

Customer Value related Short Guide

from the book

Customer Value Investment: Formula for Sustained Business Success

by **Gautam Mahajan** (Mahajan@customervaluefoundation.com)

Attribute Trees	These are developed after the customer waterfall of needs, pinpointing attributes of importance to the customer. Attribute trees have a price branch (actual price, cost of doing business and cost of ownership) and a quality branch (of goods, brands/relationship, and services).
Build a relationship which is about:	Accessibility, responsiveness, knowledgeable people, promptness, promises kept, being kept informed, follow up, no surprises, Doing it Right.
Business of a company	Eventually, the business of any corporation is to create value for its stakeholders, the investors and the customers. The customer value investment is the best outlay you can make for sustained business success and for increasing ROI. So, you need a chief customer value creator and a chief investor value creator reporting to the CEO thus you build a customer-focused organization.
Chief customer officer	Companies a chief customer officer, who is a customer champion and should cut across all functions to make the company, its processes and its customer interaction custom centric, should be a board level person. The purpose is not to take complaints but to ensure the entire company is working together to eliminate customer complaints. Departmental Silos have to be broken to promote customer centricity
Competitive Profiles	Facilitate tabulating the CVA (Customer Value Added) Scores on various attributes. Enable you to see where you are better or worse than your competition, and where you need to improve.
Customer as Assets	Customers are assets because, if treated properly, they can ensure an ongoing stream of revenue. The customer assets can

	<p>appreciate or depreciate, depending on how it is maintained and handled, the customer assets can be shown on your balance sheet, which impacts the way an investor views you. Companies need a specific strategy to grow and nurture customer assets, (as the customer is indispensable to our business, as without him, we have no business).</p>
Customer Bill of Rights	<p>They are important for the customer and the employees, because they set direction of what to expect. Should be visible and available to customers. Should be implemented. A circle of promises is needed within the company to ensure the promises in the Bill of Rights are kept</p>
Customer Capital	<p>Asset value of current customers value of existing relationship (number of relationship times the average value of each relationship. + Value of potential future earnings from existing customers +value of referral power–cost of retention.</p>
Customer Conduits	<p>Are generally top driven by the CEO and his staff, and are designed to have a common thought process in the company on the customer. All people in the company need to be sensitized to the importance of the customer, and be led by a customer mission statement.</p>
Customer’s DNA	<p>What annoys Customers? Do Not Annoy (DNA) customers</p>
Customer Equity	<p>It is similar to customer capital.</p>
Customer Franchise	<p>Value of present and future customer relationship, or Customer Capital + Customer Momentum.</p>
Customer Lifetime Value	<p>The value of, or revenue from a customer in terms of the business potential he represents for you over the life of your relationship with them. The revenue from potential referrals from that Customer.</p>
Customer Metrics	<p>Measure what is important to customers. Obtain information from him or on him, and ask him what is important to him, directly or indirectly, in order to measure what he deems important.</p>
Customer Momentum	<p>The ability to attract and sustain a new customer. The ability to increase wallet share for existing customer.</p>

Customer Strategy	Customer strategy looks at the customer and customer opportunity, whereas the Business strategy looks at the market place opportunity. Helps align the organization to the customer and gets top managers to be part of the customer process. Makes the organization customer-driven and customer-centric.
Customer Value	The customer's perception of the benefit he gets for his perception of the price he pays) or what it costs him, including time and operating costs). Value for money means the customer is price conscious. Money for value means he is quality conscious. Value measures embedded perceptions. Customer value is an investment, and value to firm (value of customer) is the return on investment.
Customer Value Added	The ratio of the value you add to your customer versus the value your competitors add to their customers. Providing higher value than your competition will lead to increased customer loyalty. Relative value wins market share and increases return on investment. CVA is a leading indicator of market share. If you get 'heart share' of your customer by increasing the value you provide, market share will inevitably follow. Higher CVA Scores lead to increased market share, ROI, and wallet share.
Customer Value Management Program	Integrate all customer efforts in holistic manner. Make the initiatives more efficient and customer-driven. Lead to a wider spectrum of competitive advantage.
Customer Waterfall of Needs	Refers to the business processes that make up the customer's experience with the company. Are interconnected and sequenced.
Customer-Circles	Members of customer-circles are touch point, backend managers and other employees who can influence processes, systems and policies. Customer-circles initiate ideas on how to improve the customer experience and how to implement those ideas. This is a bottom led customer initiative
Customer-circles/customer-centric-circles	Are company-sponsored group of people who have regular contact with customers, may not necessarily include customer in them and will focus on the customer. Develop strategies for dealing with customer at a local level. Devise ways and means to

