



**CUSTOMER
MANUFACTURING
GROUP**

REALIGNING MARKETING AND PRODUCT STRATEGY TO FIT THE MARKET

A CUSTOMER MANUFACTURING GROUP CASE STUDY

Prospects were identified through a lead development system that categorized and prioritized each prospect's potential, and that also established and tracked the buyer's program according to their own buying process.

The new focus and a concomitant branding program allowed the company to concentrate its capabilities and market energies on products and customers that it serves best.

The Background:

The company is an established manufacturer of adhesive laminations and special purpose fabrics, and was experiencing increasing pressure from a multitude of competitors who were pursuing different approaches to the segmented market. CMG's extensive assessment of the company's customers and what their customers really wanted to buy from them, a review of their markets, and an evaluation of their marketing operations, led to a change in product strategy, a re-engineering of their internal marketing processes, and substantial improvement to their tactical processes and methodology.

The Company:

The company is a 50-year old custom adhesive laminator; die cutter of flexible fabrics, and special purpose materials manufacturer.

Their Issue:

Their market had traditionally been difficult to reach due to its diversity and niche orientation. These environmental characteristics, when combined with an increasing number of specialty niche manufacturing competitors, had made it impossible to establish a dominant position in any single niche or the broader market as a whole. The scattered segmentation had made it difficult to gain any economies of scale in reaching and acquiring customers.

Further, the company's historical development had generated a cultural organization in which there was not enough continuity to establish sustainable marketing and sales programs to counter the increasingly competitive environment. Due to this cultural pattern and the recent swing in the market environment, the company was without any useful metrics with which to monitor and manage their marketing/sales programs. Even more fundamental, although they had several marketing and sales processes, these processes were not formal in the sense of being documented and consistently applied regardless of the personnel involved. Thus, any metrics at all would have been ad hoc and would not have lent themselves to the measurement and continuous improvement of repeatable, successful processes.

Marketing and Sales were regarded as separate, very loosely connected entities without much coherent linkage of customer-based and customer-focused information so vital to both current operations and future, profitable growth. Strategic planning was based exclusively on extrapolations of historical sales data, and without any customer-based information projections of future opportunities.

Customer Manufacturing Group's Role: CMG engaged with management to focus their Customer Solution Definition (that is, what their customers really wanted to buy from them), which

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included an evaluation of their product development philosophy and their identity in the custom adhesive fabrics manufacturing market. CMG also assessed the company's Demand and Transaction Management practices and their marketing organization.

Solutions and Recommendations:

The company was redirected to become a supplier of custom engineered product development and contract manufacturing. Their marketing strategy and sales programs were re-focused on manufacturers seeking to out-source the manufacture of their end products. CMG also designed and installed a new Demand Management system and imbedded within it a new pro-active Transaction Management process.

Additionally, marketing was centralized and along with it the monitoring and management of all customer buying process information. An outbound customer acquisition and stay-in-touch process was installed. Prospects were identified through a lead development system that categorized and prioritized each prospect's potential, and that also established and tracked the buyer's program according to their own buying process.

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.

Although the company had a much better than seat-of-the-pants approach to managing its marketing and sales operations and did have a process-of-sorts, it failed to provide any type of structured integration and coordination of and between its diversified operations, products and markets. This made it extremely difficult and error-prone to define metrics and insert controls into highly variable activities that lacked anything more than a very general framework or operations model.

Constraint Analysis (CA)

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

The company was in a constant fire-fighting mode, throwing operating and management resources into problem solving or competitive response situations on a best guess basis. Everything was situational and often repeated based on individuals' recall of what was done the last time a similar situation arose. "Fire prevention" had never been attempted, but the "bucket brigade" had become pretty good, if highly inefficient and wasteful.

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.

"Let's go out and try and make it better . . . again" is the only way you can operate in the absence of defined and documented processes. The diversified nature of the market — and the customers within each market segment — combined with the absence of viable process models made improvements a discrete and random achievement. "The bar" was never continuously being raised, and with new competitors entering the market with the latest adhesive, lamination, and fabric technologies — and who were not faced with the need to resolve flawed processes — the company was faced with battles on two fronts simultaneously; external market influences and forces, and internal infrastructure shortcomings.

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 end-to-end with just the right amount of appropriate resources applied at the right time.

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The company was spread too thin and trying to do too many things, and with a blurred vision of what its position could be for precisely defined and targeted markets, it was inefficiently and ineffectively scrambling to maintain its hold on what it did have. There was no thought of "lean," and without a structured process model (models, plural, considering its diversified operating environment), resource management was more a matter of throwing who and what was available at today's fire(s).

Conclusions:

The new focus and a concomitant branding program allowed the company to concentrate its capabilities and market energies on products and customers that the company serves best. The proactive marketing and sales process management program enabled the company to reach the customer's buyer earlier in their buying process, which in turn permitted a more specific correlation of its activities to sales outcomes. That is, they now have the metrics it needs to effectively monitor and manage its marketing and sales programs. Finally, due to both the focused processes and reliable metrics, they are now better able to scale its marketing and sales activities to meet the demands of the market. A much greater ROI has been achieved on their investment in customer acquisition and retention.

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, or e-mail us at info@customerfmfg.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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