear, but to make a process understandable it is depicted that way. I have given you background on developing customer value and building a current state map. We have arrived at building your value streams.

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

We represent each customer market or value stream by the use of a pillar in the Lean Marketing House.

Building the pillars of the Lean Marketing House often requires continuous testing and modification to see if the process is working. This can be frustrating for many who routinely expect perfect solutions. Many times you are testing something that you had never applied or measured before. You will revisit your pillars, adjusting and re-aligning them to fit with the organization. It is not unusual to postpone the rollout of pillars until the first

pillar is well-established and working. When completed, the pillars provide clarity, budgetary requirements, and a platform for management to buy in and support.

Above the foundation of the Lean House are the pillars. In a typical Lean House these pillars represent JIT, Jidoka (Quality), and Motivated People. This is from the Toyota Production System and they are actually in a certain order. Typically the middle pillar is described as the most important pillar and it is the one of motivated people.

The pillars in Lean Marketing represent the different value streams (sales/marketing channels) that we create. Segmenting our customer database into the smallest possible groups will always make marketing more effective. Consider a toothpick laying on its side and the strength that it has. Of course it is very weak, so will be your marketing. When you are trying to be everything to everybody. Literally, your sales will be flat and the cost of marketing will be astronomical. However, if you stand the pillars up in the air and segment your customers using multiple channels, your marketing becomes more effective. If you can magically make your actions flow upward, the leaner your marketing gets. I envision your customers sucking on straws, pulling your marketing efforts up through the glass rather than you pushing them through.

Today's products and services reflect greater marketing segmentation. As you segment, each value stream segment will include fewer customers. However, it should enable you to identify the individual stages more effectively or determine the material and information flow needed in each step. It will also allow you to define waste and create better value for your customer, basically the definition of value stream mapping.

As a result of this exercise, you will change the shape of your pillars. You should be able to shorten your cycle in some and as a result decrease your expenditure in the marketing process. Others, on the other hand, may be lengthened and a totally different approach may have to be utilized. A good example of this may be in the pursuit of a governmental contract. The point to be taken is that there is nothing wrong with either situation, what is wrong is treating each segment the same.

The key ingredient to getting started is developing the value propositions for each value stream or pillar. The value proposition should clearly define your CTQs and your ability to solve them. Defining this alone will provide clarity throughout the various stages in your marketing process. This value proposition is a living document that will evolve as your product/service and the customer's use of it change.

The point of defining the value proposition of the value stream is to succeed at developing a manageable process. We want the resulting marketing phases to meet our customer's needs, at the right time and at the right cost. It must do this in a way that maximizes our investment in the process. Marketing can be a complex (and often risky) process that in today's world mandates speedy development. The Lean marketing process is geared to provide a framework and specific tools for efficiently and predictably reaching goals.

The Guiding Principles of Value Stream Marketing

Most companies have a process that moves prospects and customers through a progression such as a marketing funnel or a sales pipeline. This enables an organization to visualize the process and gives them an idea of how many sales are close to closing or how many people are entering the funnel or even how many are maybe A, B or C players.

The movement is rather complex and could cross many different marketing channels. At the end of the progression, a certain number of prospects become customers and the others are kept in our pipeline until they remove themselves. We will even attempt to enlist referrals, especially from our customers, to put more people into the pipeline. This accumulation of prospects makes it difficult for business to understand the progression of their prospects and maybe even their marketing efforts.

Organizations must come to understand that they are building a value stream. Effective management of the pipeline is one of the most critical components in marketing today. Finding the obstacles that hinder flow is one of the most cost-effective ways of increasing sales.

A marketing value stream can be very long and continuously changing. It is almost impossible for managers to evaluate every action taken with detailed analysis. Instead you must create a set of guiding principles that you take for fact and adhere to them. A set of guiding principles for value stream marketing are:

1. Eliminate all the waste in the value stream: Creating flow in the value stream requires all departments and functions in an organization to work in harmony. Focus on the fundamental Lean principle of eliminating waste.
2. Make marketing efforts visible to all members of the value stream through a Marketing Kanban: If marketing efforts are visible across the stream, then it is much easier for every participant to plan work.
3. Increase throughput: When a company can increase throughput to the point where it can exceed the expectations of the customer, marketing cycle times are reduced (when work in process, number of prospects in the cycle is reduced).

4. Establish a marketing cadence and create level flow: The ultimate goal is to have information move in a predictable, consistent, and uninterrupted manner based on the actual demand of the prospect or customer. This is known as level flow. Level flow reduces variation in processes and tries to spread activities equally over working time. This minimizes the peaks and valleys in movement that create unevenness and overburden, which result in waste.

5. Use pull systems: Pull marketing systems are a way of introducing the value (achieve) that a prospect /customer would recognize by your involvement (access) within their communities (attract). These three levels of engagement evolved to the simple term of pull marketing. These three levels of pull have been wonderfully described in the recent book, [The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion](). The authors define these terms as access, attract, and achieve.

6. Increase velocity and reduce variation: Velocity is the speed with which information and material move through the value stream. Meeting customer/prospect demand by delivering marketing efforts more frequently increases velocity. This helps to reduce work in process and lead times, which allows you to more easily adjust delivery to meet actual customer requirements.

7. Collaborate and use process discipline: The collaboration of all participants in a value stream is necessary to identify problems in the stream, determine root causes, and develop appropriate countermeasures. To be truly effective, this collaboration must be combined with standard improvement processes and regular PDCA.

Developing the Value Stream

A product introduction — and even a simple marketing function — is not anything more than an experiment, an insight or a hypothesis until validated by the customer.

You will seldom find your target through analysis. Rather, you will find your target market by releasing and analyzing that data from the customer. These releases are much simpler than they are explained conceptually. The importance of the Marketing Kanban, though, is to develop a rhythm that allows your marketing to deliver a reliable beat through a series of cyclic actions. The more accurate that beat becomes, the louder —and hence, the stronger — that message becomes. The old adage that only 50 percent of your marketing works, you just do not know what 50 percent it is, may still be true. However, through testing and the iterative process, the cost, time, and accuracy of that 50 percent is improved dramatically.

Boyd's Law of Iteration: Speed of iteration beats quality of iteration.
From the Coding Horror Blog:
"You'll find this same theme echoed throughout every discipline of modern software engineering:

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

Boyd's Law directly applies to today's marketing:

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

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

Agile, Scrum, Kanban, or is it just a Marketing Funnel?

This is an empirical view of value stream marketing. The drawing is reflective of three separate PDCA Cycles. In the value stream marketing process, I use the loops to demonstrate a higher level of intimacy with a prospect as they go through the value stream. The top loop is for existing customers to nurture an even stronger relationship.

Most people think about the marketing process as a function of lead generation and follow-up. They envision the marketing funnel which creates an excellent visual image of collecting prospects and narrowing the field till you produce a customer at the bottom.

The job of marketing is to increase prospects, create better odds in obtaining a customer, and increase the number of and dollars per customer. Marketing is also responsible for decreasing the dollars spent in obtaining a customer. These five parts can be best served through Lean and more specifically using a Marketing Kanban. Once you introduce Lean into marketing it will not take too long before you are creating a VSM of the process. Most marketing people do not look at marketing as a process so it may take a seasoned mapper to facilitate. Without drilling down too far in the process, you can gather numbers of prospects in each segment and the conversion rates as they proceed through your value stream. Typically, to accomplish this you must use only one value stream at a time or segment your list by a category. When first mapping the process, use the best-defined channel so that you do not fight the process.

The VSM created will be the outline for your Kanban. Kanban has recently been used in Lean software development as a way of limiting work in process and the amount of new work that is introduced into the process. As a result, work would be pulled from the previous stage as work is completed and levels demand. It emphasizes throughput rather than numbers.

The three separate areas of the diagram will have their own Kanban board; the same or separate teams may work on each cycle. On your Kanban board you will visualize each as a separate swim lane. Separating these three processes allows you to better identify the process steps and the tools needed to facilitate the value stream flow. And, of course, using a Kanban board for this process will help you identify where the process is broken or where the bottleneck is occurring.

The Kanban board is where the actual work gets done. We want to limit unnecessary work in process to match the pacemaker or bottleneck of the process. We will use these boards to limit work in process into each stage

and as a result create a smoother work flow (Heijunka) with a goal of eliminating what Lean refers to as Muda (waste), Mura (unevenness or inconsistent) and Muri (unreasonable). This way we maximize our marketing efforts to the fullest extent.

Why would you want to Implement Kanban?

Kanban is a tool that controls your work in process. In marketing that would be the number of prospects within your value stream. Most organizations fail to recognize the hidden costs in overhead, effort, lost prospects that were never prospects, support material, and other service-related activities.

Work-in-process reductions together with these factors can make Kanban a competitive edge in today's business environment. The benefits of Kanban can become a driver for creating a culture of continuous process improvement when the improvements are translated directly into work in process.
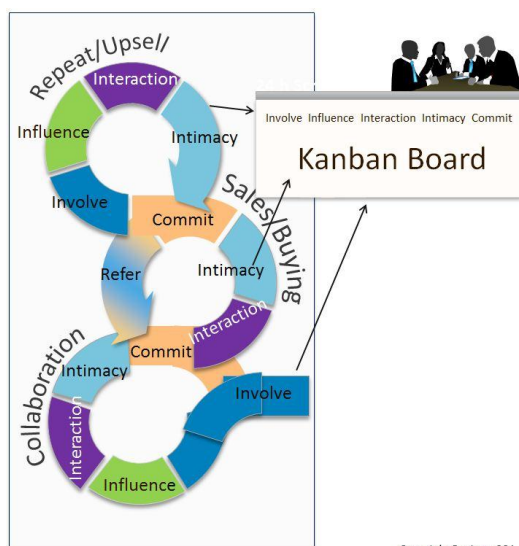
Just reducing the work in process forces you to better understand your marketing value stream. It forces you to recognize how that marketing value stream relates to target customers and how they need to be segmented for more focused efforts.

When you are forced to constrict the numbers of organizations or individuals that you are dealing with, you will be reminded of the comfort levels and informal walls that allowed these levels to build up over time. A plus is that you will start using much more realistic

data to formulate these decisions. It is not easy to say that you will stop marketing to a certain segment or group.

Can you have Overproduction in Marketing?

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

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

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

Study after study has shown that marketing has become more and more fragmented. The ability to reach your customer with one or even several marketing tactics is a thing of the past. Both online and offline content have to be relevant and adapted to a variety of tactics, which can only be achieved effectively and within budgetary constraints by leveling and limiting

your work in process. The most effective and proven strategy to accomplish this is the Kanban.

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

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

Think of Kanban scheduling as an execution tool rather than a planning tool. Kanban replaces the daily scheduling activities necessary to operate the process and the need for supervisors to continuously monitor scheduled status to determine the next item needed. This is done through visual signals within the Kanban.

Cadence in your Marketing Kanban

One of the best things about developing a Marketing Kanban is it allows you to create a separate cadence for each marketing segment. The value stream marketing diagram symbolizes exactly how important a cadence is. I use the three iteration circles to highlight the change in cadence for a target prospect when he nears the buying stage and the present customers that need a different type of cadence.

What is cadence? Cadence is a rhythm determined by the quantity and the frequency with which a prospect or customer moves through a marketing cycle. In a true Lean operation, the prospect/customer should set the pace. A mismatched cadence or trying to force feed your customer will usually disrupt and sometimes even end the marketing cycle. Creating a smooth or

level flow is one of the prime reasons that a Marketing Kanban should be used.

When we create our value stream for a prospect/customer we like to calculate our normal marketing cycle time. It differs from takt time which is normally associated with value stream mapping. First of all it is not exact, it is an average time. Every customer will be somewhat different. However, I think the surprise is you will see a definite average cycle time (there is an element of variation) that the majority of your prospects take. The more qualified a prospect is, the more precise you can become with your cycle time or cadence. On the other hand, the likelihood of getting orders will decrease significantly as you move away from this time.

In Lean, a pacemaker point is used so that we can schedule around one point and create a level flow. In a Marketing Kanban, I like to use the constraint or the bottleneck as my control point. You can argue that you have an external constraint, outside of your marketing. If that is true, then the dollars and resources must be allocated appropriately. I would argue that there is a constraint within your organization's marketing cycle that is limiting your throughput. I believe that dealing with this constraint is easier, less costly, and more efficient than dealing with trying to fill the funnel. Having a handle on your control point is not the only part of cadence you need to be concerned about. Your marketing cycle should have a rhythm about it!

We have discussed cadence in the sense of a prospect moving through the marketing cycle but there is another important function of cadence. In most outbound advertising media we discuss frequency. You need to be seen or heard on a consistent basis for your advertising message to work. Ad reps used to tell you that you need three or four times. Now, I hear that you need 20 or more times. That really does not surprise me with the amount of

noise that is out there. We know the shift is taking place to inbound marketing. Inconsistent inbound strategy is not only ineffective but can be damaging to your organization. A consistent strategy that is easily understood throughout the entire organization needs to be deployed for best results. You must develop a certain cadence to it.