	<p>make it easier for the customer to do business with the company. Find ways to touch the customer and give them a great experience. Customer data, information, input, complaints or plaudits should be provided to the customer-circles as and when it is available, or an effort should be made to collect such feedback. Customer –circles will come up with better ways to handle a customer. Through this process, customer awareness will invariably increase (and the customer’s awareness of the company will also improve). Since the initiative starts with and belongs to the members of the customer-circles, they will take ownership of it and be more customers focused.</p>
Customer-in-Center Approach	<p>Customers should be in the center of your business strategy, customers should drive your strategy rather being used to fulfill your goals.</p>
CVA and Customer Touching	<p>Wherever you touch the customer, you have the potential to improve your scores. Scores improve not only for benefits but also for price, as the same product appears cheaper to a customer when he is being touched (or is happier). Customer-focused action can be used to change the importance (or weights) of various attributes.</p>
CVA Data	<p>Should be reported at CEO level along with financial data. Should be communicated to key personal, and selectively to customers. Should lead to implementation of CVM. Should be used to inform measure that ensures longevity for program and customer focus.</p>
Path to Competitiveness	<p>To achieve strategic management, companies and their executive have to embrace customer value and customer-centricity. These build competitive advantage.</p>
People Value Added/Employee Value Added	<p>This is the ratio of what your company adds to the employee versus what your competitors are adding to their employees. You want this ratio to be greater than one to get competitive edge.</p>
Put the Customer in Control	<p>Provide him the ability to communicate directly and painlessly with the company. Realize that the customer should have it his way. Build a community of customers and allow them to communicate with one another and with your company, and to blog or set up a message board thereby: letting him get easy information on products, shipments, and specials. Giving him</p>

	<p>delivery his way (maybe he can call in and his grocery bag is ready for pick up). Remember, that if we think it is right to want to control our suppliers, we should let our customer control us, because we are their suppliers.</p>
<p>Relevance of Work Effort from a Customer’s Viewpoint</p>	<p>Divide your work into categories that the customer would think of as: necessary and relevant, necessary and irrelevant, unnecessary and relevant, unnecessary and irrelevant. Concentrate on the necessary and relevant tasks from the customer’s viewpoint.</p>
<p>Return on Customer</p>	<p>It is the value of the customer divided by customer capital. This is the firm’s current cash flow plus change in equity divided by the equity of the firm at the start of the period.</p>
<p>Satisfaction vs. Value</p>	<p>Satisfaction is measured soon after an event or transaction. Unlike value, satisfaction does not measure embedded feelings. Satisfaction is a necessary condition for loyalty but not a sufficient one whereas value is. Satisfaction does not equate to loyalty, unless you have competitive data. People buy because they perceive better value from your products.</p>
<p>Slippery Slopes</p>	<p>This is the graph (generally S-shaped) of re-purchase intent versus value or satisfaction with price and quality. It is called slippery because once you get past the very satisfied customers, you tend to lose customers very rapidly even with minor value score losses.</p>
<p>Total Customer Value Management</p>	<p>Total CVM is designed to have value created for customers and managed by the total company (by everyone in the company). Total CVM shows how this is to be done (See Gautam Mahajan’s book: <i>Total Customer Value Management: Transforming Business Thinking</i>)</p>
<p>Using CVA for Pricing</p>	<p>CVA techniques can be used for pricing of products and services and to deciding on the various features to put into products. CVA pricing looks at costs from a customer’s viewpoint, and is based on the relative benefits you create vs. competition, and the importance of each benefit to the customer. As benefits increase, price can be increased depending on the importance of each benefit the company provides. Brand is also a benefit</p>
<p>Value</p>	<p>It is the balance between price and quality. The more the customer perceives he gets for his money, the higher his</p>

