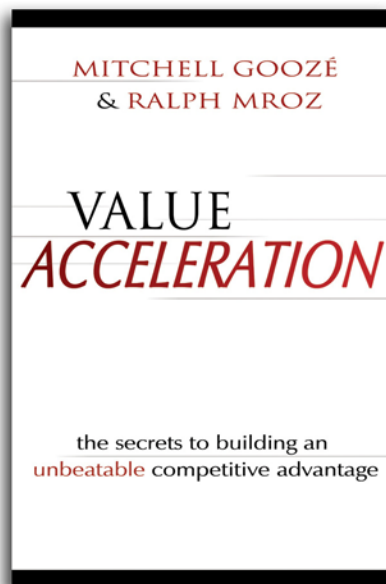


Reading Guide For *Value Acceleration*

A tool to help readers get the most from
this breakthrough book



We're glad that you have our book. (If you don't have it yet, this reading guide won't really help you.) We want to enable you to apply the book and its tenets to your own company. This reading guide and the questions in the discussion section are designed to further stimulate your thinking about the ideas in the book.

Please feel free to share it with your peers. For an additional resource you can download our ChangeThis Manifesto at <http://www.changethis.com/31.05.CompetitiveAdvantage>.

About the Book

Value Acceleration shows top-level executives of leading edge companies how to leverage 20th century accomplishments into a 21st century competitive advantage. This book shows where the source of competitive advantage now lies, and how you can achieve it within your company.

Value Acceleration is not about tactics, and is not a color-by-numbers "how to" plan. Those tactics never apply to all companies in the same way anyway. Nor is this a "traditional" formulistic business book that repeats and repurposes the same ideas. Rather, *Value Acceleration* is a direct exposition of the most powerful of human forces: *ideas*.

Value Acceleration identifies what now empowers competitive advantage, and how to use it to your advantage.

Value Acceleration reveals three central ideas:

1. The crucial need for process management in marketing. The effective management of the total marketing function (not just promotion) is critical. Marketing is the one thing that cannot be outsourced. It must be precisely understood, designed and managed as a process.
2. The first comprehensive overarching and hierarchical process model of the entire marketing function. This process model provides the template for your own truly effective marketing process.
3. Specific and time-proven principles by which your marketing process is best managed for both effectiveness and efficiency.

Adopted as a group, these ideas can provide a way to exploit the last unexplored frontier in management: applying process principles to the central function of the firm, namely marketing.

Central Idea 1: The crucial need for process management in marketing

The first of *Value Acceleration's* central ideas is that the validity of corporate processes has come under a great deal of criticism in recent years. "There's just no time to do things in the old-fashioned, step-at-a-time way in a NetSpeed economy," the argument runs, "Instead of 'ready, aim, fire' ... or even Tom's Peter's famous, 'ready, fire, aim' ... there's no time to aim. It's come down to 'fire, change, and fire again.'"

With this mentality, any attention to process seems irrelevant and passé. For many, the very word process brings to mind the lumbering, slothful bureaucracies that are dead or dying in the 21st Century.

We beg to differ. Process is not a synonym for bureaucracy; in fact, we believe that effective corporate processes remain essential ... and more so the faster the rate of change.

What is a process?

A process is a defined and ordered set of activities. Whether it is defined in terms of sequential outcomes or specific actions to be performed (a distinction to be discussed later) is not important. The relevant point is that a process assigns roles and responsibilities to people or units and defines the information flows between them. A process ensures that everyone knows what they are expected to do and how what they do integrates with what others do. The alternative to having a defined process is to have no means by which to differentiate essential activities from non-essential ones. Without processes, activities are done chaotically and randomly. Clearly, this is not productive, nor is it what the opponents of corporate process are arguing for.

Among all corporate functions, marketing alone has the distinction of not usually operating by a well-defined process. Well-established systems, methods, tools and procedures drive manufacturing; finance, sales, and HR. Modern accounting processes for finance were developed centuries ago. Even product development — previously a notorious habitat of freewheeling "un-structure" — now has a set of well-ordered processes by which it can be effectively managed. But not marketing.