Does your marketing mirror your customers' buying process?

1. Do you understand your customers' buying process?
2. Does your marketing mirror that process?
3. Do you have specific marketing messages that your customer receives at critical points in that process?
4. If you did, would your marketing be more effective?

Customers have a fairly regimented way they conduct business and a very structured purchasing pattern. Most will even tell you. The fact of the matter is your sales people already probably know it. Document this process. As you go through it step by step, pick critical points and review what type of marketing materials you would like them to have in their hand as they reach those points. Maybe even think about reaching them right before they reach a critical point. If you do this, it will create an entirely different way of looking at your marketing. The checklist provides a systematic method to determine the decision. If used it should bring forth the best possible solution.

Since the buying process is defined by the customer, it should no longer seem subjective. Look at each of the individual steps and determine a solid reaction to that process. For instance, one of the features of your product may be testing the solution in their environment. Having a case study or testimonial in place or having a comparison sheet or an unbiased guide for

them to use during the selection process may accelerate the solution or even prevent a full test from having to be conducted. Having an Excel spreadsheet for the customer's process may work perfectly. There are numerous ideas and suggestions that can be made but the secret is having the information as part of a process. That way you can spend your time improving the process and being with the customer. When you dash off to create just the right thing, how many times does it not quite fill the bill or you find out that the 12-page document had something that just did not work quite right? Even more common, it takes you down a path where you had to create more material for the remaining steps.

Marketing is not an event; it is a process and a mindset. A consistently high-quality marketing effort cannot be produced by a faulty process. You must have products or services in place to meet your customer expectations. Look at each step and mirror your customer's process. Be able to pick your marketing reaction as quickly as you could turn a faucet. Wash your hands of a sloppy process and give the customer exactly what he wants, when he wants it, and how he wants it. Balancing the process will soon become as easy as adjusting the water for the right temperature. But to do so, make sure you look in the mirror each step of the way.

Determining your Customer Perspective - Who do you want?

Starting with this statement may not be the best lead in this day and age, but you do have to start your process thinking here. Both a start-up and an existing business have to define their ideal customer. When you do, you understand your marketing challenges so much more clearly. So, who do you want as customers? I would assume that you would like them to be economical to obtain, profitable once you have them, and easy to retain. We

need to start with a few specific characteristics but the overwhelming issue that you must address is how that interaction with the customer happens within your company, and if you can support it in a way that is acceptable to them.

How Many Customers Do You Need? Think of the throughput of your organization and the mix of customers that you can effectively support. Can you only a support a few large customers, or many small customers? If you would like a mix of both, consider your percentage: 80/20, 70/30? Think about how this would change not only your marketing but your operational structure.

What are the **characteristics of your marketplace?** Do you understand the market size, the growth rate (shrinking or growing), the different segments, and your competition? You also need to understand the economic value of customers in each category that you may segment them in. After you determine the characteristics, ask yourself: Can you economically compete in this arena? The cost to service certain markets can be considerable; it may be a good time for a SWOT analysis.

What specific **characteristics vary among customers** that affect their profitability? We try to have an ideal customer, but the bottom line is that all customers are different. Some of the specific characteristics that might be different are:

- Volume
- Sales support
- Inventory required
- Distribution support
- Credit and collection costs
- Speed of collection

- Engineering support
- Order entry support
- Field service

Maybe the most important consideration is whether your customers also value the items that your organization values the most. It is difficult road to travel, if you sell your organization on the values that identify your organization and then find a customer base that disregards them. So, who do you want as a customer?

Determining your Customer Perspective - Can you satisfy these customer segments?

Think about what is important for **customer satisfaction**. Is it on-time delivery, production cycle time, conformance, warranty clams, etc. Many segments require more hand holding before, during, and after the sale. Others may require a little more customization. These metrics are extremely important when you are considering marketing to them. You want to align their expectations according to what you can deliver. Be careful, many times to get the order in these segments, you may promise more than you can deliver, never a good scenario for either party.

How much does it **cost to market** to this particular segment? Will you have to advertise through certain media, attend certain trade shows, incur additional sales or technical support expenditures? And of course, how price sensitive is this segment? You may find certain segments prefer to buy online, through distribution or even direct. These sales cannot and should not contradict each other but should be part of an overall marketing strategy. Without them, price confusion, dealer erosion, and mixed messages will send alarms to a customer that will certainly make the sales

process much more difficult, if not impossible. You may be better off excluding a certain market segment.

Channel Management is one area that I find to be the most mismanaged in the marketing process. The particular way you go to market can vary the volume and timing of purchases. It can even affect after-sales service and an ingredient that is sometimes forgotten, customer loyalty. Many times you will find that the loyalty is stronger with your distribution source than your product. On the other hand, an online purchase will seldom develop deep customer loyalties. There is nothing right or wrong about any situation; just be sure to recognize the situation for what it is.

Can each of these **segments have a different price** for the same product or service? Unless you package the product differently it is very difficult to do that. Also, you have to make sure your distribution structure is compensated adequately. Failure to do so will cause that source to be always on the outlook for an alternative. They may build a need for your product within their clientele and then supply a competitor's product through no fault of their own. Pricing issues must be dealt with before you enter each different segment of the marketplace. Many times by adding services or financing in these segments, you can provide revenue to offset the additional expenses. Do not forget to ask your distribution source for ideas. They may have current financial packages already in place that they would gladly utilize.

Not every segment can be profitable to you. Not every segment is worth the risk. You must remember what allows you to make margin and not try to be someone that you are not. You may want to look at it this way: **Who wants you?**

Determining your Customer Perspective - Can you retain this customer?

Do you really look at this as a consideration when developing your marketing segments and the value you place on acquiring a certain type of customer? Most of us look at repeat and referral strategies across the board for every segment. Though I would not disagree that we should have a strategy for each, consider the segment or that type of customer that you acquire that always seems to give you the benefit of the doubt or refer business to you. Should you not be biased in how you allocate your resources to that segment? Would it not be beneficial to offer certain incentives to that segment? Is this not the measure that most determines the profitability of the customer? My first question to most new clients: Do you have customers that refer you, and why? That is one of the strongest indicators on the health of the brand.

Just by considering these statements above, you can see why I feel so strongly that you need to consider your ability throughout the entire marketing process to maintain and build that customer into a repeat/referral customer. The initial sale should do nothing more than allow your best advocates to experience the entire brand! If you have segmented your marketing channels into whom you want as a customer (part 1) and who wants you, the next logical step is, who will repeat and refer?

Losing customers is the clearest possible sign that customers see a reduced stream of value from the company. It is simply the strongest indicator that a brand is in trouble, even if you are replacing the lost customers with new customers. New customers typically cost more to acquire, having to go through the entire value stream, and older customers are working in the top half of the value stream. Since that is true, repeat customers tend to produce greater cash flow and profits than newer ones. Referral customers

are also more profitable because they typically enter the value stream not at the top but at a much higher point.

Ask yourself, do retention and referrals matter? Put numbers to it. How much does it cost to obtain new customers versus to retain old customers? Consider whether the repeat/referral customers have different purchasing patterns. What makes a repeat customer attract other customers?

How would you go about gaining a repeat customer? I believe customers evaluate you based on three areas: value for the price, quality, and service. If you provide metrics that are very responsive to these areas and continuously educate to receive input from your customer base, you will go a long way in retaining clients. However, these measurement metrics must not be at the expense of your customers' time and resources.

You should consider ways of making them a part of your operations, service, sales, and marketing processes. As an example, you may notice less frequent contact or payments being extended. Look at these as signs to engage your customer. Building quality measurement systems into your process may be the most important ingredient in your marketing cycle.

Lean your Marketing thru Segmentation

- How do you look at your marketing?
- Do you know where your leads come from?
- How are you processing leads to make them successful?

Many organizations do not look at their sales and marketing process in a linear fashion, let alone create a value stream. When organizations first map out the process, they look at connections where people come from being all over the map. They look at a simple value stream as an oversimplification of reality. Not everybody goes through each step of the cycle. Some will skip

from step one to step three. Someone may enter the cycle in step three. These interconnections are not trivial, it is what makes your process work and it also may be stopping it from working. So what is the purpose? The purpose of creating the value stream is very simple: **It is easier to manage!**

Your flow system structure will allow an organization to operate at maximum efficiency. The secret in creating such a linear flow is segmentation. Without it, you will continue to operate in less than an optimum manner. You will never be able to find your constraint, because it will be moving around, practically with every single opportunity.

Different opportunities, normal variation, and changing workforce make it just about impossible to balance everything. There is a weakest link; there is one element in your system more limiting than another. Why is it so important to find that? Without working on your greatest constraint, much of your work will be wasted and non-productive. Take a look at your value stream and see how proper segmentation may alter your perception. As you can see, not all steps may be needed for each and every channel. An excellent example is someone that has been referred to you. With the proper referral program in place, you will know exactly at what step in the process that person should enter.

Keep segmenting your list till you gain a linear flow. Yes, there may be a few exceptions. However, I think it might be interesting to scrutinize those exceptions. Are these exceptions really your target market or ideal client? I think you might find out that they are something less than ideal clients. Whatever you do, do not ignore the exceptions; they may provide valuable insights into your marketing process.

Are you fumbling thru your Value Stream?

In a value stream mapping process, one of the metrics used is percent complete and accurate. It is a way of measuring the quality of hand-offs inside the value stream. You get a sense of the rework or work not completed that is being transferred from one stage to the next. In Lean, we define this area as a control point review and in Kanban it is very similar to the Queuing stage or the To-do stage. No matter what you call it, it may be your biggest inhibitor to flow.

Hand-offs are usually an issue. If you're not paying attention to the quality of the hand-offs, then the information worked on will be wasted and have to be redone. Paying attention to the quality of the hand-off with percent complete and accurate is a key metric to be considered.•

How to define a poor hand-off:

1. No clear ownership of the hand-off: This is evident with the famous saying, it's not my job.
2. Rework: This problem can be easily disguised from one hand-off to another. Someone with experience on either side of the hand-off can make it work.
3. Control Freaks: We talk about them but little is typically done. It is an efficient way to get things done. They become readily apparent when just about all your activities come together at a single person or department.
4. Too many unusual situations: If everything is a special, it becomes a standard! This could be a result of a complex chain of command, a lack of employee empowerment, poorly defined procedures or the preceding hand-off being bad (my favorite).

5. Too many hand-offs: You will notice this almost immediately in the mapping process as there may be single tasks being mapped and handed-off back and forth between people and departments.
6. Value/Non-value Ratios: Your time (value) to complete a series of steps may be only an hour or two. However, the process takes a day or two to complete (non-value). This is common when one or two steps in the process must wait for another to be completed.
7. Poor utilization of reports: In Lean, it may be standard work, in many organizations it is just a checklist, in others, there may be no documentation at all, and in others it may be excessive.

When you have problems with the hand-off, most people will attempt to fix them. However, without having knowledge of the entire value system, their fix could decrease or even incapacitate the entire system. It is important to identify problems but I would advocate avoiding the temptation to fix each problem as soon as it is identified. Many of the problems identified will turn out to be merely symptoms of underlying systemic problems.

Good Marketing should minimize your Pipeline

Many people believe that to apply value stream marketing using Lean techniques is about removing waste. Eliminating waste is one of the guiding principles of value stream marketing but you must make some fundamental improvements in your marketing cycle before a pull marketing system will work.

Value stream marketing is about having a minimum amount of work in process (WIP). However, you cannot just wake up one morning and decide to do it. You cannot just remove marginal leads or work with only higher valued leads. It's about a journey versus the decision to reduce your WIP.

Managing your WIP will make you aware of many wasteful processes and as a result will provide opportunity to remove them.

In value stream marketing there are four critical components that you must understand: protect sales, reduce your WIP, improve your cycle time and remove waste.

Most of the time when an organization seeks to improve its marketing, the central message is creating more prospects or more WIP. Seldom does that work. Filling the pipeline creates more WIP which creates more work and reduces your effectiveness and productivity. You end up with the wrong people doing the wrong thing at the wrong time. This is the essence of overproduction.

The first step is to distinguish how your sales prospects are entering the pipeline. That should be fairly easy to distinguish. However, it may result in a very long list. Try to get a handle on this and group them according to your existing marketing channels. Take an empirical view of this.

The next step is where most of the problems occur. Once someone is in a pipeline, all kinds of things happen and it's hard to be certain what took place that enabled them to come out the other end as a customer. This second step will ask us to start trying to understand our marketing cycle and put it in a meaningful value stream. You may only understand a portion or a percentage of it; the rest may be so unpredictable that you cannot even venture a guess. Listing the process steps of your marketing stream will allow you to start noticing conversion rates, constraints, and variation.

However, to start managing sales you have to start measuring them in a meaningful manner. The third step is measurement. If you cannot measure something the old story is do not do it. At this point in the sales and

marketing process we are not asking you to change anything, just list it so that we can start observing and trying to apply measurements to it. Many times you will be able to identify a small percentage of prospects/channels that contributes to the majority of your sales. This is the value stream where you should concentrate your efforts and make improvements. It is typically the best known and easiest to identify (wonder why?).

