

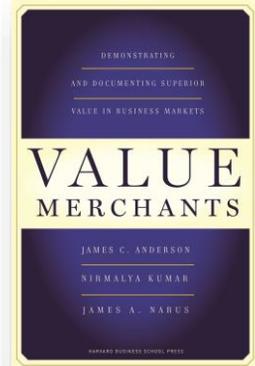


# Best Practice in Customer Value Management



In today's business-to-business (B2B) markets, suppliers are increasingly challenged by customers to justify their prices and to prove the value of their offerings relative to their competitors. Some suppliers, though, that have become serious about customer value are successfully meeting these challenges and prospering.

Our book, *Value Merchants*, share the results of our best practice research and provides a proven approach to managing customer value. The Customer Value Management Expert Toolset® (or CVET® for short) guides you through the process of measuring your customer value in monetary terms and creating sales tools to persuasively demonstrate that value. Best practice companies have improved their sales close rates, win rates, and the profitability of business won.



### ***Best Practice Firms Use Customer Value Models To:***

- ⊖ Determine value-based customer segments
- ⊖ Identify high priority targets
- ⊖ Formulate pricing strategy and tactics
- ⊖ Craft persuasive value propositions with a resonating focus
- ⊖ Support value selling with value-based sales tools
  - Targeting tools
  - Value case histories
  - Value calculators
  - Value documenters
- ⊖ Lower costs by eliminating value drains and value leaks
- ⊖ Guide product development priorities

Led by Professor James Anderson of the Kellogg School of Management and Eric Berggren of Axios Partners, CVET streamlines the process of demonstrating and documenting the superior value delivered to customers. CVET has two basic applications:

1. Research tools for discovering the superior value of offerings; and
2. Sales tools for demonstrating that superior value to customers.

## Customer Value Research Tool

The CVET application enables your team to conduct customer value research on a market offering. It guides them to select market segments and competing alternatives to study, identify value elements, write value word equations, research customers, build the value model, and generate reports.

By using CVET's analysis capabilities, your team doesn't have to have extensive experience to achieve best practice in measuring and analyzing customer value.

CVET focuses the analysis on points of difference from your competition. This is an important distinction from Total Cost of Ownership (TCO) Studies, which require data for both points of parity and points of difference. Why strain your already stretched resources and your customers' willingness to cooperate by gathering data that does not affect purchase decisions?

Most value measurement efforts are assumption heavy. The value is driven by assumptions in the model, rather than data. Others rely too much on the customer's perceptions of value. Unfortunately, customers don't have the time to perform a rigorous value analysis, so they rely on gut feel typically informed by anecdotal stories. CVET guides your team and your customers through a process of joint discovery...not merely recycling customer opinions. Our Value Word Equations generate this new knowledge. As you can see below, a value word equation is simply the mathematical formula (stated in words and mathematical operators) that fairly estimates the monetary value of a specific value element. The value word equations are discussed with customers to gain their agreement. Then, CVET helps you and your customer collect and organize just the data that's relevant for the analysis.

Value Element	Our offering is superior	Parity	NBA offering is superior	Contention
"Dirty little job" elimination	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
Lifting and pulling injury reduction savings	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>
Oil change savings	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>
Profit from additional jobs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>
Value of Kunst brand	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>

Showing: Profit from additional jobs

Equation	Formula or Element
Profit from additional jobs	= ( Additional jobs per week * profit per job ) * number of weeks in the busy season
Additional jobs per week	= jobs per week_f - jobs per week_a
jobs per week_f	
jobs per week_a	
profit per job	
number of weeks in the busy season	

[←Back to Value Word Equations](#)

## Value-based Sales Tools

CVET generates value-based sales tools that enable your sales force to easily and effectively demonstrate and document value with an individual customer. Here your salesperson, truly doing consultative selling, makes use of the research findings by combining them with their customer's data to calculate the differential value for that customer's business. These tools increase your sales force's efficiency and effectiveness by reducing the number of calls required to win an order and/or increasing the "win" rate against the competition. By proving the value in monetary terms, salespeople more effectively negotiate higher average selling prices.

ValueBased SalesTool

Comparison Information | **Value Calculator** | Value Documenter

Home > Value Calculator

### Value Calculator

Cool Savings Inc. | Kunst 1600 vs. Airmaster

Points of Difference	Expected value
+ Oil change savings	USD 213.30
+ Profit from additional jobs	USD 720.00
<b>Subtotal Differential Value &gt;</b>	<b>USD 933.30</b>

Differential Price	Expected value
+ Differential price	USD 16.67
<b>Total Value In Use &gt;</b>	<b>USD 949.97</b>

Value Placeholder	Description
Environment	Some consumers and/or retailers prefer more sustainable packaging.

Generate report

## Gain a Fair Return on Your Customer Value...

James Anderson and Axios Partners work together seamlessly to implement customer value management at client firms. We impart the knowledge, skills, and process of customer value management to client firm managers, enabling them to transform their company culture to one of doing business based on demonstrated and documented value, resulting in significantly enhanced profitability.

We provide management development, coaching, consulting support, and state-of-the-art tools to client teams that undertake defined customer value research projects aimed at improving specific business performance. In today's competitive markets, you can't afford *not* to systematically manage your customer value?

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