	perception of the value. It is what a product is worth to the customer, and how he perceives the benefits of the product, given what it costs him to buy or own it.
Value Creation	The main role of an executive is to create value for himself, his employees and his customers and thereby for his investors. The role of a company is to create value for its employees and customers, suppliers and partners and thereby for shareholders
Value Maps	Position your company relative to the customer's rating your company and the competitors on price and quality. Help you make sound strategic decision. Useful in pricing and in what if analysis on whether to improve/reduce price or benefits or both
Value of Customer	The value of your relationship with your customers. Average value of each relationship can be measured by the following: revenue per customer. Average length of customer relationship. Total number of referrals that became customers divided by total number of customer plus one (the original customer). Can be referrals to as R, Average spent per customer per annum multiplied by relationship length with R (measure of referrals), Customer value is an investment, and value to firm (value of customer) is the return on investment.
Voice of Customer and Voice of Competitor	CVM is akin to the voice of customer (and voice of competitor). Many companies use CVM studies for this purpose.
Zero Complaints	The aim is to get zero complaints from customers, just like we work on zero defects. A worthwhile effort

Steps for implementing CVM

CVM	CVM tools	end products
Identify drivers	- attribute trees	- Identification of
Customer value	- waterfall of customer Needs	Hygiene's, satisfiers and authorizers to

	- Touch point charts	be added.
		-Identification of Customer DNA – Do Not Annoy factors
		-Identification of “Quick Wins”
Measure “where	- value surveys	- value maps
We are” against	- event or C-SAT surveys	- slippery slope
Competition on	if required	calibrate loyalty
Each of the		- competitive profiles
Customer value		with weights
Drivers		- predictive indicator
		For marketing activity
Prioritize actions for	- value map	Customer Value
“Where we want	- slippery slopes	management strategy
to be”	- competitive profiles	plan with activity
		Focused by direction,
		Quality and quantity
Implementation	- customer value	- A truly customer-
-“how we get there”	conduit	centric organization
Internalize the	*customer-centric	through
Concepts	circles	internalization of the
Communicate with	*customer in the	concepts.
Customers	center	- suggested corrective
	*People value	value-adding activity
	*Supplier value	

- Co- create customer
Experience

Short Guide to Customer Value Creation

from the book

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Add Value to the Employee	<p>Employees consider value to be the benefits they get (such as the association with the company, what they learn, what they can contribute, and the relationship with management), and what they earn and what perks they get.</p> <p>Value added employees tend to stay with companies and can add value to the customers and the company.</p>
Attribute Trees	<p>These are developed after the customer waterfall of needs, pinpointing attributes of importance to the customer. Attribute trees have a price branch (actual price, cost of doing business and cost of ownership) and a quality branch (of goods, brands/relationship, and services).</p>
Avoid Commodity Hell	<p>Understand the key drivers of customer business success. Discover new methods and opportunities of customer benefit. Build these into strategy and implement the strategy. In effect, increase the value to customers thus co-creating the customer experience. Prevent your Company from going into a commodity death spiral. De-commoditization starts with increasing value</p>
Brand Equity	<p>Brand equity is not only the advertised brand but also is impacted by the brand equity of the employees. The brand equity of employees when they do things well will improve the total brand equity</p>
Brand Loyalty	<p>Initially it meant customers being loyal to a specific brand. Today, the brand has to be loyal to the customer! The brand must deliver on its promise. The brand must meet the customer's</p>

	expectation and values if the organization is to expect loyalty and repeat purchases.
Build a relationship which is about:	Accessibility, responsiveness, knowledgeable people, promptness, promises kept, being kept informed, follow up, no surprises, Doing it Right.
Business of a company	Eventually, the business of any corporation is to create value for its stakeholders, the investors and the customers. The customer value investment is the best outlay you can make for sustained business success and for increasing ROI. So, you need a chief customer value creator and a chief investor value creator reporting to the CEO thus you build a customer-focused organization.
Business Processes	Often designed from the point of view of the company and purely for their own convenience. Processes should be for the convenience of the customer. Processes should be customer-centric.
Chief Customer officer	Companies a chief customer officer, who is a customer champion and should cut across all functions to make the company, its processes and its customer interaction custom centric, should be a board level person. The purpose is not to take complaints but to ensure the entire company is working together to eliminate customer complaints. Departmental Silos have to be broken to promote customer centricity
Communication	Communication of customer data within the organization. Communication to employees and touch points is important for making them think through customer issues and aligning them and motivating them to focus on the customer. Communication of data to the customer is important, particularly where you are better than competition.
Companies should Work On	Making customers own the relationship. Building a partnership with the customer. Giving the customer a worthwhile experience. Co-creating the customer experience. Developing customer DNA (do not annoy) into design of processes and touching.
Competitive Profiles	Facilitate tabulating the CVA (Customer Value Added) Scores on various attributes. Enable you to see where you are better or

