UNIT 17 MEASURING THE SUCCESS OF CVM-II

Structure

17.0 OBJECTIVES

After studying this unit, you will be able to:

- Identify critical factors for the success of CVM
- Identify several tools available to manage CVM
- Identify cost barriers in building CVM

17.1 INTRODUCTION

In customer value management, measuring success depends upon the successful process building in each department. Each department head should be aligned effectively in integration with each other. The leaders and management of the company should orientate them all. If the leader of the organisation understands the process management flow and can take the senior team members together considering the customer value management then effectiveness is achieved. It takes the company from one level to the next level. If a leader builds a quantifiable measurement process for the departments, then each department follows.

17.2 DEPARTMENT OBJECTIVENESS AND EFFECTIVENESS

S.NO	Department	Objectiveness	Effectiveness
1	Product department	Build the product based on customer requirement gaps in the market. Build quality features which can solve	R&D of the department should be provided with enough customer feedback / suggestions / perceptions about a specific product. They should try to solve the customer problem by making a product

		customer problems.	which can be acceptable in the market.
2	Department Heads	Each organisation is given department heads responsibility to do their bit in the market. They all should be aligned on the objective of customer value management.	Department heads should be coached well by the leadership of the company. They should be given clear accountability & responsibilities to achieve customer value management.
3	Process Mapping	Each organisation has processes which are interlinked within the department heads.	Effectiveness of the process is achieved when the organisation reviews each and every process of each department and heads are told to work in coordination with each other in such a way the process hurdles should not dilute the customer value management process.
4	Customer success	Creation of customer lifetime value creation.	CVM leads to building customer confidence in return. It leads to the maintenance of the process of ensuring best of customer services to the customers. This is a success for the CVM.
5	HR	Recruitment	Recruitment of employees if hired with the right skills set and background is properly verified then success of the HR department is achieved. Leadership team must work closely with the HR department and ensure that the vision of CVM is passed on successfully from time to time to ensure that dilution in thought process is minimized to a great extent.
6	Training	Training to all employees	Training all employees on a continuous basis on CVM process management of each department will lead to training effectiveness and achievement of CVM objectives.
7	Professional Services		Professional services provided by the team of the company always help in building quality customer value management, the various metrics defined to track are important to be tracked to be relevant for customer value management perspectives. In return it builds higher sales within the organisation and provides a quality CVM process.

8	Customers + company		Customer and company relationship is very vital for higher growth in sales and overall turnover. Every department in the company must be orientated so well that they spend their quality time and energy in building the relationship through the right product, marketing, customer service and right buying channel.
9	Partners		Effectiveness in CVM requires a more important effort which is channelising vendors properly. They should be well oriented on the internal CVM process. They can be any type of vendor. Once they understand the logic of CVM at the company end, they would also ensure best of product and services to the company thus building customer relationships.
10	Marketing		To drive customer value management, marketing focuses on data driven decisions and marketing promotions with focused advertising spend. They learn from the experiences, feedback and data and take proactive action to achieve CVM objectives.
11	Sales Management		CVM will always lead to an effective sales management process with a consideration of providing all information about the product in advance and best of sales handling process. The sales team is completely orientated well to manage the CVM process effectively.

17.3 CRITICAL SUCCESS FACTORS FOR CVM

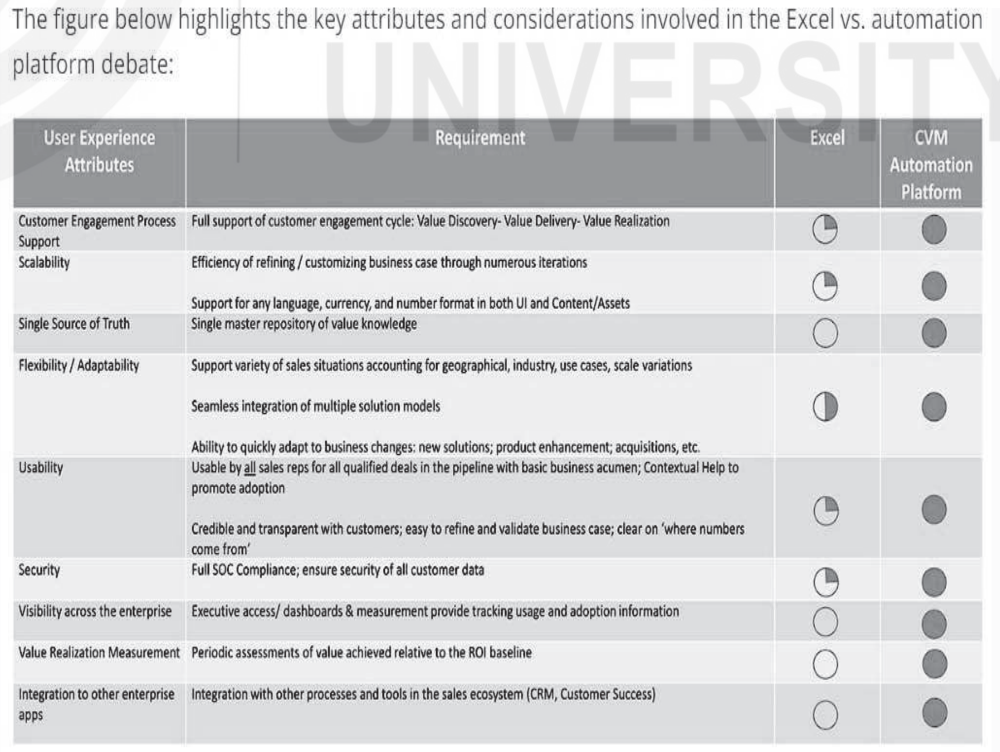
CVM program success measures

Consumer satisfaction	**Related department satisfaction**
Are Buyers' investing in your well-defined solutions achieving the expected value and high ROI? What evidence do you have as a company of right value realized (Both on the perception and reality) Are customers willingly collaborating on ROI Case Studies	Is the CVM program satisfying & helping your internal stakeholder advocacy network? Are sales teams following and regularly using the CVM models and defined planned processes as expected to close higher and bigger clients deals faster? Have you achieved the ROI (Return on investment) in deal flow through

