

Customer Value Equation and Worksheets

The Customer Value Equation

$$\text{Value} = \text{Benefit} \text{ minus } \text{Cost}$$

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Rethinking the Sales Force

Sales representatives create value by providing additional benefits, such as offering consulting advice to a customer, or by reducing selling costs, such as segmenting customers and using less expensive approaches for certain customers.

Profile your customers with Step 1 of the Customer Value Plan.

The Customer Value Plan is a tool designed to assist salespeople in gathering information about their key customers — their business needs, purchasing process, and value drivers. The goal of this analysis is to identify opportunities for value creation and take action on those opportunities.

Profile your customers with Step 1 of the Customer Value Plan

STEP 1: Profile Your Customers	Customer 1:	Customer 2:	Customer 3:
<p>Customer Background Company name, headquarters, subsidiaries, etc., Industry characteristics, Mission, vision, values, Key business strategies, Key financials (e.g. annual revenues, profits, etc.)</p>			
<p>Customer History Length of time you have been doing business with this customer, Products/services currently being sold</p>			
<p>Key Contacts Key contact within the organization, role, Other key influences in the decision-making process, role, Key contact's business objective(s)</p>			

Understand the customer perspective with Step 2 of the Customer Value Plan.

STEP 2: Understand the Customer Perspective	Customer 1:	Customer 2:	Customer 3:
How would you describe your customer's competitive strategy?			
Where do your customers lead on value in their marketplace? Products and Services, Technology, Relationships/Partnerships, Price, Industry Leadership (e.g. innovation, experience), OTHER?			
Who are your customer's key competitor's?			
What are your customer's key business challenges? How can you impact these challenges?			

Identify value drivers with Step 3 of the Customer Value Plan.

STEP 3: Identify the Value Drivers	Customer 1:	Customer 2:	Customer 3:
What would cause your customer to switch vendors?			
Which of these value drivers influence your customer's purchasing decision? <ul style="list-style-type: none"> • Availability/Convenience -- having the product/service capacity • Functionality -- unique product/service features • Relationships -- features that create trust and satisfaction • Price -- appeal of products/services at a lower price 			
Are there other value drivers? If so, list them.			
Reflecting on all of the value drivers identified above, what are the top 3 value drivers for each of your customers? Prioritize these value drivers on a scale of 1 (most important) to 5 (least important).	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5

Rate your competition and your business with Step 4 of the Customer Value Plan.

STEP 4: Rate Your Competition, Rate your Business	Competitor 1:	Competitor 2:	Your Company
Transcribe the three value drivers in their priority ranking (from page 245) to this column.	For each driver, rate your top two competitors and your company in terms of their/your ability to deliver the value required. Use a scale of 1 (worst) to 5 (best) where “3” is the industry average. Explain your rationale.		
Customer 1: _____ Value Drivers: 1. 2. 3.	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5
Customer 2: _____ Value Drivers: 1. 2. 3.	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5
Customer 3: _____ Value Drivers: 1. 2. 3.	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5	1. Scale: 1-2-3-4-5 2. Scale: 1-2-3-4-5 3. Scale: 1-2-3-4-5

Identify and act on value opportunities with Steps 5 and 6 of the Customer Value Plan.

<p>STEP 5: Identify the Value Opportunities</p> <p>1. 2. 3.</p>			
<p>Step 6: Act on the Value Opportunities to switch vendors?</p>	<p>What is needed to improve and/or sustain my performance?</p>		
<p>Resource Factors</p> <ul style="list-style-type: none"> • the amount of time or money allocated to the activity <p>Technology Factors</p> <ul style="list-style-type: none"> • the tools used to perform the activity <p>People Factors</p> <ul style="list-style-type: none"> • your skills and knowledge of the required tools <p>Situational Factors</p> <ul style="list-style-type: none"> • the setting in which the tools are used 			