

Grow Your Business and Lose the Fat

by Putting Marketing and Selling on a “Lean” Diet

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The idea behind “Lean Manufacturing” comes down to doing more for less while coming closer to giving customers what they want, when they want it. Lean concepts have earned acceptance in supply-chain management, but they are only recently doing so in marketing and selling. Given the competitive environment companies face this year, it may be time to slim down your sales and marketing processes by applying lean concepts to these often flabby functions.

Gather the Basic Ingredients

The basic lean concepts are as familiar to many readers as calories and carbohydrates, so I’ll just quickly recap them here:

- Specify value by identifying what it is that *customers* value about your products and services
- Specify and map value streams by product or service by identifying production activities that add (or fail to add) value for customers
- Organize production activities and workflow to ensure smooth handoffs and high-quality output
- Generate “pull” by matching production and delivery schedules to the pace of customer demand
- Pursue perfection by endlessly reducing errors and waste

These principles have streamlined production operations by enabling a huge range of companies to minimize work-in-process, trim inventories, simplify plant layouts, reduce

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

setup time and maintenance requirements and improve supplier relationships—while cutting their costs and better meeting their customers’ needs. Historically, once “lean thinking” helped manufacturers to see that certain production activities detracted from customer value *and* cost millions of dollars, they adopted lean approaches in earnest. Production lines all over the world have been redesigned to produce products that customer want, in small batches (even individual units), with miniscule lead times and minimal work in process. Often these new lines use simpler machines and cross-trained employees and require less space, cost less to operate, and provide more production capacity.

However, if you look at a company as a total system—as an end-to-end process for delivering products or services to customers—you see that adopting lean production tends to shift the system “bottleneck” upstream, from the plant floor to the front office, that is, to marketing and selling. So, for an organization to realize the full benefits of lean manufacturing, it must also adopt lean marketing and selling.

Learn the Lean Way

How do Lean principles apply to marketing and selling? First, consider the specific activities performed in your company’s marketing and selling function:

- Advertising and promotion
- Prospecting and sales calls
- Sales presentations and proposals
- Service and support

Now, ask yourself, “Which of these activities would be valuable enough for customers to pay for with their time or money?” It’s a reasonable question because it does cost time and money for customers to read your product literature, browse your Website, or meet with your salespeople.

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

The more difficulty you have answering this question, the more important it is for you to find the answers. For instance, why would a customer want to read your company’s advertisements? Why should customers take time from their busy schedules to meet with your salespeople? What aspects of your “customer education” efforts are so valuable that customers would pay for them?

Customers buy your products and services in order to solve their problems. That’s the value they derive from your products and services. But what value do they derive from your marketing and selling activities?

The value of your marketing and selling activities resides in the assistance you give prospects and customers who are trying to answer questions related to the problems they’re trying to solve. These questions include:

- Which problem is most important for me to solve right now?
- What are my alternatives for solving this problem?
- What are the pros and cons of these alternatives?
- How much do I trust the information I am receiving?
- How should I present the preferred solution to people in my organization who have different priorities, opinions or agendas?

These are the questions that interest your customers. Lean marketing and selling focuses on the customer’s interests. It eliminates (or minimizes) marketing and selling activities that do not appeal to their interests. It starts from the premise that to move people to do something we want them to do—that is, listen to and, eventually, buy from us—we must first provide something of value to them.

Decide What Is—and Isn’t—Lean

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

Good marketing and selling tend to be inherently lean. Good salespeople know that to influence their prospects, they must demonstrate what’s in it for them. Good copywriters know the same thing, and it shows in their headlines and copy strategies.

Yet too many companies leave such matters up to individual sales and marketing people instead of building them into the marketing and selling process itself. In those cases, skilled sales and marketing people succeed despite the “system” in which these people live (for example, and hit-or-miss marketing and lead-generation programs, flawed selling processes, error prone RFQ’s, estimating, or customer support).

What does a Lean marketing and selling process look like? It looks a lot like a Lean production process: It has all the parts that deliver value to customers, and none of the parts that don’t. Indeed, a Lean marketing and selling process goes hand-in-hand with a Lean production process.

For instance, Bellevue, Washington homebuilder Quadrant Homes has revolutionized itself since 1998. In that year the company started taking orders for homes *before* they were built, thus doing away with the traditional “spec house” approach, which often leaves a builder with expensive inventory that may not match customers’ demands. To make this change, Quadrant took a Lean approach to marketing and selling as well as to production.

The company decided to establish an integrated system of marketing, selling and production. When houses are built to order, many builders send customers around to various stores and suppliers to select from a limited set of color schemes, flooring materials, lighting fixtures, appliances, and so on after the contract is signed. This generates delays, difficulty, and frustration for all parties while, Quadrant noted, adding no value for customers.

