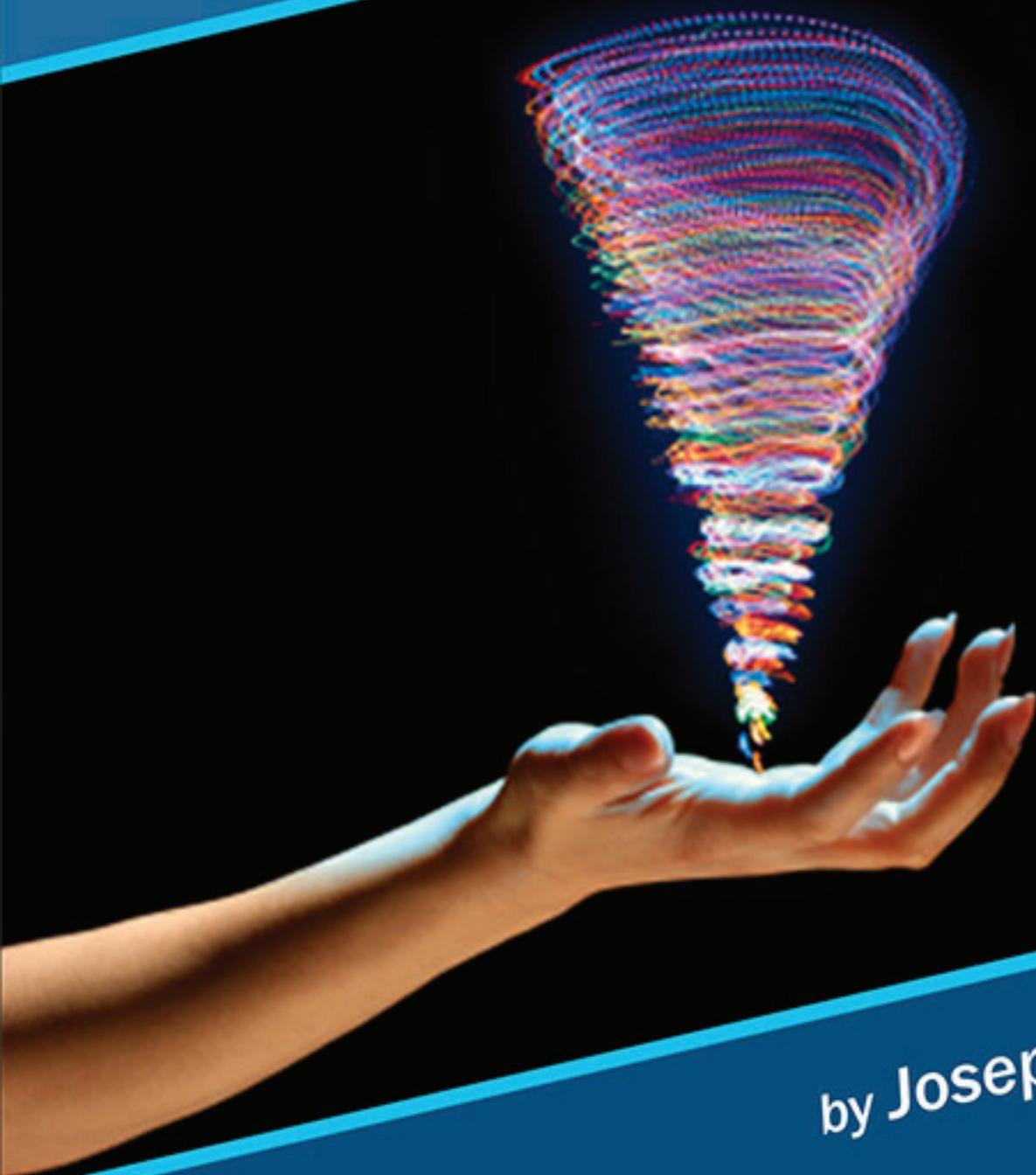


Marketing with PDCA

Putting Magic in your Marketing Funnel



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Preface

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

It has been but just under different terminologies. Companies like Pixar, IBM, Cisco, and many others have been using iterative and Agile marketing methods. Talking to many of the latest authors on the subject, they discuss the amazing similarities to the Lean process. These are not similarities; they are simply a scientific methodology that has been firmly rooted in our culture since the days of the Greek philosophers. No one calls it Lean, but all of them are based on a simple process of continuous improvement, PDCA.

Prominent process improvement leaders' views on how to improve the efficiency and effectiveness of sales and marketing efforts are not found inside this book. In fact, they are discouraged. Nor is it a discussion on problem solving, which could be offered as a great companion to this work. Instead, we offer a missing link: a sales and marketing solution based on the most popular methodology, Lean.

Using Lean offers many companies an extension of their continuous efforts. But I forewarn you to not treat sales and marketing as an addition to the Lean tools used in manufacturing. I even discourage a Lean company to use Lean in sales and marketing till they have become firmly entrenched in a Lean culture. In fact, you may be better starting with Lean in sales and marketing without prior Lean experience.

Another item of note is that we find that the words in customer value get mixed up. We pay particular attention that the word customer precedes value. Your organization provides what the customer believes is the value.

Marketing with PDCA is designed not to give you a step-by-step guide for implementation. It does offer worksheets to follow, but stops at trying to teach you how to use tools. It is our intent for you to continue to use your existing practices and improve on them. More importantly, it is for you to learn how to let your customer guide you through the path of continuous improvement.

Throughout this book you will find many references to blogs, articles and books that expand on the subjects we discuss. Thought leaders will make it sound revolutionary. It is not revolutionary, it is simply PDCA.

If you find yourself at a point in your project when you are just not sure how to proceed, I would recommend reviewing the reference material at the end of the book for additional information. Also, please feel free to contact me directly at info@business901.com.

Acknowledgements

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

A special thanks to Dr. Eric Reidenbach, who provided me a sounding board on the most important subject of all, Customer Value.

Joe Dager

Introduction

Welcome to the continuous improvement culture of PDCA. Whether you are a novice or a seasoned practitioner of Lean, you are ready to start down a path that you have not been on before. It is a path of constant iteration, knowledge creation and of value. The book introduces the SALES PDCA methodology and removes many departmental silos that exist today. Co-creation, Cooperation and Community are words that are bannered about these days. I would consider the ultimate measurement of this book's success to be how deeply your customer would be allowed to penetrate your organization.

Use the book as discussion points among your sales and marketing team. Disagree with some of thoughts presented. Create conversation, have dialogue and build upon the knowledge that it creates. Seek to understand your customer decision making process. Ask your salesman, he probably already knows. Map your process and seek to understand not guide. Leave your customer guide you.

This book will help you think differently. It stops short of providing the template, your customer has that. It will give an outline to follow, you will change that. It will help you document and provide evidence of your projects success and failures, you will improve from that.

Use of this workbook does not necessarily guarantee success. Success can only be achieved by doing. As Taiichi Ohno, considered to be the father of the Toyota Production System says, "We find problems, we solve problems, we get better!" I hope you make your journey that simple.

Lean Marketing House Overview

(Excerpt from the Lean Marketing House)

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

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

Below the roof of the house lays the substructure of a five-step Lean process. Lean is a system focused on and driven by customers. Optimizing the value stream from their eyes and in an efficient process takes your processes to a level not experienced before. Review your past sales and processes that are performing well. Determine why and what may be different about them. It really is like starting on a journey without knowing where you are at. Your metrics play such an important part. How are you going to measure success? What in the short term will allow you to survive and in the long term will build a business? Measuring simply by results is just not enough in today's world. Using Lean metrics measured by drivers is at the heart of making your plan effective. Mapping the future state is where we start seeing it all come together. This is the step everyone typically wants to jump to immediately. We make plans and instead of

having a sound basis, we use instincts and tools that are not directed and are often based on what I call "Tribal Knowledge." Kaizen is the Japanese word for continuous improvement. It is all about idea submission, not acceptance. Kaizen has three steps. First, create a standard. Second, follow it. Third, find a better way.

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

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

When we first hear the terms Lean and value stream, most of our minds 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.

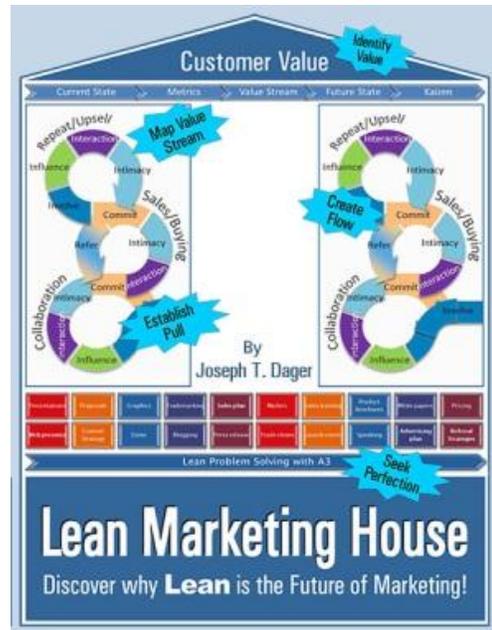
This book is about bridging that gap. It may not bring all the pieces into place, but it is a starting point for creating true iterative marketing cycles based not only on Lean principles but more importantly on customer value. It scares many. It is not about being in a cozy facility or going to Gemba on the factory floor. It is about starting with collaboration 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 that 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 **or Marketing with PDCA**)
4. Establish Pull (Foundation)
5. Seek Perfection (Base)



It's a different concept that I believe is imperative to the future of marketing.

Think of the touch points you have with a

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

Marketing has to address value and the content they are distributing. As important, they have to address the time or the stream of their marketing system. The acceleration or throughput is extremely important. Creating systems within our process that are efficient and propels customers through value stream is imperative. Our days of leaving non-responsive customers on our mailing list, online or offline, are ending. Creating advertising to the masses and expecting a reasonable return have already ended for small and maybe even medium size businesses. These statements are not meant to

say that we only market to someone for 90 or 120 days and that's it. It is more inline that we have to create interactive platforms that allow our customers to interact at their leisure, their timing, and at their discretion. A good description of pull marketing, but how do you manage a stream?

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

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

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

This is going to require re-thinking about the way you do business and the way you think about your markets. More importantly, the way you think

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

Future of Marketing

Lean marketing is about installing a continuous improvement methodology to your sales and marketing process. It's about constantly improving every step up the way. In the smaller scheme of things it is about improving a launch, an advertising campaign and even a sales call. However, in the bigger scheme of things it is about building a structure that creates a learning organization based on an ever-increasing knowledge of what the customer values.

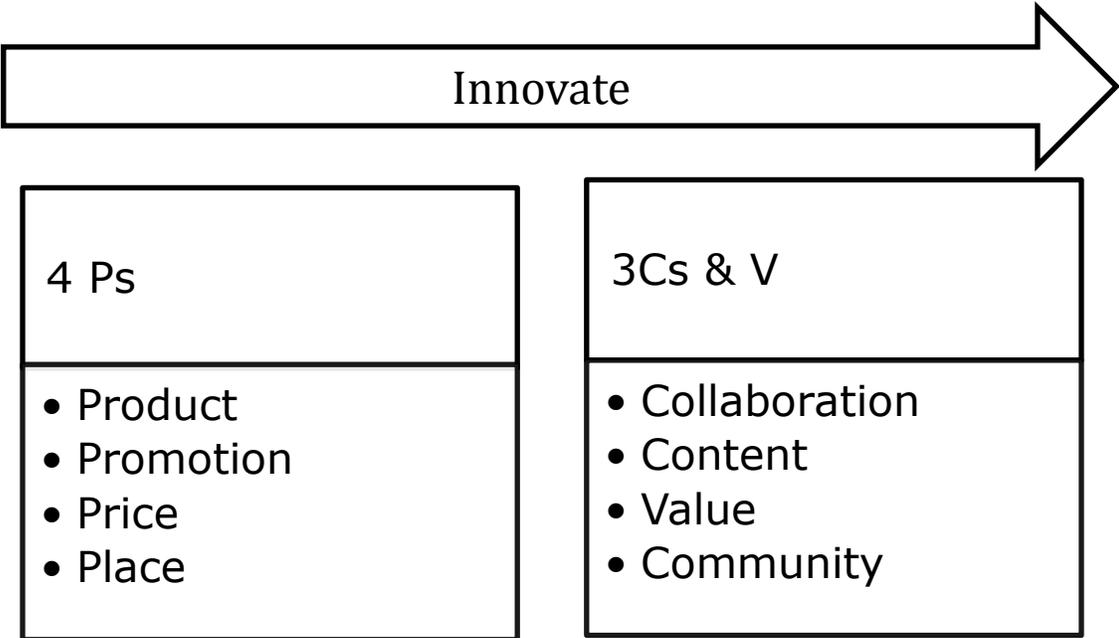
The Lean practice of PDCA is ideal for learning and creating knowledge activities. Following this process it allows individuals and teams to recognize and take advantage of opportunities, make decisions faster, and be more responsive to customers. As part of the PDCA cycle you get feedback on the action from listening to customers and the companies' measurement systems. Having information, taking informed action and getting feedback is part of the natural PDCA cycle. And effectiveness comes from using and taking advantage of all your resources.

The sales and marketing structure has drastically changed. The typical structure still used by many is from a time when competition was not as great and technology was not the force that it is today. In today's business setting many companies are fighting for survival. Competition has never been so keen and the elements of the past are simply not working.

Companies have found that they must listen at a higher level than ever before to their customers, focus on improving processes, and use teams. Companies have to build a culture that supports agility, relevancy and speed. To accomplish this there has to become an open sharing of

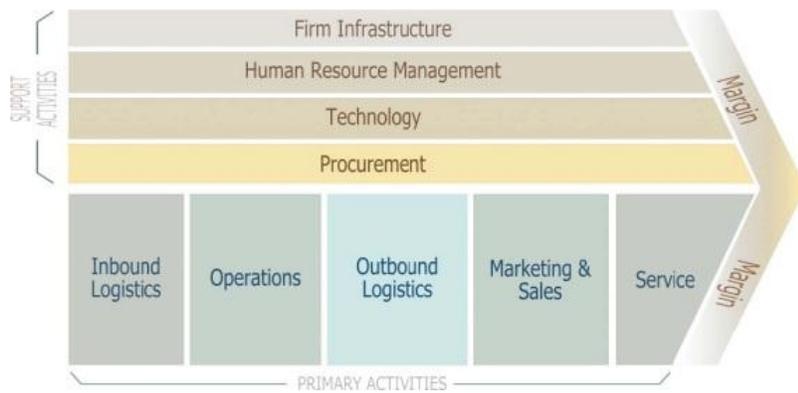
information that will accelerate creativity and innovation. Value has to be understood: it is delivered at the point of consumption, not when it leaves your hands.

The new wave of marketing has seen an entirely new set of tools being used with the components of social media leading the way. No longer do we trust print media, radio, television and other forms of traditional media. The tools have all become a commodity. Why? What has happened is that we have innovated into today's nomenclature. Not really changing much except for the tools.



And have we changed the tools! You have to be a marketing technologist to deal with all the components of marketing. You have to be a geek. The other odd thing is that the geeks are telling us about marketing, telling us about content, strategy, buzz, and value. Why? They simply know more about new media and we assume they know the basics or traditional media.

Value chain is a powerful concept from business management that was first described and popularized by Michael Porter in his 1985 best-seller, *Competitive Advantage*. The chain of activities gives the products more added value than the sum of the independent activities' values.



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.

But that was in a supply-driven economy where the customer did not ignore these value-added services. A lot of people have focused on the fact that the economic times right now are really bad. What a lot of people are missing is the fact that the world around us has fundamentally changed.

Carol Ptak told me in a podcast: "So what companies are seeing today is volatility like they never had to manage before and at the same time they no longer have the reliability of understanding what the customers are going to demand and when they're going to demand, because customers are increasingly fickle. So what we've got is the perfect storm that has come together of excess capacity and incredible product variety. Think about a new product lifecycles. They're getting shorter and shorter and shorter. The world we're trying to live in and started about four or five years ago is that we can no longer afford to build unless someone's going to buy."

I have to agree with Carol, fundamentally the world has changed and if you are going to wait for the shift back, you are in trouble. We could call this a pull market. No longer can we build and build and force our product on others without serious consequences such as price slashing. However, in the long term if our markets have changed and more specifically our delivery methods have changed, we must change.

So marketing is getting squeezed. In one case the supply chain as we know it is gone. Marketing is becoming more and more about tools. The pressure is on and to catch up many of us rely way too much on the tools!

Perfect Storm

If you are to face the perfect storm, your thrust has to be very precise and with as much strength as you can muster. Just riding it out seldom works! What we see now across the world is that we have excess capacity. Add to that the Internet where we expect to have an experience like Amazon. Order it, and you are instantly told when you're going to get it. You also surf the web or even offline at stores to get the price you want to pay and in the time frame you want to pay and if not you just go someplace else. Why can you do that? That's because all this excess capacity is out there.

So how do you survive the perfect storm? Do you sail right into it? The problem you have is that there is not a mental model for this. You do not have a map. You cannot process all the data that is arriving, let alone organize it. If everything or on the other hand too little is considered, you will not come up with an adequate model.

The reality is that our marketing has to become very precise. That reality is that you have to be crystal clear on what your customer and your market value! There is quite a bit of understanding that goes into building a customer/market value model. Obtaining the voice of customer/market is part of it but so is customer/market identification. Your perception alone is biased; you are not the one buying your product. Your judgment must come into play in interpreting the right data from the right market, not in deciding what your market is thinking. Having a true understanding of what is important about your product or service to the marketplace is the strongest survival tool you can have.

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 development 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. I discussed this concept in a recent post on value stream mapping your sales team. Future sales and marketing

activities will be in the spirit of team collaboration with the customer being the most important member. Instead of the buzz words of social media there will be a new set of buzz words such as co-creation and swarming. Most organizations try to develop marketing plans designed to guide their action for today, tomorrow and in the future. This serves as a platform for their marketing goals. We might even send the goals through the SMART procedure to make sure that they are specific, measurable, achievable, realistic and time-specific.

The problem is that this is mostly internally focused. Sales and marketing needs to be about the customer, it's not about us. The old saying, defining the problem correctly is half the battle, has never been more accurate. Defining the problem you solve does takes quite a bit of effort (it needs to be done by product (service)/markets). And if the essence of marketing is defining the problem for a customer, building a problem solving culture is at the essence of good marketing.

The better you can articulate their position, the more value you provide to the market place you are serving. The definition of the problem may even be more important than the solution. In fact, you have to be willing to move your solution to pave the path. **Their description of the problem is exactly what customers want.** Countless hours are spent on branding, messaging and every other marketing tactic under the sun, but do we ever articulate the problem our customers and prospects are having - perfectly?

For the marketing people, a Lean presentation was a good time to sit back and relax because its application 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 to 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 right away. They conjure up opportunities or pending 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 of all, nobody knows what they have to do to get a job so who is going to tell them what waste is and what it is not, or even come close to understanding. Secondly, every time anyone gets in 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.

Deming always discussed the abundance of resources that we had. How true Deming was when you apply his thoughts to sales and marketing. Our natural resource was that demand always exceeded supply. Sure, it was not handed to us on a silver platter and not all of us were successful. But for the most part, there was a demand. That demand has diminished or ceased to exist in many markets. We are competing in a state where there is excess supply. There is a scarcity of sales and marketing's natural resource, customers!

How many companies are still giving pep talks? How many companies still do not understand sales and marketing as a stable system? You can tamper and cause special cause variation, but the bottom line is that sales and marketing has changed and that it must be managed as a system in the future.

Most serious practitioners that understand sales and marketing as a process have begun to emphasize three core principles in their teachings:

- Continuous improvement of sales and marketing is a necessity
- Metrics are required to judge the rate and degree of improvement
- A sales and marketing process is needed for determining metrics

Profound Knowledge: I believe Dr. Deming's system of profound knowledge offers the best way for sales and marketing to succeed in the future. There are many marketing "systems" in the world. When you think about a system it is just a series of functions or activities within an organization that work together for the aim or the organization. However, most of them have relatively little value towards improvement or optimization as a whole. Deming believes that the journey of continuous improvement requires the understanding of systems which is emphasized in his own system of Profound Knowledge. Profound Knowledge is made up of four interrelated components:

1. Appreciation of a system
2. Theory of knowledge
3. The psychology of change
4. Knowledge about variation

Deming explained, "One need not be eminent in any part nor in all four parts in order to understand it and to apply it. Some key points of profound knowledge are described below:

"The various segments of the system of profound knowledge proposed here cannot be separated. They interact with each other. Thus, knowledge of psychology is incomplete without knowledge of variation.

