

Appendix A

Our Approach to Certification and Building Capability

We have both been ambassadors for operating a company with a healthy dose of outside-in customer knowledge. And we have done this for longer than either of us would like to admit. Time really flies. A couple of years ago, we ate our own dog food by conducting the Customer Value Creation (CVC) process on ourselves. The feedback we received was essentially this: We really love you guys and the work you have done, but you have got to find a way to make this *our capability*. We need tools that will allow us to build our own capabilities and scale this work throughout our organization.

Building Capability

After a bit of soul searching that probed our doubts about packaging everything we have ever learned into a set of tools, we embarked on what our customers suggested. Our journey over the past two years has led us to develop two products whose singular purpose is to allow companies to build their own CVC capability—to understand

if their customers make more money doing business with them. The journey has gone well so far. Looking back, we wonder what took us so long to realize that the real objective should have always been to help companies to create this capability.

The two products we have created to assist organizations build their own CVC capabilities are referred to as Academy and Render®.

Academy is a certification course composed of computer-based software learning and classroom instruction. We have taken everything we have ever learned—tricks, best practices, case studies, and the rest—and structured them into a set of capability building certification materials. So far there have been more than 1,000 professionals certified using these materials.

Render is our knowledge-based software platform. We have built Render in collaboration with great companies using the philosophy of define how you do work, work that way and then system enable. Principle among those companies has been Owens Corning. Owens Corning has been our center of excellence for more than three years now. Render could not have been built without their direction and feedback. Render has integrated the set of methods, processes, work flow, and rigorous analytics of CVC into an easy and sustainable practice.

Academy

The Certification Academy is composed of computer-based learning and classroom instruction. This includes more than 40 lessons, each varying in length between 10 and 20 minutes. In total, the lessons take from 5 to 10 hours to complete. The training lessons adhere to the same playbook we have outlined throughout this book. And each lesson has a rather difficult test at the end to ensure that the certification requirements are met.

The lessons are designed to be role-specific. This means that every person in the organization does not have to take every course. Some of the lessons are designed for advanced users while others are for the novice. We have not come up with a belt system like that used by Six-Sigma, but we probably will in the near future.

The computer-based lessons serve several purposes. Initially, they create a baseline level of understanding that allows the classroom portion of the certification to focus on role-play and actual use of tools rather than basic knowledge and philosophy. Alternatively, the lessons serve as a resource for individuals who wish to refresh their understanding on a particular topic or area.

The classroom portion of the certification is focused on learning the language. This is a new language for many, and the only way to get really comfortable with it is to practice. Therefore, the two-day classroom certification is designed to give you a chance to get comfortable with your own voice. During the two days, you will spend a couple of hours reviewing and exploring what you should have learned in the computer-based courses. The next one-and-three-quarters days are spent following two or three case studies from start to finish. During this time, you will have the opportunity to use the Render platform to conduct your interviews, capture customer perspectives, and use the analytics to review your findings, make plans, and talk about execution.

Render

As mentioned, we have built our software platform in collaboration with great partners. As with most software, Render is designed to automate and simplify the practice of CVC within an organization. In fact, its name comes from its ability to translate large amounts of complex data into information. From the outset, our focus with the software has been to provide a service that creates value for the sales force and thereby promotes adoption. Several of us experienced Customer Relationship Management (CRM) projects over the years and learned the hard way that if sales will not use the product, then it quickly becomes shelf-ware.

In general, the software is designed for ease of use. With an intuitive design and clean navigation, you do not need to be a power user of the application in order to feel comfortable. The user experience incorporates visual aids to assist the user or walk them through an analysis. Additionally, all of the certification materials from Academy are available directly within Render. A document library of best practices, frequently

asked questions, and letter templates for customer communication are accessible.

A key component of Render, and one that all our customers rave about, is its ability to create deliverables. For instance, if you want to generate an interview guide, you simply click one button. If you are a sales professional and need to print out your latest customer plan, including updates on the latest corporate initiatives relevant to your customer, just click one button. If you are an executive, Render creates what is affectionately known as the “List.” The “List” is a quantified depiction of the top opportunities your customers have identified that will help them to make more money with you than competitors.

The efficiency and clarity through which your CVC activities are conducted is critical to adoption and success. Imagine you are going to see three customers tomorrow and have a million things you know require follow-up on your part. Instead of searching the fragmented expanse of e-mail, documents, and spreadsheet files to cobble together all the information you need, everything is centralized within Render. All you need to do is print them out for a customer-ready presentation. I know we wished we had this software platform back in the early days of our consulting.

The Render platform is composed of five major components: Discover Analyze, Execute, Measure, and Certify.

The Discover module allows you to discover your customer’s current perspective and future opportunities to improve its bottom line. This includes various dashboards to manage your discovery effort. You can create and manage all your hypotheses, generate interview materials, and input outside-in customer perspectives.

Within the Analyze module, Render provides a workspace for you to aggregate and dissect all the customer opportunities, which ultimately will allow you to create well-informed initiatives. Initiatives serve as potential projects that you can execute to not only create customer value but also capture value for yourself. What once took a team of analysts weeks of effort can be accomplished in a matter of hours.

Through Analysis, you are able to see what the opportunities are for value creation and who has informed those opportunities. You can see which groups of customers think similarly and also those that have a different perspective. You can see if your value proposition continues to

have value as it propagates down the value chain. Identified opportunities have attached dollar values, so you are not only able to see what customers are talking about, but also how much it is worth to their bottom line.

Through the Discover and Analyze modules, the focus is on incorporating an outside-in customer perspective into your decision making. It enables you to confidently make investments and strategies that are aligned with those of your customers. In the Execute and Measure modules, the focus shifts to holding the organization accountable for its investment decisions and tracking the value it creates for customers as well as the value captured for itself.

The Execute module delivers a capability to create and execute sales plans. The primary objective of Execute is to be able to return to your customers with a plan that communicates “Here is what you said,” “Here is what we are doing,” “Here are things we are doing in addition to what you said,” and “Here is how much it is worth to you and your customer.” Dashboards are also available for users to track the progress of customer initiatives within their plans.

The Measure module measures your value creation and value capture progress. The objective of measuring value creation and value capture is to better understand the cause-and-effect relationship. When you are able to do a good job in value creation for the customer, are you rewarded with higher value capture? Do you capture the value in the first year or is there a lag? What does the ratio of value creation to value capture look like? If you create \$400,000 of value for your customer do you get \$200,000 in return, \$400,000, \$600,000? Gaining insights into these questions is at the heart of measurement. The essence of measuring the variables of value creation and value capture is to provide a platform of continuous improvement.

The Render platform captures these variables and provides the historical perspective. We can see our value capture ratio (value capture/value creation) on a customer level, sales territory, region, business unit, business, corporate, or nearly any permeation imaginable.

Finally, the Certify module provides all the Academy training courses and materials available to the user.

The feature set of the Render platform continues to expand and grow in new directions. Just as we learn more about our customers through CVC, our experience working with organizations to implement CVC

capabilities has guided the road map for Render. We continually strive to make Render a simple, yet powerful, tool. Whether it is producing interview guides and customer sales plans at the click of a button, or integrating with your CRM system, we find using Render to be a best practice for organizations that wish to build a CVC capability.

For latest information on building your own CVC capability, please visit us at www.valkre.com.