



# **SOLVING DECLINING SALES WITH BUY/SELL PROCESS ALIGNMENT**

## **A CUSTOMER MANUFACTURING GROUP CASE STUDY**

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### **The Background:**

A medical devices manufacturing company had experienced steadily declining sales in an increasingly competitive and growing market. An extensive realignment of its marketing/sales strategies and revenue tactics were required. Marketing/Sales processes and internal operations were re-engineered to bring the company's selling processes into alignment with the market environment and its customers' buying processes.

### **The Company:**

The client was a mid-sized privately held company with single-site operations. It had been the leading manufacturer of products for people with certain defined disabilities, and although it continued to be highly regarded, it was no longer without peer.

### **Their Issue:**

Sales were not meeting expectations, and had not been for some time. In fact, sales had begun to decline in a market that still appeared to be growing with more competitors chipping away at a market the company once owned. Options being considered by management to improve sales included a national advertising program, a call-center, and a new CRM system.

### **Customer Manufacturing Group's Role:**

CMG was brought in by the Board of Directors to make recommendations on how to improve the company's top-line performance, and to identify process improvement opportunities that

would produce greater selling efficiencies. This assignment included a strategic assessment of the company's options for regaining a market-capturing growth path.

### **What We Found:**

Using the fundamentals of the Customer Manufacturing System (CMS) Model, we defined the marketing/selling processes that were being used and determined how they linked — and the degree to which they did — to the customers' buying processes.

The CMS model allowed us to create a representation of the marketing and sales processes and activities being performed by the company, to determine if and how they were linked, and did or did not support the customers' needs, wants, expectations, and demands. A characteristic of the company's customers was that the majority of them were "senior citizens" whose needs and expectations were both functional, thereby requiring a technical solution, and emotional, thus necessitating a marketing and sales approach that recognized and was sensitive to the special needs of the elderly and their health frustrations. A hard and quick sales approach was anathema to this market and would also have closed the door to periodic follow-up sales through the years as existing customers aged.

Using structured consulting interview techniques (via the CMS Model) the team talked with internal and external sources including employees, Board members, dealers, referral sources, and current and

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potential customers. The key finding by the consulting team was that the company had a basic assumption of the customers' buying process that was flawed. Further, the competitive landscape had changed dramatically over the previous five years and the company had failed to understand the ramifications of these external influences. It had become complacent as their market changed around them.

Upon mapping the company's current selling process we found that it was almost completely focused on near term buyers with no regard to managing the substantial number of people who entered the market as prospective customers, but were not ready for immediate purchase. Therefore the company's demand creation activities were focused on trying to create additional near term buyers. Since a near term buyer could not be easily targeted in their market, the company simply increased its lead generation activities in the hope that this would also increase near term buyers. It did, to a degree, but at an ever increasing cost per sale with decreasing efficiency. The ultimate result was that selling costs were too high and were outpacing the increased sales; they were working harder for less productive results.

### Recommendations:

CMG's analysis identified that the lowest cost lead source was referrals from the medical community. This was not new information to the company, but they had never been able to find a way to consistently capitalize on this resource partner. The report also identified that very few people who were initially diagnosed with the disability were likely to immediately become customers due to buyer behavior and other less expensive initial alternatives to the company's products. The report recommended a methodology to gain increased referrals and create a low-cost, valuable relationship with prospective buyers until they were ready to buy. They would buy eventually, from someone, but at a time of their choosing; this was an element of the buyer's strong emotional factor the company had to learn to incorporate.

A "capture early, capture first" program was put in place. The company's CRM tool was modified to manage this newly aligned buying/selling process. Further, a new lead generation system gave the company more visibility into the status of their prospective customers regardless of the ultimate channel through which the customer chose to buy.

### Conclusions:

Once the company realized that their marketing/sales activities were not in alignment with their customers' buying process, they were able to focus on a new set of linked activities and processes to create a valuable and pleasant experience for the customer and the referral source. Implementation of the new methods required minor changes to their CRM tool, and instituting a new CMS-based reporting structure and sales tools that were in alignment with the customers' needs, wants, and demands. The results have been an increase in sales, an increase in valuable prospects, and lower sales and marketing costs.

### The Benefit of Process and Process Integration:

To begin its engagement, CMG utilized its proprietary CMS tool and first evaluated the company's overall sales operations on the basis of the four key management principles embedded within the CMS model:

#### **Process Management (PM)**

PM defines that all work is done via documented processes with controls, feedback, and performance limits.

In the company's case, individual pieces of a complete process existed, and some functioned quite well, but most of the various sales activities were operating in a silo-like fashion. Furthermore, there was almost no process integration between Marketing and Sales, with each having somewhat different views of the customer and their customers' buying characteristics and processes.

#### **Constraint Analysis (CA)**

CA defines how to allocate resources such that total system throughput is optimized.

The company had strong people in its sales channel but not enough to cover the market, a market that required periodic contact with prior prospects and existing customers while at the same time following up on brand new opportunities. The company had believed that increased lead generation activities — specifically producing larger numbers of general suspects — would result in higher sales, so more resources had been added to that activity; that was not the constraint at all.

### ***Continuous Improvement (CI)***

CI defines the mentality and processes for discovering how to improve the performance of each activity within the process . . . and of the process itself. Our focus is primarily on the throughput of the overall system — in this case — the rate at which sales are produced — and to do so we combine this with CA to identify and eliminate the constraints that are impacting this throughput.

In this company's case, there had been no meaningful improvement in their processes for some time, just bits and pieces added here and there without a view to the overall operation.

### ***Lean Thinking (LT)***

LT describes the attitude of applying 'just enough' resources to an activity to get the job done with no waste. Within the CMS concept we apply LT to the entire process as a whole and combine it with CA, in effect "balancing the line" from start to finish with just the right amount of appropriate resources applied at the right time.

Being "lean" does not mean running so thin in the wrong places that the overall productivity of the system falters. The company was trying to hold down the costs of marketing and selling to offset constantly increasing manufacturing costs. It had also tightly restricted its R&D budget which had the effect of opening the door to smaller companies with less overhead that could focus on developing new product concepts without having to support an aging product line. The company was running out of ideas and losing customers to the "new kids on the block."

### More Information About CMG

If you would like more information about how to apply a process to improve your marketing/sales function, simply contact us and we'd be happy to help you get started. From sweeping marketing/sales management process strategies to specific branding or product launch services, Customer Manufacturing Group can help.

Detailed information on our services and a number of Special Reports and cassette tapes and CDs are also available.

If you'd like to learn more about Customer Manufacturing Group, or for a complimentary subscription to *Customer Manufacturing Updates*, give us a call at (800) 947-0140, fax us at (408) 727-3949, visit our website at [www.customermanufacturing.com](http://www.customermanufacturing.com), or e-mail us at [info@customermfg.com](mailto:info@customermfg.com).

We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.

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