"A manager of people needs to understand that all people are different. This is not ranking people. He needs to understand that the performance of anyone is governed largely by the system that he works in, the responsibility of management. A psychologist that possesses even a crude understanding of variation as will be learned in the experiment with the Red Beads could no longer participate in refinement of a plan for ranking people."

The *Appreciation of a system* involves understanding how interactions (i.e., feedback) between the elements of a system can result in internal restrictions that force the system to behave as a single organism that automatically seeks a steady state. It is this steady state that determines the output of the system, rather than the individual elements. Thus it is the structure of the organization, rather than the employees alone, which holds the key to improving the quality of output.

The *Knowledge of variation* involves understanding that everything measured consists of both "normal" variation due to the flexibility of the system and of "special causes" that create defects. Quality involves recognizing the difference to eliminate "special causes" while controlling normal variation. Deming taught that making changes in response to "normal" variation would only make the system perform worse. Understanding variation includes the mathematical certainty that variation will normally occur within six standard deviations of the mean.

Online collaboration is leading the way for Lean Marketing:

Businesses and individuals are becoming exponentially more productive and efficient thanks to the innovations that connect them. Between email, Skype, and telecommuting, the landscape of business communication and

collaboration is vastly different than it was even a few years ago. We will see just how many of these technologies are helping businesses today, and how quickly people are now able to collaborate and innovate together.

Our organizational structures are getting flatter every day. Technology is not making us less personal, we are getting more personal through technology. We buy less from companies every day and more from people.

Technology actually has evolved to a point that it is becoming anti-technology. The new business models are about communities and organizations must understand what makes them tick. In the book [The Hyper-Social Organization: Eclipse Your Competition by Leveraging Social Media](#), the authors discuss the 4 pillars of Hyper-Sociality:

1. Tribe vs. market segment
2. Human-centricity vs. company centricity
3. Network vs. channel
4. Social messiness vs. process and hierarchy

The funny thing about all of this is that there will also be a rapid increase in exceptions, more of the anti-technology stuff and more people interactions. This change has invaded both customer service and marketing. Traditional print media, PR and advertising are gradually fading out. Even referrals have shifted from word of mouth to more of a tribal type relationship. If your organization is not already part of the tribe, you are overlooked.

Just having a great product is not enough. Sure Apple looks like they are banging out innovation after innovation. But are they? Or is it more of the Apple tribe that devours each new innovation with Steve Jobs as the head of the kingdom?

The next facet of business to change will likely be innovation, if it has not already. Co-creation is upon us and as our tools get better there will be more and more interactivity with our customers. Those exceptions that many of us dread will even become more normal and part of everyday innovation.

Sounds like a lot of fun! Learning to market and innovate through iterative cycles is what Lean marketing is about. Using Lean on a project-to-project basis to reduce waste and make marketing and innovation more efficient is hardly effective. Empowering our people for a more human approach within the tribes we choose to network or participate in is the differentiation Lean provides. Lean provides the structure we need to provide value to this social messiness. Without, we lose our relevance and speed that is needed in the collaborative world that we are entering. I look forward to the great journey ahead.

Marketing Funnels

One purpose of sales and marketing funnels is to provide clarity to an individual or organization's marketing process. This gives you the ability to walk a prospect through the process, understanding where they are at 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 decision process. However, don't 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 and is really the beginning of development of transferring your marketing into a process.

The purpose in creating your value stream is to achieve better cooperation of 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 marketing funnel 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 funnel are quite good but the quality of the handoffs is where the problems occur.

Your flow system, your marketing funnel, allows 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. Keep segmenting your list, till you gain a linear flow. Yes, there may be a few exceptions.



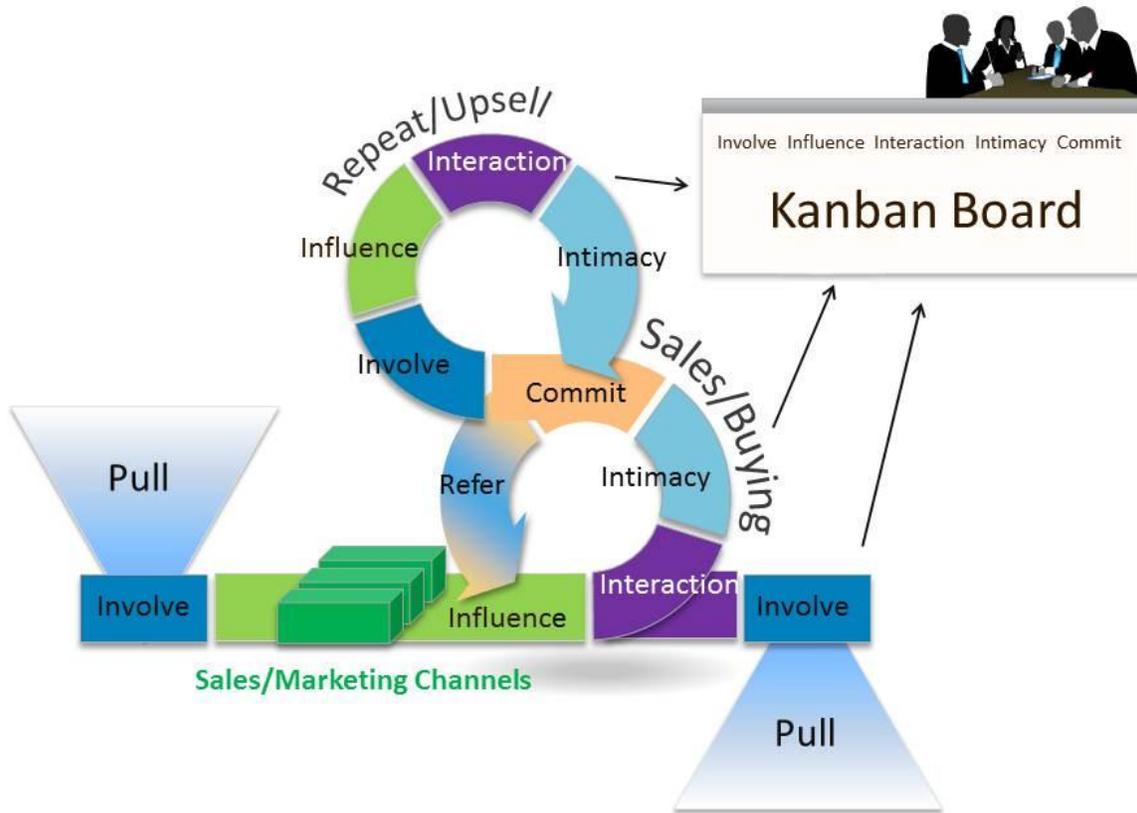
This is a simplified version of how a value stream would look. As you can see the natural progression of the flow (Involve, Influence, Interaction), the enablers or information to move the process forward is provided above each step. Taking a group of current customers, you can identify this in your 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, which are supported by other departments such as sales or service or maybe by repetitive marketing.

When you look at different marketing funnel concepts you will see people placing marketing products next to the different stages of the funnel. Each one depicts the opportunities that they have or the marketing action they use in that particular stage. An example is included in a previous post of mine. It is the way I was taught. The marketing funnel concept is just a step-by-step progression through the marketing process. When you review that concept, does it not seem dated? Is that not just another way of pushing products?

The marketing process was based on continuing to funnel a person through stages to get to the ultimate buying stage. After that, referrals and up-sells were initiated. Though the concept makes it easier to explain, it really serves little purpose in defining what works in today's marketing and is in fact downright misleading.

I really prefer looking at marketing in a much more cyclic fashion and somewhat more of an iterative process. Spending time defining your

customer needs and how your organization reacts to those needs is the essence of marketing today. This approach can make your marketing more effective and reliable by reducing your marketing variability. Marketing is simply becoming more about problem solving and addressing customer needs.



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! Doing this 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 look at marketing as a cycle and as the radar for Toyota. The radar meaning: Voice of the customer. This constant feedback shortens their marketing cycle by creating an intimate knowledge of the customer so that they can be at the right place at the right time and deliver that 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. Very much like the iterative process in an Agile project management project. In marketing, much like the military, you must have a cadence established in your marketing practice. Think of the army, everything that can be is standardized: uniforms, weapons, training manuals, vehicles and so on. The reason why is so they can react to the huge variation that presents itself in a combat mission.

You should note that we are not writing about a repeatable process. Repeatability means doing the same thing in the same way to produce the same results. Though repeatable 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 variation 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 but we are trying 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 trade-off and is the primary exchange 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.

Conventional thinking produces large quantities of knowledge, for an example a direct mail piece. They schedule and make these mailings to large volumes of consumers for efficiency and cost reduction purposes.

Conventional thinkers imagine marketers will have all the needed knowledge before they start designing. Lean marketing recognizes the cost of such a large batch and the waste that must be transported, stored, managed and delivered to the customer. Utilizing a marketing cycle process, small batches with several different messages would be sent out, tested for effectiveness and improved upon as the data is obtained. The cost of using small batches is completely negated by the improved results.

Kill the Sales and Marketing Funnel: The sales and marketing funnel is a theory that needs to be laid to rest. A linear approach to predict, plan, and proceed is a precarious way to advance. This approach prematurely foresees a solution for the customer without ever understanding their problem. And if you consider addressing the application of social media, it does nothing to

support inbound marketing. As we work our way down the funnel, it is just as likely evidence will mount that the proposed solution is wrong. However, we have so much invested we attempt to sway the course of action in our favor. Linear planning increases the risk for a customer to engage in an inappropriate course of action.



A more correct way of customer introduction is utilizing a problem solving cycle such as PDCA (Deming/Shewhart - Plan/Do/Check/Act Cycle). PDCA should be repeatedly implemented in spirals of increasing knowledge of the customers' situation and converge towards the correct solution. Each cycle will become closer to this goal than the previous. This approach is based on the belief that both our customer and our knowledge and skills may be limited at the beginning but continuously improving.

It is very common as a customer goes through a decision making process that their minds will change. At the start of a project, key information may not be known. The PDCA provides feedback to justify our hypotheses and increase our knowledge. This allows both the customer and us not to be perfect the first time. It allows us flexibility in our course of action and with improved knowledge, we (also meaning the customer) may choose to refine or alter the needs. The rate of change or the speed of the improvement is a key competitive factor in today's world. PDCA allows for major jumps in performance not through massive breakthroughs but through frequent small improvements.

Another approach recently popularized is the OODA Loop introduced by Colonel John Boyd that describe how combatants observe a situation, orient

themselves, decide what to do, and act, before observing the changed situation and moving through the entire loop again. Viewing combat as a series of successive loops underscores the importance of reassessment and readjustment as circumstances change, and the cumulative benefits of many small wins in successive iterations. Boyd's OODA loop is a vivid example of an iterative loop to guide action under uncertainty and much can be learned from its study.

I am not advocating thinking of your customer in the sense of a combatant as the OODA Loop suggest. However, the strength in the OODA loop is the series of successive loops and small wins that is introduced. Few homeruns are in the market place today. It is more of a singles and doubles game. In fact, few of us can afford the strikeouts and must maintain a high enough batting average to survive.

PDCA is the fundamental concept behind Lean thinking. It is not just a problem solving method but a holistic approach to knowledge creation and improvement within an organization. Establishing a PDCA culture within your company will enable you to embrace this way of thinking with your customers and prospects. It will develop an outside-in approach to your organization that will allow you to really understand your role with customers and in the markets they participate in.

Seldom do you find a competitive advantage or a real breakthrough in a service or product. If you do, it is only short-lived and commoditized rather quickly. The leverage it brings is an influx of innovative customers that are willing to be risk takers, the early adaptors. These are people that you can learn from to develop new knowledge and new products. PDCA allows for them to enter your cycle of learning easily and allows you to maximize that new knowledge.

The only competitive advantage that you have is in how quickly you develop new knowledge. Maximizing that through the use of PDCA is essential for your business survival.

The Subservient Marketing Funnel: The traditional way of creating sales, used by individuals and even by large organizations, is a natural sales progression commonly called a marketing funnel. There are many adaptations to this model but typically it begins with an attraction phase that ultimately produces a sale and many times continues into an upsell or repeat sales cycle. The popularity of the tool is that it gives you a well-defined step-by-step approach or a sequence of tasks necessary to execute in transitioning a prospect to a customer to an advocate.

Most improvement consultants will look at this cycle and go through a process called value stream mapping or process mapping and help you to determine how you may remove waste or improve the process. This step-by-step approach is a logical reaction; if we only do it better, it will work. The pushback to this is that most situations are different and follow an irregular path to the end result, a sale. I believe this may be the primary reason that the continuous improvement methodology has been resisted in the sales and marketing arena.

This approach also requires that good ideas happen at the beginning of the marketing cycle and that a customer is segmented and merged into the “proper” funnel. The problem with this approach is that better ideas are created during this process and the prospect's needs ultimately change unless we can convince them that our product/service that may have been the best idea to begin with is the best or flexible enough to be the best throughout the entire cycle. It is a process that leaves little adaptability

because we have been selling and marketing based on the attributes of the product and any change on our part is a reflection that our product may just not be “good enough”. Better ideas that are formulated during the process are viewed as a threat and must be countered. As a result, the best training that sales people can receive may be in argumentation or debate.

Many cottage industries have even appeared for preparing adequate sales documentation to provide tangible proof for the customer that their product/service has been the correct choice all along. This proof also is internally provided in terms of sales reports, proposals and other documentation to justify the time and efforts of sales and marketing. I was told many years ago that one of the goals of an attorney was to create as much paper as they could in an agreement. The more there is the better chance of a contradiction and as a result a misunderstanding. I wonder if that statement has any merit here?

I use a model based on The Pillars of the Lean Marketing House for a method to visualize the customers’ learning cycle. The pillars are differentiated by observing the marketing funnel not as a series of tasks but



rather as a knowledge creation opportunity with the customer. But before you begin teaching the customer what they need to know, start thinking of this process a little differently. Think of it as you being the pupil rather

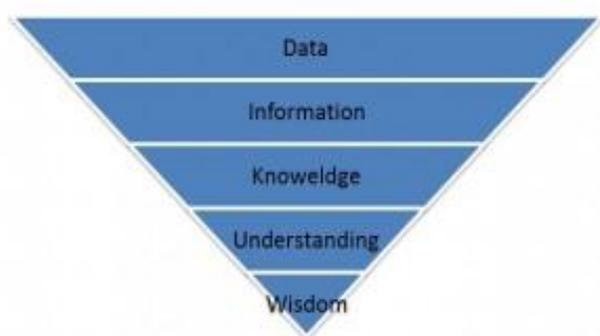
than the teacher. Think about you having that “aha” moment or that moment when you “get it” versus when your customer gets it.

The argument to this approach is that you may believe that you will invest too much time and resources in an unqualified customer. I believe there has been a fundamental change in the buying practices of consumers and the result being that target marketing in the traditional sense is a misnomer.

Quit looking at trying to fill you funnel with “qualified” prospects.

Instead participate in communities and discussions that highlight your knowledge, developing an ever-expanding network of touch points that allow prospects to self-serve information and to locate you. Think of ways for trials or templates of your organization's best practices to be used that will allow prospects to move into a more collaborative arrangement. As this happens, greater human interaction occurs but typically as a result of the customers qualifying themselves.

Changing the Shape of your Marketing Funnel: These five terms form a hierarchy of value in which data have the least value and wisdom has the most. I first ran across a similar description in the [The Experience Economy](#),



an article published in 1998 by Joe Pine, which I discussed in the blog post, [Does your Value Proposition speak of the Customer Experience?](#). Though this chart has taken a fair amount of abuse over the years, I like it because it plainly depicts the

hierarchy of what a customer is willing to pay for and therefore the customer’s perceived value.

In the book Idealized Design, the authors used a similar hierarchy for the key terms involved in describing organizational learning. They are as follows:

- Data consist of symbols that represent the properties of objects and events. They have little value until they have been processed into information. Data are to information as iron ore is to iron. Little can be done with iron ore until it is processed into iron.
- Information consists of data that has been processed to be useful. It is contained in descriptions, answers to question beginning with such words as what, who, when, when, and how many.
- Knowledge is contained in instructions, answers to how-to questions.
- Understanding is contained in explanations, answers to the why questions.
- Wisdom is concerned with the value of outcomes, effectiveness, whereas the other four types of mental content are concerned with efficiency. Efficiency is concerned with doing things right; effectiveness is concerned with doing the right thing.

Looks like a marketing funnel. Your budget probably looks the same way. You spend the vast majority of your marketing resources (time and money) on data or noise, which may be the more appropriate term. I tend to believe a larger investment spent in understanding and wisdom will reap greater rewards.

At first, it is counterintuitive. But when you think about it – an increase in knowledge, understanding about your customers and wisdom that your customers impart on you turns into:

- Upsells

- Referrals
- Word of mouth,
- PR Opportunities
- Innovation



Just by the nature of the process, it should make you more effective and efficient. It goes back to the Pareto Principle or as Dr. Juran put it, “identify the vital few and the useful many,” in practice leave the top of the funnel (useful many) for automation, website sales, etc. Invest the majority of your resources

(time and money) in the vital few. Work on delighting that segment of your business as Steven Deming, author of [The Leader’s Guide to Radical Management](#) writes in his blog on Forbes.com, *Is Delighting your Customer Profitable?*

One of the areas that we discover through better knowledge and understanding of our customers is the mistakes we are making as an organization. In the marketing sense, that blurriness of customer and marketing identification becomes much more apparent. The critical-to-quality factors that are important to them and make them choose us drive our internal improvement efforts. Just as importantly, since we have a better relationship with the prospects/customers at the bottom of the funnel, we find out what mistakes were made and why others were chosen. This will help us tremendously to evaluate our shortcomings and improve on them. Choosing this perspective will probably reduce the size of the opening of your funnel. However, which end of the funnel is important to you?

Cycles to Loops

I have always advocated the use of the value stream map to outline your customer's buying process and to vividly demonstrate how your marketing efforts mimic that process.

The current state serves as a guideline to communicate the opportunities so they may be prioritized and then 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.

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 customer's 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?

Value stream mapping techniques involve mapping each step of a process looking for waste and improving on 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. When I present this, 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. However, there is also a strong argument presented that the customer

Remembering that we want to first look at how to optimize the entire process instead of 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 often 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 first must look internally at eliminating delays.

Lack of resources:

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 ask 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.

One trick is to reduce the size of a process step. This sometimes enables more activities for an underutilized resource. However, seldom do I see the combination of stages as a method of decreasing cycle time.

Look at the process 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 sales

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.

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 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 facilitate much of the running around like a chicken with its head cutoff syndrome or confusion that may occur.

Focusing on delays is an important part of Lean marketing. It 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. Engraining yourself further in that

structure will significantly improve your probabilities of success. It will decrease your marketing cycle and in the long run increase your customer life cycle.

Lead Generation through the Lean Marketing Lens: Francois Gossieaux, co-author of The Hyper-Social Organization: Eclipse Your Competition by Leveraging Social Media stated, "Where are my leads, and why am I getting crappy leads from my marketing department?" If you have been anywhere near the intersection of sales and marketing recently, these are questions that you have probably heard - perhaps many times over. Many senior sales executives are still looking for a predictable flow of leads at the end of a lead acquisition and nurturing "funnel. And while many marketers have been struggling with setting expectations for predictable lead deliver, for more than a decade, their sense of panic and angst about this issue has risen to alarming levels."

For starters, the funnel metaphor is broken. People no longer are making buying decisions in a linear fashion, going from awareness to familiarity to consideration, evaluation, and purchase or perhaps they never did. Second, people are now turning to their peers, friends, and other users of a particular product for advice instead of to the company. Third, the potential number of choices that prospects can have in their product consideration set is much larger than it has ever been before, and the information sources through which those products can become part of buyers' consideration sets has grown exponentially as well.

In a Business901 podcast with Francois we discussed these concepts and others which I found equally enlightening and from my observations, constitute today's reality. When I discuss Lean marketing in the sense of

pull, most continuous improvement experts struggle with the concept. They relate it directly to Lean manufacturing. Even service-related Lean practices struggle with it. Talking to Francois, I discovered most traditional organizations do. The pull concept in marketing is about knowledge creation. I think you can still use the funnel metaphor but in a totally different way. Instead of the traditional progression through stages it is about an expansion of organizational knowledge.