	worse than your competition, and where you need to improve.
Concept of a Business	No longer business selling to consumers (B2C). Now, it is consumers buying from business (C2B). How easy is it for the Customer to interact with the Business ?
Cost of Retaining Customers	It is far less than the cost of acquiring new customer. This cost of acquiring and retaining can be determined and the value for the customer can be calculated
Customer as Assets	Customers are assets because, if treated properly, they can ensure an ongoing stream of revenue. The customer assets can appreciate or depreciate, depending on how it is maintained and handled, the customer assets can be shown on your balance sheet, which impacts the way an investor views you. Companies need a specific strategy to grow and nurture customer assets, (as the customer is indispensable to our business, as without him, we have no business).
Customer Bill of Rights	They are important for the customer and the employees, because they set direction of what to expect. Should be visible and available to customers. Should be implemented. A circle of promises is needed within the company to ensure the promises in the Bill of Rights are kept
Customer Capital	Asset value of current customers value of existing relationship (number of relationship times the average value of each relationship. + Value of potential future earnings from existing customers +value of referral power–cost of retention.
Customer Champion	Companies need a customer champion who is a senior officer. In a perfect customer-oriented world, you'll have a Chief Customer Officer, and many customer champions.
Customer Conduits	Are generally top driven by the CEO and his staff, and are designed to have a common thought process in the company on the customer. All people in the company need to be sensitized to the importance of the customer, and be led by a customer mission statement.
Customer's DNA	What annoys Customers? Do Not Annoy (DNA) customers
Customer Equity	It is similar to customer capital.

Customer Franchise	Value of present and future customer relationship, or Customer Capital + Customer Momentum.
Customer Hugging and Touching	Everyone in a company who comes into direct or indirect contact with a customer is a touch point, 'hug' your customers, and care about them. Very often 'touching' is outsourced to call centers or downstream in the chain to retailers and agents, whereas companies need to find a way of touching customers directly, CEOs should spend a day a week with their customers discovering if they are meeting customers' expectations and how service and other offering can be improved.
Customer Journey	The journey that the customer has to make to deal with the company. It is also the journey seen by the customer as the company reaches out to the customer. Company employees often have to make a journey within the company to fulfill the customer's needs; often this journey is forced onto the customer (for example, call so and so)
Customer Lifetime Value	The value of, or revenue from a customer in terms of the business potential he represents for you over the life of your relationship with them. The revenue from potential referrals from that Customer.
Customer Metrics	Measure what is important to customers. Obtain information from him or on him, and ask him what is important to him, directly or indirectly, in order to measure what he deems important.
Customer Momentum	The ability to attract and sustain a new customer. The ability to increase wallet share for existing customer.
Customer Relationship Management Program	Essentially process-oriented, passive and don't touch customers. Must move ahead to CVM. Often thought of as 'loyalty programs', which they aren't.
Customer Satisfaction	It is a necessary condition for loyalty but not a sufficient condition. Higher value than competition will lead to loyalty. Satisfaction is a subset of value. Normally measures transactions and is not generally compared to satisfaction our competitors'

