



CVM Diagnostic

MarketAbility and Customer Value

MarketAbility has developed a unique diagnostic tool to evaluate and benchmark the performance of companies and business units on Customer Value Management, based on the five-step Pentadigm CVM model featured in the book, co-written by Phil Allen (CEO, MarketAbility): "Value-Based Marketing for Bottom-Line Success: 5 Steps to Creating Customer Value". ISBN 0-07-139656-X. De Bonis, Balinski & Allen, published December 2002 by McGraw-Hill with the American Marketing Association

MarketAbility's CVM (Customer Value Management) Diagnostic

produces a rigorous and systematic evaluation of a company's or business unit's performance on each of the five steps in the Pentadigm model:

1. Understand the Customer
2. Commit to the Customer
3. Create Customer Value
4. Obtain Customer Feedback
5. Improve Customer Value

CVM Diagnostic Benefits, Approach and Outputs

The CVM Diagnostic features a unique set of parameters and measures applied to each of the five steps and involves detailed analysis plus interviews and discussions with client's customers, non-customers and staff at all levels. The results of the detailed study will be presented back to client's team in an interactive workshop, geared to identify for each of the Customer Value Management steps:

1. What client does well today, can reinforce and leverage in the marketplace with target customers.
2. What client needs to improve to be better positioned in the marketplace and with target customers.
3. What client must do differently to win greater success in the marketplace and with target customers.
4. How does client compare with best practice

Specific deliverables for client will be a measure of performance on each step:

1. Understand the Customer

Understand market and customers, customer segmentation, evaluate competitive position, target customer segments.

2. Commit to the Customer

Develop customer segment strategy, differentiate offerings to chosen target segments, communicate offerings internally and externally, define and measure key performance indicators.

3. Create Customer Value

Develop a customer culture through the organisation, define and populate customer value processes, develop customer value infrastructure, implement customer value.

4. Obtain Customer Feedback

Track won and lost business, proactively obtain customer feedback, measure and track customer satisfaction, manage customer queries and complaints.

5. Improve Customer Value

Implement short-term improvements, continuous and ongoing improvements to customer value, challenge customer understanding, re-define customer commitments, improve implementation.

6. Key Actions and Initiatives

The Diagnostic and the interactive workshop provide an action list for immediate, medium and longer term implementation as the basis for future success of the client in the market and at target customers.

Practical Marketing for Value Growth

WE DO while others only talk

© Copyright Phil Allen's MarketAbility 2003



MarketAbility

A PENTADIGM Practice

Value

To run the full CVM Diagnostic for client can be completed at a price typically equivalent to a one percent or less of business revenue.

This covers all research, customer and management interviews, analysis and a two-day interactive feedback workshop, plus the final printed report.

The price amounts to a small per cent of business revenue and can bring significant impact to the bottom line of a business, typically producing ROI > 100%, more than recovering the initial investment.

For swift identification of areas of impact, MarketAbility also offers a CVM Diagnostic Lite or CVM Diagnostic UltraLite and these are compared below with the full CVM Diagnostic.

The key elements of each level of the CVM Diagnostic are described below:

CVM Diagnostic

(internal interviews with management, staff and across functions + customers and non-customers plus analysis, report and interactive two-day results and action workshop)

CVM Diagnostic Lite

(internal interviews with customer-close management & staff + customers plus analysis, report and interactive two-day results and action workshop)

CVM UltraLite

(internal interviews with selected marketing/sales/commercial management and staff plus analysis, report and interactive one-day results and action workshop)

Timing

MarketAbility offers a rapid response service on all CVM Diagnostic orders, so that the client can begin to act on the results, findings and recommendations rapidly in order to realise the business improvement in the shortest possible time.

Typical timings for the CVM Diagnostic are:

CVM Diagnostic	3-4 months from order to feedback workshop
CVM Diagnostic Lite	2 months from order to feedback workshop
CVM Diagnostic UltraLite	4-6 weeks from order to feedback workshop

Fast Results

Our detailed findings and recommendations are reported in an interactive workshop designed to provide client with a readily implementable action plan.