Greater opportunities exist when your organization interacts with your customers on a peer-to-peer basis. One of the measures I consider for a Lean organization is how deep in an organization a customer can penetrate. This is done through the social context of the organization which enables multiple touch points for both you and the customer. Deeper penetration with a customer is a result of the increase in knowledge that you co-create.

This is just one example of the knowledge creation funnel that successful companies are using. Lean principles such as respect for people and PDCA reinforce these. The PDCA (knowledge creation) spiral exists and is the fundamental reason behind Lean marketing.

Most of our ideas are not created in a vacuum. They come from some type of interaction, some type of problem, many times as we see it. As we develop our ideas, we develop our products, early collaboration is the key. As that collaboration takes place the product evolves. Part of the reason that I believe that the software development field is leading this change is that they are the early adaptors. They also have taken one of the most difficult fields that spawned individualism, the Coder, and made it a team environment; Agile, Scrum, Kanban.

This is one of Eric Reis's theories in the Lean Startup methodologies. The all-important "Pivot" maneuver that he discusses. An excerpt from Eric's blog:

In a Lean startup, instead of being organized around traditional functional departments, we use a cross-functional problem team and solution team. Each has its own iterative process: customer development and agile development respectively. And the two teams are joined together into a company-wide feedback loop that allows the whole company to be built to learn. This combination allows startups to increase their odds of success by having more major iterations before they run out of resources. It increases the runway without additional cash.

What really strikes me is the obvious correlation to Deming's or Shewhart's PDSA (PDCA) cycle. From Wikipedia:

PDCA was made popular by Dr. W. Edwards Deming, who is considered by many to be the father of modern quality control; however it was always referred to by him as the "Shewhart cycle". Later in Deming's career, he modified PDCA to "Plan, Do, Study, Act" (PDSA) so as to better describe his recommendations.

The concept of PDCA is based on the scientific method, as developed from the work of Francis Bacon (Novum Organum, 1620). The scientific method can be written as "hypothesis," "experiment," "evaluation" or plan, do, and check. Shewhart described manufacture under "control" - under statistical control - as a three-step process of specification, production and inspection. He also specifically related this to the scientific method of hypothesis, experiment and evaluation. Shewhart says that the statistician "must help to change the demand [for goods] by showing...how to close up the tolerance range and to improve the

quality of goods". Clearly, Shewhart intended the analyst to take action based on the conclusions of the evaluation.

According to Deming, during his lectures in Japan in the early 1950s, the Japanese participants shortened the steps to the now traditional *plan, do, check, act*. Deming preferred *plan, do, study, act* because "study" has connotations in English closer to Shewhart's intent than "check".

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

As I look at the different methodologies, I can also use Six Sigma's DMAIC, Boyd's Loop and others in the circle and ask, what's new? The newness is in the collaboration, the team effort. The realization that no matter how good of a methodology you have, the key is still in gaining acceptance of others. Continuous improvement is simply a team exercise and we don't get there with one drop of water. No matter how great the idea is, sooner or later you need water, you need help and without collaboration your theory holds little water.

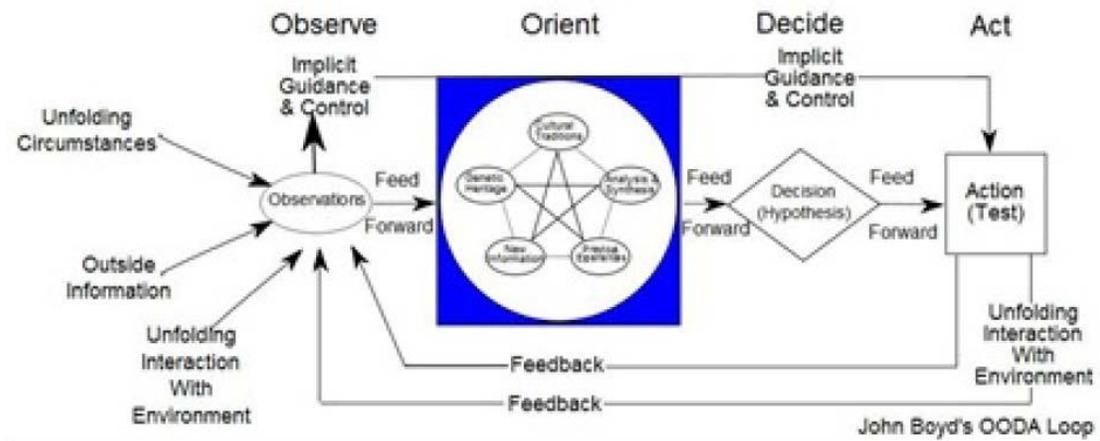
Applying the OODA Loop to Lean: A basic background on the OODA Loop from Wikipedia:

Boyd's key concept was that of the decision cycle or OODA loop, the process by which an entity (either an individual or an organization) reacts to an event. According to this idea, the key to victory is to be able to create situations wherein one can make appropriate decisions more quickly than one's opponent. The construct was

originally a theory of achieving success in air-to-air combat, developed out of Boyd's energy-maneuverability theory and his observations on air combat between MiGs and F-86s in Korea. Harry Hillaker (chief designer of the F-16) said of the OODA theory, "Time is the dominant parameter. The pilot who goes through the OODA cycle in the shortest time prevails because his opponent is caught responding to situations that have already changed."

Boyd hypothesized that all intelligent organisms and organizations undergo a continuous cycle of interaction with their environment. Boyd breaks this cycle down to four interrelated and overlapping processes through which one cycles continuously:

- Observation: the collection of data by means of the senses
- Orientation: the analysis and synthesis of data to form one's current mental perspective
- Decision: the determination of a course of action based on one's current mental perspective
- Action: the physical playing-out of decisions



Picture from Wikipedia

Of course, while this is taking place, the situation may be changing. It is sometimes necessary to cancel a planned action in order to meet the changes.

This decision cycle is thus known as the OODA loop. Boyd emphasized that this decision cycle is the central mechanism enabling adaptation (apart from natural selection) and is therefore critical to survival.

Boyd's Law can be directly applied 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 absolutely any reason that we are unable to do this anymore? Another example is that headlines can be tested on Twitter, blogs, etc. Small businesses, specifically, should test constantly.

Your marketing-cycle conversions work best if you make small changes approximately at 20 percent of the sales cycle and quickly discard what isn't working. I think it is difficult to put a time frame on this when we are talking in such general terms. So, what I propose is that if you look at your marketing in five stages (as shown above), you would want to make modifications within one stage at a time, or at 20-percent intervals of your total sales cycle. The important thing to remember is to keep the stages flowing and not in constant flux. Modifications should be planned. Do not

hinder a stage by doing these things indiscriminately and causing flow interruptions.

Most Agile marketing approaches recommend iterations of no longer than four weeks. Again, we must determine what your normal sales/marketing cycle is and then plan accordingly. The secret to this is to shorten the cycle through these principles, removing waste and creating value.

Marketing stages are about failing early and often. Marketing is the least expensive in the early stages. As you walk through the process, your investment increases, so your conversion should increase and maybe, just maybe, you'll hold on to a lead a little longer.

The recent resurgence or maybe recognition of the use of the the OODA loop is a basis for much of the current ideas surrounding iterations, rapid development cycles and decision making. What makes the OODA loop such a popular subject? When we first think of the OODA loop we think of fast competitive cycles needed by a fighter pilot to gain a differential advantage. Is that the reason?

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

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

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

Systems like Toyota's worked so well, Boyd argued, because of *schwerpunkt*, a German term meaning organizational focus. *Schwerpunkt*, Boyd wrote, "represents a unifying medium that provides a directed way to tie initiative of many subordinate actions with superior intent as a basis to diminish friction and compress time.

That is, employees decide and act locally, but they are guided by a keen understanding of the bigger picture. In effective organizations, *schwerpunkt* connects vibrant OODA loops that are operating concurrently at several levels. Workers close to the action stick to tactical loops, and their supervisors travel in operational loops, while leaders navigate much broader strategic and political loops. The loops inform each other: If everything is clicking, feedback from the tactical loops will guide decisions at higher loops and vice versa."

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

on common frames of reference and shared ideas. He always contended that command was about clarity of one's goals and philosophies versus the traditional form of command and control thought of in a hierarchical structure. I enjoy the description that Frans Osinga discusses in his book Science, Strategy and War: The Strategic Theory of John Boyd (Strategy and History), that higher command must shape the decision space of subordinate commanders. Actually, that is a pretty good description of standard work.

Dr. Terry Barnhart, the Senior Director Strategy and Continuous Improvement at Pfizer Global R&D discussed the OODA Loop with me in a Business901 podcast. We expanded the theory into some practical applications and discussed implementing a Lean culture utilizing OODA loop principles. A takeaway from our conversation:

If you can find the cultural levers that are aligned with Lean that absorb ideas into your company, you won't need to go force anything. It'll pull it in whether you want it too or not. You won't even be able to stop it.

That's the kind of thing that we've been thinking about. How can we do this with people? How can we do this with divisions? How can we do this with entire companies? It's fascinating because I think there are ways consistent with what Boyd taught. It's not the same, but I think there are ways that companies can bootstrap the stuff. I don't mean to say it's a grassroots or bottom-up; it's whatever it is that gets into their cultural system. It'll absorb it very quickly and spread.

Knowledge Management

Has Knowledge Management disguised itself as Lean Marketing? It is not a disguise, it is reality. Your marketing department should be investing many of their resources in capturing and building a structure for knowledge management. It is the core competence of your organization. If you look at the sole purpose of a Lean marketing department, it is disseminating pertinent information to the customer when he wants it and in the format of his choosing. That is extreme value. Most purchases are not made because you were cute and clever. They are made because you provided the knowledge the customer required and in doing so built a relationship of respect and trust with the customer.

As organizations have become flatter, not only is a constant flow of information required throughout your organization but you must mimic the flow of information needed by your customer. This information flow cannot be funneled through one person or even most of the time who is saying what, when. The ultimate water cooler talk has now become a virtually oasis of knowledge. No one person is an expert anymore. Not even one department can sell a job anymore. Your customer's VP wants to talk to your VP, IT wants to talk to IT and purchasing wants to talk to the supply chain leader. The only person that no one wants to talk to is probably marketing.

Marketing must take the responsibility of making sure that the knowledge continuously flows through the right channels; hence, knowledge through their site is extraordinary.

Marketing must create systems that allow employees to collaborate, capture and share their knowledge without creating additional work or interruption of

their job. It must become part of the process of work that they do. Of course, there will be times when this is not possible, but the importance of creating an environment where a customer interaction is not an additional burden cannot be underestimated. Through the use of technology all types of information can be shared; however, great connections and relationships may be enhanced through technology but seldom sustained. Live chats, personal connections, and community involvement must be emphasized. Marketing must also take control of that knowledge transfer moment.

Making that moment memorable is equivalent to those cute and clever sound bites. What differs about this type of marketing is this is when the person is most receptive to new ideas. They are the seekers and what they learn at this moment will be remembered and/or put to use.

In an economy where the only certainty is uncertainty, your one source of lasting competitive advantage is knowledge. Yet, few of us understand the true nature of the knowledge-creating company let alone know how to manage it. According to an article by Japanese organizational theorist Ikujiro Nonaka, the problem is that most Western managers define knowledge and what companies must do to exploit it too narrowly. They believe that the only useful knowledge is hard (read quantifiable) data. And they see the company as a kind of machine for information processing

The challenges facing marketing and organizations in this climate are extraordinary. It is just not enough to start doing it. There must already be a shared vision, a set of guiding principles and a culture within the organization that values this type of communication. Lean companies have the necessary culture to succeed. However, I don't believe that a company that is just starting a Lean journey is ready. They are still too

tool oriented. Lean companies that are well on their way to developing a Lean culture, second or third stage, have the necessary ingredients to begin this journey.

Lean Marketing Creates Knowledge for the Customer: Many people visualize their marketing cycle through the use of funnel thinking on how it narrows down to the actual purchase of the product. I have advocated the use of the value stream marketing concept in a very similar fashion. However, I take a much more 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, I like to 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 often will 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 their Discover stage, 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. This will be minimized utilizing a value stream team concept in deployment but more importantly you will find through reflection on these processes that many of them are similar and can be repeated. Your team's ability to document, modify and submit 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 are instantly obtained and/or accessible to the resources of both the customer/prospect and your sales/marketing team. Making this readily available allows accessibility to your prospects but also to their influencers.

Their influencers are typically less knowledgeable about your product but also about the intricacies of the buying process they are influencing. This means that your material must not only be well-organized but accessible in bite-size chunks so that decision makers and influencers only have to review what is interesting to them.

Lean sales and marketing is built upon the philosophy that there has been a subtle shift to knowledge as the way to engage, develop and retain your customer base. The sales and marketing team must act as a vehicle to cultivate ideas not only within their four walls but more importantly from their customers and markets. If this is true, how do we create new knowledge? How do we learn? Most studies show that we learn best by doing and by being forced to resolve our perspective with those of others who disagree with us. This means that you have to encourage contradictions and be willing to push the envelope with your customers.

This is a strange paradox. Disagreement with your customer can hardly be seen as a positive mechanism for sales and marketing. However, it is the embracement of this understanding that will move your sales and marketing efforts to a higher level of performance.

Can you disagree with a customer? Can you purposely cause tension? You must! You must move away from the comfort zone and create a healthy tension and instability in your sales and marketing process. The first step in doing this is to create an atmosphere of respect. It is such an important function of Lean sales and marketing that I asked Dr. Michael Balle to define respect within a Lean company and at the end of the conversation this is what he said: "The next step in the process is surprisingly easy but difficult to do. It is the process of reflection or in Japanese, Hansei. There

are three key components of Hansei:

1. Recognize that there is a problem, a gap between expectations and achievement, and be open to negative feedback.
2. Voluntarily take responsibility and feel deep regret.
3. Commit to a specific course of action to improve.

The first step, acknowledge that there is room for improvement, is not that difficult. However, putting a number to it may be a different story. When we create a performance gap we identify two points, one where we are now and one where we want to go. Of course we may not get there overnight but there will be limitations. You have to determine what is realistic to achieve. A simple but effective way of looking at it is, from what to what by when.

The second step can be stated simply as don't look for excuses. Take responsibility, feel a little humility and move forward. Without this, you will never fully release from the past and it may be much more difficult to bring fresh ideas to the table.

This is your action plan to move forward. However, without step 2, you will seldom be passionate about step 3. It will just be another effort and ownership will be limited. Ownership cannot be achieved without an emotional attachment.

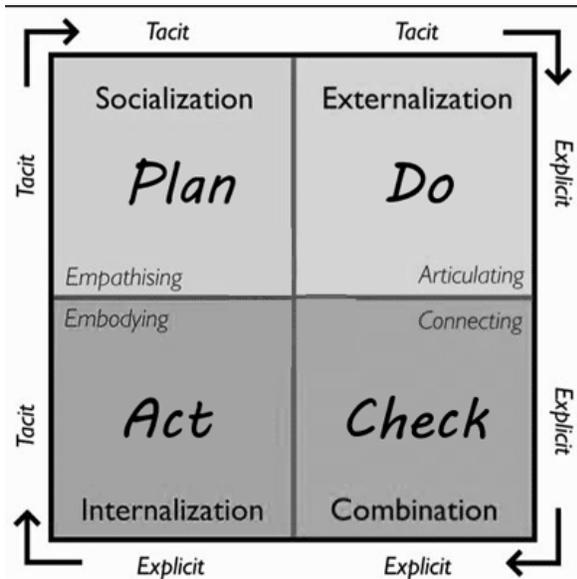
The steps of Respect first, Reflection second will drive the third step of Kaizen or continuous improvement. This is the process and culture of PDCA in your marketing cycle. It is the embodiment of tension, a performance gap to send you off on a new path. This path acts as an expanding spiral of co-creation of knowledge with your customer that will be truly valued. **THE**

ABILITY TO SHARE AND CREATE KNOWLEDGE WITH YOUR CUSTOMER is the strongest marketing tool possible.

Few companies will take this path. Few companies will take the time to develop the level of respect required. Even fewer will use Hansei and look at performance gaps releasing their own pre-determined reasons. Few will ever practice continuous improvement in sales and marketing.

Will you?

PDCA for Lean Marketing, Knowledge Creation



Professor Ikujiro Nonaka in the book, The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation, proposed that organizational knowledge is created through a cycle of continuous social interaction of tacit and explicit knowledge involving four modes of knowledge conversion: socialization, externalization, combination and internalization.

The cycle is a spiral one as each pass builds upon the other suggesting that each cycle builds on the previous one therefore accumulating knowledge. He depicts this in the SECI model shown above

Explicit Knowledge can be captured in records of the past such as libraries, archives and databases and is assessed on a sequential basis. It can be expressed in words and numbers and shared in the form of data, scientific formulate, specifications, manuals and the like. This kind of

knowledge can be readily transmitted between individuals formally and systematically.

Tacit Knowledge is highly personal and hard to formalize, making it difficult to communicate or share with others. Subjective insights, intuitions and hunches fall into this category of knowledge. It is deeply rooted in an individual's actions and experience as well as in the ideals, values, or emotions.

Socialization: This mode enables the exchange of tacit knowledge through interaction between individuals. The key to acquiring tacit knowledge is experience. Without some form of shared experience, it will be extremely difficult for people to share each other's thinking process. The tacit knowledge is exchanged through joint activities rather than through written or verbal instructions. In practice, socialization involves capturing knowledge through physical proximity. The process of acquiring knowledge is largely supported through direct interaction with people.

Internalization is the conversion of explicit knowledge into the organization's tacit knowledge. This requires the individual to identify the knowledge relevant for oneself within the organizational knowledge. That again requires finding oneself in a larger entity. Learning by doing, training and exercises allows the individual to access the knowledge realm of the group and the entire organization. In practice, internalization relies on two dimensions:

1. Explicit knowledge has to be embodied in action and practice. Thus, the process of internalizing explicit knowledge actualizes concepts or methods about strategy, tactics, innovation or improvement. For

example, training programs in larger organizations help the trainees to understand the organization and themselves in the whole.

2. Embodying the explicit knowledge by using simulations or experiments to trigger learning by doing processes. New concepts or methods can thus be learned in virtual situation.

Combination involves the conversion of explicit knowledge into more complex sets of explicit knowledge. In the combination process, justification (the basis for agreement) takes place and allows the organization to take practical concrete steps. In practice, the combination phase relies on three processes:

1. Collecting externalized knowledge from inside or outside the company and then combining such data.
2. Transferring this form of knowledge directly by using presentations or meetings.
3. Editing or processing of explicit knowledge to make it more usable (e.g. documents such as plans, reports, and market data).

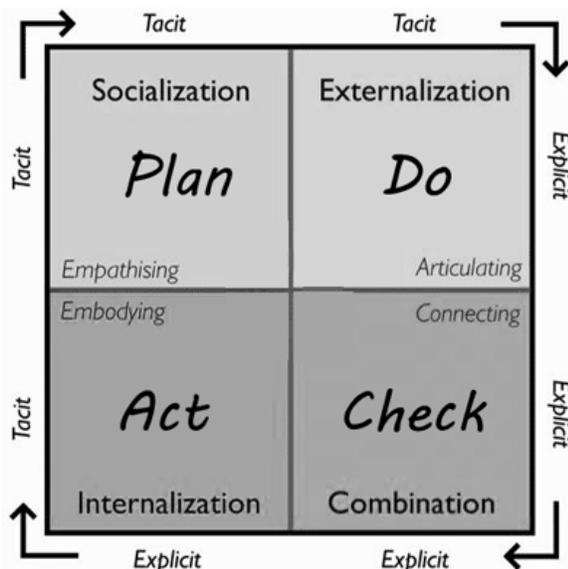
Knowledge conversion involves the process of social processes to combine different bodies of explicit knowledge held by individuals. The reconfiguring of existing information through the sorting, adding, re-categorizing and re-contextualizing of explicit knowledge can lead to new knowledge. This process of creating explicit knowledge from explicit knowledge is referred to as combination.

