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How important is having knowledge about your company and your customers? If we apply the tenets of the "Value Principle" in answering this question, we not only can get insight to the "importance" but also to the "value" this knowledge can and should provide.

The first tenet: Value is created in the mind of the Customer when it transitions from something you **perceive as value** to something the Customer **experiences as valuable!**

What is the list of possible "experiences," positive and negative, that your customer may encounter using your products and services? That list can only be developed if you have knowledge, and the capabilities to obtain that knowledge, about your customers attributes, their "value" needs, and their "problems" that your products and services intend to address.

The second tenet: **Successful Customers buy more!**

Do you know what makes your customers successful? Better yet, do you know what causes your customers problems, leading them to unsuccessful business results? Do you know what's keeping your company from being as successful as planned? Do you know what's keeping your company from delivering its "value?" The knowledge you have about your customer's and your company's success factors will dictate the "value" you provide!

The third tenet: To transition from "Perceived Value" into "Experienced Value," expertise in your Customer's business **must be as great** as your expertise in your own Business.

Do you know who your customers' customers are and how their needs are being tended to? Do you understand your customers' "value chains," the process by which their value is created and delivered? Do you have the capabilities to deliver what customers need? The value you provide to your customer could be dependent on how well you obtain knowledge about your customers' businesses. It also depends on how well you know your own company's "value assets" and "core competencies."

Getting answers to questions like those above (and obviously more) determines your company's knowledge *level*. And your company's knowledge level determines its ability to create and deliver the extraordinary competitive value today's competitive markets requires. You see, today's markets are transitioning from a "loose" relationship with customers to one that borders on, if not embraces, "partnerships." Bare minimum, that relationship is "collaborative" in nature. And it's complex, a well-known characteristic of collaborations and partnerships! To manage this "value creation" relationship requires lots of knowledge, specifically, **profound knowledge!** Keep in mind...

**Value can have surprising origins!
And value "origins" are the result of obtaining profound knowledge!**

The definition of **profound knowledge** to be used here is as follows: a detailed, deep and enlightened understanding of your company, your customers and your customer relationship process. This means you need to know about how the relationship works, the effects of all types of, for example, technological, market, or economic variations on that relationship, and the capabilities and operational procedures (and *their* variations that include staff turnover and process improvement) of your company and its customers.

A word of clarification: Profound knowledge spans the intricacies of a single item as opposed to knowing lots of items. For example, if you know that someone shops at a certain department store, you know something about that person (an item). But knowing the reasons *why* they shop at that store, *why* they

may stop shopping there, and *what* may cause any other *variance* in the shopping pattern is profound knowledge (the intricacies of the item).

To understand and capture a market segment for your specific product and service, you must define as many “items” or characteristics as necessary to differentiate it from the segments that you aren’t targeting. The quantity (e.g. price points, product usage, and shopping habits) and uniqueness (e.g. your customers’ 1) customers’ suppliers, 2) infrastructure, and 3) non-product related problems) of these characteristics define the depth and breadth of those markets.

But it’s profound knowledge (i.e. the quality level) about these traits that will eventually determine how successful your business will be. For example, if you use “low price” to define a segment then knowing what low price means to the targeted market group *and* what might affect and change that meaning is what will determine your success. For example, low price means something different to a luxury car buyer than to one who purchases basic sedans. A change in the stock market might affect the definition of “low price” to a luxury car buyer with no affect to the sedan buyer. But a change in gasoline prices could have just the opposite affect to the definition of “low price.”

The *better* (quality level) you know about your company and your customers the better you are able to develop and deliver new competitive value and cultivate customer loyalty which leads to increased revenue and profits for *both* your company and your customers. (And, for today’s market relationship scenario, it has to be for both!) In other words, as Jack Lockhart of J.C. Lockhart & Associates says...

“Profound Knowledge is *directly* connected to your competitive advantage!”

The depth of your knowledge determines your position in the marketplace (positions being, for example, market leadership [worldwide, national, local], percentage of market ownership, leading edge product and service development, and just plain market participant) and points to why your company may or may not be where it wants to be. Also, your knowledge depth will confirm whether your market position strategy is on target or not.

The success of obtaining the market position your company wants is dependent on many “Key Success Factors,” and in order for your market and value strategies to really work you must ask and answer the following questions -- an “Evaluation for Profound Knowledge.” **As you answer each question, ask yourself these questions:**

Can I make an impact here?

Is there an opportunity here to build Unique Value in the mind of my customer?

What are the unique needs of our customers? Keep in mind that these “unique needs” may have nothing to do with your products and services. But they may have something to do with your customer’s success. Do they have problems with training their staff? Do they have problems recruiting people? Do they have problems managing their finances? To answer questions like these you need detailed information on how your customers operate.

What are my customers’ future needs? Being able to determine what future 1) operational changes and 2) problems your customers face requires the ability to evaluate their business looking for underlying information that, if not acted upon, may not affect them adversely today but will tomorrow. In other words, you want your customers to be successful not only today but tomorrow as well!

Can we create partnerships with any of our customers? In addition to how we can benefit our customers, what are the operational strengths of your customers and can they be used to help your own company to be more successful? (After all, partnerships are two-way streets.) Are there products and services from each organization that can be combined with or integrated into each one’s existing product lines to form new offerings? More basically, what are the competitive value assets of your company *and* your customers? Answering these complex (i.e. detailed or profound) questions, and more, about

partnerships can lead to new value for your company and your customer. By the way, it is possible the result of answering this question could be “No, there is no potential for partnering!” While it may not be the answer you want, it’s as important to know where you *can’t* partner as much as where you *can*!

Finally, remember that you and your company’s ability to create Unique Value for competitive advantage also depend on profound knowledge about:

- **Your company’s innovation capabilities and value creation consciousness level.** Innovation is the lifeblood of value. Are you and your company making a conscious effort to innovate both products and selling strategies? Even though value can have surprising origins, without innovators those sources may go untapped and strategies could fail.
- **Your company’s performance drivers.** Performance drivers are the capabilities, skills, resources, and cultural factors of your company that can enable you to execute your value strategies successfully. Make sure you fully determine your company’s strengths, weaknesses, and attitudes that will cause your strategies to succeed or fail.
- **Your company’s activities to determine what it must do and/or stop doing.** Market position strategies may require your company to stop using some tools and processes and “replace” (i.e. re-train) skills. Your company may need to re-evaluate what it’s providing its customers and either stop delivering or replace the value with the new value the market position strategies call for. Remember the definition of insanity: doing the same thing over and over and expecting different results. To get different results, your company may even have to stop performing some activities that are called for “culturally.”

To sum it up, the key to value is profound knowledge. The key to profound knowledge is asking the right, in-depth questions about (evaluation of) “Key Success Factors.” Market position strategies, and their success, are the result of these evaluations. And successful strategies result in Value!