

National Institute of Standards & Technology (NIST)  
Manufacturing Extension Partnership (MEP)



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# Market Diversification: How to Find and Sell to New Customers

**Robert Hess, Director, MMTC Growth Services**



MICHIGAN MANUFACTURING TECHNOLOGY CENTER



# MMTC's Mission

**To enhance the global competitiveness of Michigan's small and medium-sized manufacturers**

## Goals

To make a significant impact on our customers, documented by reduced costs, increased sales, and new and retained jobs in Michigan.

Our State and federal sponsors measure our success by the measured impact we have on the manufacturers we serve.



# MMTC: Good for Michigan Employers, Good for Michigan

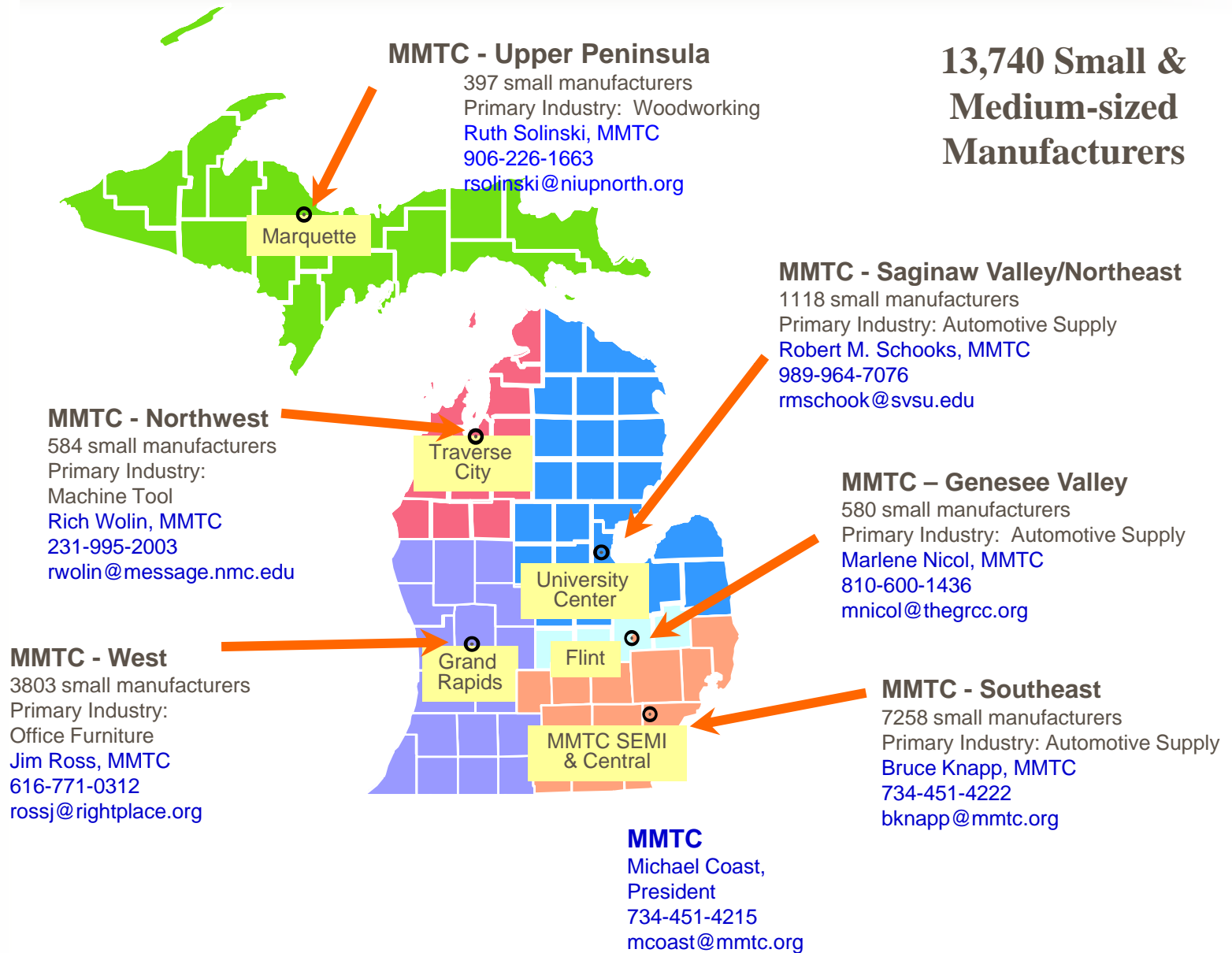
MMTC clients are interviewed by an independent, third-party survey firm one year *after* their project has been completed. Results reported by NIST recently:



MMTC's impact goes beyond individual manufacturing customers. The sales improvements, cost savings, and jobs created and retained help to enhance Michigan's strong industrial base and employment.



