

The Elements of Value



Operating Procedures

Customers value organizations that are easy to work with. Customers value systems and procedures that are designed to make the process of getting what they want better, faster and/or cheaper.

Quality

Customers value high quality in products and services. They also demand quality processes and systems to obtain those products and services.

Premium Service

Customers value special treatment. They expect that organizations they do business with will continually go beyond the expected and provide extra levels of service.

Price

Customers value prices that allow them to reduce their overall costs. Automatic price increases are a thing of the past. Customers expect continual efforts to reduce prices.

Time

Customers value organizations that can save time or provide them with extra time for other initiatives. Customers demand the smallest possible interval between their need and when it is met.

Levels of Value

ENDURING VALUE

Value that evolves from being "in business with one another" for the long term. This value can be described as "sustained" value that is typically difficult to quantify, but very important in sustaining the partnership. It can also be characterized as "value-in-use" that comes from a long-term relationship.

UNIQUE VALUE

Value that is unique to your enterprise and establishes clear differentiation between you and your competition. Unique Value describes the "value proposition" that determines the distinct resources or services that cannot be easily replicated by a competitive initiative.

UNEXPECTED VALUE

"Surprise me" value that a selling organization provides to a buying organization. Unexpected Value has risks: the buying organization may immediately move Unexpected Value to Expected Value, and if possible, the competition may replicate the Unexpected Value.

EXPECTED VALUE

Value that the customer assumes "comes with the package."

UNRECOGNIZED VALUE

Value that the customer either dismisses or does not recognize.

Important Safety Tips

1. In the end, it's the CUSTOMER that ultimately determines the Value of your offering...not you. You can define it, plan for it, work toward it...but you can't determine it.
2. For that reason, banish the phrase "Value-Added" from your lexicon. Nothing is "Value-Added" until the Customer says it is.
3. Many are tempted to take "Value Shortcuts". For example:
 - Offer discounts selectively to hold business that has started to go elsewhere.
 - Introduce new promotions, terms, conditions and offers to confuse and cloud up the market.
 - Beef up customer service by adding people to fix screwups and expedite delayed shipments. Throwing bodies at a problem only paints a veneer over basic service-process problems.
 - Delay capital investments and adjust accounting methods to portray quarterly financial results more favorably.
 - Introduce "new and improved" products that are new in form, but not in substantive ways that are of consequence to purchasers (also called "Extending the Brand".)

All of these Shortcuts fail to address the real issue: the lack of clear, well-understood value for the customer.