	customers get
Customer Service	One definition of service is that it is a convenience, should build a relationship.
Customer Share	Your company's share of your customers purchases of your products. Also referred to as 'wallet share'.
Customer Share Marketing	The way you increase your share of a customer's business. Increasing your share of the customer's wallet.
Customer Strategy	Customer strategy looks at the customer and customer opportunity, whereas the Business strategy looks at the market place opportunity. Helps align the organization to the customer and gets top managers to be part of the customer process. Makes the organization customer-driven and customer-centric.
Customer Value	The customer's perception of the benefit he gets for his perception of the price he pays or what it costs him, including time and operating costs. Value for money means the customer is price conscious. Money for value means he is quality conscious. Value measures embedded perceptions. Customer value is an investment, and value to firm (value of customer) is the return on investment.
Customer Value Added	The ratio of the value you add to your customer versus the value your competitors add to their customers. Providing higher value than your competition will lead to increased customer loyalty. Relative value wins market share and increases return on investment. CVA is a leading indicator of market share. If you get 'heart share' of your customer by increasing the value you provide, market share will inevitably follow. Higher CVA Scores lead to increased market share, ROI, and wallet share.
Customer Value Management	Customer value management is a strategy to attract and retain customer by building on the value they assign to goods and services. CVA score are comparative and are the ratio of the score you get from your customer divided by the score your competitors get from their customer. Proper customer value management involves everyone in the organization. Product development and technology should flow from the customer's

	needs and desires often through competitive studies, i.e., a CVA for each function in the company such as product development in necessary. Customer value-based pricing models should be followed. Should consider putting customer assets or customer capital on balance sheets.
Customer Value Management Program	Integrate all customer efforts in holistic manner. Make the initiatives more efficient and customer-driven. Lead to a wider spectrum of competitive advantage.
Customer Waterfall of Needs	Refers to the business processes that make up the customer's experience with the company. Are interconnected and sequenced.
Customer-Circles	Members of customer-circles are touch point, backend managers and other employees who can influence processes, systems and policies. Customer-circles initiate ideas on how to improve the customer experience and how to implement those ideas. This is a bottom led customer initiative
Customer-circles/customer-centric-circles	Are company-sponsored group of people who have regular contact with customers, may not necessarily include customer in them and will focus on the customer. Develop strategies for dealing with customer at a local level. Devise ways and means to make it easier for the customer to do business with the company. Find ways to touch the customer and give them a great experience. Customer data, information, input, complaints or plaudits should be provided to the customer-circles as and when it is available, or an effort should be made to collect such feedback. Customer –circles will come up with better ways to handle a customer. Through this process, customer awareness will invariably increase (and the customer's awareness of the company will also improve). Since the initiative starts with and belongs to the members of the customer-circles, they will take ownership of it and be more customers focused.
Customer-in-Center Approach	Customers should be in the center of your business strategy, customers should drive your strategy rather being used to fulfill your goals.
Customer Value Investment	The investment you have to make in improving value. Value increasing ideas include doing things right (and cost nothing).

	Others like major product redesign could require higher investments
CVA and Customer Touching	Wherever you touch the customer, you have the potential to improve your scores. Scores improve not only for benefits but also for price, as the same product appears cheaper to a customer when he is being touched (or is happier). Customer-focused action can be used to change the importance (or weights) of various attributes.
CVA Data	Should be reported at CEO level along with financial data. Should be communicated to key personal, and selectively to customers. Should lead to implementation of CVM. Should be used to inform measure that ensures longevity for program and customer focus.
CVA Design	The design of the CVA Study starts with segmentation: by product, by geography, by customer segment, etc. your company's targeted competitors are needed along with their market share, which are used to normalize the data. A waterfall of needs, and attribute trees have to be developed. A questionnaire is developed on this basis and then vetted by the customer through in-depth interviews or focus group. The sample size has to be selected: these are based on significance levels that one is aiming for the confidence levels. The sample includes competition's customers. Typically sample size of CVA is one-thirds to one-fourths of sample size required for normal surveys where the frequencies of responses are compared. In CVA score, we are comparing average, which allow us to reduce sample size. Questions are normally based on a ten-point scale anchored at either end the scale. Careful analysis of the data will yield usable and useful results.
CVA Follow-up	Prioritization of action steps. 'What if' analysis and an analysis of where we want to be what action steps to take and how. Who is responsible for the action and the time frame?
CVA Results	The results will yield the following: individual scores for each of the attributes. Importance weight for each attribute. Competitive profiles: the relative score of you company versus: the industry, the competition (competition is the industry minus yourself), individual competitors. You could get similar scores for your competitors. You can plot slippery slopes and value maps.