# 13,740 Small & Medium-sized Manufacturers



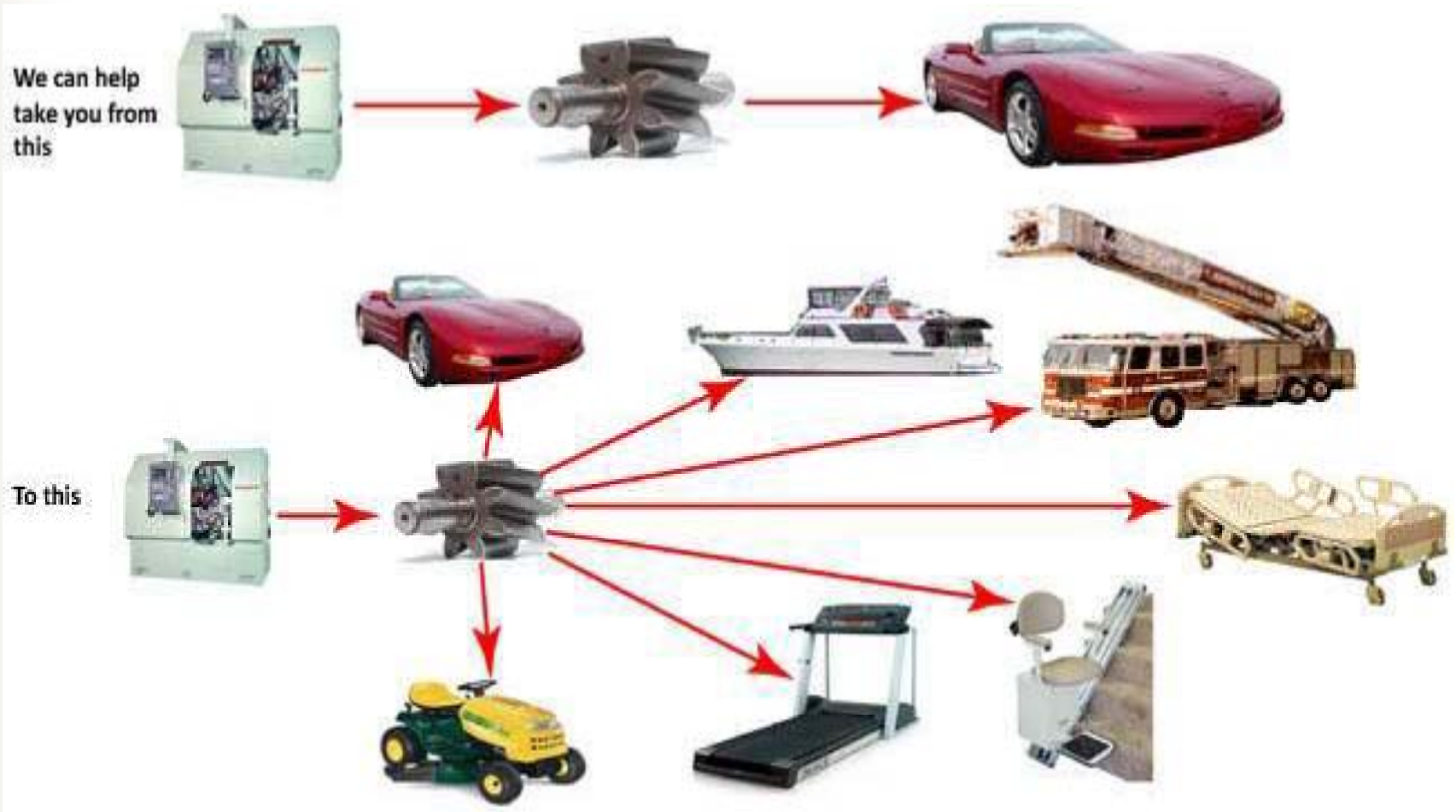


# MARKET DIVERSIFICATION

## Program Overview



# Diversifying your customer base





**Our approach is knowledge transfer  
with rapid process change implementation**

**Phase 1  
ASSESSMENT**

# Phase 1

**Phase 1  
ASSESSMENT****Phase 2  
SALES  
ENHANCEMENT****Phase 3  
WEBSITE &  
COMMUNICATIONS****Phase 4  
CUSTOM GROWTH  
ACTIONS**