Externalization requires the expression of tacit knowledge and its translation into comprehensible forms that can be understood by others. In philosophical terms, the individual transcends the inner and outer boundaries of the self. During the externalization stage, an individual

commits to the group and thus becomes one with the group. The sum of the individual's intentions and ideas fuse and become integrated with the group's mental world. In practice, externalization is supported by two key factors:

1. Articulation of tacit knowledge, that is, the conversion of tacit into explicit knowledge involves techniques that help to express one's ideas or images as words, concepts, figurative language (such as metaphors, analogies or narratives) and visuals. Dialogues, "listening and contributing to the benefit of all participants," strongly support externalization.
2. Translation of the tacit knowledge of people into readily understandable forms. This may require deductive/inductive reasoning or creative inference (abduction).

The information above is paraphrased from the Cyberart Database and from Professor Nanaka's book, The Knowledge-Creating Company.



When you consider continuous improvement for sales and marketing many people relate PDCA to the typical manufacturing analogies such as cycle time and waste reduction. I have found the SECI Model to be useful in transferring the knowledge-creation activities or thoughts to PDCA.

Overlaying the PDCA cycle on the SECI model correlates to what must occur when viewing PDCA as a knowledge-creating methodology. I think it adds a much better focus on the problem-

solving cycle and how it relates to the transfer of knowledge needed. It further defines the types of human interactions required during each part of the cycle.

The importance of this characterization is to move away from the old model of seeing value from the perspective of goods and services to the new model where value is created or even co-created from experiences. We can no longer market to the memory of our customer but must market and become part of their activities.

The framework of the SECI Model is one of a continuous growing spiral increasing in knowledge. When applied to marketing with PDCA, it can be viewed as a funnel creating a stronger and stronger transfer of knowledge between the customer and supplier. This knowledge is not only about benefits and features but also values and beliefs. It is an increasing spiral of compatibility.

The Marketing Knowledge Spiral: When most think of a marketing funnel or marketing with PDCA, they tend to think of a stage-by-stage progression. I contend that the successful processes operate in a more spiral-like progression. You would start with an identified product/market and some type of interaction with a prospect to identify them at the entry point of a cycle. As we go around the PDCA circle, we improve our knowledge relationship with the customer to a point that they either continue down the funnel in quicker and tighter iterations or the increase in knowledge and collaboration does not take place and the momentum is lost and the customer/prospect drops out of the existing funnel. Repeated use of PDCA makes it possible to improve the quality of the communication, the methodology itself, and the results.

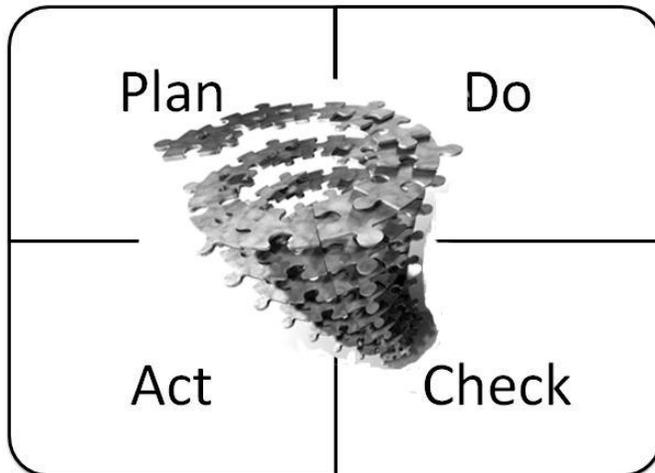
Once set in motion, this process should be an ongoing one, allowing constant interactions between the parties involved. In a learning arena, individuals expand their own knowledge through a "knowledge spiral" (Osterloh and Wubker. 1999). This process has the specific intention of fostering a collective vision among the participants. This vision can assist the development of new solutions for problems in specific subject areas - in this case, the ways in which we deal with the problems our customers are facing and our ability to adjust to new goals and objectives.

During the first stage (Plan) of the PDCA Cycle, the participants **interact** to appraise the customer needs and information on the subject is made available to all participants, who add it to their own knowledge and experience, and alter this in the light of the new information.

During the second stage (Do), the "**influence** stage", participants make critical analysis of their own products/services in light of the new knowledge they have acquired; this broadens their understanding of each other's needs and abilities. The aim of this stage is to make individuals receptive to new ideas and action. This is maybe the most difficult stage because you have to be receptive to each other's views and be willing to accept a fresh understanding to solve problems in a new way.

The third stage (Check) is the **intimacy** stage. An explanation or demonstration of participants' new level of understanding is essential. The results that are produced actually can be used and adapted for other situations.

The fourth stage (Act) is the act of either continuing down the spiral to another iteration of tighter focus and a more intense cycle or deciding that more knowledge is required at this level. Many times it can be determined



that at this time the proper fit for this particular value stream does not work for the participants.

Think of the marketing spiral as a continuous puzzle of interactions building the knowledge of each customer/supplier through PDCA.

Capture Knowledge using the A3 Lean Thinking Process: Using A3s in marketing or for that matter anywhere within the organization has flourished in the last few years and has become one of the most popular Lean tools. It is being used as reports and proposals but primarily as a problem-solving tool. What I think makes the A3 so powerful is that it gives you a way to capture knowledge.

We talk about knowledge creation within a company and it seems to be one of those discussions at the 50,000 foot level that is better off left to consultants and authors. It always sounds great but it is rarely something that can be used at a practical level. The problem you typically have is that you do not have a formalized way to document and share the knowledge created. The A3 process allows you to do that. But you must make sharing this knowledge part of your A3 process. If you do this, the A3 will remain live and may become the process that is used for knowledge creation within the company.

Following are some guidelines to consider when you are getting ready to close-out an A3: Identify the other people, including customers, who may benefit from the knowledge acquired during this A3 process. You must look at this as a knowledge asset and define who may benefit from this now and in the future.

1. Provide additional clarity to this A3 if needed. What is the scope of your A3 and what specific areas in your organization does it support? To what specific areas external to your organization may it provide value?
2. Organize any existing material upon which you based your A3. Provide additional framework so that people can understand the purpose and relevance of the material. Store the knowledge in a space where it can be accessed by its community. Often this will mean the company intranet. Tip: If you create the document electronically make sure you tag it for people to find it easily.
3. Identify a community of practice relating to this A3. The community will be the sources of the knowledge that can validate what took place or the interpretations of the document in greater detail. Typically, this will be the A3 team members but can include others that were affected, especially customers, who can prove to be invaluable as the document grows.
4. Create links to the person's personal home page and/or e-mail address wherever you mention them in the text.
5. Initiate a feedback and ownership process. Encourage feedback from users, so that they pick up and eliminate invalid recommendations. Instill a sense of obligation: "if you use it, then you should add to it".
6. The A3s could be a basis of a Wiki on your company intranet which would allow the creation and editing of any number of interlinking pages and notes.

Why A3? An A3 does not work in isolation. It is just as much a team-building exercise as it is a problem-solving tool. The A3 document facilitates a way for you to share knowledge and solve a problem. When completed it is not something to be filed away and closed out. Utilizing your A3s in your organization has tremendous value. The use of one format for problem solving, reports, proposals and knowledge creation allows for others to work on the content, not the document. You will minimize the learning curve substantially. Why not create an A3 to determine how knowledge might be shared in your organization?

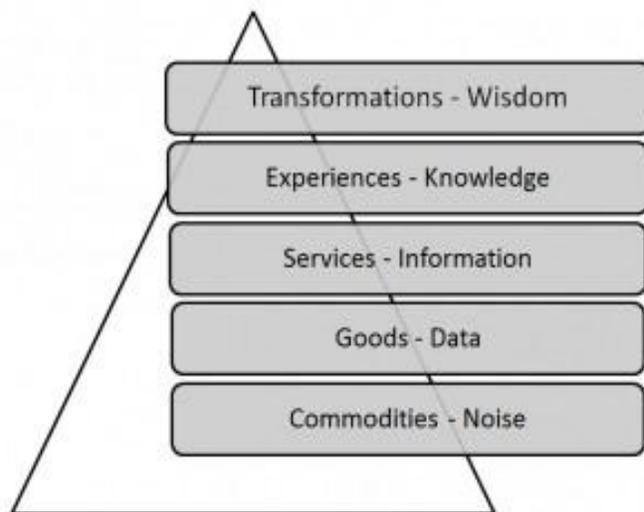
Does Lean Marketing deliver what the customer wants? Customers do not want more choices. They just want what they want, period. And in an economy where there is less demand than supply, they can get it. In response to this, companies create more features, more options in their products or services. They will take the deep dive into segmenting their markets and through the use of technology may be reaching the ultimate goal of marketing to a single person. Marketing technology exists that allows us to customize mass mailings, e-zines, recordings and other media in an attempt to personalize each and every marketing effort.

Companies have embraced this marketing technology and without anything more than data can provide a very unique message. Their products and services are also provided under the guise of being tailored to your needs while just being a version of a core product line. You do not need to look any further than the universities. Their customized mailings to your children and the breadth of degrees they offer are just phenomenal. It is the manipulation of data that provides this ability and I venture to say does little in swaying a high school student to attend. I believe that decision is reached by the influencers in that person's network.

This technology is important though. It allows us to capture information about clients in a non-offensive way and in a format that allows us to automate much of the information for distribution. From a product/service standpoint creating the different version of our core product allows us to extend our reach to a greater audience. Case closed?

If it is, we forgot about that influencer thing I mentioned. Trust is difficult to obtain from data. Trust comes from people. Knowing all the influencers and marketing certainly can help but is quite unfeasible in most circumstances. The data you obtain must be used to facilitate a learning atmosphere between you and your customer/prospect. You must also be willing to share

seats with the customer and leave him become your teacher.



In the marketing with PDCA cycles that are utilized in Lean marketing, we create that collaborative environment where learning and knowledge creation take place. In the landmark book, The Experience Economy, the authors built a pyramid of the

Progressions of Economic Value and Valuable Intelligence. You can think of your own product stages and how a customer/prospect looks at your product. Each level of economic value corresponds to a level of valuable intelligence (commodities to noise, goods to data, etc.). From the book:

“While the economic offering becomes more and more intangible with each step up the next echelon, the value of the offering becomes more and more tangible. Economists often talk about the line of intangibility

between goods and services to which we add the line of memorability before experiences and the line of sustainability before transformations. Goods and services remain outside of the individual, while experiences actually reach inside of the individual to the value of the offering.”

They go on to say:

“Nothing is more important, more abiding, or more wealth-creating than the wisdom required to transform customers. And nothing will command as high a price.”

PDCA is looked at by most as a problem-solving methodology. I think it is the core of a Lean culture. In the beginning stages of developing a Lean marketing program I distinguish the difference by using Marketing with A3 as the problem-solving tool of choice. This enables me to distinguish the difference between the tool A3 and PDCA which is the knowledge creation culture that is the essence of Lean marketing. The sharing, experience and interaction of knowledge with the customer created through PDCA is what the customer wants. He proves it by the value he assigns to it.

PDCA

PDCA Cycle introduction to Lean Marketing: The Deming Cycle or The Plan-Do-Check-Act (PDCA) model is a proven framework for implementing continuous quality improvement. It originated in the 1920s with Walter A. Shewhart. These four steps provide the framework for continuous improvement. The PDCA cycle basically starts with a plan and ends with an action in accordance with the information learned during the process. In later years Deming actually changed the Check portion to the term Study to highlight the creation and validation of new knowledge during that portion of the cycle.

The basic description of the Plan-Do-Check-Act (PDCA) Model:

Plan: The Plan stage should take up 50% of your efforts and it is where you define the customer objectives or the problem statement and determine the conditions and methods required to achieve the objectives. It is imperative that you clearly describe the customer need you must fulfill and the goals and policies required to achieve the objectives at this stage. A specific target should be documented numerically, if possible, and the procedures and conditions for the means and methods to achieve the target must be described.

Summary of the Plan Stage:

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

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

Summary of the Do Stage:

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

Check: In the Check stage, one must check to determine whether work is progressing according to the plan and whether the expected results are obtained. The performance of the set procedures must be checked against changes in conditions, or deviations may appear. As often as possible, the results of the work should be compared with the objectives. If a check detects a deviation (actual value differs from the target value) then a search for the cause of the deviation must be initiated to prevent its recurrence.

Summary of the Check Stage:

- Analyze the data.
- Compare data to predictions.
- Summarize what was learned from the trial.
- Proceed with full implementation if results are acceptable or return to the Plan phase.

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

Summary of the Act Stage:

- Standardize changes learned into the implementation.
- Complete the data analysis and verify to the target.
- Establish the process/controls needed to monitor.
- Maintain the improvement over time.
- Determine when the next improvement cycle is needed.

In Lean marketing practices, I advocated the use of the value stream mapping process to identify:

1. Customer's decision-making path.
2. Sales and marketing reaction to support that path.
3. Resources needed.
4. People needed to deliver product.

Once this is identified and organized you are well on your way to creating a great marketing system. Now, all you have to do is put it into action. Granted, a well-defined problem is half the work but how do you enact it and improve upon the process?

If you review the concept of the Lean marketing house and the value stream marketing methodology that I discuss you will notice the pillars of the house. They represent a particular value stream defined by a particular customer market. You could have one or fifty pillars, depending on your organization. Many people will relate this to a marketing funnel. This value stream is represented by three iterative spirals loops of collaboration, sales/buying and repeat/upsell. These loops actually represent individual PDCA cycles.

A fundamental principle of the scientific method and PDCA is iteration. Once a hypothesis is confirmed (or negated), executing the cycle again will extend the knowledge further. Repeating the PDCA cycle can bring

us closer to the goal, usually a perfect operation and output.

As the customer/prospect travels through their decision-making process our marketing efforts are implemented in spirals of increasing knowledge of their process that converge on the ultimate goal, the correct solution for the customer. The spiral gets tighter as we progress. I like to think of it as an increase in cadence. Passing through from one spiral to the next is a result of the customer or, better put, the result of our increase in knowledge about the customers' problem and the match of our proposed solution. This handoff from one PDCA cycle to another is typically managed through a control point.

This entire value stream could be managed by one value stream team or it could be passed to another value stream team that manages only that cycle. It all depends on how you set up your organization. Viewing your value stream/marketing cycle in this manner creates endless opportunities for improvement. It is also much easier to handle the team concept of sales and marketing with a thought process of continuous improvement.

The sales and marketing team is a cross-functional group whose number and expertise are derived from the decision-making path of the customer.

The team is first and foremost the listening post for the customer (prospect), providing the customer with the information, technology, and support that is required. This is done through a PDCA/SDCA cycle that depending on the complexity may constitute an entire sales cycle or just a certain portion of the customer's decision-making process.

Detailed long-term planning cannot meet the rapid changes occurring in the market place and is falling out of favor. Rapid cycles found in Agile software

development are becoming more common. The reason is that most successful sales cycles meet market needs by having a high degree of flexibility and the ability to adjust their plans as needed. So, with iterative cycles the rage, is there any need for a planning stage?

We use PDCA to provide a flexible structure and create a team with shared responsibility and authority for a successful outcome. The plan is in creating an effective way for teams to work, create, share and capture knowledge during the sales cycle. It has been said that less than 20% of the knowledge within a company is captured. When you consider that you are primarily dealing outside the company that percentage has to be significantly lower. PDCA is an effective methodology that can be utilized to counteract this. It is first and foremost a learning tool that emphasizes the creation, sharing and capturing of knowledge. It is also a people process that emphasizes learning by doing and as a result focuses on making things happen.

The Knowledge Creation PDCA Cycle is actually very simple:

1. In the first stage, Plan is defined as companies connecting in a new way to bring new knowledge. This connection may have occurred through the web, conferences, experiences or research. It is the accumulation stage where the organizations share their knowledge and determine the next learning opportunity.
2. In the 2nd stage, Do is defined as converting the new knowledge needed in processes, practice, material and culture to each organization. In this stage, the company intends to distribute and utilize knowledge between the experts in service, IT, supply, finance, etc. to assure value is delivered between companies. The goal is to create an all for one, one for all approach.

3. In the 3rd stage, Check is the measurement of understanding. We do not only evaluate the knowledge shared but the process and workflow. Creating the flow of knowledge and optimizing the interactions typically becomes the most valued part of the interaction. Simple questions are asked such as: What are we here to do? What are we learning? Who will do what by when? How are we doing? What needs more of our attention?
4. In the 4th stage, Act is the application of knowledge and interaction is transformed into competitive advantage. Utilization and reutilization of these components on real problems and the ability to deliver the product/service as required is answered here. This cycle may only be one step in a multiple-decision-making process or at the point of a purchase decision.

PDCA should be repeatedly implemented in spirals of increasing knowledge of the system that converge on the ultimate goal, each cycle closer than the previous. This approach is based on the belief that our knowledge and skills are limited, but improving. Especially at the start of a project, key information may not be known; the PDCA provides feedback to justify our guesses (hypotheses) and increase our knowledge

Example: This can be done both online and offline. It is not a model that is only for online products. An offline example is in the equipment business where a contractor may win a bid and by being an active participant at the bid letting, you discover the need for a certain piece of equipment. Rather than trying to sell a piece of equipment, you may lease or rent one in the short term with the idea of selling in the long term.

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

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

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

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



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

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

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

When applying PDCA or Lean to sales and marketing, most think of it in terms of increasing efficiency or reducing the waste in the marketing cycle. I feel the correct method should follow the Lean software development approach or the Agile method. Without this approach it is very difficult for Lean to fulfill the three basic reasons for marketing in the first place: increase customer acquisition, customer retention and revenue spent by customer. The uses of an Agile approach will focus continuous improvement (PDCA) on value, collaboration and market share and is where it differs from the application of Lean to specific marketing activities.

In sales and marketing, we have always stayed away from a process. Things were just not consistent enough to enable us to install a process. Very few people take on the challenge of bringing continuous improvement to sales and marketing and one of the reasons it is so difficult is that sales has always been about relationships and people. And when you are a people person, you blame errors and faults on people, not the processes. You just don't consider a process at all. I would argue that you cannot improve a system without a process and that sales and marketing does things within the boundaries of a process.

In fact, I am going to paraphrase the Six Best Practices outlined in a book by Daniel Stowell, [Sales, Marketing, and Continuous Improvement](#). And if you would like to know how large a gap we have to close to bring continuous improvement to sales and marketing, read the one review on this book: *The author couldn't lead a fly to cr*p, and the book is poorly written. Don't waste your money.* Quite a significant gap because I think the author, considering it was written in 1997, lays out a good guideline. The Six Best Practices needed:

Manage for change: Change, whether incremental improvement or radical restructuring, does not just happen. It requires leadership and management based on a foundation of a lasting commitment by everyone in the organization. Of all of the best practices, management commitment stands alone at the top of the priority list.

Listen to Customers: Sales and marketing need input from their current and past customers, prospects, and competitive users on which to base their continuous improvement activities. To be most effective, they need to use several complementary listening methods tailored to

their specific customer set. Although listening to customers appears to be easy to do, there are pitfalls and barriers along the way. However, the input from listening will provide the requirements and feedback needed to implement the other best practices. Without that information, they are just guessing.

Focus on Process: Leading companies have applied all five of these process improvement techniques to sales and marketing processes. As we have seen, when process improvement techniques are focused on the most important processes and used properly, they can make dramatic improvements in an organization's effectiveness and efficiency.

Use Teams: Teams are not appropriate for everyone or in every situation, but virtually every organization can benefit from expanding its use of teams. This is especially true of sales and marketing departments. They can apply teams in almost every combination of scope, size, mission, authority, and duration. These teams build on the synergy of the team members, improve communication and buy-in, increase productivity, raise employee morale, and provide a forum for personal development. To achieve these benefits from sales and marketing teams, organizations must be prepared to address both the critical success factors and the issues unique to teams in sales and marketing. When they do, they have taken another major step toward an open organization culture.

Practice an open Organization Culture: To be effective, all the elements of the open organization culture must be used together. Gathering information by practicing awareness and taking a global view

is of no value if the organization does not share the information or take informed action. Reserving action for the top of the business does not support fast response or take advantage of the skills of the people who really get the work done. Taking action without questioning the organization's underlying beliefs and assumptions may lead to repeating mistakes. It is when all the elements of an open culture work together that an organization becomes more effective and efficient, whether that organization is an entire company or a sales or marketing team.

Apply Technology: Of all best practices described in this book, applying technology is today's most visible. It has reached this status within the past five years and it appears that it will continue to revolutionize the way customers buy and companies sell in the future. That makes it important to stay aware of changing technology, looking for ways to use it to address opportunities and resolve problems. It is the companies that find ways to use technology, frequently ways it was never intended to be used, that will create and maintain their competitive edge. The others will just be playing catch-up.

