



Customer Value Management Case History: *Crafting a Compelling Value Proposition to Penetrate a New Market*

Business Issue: A leading medical products company had a successful product and wanted to introduce the same technology to a new market. Laboratories in the new market were highly price sensitive and did not spend money on testing that was not required by regulation. Management wanted to identify a compelling value proposition for adopting a non-required testing protocol.

What was done: The client formed a dedicated team to quantify the value to the customer from adopting the new technology. The team was trained in the Customer Value Management methodology and tools. Following that approach, value word equations were defined to jointly measure the value of the services with targeted customers. Once customer data had been gathered, a customer value model was created and analyzed. With proven customer value, value-based sales tools (called a value calculator) were designed for the sales force.



What was learned: The test enabled the laboratory to retain their product for 7 days instead of 5 which significantly reduced stock outs and thus increased revenues. The incidence of bacterial contamination and its resulting costs far exceeded the cost of testing.

Results:

- 85% penetration achieved within 2 years.
- Profit margins exceeded those in the original market.
- Process was successfully repeated in a second new market.