## Purpose

- Customize company's Market Diversification program

## Process

- Advance questionnaire to identify company's current sales and marketing processes
- On-site meeting
  - Identify sales and marketing strengths / weaknesses
  - Establish new business development team
  - Data collection and analysis for training and goal setting
  - Plant Tour to identify core competencies for reaching out to new markets

**Phase 2  
SALES  
ENHANCEMENT**

# Phase 2

Phase 1  
ASSESSMENT

Phase 2  
SALES  
ENHANCEMENT

Phase 3  
WEBSITE &  
COMMUNICATIONS

Phase 4  
CUSTOM GROWTH  
ACTIONS

## Purpose

- Initiate process change by prospecting for familiar new customers

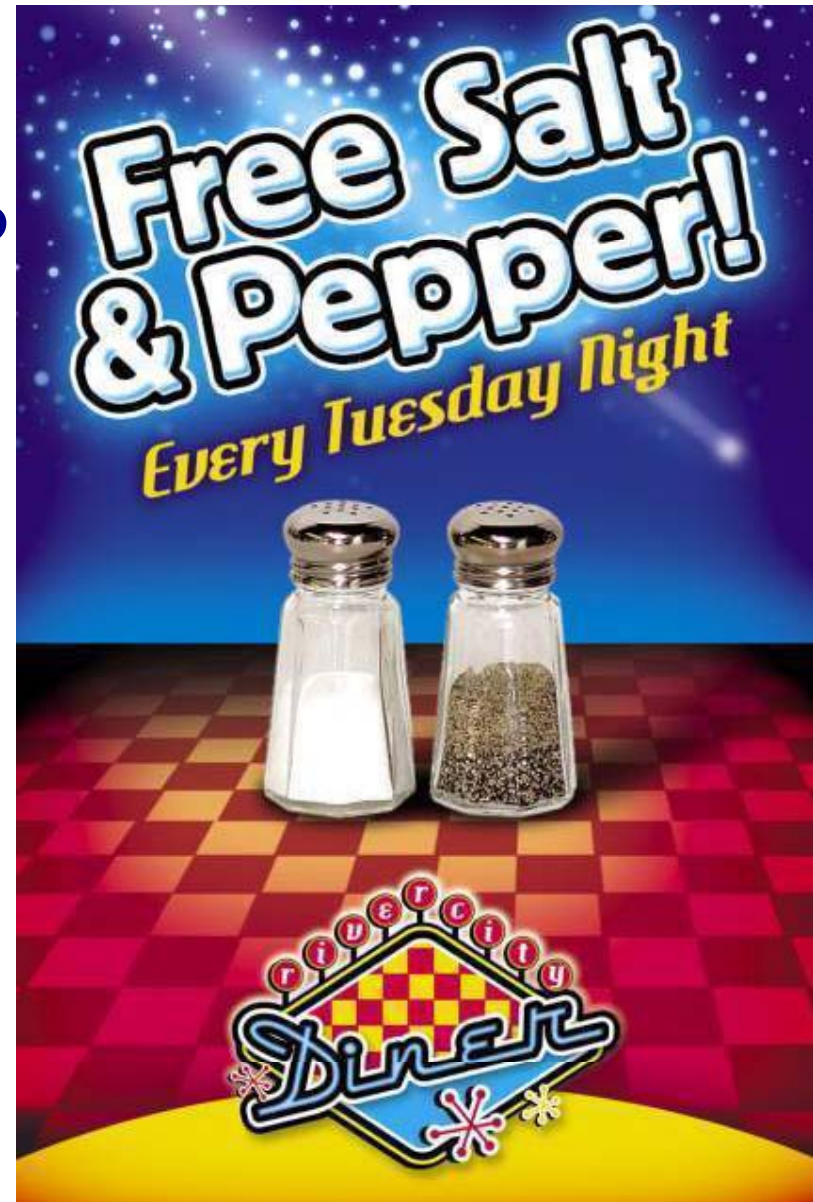
## Process

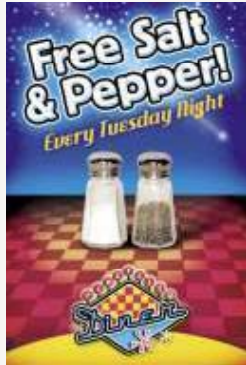
- 2-day on-site training
  - Develop prospect lists
  - Develop prospecting process
  - Develop prospecting database
  - Develop messaging – consistent “value statements”
- 30-day Implementation focus



# What is your message?

Generic Claims?





It's just as **GENERIC** as...

*"what makes us great is..."*



**OUR SERVICE**  
**OUR QUALITY**  
**OUR PEOPLE**



# Phase 3

**Phase 3**  
WEBSITE &  
COMMUNICATIONS

Phase 1  
ASSESSMENT

Phase 2  
SALES  
ENHANCEMENT

Phase 3  
WEBSITE &  
COMMUNICATIONS

Phase 4  
CUSTOM GROWTH  
ACTIONS

## Purpose

- Improve website as sales and marketing tool for new business

## Process

- 2-day on-site training
  - Part 1 – Internet effectiveness
    - Website search, metrics, advertising
    - Conversion - turning website visitors into sales
  - Part 2 – marketing & communications
    - Maximizing marketing ROI – the right media mix
    - Applying Value Statements to improve marketing materials
- 30-day focused Implementation



# Who would you click to learn more?

The screenshot shows a Google search interface. The search bar contains the text "steel supplier". To the right of the search bar is a "Search" button and two links: "Advanced Search" and "Preferences". Below the search bar, there are two tabs: "Web" and "Books". The search results are displayed below the tabs. The first result is for "Xxxxxxxx Steel Co." with a description: "The main reason for our continued growth since 1981 has been