

Marketing for Six Sigma: Integrating Six Sigma into Marketing Practices to Create and Manage Profitable Customers

Marketing for Six Sigma: Effectively Creating Customers

Meeting business demands (Ys) for sales volume, growth, market penetration, and profit level requires examining the variables (Xs) traditionally considered to be in the separate domains of Business Development, Sales, Service, Marketing, and Finance.

In the case of profitability (Y), a firm must understand many dimensions of the customer and market (Xs) such as cost, number of potential purchasers, purchase timing, purchase location, ramp-up time, and accurate sales forecasts. Market penetration (Y) is a result of understanding customer needs, differences and preferences, effective targeting, as well as communicating and efficiently delivering the desired outcomes (Xs). These variables are all inputs to the customer creation process, all created and impacted by multiple departments, and all with variation that can be understood, analyzed, optimized and in some cases controlled. Historically this has not been viewed as one process with inputs and outputs, and hence has been highly fragmented. In fact, all these departments and processes have ONE goal: Increasing Value to Create Customers.

This is where Marketing for Six Sigma adds power to any value based Six Sigma initiative. MFSS focuses on the variables that create customers with a concentration on the varying causes (Xs) in order to produce the results. These marketing variables all contribute to the effectiveness of creating and managing profitable customers which drives the top line of the income statement. The management of the Xs also impacts the efficiency of the profit generation

process and hence the bottom line.

Marketing for Six Sigma provides the cross-functional team a proven roadmap and mentoring to understand the variables, create and select the best marketing mix, and design an efficient Marketing Delivery System Process. The MFSS roadmap is focused on creating customers by Defining Customers and Critical Issues, Creating Optimum Marketing & Offering Mix, Reviewing and Revising Marketing Mix & System, and then Evaluating and Managing Effectiveness (CORE). See Figure 1.

The Uniworld CORE Roadmap

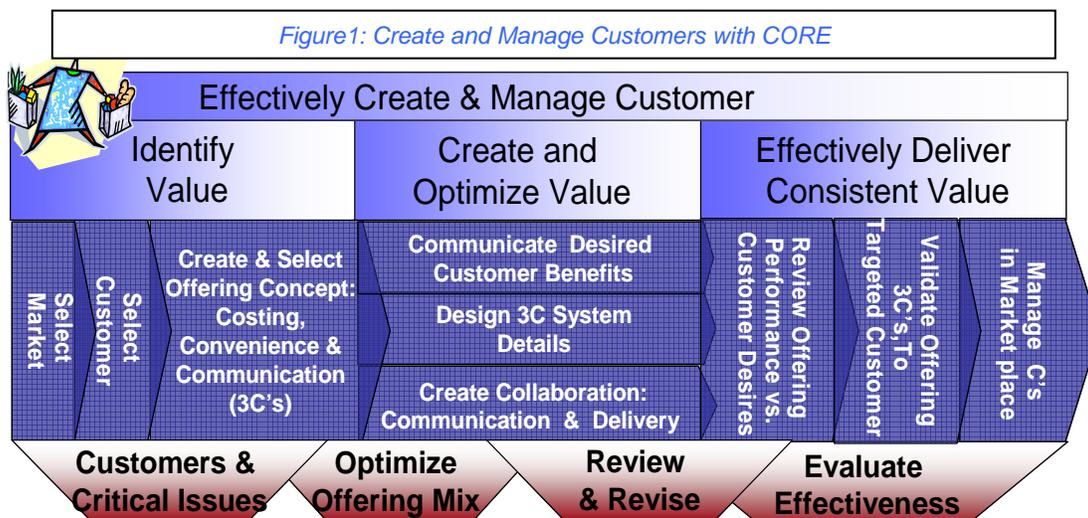
This Customer Value creation view replaces the typical marketing focus of Product, Price, Placement and Promotion. The new focus is on Customer Outcomes and Offering Value Mix, Customer Cost Mix (time, effort, money, emotion), Convenience Mix and Communication Mix. (reference 1)

PHASE 1: CUSTOMERS & CRITICAL ISSUES

In the first phase of MFSS, Cross functional Technical and Marketing teams jointly identify and prioritize the Customers outcomes, values and gaps in the identified Market Segment.