Why is there no well-accepted marketing process today?

The first, answer is obvious: There is not even a consistent answer to the basic question "What is marketing?" Ask 100 practitioners or managers of marketing to define marketing and you'll get 150 different answers. How can there be a commonly accepted process for performing a function when there isn't even a commonly agreed upon definition of that function!

The second answer is significant: Marketing has never been viewed, managed or taught as a process. It has always been viewed, managed and taught in pieces; and, in practice, it has been treated as an art form for which, at best, a company can provide a suitable climate for gifted people. This fragmentation of a discipline that is inherently a process forestalls great strides in its progress.

Central Idea 2: The first comprehensive and hierarchical process model of the *entire* marketing function.

The second of *Value Acceleration's* central ideas addresses the fact that marketing suffers from two common misconceptions. The first is the almost ubiquitous confusion of marketing with promotion. Promotion — advertising, publicity, branding, sales support, and so on — is but one area of marketing. Promotion is the "back-end" task of the larger marketing function ... the one that is done last in a product's development and introduction cycle. Promotion is a part of marketing, not all of it.

The second universal misconception about marketing is that it's not a science — and therefore doesn't lend itself to an organized, structured approach. It is wrongly regarded as an art — as something that is solely dependent on the insight and talent of naturally gifted people for its success.

We conceive of marketing/sales as a system that integrates four main elements:

Environmental Influences are those factors that occur in the external world that you can monitor, analyze and predict - but not control. These monitored and analyzed factors include the usual market segmentation, market size and growth rates, customer demographics, competitor information, political, regulatory, and social influences, and, those aspects of your own company that are beyond your control. This data is not only gathered by your market research function, but by everyone in the firm who interacts with the customer or knows anything about them.

Value Specification is the process of understanding and agreeing upon *Who* buys and *What* they are buying from you ... or what they want to buy from you that they can't buy from others. This function is the strategic part of marketing that fully integrates with the firm's corporate strategy function.

Solution Development is composed of the set of marketing activities that focus on actually creating the completed solution you bring to market. In Solution Development, your marketing department works closely with your product development function throughout the product/service development cycle. The Solution Development element is explicitly designed to work with the type of structured Product Development process that many effectively-managed companies are currently adopting.

Customer Development is the customer-facing side of marketing/sales. It consists of creating demand for your product and fulfilling that demand. In Customer Development, you set strategy for sales, promotion, channels and every other aspect of the company that touches the prospect or customer. You define all of the various audiences that you must reach and develop the right message for each of them. You design your selling process to accurately mirror your customer's buying process. And you then implement these plans. Customer Development encompasses all of promotion, branding, positioning, and so on—as well as the entire Sales function. It usually owns a very large piece of the marketing budget, but it is important to remember that it is merely one of four necessary elements in a true marketing process.

Central Idea 3: Managing by Time-proven Principles

The third of *Value Acceleration's* central ideas is that, from a management point of view, the operative word in marketing process is *process*. Thus, there is every reason why the time proven techniques of process management apply to marketing as well as any other process. Specifically, there are three time-proven process management principles that can be applied to marketing/sales. Those principles are:

Constraint Analysis is the technique of identifying the single greatest barrier to your marketing goal—whether that's sales, profit, growth, or whatever. Working on any other aspect of your marketing process won't relieve your most constrained activity and will do little if anything to achieve your goal. Because of that, constraint analysis requires that you look at the entire process of marketing/sales in order to determine where the real limitation lies in your ability to produce sales.

Lean Thinking refers to techniques used to eliminate waste and non-value-added steps throughout your marketing/sales process. Lean Thinking is the action corollary to the truism: "Don't confuse activity with progress." Each step of your marketing/sales process must be assessed to determine the activities that contribute to the effectiveness of your marketing process and identify non-value-added steps. Non value-added steps are either irrelevant or will actually slow down the system.

Continuous Improvement is the on-going, pervasive and systematic methodology by which quality, at each step in the process, is specified; and by which out-of-spec and sub-optimal performance is removed from the system. The techniques most commonly employed in Continuous Improvement are pattern analysis, quality control, and training.