The more WIP (more inventory), the more variation and less reliability you have, which will cause a reduction of flow. Forecasts will be off or non-existent even though we will have a considerable number of prospects. Start focusing on your lead times and waste will disappear. If you do not believe me and you still want to get rid of some waste here is my stab at it.

Improving the marketing cycle is where the fun really begins. By protecting sales and reducing your WIP, you have only made minor changes other than discovering what makes your marketing process flow. Developing your Marketing Kanban has allowed you to sort out variation and discover over and underutilized resources. Visualization of your marketing cycle has hopefully allowed you to remove some of the low-hanging fruit; I actually hate that term.

I find most marketing people are somewhat intimidated by the Lean tool of mapping and but can readily identify with a Kanban board. Creating that structure and working with it to provide flow makes the transition to a value stream mapping project much easier. Using a Kanban, you can create a current state map with the metrics you need to develop a future state map. When you create future state, I think a little more structure is needed and the outline I use is one described in the book, [Value Stream Mapping for Lean Development: A How-To Guide for Streamlining Time to Market](). Drew Locher explained how to create a future state map by utilizing seven basic questions:

1. What does the customer really need?
2. How often will we check our performance to customer needs?
3. Which steps create value and which steps are waste?
4. How can we flow work with fewer interruptions?
5. How do we control work between interruptions, and how will work be triggered and prioritized?
6. How will we level the workload and/or different activities?
7. What process improvements will be necessary?

Drew goes on to conclude that future state mapping is not a brainstorming session. He likes to use a key ground rule of 70%. If the team believes that they have a 70% chance of implementing a particular idea in less than one year, it could be included as part of the future state. If it is longer, the entire improvement effort would suffer. These specific improvement efforts will be depicted in a value stream map by the use of a Kaizen Burst icon.

When considering how to use value stream mapping in the marketing process I think the seven questions provide an excellent base for walking through the process. You have to remember, you already have a current state map drawn. In essence what you are trying to do is to move not only from current state to future state but from an internal perspective to an external perspective. Your customer should be determining your value stream. I believe this is the best way to improve your marketing cycle. Taking each channel or swim lane on your Kanban board one at a time and mapping the process will give you the best results. After creating the future state map, move the process back to the Kanban board for execution.

Contrary to a whole lot of Lean folks, I believe waste is an afterthought in Lean. After you protect sales, reduce WIP, and improve your marketing cycle, waste will appear, and appear again and again. When it seems like

low-hanging fruit, remove it, but not before. Your challenge is not removing waste but increasing flow, reducing variation, and creating reliability. Ultimately you will find waste in the number of prospects within your marketing cycle, your WIP!

The seven types of waste in manufacturing are well known: overproduction, waiting, transport, extra processing, inventory, motion, and defects. The seven types of waste for marketing streams are:

- Overproduction as a result of too much work in process
- Waiting as a result of poor flow and lack of leveling demand. I discourage the concept that we should not have slack in a system and idle time.
- Complex, poor scheduling systems that prevent flow
- Extra processing responding to the marketing idea of the week.
- Poor hand-offs, created as you move from one step of the process to another. This results in delays and incorrect information.
- Inventory; too much WIP
- Push marketing pushing marketing processes and material onto prospects and customer that are not asking for it.

These concepts should become apparent as you work through the three preceding steps. Value stream marketing is not about removing waste as the first step. It is about creating awareness of each value stream so that you can determine the value of your marketing from the customers' point of view.

Value Stream Mapping your Sales Team

Seeking a response to each of the customers' decision steps can be done by utilizing a high level VSM and can really assist in breaking down the sales

silo and making sales a team effort. In most organizations, this concept is met with strong resistance. Most sales people look at it as another silly initiative and most internal people see sales as a vehicle to customer data. As a result, sales resist rightfully, preventing themselves from becoming extended clerks. However, the approach really should be about how to increase face time with the customer. In my opinion, face time is the #1 enabler of increased sales.

Collaborate and use process discipline: The collaboration of all participants in a value stream is necessary to identify problems in the stream, determine root causes, and develop appropriate countermeasures. To be truly effective, this collaboration must be combined with standard improvement processes and regular PDCA.

Your success has a lot to do with not only marketing to the right companies but marketing to the right internal champions. This can raise an interesting issue in terms of who is the right internal champion for your efforts or initiative. Consider the fact that in most cases, your product/service is not the best overall choice for the entire organization. Few times is there a clear-cut, hands-down winner. There can be a very tricky political landscape to navigate that will result in someone winning and someone losing. One of the reasons many marketing-driven companies still fail is that they forget about the people skills needed to manage this transformation or change in a positive way. The people skills are what makes your marketing work and the reason your top sales performers get to go to the club while the marketers share pizza in the back room! The fact is that the sales people have already navigated the political landscape of your organization much better than most marketers do.

Currently, a structural change is occurring within the sales and marketing arena. It has moved into a world of shared experiences with the essence of

teamwork and collaboration at the forefront. Building these teams from the silos that exist in your organization (no matter what size) is an extraordinary task. It will take special skills to meld these components together.

One such organization created their value stream team from a group that consisted of sales, marketing, IT, engineering, and accounting.

An overview of that team:

1. Sales was an above-average performer who was extremely well-connected with his customer based but lacked technical and social media skills.
2. Marketing was well-connected in social media and graphic design but had little customer or analytical experience.
3. IT was very competent in troubleshooting and installation and application but had little interest in discussing benefits and spent more time downplaying the features.
4. Engineering was very technical and well-schooled and was very upbeat about the features and benefits offered on the product. Saw ways the product could fix a lot of things that the customer was having problems with.
5. Accounting's initial role in the team was for the customer financing.

An overview of the customer's buying team:

1. Purchasing consisted of two people, one for fact finding, narrowing down the selection but not authorized to spend the amount of dollars for the purchase. The final purchase had to be signed off by a senior buyer.
2. User Group: This product was to be used by two shifts with multiple operators. Supervisors and users were involved in the trial process.
3. IT department was involved to determine the level of support and compatibility.

4. Accounting was involved to determine and evaluate the finance and purchase terms.
5. VP of Operations ultimately had to approve purchases.

The purpose of this exercise is not to go into the team dynamics but to bring awareness to the different perspectives that exist inside the organization when you bring the team of decision makers from the customer's side of the equation into play. Your customer's team may look very much like yours or have many of the same dynamics. The power to make the decision may vary widely within the team but most anyone can be a deal killer.

How do you go about bringing unity to this mix of players? I believe the only unifying agreement is in defining the value proposition you offer the customer. Without this clarification, mixed and inconsistent signals will be sent throughout both organizations. As you have heard me elaborate many times, the **lack of clarity not only prohibits flow** within your organization but it will also prevent your customer from making a decision. If your value proposition is well-stated and understood, chances are that the internal champion within your customer's four walls will be able to, well, champion your cause much better.

Create your own sales team by reviewing who responds to your customers' VSM. Start having a few meetings, similar to a daily standup meeting. In the spirit of true collaboration, do not automatically exclude your customer from the team. This concept really could increase face time!

Should work cells be used in Sales and Marketing?

Cellular manufacturing is one of the most powerful Lean tools. It will allow for smaller lot production, quality improvements, and shorter lead times, and simplifies the implementation of pull. Typical manufacturing systems

had the same machines all grouped together and as a result batch type manufacturing was developed. As manufacturers developed cellular systems, they found quality improved and smaller lot quantities could be efficiently handled. Many of the work cells were rearranged into U-shaped or L-shaped patterns. This allowed one worker to operate several machines which improve productivity. The benefits have been very well documented and applied to many industries.

Using Lean principles in discussing the marketing funnel leads to discussions about adding control points for identifying when prospects should move from one stage to the next. Inside the stages, we have different marketing programs that are taking place. When considering marketing programs seldom does the discussion turn to the personnel that are handling these programs. In most sales and marketing applications, you have marketing assigned by the duties they do and salespeople assigned to certain accounts. I think it might be interesting to consider what we have learned in U-shaped or L-shaped work cells.

Instead of the typical arrangement, what would prevent an organization from assigning the personnel and cross-training them within one of the marketing stages? This way they would become experts within the stage and be able to respond to the needs of a prospect better and more efficiently. Since they are handling the tools of the stage, that particular area would have a better chance of improving the methods utilized within it.

In recent times, quality has suffered in sales and marketing. Many times, the customer seems to be more of an expert than the salesperson calling on them. Other times experts have to be brought in and duplication of manpower takes place. Many companies have a sales closer or a sales manager that would come in and have the power to close a prospect when

ready. If you were doing that during each stage, the likelihood of passing on more, better qualified prospects would increase.

The key to your thinking should be in flow rather than function. Take each individual stage and think about creating a work cell by defining the operations that take place within that stage. The number of resources within that stage will have to correlate to the number of prospects within the stage. It must be recognized that numbers do not always work out perfectly and that certain talents may still have to be utilized in several different stages. I believe that the quality of the interaction would increase with this type of system. The goal in Lean is continuous flow or as close to that as possible, while eliminating waste of waiting and waste of overproduction. I believe that this type of arrangement would be an organization's first step in leveling sales volume.

How effectively do your Sales and Marketing teams work together?

Many organizations would say not at all. But why, since they are so intertwined, do they not work well?

A few reasons:

1. Marketers are typically introverts and Sales are extroverts.
2. Marketers deal with the future, Sales with the present.
3. Marketers think about the big picture, Sales close a sale.
4. Marketers seldom get credit, Sales get all the credit.
5. Marketers really do not do anything, Sales work their tails off.
6. Marketers wonder why Sales do not work the leads.
7. Sales wonder why Marketers give them such crap leads.
8. Marketers wonder why they have to do everything to get a sale.
9. Sales wonder why they have no support.

No wonder they do not like each other. However, I think I have an answer. [Eric Reiss](#) believes that in Lean product development you need both a programming and a customer development team. My idea is to make the marketers like the programmers and sales similar to the customer development team. My blog post on the subject, Receiving Better Response Rates thru Agile, displays the diagram of the interrelationship that must be developed and elaborates on their roles.

But the bottom line is that they have to start building trust. They have to break down the dysfunctional aspect that exists between the two. Who better to explain this than one of my favorite authors Patrick Lencioni? Patrick pinpoints the issue of group behavior in the final book of his popular corporate fables trilogy. [The Five Dysfunctions of a Team: A Leadership Fable](#)tells a story and teaches lessons about using leadership to inspire real teamwork.

Patrick has a complete [Five Dysfunctions of a Team Workshop Deluxe Facilitator's Guide Package](#) that is outstanding and can be a great start not only for sales and marketing but for your entire organization.

World of Work Will be Witnessing 10 Changes

[Gartner Says the World of Work Will Witness 10 Changes During the Next 10 Years](#)
The world of today is dramatically different from 20 years ago and with the lines between work and non-work already badly frayed, Gartner, Inc. predicts that the nature of work will witness 10 key changes through 2020. Organizations will need to plan for increasingly chaotic environments that are out of their direct control, and adaptation must involve adjusting to all 10 of the trends.

Work will become less routine, characterized by increased volatility, hyperconnectedness, swarming, and more, said Tom Austin, vice president and Gartner fellow. By 2015, 40 percent or more of an organization's work will be non-routine, up from 25 percent in 2010. People will swarm more often and work solo less. They will work with others with whom they have few links, and teams will include people outside the control of the organization, he added.

In addition, simulation, visualization, and unification technologies, working across yottabytes of data per second, will demand an emphasis on new perceptual skills.

1. De-routinization of Work
2. Work Swarms
3. Weak Links
4. Working With the Collective
5. Work Sketch-Ups
6. Spontaneous Work
7. Simulation and Experimentation
8. Pattern Sensitivity
9. Hyper connected
10. My Place

I think Austin makes some excellent points in the article and I encourage you to read it in its entirety. This structure is very similar to many of the Agile practices that have been developed in the Lean software development field. Agile software development is a group of software development methodologies based on iterative and incremental development, where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams.

Though these practices were a result of improvement in a knowledge based field, they are starting to be applied in other areas such as marketing, supply chain, and even hardware development. One of the difficulties people have in grasping this concept is that it is more about flow and speed of the overall process versus efficiencies.

Lean Marketing shortens Marketing Cycle and increases Life Cycle

The value stream map is a Lean tool to analyze the value stream. Value stream mapping techniques involve mapping each step of a process looking for waste and improving the total time from the beginning to the end of the entire stream. One of the powers of the mapping process is that it enables the team to see the entire picture. This coincides with the fundamental Lean thinking of optimizing the entire process versus the individual stages.

Waste in marketing is not as readily identified as in other areas. One example of marketing waste is time. There is typically agreement that the longer a customer/prospect stays in one of the process stages of the value stream or in the queue waiting to go from one stage to the next, the greater the chance of losing the customer. There is also a strong argument presented that the customer controls this time and trying to hurry them through the cycle may be just as detrimental as the wait time.