<p>CVM implementation</p>	<p>It is important to understand the implementation of customer value management:</p> <p>Steps for implementing CVM include data analysis, prioritization of actions, setting of score increases to be expected by the action, and putting responsibilities</p>
<p>Dealing with Customers</p>	<p>Talk to customers because you learn a great deal by doing so. Try to get known by customers, as often buy from anonymous people/suppliers. Make it easy for customers to find you. Make them feel less anonymous. Companies should be loyal to customers if they expect customer loyalty. Take customer complaint seriously and have a complaint resolution mechanism in place. Avoid erosion touches.</p>
<p>Eliminate Customer Defection</p>	<p>Meet their expectation. Do not ignore the customer. Improve touching by the company. React quickly to complaints. Make the process of registering a complaint easy for him. Make the company easy to contact. Build good knowledge of/information on customer. Develop an emotional bond with customer. Improve experience with company. Respects the customer by not talking down to him.</p>
<p>Frontline Employee/Touch Point</p>	<p>Generally the lowest on the totem pole but the most important to the customer. Face of the supplier/company.</p>
<p>General Company Beliefs</p>	<p>They are doing 'everything' for the customer. They have programs underway to impact the customer. They have insufficient bandwidth or are too busy to start a customer value program.</p>
<p>How do we get there?</p>	<p>Customer-circles, customer conduit, customer-in-center philosophy, have customer champions, reporting CVA and customer asset data.</p>
<p>How do you satisfy your Customer?</p>	<p>Think in terms of C2B (customer to business), rather than B2C (business to customer), then think of C2C (customer to customer), where you build a community of customers, understand the end-use experience your customers are looking for, provide your customers with the products and services that provide value and give them the experience they want.</p>

Keep your promises	Exceed customer's expectation and build trust and confidence. Remember customer satisfaction = perceived performance/customer expectations
Managing Suppliers	Suppliers should be treated like customers; you should develop a true relationship with your suppliers.
Ombudsperson	The concept of an ombudsperson to resolve disputes will reduce complaints going outside the company. Should be easy to find, reach, and work with. Should resolve problems fast.
Path to Competitiveness	To achieve strategic management, companies and their executive have to embrace customer value and customer-centricity. These build competitive advantage.
People Value Added/Employee Value Added	This is the ratio of what your company adds to the employee versus what your competitors are adding to their employees. You want this ratio to be greater than one to get competitive edge.
Processes, Services, Customer Value, and Customer Perception	As the quality of processes, services, and products improve, customer value increases, and perception on price improves. The price perception improvement for improved service can be studied, putting a monetary value on service.
Put the Customer in Control	Provide him the ability to communicate directly and painlessly with the company. Realize that the customer should have it his way. Build a community of customers and allow them to communicate with one another and with your company, and to blog or set up a message board thereby: letting him get easy information on products, shipments, and specials. Giving him delivery his way (maybe he can call in and his grocery bag is ready for pick up). Remember, that if we think it is right to want to control our suppliers, we should let our customer control us, because we are their suppliers.
Relevance of Work Effort from a Customer's Viewpoint	Divide your work into categories that the customer would think of as: necessary and relevant, necessary and irrelevant, unnecessary and relevant, unnecessary and irrelevant. Concentrate on the necessary and relevant tasks from the customer's viewpoint.

Reporting Customer Data	Customer data should be reported on balance sheets. This is being mooted by the security exchange commission, who wish to know your customer assets and let investors be informed of how the customer assets are growing/ deteriorating.
Resistance to Embracing Customer Value and CVA	Organizational inertia or executives feel they are doing enough for the customer or they are into too many initiatives, and there will be a resource drain. Executives feel they understand the customer and the marketplace. Executives worry about correlating value data and satisfaction data. Value studies are not well-understood or that well-advertised or pushed as satisfaction studies, which are generally run by market research companies that push satisfaction over value. Top executive are not exposed to value as globally as they are exposed to satisfaction.
Return of Customer	It is the value of the customer divided by customer capital. This is the firm's current cash flow plus change in equity divided by the equity of the firm at the start of the period.
Satisfaction vs. Value	Satisfaction is measured soon after an event or transaction. Unlike value, satisfaction does not measure embedded feelings. Satisfaction is a necessary condition for loyalty but not a sufficient one whereas value is. Satisfaction does not equate to loyalty, unless you have competitive data. People buy because they perceive better value from your products.
Slippery Slopes	This is the graph (generally S-shaped) of re-purchase intent versus value or satisfaction with price and quality. It is called slippery because once you get past the very satisfied customers, you tend to lose customers very rapidly even with minor value score losses.
Stated vs. Implied Weights	Stated weights are received directly by asking the customer to rate attributes. Derived or implied weights are obtained by statistical means, and give a better idea of the importance of different attributes in the buying decision.
Tools of Customer Value Management: Where are we?	<p>Qualitative tools: What attributes are important to customers? The customer waterfall of needs to derive transactional attributes and Benefits and Price Attributes Trees to derive Benefits (including the product)/price attributes.</p> <p>Quantitative tools: Where do we stand versus competition?</p>