our total commitment to service and customer satisfaction. We are committed to continuing and ...". The URL is "www.xxxxxxxxsteel.com/index.htm" and it is labeled "23k" with links for "Cached" and "Similar pages". The second result is also for "Xxxxxxxx Steel Co." with a description: "Eliminate secondary operations with over 80' continuous flame cutting capacity, and save an average of \$8,500 per job with our Direct Material Delivery Program ...". The URL is "www.xxxxxxxxsteel.com/" and it is labeled "12k" with links for "Cached" and "Similar pages".

Google™ steel supplier Search [Advanced Search](#) [Preferences](#)

Web [Books](#)

[Xxxxxxxx Steel Co.](#)  
The main reason for our continued growth since 1981 has been our total commitment to service and customer satisfaction. We are committed to continuing and ...  
[www.xxxxxxxxsteel.com/index.htm](http://www.xxxxxxxxsteel.com/index.htm) - 23k - [Cached](#) - [Similar pages](#)

[Xxxxxxxx Steel Co.](#)  
Eliminate secondary operations with over 80' continuous flame cutting capacity, and save an average of \$8,500 per job with our Direct Material Delivery Program ...  
[www.xxxxxxxxsteel.com/](http://www.xxxxxxxxsteel.com/) - 12k - [Cached](#) - [Similar pages](#)



# 92.4% of all buyers use the internet

(Source: 2007 Forrester Research)

Your competitor is here →

You are somewhere down there ↓

## Two questions:

- 1) Do you know why?
- 2) What are you going to do about it?

Google injection mold building Search Advanced Search Preferences

Web

**Plastic Injection Mold Builder Indiana Thermoplastic Injection ...**  
We specialize in designing and building small to medium size molds utilizing computer ... BMJ Mold and Engineering is a plastic injection mold builder with ...  
[www.bmj Mold.com/](http://www.bmj Mold.com/) - 33k - Cached - Similar pages

**Custom Injection Molding/Molded Plastics w/ in-house tool building ...**  
injection mold building and tooling, medical, dental, automotive, insert molding, injection. Our specialty is the molding of parts under 8oz in piece weight ...  
⊕ Show map of 177 Franklin St. Norwich, CT 06360  
[www.d2products.com/JERMAT.htm](http://www.d2products.com/JERMAT.htm) - 7k - Cached - Similar pages