Results and recommendations use an easy to read "traffic light" system to enable client to easily identify key issues

Red items demand immediate attention to do something or do something differently

Amber items demand improvement in the way you do that

Green items are the things you are doing well and should leverage.

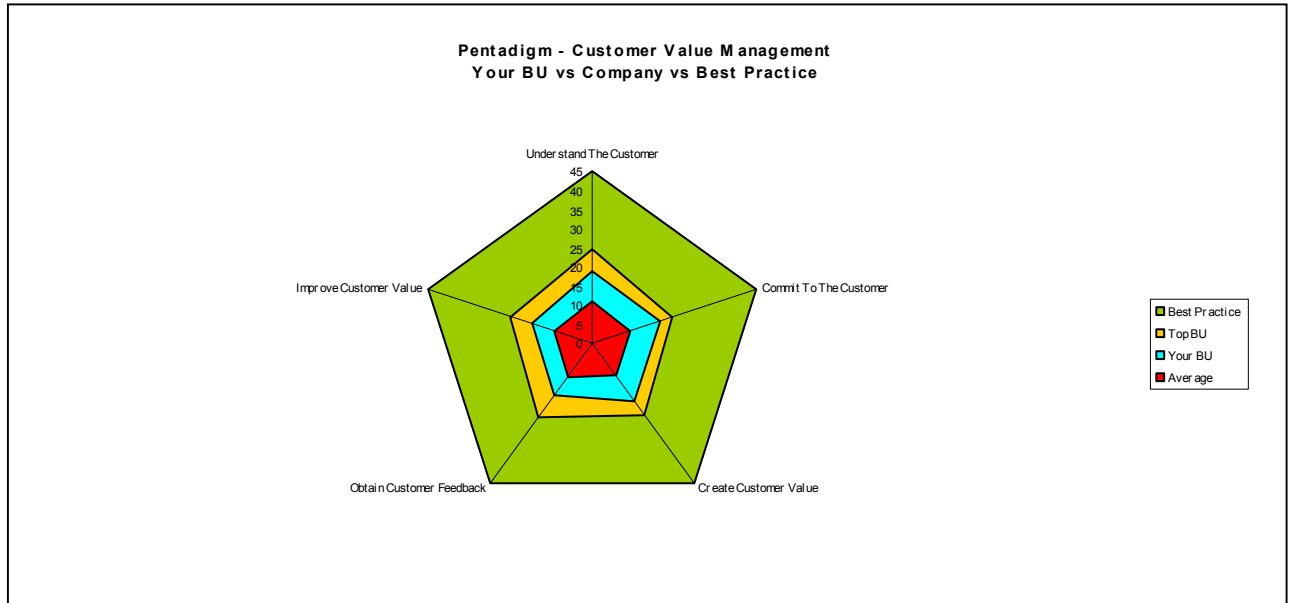
Practical Marketing for Value Growth

WE DO while others only talk

© Copyright Phil Allen's MarketAbility 2003



Sample Output



Sample Conclusions and Recommendations

Overall BU performs above company average but significantly below best practice in Customer Value Management. Specific areas recommended for attention at BU are highlighted below:

1. Understand the Customer

- a. Define and Map the Market
Continue to define and map markets according to quantified customer need and value
- b. Discover Customer Value Segments
Move away from product-centric to customer needs- and value-based segmentation.
- c. Select Target Customer Value Segments
Make clear and conscious choices of target customer value segments

2. Commit to the Customer

- a. Develop Superior Differentiated Offerings
Move away from product-centric offerings to create sustainable competitive advantage through the injection of non-product elements in the offerings

3. Create Customer Value

- a. Create a Customer Value Culture
BU management must embrace and lead the principles of Customer Value Management by doing and not just saying.
- b. Implement Customer Value
All implementation and action plans should be linked to and driven by customer value commitments and prioritised according to customer value creation.

