

Lean Advantages in Industrial Marketing

Quality Insider Article

Industrial-marketing programs must encompass the full range of activities needed to grow a business profitably, and often these programs neglect to cover the retention and expansion of a business with existing profitable customers.

In a global competitive environment, a lean industrial-marketing process must help to identify target markets, target customers, and target channels of sales and distribution. The program must focus on profitable growth and financial performance that matches the best-in-class global competitors. The assessment of an industrial-marketing program must include the determination and justification of new global markets with products that offer a superior performance advantage, including an attack strategy for countering foreign competition.

Whether internally evaluated by a lean initiative team, or externally examined by a consultant, the lean (quasi-*kaizen* event) in an industrial-marketing program must assist manufacturers in identifying the cost to produce each product line as well as a comparison to the sale of each line item. "Industrial marketing programs help clients to track individual customer sales and profitability. The combination of these two elements must be tracked and used for profitability analysis to determine and develop specific target markets for expansion," says Larry Caretsky, CEO of Commence CRM.

Sales channel costs determine lean industrial marketing efforts

Sales channel costs are determined to identify the real costs of sales. The information developed from an industrial-marketing program is used to pinpoint areas of waste in the marketing dollars, to make improvements in the sales channel selection, and to track performance from each channel.

Nonproducing resources are then replaced by more effective channel-selection partners. As with all lean efforts, elimination of waste is the key component of an effective lean industrial-marketing program.

The importance of continuously updating competitor and market information is key to building an effective marketing program that sustains itself. This is the continuous process improvement aspect of a lean industrial-marketing campaign. "Knowing what the market is doing and where it is going, as well as what the competitors are doing, is critical in developing an effective growth strategy that targets areas where the company strength can be leveraged into more sales. Knowing the company's target market is moving to lower-cost products and that new competition is coming from foreign products allows a company to assess its strengths and weaknesses and make appropriate adjustments to its marketing strategy," Caretsky insists.

Keeping customers satisfied: the greatest competitive advantage

Strong industrial-marketing programs help a business to keep a focus on those markets they are willing and capable of best serving profitably. Successfully growing new customers is often included in the bonus or awards in a lean metric program, while existing customer satisfaction and retention is either completely ignored or minimized as axiomatic. While news reports of outsourcing customer service have been plentiful in the past several years, most lean industrial marketing efforts rarely include a comprehensive strategy for overcoming the cost of losing a single customer.

The damage from a single disgruntled customer is very costly. Even a few years ago the recourse for unhappy clients was rather limited in scope and recourse. Entire blogs now exist for people to complain about their bad experiences; consider it an “organic” Better Business Bureau. Whether the complaints are true, accurate, or fair is seemingly irrelevant as the damage is done when potential clients conduct a Google search to discover the “bad will” that has metastasized on the web.

If all the water is draining from the bathtub (existing customers), the efforts to refill the bathtub are pointless. Customer satisfaction drives retention which drives profitability; understanding how to keep customers happy is critical to lean industrial-marketing programs because inherently it’s wasteful to gain new clients that will suffer disappointment or faulty expectations based on a businesses past performance. Satisfied customers always create the greatest competitive advantage.

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Source URL (retrieved on 08/18/2008):

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