**Feng Ping Tooling and Plastic Mfg. Co. Ltd. - Injection Molding ...**  
Ltd. - Injection Molding China - Founded in 1996, Feng Ping Tooling and Plastic - Custom Injection Mold has been a well established mold building company.  
[injectionmoldingchina.com/](http://injectionmoldingchina.com/) - 17k - Cached - Similar pages

**Greenbriar Plastics-Injection Molding, Decorating, Plastic ...**  
Providing custom injection molding, injection molds, decorating, hot stamping, ultrasonic welding, mold building, product design, consulting, packaging, ...  
[www.greenbriar1.com/](http://www.greenbriar1.com/) - 17k - Cached - Similar pages

**Custom CD DVD Case, Game Case, OEM Plastic Case Molding- China ...**  
Plastic injection molding design & building service, CD Jewel case DVD case Game ...  
Innov's plastic Injection mold building workshop was founded in 1999, ...  
[www.innovgroup.com/mold-making-mould-design.htm](http://www.innovgroup.com/mold-making-mould-design.htm) - 13k - Cached - Similar pages



# Phase 4

**Phase 4  
CUSTOM GROWTH  
ACTIONS**

**Phase 1  
ASSESSMENT**

**Phase 2  
SALES  
ENHANCEMENT**

**Phase 3  
WEBSITE &  
COMMUNICATIONS**

**Phase 4  
CUSTOM GROWTH  
ACTIONS**

## Purpose

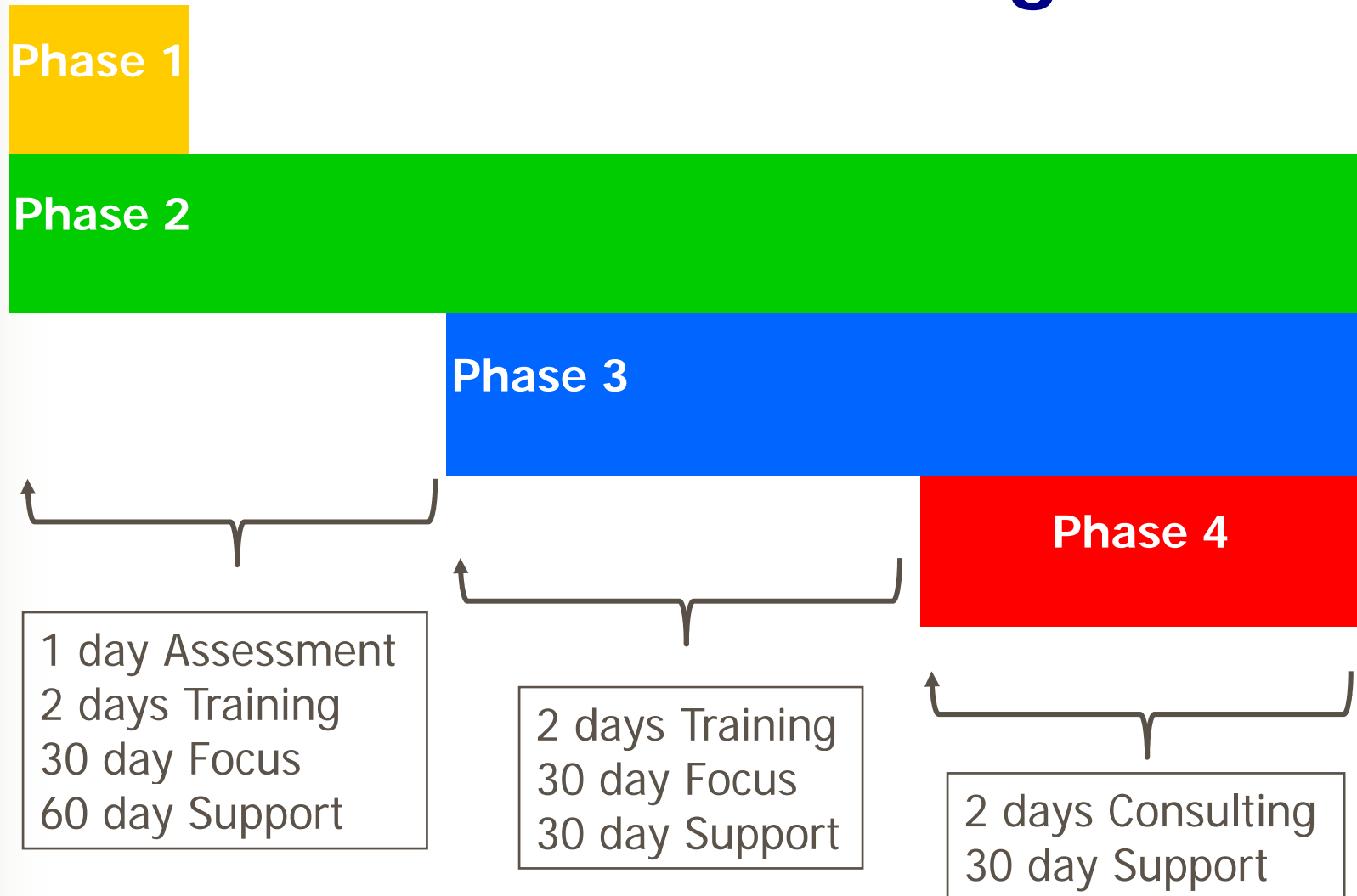
- Build & implement ROI-driven Sales, Marketing & Website actions for new customers and markets