These three powerful and proven management principles have been successfully applied to improve the product manufacturing process, and they apply equally well — if not in exactly the same way — to a marketing process.

Discussion Questions

- A. The central theme of *Value Acceleration* is that process management is a critical management tool, one that's necessary for any enterprise to co-exist well and for any function within the enterprise to be effective.
1. What are the reasons that the marketing functions seems to resist process management?
 2. Why is marketing the last function in the enterprise to be process managed?
- B. The term “marketing” is usually equated with the back-end activities of promotion. A key theme in *Value Acceleration* is that marketing is really much more than promotion; it encompasses all the strategic data that a business unit needs to make resource allocation, product, and market decisions; it includes strategic product and market decision-making; it involves a key role in the product development cycle; and it also includes promotional strategy and tactics.
1. Why is this broader understanding of marketing not well-accepted? Why is it not widely implemented?
 2. How does it correspond to the situation in your firm?
- C. The term *environmental influences* refers to that entire spectrum of market, product, competitor, societal/governmental, and technology data that is needed to make complete and accurate product and market investment decisions.
1. How is this data gathered in your business unit?
 2. How accurately is it compiled?
 3. How well is it integrated, analyzed and reduced so that marketing management and corporate management can make effective product and market investment decisions?
- D. How well integrated is your business unit's environmental influences data and analyses with strategic management, with product development, with promotion, and with sales? That is, how complete is your business unit's entire marketing process?
- E. A close relationship with product development and a key role throughout the product development cycle is one of the hallmarks of effective enterprises.
1. How well coupled is your business unit's marketing function with the product development process?
 2. Is your marketing function capable of providing leadership, based on a deep market/customer/competitor understanding, to the product development process?

- F. How stable is your overall marketing process? How stable are its sub-processes? Do they change all the time? If so, is this because they are acting on feedback from results and are engaging in *continuous improvement*?
- G. Constraint theory indicates that process results are improved only by “relieving” (resourcing) the “most constrained” part of the system (the part of the system that is most holding back results.) Obviously this principle can be applied at higher and lower levels of process abstraction (at a high strategic/long-term level and at a tactical/short-term level.)
1. How well does your business unit’s resource allocation actually apply resources to the “most constrained” part of your marketing system. Answer this with respect to both a high level and at a couple low level activities in your business unit.
- H. A key principle in *Value Acceleration* is that marketing and sales is really a single overall process, with marketing at one end and sales at the other, with considerable overlap in the middle.
1. Are these two functions integrated into a single process in your business unit? If so, can you map the process?
 2. If not, what is the main reason?
- I. If marketing and sales are really part of a single, overall process within your company, the functions of marketing and sales should be aligned.
1. To what degree are your marketing and sales activities in alignment?
 2. How aligned are the two functions and how do you know?
- If you’d like to take a more comprehensive assessment (free) of the alignment between your marketing and sales you can do so at
<http://www.customermfg.com/msalignment.shtml>
- J. The concept of Lean Thinking is recognized by thought leaders as a valuable management method to improve performance. *Value Acceleration* discusses the application of Lean Thinking to marketing and sales.
1. How can Lean Thinking be applied to your department or function?
 2. What tools and techniques could you apply first to help you remove waste?
 3. Who else would you need/want on a Lean team to make this happen?
- K. In today’s hyper-competitive environment, what was good enough yesterday is unlikely to be good enough tomorrow. For that reason, continuous improvement is critical in all aspects of business.
1. In what ways can the concepts of continuous improvement be applied to your marketing or sales processes?

What's Next?

Reading books and thinking about their application is fine as far as it goes, but without action, nothing happens. In all likelihood, using the principles discussed in *Value Acceleration* will require change within your organization.

1. How will you know when it is time to make those changes?
2. What will you need to do to begin the change process?
3. Who else needs to be “on board” with you to make that happen?

Or will you miss the opportunity for competitive advantage and choose to wait until your competitors have made these ideas from this book part of the “ante” to be in business?