



## CUSTOMER MANUFACTURING GROUP

In most cases marketing/sales misalignment lies with process (the "as-is"), and the solution therefore also lies with the process (the "should-be").

# DEVELOPING AN INTEGRATED MARKETING/SALES PROCESS TO REGAIN MARKET DOMINANCE

## A CUSTOMER MANUFACTURING GROUP CASE STUDY

### The Background:

An established and growing industrial products manufacturing and sales company in the U.S. Midwest had reached an activity level sufficient to bind-up their ability to communicate effectively both internally and with their customers and prospects. This became apparent after a very painful and difficult analysis of their marketing/sales processes and outmoded database revealed that prospects were being dropped, customers were disappearing from their radar screen, and orders were being either delayed or lost altogether.

### The Company:

The company is a well established, mid-sized, independent supplier of consumable products for heavy equipment and industrial products employed by the road construction, municipal services, and airport industries. Its customers range in size from 'tiny' to very large, from single to multiple locations, from seasonal and cyclical to steady-rate purchasing, and with a diversity of applications. The company sells both direct — through its own sales force — and through distributors, and as both an OEM and independent producer, with offices throughout the United States and Canada.

Over the years the company has grown through both internal operations and substantial acquisition. Although the firm's reputation has been built up over the years with acknowledged product design and production quality, excellent delivery and overall customer service, a few key

competitors have been eating away at its markets by steadily improving in these areas. The result is that the market has become very price competitive and particularly so in a challenging economic climate.

### Their Issue:

Until recently, the company had been blessed with a comparatively stable market and an organization, sales force, and order processing and fulfillment system that had become comfortable and well-matched to that market. These, plus its outstanding product quality, had served to establish the company as the "gold standard" of their industry as confirmed by several of their customers in our initial customer survey. The marketing function had not been a primary activity or of great concern, and was generally considered to be an adjunct of and secondary to the company's sales activities.

And then everything began to bog down; their entire sales process got out-of-sync both internally and with their prospects and customers. They began to lose the rabbit. The company had reached a volume and diversity of customer demand such that its processes and systems could no longer support their operations. As their Chief Executive explained, "Because of the way we have grown through acquisition with variations in the way we went to market by location, we wanted a systemic approach [to our processes] that could narrow that variation margin."

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### Their Need:

To solve their problems and to protect their market predominance, the company embarked on finding and implementing a long-term program that would boost and empower the productivity of their current marketing and sales processes. As stated by their CEO, "We were looking for something that would help us do more with the same, meaning to do more with the systems we had in place in a more organized and consistent fashion."

Further, the highest goal was to improve the company's return on its costs of selling. "We wanted to apply a system that would help us sell more with the same number of people. In other words, we wanted tools for growing revenue without adding people."

### Customer Manufacturing Group's Role:

Because the company was profitable and with a long history — and legacy — of excellent products and service, they were able to be both insightful and cautious in making any changes to their processes and systems, that is, there was no pressure to make a rush to judgment. Whatever they did, they wanted to get it right the first time. They knew themselves and wanted to make sure they understood *their customers' expectations* of the company.

Senior management realized they couldn't define and design new processes from within, and set out to define what they really needed to do and to find someone who could build the new system around them. The company believed that the appropriate "outsiders" could define the architecture, and then turn implementation back over to them. They researched many of the newer techniques and concepts that were gaining marketplace acceptance; among these they believed that "lean" processes and management would potentially offer the best guiding philosophy to serve as a system's foundation.

In the words of their CEO, "We looked at different options but we chose Customer Manufacturing Group because of their detailed approach to the sales process and how they think of it. They take lean principals and the theory of constraints and apply it to the sales process. That appealed to us because I believe in those practices."

As is true with all of CMG's engagements to improve its clients' marketing and sales processes, we started with our clients' customers. Namely, we determined *their* customers' buying processes and *What* they are buying and want to buy, and *How* they want to buy it. Although we quite often include a thorough assessment of a client's *Who* (who their customers are), this company had a firm and accurate understanding of their customer base. In this instance we began with detailed surveys of their various markets by talking with the customers who comprised these markets.

The surveys were then followed-up by a two-stage process mapping project; first, to map out the current "as-is" process, and once that was fully understood and agreed on by the company, to then define and map the appropriate "should-be" process, working closely with management's very active participation and contribution. In other words, the improvements would not be designed in a vacuum and in a fashion that would by mere chance represent the company's environment and requirements; it would not be a "cookie cutter" solution.

The CEO believed that "the implementation would be a platform which it could depend on for long-term marketing and sales success." Little did we know at the time that the customer's decision to implement *their* System to Manufacture Customers (SMC) after we had completed the design would become such a troubled part of the overall project. (A note of explanation to the reader: The Customer Manufacturing System — CMS — is CMG's proprietary integrated sales/marketing process model, which forms the basis for developing each individual customer's System to Manufacture Customers).

The company was adamant that the should-be process had to be understandable and practicable, and that the process itself would serve as a learning tool for its current employees and new hires that would facilitate both personnel and operations growth. Finally, the new process had to be flexible enough to adapt to and incorporate marketplace and customer dynamics. Change and growth often occur in unexpected ways and the new process had to be flexible and scalable.

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### What We Found:

The customer surveys uncovered "ideas for change" in both the processes and methods for customer communications and interaction as well as for internal changes within the marketing and sales organizations. The company had built a reputation for product excellence but had begun to neglect various aspects of its customer communications and services. Had changes not been made to these, the company would continue to have been highly regarded but would gradually lose its clear marketplace dominance over its largest competitors. The largest of its competitors had been watching the company closely and had identified several items they believed could be copied — if not improved upon — while continuing to improve their own product quality. In some instances a few competitors were attempting to "buy" the company's customers away from them with more aggressive pricing and lower transportation costs.