Remembering that we want to look at how to optimize the entire process instead of just a particular stage, our first step would be to evaluate the total time spent, not resources allocated or used. Moving through the value stream quicker is many times just a matter of evaluating the internal delays that occur in the process. By removing them, we enable the customer to make faster and better decisions. We also create more credibility for ourselves as the "go to guy" and the organization that has done this before.

The question is how do we get there? You must first look internally at eliminating delays.

Analyze your team's resources:

- Are you always looking for engineering help?
- Do you need IT to set up a trial?
- Is a sales call needed?
- Are you always waiting on a proposal?

I like to start by suggesting we have unlimited resources, then asking what the structure would look like. Many times with a simple reallocation of priorities such as software trial being the first priority of IT, there is a tremendous improvement. Other times, there is simply a lack of personnel.

This reminds me of a warehouse being more important than a machine. You can increase flow with the machine though you may decrease efficiencies within the department. In the marketing cycle, can you afford having leads sitting going stale? Shifting of duties and resources can very often create extra bodies that some may deem inefficient.

Reduce the size of a process step. This sometimes enables more activities for an underutilized resource. Seldom will combination of stages act as a method of decreasing cycle time. **Improve your response time by getting closer to the customer-literally!**

Look at the processes that may be hindering your team. Location has always been one of the main reasons that you locate sales people in territories. Your customer/prospect is in a different business. His desires and needs will require more adaptability on your part. Why not locate your entire value stream teams in strategic locations? It sets a priority with the team on what

is important and improves communication between them and your customer/prospect. Customer support located geographically will reduce travel and being in the same time zone may result in a decrease in response time. Most of all what message does it send to your customer? This detached team can usually function well within a company structure as this structure is well known and has more flexibility for your team.

Build quality into your process: Respect your people. The sales/marketing team knows how to improve their process more than anyone else. They can tell you if the paperwork, request for proposals, and specifications are flowing. They know the degree of misunderstandings that are occurring internally and with customers. Allowing local control will invariably decrease cycle time for the team but it may increase for an organization as a whole. It is important when local optimization occurs (within specific value streams) that this process is well documented and the knowledge created is passed on to other teams.

Most sales teams initially spend much of their time discovering how to create more material for the last response. The lack of a well-defined value stream lets errors creep in. Poor value stream quality and customer requests that are hard to understand contribute to wasted time. Properly defining your value streams or, in simpler terms, understanding your customer needs better can reduce much of the confusion or running around like a chicken with its head cut off that may occur.

Focusing on delays is an important part of Lean marketing. Delay is one of the first things to be considered in the value stream and should be a primary focus. It is extremely important to sustain this effort by getting closer and closer to the customer buying process. The more you engrain yourself in that structure, the greater your probability of success. It will decrease your marketing cycle and in the long run increase your customer's life cycle.

Lean Problem Solving with A3

Lean Marketing House Foundation

Why do The Pillars of the Lean Marketing House Crumble?

Is it just poor planning? Maybe you really did not believe in the system. Typically there are four barriers to implementation of most plans.

1. Clarity; few people understand the strategies.
2. People may not be directly linked or measured by the outcomes.
3. Money; the entire process is not totally funded.
4. Management looks for quick wins versus building a platform.

Most organizations build their pillars at the strategic business unit level, in the marketing departments within the business. However, they must include and receive buy-in from customers, sales, and other parts of the value chain to make it work. If it is pushed down, it will seem like just another program.

Once we have designed the pillars of the Lean Marketing House we need to implement them throughout the entire organization. This requires careful planning and coordination with all parts of the organization. Basically we should know how to organize, coordinate efforts, and establish deliverables within the organization. Also, we should have knowledge of the time, availability of data, and the resources needed. Another important aspect is the degree of support and funding, both in time and money, that management is willing to commit.

When completed, the pillars provide clarity, the budgetary requirements, and a platform for management to buy into and support. However, they lack

the foundation for implementation and measurement that is required for successful deployment. We will need to integrate the value stream marketing concept into lower level blocks or the foundation of the Lean Marketing House. The blocks provide the stability to the pillars. They are made up of the tactics we will employ to move prospects from one stage to another. As we move them forward, a more formal collection and reporting system will emerge. Once we get more and more blocks working, we will begin to link the different segmented pillars together.

Lean Marketing House The Foundation

The foundation of the Lean Marketing House is where the work is done. The stronger the foundation, the larger or more pillars it can support. It is these actions that most people really believe make up the marketing process. Events, ads, and brochures make up these actions and what are called the executable or check-off type events that can be completed. How we use these items in the marketing funnel is equally, if not more important than the actual task.

This approach is different from what most companies employ. Most companies are sold the "bill of goods" in this area and purchase products such as web development and advertising without knowing the structure it must support.

The floor can built with minimum support but it is something that is walked on every day. Your organization is touching and using these components every day and the way you carry these tasks out becomes part of the culture of the company.

Information is practically becoming free. Few subjects cannot be found at a relative low cost on the web. The real power is in the implementation of this

information in a productive and cost-effective manner. For example, when you look at the Lean foundation, you will see much of this that can be easily duplicated for separate value streams but they may be in different parts of the value process. Where in one value stream it may be used during one stage, in another value stream it may be used in another stage. It is important to recognize where and how it is being used so that it is not duplicated to the customer in the same manner. You may even use the foundation blocks so that they feed on each other. E-books can be built from articles, which can be built from blog posts, etc.

Many organizations focus on these foundation blocks as the core of their marketing process. The focus of Lean Marketing House is on building the foundation to support the structure above. This will cause you to focus on using the tools and foundation blocks provided with the understanding that the results will drive some customer reaction to move to the next step in the pillar. It is important to be aligned with the pillars to carry out your marketing plan, insuring the mission and visions of the organization are met.

Why use A3 in Marketing?

I know you are thinking A3 is your first choice of paper size, saying to yourself, "I can't be changing paper size, and I am not going metric." However, what I am addressing is the Lean tool of A3 reporting. I believe it is a perfect tool to summarize many of the marketing projects that you develop. Why use it?

It is a formal process to document and report solutions in a storyboard fashion on a single sheet of paper. It actually takes a big piece of paper 11 x17 or (2) 8 1/2 x 11 sheets. The paper is laid out with the left side defining the problem and the right side proposing the solutions.

The benefits of A3 are:

1. It helps define a standard for all to use.
2. It provides a clear and concise method of reporting information.
3. Method of operation is visible and accessible to all.
4. It can promote communication and team working.
5. It leads to a reduction of waste.
6. It is a continuous improvement activity.
7. It creates an efficient working environment.

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

1. It makes you think graphically.
2. It forces you to make the story flow logically.
3. It makes you condense words.

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

The reason I encourage using the A3 in the marketing process is it demonstrates and recaps the thoughts, efforts, and actions that took place for a particular campaign, such as advertising or public relations or even a launch. This report can really highlight the value that marketing supplies. However, always remember that the A3 report is meant to tell a story.

A3 Report in the Lean Marketing House

Understanding A3 thinking allows you to apply this to problem solving, proposals, and status reports. It is the tool used by Toyota to implement the PDCA process. If you create an A3, you have to pick some type of template;

you will follow an outline in creating your marketing materials. Your goal is not to complete the A3 report; it is to harness all of the benefits through implementation from the problem solving that took place. Completing it is nice though.

In most A3s there is a basic nine-step process that takes place.

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

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

The layout above is the most common and can be found in the book, [Managing to Learn: Using the A3 Management Process](#).

Are you a Customer-driven Marketing Company?

Are you creating inbound marketing materials and strategies that are customer centric? Or are you a company that creates outbound materials that are forced on customers and as a result driven from the inside out? Not only is the new wave of marketing becoming more inbound, but the stakes are getting raised higher and higher to gain a response.

In a competitive market, we can't wait on a customer to find us, can we? Are you getting the business with your present marketing tactics? I encourage you to initiate customer driven marketing NOW! That is the essence of the diagram that I have used to show you the different stages. The technology is here and affordable. A good example is Amazon. Every time you click, you create your own content. You reinforce it and tweak on every visit. They are also creating an environment with the Kindle that may determine how we use the Internet in the not too distant future. They could even possibly win the search engine battle over Google or Microsoft in providing online content. A complete wireless Internet supports that theory and they are ahead of the competition. It may very well be the Internet of the future.
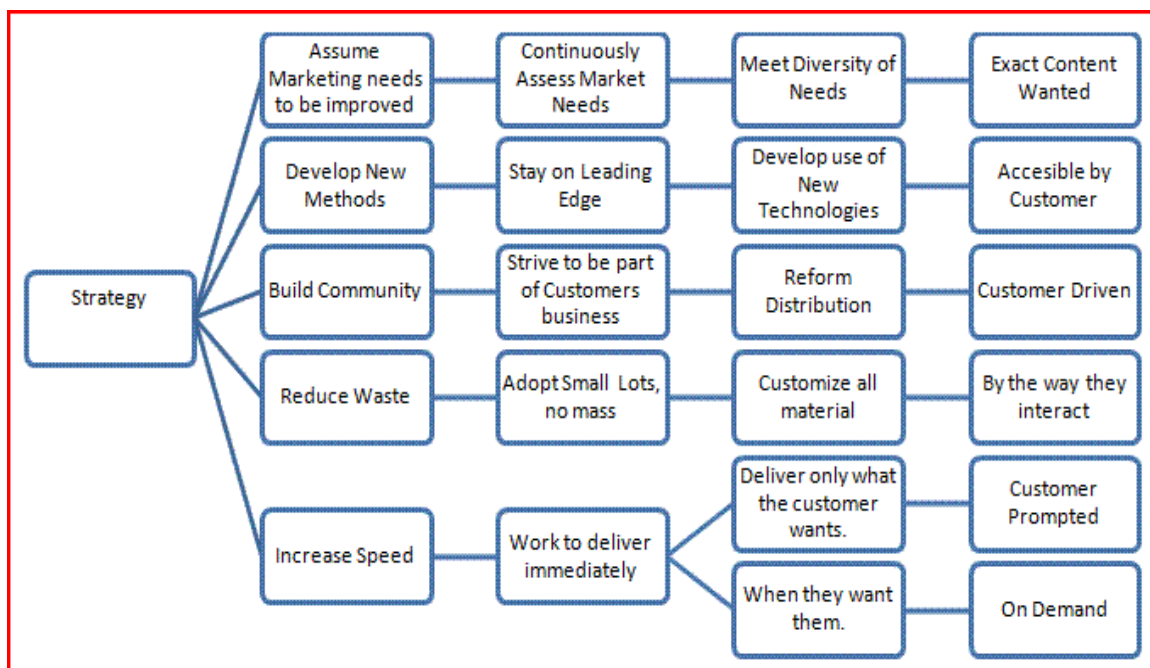
I approach this subject because as we install a component of Lean, Poka-Yoke, into our company, we are raising the stakes and not accepting general improvement. We are looking initially for breakthrough strategies and after that, continuous improvement. So ask yourself, from the strategic side, are you customer driven?

Lean Tools & Tips

Kanban made easy with Covey's 4 Disciplines

This training is one of the best workshops I have ever attended and overall some of the best training I have ever received. To learn more please visit: http://www.franklincovey.com/. It is staggering, some of the numbers that they quote in the training:

What is happening in your organization?

1. How many people on your work team know the organization's most important goals? 58%
2. How many people on your team know how they're doing on those goals? 35%
3. How many people know exactly what they are supposed to do to help achieve the organization's most important goals? 54%
4. Does your team consistently plan together to achieve their most important goals? 47%

The 4 Disciplines of Execution are:

1. Focus on the Wildly Important - Human beings are wired to do only one thing at a time with excellence. The more we narrow our focus, the greater the chance of achieving our goals with excellence. Discuss what must be done or nothing else will matter. Using a tool called the Importance Screen, learn how to identify and narrow all of the possible goals down to two or three critical things that must be done with excellence. Learn how to create a "line of sight" from your goals to the company goals (WIG – Wildly Important Goal).

2. Create a Compelling Scoreboard - People play differently when they're keeping score. Work through a process of identifying specific measures for those goals that have been identified in Discipline 1. Understand the difference between "leading" and "lagging" indicators. Using a tool called the Measurement Builder, create a team "scoreboard" that informs and motivates everyone contributing to the achievement of the goal(s).

3. Translate Lofty Goals into Specific Actions - To achieve goals you've never achieved before, you need to start doing things you've never done before. Using an entrepreneurial model, challenge the group to identify new behaviors that will result in new (better) outcomes. Learn the methods for finding the best behaviors by identifying where they might already exist in your or other organizations or by brainstorming and then creating the best behaviors that do not currently exist anywhere. These new behaviors are then translated into very specific activities on a weekly basis which, when completed, will help to achieve the larger team goals.

4. Hold Each Other Accountable - All of the Time - Knowing others are counting on you raises your level of commitment. Understand where you and your team are on the "scale of commitment" regarding the goal, and what you can do to increase the level of commitment to the goal. Address the actual practice to be used (WIG Session) in keeping the team engaged and focused on the top goals.