and provide testimonials with ease which directly benefits the organisation? Are you considering Net Promoter Score (NPS) to track customer satisfaction?	example): Improved Conversion Rate opportunities to forecast A) Reduced Sales Cycle Time and Effort B) Improved Percentage Close Rate C) Higher Average Sales Price (0 D) Low discounts rates offering and higher margins CVM help marketing department to plan branding and promotional campaigns with the help of collected customer data. It gives them confidence to perform effectively also at the same time ROIs are quite good then in the process. Companies save a lot of dollars in this process.

17.4 TOOLS AVAILABLE TO MANAGE CUSTOMER VALUE MANAGEMENT

Excel is a measurement tool or process to build automation. However, excel has its own limitations where huge data many times is difficult to understand, predict and plan effectively. Hence it is important to use the CVM automation platform effectively to get the best practices in place to achieve the CVM objectives.


The figure below highlights the key attributes and considerations involved in the Excel vs. automation platform debate:

User Experience Attributes	Requirement	Excel	CVM Automation Platform
Customer Engagement Process Support	Full support of customer engagement cycle: Value Discovery- Value Delivery- Value Realization	◔	●
Scalability	Efficiency of refining / customizing business case through numerous iterations Support for any language, currency, and number format in both UI and Content/Assets	◔	●
Single Source of Truth	Single master repository of value knowledge	○	●
Flexibility / Adaptability	Support variety of sales situations accounting for geographical, industry, use cases, scale variations Seamless integration of multiple solution models Ability to quickly adapt to business changes: new solutions; product enhancement; acquisitions, etc.	◑	●
Usability	Usable by all sales reps for all qualified deals in the pipeline with basic business acumen; Contextual Help to promote adoption Credible and transparent with customers; easy to refine and validate business case; clear on 'where numbers come from'	◔	●
Security	Full SOC Compliance; ensure security of all customer data	◔	●
Visibility across the enterprise	Executive access/ dashboards & measurement provide tracking usage and adoption information	○	●
Value Realization Measurement	Periodic assessments of value achieved relative to the ROI baseline	○	●
Integration to other enterprise apps	Integration with other processes and tools in the sales ecosystem (CRM, Customer Success)	○	●

Source: -decision link

Check Your Progress A

1 Which customer value management metric is effectively explained ?

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2 Why is cost a hindrance in customer value management success?

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3 Define customer survey benefits?

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4 Define challenges in building robust customer value management?

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17.5 COST HINDRANCES IN BUILDING CVM MEASUREMENT

The expense can hinder the development of customer value management due to various factors, including personnel, technology, and marketing efforts.

These resources can be costly, especially for small or medium-sized businesses that may not have enough funds.

Education: Training for employees in customer value management practices is time-consuming and costly. The continuous expense of training new staff can pose a particular challenge for companies with high turnover rates.

Effective management of customer value requires access to data on their behaviour, preferences, and demographics. This data can be costly to companies, particularly those lacking the necessary tools and expertise.

Markets with high competition may require businesses to lower prices in order to gain more customers. The high cost of providing quality products and services can make it difficult to create value for customers.

Meeting financial targets in a short period of time can be more advantageous than building long-term customer relationships. The outcome may be to prioritize cost-saving measures over implementing customer-centric initiatives.

Developing customer value requires a significant investment of time, resources and money. Businesses willing to make the investment are more likely to build long-term customer relationships and thrive in the marketplace.

Check Your Progress B

1 What is the customer lifetime value?

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2 Training benefits in CVM process Explain?

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3 Define competitive advantage in customer value management?

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4 Why is there a need to read data in customer value management enhancement plans?

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17.6 LET US SUM UP

To sum up CVM is a process to satisfy customer needs, aspirations and expectations from the company product, process, and customer complaint handling skills. Good organisations are always working on CVM which gives them returns like higher sales, loyal customers, and competitive advantage. Measuring success and ensuring the gaps are identified well and actioned properly in symphony within the organisation. All the leading organisations have the process of customer value management well placed. Companies push the effort on a continuous basis by reducing the cost and getting higher ROIs from the efforts.

Key Learnings:

CVM is a position that prioritizes the customer's needs, desires, and expectations in relation to the company' products, processes or customer complaints handling skills. The best organizations use it as pillar of their business operations, which results in increased sales, better customer loyalty, higher competitive advantages, etc.

The measure of success in CVM is customer satisfaction, which means it measures and promptly addresses gaps within the organization.

An integrated approach to CVM is required to ensure the success of the organization by ensuring that all aspects are in sync and responsive to customer needs.

Major Institutions: CVM programs have been well established among leading companies focusing on the customer.

17.7 KEYWORDS

Growth Stage: New product is being accepted in the market

Customer Retention: Maintaining the existing customers in the business.

Customer Relationship: Keeping the Customers happy and satisfied to keep them in the business for a long time

Customer Value Management: It is a very powerful tool to make the company truly customer-oriented and bring success to the company/ business.

Customer Defined Value: Value of the product and services perceived by the customers.

17.8 TERMINAL QUESTIONS

1. Which departments are critical for CVM effectiveness?
2. Study the market and identify organisations having effective CVM and Why?
3. How is competitive advantage built into the CVM process? Explain?
4. Why are short-term goals practical for CVM success explain?
5. What is the customer's lifetime value?

REFERENCES AND FURTHER READINGS

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