4. Obtain Customer Feedback

- a. Track won and lost business
BU should introduce more rigorous and regular won- and lost-business analysis under the auspices of an independent and empowered executive-level manager

5. Improve Customer Value

- a. Challenge Customer Segmentation
BU should move to dynamic customer needs and value-based segmentation
- b. Re-define Customer Commitments
BU should inject more non-product (e.g. service and intangible) elements into their customer value commitments

Practical Marketing for Value Growth

WE DO while others only talk

© Copyright Phil Allen's MarketAbility 2003



MARKETABILITY SUPPORTS CVM BEST PRACTICE

MARKETABILITY SUPPORTS PENTADIGM CVM BEST PRACTICE

MarketAbility coaches business teams to develop value-based customer-driven business strategies and has achieved considerable success and value growth for chemicals and plastics clients as a result.

Proof **MarketAbility added value € >300,000**
 MarketAbility practitioner managed client resources to re-define marketing strategy and implement plans. Improved market share and position. Improved resource efficiency. Improved goal achievement.

MARKETABILITY SUPPORTS PENTADIGM STEP1: UNDERSTAND THE CUSTOMER

MarketAbility facilitates customer value segmentation and has helped clients to profitable value growth as a result. MarketAbility manages complete customer segmentation programmes from customer research through customer segmentation to create customer commitments and implement strategy.

Proof **MarketAbility added value US\$ 0.5 million**
 MarketAbility Practitioner and partner market research supplier completed project to understand customer needs and behaviour better, resulting in more clearly differentiated offerings more effectively implemented at target customers with fewer resources.

MARKETABILITY SUPPORTS PENTADIGM STEP 2: COMMIT TO THE CUSTOMER

MarketAbility coaches business teams to develop differentiated offerings and detailed marketing mixes, creating success for clients some of whom rank in the top ten of this CVM benchmarking study.

Proof **MarketAbility added value \$ > 1.0 million**
 Following a CVM workshop, client's business manager used the newly created Customer Commitment at a key account to save the business he had been told (by the customer) he would lose.

MARKETABILITY SUPPORTS PENTADIGM STEP 3: CREATE CUSTOMER VALUE

MarketAbility helps clients to develop a customer-focused culture throughout their organization. MarketAbility's unique CVM Diagnostic pinpoints the key areas for improvement in a company's CVM activities and enables better definition of customer value processes. MarketAbility facilitates implementation of customer value strategies to ensure linkage between actions and customer value. MarketAbility teaches and coaches value-based pricing and key account management

Proof **MarketAbility added value € > 0.4 million**
 MarketAbility practitioners worked with client business team to implement marketing and sales plans, resulting in improved positions at key target accounts and better customer retention.

MARKETABILITY SUPPORTS PENTADIGM STEP 4: OBTAIN CUSTOMER FEEDBACK

MarketAbility coaches and facilitates won and lost business analysis; advises and trains on complaints handling. MarketAbility associates are expert in design and conduct of meaningful customer satisfaction research. MarketAbility coaches and trains customer focus and customer value management.

Proof **MarketAbility added value € > 2 million**
 MarketAbility Practitioner and partner market research supplier operated customer satisfaction programme for client to obtain customer feedback and ensure relevance of offerings to Customer, resulting in improved positions at key target customers

MARKETABILITY SUPPORTS PENTADIGM STEP 5: IMPROVE CUSTOMER VALUE

MarketAbility coaches business teams to develop value-based marketing and business strategies, driven by customer value. MarketAbility's unique CVM Diagnostic points the way for companies to leverage what they do well, improve elements of under-performance and identifies what companies must change to improve customer value and business results. MarketAbility coaches and facilitates change.

Proof **MarketAbility added value € > 3 million**
 MarketAbility practitioners worked with client to re-segment market, develop new offerings and implement new marketing models. Increased customer retention and account penetration

Practical Marketing for Value Growth

WE DO while others only talk

© Copyright Phil Allen's MarketAbility 2003