His book lays out a good foundation for the above practices. Granted it may be dated but it reinforces not so much the ideas that I have been writing about but just how wide a gap we have in bringing continuous improvement to sales and marketing. To have a chance resides in the power of Deming's concept and its simplicity. The concept of feedback in the scientific method is firmly rooted in education and well-understood. The tools used in the PDCA process are very visual and deceptively simple to start with (as you understand them, they tend to get harder). And for the people persons, Lean is all about people: training, empowering and respecting.

Software development teams have been using Agile project management for many years now and the process has assisted them in their planning, execution, and feedback cycles. What could your marketing learn from them? Answer these questions:

- Is your marketing becoming more complex?
- Have you added multiple new product lines?
- Have you added different channels of distribution?
- Have you added additional pricing structures?
- Are there multiple external/internal stakeholders with competing priorities?
- Do you need better communication?

A value stream cycle is just one of the pillars of the Lean marketing house. There can be multiple value stream cycles depending on how many customer segments you may have. Seldom does a company have one value stream. A customer/prospect enters a particular segment through some type of involvement or awareness and is identified at the entry point of a cycle. By going around the P(Influence) - D(Interaction) - C(Intimacy) - A(Commit) circle, we improve our working relationship with the customer to a point that they either enter the next stage, which is a quicker and tighter iteration, or return through the cycle for more interaction at a lower level of interest. Repeated use of PDCA makes it possible to improve the quality of the work, the work methods and the results. You could start by looking at each cycle or iteration as they would in Agile development process.

- Plan your marketing in releases
- Each release has 1-2 core themes
- Have planning session up front
- Each release has several iterations where corrections are completed
- Track team members' utilization on projects

- Review progress and identify roadblocks through daily stand-up
- Build slack in the system that can handle last-minute opportunities

I cannot over-emphasize the importance of the Check stage of PDCA or the feedback mechanism that you use in the iteration. James O. Coplein, author of the [Lean Architecture: for Agile Software Development](#) states, "A good feedback cycle has the appearance of causing problems. It will cause emergent and latent requirements to surface. That means rework: the value of prototypes is that they push this rework back into analysis, where it has more value. And most important, good end user engagement *changes end user expectations*. It is only by participating in a feedback loop that's grounded in reality that customers get the opportunity they need to reflect on what they're asking for. If your customer changes their expectations in the process, you've both learned something. Embracing change doesn't just mean reacting to it: it means providing the catalysts that accelerate it."

Jim's book proved a complete framework for building a Lean culture without ever calling it that. In a podcast with him, we talked about the evolution and interpretation of Lean and/or Toyota Production System (TPS) and their relationship with Scrum. It is interesting how they complement each other. In one sense, it is interesting how Scrum is hardly more than a PDCA cycle. But on the other hand, it is an enhancement of the PDCA cycle in the spirit of teamwork and flow.

When I start talking about speeding up the sales cycle, the initial reaction is that the sales cycle is controlled by the customer and there is just not much we can do about that. I usually counter with, "Most companies understand

that there is an average sales cycle time and if we just agree that there is, then there is room for improvement."

My next discussion point is, "Can you describe the typical sales cycle based on the decision making criteria of your customer?" At this point, I am again met with resistance saying that they are all different. I once again counter with, "Let's just take an empirical view of a well-known market segment or, if we have to, a well-known customer who we would consider 'typical'." I do not do this to intentionally classify a customer as average or typical but to establish a baseline on how we respond to our customers' needs.

With that being said, I next ask, "What is the average deviation from the sales cycle. Are there common decision-making steps that get added or subtracted when this deviation happens?" That highlights the variability and creates awareness of how little active management of the process is going on. Further discussion generates reasons for excessive wait times by both parties and considerable rework that we call "fine tuning".

Why change this? In my experience, the longer the process, the more likely the criteria will change as a result of other influences, rather than the actual need changing. The length of time does not necessarily equate to a better choice. The choice is based on the conditions, the influencers, the knowledge and whether the problem increases substantially. The objective is not to have the customer buy your product, but rather for the customer to make the best informed and knowledgeable decision possible. The fundamental goal of your sales cycle should be one of discovery, learning and adaptability with a shared responsibility for a successful outcome. Your ability to generate the required knowledge effectively and efficiently in your customer

decision-making process will ultimately make you the preferred supplier. The question of course is how do you do that?

In most cases, unless you have already mapped your process (Value Stream Mapping), you will have cycle times that are highly variable and more than likely long. Developing a more consistent pattern with less variability will allow sales teams and customers to develop a higher degree of trust in each other.

One way of reducing cycle time is to create faster feedback loops. First, take one of the stages of the customer decision-making process and break it down into multiple loops or cycles. Prioritize the loops and define the work that needs to be done within the first cycle through the use of a user story.

The result of this is that you generate fast feedback by offering the customer smaller parcels of information to see if you are on the correct path or to gain buy-in of a smaller step of the process.

Early customer feedback results in a better focus on the problem. As a result less work is done on superfluous tasks and more work is done on the required objectives. Little waste is generated because the feedback is so quick that obvious deviations are discarded.

Faster feedback can result in increased quality. There are a number of reasons for this. Shorter cycles result in better fit since the feedback can be gathered and applied frequently. Also, faster feedback means that the team can minimize the work required to meet the objectives. Less rework is required (you are constantly tweaking) and this is very advantageous compared to the large time-consuming proposals that are often generated.

Another advantage of this process is that you only do the iterations that you are comfortable doing. You don't have to start every task in order. The flexibility of being able to put off some decisions to the last possible moment does not detract from the overall objective. By doing other cycles first, you will have increased knowledge of the cycle that will add better definition to the most difficult tasks.

By putting order into your sales cycle you will find that most of the time before was spent waiting on decisions or tasks that others were doing. Wait time is significantly reduced because the smaller cycles are much easier to complete and easier handoffs are created which may simplify the task of others.

Working on the basics makes a difference. To improve your football team, you need to work on blocking and tackling. To improve your sales cycle, you need to work on your feedback loops.

In my younger days I used to sell process equipment. It involved a fairly technical process that included combustion, material handling, air movement, computers, etc. My engineering background proved quite valuable and it was quite a strength as I made sales calls. Most of the time, sales went through manufacturer reps and dealers. I was always amazed by how little they knew about the equipment and never could figure how they sold anything. As I got older, I recognized the value they provided was the relationships that they had developed and the support they had given their customers through the years. This actually was more important than the equipment I was selling.

As I matured, I began to respect those relationships more and more. However, I always retained the thought, "Why don't these people get technically better? They would sell so much more." I put on workshop after workshop. They would all attend in body but I could see the spirit was not there. At the breaks and after the workshop was over, they were mingling and developing relationships even with individuals who may have been considered adversaries.

But as I watched those truly good salespeople, there was something else that separated them. I wanted to emulate them and it took me many years to see what it was. What did the best salespeople do? They let the customer become the teacher. I am not just saying they were good listeners, but they actually engaged and were learning from the customer. The customer was their *Sensei* (I am defining this as the Japanese word for "teacher" or "coach".) He would steer them down the path and they would accept what he said, even when being the expert that I was, I knew it was wrong.

The really, really good salesperson even went deeper than knowing that the customer is always right. They went deeper than the words "teacher" or "coach". It went to a higher level and the word I would use to describe it is respect. That is why I used the term *Sensei*.

It was not that I did not respect the customer. I did, but not in the way that a great salesperson did. They took what the customer said and let that empower them. Think about it for a moment. Have you ever told a salesperson, "that just can't be done"? I am not being critical of the correct and logical answer. I want you to remember the reaction of the salesperson. It is typically one of complete disbelief and frustration.

I find the respect issue an interesting concept as we move forward in the sales and marketing process. As our organizations get flatter and the comingling of customers starts occurring at different levels within the organization, respect for customers will become a greater issue.

Organizations that have successfully applied Lean principles, which include respect for people, will be much better acclimated in the respect-for-customer world that we now live in. I am not sure you can teach it. It is something that you have to live to get right.

One of the first steps in Lean marketing is to understand the customer's buying process. Mapping this out in detail and defining the resources, people, budget and marketing collateral to match each of these steps is imperative. This exercise can save you a tremendous amount of time and money in just determining if you are ready to attempt this undertaking.

Selling to a company like Toyota could be a complete marketing channel in itself. Co-authors Jeffrey Liker and David Meir of [The Toyota Way Fieldbook](#) discussed the supplier partnering hierarchy of Toyota that consisted of seven steps. Toyota's first step in the process is mutual understanding. They base this on the key elements of trust, mutual prosperity, respect for each other's capability and Genchi gembutsu (actual part, actual place). Till we achieve this in our sales and marketing efforts, there is little reason to proceed. We would stay in that first iterative PDCA loop till we achieve their respect and they invite us to the next step, interlocking structures.

Our sales and marketing efforts should go through the Planning, Do, Check and Act stages to achieve each of the key elements as defined. In the Act stage we will arrive at a control to see if there are indications that Toyota

is interested in initiating discussion about an alliance structure, interdependent processes and parallel sourcing. If there is no interest we must continue our efforts in another cycle of gaining mutual understanding. At some point, such as Seth Godin discussed in The Dip: A Little Book That Teaches You When to Quit (and When to Stick), you must decide to quit or continue on.

I hate to make it sound this simple. Of course understanding what Toyota means by trust may not be so simple. But I think you would be surprised that it really is not that difficult as long as you do not get the cart ahead of the horse.

The authors of The Toyota Way go on to lay out a chart describing the key elements of each partnering characteristic. I believe your marketing should facilitate the decision-making process of the customer. As you create your material, presentations, etc. each one should fulfill the need of that step in the process and nothing more. Using the thought process of MVP, minimum viable product, will allow you to respond quicker and more accurately to their needs. More than this will complicate your message and may reduce the likelihood of gaining acceptance. More interactions and increased face time with a customer is a winning proposition.

Mimicking the customer buying process is at the heart of Lean marketing and more specifically, the PDCA cycles concepts. This marketing channel or numerous PDCA cycles would equate to one of the pillars in the Lean marketing house. The pillars are built with the iterative PDCA loops as depicted in the Lean Marketing House. As you build the relationship with the customer, the cycles typically get smaller and faster. In Toyota's case and in many others companies when you reach the top of the pyramid, you start sharing PDCA cycles.

Over the past decade and more, the Internet has played an ever-increasing part in everyone's marketing. The recent rapid increase is due in large part to the popularity of social media, even though the Internet has been around for close to three decades. With the advent of smaller devices, texting and twittering, bite size information is even becoming the norm versus the rarity. Just think: small bite size chunks of relevant information delivered to a massive but permission-based audience is not only normal communication but the future of marketing.

There are generally two different types of marketing, inbound and outbound. Inbound is the traditional type. For years traditional marketing has followed three principles, advertising, public relations and referrals. You juggle this trio trying to fill your funnel and then you follow-up, follow-up and follow-up. There is a lot of structure, planning, design and scheduling. Everything has to be delivered with the utmost quality, on budget and within deadlines. You plan what you expect to happen, and then regardless of the results, you forge ahead because you have invested so much time, effort and money that you have little choice.

I wonder if marketing ad firms are trying to make this transition but are struggling with the results. For example, many resisted the entry into social media and now they are participating but are they trying to use their old principles in adapting to it? The managers may lack the experience of participation in the new media. As an example, many were trained and are very good at networking, developing PR relationships and creating ads.

Though still important, they are just some of the many attributes needed. How many of these managers would or even could recommend using the same content 30 different ways in 30 days? That may be a bit of an

exaggeration but the new marketer understands that he must reach his prospects and customers in many, many ways and cannot afford new content for all. In fact, in most cases the marketer has to be already participating in the community he is trying to reach.

The fundamental shift to understand is that budgets are no longer the driver. It is also important to note that the Web is predominately free from a budget perspective; however, it is not a free ride. Relevant content determines your success and that is measured by how well you engage your prospects within your scope of influence. Relevant content is not FREE.

Many companies feel they are participating in social media simply because they have a Facebook fan page or a few followers on LinkedIn or because they tweet their specials. The traditional marketing messages seldom work in social media. It may actually become an impediment. Social media is not a static venue. It is a place for conversation.

Marketing with Lean follows three principles; agility, speed and relevance. In this process, very similarly to what has happened in Agile software development, we are learning as we proceed. We embrace change. We embrace transparency. We embrace communication.

Lean marketing is a whole new way of thinking; a whole new philosophy. To become truly proficient, you must go through a paradigm shift. Such an idea may be as simple as, "Are you developing strategies to focus on the right customer conversation?"

Sales and Marketing Teams

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 and 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 was 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 over elaborate promotion
- Customer collaboration over contract negotiation
- Response to changing customer needs over following a plan

Our highest priority is to deliver to the customer content 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, and trust them to get the job done.
2. Create cross-functional teams based on customer markets and 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 and 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 product and direct observation of the product 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 and 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 till 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.

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?

Have you ever won a large order and watched your production department roll their eyes? You could never understand their frustration. You wonder why they just don't have the same enthusiasm you do. You wonder why they just can't take the attitude of let's get it done! I would encourage you to take a little deeper look into the frustration, especially if you've been 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 the planning. Who makes up for that change or deviation? The production department does. It is justified of course by the age-old sayings; "Customers don't 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 was 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, just think about how you typically measure salespeople and the incentives that you give customers. Companies usually provide incentives to their salespeople and customers based upon the volume of sales. You have pricing policies that reward customers for buying large quantities of products. Does this sound like Lean principles in action? In fact, they are just downright harmful to a Lean operation.

A Lean operation works best when there is a level production load. You must try some new approaches in pricing and particularly in 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 conducive to Lean operation. Maybe by setting up Kanban systems, vendor managed inventory, smaller daily orders, rather than large weekly or monthly orders, forward forecast requirements, and others. You would also expect sales and marketing to develop more appropriate incentives to increase demand for non-bottleneck products. This is especially important because these sales can be increased without increasing other costs.

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, hyper connectedness, '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'll 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

I think Austin makes some excellent points in the article and I encourage you to read it in its entirety. When I observe this structure, it is very similar to many of the Agile practices that have been developed in the Lean software development field. In case you need further definition, 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.

A blog post of mine, *Value Stream Mapping Your Marketing*, was tweeted and mention made that it was six years out of date because it failed to mention service dominant logic (SDI). The truth of the matter is that I had never heard of SDI. As it turned out I had, just by other names.

I thought the real meat , to SDI was a branch of it called customer co-creation, which I think actually stands on its own. Customer co-creation

has a tremendous amount of value and there is an excellent description of it by Graham Hill on the Customer Think site. In addition, Venture Beat had an article, 5 Signs that Customer Co-creation is a Trend to Watch, that said: "Many e-commerce leaders, Nike, Dell.com, and Blue Nile, for example, have begun combining customer co-creation with social media tools to let customers share what they've created across social networks. The goal of co-creation is to allow customers to specify exactly what they want while engaging them an interactive building experience."

An example of this type of structure can be found at LEGO. LEGO has used open innovation and co-creation as part of the development of LEGO Mindstorms, LEGO Design by Me and LEGO Universe.

Customer co-creation is the epiphany of early market feedback. The Agile movement and other parts of the software community have been introducing the customer early in the development process for many years. Co-creation seems to be a natural extension of this process. One of the leading authorities in the Lean product development field, Don Reinertsen of Reinertsen Associates, talks about including the customer early in your development process, but he warned not to stop at understanding what the customer wants but rather understanding why they want things. He went on to say that the real advantage of a customer-driven process is that it will seldom lead to a product that no one will buy. A specification-driven process can easily produce a product that nobody wants.

Value Stream Mapping your Sales Team: I have always been an advocate of seeking sales and marketing's response to each of the customer's decision steps. In most organizations, I have met with strong resistance to this concept. Most salespeople look at it as another silly initiative and most internal people see sales as a vehicle to customer data.

As a result, sales resist and rightfully so, preventing themselves from becoming extended clerks. However, the approach really should be about how to increase face time and touch points with the customer, the enablers of increased sales.

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 improved productivity. The benefits have been very well documented and applied to many industries.



In most sales and marketing applications, you have marketing assigned by the duties they do and salespeople assigned to certain accounts. 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; maybe sometimes 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 better qualified and more prospects may occur. Another consideration that someone may find fault with in this type of thinking is geographic boundaries. However, I believe that excuse is seldom the case.

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 don't always work out perfectly or that certain talents may still have to be utilized in several different stages. But I believe that the quality of the interaction would increase with this type of system.

Is Standard Work needed in Sales and Marketing? I find in any methodology that the creation of a standard seems to be the key ingredient in the process. As Taiichi Ohno stated: **“Where there is no standard there can be no kaizen (continuous improvement).”** We must identify how we will control these processes to make sure that we are all doing them the same way, and the best way our organization has identified. Controlling the process means documenting the work instructions, training employees or finding other ways to make sure that the process is done consistently.

In ‘The no-nonsense guide to standardized work’, Robert Thompson explains; “Employees, not ‘outsiders’, study the jobs they know

intimately in order to uncover best practices and create methodologies for continuous process improvement. Thus they become responsible for solving problems and own the standards that result.”

In a Dennis Stevens post, *Does Process Discipline Really Reduce Creativity?*, he says: “Something I find interesting is the push back. I hear from Agile developers that process discipline will inhibit their creativity. They say, “Software development is a creative activity. If you put process rigor around it you will inhibit our creativity.” I have heard others complain about applying Lean concepts to software development. “This isn’t manufacturing,” they say, “There is no place for standard work in what we do.”

These are the same arguments that I hear time and time again in developing standards for the sales and marketing process. The sales and marketing process simply has to improve. It no longer has the budget or manpower it once did, nor in many cases a defined sales and marketing model. Many organizations don’t even know where their leads and sales are coming from.

They attribute them to word of mouth but are really hesitant on how, what or who influenced a new lead. We are even ridding ourselves of marketing segments and calling them touch points. The importance of standard work is that it is the starting point to created efficient and effective ways to communicate with your potential customers.

Dennis Stevens' response to the excerpt above: “In fact, it is because software development is a creative process and because it isn’t manufacturing, there are a whole set of processes that must exist to drive value. It is important to focus creativity where it adds value. It is also important to create an environment where creativity can be harnessed. You

may not be able to create standard work around domain-specific problem solving, but I contend that the higher the level of process discipline in the team, the more reliably developers will deliver value. Further, I believe that the lack of discipline in the following process areas is the key contributor to poor performance – particularly in new Agile teams”.

Standard work begins with understanding the customer. We determine customer requirements and make sure we can deliver on those requirements. Delivering on these requirements consistently means that we need to be in control of our processes. And simply stated, we are only in control of our processes when we have documented procedures.

What are the excuses about the quality of sales and marketing? Same tired ones that we have all heard before?

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

I cannot emphasize enough the importance of collaboration and building a team. You should go to great lengths to find people who are interested in working in a “network” type environment in solving problems, building, and supporting each other.

Typically you must start building a team from a functional perspective. You have to have the technical expertise on hand when problem solving. The

exact makeup of the team may be different for each value stream and maybe for each stage of the customer's decision-making process.

Map the decision-making process of your customer, breaking those stages down into manageable chunks. Within each of those chunks, organize the functional roles and technical expertise required to enable customer satisfaction or basically answer the customer's question. Remember, each member does not have to be at every meeting or every stage of the process but some continuity is required.

Another important aspect to consider is that every value stream, every customer, may not need their own sales team. Cluster can be developed and based on numerous factors. You may even use teams for all value streams for the awareness stage or till a prospect or customer develops a degree of interaction. Then he is handed off to a more specialized team.

Where does a salesperson fit into a team concept? In my view the salesperson is still the key player. It is up to him to engage the team with the customer and orchestrate the necessary expertise between the organizations. Seldom at the beginning of this process or with a new customer do organizations talk the same language. The salesperson has to be that bridge of communication and facilitate that process at both ends. The difficulty of this role is that few salespeople are good facilitators and group leaders. They need to be the focal point of communication but there needs to be team leader within the structure to handle the day-to-day aspects. Later in the chapter, we describe the organizational roles that make up a Lean sales and marketing organization.

The real sticklers on the development of teams are performance measurements and compensation. Team performance measurements and

compensation are subjects that go far beyond the scope of this book and I would encourage further research on these. There are several resources listed at the end of book.