A concern expressed frequently by their customers led us to conclude that many of the company's oldest customers were beginning to feel neglected and perhaps being taken for granted in its rush for market expansion. For example, a few of the company's main competitors had begun offering expanded services and even semi-custom products in some cases while it had remained pretty much the same.

It was also discovered that there were some undesirable geographic variances and inconsistencies in service and support between regions. There were certain variations stemming from differences in regional managers' personal philosophies; there was lack of a unified process and approach in this regard.

Another dent in the armor was that many customers were not aware that the company had other product-types available than the ones they had been buying over the years. Customer knowledge of this broader product offering was dependent on the initiative and approach of individual sales personnel rather than as a company-wide practice.

The company also evidenced different regional and sales personnel approaches to customer visits and staying in touch. Many

of the company's older customers had enjoyed mutual close, professional relationships between the buying and selling personnel, such that when many of the long-known customer contacts left their company, the company effectively lost the benefit of the customer relationship bonds they had previously enjoyed.

CMG also discovered, as a result of certain coordinating activities required by the surveys, that the company did not have a well-maintained customer database; in many cases it was inaccurate and outdated in several respects. Database maintenance was frequently an after-thought, if at all, and did not provide a reliable platform upon which to base out-reach marketing and sales programs. Individual regional sales personnel had a good grasp of *their* customer-base but this was not carried over to the corporate base of customer knowledge.

Additionally, the company's lack of clear-cut product management responsibility and accountability was a constraint on its ability to define and provide continuous cross-regional and cross-market product development and sales/marketing program activity.

Finally — and closely related to the lack of formal product management responsibility — the company had a significant shortfall in the collection, analysis, and dissemination of much needed competitive intelligence. There existed no central repository of competitive information, such that what was learned in one product and market segment in one geographic region tended to stay there. Further, gathering competitive information was haphazard at best, and considered to be everyone's responsibility to the extent that it was very ad hoc and limited. When CMG conducted a subsequent "Lost Business Survey," senior management was stunned to learn just how far competitors had penetrated into its business.

### The Results:

Following on the initial Market Position Survey, CMG first defined and mapped the customer's "as-is" process. A thorough analysis of their current processes and activities next allowed us to use the principles of our proprietary Customer Manufacturing System — Process

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Management, Constraint Analysis, Lean Thinking, and Continuous Improvement — to design the "should-be" process and process map.

After accepting the design for their new marketing/sales process, the company began to adopt the changes that had been defined. During the two-year period that followed, the company began to realize many of the benefits that were possible with the new processes. In addition to some very significant and beneficial culture changes — associated primarily with organization realignments, changes in job assignments and intra- and inter-department communication procedures — the following results started to become apparent:

- Realized a significant increase in sales through more informed and better focused marketing and selling activities.
- Reduced the investment, both effort and expenses, they had been making in sales and marketing activities. Many of these previous activities had been both counter-productive and redundant with no focused accountability or responsibility.
- While retaining essentially the same headcount, the company was able to lower travel costs and promotional expenses. Their Web site and printed collateral information became more focused and easier to understand.
- The company increased their ability to know more about their many accounts (encompassing customer types, product mixes, and geographic characteristics).
- Realized an enhanced ability to obtain more timely, accurate — and therefore reliable — sales forecasts.
- Implemented improvement in customer contact processes resulting in more mutually beneficial interaction, thereby increasing their already well-recognized and appreciated customer relationship building.

Letting the Patient Off the Operating Table Too Soon: These benefits, though noteworthy, were not complete enough and were not without setbacks, however; and thus diminished the full impact of what the company might have otherwise achieved in this same period. Some of their marketplace dynamics changed during the implementation of the new System to Manufacture Customers which caused a reversion to some of the old ways of doing things:

- When the market turned down, some people panicked and, knowing the "old way" better than the new, turned back to some of their outmoded processes and procedures.
- They failed to implement many of the important metrics and measurements which were part of their System to Manufacture Customers design leaving them with too many blind spots. They had fallen back on measuring activities associated with customer interactions rather than measuring the results that were being achieved; they got lost in facile data collection rather than obtaining actionable, results related information.
- The new system required some significant culture changes to transition from the old to the new and they slipped up in this transition process.
- They underestimated the time that was required for the old-to-new transition and how much time and effort would be required for the new processes to "take."
- The company hired a new Vice President of Marketing/Sales after the new process design phase had been completed, and although this person bought into the new concepts, his absence during the design work contributed to his thinking that he understood many of the specifics which he actually did not.

### Outlook for the Future:

Despite the difficulties noted above, the CEO remains quite optimistic that their System to Manufacture Customers can deliver the much needed performance improvement. He acknowledges that they are still working the kinks out of adopting the new system, particularly modifying their reporting systems to line up with the new structure. They are finally getting the understanding and buy-in they need and he is "confident this system will build an understanding of the interdependency between functions of the marketing and sales process and it will help us staff and measure the functions appropriately."

The CEO remains "confident that we will see the results that we want . . . because we implemented this process." Looking back on the original evaluations, he stated that "the most helpful thing was how Customer Manufacturing Group was able to draw the line between sales and marketing. It changed my perception of where that line is around pricing and product management. It really showed us how to move from sales to marketing."

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Finally, on CMG's approach to process improvement, the CEO reflected that "the one big bonus about having a systemic approach is it enables you to learn as you go, without which it's speculation; with it you know things, you don't have to guess. You can learn the whole time."

### 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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