In contrast, customers come to Quadrant’s model home communities through traditional advertising “ We have decided to treat marketing as an investment with an associated

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

ROI.” Says Willam Boucher, V.P. of Communications at Quadrant Homes. “Unlike most builders, who see it as too expensive, we are willing to build the necessary traffic and sales velocity our business model requires by doing some things most builders would never do: television and radio, aggressive public relations and outreach to real estate agents via formal integrated programs, and a website (www.quadranthomes.com).” Quadrant’s marketing message (aka Value Proposition) is “More House, Less Money.” They advertise a unique home buying process “designed to be a hassle-free, even fun, experience while providing you with more choices than any other homebuilder.” Prospects must pre-qualify for a mortgage. Then they visit the company’s state-of-the-art showroom. This is not the usual office set up in the garage of a model home. Instead, Quadrant maintains a 10,000 square-foot facility showcasing the design options available to buyers. If they have visited one of Quadrant’s new home communities and selected a lot, the sales representative accesses detailed information about their lot location and floor plan on line in order to help the home buyer select from more than 5,000 interior and exterior finishing and fixture options, and choices of millwork, and even new household appliances.

When the floor plan and configuration details are final, the order is scheduled for construction, which has been reduced to 54 working days from scheduling to completion. Customers experience a predictable building process instead of the stop-and-start frenzy of most construction companies. The design of this sales process definitely makes sales easier for Quadrant and its customers.

Selling on Schedule

In 1998, at the beginning of its transition to lean thinking, Quadrant asked its sales force to sell one home per day, a target that the company was able to raise to two per day in 1999, three per day in 2001 and four per day in 2002. In 2004, the company reached a rate of 6 homes per day (the ultimate goal is 9 per day). This daily sales schedule generates two interrelated benefits:

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

- It enables the company to “pull” materials and labor at a predictable rate that lowered costs and improved quality.
- The lower costs enable the company to build large homes at extremely competitive prices, ensuring a steady flow of customers.

Has it worked? Quadrant has become the number one home builder in Washington and was voted “Best Company to Work” for by *Washington CEO* magazine in June 2004. The company’s president, Peter Orser, points out that, “Ninety-three percent of our customers are willing to refer a friend to Quadrant Homes, and 37 percent actually do, which is four times the national average among homebuilders.”

Consider the steps Quadrant took in its lean approach:

- They looked at what customers valued: high square footage and quality at a competitive price, with minimal hassle and a predictable construction process (and move-in date).
- They streamlined both the production process and the sales process—and added value for customers—by offering one-stop shopping in a permanent showroom featuring a large, online selection of floor plans and finishing options.
- They achieved an even, predictable workflow by scheduling a set number of sales and “housing starts” per day, which increased by one per day in most years to reach six per day in seven years.
- They knew that to build large, high quality homes at competitive prices, they had to streamline the process of sourcing materials, which they did by offering the customer a huge choice but offering it in the controlled environment of the Website and the showroom under the salesperson’s guidance.

This exemplifies the value-laden, win-win nature of Lean principles at their best: The company gives customers a large choice and high quality, while streamlining and increasing its control over its sales and production processes. True, by opting for steady

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

growth at a set number of homes sold and started per day, the company might have missed a few sales during periods of peak demand. However, that steady strategy enabled the company to avoid the roller-coaster pattern of most home construction operations, and gave it more control. As a result, Quadrant gradually ramped up to become the state’s largest homebuilder, able to both generate and capitalize on demand.

Lose Fat, Build Muscle

The “logic of Lean” applies to a business as a whole, yet many companies have established rail-thin production processes while letting their marketing and selling functions go to fat. These are not references to size, but to activities. Activities that don’t create value for customers (fat) must be eliminated or minimized; those that do create value for customers (muscle) must be established or enhanced.

In marketing and selling, this means creating value for customers as you market and sell to them. This in turn means giving customers what they want and need to make a decision:

- solid information in easily understood forms;
- distribution channels appropriate to the product, price, location, and purchasing process;
- minimal contact when they don’t have the kinds of problems that you solve;
- financing assistance, if needed
- easy, low risk “baby steps” for escalating the relationship (including guarantees and bonuses for opting in to various levels)
- dealing with post-purchase issues and problems

In business to business selling environments, it also means communicating in the customer’s language instead of your own, helping the prospect generate internal consensus, focusing on the customer’s business objectives and challenges rather than your company’s product, and being valuable enough to reach and communicate

Grow Your Business and Lose the Fat by Putting Marketing and Selling on a “Lean” Diet

effectively with decision makers at the appropriate level of the customer’s organization. It also means being able to qualify opportunities early, and to walk away from business where your value proposition is weak or that you are unlikely to win.

If you design a sales process that creates value for prospects and customers, they will be more likely to follow it. If prospects and customers follow it, your salespeople will follow it. Adopting Lean principles is like going on a diet—only better, because it really works and once it works, it keeps working.

About the Author

Michael J. Webb is President of Sales Performance Consultants, Inc., a consultancy that improves clients’ marketing and selling processes. Mr. Webb delivered the keynote address for the first two conferences held on applying Six Sigma to marketing and sales. He has helped clients such as American Express, 3M, Marriott and many others to improve their sales processes and results. He also works with certain sales training and CRM firms to integrate process thinking, metrics, and best selling practices into client's sales operations. Mr. Webb achieved certification as a Quality Manager from the ASQ in 1998. His website (www.salesperformance.com) contains information and resources for companies that want to improve their sales performance. You can reach him at (877) 784-6507 or mwebb@salesperformance.com.