

How to Identify Projects that Enhance Customer Value

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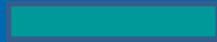
Summary

- What is a customer value proposition?
- Using Lean Six Sigma to better understand customer value
- Prioritising projects based on customer value
- Maintaining a customer value-oriented project portfolio

Customer Value

Value

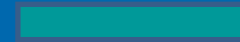
Product value
Service value
People value
Brand value



Total customer value

Cost

Monetary cost
Time cost
Energy cost



Total customer cost

Total
delivered
value

Adapted from Kotler, P. (1997) Marketing Management 9th ed.

Customers derive value and incur costs (not just the purchase price) when they use your products and services

Customer Value Proposition

Your product or service features, the benefits they provide to customers, the way they are delivered and the image with which they are associated combine to create the customer value proposition.



Six Sigma Concepts and CVP

CTQ: Critical To Quality customer requirements

VOC: Voice Of Customer

VOP: Voice Of Process

CTQ Customer Requirement	Our quality	Competitor A	Competitor B	Competitor C
Quality – scratch-free	99%	95%	93%	99.99%
Time – within 20 mins	26mins	33mins	21mins	17mins
Cost – under \$30	\$27.50	\$28	\$24.50	\$39

Prioritising Projects Based on Customer Value

CTQ	Our quality	Competitor A	Competitor B	Competitor C
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Potential projects	Scratch-reduction	Speed	Cost	Other
Water filtration effectiveness	✓✓			✓
Lean car washing process	✓	✓✓	✓	
Cleaning product waste reduction			✓	✓
Making better coffee				✓
Speedier payment process				✓

Maintaining an Effective Portfolio

Periodically assess

- 1) What do customers care about *now*?
- 2) How are competitors performing *now*?
- 3) What will it take to get/stay ahead of the game?
- 4) Which potential projects should be elevated, postponed, discontinued?

Summary

- Customer value is driven by the total value customers obtain less their total cost of purchasing your goods and services
- Use VOC to understand CTQ's, VOB to understand how we are currently performing, and compare to competitors on CTQ's
- Prioritise projects that help to get, and stay ahead of the game
- Review periodically for changes in customer expectations and competitor performance