Time is another important aspect that needs to be considered. You do not want to create a team if only half the participants can be there. Geographic, psychographic, and all these types of parameters need to be considered, the same as you would do for any other type of project.

Very few times in an initial read of a book have I ever stopped so early and reread an entire chapter. Here is a short excerpt from the book, Innovate the Pixar Way: Business Lessons from the World's Most Creative Corporate Playground, the definitions of a set of proficiencies that Bill Nelson of Pixar looks for:

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

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

Lean Sales and Marketing Roles: In Lean marketing, there are three primary roles for the development and management of a Lean sales and marketing process. They are the Value Stream Manager, the Team and the Team Coordinator. The roles and responsibilities are similar to the three roles used in Scrum, which are the Product Owner, the Team and the Scrum Master.

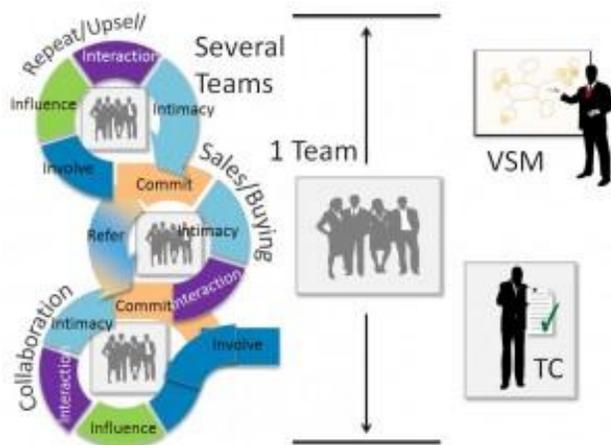
Quick overview of the Scrum roles:

1. The **Product Owner** represents the stakeholders and the business.
2. The **Team** is a cross-functional group of about 7 people who do the actual design, implementation, testing, etc.
3. The **Scrum Master** maintains the processes in lieu of a project manager.

Quick overview of the Lean sales and marketing system:

1. The **Value Stream Manager** (VSM) represents the product/service markets and the business.
2. The **Sales and Marketing Team** (Team) is a cross-functional group whose number and expertise are derived from the decision-making path of the customer. This Team does the actual sales, providing content, technical functions, trials, testing, etc.
3. The **Team Coordinator** maintains the integrity of the processes through coaching and predefined control points.

The **Value Stream Manager** is responsible for maximizing return on



investment (ROI) through his particular value stream of customer identification, customer value, customer acquisition, customer retention and customer monitoring (Value Stream Mapping Customer Value) He translates this value stream and assigns it in conjunction with the team

coordinator to particular teams similar to how a typical sales manager would to his salespeople. The VSM and the team coordinator will routinely evaluate the outcomes to determine best fit. The VSM may work with multiple teams for his value stream. The VSM has profit and loss responsibility for the product/service. The VSM represents the Voice of the Market, which may be thousands of individual clients, distributors, brokers and agents. As with Scrum’s product owner, the VSM has the final authority.

The Sales and Marketing Team is first and foremost the listening post for the customer (prospect) that enables them to provide the customer with the information, technology, and support that is required. This is done through a PDCA/SDCA cycle that, depending on the complexity, may constitute an entire sales cycle or just a certain portion of the customer’s decision-making process. The team is cross-functional and includes the expertise required to fulfill the requirements of the customer through his decision-making process. It may include but is not limited to salespeople, marketing, IT, service, etc. It is self-managing with a very high degree of autonomy and accountability.

The team decides what to do, what commitments to make and how best to accomplish it. Stable teams are important for internal productivity but also since they are in direct contact with the customer. When these teams only serve part of the decision-making process of the customer, the team coordinator becomes directly involved during the handoffs from one team to another.

The **Team Coordinator** serves very similarly to the **Scrum Master**. The TC helps the team learn and apply PDCA. The TC does whatever is in their power to help the team be successful. The TC is not the manager of the team but instead serves the team, minimizing distractions, educating them on the iterative process of PDCA, knowledge creation and Agile methods. The TC and the VSM must be different people. As the TC runs interference for the team, there may be some priority balancing that is required between the VSM and the TC. It is imperative that the TC creates and maintains a manageable flow inside the team. If the team runs into an impediment it is the TC's job to find the resources needed to remove it. The TC will also monitor the team flow through the use of established control points created within the cycle.

Create your own sales team by reviewing who responds to your customer's decision-making process. Start having a few meetings, similar to a daily standup meeting, which may not be feasible. I would recommend at first err in having the meeting too often, just cut them short. In a spirit of true collaboration, don't automatically exclude your customer from the team. This concept really could increase face time!

Your Value Network Participants: Who are they? There was an interesting post on the Noop.NL blog, *The Customer Value Problem: Ditch the Value Stream!* He stated:

The value stream is a potentially harmful metaphor. I think we should replace value streams with value networks, and customer value with stakeholder value. Again and again I hear people referring to value streams. The value stream is a metaphor suggesting that value flows through an organization (possibly with hand-offs across several teams) in the direction of the customer. The value stream metaphor is a somewhat less rigid version of the value chain metaphor, as popularized by management guru Michael Porter.

He makes some excellent points. I use the value stream mapping process for clarification and to build structure. I usually end most learning sessions with an influence map emphasizing that structure is the beginning, not the end. The blog did add some good points and one of them is to identify just who you are working with during the value stream or the value creation process. It led me to think about who is involved in the value network.

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 are 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 make 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!

We are going toward structural change 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 organization created their value network that consisted of sales, marketing, IT, engineering and accounting. An overview of that team:

1. Sales were an above-average performer who was extremely well-connected with his customer base 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.

Here was the customer's buying team:

1. The 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 level of support and compatibility.
4. Accounting was involved to determine and evaluate finance and purchase terms.
5. VP of Operations ultimately had to approve purchase.

Create a value network within your own organization on the role that is played in the sales and marketing process. The awareness of the different perspectives that exist inside your organization can be insightful. Bring the team of decision makers from the customer's side of the equation into play and see how they match up. Does your customer's team look like your own or have many of the same dynamics?

The power within the team to make the decision may vary widely but most anyone can be a deal killer. So 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, the chances are that the internal champion within your customer's four walls will be able to, well, champion your cause much more effectively.

Kanban

Kanban is a Lean term and means visual card or sign. It is used to limit the amount of inventory tied up in work in process. Of course in Lean excess inventory is regarded as waste and so is the time spent in producing it. Kanban scheduling systems are among the simplest, most effective and inexpensive means for production and inventory control. The concept is proven. It will reduce inventory, eliminate inventory outages, and typically reduce overhead needed to support excess inventory. Many organizations perform Kanban type operations without even knowing it. One of the common examples is the bread truck that drives around in the morning replenishing the shelves based on what has been sold previously.

In recent years, a company called Modus Cooperandi made up of three principle people, Jim Benson, Corey Ladas and David Anderson, was started for the development of collaborative management. The background of the three was primarily in the software development field. What developed was a Kanban-based management system. With Kanban they were able to visualize the current work of their development crew on sticky notes as it traveled through the software development process or value stream.

Jim Benson, in his book *Personal Kanban*, states: "One thing was certain: in front of our board, we experienced our most intense focus, enthusiasm, and camaraderie. For the first time we could visualize our work—we could see its relationships and contexts—and we could interact with it. Beyond simply validating our productivity, our board fostered discussions that were expansive, enthusiastic, and revelatory. It stretched us far beyond our daily goals, taking us into exciting new realms of possibility.

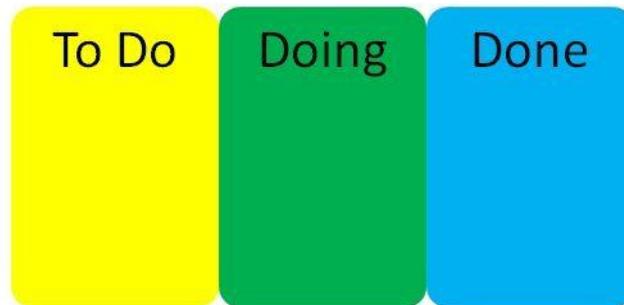
We were operating under some basic assumptions taken from Lean manufacturing models. We were visualizing work, limiting our work-in-progress, pushing decision-making to the last responsible moment, and continuously striving to improve. We learned that understanding our work is the key to controlling it.

In a manufacturing setting, organizational kanban visualizes how value is created, usually in the service of reducing waste and creating standard work. Adhering to this rule proved difficult in an office dominated by knowledge work. Knowledge work fights vigorously against standardization.”

Kanban systems, while designed from the principles of manufacturing or goods distribution, is implemented differently because it's a different field with other considerations, primarily more variability and non-standard cost of delay. The Marketing Kanban is actually based on a very simple idea. It is based on the idea that managing your work in process or the prospects and customers within your sales cycle effectively will produce a more efficient marketing system. This is not revolutionary or cutting-edge but control comes from the ability of creating visual work in process and limiting that work in process will change everything about your marketing.

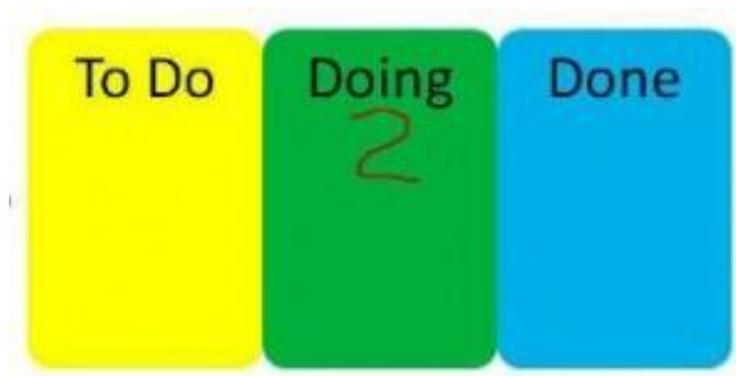
Basic Kanban: The best way to start practicing Kanban is by doing it yourself. First you must start mapping your value stream and tracking your work on a whiteboard or some type of software. Do not try a difficult process first, try one that you are already using and that you know quite well. You will be surprised how much you can achieve just by the visualization of your work in process. Remember the goal in your first Kanban efforts should not be in changing what you're doing but creating a cadence or a balanced flow through your system. A basic Kanban structure

of it may start out with just three columns: To Do, Doing, and Done.



Take the last part of today to list all of your tasks that you need to do tomorrow. Put each of them on a separate Post-It note. You could even prioritize them with some different colors or even use those colors to represent different clients. But what I would do is to take each of the Post-It notes and put it in the To Do column. As you start, move them across the board from left to right. It is even okay to have several of them in the doing column as you're waiting on information or other things that may prevent the completion of the task. At the end of the day consider whether it was a positive or a not so positive experience. You must remember that a Kanban is just a tool. If you have poor practices, poor quality and poor judgment, you will probably have a poor Kanban system.

To Do, Doing, Done may not have been an earth shattering experience? The next step is a huge one, and I mean huge. You need to take your drawing and place a number under the Doing Column.



By putting just a number on the Kanban board, we have done this:

1. Put a limit on the work in process to determine what really needs to be done.
2. Created a scorecard from just a simple Kanban board.
3. Transferred our goals into action as we travel from left to right on the board.
4. Ensured accountability.
5. Encouraged teamwork, if this is a board for more than one individual, by identifying the tasks that are not being completed.

We may see work piling up in the Doing column without being completed. We may be finding out that we are always reacting to a task in the To Do stage versus completing the Doing. I know this sound a little childish but on a grander scale it is very much what happens. Just think of a salesperson that never asks for the order. He may be everyone's best friend but is not getting the percentage of closures that he should. In a Kanban board it becomes readily apparent. The real secret to the board, though, is that we need to complete the task that is in the Doing column before we pull from the To Do.

The other feature of using the board is cycle time. In a perfect world, when a task enters the To Do Column it immediately transfer to Doing. We complete the task and that would be our cycle time. If there are other tasks in the Doing column and a task has to sit in the To Do column, that time would be added to our cycle time. In Scrum this description is similar to a sprint. In Kanban we may even have different cycle times for different types of customers. This would allow us to create Swim Lanes horizontally across the chart.

Visualization is the key to effective Kanban. You may use different colored Post-It notes to signify different marketing tasks such as PR, Social Media, Advertising and so forth. You may use different colors in your swim Lanes to recognize different marketing segments. You may even add additional columns to represent your marketing flow.

We are establishing a Work in Process (WIP) limit to create a proper flow in your marketing. The proper cadence, per se. This is a term you will hear me say over and over again. Cadence is a key in today's marketing which I will demonstrate later. The WIP limit is at first, probably a guess. However, establishing one is very important. It is a key to a PULL System. Without it, how would you know when to pull?

Kanban is not for everyone. A Marketing Kanban system is definitely not for everyone. It takes discipline, time and open-mindedness. You must remember that all processes will change. Corey Ladas, author of Scrumban - Essays on Kanban Systems for Lean Software Development, is famous for saying that he never has created the same Kanban board twice.

Marketing Kanban: This basic visual Marketing Kanban board will be expanded to reach a much greater perspective but always focusing on these six items:

1. Limit work in process by delivering often and focusing on your flow
2. Make work visible
3. Balancing demand and throughput (Find the bottleneck)
4. Improve collaboratively and continuously
5. Make process policies explicit.
6. Build quality into your system.

Why would you create a marketing Kanban system? Study after study has

shown that marketing has become more and more fragmented. The ability to reach your customer with just one or even several marketing tactics is a thing of the past. Both online and off-line content has to be relevant and adapted to a variety of tactics. The ability to do that effectively and within budgetary constraints can only be done by leveling and limiting your work in process. The most effective and proven strategy to accomplish this is the Kanban.

If you introduce Lean into marketing it will not take too long before you are creating a Value stream map 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 marketing channel 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 Value Stream Map created will be the outline for your Kanban.

Don't think of Kanban as a planning tool; 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 may result in an increase in sales and decrease in expenses.

The mapping of your customer's decision making process will create 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

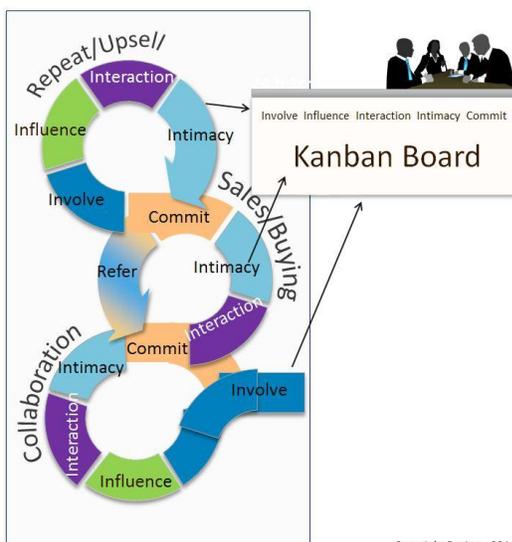
from the previous stage as work is completed and levels demand. It emphasizes throughput rather than numbers. In the sales and marketing cycle the Kanban board is used to manage many tasks but the most frequent use is managing the sales cycle of a customer decision making process.

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. 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. We are in essence identifying ways in which the quality of our marketing process can be improved. But the purpose for the moment is to visualize the current process.

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 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 a customer 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 segment.

Each customer segment will have their own Kanban board with the decision making process stages each having one swim lane. Separating these 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 not working or where the bottleneck is occurring. Each segment or swim lane may have a single or multiple teams working on it. It really just depends on how you structure it.

The Kanban board is where the actual work gets done. We want to limit unnecessary work in process to match the control point or pacemaker of the

process (bottleneck). We will use these boards to limit work in process in 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 inconsistency) and Muri (unreasonable). This way we maximize our marketing efforts to the fullest extent.

Kanban's primary purpose is to control 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.

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 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 who it needs to be directed at. 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. 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 for the present customers that need a different type of cadence.

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 usually will 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 always 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.

Constraints: 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, than I would venture to say that any segmentation of your marketing that is not based at the constraint will provide little improvement.

Identifying the constraint, however, can be quite a chore in marketing. Finding it may be one thing and 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 developing people and primarily Donald Reinertsen author of The Principles of Product Development Flow: Second Generation Lean Product Development. He suggests 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 that group that will also allow for better sales management. These methods lead to better reviews and knowledge of the process. When you are focusing on 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 auto responders or ad capacity, you may want to simply slice a portion of your bottleneck creating several smaller segments.

Most people think about the marketing process as a function of lead generation and follow-up. They envision the marketing funnel which creates an excellent visual image of collecting prospects and narrowing the field till you produce a customer at the bottom. This image is often times 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 your next lead or sale will come from.

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

Kanban Scheduling: 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 customers
- 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.

As mentioned before, one of the first steps in developing your Marketing Kanban is to create a value stream map of your sales or marketing cycle. Many people struggle with this concept and in a workshop I ask them to create their best known channel without really discussing their marketing tactics at all. I ask them just to define how many clients they need in this value stream to be successful.

I am going to take just a section of the above value stream and define entry and exit points to the Kanban ([see Bootstrapping the Kanban](#)). The entry point will be a Google ad and the exit point will be the purchase point. This will simplify my explanation.

When we discussed the Marketing Kanban before, we discussed creating Work in Process (WIP) limits. The above diagram will demonstrate a very important beginning point for the use of a Marketing Kanban and how we go about determining the basic structure. Start developing your WIP limits by asking these questions:

- How many prospects do you engage with?
- How many become prospects?
- How many are qualified prospects?
- How many use the Free Trial?

- How many become clients?
- How many repeat?
- How many are referred?



This simple structure is easily adjusted and can be used for just about any channel you wish to develop. How do you determine these numbers? Well first, if you don't already know any of these numbers or are just starting out, look at what will be your constraint or control point. **Where are you limited?**

Maybe you can only handle 30 clients? Start with something that you know or fill in the blanks with your best guestimate. If you can only complete three of the five examples, complete the others by considering the conversion rates that you have between each. Don't overly worry about accuracy, especially if you have not measured these before. You can even create a best and worst scenario to the value stream.

Are you limited by the dollars you spend on Google ads? Take a known number and plug it into your Kanban and just multiply it across. Can you see what happens? Is a client worth \$500? Are your Google ads effective enough? Do you need to increase conversion rates through your free trial?

This particular Marketing Kanban is just a starting point. You may not even use your clients as the basis; you may prefer total sales for the month. However, when you visually display it in a Kanban it does create a very easy observation point, especially for small business.

The next step is to consider the other entry points to your website. More than likely, these other channels (paths) will have different cycle times and budgets. Do not try to fit one Kanban or value stream to everyone.

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?

Control Points: 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 another 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 set. 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 and dealt with as a special situation.

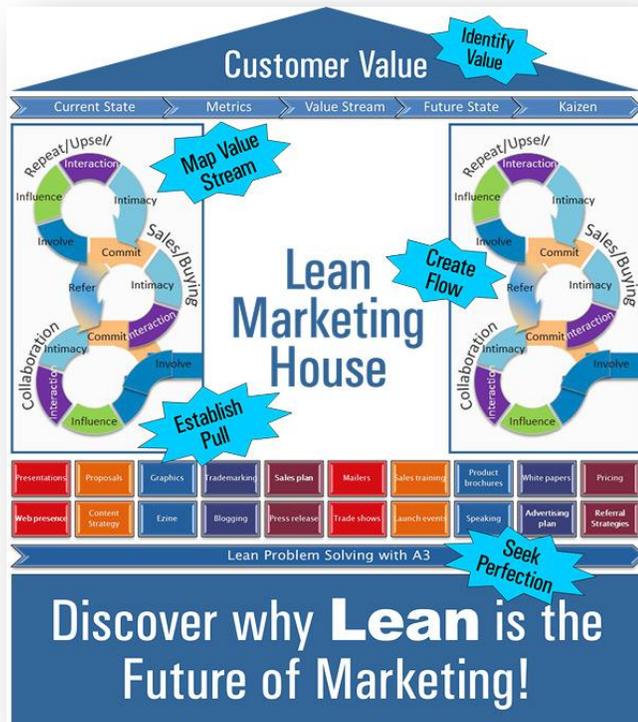
Overview of a Control Point: Control point reviews help determine whether all the goals within each stage have been achieved successfully and whether the project can progress to the next stage.

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 even unknowingly completes.