   Focus on four critical elements of this process:

1. Meeting is about the WIG's

2. "Triage" Reporting
3. Finding 3rd Alternatives
4. Clearing the Path for each other

This is simply a great outline for creating a Kanban and the daily meeting. The team scoreboard became the Kanban board, the daily meeting focused on the WIG and held everyone accountable, and the goals were the stories broken down into story points and further into the specific actions. This outline provided clarity for me when taking a marketing function or campaign and converting to a value stream and eventually to a Kanban or maybe even a Scrumban.

An audio CD on the subject: [The 4 Disciplines of Execution (Revised Edition): The Secret to Getting Things Done, On Time, With Excellence](#)

Go to MoSCoW and Improve your Marketing Copy

MoSCoW is a prioritization technique used in business analysis and software development to reach a common understanding with stakeholders on the importance they place on the delivery of each requirement - also known as MoSCoW prioritization or MoSCoW analysis. The capital letters in *MoSCoW* stand for:

- M - MUST have this.
- S - SHOULD have this if at all possible.
- C - COULD have this if it does not affect anything else.
- W - WON'T have this time but WOULD like in the future.

All requirements are important, but they are prioritized to deliver the greatest and most immediate business benefits early. Developers will initially try to deliver all the *M*, *S,* and *C* requirements but the *S* and *C* requirements will be the first to go if the delivery timescale looks threatened. The plain

English meaning of the MoSCoW words is another way of attaching priorities such as; high, medium, and low. However, it lends itself to a deeper definition.

It is an easy way to prioritize what needs to be said, how much space might be needed (which may assist you in your delivery method), and even make plans for follow-up and/or additional marketing copy to support the main message. Requirements labeled as *MUST* have to be included in the current delivery. What has to be said in the message in order for it to be a success? If even single *MUST* requirement is not included, the copy would be considered a failure (note: requirements can be downgraded from *MUST*, by agreement with all relevant stakeholders; for example, when new requirements are deemed more important).

SHOULD have requirements are also critical to the success of the project, but are not necessary for current delivery. This may be additional copy, follow up such as another direct mail piece, autoresponder, phone call, etc. *SHOULD* requirements are as important as *MUST*, although *SHOULD* requirements are often not as time-critical or have workarounds, allowing another way of satisfying the requirement, so they can be held back until a future delivery.

COULD have requirements are less critical and often seen as nice to have. A few easily satisfied *COULD* requirements in a delivery can increase customer satisfaction if known. Used many times if filler material is needed or if space allows for little extra cost

WON'T have (but *WOULD* like) requirements are either the least critical, lowest payback items, or not appropriate at that time. As a result, *WON'T* requirements are not planned into the process for delivery. *WON'T* requirements are either dropped or reconsidered for inclusion in later copy.

Sometimes this is described simply as "Would like to have" in the future and the initial copy may assist in increasing the importance of these *WON'T* haves*.* I still believe it is important to list these items; without doing this you may miss some opportunity during your evaluation process.

A Simple Exercise to Differentiate Yourself

Everyone tells you to differentiate but are you comfortable that you are different enough? A tool that I use to make a strong impact on a client is one that is from the book, [The Chasm Companion: A Field Guide to Crossing the Chasm and Inside the Tornado (Revised)](). Here is how you complete it:

The benefit of your service/product to the user:

> A. Provides modest enhancements
> B. Adds substantial value
> C. Gives dramatic productivity gains
> D. Changes the competitive field

The pain of obtaining the benefit to the user:

> 4. Significant reengineering, new systems
> 3. Major changes to existing systems
> 2. Modest changes to existing systems
> 1. Integrates with existing systems

When completing this, of course, the more different opinions and arguments, the better. You will have to create a consensus, however, and reach a decision. Sometimes positioning the competitor's products/service around yours can assist. Are more changes required, do they add less or more value? If you end up at square A4, no gain with a lot of pain, you can probably throw the product/service away. It simply will not work. In fact A2
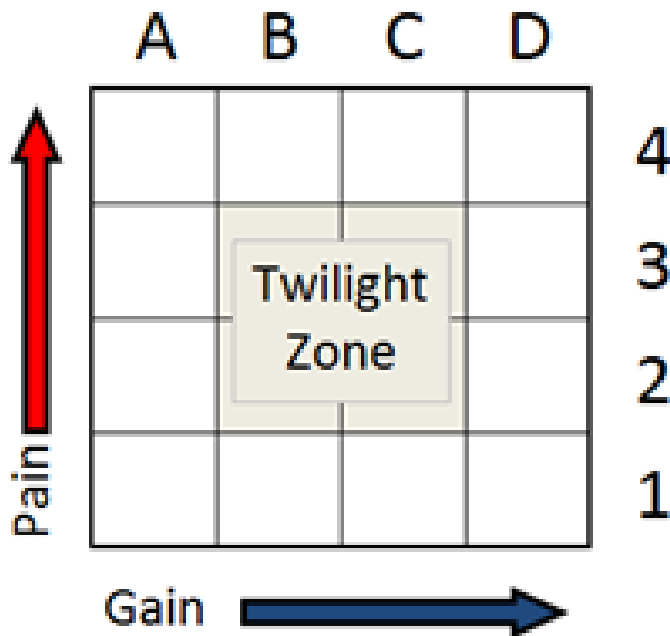
and A3 should probably cause the same reaction. Unless you are doing a startup, you probably end up in the twilight zone. The problem with being in the twilight zone, according to author Geoffrey Moore, is that these offerings will cause little market movement. In other words, they are not COMPELLING.

The other areas follow this pattern:

- D4 means you are in an early market category.
- D2/D3 is about market segmentation and making the pain a favorable trade-off to that group.
- C1/D1 means that your product can move to widespread adoption and you are ready for that transition.
- A1/B1 is being accepted in your target market and an easy solution.

However, the point to this entire exercise is differentiation relative to the gain and pain of the customer. It is an exercise that enables you to look at your product/service more objectively from your customer's eyes. Are you really that different if all you are doing is complicating their life without making a significant gain? Another item it addresses is your market segmentation. Are you targeting a customer for whom your product/service causes little pain? If you are in the twilight zone, where are you headed? What will it take to move you to the outer perimeter? It is a simple answer that makes you more valuable by making the gain greater or the pain less!

A Quick Tool for Value Analysis

Customer value is the ultimate metric for your business to track and is the leading indicator for future market share. Defining value can be difficult but a straightforward definition and the one I like to use is simply, "What is your product or service worth?" Value is what wins in the marketplace and is what should be at the forefront of your sales and marketing efforts.
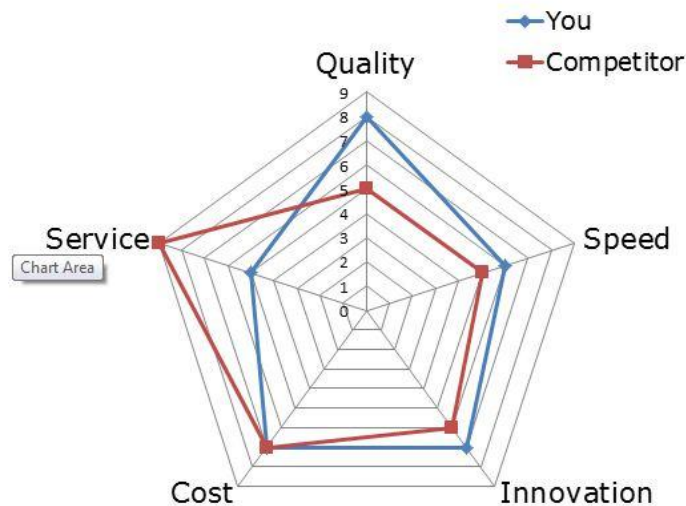
Your value proposition should be well defined and understood throughout your organization. Many of us understand this but we find it difficult to measure. A simple tool that I have come across is The Shape of Value™ developed by John Mariotti and described in the book, [The Shape Shifters: Continuous Change for Competitive Advantage](). He believes that if we can accept value defined by five attributes, we can measure and create a clear understanding of value within our organizations. The five attributes are Quality, Service, Speed, Cost, and Innovation.

We can use these five indicators graduated on a 10-point scale and depicted in a 5-point radar chart. His example becomes very clear and simple. The shape of the diagram actually points towards the primary value component.

I created this diagram in about 30 seconds and look at what it tells you. I am equal to or above my competitor in every category (I could add as many

competitors as I had data) except for service. If this particular customer places a minimal value on service, then I am in a superior position. If he does value service as the most critical component, I may have to provide guarantees or make other provisions to shore up this area.

What I like about this diagram is that since the complexity is minimized, it can readily be used by everyone in the organization. You could even use it to provide win/loss analysis or during the sales process to determine your competitive or non-competitive position. It looks very much like a SWOT analysis but it is much quicker and more graphically displayed.

As you developed and understand your value proposition, you may replace these five attributes with five of your customer/market critical to quality components. If this becomes automated, you may even want to weight the individual CTQs as needed. But the secret to this tool is keeping it simple.

If your sales team understood and updated this diagram during the sales process would it give your organization an advantage?

Evaluate your Customer Needs

How do you increase speed in your marketing? It is actually very easy. You must target your market. Most professionals lose jobs because they do not make their offers crystal clear to their prospects. The prospects must

understand completely, without a doubt, what benefits they will receive and what the outcomes will be from working with you or using your product. You must be crystal clear in your definition. However, are you crystal clear in what you will be offering? The Kano model relates to three factors:

First is basic or must be or expected needs. Without these the customer would be dissatisfied. This sounds very straightforward, but if these are not adequately defined during the marketing process, they are simply deal breakers and questions that either party may never have asked.

The second aspect is the performance factor. To define performance, think about the phrase "more is better". The more this performance is met, the more satisfied the prospect is. This is the area where the customer measures the value of the product or service they are receiving. In a few cases, these features are the ones that have meaning to some clients while others couldn't care less. They may even cause dissatisfaction to some. Herein lays a great opportunity to improve these areas which many times can be done as relatively inexpensive options. Or, you may even be able to remove them completely for a few of your target segments. If so, are these segments really your target customers?

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

The third factor is the delighters. If these are absent, they will not cause any dissatisfaction at all. The customer does not even expect these. But when they are there, they cause extreme happiness. OK, maybe that is a bit much. An interesting side note that needs to be recognized about the

delighters is typically they do not increase the value of the product or the service. Seldom will you get paid more because of them. The delighters may also, in time, even become a basic need. What is a delighter today may be an expectation tomorrow.

The Kano Model is constantly shifting but it is a great method to use to gain a better understanding of your prospects' values that are critical to success and to prioritize the requirements for further development activities. I think it lends itself to understanding your market segment characteristics better. If you divide your marketing segments better, you will increase throughput and develop better budgets as a result.

A Little Law applied in Lean Marketing

Most marketing systems are out of control. They just have not been managed with understanding of process speed and the effect of the flow on the process. Understanding some of the drivers of this process is much simpler than you might think. A simple equation called Little's Law can tell us how long it will take any prospect to be turned into a sale simply by counting how many customers are in your value stream (funnel) and how many sales you complete each day, week, etc.

$$\text{Value Stream Cycle Time} = \frac{\text{Customers in Process}}{\text{Closed Sales}}$$

Little's Law is a nifty tool and more important than it might seem. Many of us may not know what our average value stream cycle time is, let alone the variation of it. But knowing when someone enters your value stream and when they exit it might seem immeasurable. The thought of having to track a prospect through all the stages in the process may seem rather daunting. However, with Little's Law and segmentation of your individual channels, you can get a reasonable estimate of these factors. We only need two of these

factors to get the third. It is just math! We need reliable estimates but if you look at segmentation closely and how Little's Law applies, you can go a long way in getting some very useful numbers.

If you know your customers and the process and how many sales you are closing, you can estimate your cycle time. If you know your cycle time and the number as sales you close, you can estimate the amount of customers in your process.

These customers will be waiting between different stages or activities. It may be for either internal or external reasons but for this conversation it is not important. In Lean, we consider this as someone's queue time. This time in waiting (queue time) counts is a delay, no matter the reason. As you begin to track your customer's flow it soon becomes obvious that from the eyes of your customers, some of your activities are of little value.

A critical metric of waste for any process is what percentage of the total cycle time is spent in non-value added activities and how much of this is waste. The metric used is process cycle efficiency, which relates the amount of value added time to the total cycle time of the marketing process. Typically, marketing cycle efficiency of less than 10% indicates that the process has a lot of non-value added time or added wasted opportunity.

$$\text{Value Stream Cycle Efficiency} = \frac{\text{Value-added Time}}{\text{Value Stream Cycle Time}}$$

Waste is any time, cost, etc., that has no value in the eyes of your customer. All organizations have some waste. Lean shows us how to recognize waste by utilizing these two simple and doable formulas. Do not accept that marketing is not measurable; it is!

A Little more on applying Little's Law to your Marketing!

I transformed Little's Law to marketing utilizing this formula: Value Stream Cycle Time = Customers in Process / Closed Sales. Changing the nomenclature you could accurately call it Sales and Marketing Process Time (SMPT) = Prospects in Process (PIP) / Customers (C). You could also use the same formula substituting prospects for possible revenue opportunity and customers for revenue.