The output of these activities results in:

1. Formulation of prioritized qualitative customer requirements
2. A corresponding value strategy
3. High level risk identification and minimization plans



Tools used for identification and prioritization of areas to increase customer value include customer definition, segmentation and relationships, dimensions of satisfaction, perceived benefits and costs, Customer value and gap analysis, Value chain analysis, SWOT, current offering position, exploration of branding strategies, Translation of needs to requirements, questionnaire design, requirements prioritization with KJ, Kano, and Conjoint analysis. Minimizing Long term risk includes activities such as Portfolio and Platform planning, Scenario Analysis, Strategic FMEA, and Customer Involvement.

The cross functional team, now fortified with the theory, conducts customer and market visits to explore and prioritize the actual value areas. Reference 2

PHASE 2: CREATE OPTIMUM OFFER & MARKETING MIX

This phase explores high level cause and effect relationships, analyzes the critical differences in the customers, deploys the prioritized customer requirements, explores the current process flow and value gap areas, and creates concepts for the customer offerings and analyzes the marketing delivery system process.

The outputs of this phase are

1. Identification of key customer differences and preferred outcomes (uncontrolled)
2. Formulation of prioritized quantitative company requirements deployed from qualitative customer requirements
3. Dashboards / Scorecards for understanding status and progress vs. requirements
4. Selection of the Marketing delivery flow to efficiently deliver the customer outcomes
5. Formulation of a clear customer value proposition: the customer's compelling reason for selecting the offering mix versus any alternatives.

Tools used in this phase include many of the traditional Six Sigma tools as well as Marketing Accountability Planning (MAP), Dash Boards, and Business/Marketing planning.

PHASE 3: REVIEW & REVISE MARKETING MIX & SYSTEM

This phase focuses on deploying the high level Company requirements identified in the past phase down to the marketing system detailed processes. The critical variables are manipulated to determine the actual relationship to the desired results. The marketing delivery process flow is optimized to perform in the presence of the long-term variation in the market. The output of this phase consists of:

1. Known relationships between desired results and causes

2. Efficient detailed Marketing Delivery System Process flow plan
3. Analysis of pricing model versus profit model, with variation
4. Preliminary analysis of system performance versus scorecard/ dashboard metrics

Tools in this phase include Six Sigma tools as well as marketing tools such as Conjoint Analysis, Price Analysis among others.

PHASE 4: EVALUATE & MANAGE EFFECTIVENESS

The final phase in the CORE map evaluates the Marketing delivery system performance as the roll out and ramp up occur. Full volume production brings the process back full circle with estimation of effectiveness in meeting customer requirements, and value gap analysis leading to planning the next round of creating customers. The output of this phase includes:

1. Analysis of channel impact on results
2. Preliminary verification of sales forecast modeling
3. Standardized plans and roll out procedures for piloting and ramp up
4. Establishment / refinement of data collection system
5. Preliminary estimates of normal versus special cause variation, and control plans
6. Verification or realignment of the effectiveness of the positioning, value proposition, marketing delivery system
7. Review of Portfolio and Strategy

Phase 4 tools include Sales forecast modeling, Standardization. Pilot planning and portfolio management.

CONCLUSIONS:

Effective marketing processes increase value and create customers thereby impacting the top line.

Efficient marketing processes impact the bottom line.

Marketing is a process with variables producing results. MFSS focuses on understanding, designing and optimizing the variables, greatly increasing the probability of producing both the top line and the bottom line results desired by the firm. Uniworld MFSS has been proven to help firms create customers.

Please contact us at (US) 757-877-2611 or on the web at www.uniworld.biz.



Practical Approach, Proven Results

Reference 1: Lauterborn "New Marketing Litany"
Reference 2: Creveling, Antis "Design for Six Sigma"