## Process

- 2 on-site consulting days with approximate 30-day interval
- Establish goals, measurables
- Business planning to further-reaching new markets
- Develop company-specific deliverables (e.g. press release)
- Use third party market research to prioritize new market entry



# Activities during 90-day Market Diversification Program





# MMTC Market Diversification Deliverables

- Creation of a lead qualification and sales process
- Custom prospect and contact lists
- Development of Value Statements / marketing messages
- Third party market research report
- Training on how Internet search engines work
- A technical website evaluation report
- Training on website analytics and use for sales conversion
- Integration of an actionable sales and marketing strategy



# MARKET DIVERSIFICATION

## Case Study #1



# Steel Tube Company

- Automotive Supplier with 90 employees
- EDJT grant for Lean training
  - Reduced change-over time from 5.3 hours to 2.9 hours on new state of art mill
  - Increased capacity allowed for inventory reduction
  - Can now run smaller batch sizes
  - Streamlined scheduling process
  - Improved customer satisfaction – now considered one of best suppliers
  - Brought back outsourced work saving \$100,000/month



# Steel Tube Company

- Two issues (Declining sales & increased capacity (Lean))
- FSTT grant for Market Diversification training
  - Improved company website
  - Improved search engine rankings
  - Created E-mail marketing campaign
    - 3 New customers in current market
  - Prospecting outside current market
    - Awarded a HVAC contract
  - Now looking at
    - Agricultural applications
    - Hydraulic Tube market
  - Smaller batch sizes but new opportunities



# MARKET DIVERSIFICATION

## Case Study #2



# Diversification - a case study

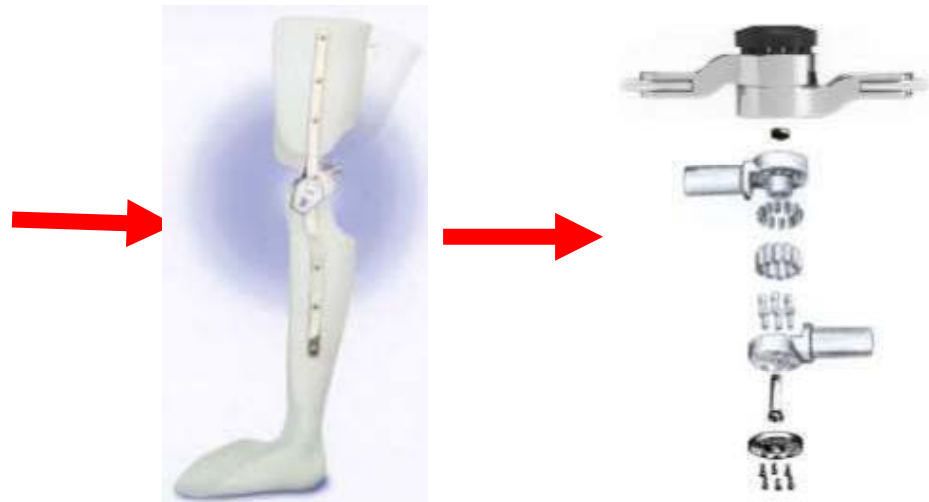


**Precision screw machine company.  
Majority of business automotive.**



# Diversification - what makes sense?

Match trends and data with process capabilities



**Medical Appliance / Prosthetics**



# Identifying markets and niches

Using **NAICS** = North American Industry Classification System,  
a newer version of SIC code system