If you put your Theory of Constraints hat on for a second, you would consider revenue as the throughput. Though this is not a major change in thinking, throughput is the measure that drives Theory of Constraints. In your marketing process, this makes perfect sense; you should be measuring sales revenue, correct?

Reviewing some basic teachings of the Theory of Constraints, you may start looking at your marketing process a little differently. If you believe reducing your SMPT is important, you simply have to reduce the number of prospects in process (PIP) if your throughput (TH) or customers (C) stays relatively constant. If you have large amounts of PIP, it is a pretty simple task. However, the question may be, what if you do not have enough prospects in your pipeline?

You know your SMPT is a function of all of your process time. It represents all the stages of your value stream cycle, both value added and non-value added time. So to reduce cycle time you must reduce value added, non-value added or a little of both. Since common sense dictates that non-value added time makes up the majority of the time and if anything, you would like to increase value added time, you must attack the non-value added part of the process.

We must accept the fact that there is waste in all processes, and we must work on a continuous basis to remove it. As we remove waste, another large culprit of efficiency, variability, will be reduced.

The other item that Little's law demonstrates is the PIP in the process. As we evaluate this number, think about the cost of having excess PIP. Not having a targeted market, you may waste mailings, telephone calls, and a few other inexpensive items, but I think about this on a much grander scale. Think how much you may be diluting your message. Can you afford to do that? You have heard me discuss how clarity may be the single most important reason that you lose prospects or sales. You cannot increase value-added time or decrease non-value added time without reducing clarity.

How do you increase clarity to your prospects? Again, hopefully this does not sound too much like a broken record but there are only two choices: reduce the number of prospects or segment your list or do both. Effective segmentation may be your single biggest constraint in improving sales.

Using FIFO in the Value Stream Mapping process for Marketing

In the value stream mapping process, a FIFO (First In, First Out) lane is used for the unusual stuff that often involves unique processing instructions. The problem with using it in marketing is that everyone could be a FIFO.

This is how we went about determining how to set up our FIFO prospects. We created certain signals (control points) in our other value streams to determine that this may be a FIFO customer. As information was gathered on demographics, psycho-graphics, and other criteria, it would create signals for us. The signals were acted upon manually, much like a Kanban system would be.

The information was transmitted for further investigation and qualification to be put into the FIFO Lane. One of the typical problems with a FIFO lane is that it acts like a chute and can only hold a specific number of prospects. You have only a certain amount of resources. We determined if the FIFO chute is full, you must prioritize and remove a prospect and put him/her back into another marketing segment.
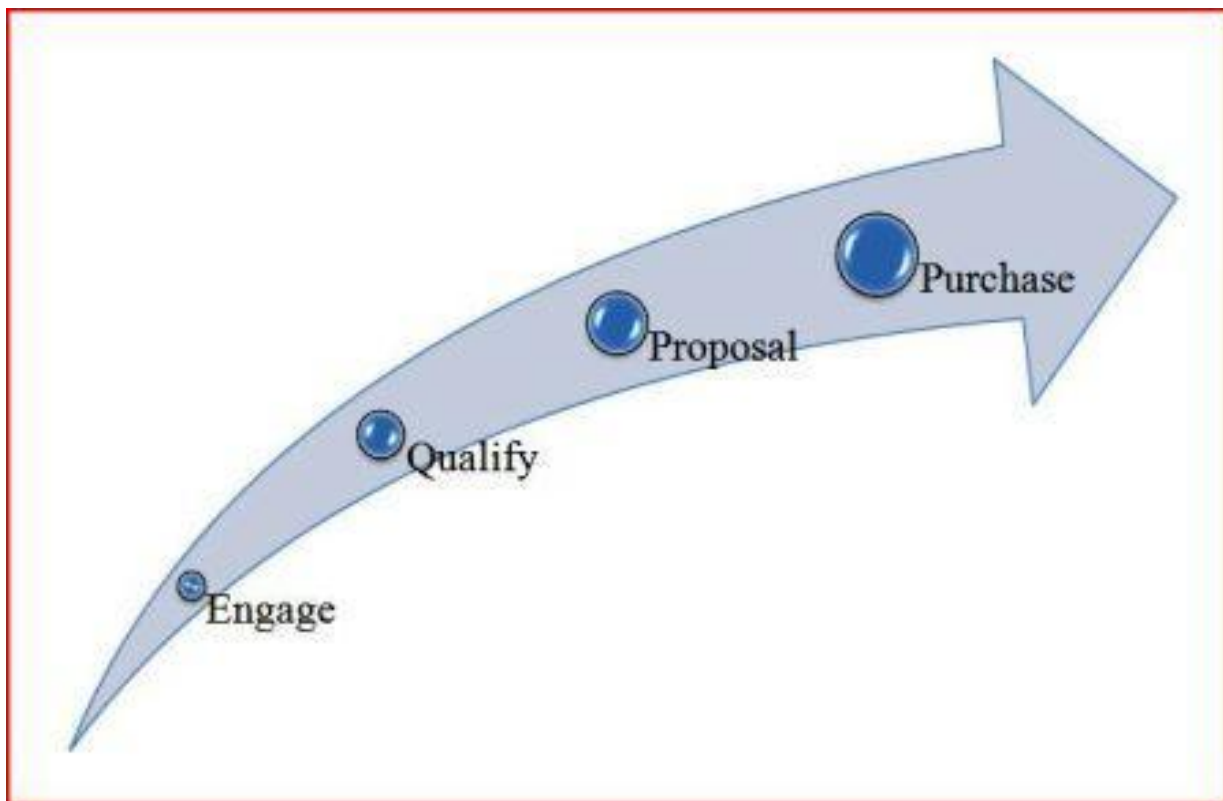
Depending on how your FIFO lane is constructed, here are some examples of how to use your FIFO Lane:

1. This could be your "A" list or the one that marketing and/or sales people create personal contact with and nurture.

2. Special offers could be created that would result in longer or shorter trial efforts, payment terms, and delivery. Since these people have been

separated and are being handled by more seasoned professionals it does not create such a burden on the rest of the organization.

3. Sequencing into another marketing segment for certain steps so that the others that are managing the process can return the prospect to FIFO when completed.

4. Use it for resource leveling so that customers are never waiting on you. If other steps in the marketing process are backed up (a constraint) use the FIFO team to manually relieve the bottleneck. (You may even discover new marketing opportunities this way.)

I think the FIFO lane can create novel solutions for your prospect/customers and maximize the use of your personnel.

Influencer Diagram

An Influencer diagram is much like a mind map, with a central theme and components surrounding it. When used in marketing, I will start with maybe a certain campaign, strategy or event and surround it with the different marketing aspects.

You should group each by the strongest relations that they have to each item. Now step back from it for a moment and consider the influence each item has on another. Lightly pencil in an influence, let's say, that a direct mail piece or press release had on an event. Place an arrow on the end showing the direction of influence. If the influence was reciprocal, place an arrow on each end. If the influence was greatly unbalanced in one direction, two arrows are typically used with one being a much heavier weight. For better visualization, you can draw circles around different groupings. That can be quite interesting because you can create somewhat of a Venn diagram in the process.

Influencer diagrams can be rather revealing. The first thing they do is typically cause great debate. During the debate, the kinds of influence that are created and where they are the strongest will become much clearer. There can also be influences outside of the groupings. As you explore the diagram, lines may be added and even removed. Unlike typical flow diagrams, this exercise will force thinking about how your marketing structure actually operates. You may even add a few notes about the line to substantiate your decisions of the influencers.
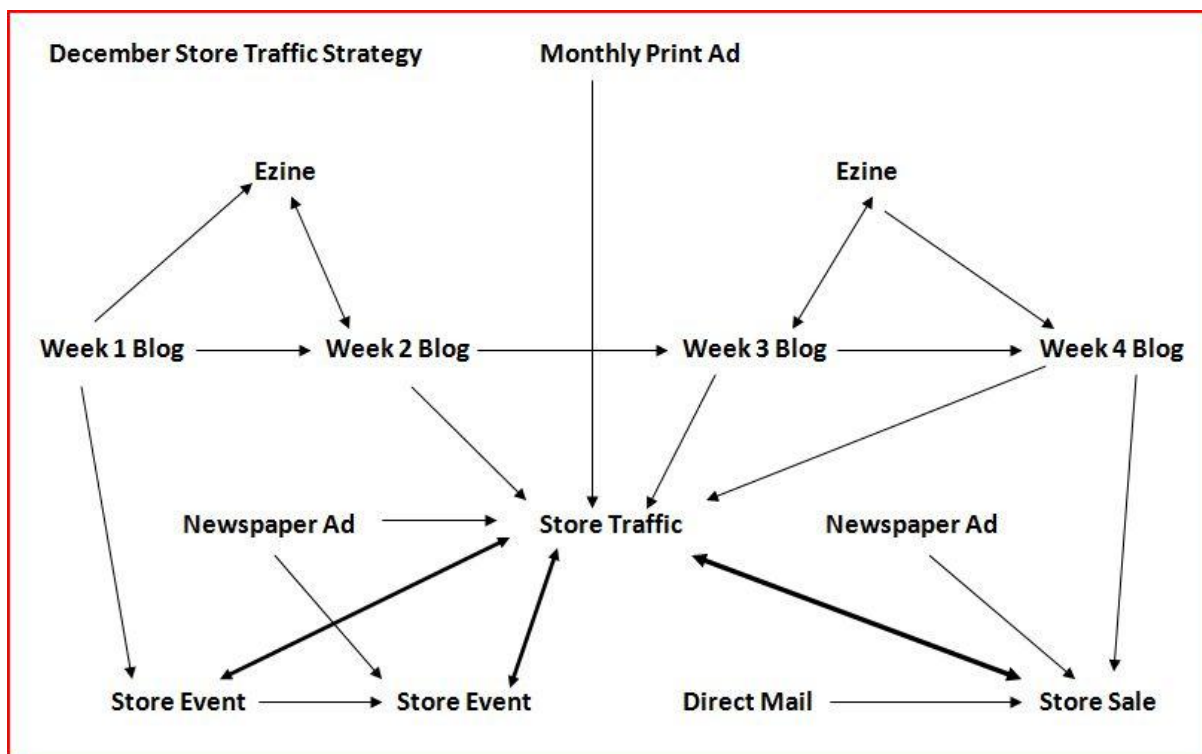
In today's marketing, I do not believe that one single event or action really works anymore. My philosophy of marketing: it is the strength of the connection between each of these events or actions that will determine the degree of success that you will have. This simple diagram highlights the gaps in the single-event type of thinking. Also, look for the existence of tails and secluded components, which have no lines leading to or leaving them. These components are certainly ones that need to be debated and the question asked, "why they are there?" Another use would be for a new

event. See how existing influencers can play a part in developing the structure for this new venture. It can also be quite useful in planning for resources and budgeting.

Quickest way to deal with a Marketing Constraint: Slice it!

If we find the constraint, what is the first thing we want to do? Fix it! That's our natural tendency. Many of us have learned to go through the Theory of Constraints' five focusing steps:

1. Identify the system's constraint.
2. Decide how to exploit the system's constraint.
3. Subordinate everything else to the above decisions.
4. Elevate the system's constraint.
5. Do not allow inertia to become the system's constraint.

The overriding principle of the Theory of Constraints is that any work done outside of the constraint will not increase throughput. If you take that principle as a fact, I would venture to say that any segmentation of your marketing that is not based on the constraint will provide little improvement.

Identifying the constraint, however, can be quite a chore in marketing. Worse yet, finding it may be one thing, but changing it may be another. However, if the change is not so apparent, there are a couple of things that I have learned from software development people, primarily Donald Reinertsen, author of [The Principles of Product Development Flow: Second Generation Lean Product Development](). He suggest when attacking a bottleneck, you may prefer reducing batch size versus adding capacity. In the Marketing Kanban, after identifying the constraint, we would review the preceding queue. The action of filling that queue would be where we would want to segment our prospects or value stream.

The segmentation does not need to be equal. If you could just identify a portion of your value stream and become more targeted you would gain better and quicker feedback resulting in better management of the constraint. The smaller batch size is a proven method of increasing throughput.

Testing (or qualifying a prospect) is a key component of effective value stream management. With a reduction of batch sizes you can ask more direct questions of a group that will also allow for better sales management.

These methods lead to better reviews and knowledge of the process. When you are focusing this process only at the constraint, you will see how this will effectively increase capacity at this point. So before you create a new website, re-do autoresponders or ad capacity, you may want to simply slice a portion of your bottleneck, creating several smaller segments.