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

SALES PDCA

In Lean sales and marketing the intention is not to change what you are doing but to improve on what you are doing. You already have a process intact. You may have not formalized the process but more than likely you have one. Documenting your process for the first time can be very difficult but it is a necessary step. However, the clarity and the performance gaps that result from this exercise are mind boggling. Your customer or product/market value stream has already been created.



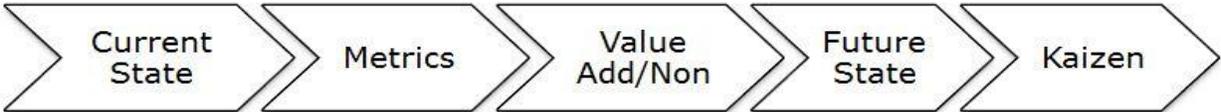
Marketing with PDCA process is where the communication with the customer takes place.

Overview of the Lean Marketing House: Only customers provide results. 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 designs a product/service and then figures out ways to market and sell it.

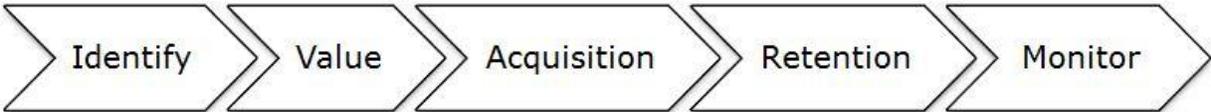
When considering the value they offer to the marketplace, most companies only consider the value that their customers or buyers receive. Your company's value proposition is actually a two-part function. One is how

buyers evaluate your product/service and two, 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 fooling yourself. The object of your focus should be the market, since this is where you compete.

The value stream below is how your typical Lean consultant or trainer would approach the sales and marketing perspective. They would apply it on a typical project-by-project basis to such marketing activities as sales, promotion and distribution, extending the waste and cost-cutting focus of Lean efforts to marketing in an attempt to make these activities more efficient. Everyone knows the undisciplined and creative activities that define marketing offer a rich treasure trove of cost savings when made more disciplined and structured.



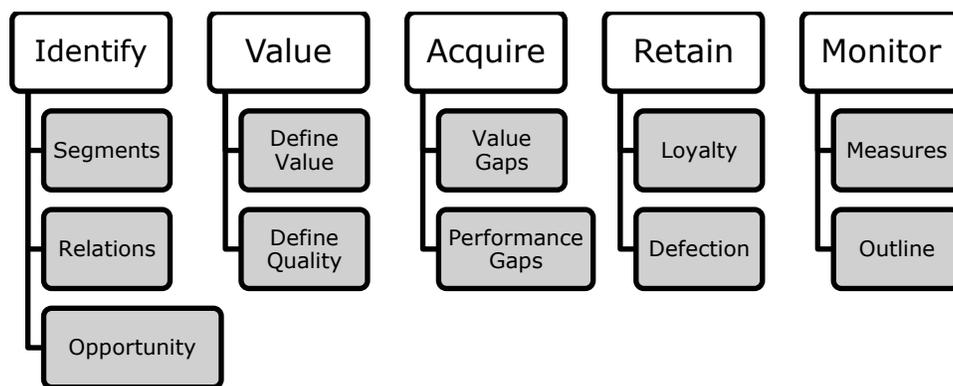
The value stream must be identified from the customer perspective. Its approach is driving market share in targeted areas by providing superior value. Its focus on value, products and market share is where it differs from the application of Lean to specific marketing activities.



This approach provides a user-friendly bridge for moving continuous improvement focus from the manufacturing floor to the marketplace. Your focus must shift from product orientation to market orientation, from an

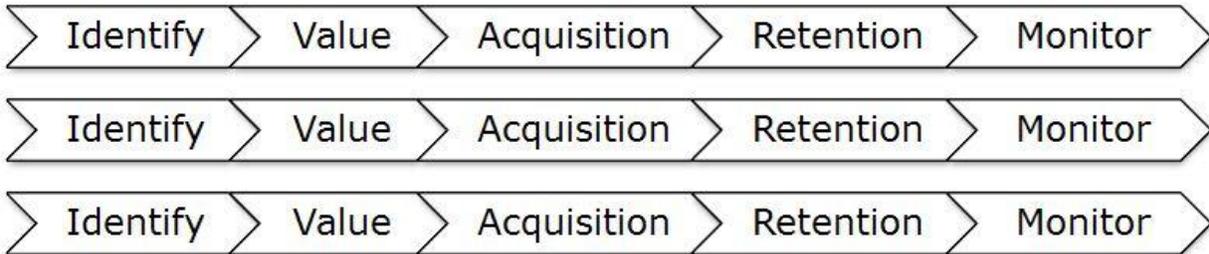
internal efficiency focus to an external focus. Successful companies will be those that can make this transformation and make it soon.

- Customer Identification pinpoints specific products/markets that offer the organization its best options for growth.
- Customer Value is the voice of the market (VOM) that drives all operational and strategic initiatives undertaken by the organization.
- Customer Acquisition will guide you through the delivery of value relative to that of your 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.
- 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.
- Customer Monitoring is where you learn how to put monitoring systems into place to ensure that their competitive value proposition accomplishes what is intended.

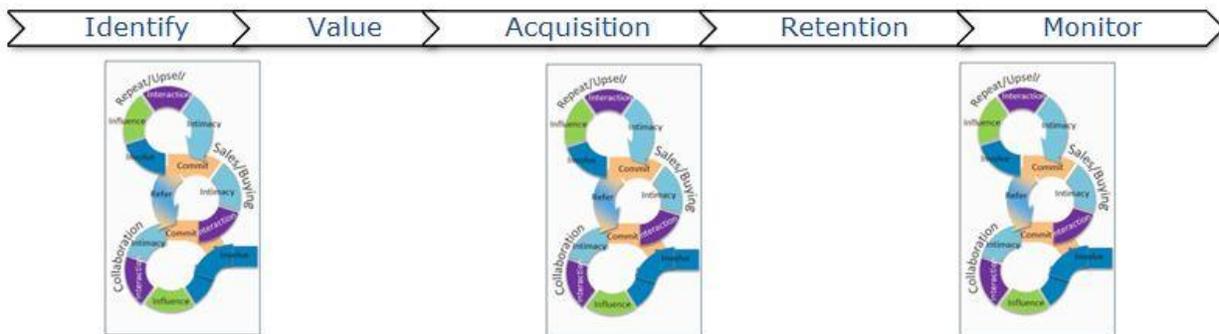


As you define your product/market groups, you may have just several or 100 or them. Seldom will a company have just one. Typically you will only have a few that are the majority of your business. As a result, you may

narrow 50 down to just five or six. Those are the ones you address. It is not that you ignore the others but you may not put your initial efforts towards them.

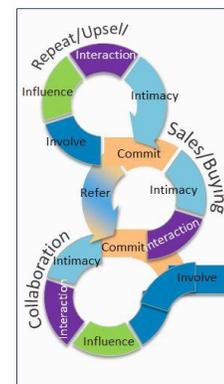


The product/market value stream may be broken down into several customer groups. One group may handle dealer interaction, another group may handle web sales and another direct sales.

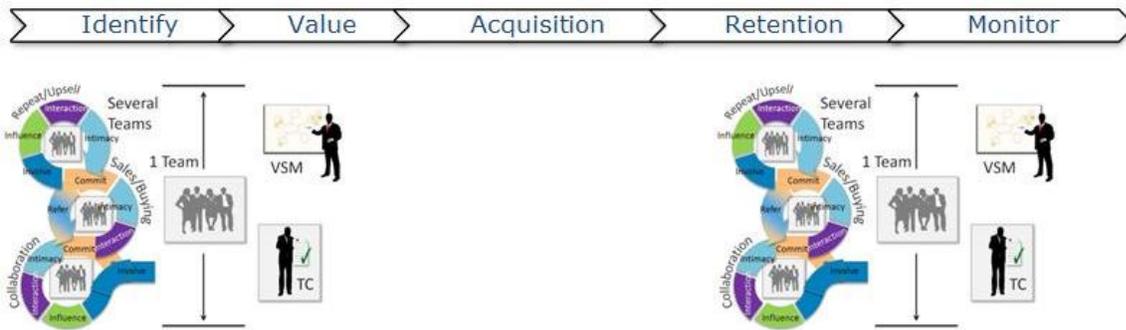


Note: The Groups are depicted under one individual value stream as a method of visualizing that they are supporting that value stream. Their placement under any particular block has no meaning.

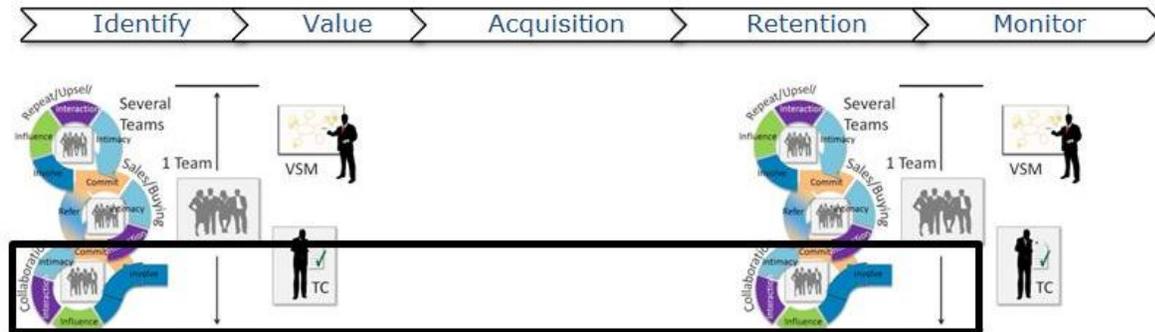
In a typical customer group, I have defined three stages or cycles of working with a customer: collaboration, sales/buying and repeat/upsell. There is nothing to say that there cannot be one stage or 12 stages. These stages were simple created for clarity and explanation of the process. The nomenclature within each cycle depicts what might be happening during that decision process.



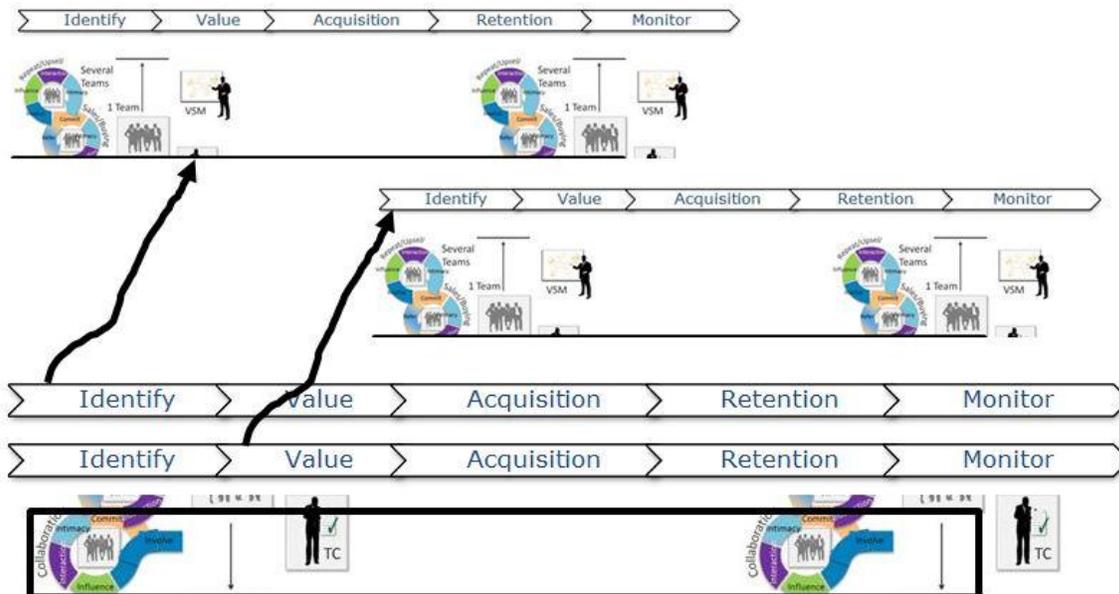
You may have different sales teams or the same sales teams working on each customer group.



Or, you could have groups working horizontally and vertically.



Or, you could have the collaboration section for multiple value streams being handled by one group and then being handed off to other groups in different value streams.



It is what makes sense for you and more importantly your customers. SALES PDCA is the framework I use for the process that takes place in the customer groups. It is nothing more than a standard PDCA cycle except the SALES part of the framework is where the sales team gets its directions and coaching from the team coordinator and value stream manager. Within the actual PDCA stage the sales team is empowered to make their own choices and determine their own direction to accomplish the goals of that cycle.

The following sections will explain in some detail the individual stages of the SALES - PDCA framework.

Select the initial problem perception

Analyze the current knowledge of the process

Locate the people who understand the process

Empower the team

Select the improvement that needs to take place

Plan the improvement that needs to take place and plan the change

Do it the new way, execute the plan.

Check the results of the plan to determine whether the plan worked.

Act on the results. If the plan worked, standardize the change. If it didn't work, readjust and go through the cycle again.

Select the initial problem perception:

There are two ways to initiate the SALES PDCA. One is that the interest of the customer is initiated from a handoff from another team. Except for the initial stage (which is the awareness or involvement stage in many funnels), this is a handoff that is being passed from one cycle to the next or to another team. For example, the collaboration sales group may turn over a lead to the sale/buying team when they need more technical knowledge or have sent a signal that they are ready for a higher degree of interaction.

The customers or the prospects perception should also be stated and can be as simple as, what is the problem to be solved and will this deliver value to the customer?

Analyze the current knowledge of the process

The analyze phase is a quick review of the critical-to-quality (CTQ) issues facing this value stream and how they may apply to this cycle. What should be involved in this step? Have customers' expectations and specifications been examined and documented? What are the points of concern? It is critical to have a clear understanding of the perspective of the customer or prospect.

Locate the people who understand the process

One of the key considerations in developing a team is to determine the objective of the cycle. Is it primarily problem-resolution, creativity, or tactical execution?

Team structure needs to be considered as well as the participants. You will find a variety of structures will work for you but the typical model in sales and marketing is one of a business team that has a team leader and all others are on equal footing. Many times the team leader is really just a participant but has the administrative work as an added responsibility.

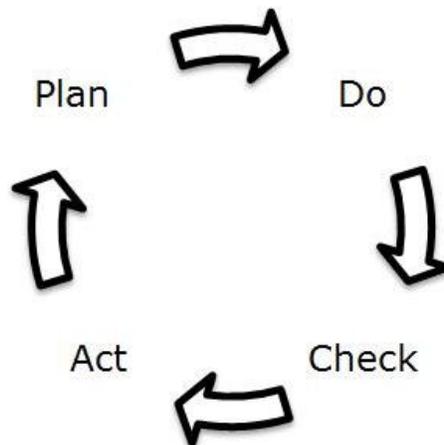
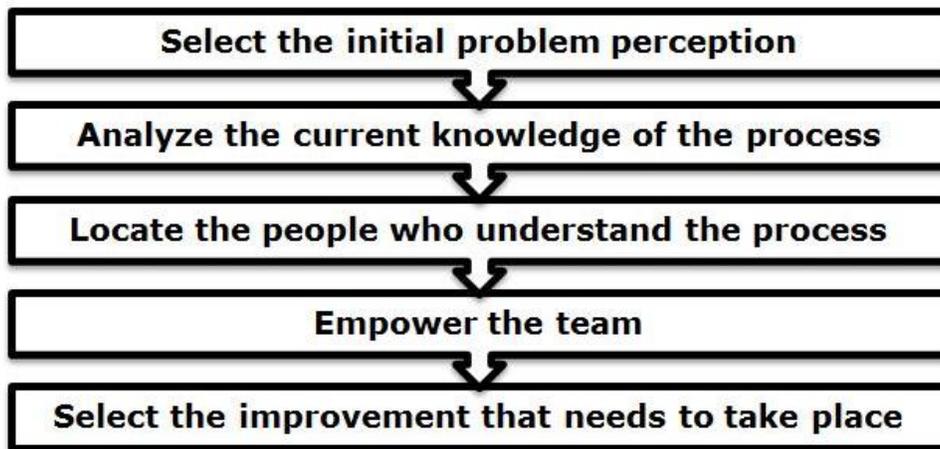
Empower the team

One of the major changes that a Lean process takes over a traditional sales engagement is the role of understanding how value is created. We need a certain degree of expertise to satisfy a customer's need but the engagement is as important as the expertise. Talking to your customer is an important part of the process and many new teams are unfamiliar with this role. The salesperson is an integral part of the process to bridge that understanding

initially. These experiences or touch points with customers are what solidifies the relationship between customer and vendor. Your team needs to have autonomy in these exchanges or the network will bog down and become unproductive.

Select the improvement that needs to take place

Define the gap of the cycle. It is important that some data exist to support the customer need. It may even be necessary to develop some mechanism for specifically learning the extent of the problem. If this is not done, it may become difficult to show what improvement occurred.



SALES PDCA WORKSHEET

Customer Name:

Sales Cycle ID:

S: Initial Problem Perception

What is the problem to be solved? Describe the problem, issue or need that your project is intended to address.

A: Analyze the current process

Review the critical-to-quality (CTQ) issues facing this value stream and how they apply to this cycle. What should be involved in this step? Have customers' expectations and specifications been examined and documented? What are the points of concern?

L: Locate the people who understand the process

List the members of your team, including position and role they will play.

Name

Position

Role

E: Empower the Team

The team is autonomous and completely responsible for the tasks within this stage. Clarity is the most critical factor for empowering a team. Outline meetings, daily stand-ups, weekly tactical and others as needed. Define standard work of team (team charter) to accomplish this process.

S: Select the Improvement

The team must fully understand not only the CTQs of the overall value stream but the CTQs of this particular cycle. Define the gap that is to be completed in this cycle.

P: Plan

What are the detailed steps you will take to make an improvement?

Clarify the problem, breaking down customer decision process and people involved.

Locate the point of concern or cause through Who, What, Where, When

Identify root cause and verify with data.

Develop countermeasures utilizing user stories and place on Kanban board, prioritize.

D: Do the plan

Build project plan or iteration through user stories. Use a Kanban board to visualize work flow and who is doing what. Pull tasks into doing as needed. Use daily stand-ups or Andon to signify problems or hang-ups.

C: Check to see if an improvement was made

Did the plan work? Collect and analyze data to demonstrate if gap was closed or not. Determine which changes worked and which did not.

A: Act

Has gap been closed? Have customer's needs been completed? If not, reconsider and continue improvement with PDCA. If all needs have been met, customer can be handed off to next stage. Document the steps that will be taken to for this and complete hand off.

Marketing with PDCA Summary

I wonder how sales and marketing can continue being an island in continuous improvement. Deming said, "What we need to do is learn to work in the system, by which I mean that everybody, every team, every platform, every division, every component is there not for individual competitive profit or recognition, but for contribution to the system as a whole on a win-win basis."

Improving what we do and how we do it is an important part of any business strategy. The demand for accountability and performance is becoming more important to marketing. As organizations develop, they are always looking for ways to improve and many have adapted the culture of Lean to these efforts.

Can Lean be applied to sales and marketing? When most organizations look at doing this, they consider how sales and marketing can make the organization more efficient. They consider sales and marketing to be the voice of the customer for the organization and examine how they could level work flow, etc. Most organizations create control points within the organization and call that pull.

We should applaud sales and marketing in most organizations for the fact that they remain a silo. In many continuous improvement efforts, salespeople are sent out to be data collectors, hence their resistance since they already know most of this stuff intuitively. It should be the other way around. Data should be furnished to the salespeople to reinforce their intuition and efforts should be made by the rest of the organization to increase face time/touch points with the customer and supply resources better or on-demand when a customer/prospect needs them. Flatten your

organization and trust your employees to be real resources not only for the sales and marketing team but also for the customer.

If a Lean approach would allow more time spent with customers (a sales team does that), you would get quicker buy-in. If customer value was defined better and the organizations worked on improving the critical-to-quality issues that are defined by the customer versus internal improvement projects, Lean would have better support in organizations.

Kaizen is a Japanese term to describe continuous improvement. Dr. Michael Balle, author and three-time Shingo Prize winner, discussed Kaizen in an interview with me. Here is an excerpt from the conversation, Outside the Walls of a Lean Enterprise:

Joe: Are you defining Kaizen as just continuous improvement?