	Competitive profiles, Slippery slopes, Value Maps.
Total Customer Value Management	Total CVM is designed to have value created for customers and managed by the total company (by everyone in the company). Total CVM shows how this is to be done (See Gautam Mahajan's book: <i>Total Customer Value Management: Transforming Business Thinking</i>)
Third Party Touching	Often touching is outsourced through retailers, call centers, etc. We must examine third party touching and see if you company can touch the customer directly, or better.
Traits of Winning Companies	Obsessive about knowing, even better than customers themselves, what customers want. Create and manage customer expectation. Design their products, services and processes to maximize customer satisfaction. Make customer value everybody's business. Maintain a business philosophy to add ever-increasing value to the customer. Have a culture driven by a vision that creates strong customer focus. Constantly ask if their proposed action will benefit the customer, or adversely impact them.
Using CVA for Business Decision: Product, Service and Technology	CVA is used for business decision on products, services, and technology offerings. CVA help make business decision using the customer's input and point of view for pricing, for new product introduction etc.
Using CVA for Pricing	CVA techniques can be used for pricing of products and services and to deciding on the various features to put into products. CVA pricing looks at costs from a customer's viewpoint, and is based on the relative benefits you create vs. competition, and the importance of each benefit to the customer. As benefits increase, price can be increased depending on the importance of each benefit the company provides. Brand is also a benefit
Value	It is the balance between price and quality. The more the customer perceives he gets for his money, the higher his perception of the value. It is what a product is worth to the customer, and how he perceives the benefits of the product, given what it costs him to buy or own it.
Values (of people, companies)	The Values, standard, morals ethics, beliefs, ideals principles that a company has and is reflected in its culture, and its approach towards customers and employees, and to the environment. safety and sustainability and to society

Value Creation	The main role of an executive is to create value for himself, his employees and his customers and thereby for his investors. The role of a company is to create value for its employees and customers, suppliers and partners and thereby for shareholders
Value Maps	Position of your company relative to the customer's rating your company and the competitors on price and quality. Help you make sound strategic decision. Useful in pricing and in what if analysis on whether to improve/reduce price or benefits or both
Value of Customer	The value of your relationship with your customers. Average value of each relationship can be measured by the following: revenue per customer. Average length of customer relationship. Total number of referrals that became customers divided by total number of customer plus one (the original customer). Can be referrals to as R, Average spent per customer per annum multiplied by relationship length with R (measure of referrals), Customer value is an investment, and value to firm (value of customer) is the return on investment.
Voice of Customer and Voice of Competitor	CVM is akin to the voice of customer (and voice of competitor). Many companies use CVM studies for this purpose.
What Investors want to know?	How many customers do you have? What is your profitability per customer? How well do you treat your customers? How fast you are growing customer franchise?
What is a Customer?	An indispensable part of your business, without whom there is no reason for your business to exist.
What is the Purpose of a Company?	To satisfy stakeholders (employees, customers, suppliers and partners, unions and shareholders) and to create value for them.
What to do for Customers	Convert anonymous customer into known ones. Understand and incorporate customer do not annoy (DNA) into any customer initiative. Avoid erosion touches.
Where do we want to be?	Value map prioritization and focus areas to build competitive advantage.
Zero Complaints	The aim is to get zero complaints from customers, just like we work on zero defects. A worthwhile effort

Who is a Customer?

Someone who buys from you, a person, who may be anonymous, but who has a need to be known and touched, the true customer , whom everyone in the chain has to focus on, is the end consumer, many companies don't know who their customer are nor do they know how many customers they actually have.