Lean Marketing Concentrates on Mura and Muri
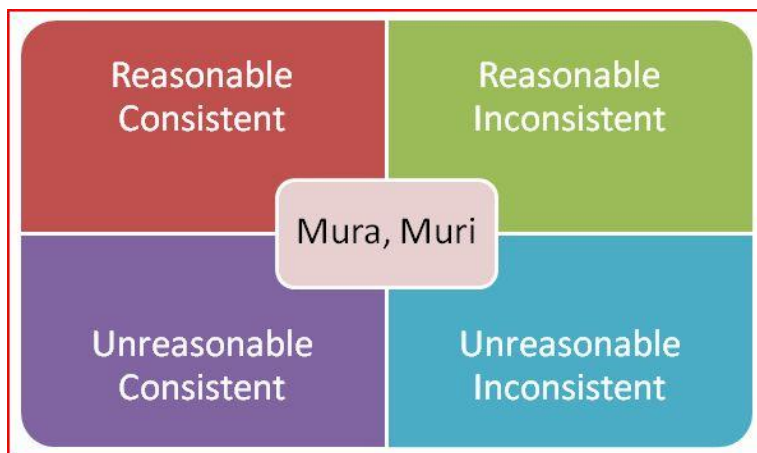
Most people that are familiar with Lean understand the term "Muda," which signifies waste. It has been popularized by the common use of the 5s, which is used to create a clean, ordered, and disciplined work environment. If you wonder if you could use it, just look at your desk!

What I want to discuss are the other two M's that are often overlooked and somewhat unknown except to true Lean practitioners. The two terms are Mura and Muri. Mura is usually translated as "inconsistency," and Muri translates as "overburden." These two terms may be significant factors preventing us from **"**Just being there**."**

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

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

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

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

Have you struggled identifying your customer?

Many clients come to me because they are in trouble or starting up. The first question I ask is, who is your target client and what is your target market? The second question: who is not and what is not? After that, I know if I can help them or not. If they cannot answer either question, we are in trouble because I must convince them their target is not everybody.

1. **Accept that your target audience is smaller than you think:** That's right, just accept the fact that it is not the world. Maybe, if you are limited geographically, that would be a start. But acceptance is the key right now.
2. **How many people do you need:** Do you need all of China or just one province? What will it take for me to be successful? If it is just one new customer a week, that means a certain number of contacts per week would be needed and so on.
3. **Focus on the ones you can persuade:** Start looking at the people that will buy into your product or service. Pick your battles with the people that have the most need for your product.
4. **Segment till you can't segment anymore:** What is important? What is not? As you segment, people's buying patterns become very apparent. I always find this part of the exercise fascinating. You start creating the actual value that you give to a customer in this segment.

5. **If not the same person, target audience with most influence over decision maker:** Sometimes early in the process, you cannot reach the decision maker effectively and must start with another person. Of the people you could start with, which one will eventually have the most effect over the decision maker? Why not start your marketing efforts here?

6. **Find distribution sources:** There is nothing that can bring numbers to the table more quickly than distribution and affiliations. Distribution and affiliation are where the true mass of numbers is. Consider who has the contacts to bring you the type of customers that you described above.

7. **Find an audience that will show and voice support:** Are there certain groups that may have a strong reason to support your product or services? Should they be approached in a different manner than an individual or organization that intends to purchase the product? These groups could prove very powerful for you, as could someone that could influence regulation or public support.

8. **Test target before launch:** Your perception may be wrong. Do not build an entire strategy and marketing plan around your perception or your team's perception. You must go out and test the waters.

This information was based on a study I read that was a combined effort of the Communications Leadership Institute and the Spitfire Strategies.

Faster, Better, Cheaper is the Norm. What are you doing different?

The old mantra "Faster, Better, Cheaper" is the norm nowadays. It really is not separating you from the crowd, it is only the average. How are you

going to build market share? How are you going to be increase revenue? When you are only average?

People start utilizing methodologies like Lean and start showing remarkable improvements. However, the market is a living thing and most companies have a tendency towards improvement which means that the bar is being continuously raised. As a result the "average" continuous improvement project gets you absolutely nowhere. Unless you can make significant improvements there is only one way to make those improvements effective.

In any given product/market there are critical-to-quality components that are important to the customer and make them buy your product over another. You may have the WOW, availability, price, etc. The market may define those CTQs or other CTQs differently and that is why they buy another product. The acronym may make it sound complicated but it really is not. You still have to be competent in other areas but they are not the driver of sales.

The dirty little secret is that most companies take an inside-out approach to improvement. They really do not concentrate on the CTQs of the customer for retention and the CTQs of the market for acquisition. So if you take an outside-in approach in improving quality, you will improve more than the average guy. Resulting in improved market share and/or profits. It really is that simple. I had three podcasts on this subject and they all took a slightly different approach but all had a central theme of customer value.

1. Dr. Eric Reiedenbach, when we discussed Best in Market on the podcast Applying Six Sigma Marketing to become Best In Market. Eric discussed finding the critical to quality issues that determined how a customer defined value in your product (service)/markets.

2. Mike Bremer co-author of [Escape the Improvement Trap: Five Ingredients Missing in Most Improvement Recipes](#). Mike discussed tying all improvement efforts to the CTQ components and more specifically to your value proposition.
3. Christine Moorman co-author of [Strategy from the Outside In: Profiting from Customer Value](#). Christine discussed developing your strategies and the deployment of those strategies through an outside-in approach.

These are three very unique perspectives to the issue of customer value. They all take a different path, disdain average, but arrive at the same place. They even agreed on the same metrics: market share and profitability. I wonder if all three of them have found the Holy Grail?

Going to improve something, improve it!

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

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

You can use two different tools at this point, an impact/effort matrix and a tree diagram. As we are generating ideas, we are refining ideas. If we can place the ideas in the impact/effort matrix, it simplifies the solution process.

So, after you are done brainstorming using the famous Post-It Notes method, just post the notes into their appropriate squares, as you see fit. You may even segment them in the squares themselves as you're reviewing them. Ask yourself, is this easier to do than that? Or, will this have minimum impact from a customer standpoint? It is even great to have an live focus group of customers, operations, sales, etc., who are willing to participate and pick which solutions will have the greatest impact.

So let's say we have narrowed our solutions and we have two or three really good ideas but have difficulty deciding on which one to test. A tree diagram is what I use. The reason I wait to this stage is that I do not want to limit any ideas at the beginning. Using the tree diagram allows me to expand on each idea, drill down on how difficult it will be to implement, and the exact strategies and tactics (even resources) that may be needed.
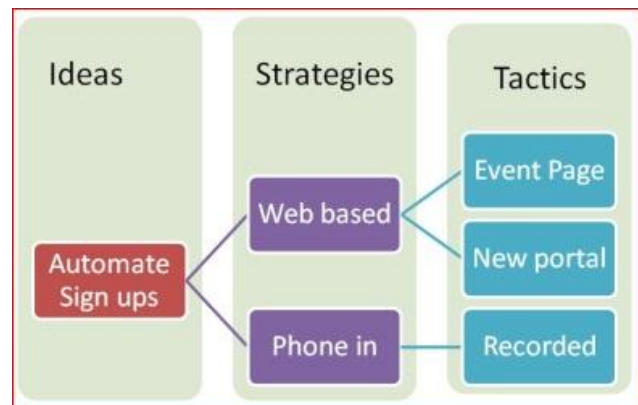
Testing follows a project-planning guideline that is somewhat beyond the scope of this book. It is a mini-project in itself with one more important

ingredient. Ask yourself two questions: Did we get the results we wanted and did we follow the procedures outline. Do not fall so in love with your idea that you compromise the results.

After the testing, we are actually ready to implement, except we have to put some controls in for stability of the process! Do not settle for routine improvements. If you want your creative juices to flow, push yourself to make radical improvement.

If you are going to improve, you have to know your math

The average person hates math, more so the marketing people. Observation of the numbers, without proper analysis, seldom works. You would be amazed at some of the scenarios I have seen where the obvious data does not work out to the obvious answer.

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

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

Some people make a few assumptions and go directly to the implement stage. My suggestions would be, if you do that, to at least experiment with

your decision and analyze what change takes place. Testing is a big part of marketing and is seldom used enough.

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

Process Analysis Tips:
1. Processing time: the time actually worked on the job
2. Queue time: the time a job is waiting for the next operation
3. Wait time: the time a job is waiting on other parts of the process
4. Transport time: the time a job is in transit

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

Improve throughput, cut your customers in half!

A theory of constraints (TOC) tactic is to cut your work in process in half, and you will increase throughput. Many people resist this thought, but it is typically easily done in TOC projects. I listen to the TOC consultants and many are adamant about this fact. They will tell you that it is much like picking the low-hanging fruit. It is not only done, but easily done. In the marketing world, you will have just about every marketing person tell you that you need to increase marketing in a recession. It is easily said but if you have less business and less money, where exactly is that money supposed to come from? My opinion is why not try to decrease your work in process (WIP), customers. Now, in a recession, it may be done for you naturally, but let me tell you how this may be a good thing.

In a manufacturing system, cutting WIP will almost always increase throughput. Why? You end up working only on what is needed, when it is needed. You also will have less waste, less material to handle, and fewer mistakes. Good things happen when you are not handling excessive amounts of material. In a marketing system, cutting the amount of customers in half works very much the same way. You end up working on what a customer truly needs and wants. Your marketing will become more personal, more direct, and have fewer mistakes.

People may tell me I am crazy and could be headed for disaster, but I have seen it happen firsthand. We decreased a marketing budget by half and increased sales by 20%. Practically any marketing that could not be measured or was not directly targeted to a strong segment of our customer base was simply stopped. We saved over 60% in advertising cost. We stopped direct mail to the masses and even reduced our e-mail list significantly. The real savings was not in marketing expenses but in actual

time spent creating and delivering material. The creativity even increased because it was easier to create copy for people that you are intimate with.

Afterward, we had another attempt with segmenting the list even more. We equated it to paralleling a project, a machine, etc, for rapid development. The result of better segmentation is that you will increase marketing to the right people with a much better defined need.

Think about your best client. HOW MUCH SELLING DO YOU DO TO THEM? Ask yourself that question and most will answer: "Very little." If you define that through better segmentation, will you not increase throughput or sales? If you get to spend more time with a customer, you will create a better revenue stream for yourself. What we saw happen was a decrease in traffic and fewer sales, but a substantial increase in the sales per client.

So I guess I have to ask this question: Would you rather market to 1,000 or to 100? My answer is that I would rather market to 5 groups of 20! Sit back and really concentrate on your customer value stream and become part of it.

Execute after the Kaizen Event

People hold Kaizen events to move a particular problem along quickly. I have mentioned the importance of having a good project management scheme intact to accelerate the implementation and/or execution. However, what makes certain companies or for that matter, even certain individuals good at implementation? *Franklin Covey,* in the *4 Disciplines of Execution* course, has a great outline of the basic structure needed for execution.

> Discipline 1: **Focus on the Wildly Important** (Their thinking - A goal that makes all the difference. Failure to achieve this goal renders any of our other achievements inconsequential.)

Discipline 2: **Create a Compelling Scorecard** (Their thinking - You are not really serious about the goal until you start keeping score.)

Discipline 3: **Translate Lofty Goals into Specific Actions** (Their thinking - Goals will never be achieved until everyone on the team knows exactly what they're supposed to do about them.)

Discipline 4: **Hold Each other Accountable all the time** (Their thinking - Maintaining commitment to the goal requires frequent team engagement and accountability.)

This is one of the best descriptions of how an execution system should be developed that I have come across. However, the one quality that I have found in successful organizations that can implement a new process is commitment to continuous improvement.

Continuous improvement companies understand that not everything is right to begin with, it is just the beginning. They realize market conditions, new information that is uncovered, and external and internal conditions will all affect the process of implementation. They are not looking for perfection. They know that it will come in time. These types of companies are very adaptable and seek to improve the process in small loops or in mini-PDCA cycles.

As you develop your Kaizen plan, make sure that you look at two deliverables. One, of course, is the project or the problem that you defined. The other is the process. If you separate the process from the product, it will be much easier to make decisions. Also, it will allow you to continuously improve the process you use for future Kaizen events.

I would suggest an audio CD on the subject: [The 4 Disciplines of Execution (Revised Edition): The Secret to Getting Things Done, On Time, With Excellence.](#)

Improve Communication - Have more meetings?

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

The biggest resistance to meetings is because they're poorly run. Daily meetings are an integral part of the Scrum methodology. The meetings last for approximately 15 minutes, but provide just enough time to address problems and allow time to define solutions. An important part of having an effective meeting is to realize that maybe it's not about solving the problems, it is about raising them.

Daily scrum meetings effectively answer these three questions:

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

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

Patrick Lencioni is one of my favorite authors. One of his books, [Death by Meeting: A Leadership Fable...About Solving the Most Painful Problem in Business (J-B Lencioni Series)](#) advocates the structure of a daily check-in. He says the keys to making it successful are do not sit down, keep it administrative, and do not cancel when someone can't be there. It is important to share the news. I highly recommend the book and the outline of the four different types of meetings he discusses: daily, weekly tactical, monthly strategic and quarterly review.

Having frequent short meetings simply keeps everyone on track. Sharing daily activities and schedules eliminates working ins a vacuum and the knowledge of a team is always more powerful than the knowledge of an individual.

BTW: Short meetings are easier to manage and make interesting. Improve your communications - start holding meetings and do them in front of the team Kanban board.