Michael: Kaizen has two aspects. One aspect is problem solving, which means every production cell should work at a certain level or standard. Everything should work at a certain level. Then, because the environment changes all the time, the machinery runs down, the customer changes their mind, you know, something happens. So, we're not at that level. What we have to do is to fight very hard every day to stay at that level although the environment has changed.

The second part of Kaizen is, once you are at that level, how do you push the limit? How do you move beyond? How do you have the number of quality problems you have? How do you do the same volume work with one person less on the team in the process, but not with working harder? How do you work safer? That would be the second element of Kaizen. So one is just holding to the standards no

matter what the world throws at you. The second time is once you hold your standard, how do you push yourself to actually improve the standard? That would be Kaizen, and Kaizen in terms of small, practical steps.

When you consider continuous improvement for sales and marketing, what must occur is viewing PDCA as a knowledge-creating methodology. The importance of this characterization is to move away from the old model of seeing value from a perspective of goods and services to the new model where value is created or even co-created from experiences. We can no longer market to the memory of our customer but must market and become part of their activities.

This book is a very basic description of using marketing with PDCA. What you will find is that if you try this method on a few small pilots, you will become more comfortable and will be able to use the same methodology on larger system problems. As Dr. Balle said so gracefully at the end of one of our discussions, **“Lean is not a revolution; it is solve one thing and prove one thing. This is not turning everything around.”**

Marketing with PDCA Case Study

(Based on a Business901 Podcast)

Since 2003, Systems2win's long list of delighted customers have continued to trust Systems2win to provide a standardized set of easy-to-use Excel templates for business process improvement with surprisingly inexpensive self-paced online training and eye-popping flexibility to personalize your templates to fit your needs to dramatically improve the speed, quality, and cost of any process. Their mission is in their tagline: to continuously improve (your) tools for continuous improvement.



Dean Ziegler, CPIM, is the founder and owner of Systems2win. Systems2win templates were originally developed by Ziegler during 14 years of manufacturing systems consulting. In the years 1989 to 2003, Dean enjoyed a very successful consulting practice as a truly independent and unbiased software selection consultant - helping over 100 clients select & implement enterprise software.

His clients chose him because he promised to "sit on your side of the negotiating table; and consider only your best interests" - and he delivered on every promise - not selling or supporting any one software solution, and not promoting only one way of doing things for process improvement. As a testament to just how truly unbiased Dean Ziegler was, his 100+ ERP software selection clients chose and implemented over 80 different software packages!

In 2003, some of Dean's clients began pointing out that "no one has templates like you've developed for us. You should sell your templates -

even without the consulting services." As is his habit, Dean listened to his clients' wisdom... and the rest is history.

Could you explain what a PDCA cycle means to a small company like yours or how it is used in a company like yours?

You start with a plan and in a smaller organization like us I use our to-do list. It's a hyper template for a to-do list with all the drop-downs and Excel filtering capability. It's got some fancy conditional formatting with color coding and stuff like that. But it's a to-do list. It's about as simple a tool as you need. With a small organization like mine I can literally wake up in the morning and just go, I know catching problems, I can literally say, "Gosh, where do I start to delight our customers." You can just look through the to-do list and say, "We are going to do that." It can be a lot more informal. Let's say, a larger organization might very much justify something like a quality functional deployment matrix, also known as a house of quality.

The bottom line of putting together a large team of functional expertises, that's the word, is to come up with an answer to the question "What do our customers care about and how can we best meet those needs?" And you go through a very sophisticated process; it might take months, with literally thousands of man-hours, to go through it in a more sophisticated organization.

Somewhere in between might be something like a cause and effect matrix, which answers the same question using a much more simple chart, what do our customer care about most. You're able to get to the answer more quickly but still with a formalized, structured group decision-making process.

So when you look at that planning stage, you're really looking at things that have come on to your plate and seeing how valuable they

are to your customers and then prioritizing them as you are getting feedback from your customers?

The feedback of course is in the "C," the check, also "S," you know, PDCA study, analyzing, that you are taking this feedback saying, "Where are our customer listening posts?" So, in the voice of the customer, in the Six Sigma world, they have a concept known as customer listening posts. So how do we listen to our customers? And with any organization, some of the popular ways of hearing what your customer is saying is through sales and more importantly through repeat sales, in our case annual maintenance renewals, same as, like, testimonials. If you go to our site you'll see a whole lot of testimonials.

You get feedback when you go out, to trade shows and what-not, and communicate and correspond. So everyone has those types of feedback mechanisms and then some organizations will take it further and they'll actually find it worthwhile to establish, maybe, their own Internet forum for their product, maybe to have a formal study where all of a sudden operational definitions become important.

You know, that Jack is asking the same questions as Joe, that they are interpreting the results the same, so that you have valid comparable results. It starts getting more complex and important to cross your t's and dot your i's as you get larger. We are small enough that we can use our technical support in the software industry as a great customer listening post. What are people asking questions about, what are they getting frustrated about, and what could we do, that would help them to get over that.

You build slack time into someone's work things, that they can continuously improve themselves; improve on templates that they're using. And then when the actual work is to take place or that face-

to-face meeting takes place, that's when you can really answer questions.

Yes and use the TWI, Training within Industry, methodology of causing the learner to prove to the trainer that they really got it. That you didn't just go through the motions and think you trained them and then who knows. By using the TWI methodologies, you're able to have some confidence that this person... the baton has been passed. They've got it. They're able to take the next leg of the relay and you've got confidence that they've really proved that they learned it.

How does a small company build a culture of PDCA? I mean is it just that individual saying, I'm continuously improving? How do you balance it?

I think you've probably heard this before. The top, the leadership at the top, is absolutely everything. I tell people this when they come to a demo or what not. It's not uncommon for us, though, because we have weekly webinars every Wednesday. We have someone show up who's a frustrated employee. They can't get their boss to come. They really want to do the best thing. They're thinking about buying the tools themselves because the company won't pay for it. That happens more often than I like to see.

That kind of a culture, I tell the person straight up, "Save your money. The best that you're going to do is have a small pocket of excellence", maybe you, which isn't such a bad thing. Sometimes they'll do that and they'll move on to another company. But you can only have tiny pockets of excellence if you do not have leadership. So the answer to your question, as far as culture, is first and foremost, leadership.

But the tougher question comes in, OK. We've got the leader. This is a much more difficult attendee at our webinar. It's someone who is a vice president,

who is a senior level person and has the political juice to make it happen. But they don't know; they're not sure how to do it.

That's where a Sensei, a consultant who has been there before, comes in. Ideally, better than a consultant, is to hire an in-house expert who has been there, done that. They're going to charge you 200 bucks an hour to do it but they're going to develop full-time and you've really got a great in-house leader. That's the missing ingredient for others.

Our philosophy is our training is the Cliff Notes from the books.... and that's really nice because if you've read the books, it's great to have the Cliff Notes, searchable with keyword search and instantly available. You left the book at home. That's really nice.

But somebody has to have read the book to really understand the full version. Some of the other team members can get by with just the Cliff Notes, as long as there's somebody leading it who really does get it and not just the quick notes.

So what you're saying is that for a PDCA cycle and for that Lean culture to be developed, you really need Sensei or someone there that's been there.

Yes, you need somebody in your group, ideally in your group. Not just advising your group but somebody in your group, who has some level of expertise and hopefully a higher level of expertise, but at least some. You need that leader with the political juice to back him up ... and it doesn't have to be the same person because you're going to have those situations where that person needs to burn the bridges because they're going to want to jump in the boats and go home, and you've got to burn those boats and say, "No, this is what we're doing. Now go do it," and we're going to do it.

It's ironic because it really evolves into a very bottom-up continuous improvement methodology but it always starts as a very dictatorial top-down, you know what, you're doing it.

Is the ultimate goal of PDCA when we realized we closed that gap, we develop our new standard work?

So standard work is absolutely, yes, you heard me say it before and I'll say it again. If there's only one tool and method that you take away from Lean, it's got to be standard work. If you don't have standard work, everything else is a complete waste of time. Standard work is how you ratchet your gains. If you do not ratchet your gains, you're going to deal with backsliding all the time. So, standard work is the way that you ensure that you've got the night shift doing it the same as the day shift; that plant A is doing it the same as plant B; that Jack is doing it the same as Jill.

If you don't have that, then whatever great grandiose plans you introduce from your most recent Kaizen event or A3 project, is a complete waste of time, because everyone is going to nod their head and go, "Yeah, Yeah, Yeah." Then when you come back and do a standard work audit, if you can do a standard work audit, you are going to just realize that everybody is back sliding and doing it their own way anyway, so what was the point?

You have that standard work, that platform, but you also have that meeting where you are going to go through what's been accomplished at the end of the shift, at the end of the week, with your team.

Team accountability, you betcha! That team accountability board is where you are going to publish your 5S results, both on a trend basis, how are we doing since the last few times, and on a snapshot basis. You've got your 5S checklist again, similar to the leader standard work checklist, now this is for

a line person. So you've got that team accountability board, it has your summaries, your results matrix which is another one of our templates. This is what we are working on, these are the most important measurable objectives we are trying to accomplish with our team and here are the latest results.

So that goes on your team accountability board, your heijunka, load leveling, success monitoring. We don't try to replace your heijunka board for scheduling. You could be using MRP, you could be using heijunka, and you could be using a pitch mode leveling system. It doesn't matter what system you are using, we have tools that will monitor the success, and how you deal with that. How low is your stuff floating? How much is it bunching up? And that goes on your team accountability board in a systematized, measurable, rewardable way.

When you are looking at PDCA, does it all run together in your company as a small company or do you see a defined separation between the different stages.

I am also a clinical hypnotherapist. One of the things that they teach in that world is that you have phases of development where you are unconsciously incompetent. That's where you start off. Once you realize that, you become consciously incompetent, when you go "Man! I got to change."

Then you begin to master your skills and you become consciously competent, but you have to work at it. Then finally, the ultimate stage is where you become unconsciously competent or where you really don't have to think in terms of PDCA. You don't have to pull out your notes in order to... it becomes ingrained.

Then the Shingo Prize really emphasizes this too; what they teach is that you got your tools, and you got your methods and you got your principles.

And recently it's become kind of popular to bash the tools and go "Hey, when do you get beyond tools" and I just roll my eyes when I hear that, because again it is back to platitudes. "Yeah, I got to get beyond the wall."

Wait a second. Most folks start with tools and Shingo teaches us that. You start with that pain point and then you have a specific tool to deal with your specific pain point, and that's most people's introduction to Lean methods.

Then you learn the Lean methods and then the goal is that you evolve and you realize that these methods are interconnected and that there are a lot of common threads and principles, behind those methods.

When you finally get to that point where you've got a person or a team, that is unconsciously competent, they really get it, because they've applied PDCA in so many diverse ways, now they can start inventing creative tools and methods to accomplish the objectives that they need to accomplish. But, you don't start there.

Can you tell me why you don't have a PDCA template?

They are all PDCA. When you look at 8D as a classic approach to a scientific method, A3 is a classic approach to the scientific method. Kaizen is a classic approach to the scientific method. I could argue that absolutely every one of the tools fits within the PDCA cycle, usually in more than one space. Some of them are used to do all four phases of PDCA and others, only for one or two. PDCA itself, I don't see it as a specific enough method. It's more of a principle that underlies these other, more specific methods, and each of those methods has their own tools that underlie them.

I look at PDCA as really being the culture of Lean. Do you think it is?

It really is. If you apply scientific thinking, you can call it whatever you want. DMAIC is another way of putting it, you know, define, measure, analyze,

improve, control. People have got their own ways of viewing the scientific method, and they're all valid. But the bottom line is, you establish a hypothesis, you go out there and you test whether or not it's true. If it isn't true, you go back until you find something that is. If it is true, you lock it in. You lock it in and standardize it and make sure that's your starting point that you can now ratchet, and now you go do it again. And if you do that, all the other methods are details.

When you get to the A in the PDCA cycle, and you've got a fork in the road there, I'm either going to go through another cycle, or its standard work. How do I know that it is good enough?

You don't, and that's the reality of life. The truth is, God didn't intend for this to be perfect. The truth is none of us are going to get out of here alive. The truth is no business is going to survive more than 500 years. The truth is it's never going to be perfect. And the ones who get analysis paralysis are going to go quickest. You've got to do something at some point and you get on with it.

So what you're saying is that you make it standard work and you move on. Do I need to improve on this more, or do I have another project that has more priority?

Yes, absolutely. Again, back to our original conversation, what's screaming the loudest now? If the process that you just got done improving is better than it was, and it seems to be good enough for now, then... The continuous improvement is misnamed, because it's far from continuous. It's actually a very spurdy process. What you want to do is lock in those gains until your next spurt. What you don't want to do is have backsliding between spurts.

The one thing that you said earlier and we talked about goes back to your basic theme of continuously improving tools for continuous

improvement. You look at it from the outside in, and it's not necessarily screaming customers, but you're looking from the point, "How can I continually delight my customers?" That's what sets your priority in development. Is that a good summary?

Sure, assuming that you've got the screams taken care of. And I'm using graphic terminology, but you know what I'm saying. The first thing I do in the morning, just like most folks, is I'm going to check my email and see if anybody needs me. You know, they're unable to install or whatever. You've got to take care of it. You've got to get people going.

Then once you've got that, now, like any other organization, that is when you become free to apply your attention to continuous improvement. That's what, to me, delineates a world-class organization from a firefighting organization, it is the ratios. The ratio's not zero with either one of them hopefully.

Even a firefighter is going to spend a little time on conclusive improvement. Even a world-class organization is going to have to fight a fire every now and again. But the ratios are what you're looking for. You're looking for a dramatic shift, the 80-20 that a world-class organization is going to be spending 80% of its time. Senior managers are spending 80% of their time on truly delighting in where are we going. Instead of, "Oh my god, how are we going to fix this?"

That's a good ratio to look at on a daily or weekly basis isn't it?

Mine is actually a three days out of five. So I spend one day marketing or, you know, doing calls and what not. I'll spend about three-quarters of a day doing demos. Then every morning I've got, you know, some tech support that you have got to clean up. And I've got the rest of my time. About 60% is truly development and making good on our tag line. If we fail to

continuously improve these tools for continuous improvement, we're not going to get the annual maintenance renewals. We're not going to get the testimonials. We're not going to get those delighted customers.

I think that's a great way to look at it because one of my things that I always look at is if people are willing to pay for your marketing. If your marketing is good enough, they're willing to pay for it. And in fact your strongest marketing, you do that that because that's your annual renewals, right?

Yes, absolutely, absolutely, the highest high and the lowest low is when you get the "yes" on the annual maintenance. That's a huge endorsement that, "Hey we're doing it." When you get the "gosh", and during this recession it was even harder because you get people skipping a year or something. But even if they just start skipping a year, it's hard. Because it's telling you that it wasn't quite good enough. So that's true with every business.

Constancy of Purpose

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

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

4. **End practice of awarding business on the basis of price tag:**
Development of long-term relationships is the most important criterion you have in measuring your business effectiveness. Start measuring by your ability to communicate with your customers across multiple channels, co-create projects, joint-ventures, and partnerships. Price becomes insignificant.
5. **Improve constantly and forever the system of production and service:** Cooperation is the key to constant improvement. You may not be able to cooperate and co-create products with customers on every project, but acting as a team, no matter how small the project, will build constant feedback and quality. Build in continuous learning loops to every effort. However, don't rely just on judgment. Use statistical techniques and A3 problem solving to find the root cause.
6. **Institute training on the job:** Institute a continued program of modern learning techniques. Make it part of the job. I have heard that at Toyota every employee was familiar with A3s and was handed one on their first day of employment. Developing a learning culture is imperative.
7. **Institute leadership:** Leadership needs to break down barriers between departments and promote collaboration. They cannot silo sales and marketing. Leadership will cease to be a departmental, hierarchical structure. Instead, it will be based on customer or product/market value streams that will have role players supporting the team from numerous departmental areas.
8. **Drive out fear:** Building a problem-solving culture is very difficult. What is the reward if you solve a problem for a customer and you are not the solution? Do you get a raise? This may be the hardest of all the 14 points to achieve. Sales have been traditionally rewarded immediately for success, a sale. Solving problems may create a

longer-term sales cycle with a great deal of anxiety on whether you are the solution.

9. **Break down barriers between departments:** Creating similar goals can only be accomplished if all departments focus in the right area. That area has to be what the customer values. Not on picking low-hanging fruit or internal continuous improvement projects that are unrelated to what the customer values. Teamwork will not happen without focus on the customer.
10. **Eliminate slogans, exhortations, and targets for the work force:** (for the customer) There have been some great marketing slogans. They are getting more and more difficult to create for most companies. Every new ad campaign seems to center on one though. Have you ever tried stating a customer's problem? Or maybe highlighting how a customer and you defined their problem and found the best solution for it?
11. **Eliminate work standards (quotas) on the factory floor:** Throw out sales commissions. Get rid of them! Sales needs to become a team effort and nothing short of that. Relationships must be built through the organization and commissions are a major deterrent to that effort.
12. **Remove barriers to pride of workmanship:** The highest compliment I believe you can give someone is how far in your organization you allow unlimited customer interaction. Once you depersonalize the product or service, quality typically suffers. Ensuring the people know who they are working for and how it affects them will instill more pride, more quality, and more care than any other action.
13. **Institute a vigorous program of education and self-improvement:** "Massive training is required to instill the courage to break with tradition. Every activity and every job is a part of the process." – Deming. People have to acquire new skills to be effective

in these new roles. Application of this should include but not necessarily be limited to:

- a. Team building skills
- b. Problem solving
- c. Statistical techniques
- d. Lean and Six Sigma
- e. Customer markets and products

14. **Put everybody to work to accomplish the transformation:**

Everyone needs to be part of transformation. Having a systematic approach and developing the new way of thinking about marketing is the purpose of using A3 thinking and the reports. Tools are not the answer. But they are a way to help develop your pattern of interaction in marketing and eventually with a customer.

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.

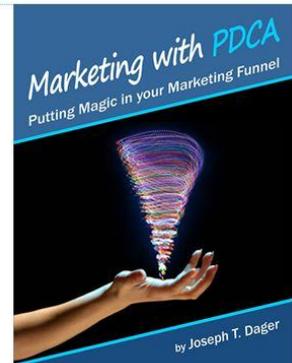
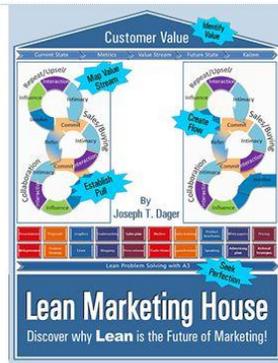
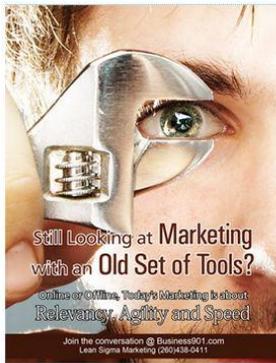
This book will also discuss how an A3 applies to the foundation of the Lean Marketing House™. The tools are explained and examples given. The important part is that you will learn how to format your A3 report in a way that most effectively communicates your story to your team and others.

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.

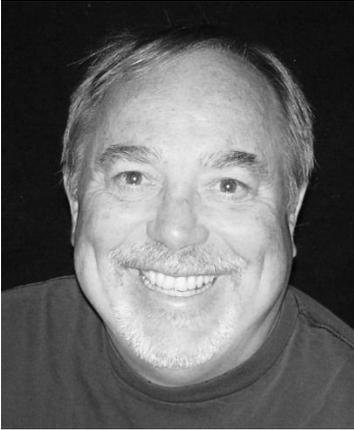
2. Marketing: Advertising is expensive, and you may not have the specialized skills or time to create sophisticated websites or professional-looking marketing materials.
3. Customer Retention: It is hard to stretch limited resources in order to spend time with existing customers while trying to acquire 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 don't have time to become an expert in every role required to market your business

Business901 Books



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or the Business901 Website

About the Author



Joe Dager takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing Concepts. He has owned and operated companies involved in retail, manufacturing and professional services that include several turnarounds and growth companies.

Joe is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena.

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

"In the past 20 years, Joe and I have collaborated on many difficult issues. Joe's ability to combine his expertise with "out of the box" thinking is unsurpassed. He has always delivered quickly, cost effectively and with ingenuity. A brilliant mind that is always a pleasure to work with." *May 21, 2008*

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[Out of the Crisis](#)

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Marketing with PDCA

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