## NAICS Subsector 339 – Miscellaneous Manufacturing

Product code	Industry and product description
<b>339113</b>	<b>SURGICAL APPLIANCE AND SUPPLIES MANUFACTURING—Con.</b>
3391132	MEDICAL AND SURGICAL APPLIANCES AND SUPPLIES, INCLUDING ORTHOPEDIC, PROSTHETIC, AND THERAPEUTIC APPLIANCES AND SUPPLIES—Con.
33911324	Disposable surgical drapes, including obstetric and operating room packs
3391132457	Disposable surgical drapes, including obstetric and operating room packs . . .
3391132581	Hydrotherapy appliances, including full-body and limb tanks . . . . .
3391132584	Other therapeutic appliances and supplies, excluding electromedical and hydrotherapy appliances and supplies . . . . .
3391132587	Surgical kits . . . . .
3391132588	Stents . . . . .
3391132592	Other medical and surgical appliances and supplies, excluding parts . . . . .
3391132594	Parts for medical and surgical appliances and supplies . . . . .



# Targeting similar prospects

Using the targeted NAICS code, select an area to search for other prospects

If desired, the target criteria can be further refined using a variety of variables



# Targeting similar prospects

From chosen criteria, a new prospect list will be generated

[Data Summary](#) [Revise My Criteria](#) [New Search](#)

**Search Results**

Page [1](#) [2](#) [3](#) [4](#)

[First Page](#) [Last Page](#) Go to page number:  [Go!](#)

[Details](#) [Download](#) [Print](#) Sort by: [No Custom Sort](#)

<input type="checkbox"/>	<a href="#">Company Name</a>	<a href="#">Address</a>	<a href="#">City/State</a>	<a href="#">ZIP</a>	<a href="#">Phone</a>	<a href="#">Corporate Family</a>
<input type="checkbox"/>	<a href="#">A &amp; L Fabricating</a>	Highway M 26	Dollar Bay, MI	49922	(906) 482-6604	
<input type="checkbox"/>	<a href="#">Able Orthopedics</a>	14715 Northline Rd	Southgate, MI	48195	(734) 281-3775	
<input type="checkbox"/>	<a href="#">Agile Safety</a>	850 Bridge St NW	Grand Rapids, MI	49504	(616) 301-1402	
<input type="checkbox"/>	<a href="#">American Medical Svc</a>	825 W Huron St	Pontiac, MI	48341	(248) 332-6688	
<input type="checkbox"/>	<a href="#">Barlow Electric Co</a>	12200 Coyle St	Detroit, MI	48227	(313) 837-9210	
<input type="checkbox"/>	<a href="#">Battle Creek Equipment Co</a>	307 Jackson St W	Battle Creek, MI	49037	(269) 962-6181	
<input type="checkbox"/>	<a href="#">Becker Orthopedic</a>	635 Executive Dr	Troy, MI	48083	(248) 588-7480	
<input type="checkbox"/>	<a href="#">Biopro Inc</a>	17 17th St	Port Huron, MI	48060	(810) 982-7777	
<input type="checkbox"/>	<a href="#">Boylan's Mid State Sales Inc</a>	2430 Camelot Ct SE	Grand Rapids, MI	49546	(616) 949-8370	
<input type="checkbox"/>	<a href="#">Bren Products</a>	18011 Valade St	Riverview, MI	48193	(734) 246-6662	
<input type="checkbox"/>	<a href="#">Brenner Orthotic &amp; Prosthetic</a>	32975 8 Mile Rd	Livonia, MI	48152	(248) 615-0601	

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# Diversification results = Less dependence on automotive



**Medical / Prosthetic**  
NAICS = 339113



**Bottling Machinery**  
NAICS = 333993



**Gauge / Industrial Control**  
NAICS = 334513



**Institutional Furniture**  
NAICS = 337127





# Market Diversification: How to Find and Sell to New Customers

## *Questions ?*