Constant Feedback makes for Continuous Work Flow
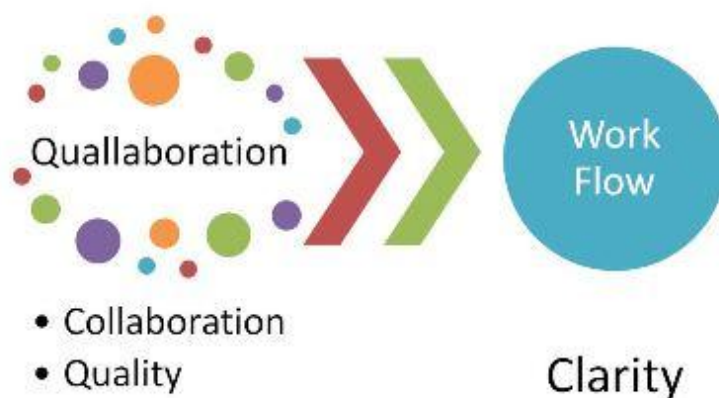
Quallaboration, which is the relationship between quality and collaboration, was discussed with Jim Benson, the person behind Personal Kanban on a Business901 Podcast.

Joe: "Talking about quallaboration, I relate it somewhat to the pair programming that takes place in software development. Is it different

from pair programming? Have you used pair programming in your quallaboration efforts?

Jim: Oh, you bet! Pairing is one of the things that I've taken out of programming, taken out of Agile, and put everywhere I can. I found that, because I'm so focused on quallaboration, pairing is an amazing gift to long-term productivity and to quality. I find that when people come together in a conference room and they decide "You go off and do this and I'll go off and do this and then we'll meet in a couple of days and figure out what to do next." When you meet together you achieve kind of this bubble of clarity. You understand what you're supposed to do and the other person understands what they're supposed to do. But you understand it in the context of your conversation. So, it's this really bounded rationality, this world view that you have in the conference room that starts to dissipate the moment that you leave the room.

You start working on your tasks and others start working on their tasks and maybe you're interacting with other people, or you're writing or whatever it is that you're doing, and you run into other variables, and you start making decisions. The moment that you start making decisions, your definition of what you're doing and the other person's definition starts going off in other directions.

When you do pairing, you maintain that focus; you've either got more of an anchor to what was decided immediately or you have a coalmine canary that can say, "Wait! I can feel deviation happening." Because that deviation is just a natural way of working, when you're doing it alone you tend not to notice. The other thing that happens in pairing is just a natural, constant quality checking. So 100%, well, maybe 95%

of the Personal Kanban book was written with pair-writing using Google docs.

Tonianne was on one side of North America and I was on the other side. We just sat there on Google docs and edited the same text all the way through the document. I've used it with the World Bank and with scientists working together. I've used it on a UN project in Vietnam. I can't say enough good things about getting two minds versus one on something.

Constant Feedback makes for Continuous Work Flow

Joe: When you walk out of a Kaizen event and you go on your own and start doing a task, I think you have a tendency to go back the way it was and what was easy for you. With that other person, you have accountability, that check and balance is there.

Jim: You can innovate as you're rolling along; as you're doing the work you can innovate. You innovate with somebody there who again is an anchor. So they can say, "Yeah that would be a really cool innovation. We should probably alert the others that we've done it." Or, "That's a totally illogical innovation, let's just run with it because it doesn't impact anybody else." But that check and balance of keeping you in line with the rest of the organization is there.

Joe: I look at the knowledge sharing and the cross training, what you're doing with pairing is that you're taking all the different things of collaboration, all the things that you spell out and you're making it immediate. You're making it something that happens in real time and you're not doing it individually, you're doing it with a group and that's

a huge key here, is that constant feedback really does make work continuous.

Joe: If you could only work on one thing with an organization, what would that be?

Jim: The notion of clarity which for me is at the center of quallaboration and at the center of Personal Kanban. What I find is that people who were previously under-performing workers or teams that were previously under-performing tend to really take off when they know what they're supposed to be doing, how they're supposed to be doing it, how it fits into the company, and what the ramifications are for different decisions they make in building it. Once they understand how they actually fit into the framework of the company, their design decisions noticeably, measurably improve. For me, there's a couple of easy ways to do that. The easiest way is to use a visual control that just shows everybody all the time, what is happening in the group and, to a lesser extent, in the company as a whole.
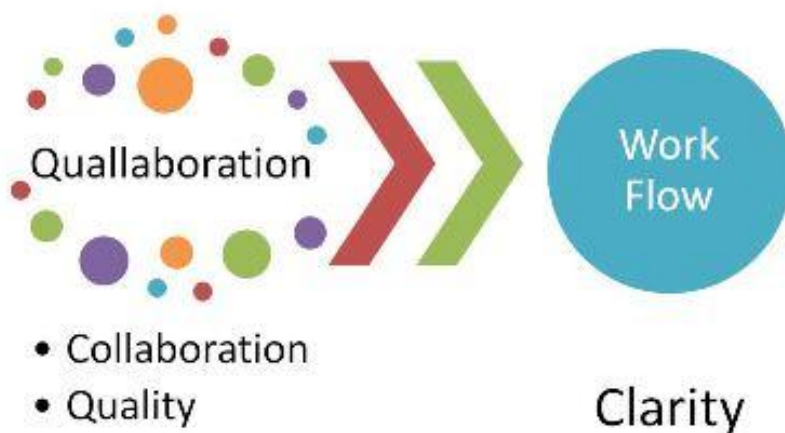
That gives them the context that they need to act, to make better decisions and to build better product. I really feel like that is the thing that is most missing in teams. In every team that I've worked with where there's been an issue, people were just hungry for information and getting them that information in a non-obtrusive way works miracles.

Creating a Lean Sales and Marketing Transformation

Do you really expect a CEO to lead a Lean Transformation? Why should you even expect upper management to sign off on the transformation before you prove the value of it? Time and time again, I have heard the failure of any transformation, Lean, Six Sigma or practically any methodology, to be the lack of upper management support. Here is why you do not need them or want them around.

When inducing change in an organization, the transformation needs to start along the edges. The core where your upper management exists has a tendency to reward proven solutions; they are not the risk takers. They buy patents, give rewards for innovation, and even buy companies. Most core participants tend to focus on knowledge flows within the core rather than making a concentrated effort to identify and participate in relevant knowledge flows on the edge.

In the book [The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion](), the authors state:

"Knowledge flow 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."

The authors go on to say that edge participants place a greater emphasis on building a more diverse network of people. This creates more collaboration where stories and experiences can be shared. These edge people are greater risk takers and they are willing to try the innovative ideas that they learn. Edge people will try to penetrate the core as a natural extension of their effort to build relationships. This is typically met with resistance as core people are more concerned about position and assume a defensive posture. The core and the edge people do need each other. Edge players want to be part of the team and the core needs the fresh and innovative ideas that flow from the edge.

Walt Disney used a three-step approach called Dreamer, Realist, and Critic for balancing ideas and reality. Edge and core people can learn balance from this. Edge people are constantly bouncing between dreamer and realist, while core people are bouncing between critic and realist. What Disney taught was that joining the dreamer ideas directly to the critic was a cause for failure. He found that as long as feedback and the thought process never skipped a stage, it could be successful. He would even create separate rooms to facilitate this thought pattern. A similar process many of us recognize as *the Six Thinking Hats* of Dr. Edward de Bono.

We are always thinking of new ideas, innovative ways of doing things. That dreamer, the person on the edge, is what is always written about. The critic, the person at the core, does have an equally important role in your organization; they can be just as creative as they look at things from a totally different perspective and can provide a flood of information when heard.

The true change agent within a Lean organization will be the person that can be the realist between the edge and the core. He must meet with both and even join them together. A very typically Lean practice is drawing a current

state map of a process. This map is drawn in the realist/critic room. The future state map is drawn in the dreamer/realist room and then taken to the realist/critic room. Sounds a little foolish but if you have been there it makes a lot of sense.

In a Business901 podcast with Terry Barnhart, we discussed how Boyd's OODA Loop could be used to implement Lean without the efforts of top management or a mandate driven down the chain. It could be driven by performance from the edge. The idea came up during the discussion on isolation and how Boyd saw isolation as a critical strategic device. In effect, the opposite of the information-rich environment that you picture in developing Lean, isolation could be a key factor in a Lean transformation.

Boyd saw isolating your enemy as a powerful tool in making his OODA loop inoperable, cutting off the flow of information both in and out of the organization. In his 14-hour briefing, "A Discourse on Winning and Losing," Boyd described three strategies for isolation.

"Physically we can isolate our adversaries by severing their communications with [the] outside world as well as by severing their internal communications to one another. We can accomplish [the former] ... via diplomatic, psychological, and other efforts. To cut them off from one another, we should penetrate their system by being unpredictable.

"Mentally we can isolate our adversaries by presenting them with ambiguous, deceptive or novel situations, as well as by operating at a tempo or rhythm they can neither make out nor keep up with. Operating inside their OODA loops will accomplish just this by disorienting or twisting their mental images so that they can neither appreciate nor cope with what's really going on."

"Morally our adversaries isolate themselves when they visibly improve their well-being to the detriment of others ... by violating codes of conduct or behavior patterns that they profess to uphold or others expect them to uphold."

Building a collaborative team effort will be much easier out on the edge. You will be able to develop and modify your Lean practices with ready participants that are looking for similar solutions. Look for early success on the edges; they are much more forgiving and helpful when building your team there. As you start moving to the core, expect to encounter resistance. Sidestep the resistance; why waste your time? As you build constituency, integrate your culture downstream and the non-believers will isolate themselves from the team.

This sounds at first a pretty cold-hearted method, but the truth of the matter is that building a winning team normally includes leaving a few naysayers behind. Many of them will join the team after it has become successful; others may never join.

Marketing with Lean Program Series

Marketing with Lean Series

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

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

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

The 5 Cs approach provides a user friendly bridge for moving the quality focus from the manufacturing floor to the marketplace. Those seeking to become best in market must shift their focus from a product orientation to a market orientation, from an internal efficiency focus to an external focus. Best in market companies will be those that can make this transformation and make it soon.

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

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

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

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

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

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

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

1. Customer Acquisition: The process of finding new customers is expensive.
2. Marketing: Advertising is expensive, and you may not have the specialized skills or time to create sophisticated websites or professional-looking marketing materials.
3. Customer Retention: It is hard to stretch limited resources in order to spend time with existing customers while trying to acquire new ones.
4. Communication & Collaboration: Your customers need to be able to stay in touch with you from anywhere.
5. Covering All Aspects Of Marketing: You do not have time to become an expert in every role required to market your business

Recommended Books - Amazon Links

Value Driven Channel Strategies

Double-Digit Growth

Six Sigma Marketing

Strategy from the Outside In

Listening to the Voice of the Market

The Discipline of Market Leaders

Dominating Markets with Value

Managing Customer Value

Lean Thinking

The Hitchhikers Guide to Lean

Theory of Constraints Handbook

Managing the Design Factory

Product Development Flow

Understanding Variation

Kanban

The Shape Shifters

Let's Get Real

Managing to Lean

Understanding A3 Thinking

Simple Excellence

Kaizen Event Fieldbook

The Kaizen Event Planner

Personal Kanban (soon to be released)

Lean Fulfillment Stream

Reaching the Goal

Get Content, Get Customers

Value Stream Mapping for Lean Development

The Lean Manager

Escape the Improvement Trap

Science, Strategy and War

Deep Survival: Who Lives, Who Dies, and Why

The Four Steps to the Epiphany

Scrum and XP from the Trenches

Agile Project Management

The Ultimate Improvement Cycle

The Chasm Companion

Crossing the Chasm

Design for Six Sigma + Lean Toolset

Inbound Marketing

Measure What Matters to Customers

Lean Marketing Lab

You can't write and teach Lean Sales and Marketing. It is a **Learn by doing** approach. It is choose one problem and solve one problem. What we can do is provide you a platform through the recommended books and tools, teach them and incorporate feedback as you put them into practice.

Being part of this community will allow you to interact with like minded individuals and organizations, purchase related tools, use some free ones and receive feedback from your peers.

What makes Lean Sales and Marketing different is the system. The steps of Lean S & M are first you go and see the initial practice, the user. Second, you form a working vision from the user experience, an ideal situation of where the user wants to go. Third, you visualize the user's process. If you do that, it's obvious to see what your next reaction should be and when to trigger it.

We introduce the tools into the process very early through the books, PDFs and Word and Excel documents. It is a form of self-study and exercises to understand your processes better. They are a way to look at problems, not solve problems. Many people buy the latest software, the latest book or even the latest methodology to implement some sort of solution thinking it will make them better. What makes you better is using the tool rigorously, so you understand your problems and your own processes and then with hard work, take the time to figure out how to solve your problems. It's this process, that empowers you and which leads you to create better and more performing processes.

Lean is a journey. As my friend Dr. Michael Balle says, **"Lean is not a revolution; it is solve one thing and prove one thing."** I look forward to your participation in the Lean Marketing Lab!

-Joe Dager, Business901.