Value Creation and Market Approach
Value is what the customer wants and is willing to pay for.

Ford Focus

$18,100.00 to $25,300.00
Value is what causes people to want to trade with you.

Value is what makes someone decide to take out her wallet and hand you her money.

Because she’s going to get something she wants—something in which she finds compelling value.
Loyalty Leadership Employees (Part 1)
One is the function of another

“Companies can’t give job security, only customers can.”

- Jack Walsh

1. Profitability & Job Security
2. Satisfied and Loyal Customers
3. Valuable Products and Services
4. Satisfied & Loyal Employees
“No person was ever honored for what he receives. Honor has been the reward for what he gave”

- Calvin Coolidge
When people feel fulfilled at their jobs, they go above and beyond to...

- Help the organization improve
- Share expertise
- Resolve conflicts
- Suggest improvements
- Boost moral
- Help co-workers
- Conserve resources
- Reduce production costs

...and much more!!
Our Starting Credo

We earn employee’s loyalty when we…

1. Treat them in a manner that inspires their TRUST AND COMMITMENT

2. Help them discover their full potential by guiding them into roles that PLAY TO THEIR SPECIAL STRENGTHS

3. Treat them with DIGNITY AND RESPECT, communicate honestly

4. Lastly PAY THEM WHAT THEY ARE WORTH
MEASUREMENT OF SUCCESS

We should measure EMPLOYEE LOYALTY as much as we measure REVENUE.
Data shows happy & engaged workers are high performers...

Those who are happiest at work are:

<table>
<thead>
<tr>
<th>6x</th>
<th>2x</th>
<th>50%</th>
<th>10%</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>more energized</td>
<td>more productive</td>
<td>less likely to leave the organization*</td>
<td>less likely to take sick leave**</td>
<td>more likely to be “on task” in their working week***</td>
</tr>
</tbody>
</table>

***Unhappy employees spend 40% of their time on task – loss of 2 days of a work week or 3.5 months a year.

* Stay twice as long with the organization
** Than their least happy colleagues
*** Unhappy employees spend only 40% of their time on task – loss of two days of work per week or 3.5 months a year
Satisfaction & Pride of Work

**EXECUTION**
Manifest special skills in a meaningful way

**Autonomy**
Engagement through trust to do what is right

**Purpose**
Being part of something bigger than you

**Mastery**
Manifest special skills in a meaningful way

**HIGHER PURPOSE**
Being part of something bigger than you

**PASSION**
Engagement through trust to do what is right

---

*Drive: The Surprising Truth About What Motivates Us* – Daniel H. Pink
Are you having “FUN?”

Financially sound

Undoubtedly right

Notably rewarding
REMEMBER

Employees don’t really work for you

They work to be part of your *purpose*

You’re simply the visionary and their guide to achieve something extraordinary
LOYALTY

Employees who are **NOT LOYAL** are not likely to build an inventory of customers that are happy.
ACTION PLAN

- Establish a vision for your company
- Measure employee loyalty just as you measure revenue
- Create more freedom for employees, develop their skills and give them a purpose bigger than themselves
QUESTIONS
Loyalty
Leadership
Customers
Part 2
A homeowner had a beautiful view of the mountains, until a new neighbor purchased the lot below his house and built a new home. The new home was 18 inches higher than the ordinances would allow, so the homeowner with a view got mad about his lost view, went to the city to make sure they enforced the lower roof line ordinance. The new neighbor had to drop the roof line, at great expense. Recently, the first homeowner called the city again, and informed them that his new neighbor had installed some vents on the side of his home and he did not like them. When the city went to see what the vents looked like, this is what they found...
If you lock your best friend and your dog in a trunk for 2 hours, which will be happy to see you, when you open the trunk?
“We need to pick our partners [customers], shape our future, and then win together.”

- Fred Wiersema
Choose how you want to go to market

• Best in class
• Lowest prices
• Customer intimate

CHOOSE ONE AND BE WORLD CLASS IN IT... BE A MASTER IN THE OTHER 2
Our choice should direct our company’s energy and emphasis.
Imagine a company who’s main product is... SUCCESS
Customer Intimacy (success) is a system that derives its characteristics from the interactions of its essential parts...and none taken separately.
3 Imperatives of Customer Intimacy

Imagination + Connection + Commitment

INTERTWINED AND INTERDEPENDENT...OR WE FAIL
CUSTOMER INTIMACY

Define Desired Outcome

Implementation Process

Outputs

Wants

Needs

Effective

Efficiency

Successful Experience

Internal & External Suppliers

Imagination

Commitment

Connection

Loyal Customer
Customer intimacy requires taking co-responsibility for our customer’s success
CUSTOMER INTIMACY REQUIRES A NEW PERSPECTIVE...

1. A new way of thinking
2. A new way of doing business
3. A new structure
4. A new strategy
5. New Values
6. New Vision
CUSTOMER NEEDS extend beyond best price and best product

CUSTOMERS HUNGER FOR RESULTS - from the products and services they use

CUSTOMERS WANT VALUE - that only can be specified by the ultimate customer
LINGUISTIC MRI....SALES

pushy
difficult
dishonest
annoying
manipulative

challenging
necessary
dirty
cheesy

painful

fake
ick

uncomfortable
tough

sleazy

boing
ugh

 Yamaha

hard
aggressive
Loyal customers are ADVOCATES for your company
(Additional Sales Staff)

OWN THE CUSTOMER EXPERIENCE  OR  REAL FINANCIAL CONSEQUENCES!
“Profit in business comes from repeat customers, customers that boast about your product or service, and that bring friends with them.”

- W. Edwards Deming
Customer Success

SUCCESS FACTOR = What the customer wants.

Comfortable room above the garage

AGREED UPON MEASUREMENT: No more than 5 degrees from the set point of the thermostat in the center of the room
1. ZONE OF INDIFFERENCE

Meeting basic respect & courtesy needs; dissatisfaction if not met

24 hour survey

2. ZONE OF SATISFACTION

Customer tells what is important; satisfaction vs. dissatisfaction

24 hour survey

3. ZONE OF DELIGHT

Customer hopes for, but doesn’t expect; if met then delighted. Success factor is met

30 day survey

4. ZONE OF LOYALTY

Benefits above & beyond expectations; Success factor is met. Identify and suggest needs and innovations with new products (Additional measures)

60 day survey

CUSTOMER LOYALTY CYCLE

Benefits above & beyond expectations; Success factor is met. Identify and suggest needs and innovations with new products (Additional measures)

60 day survey
Customer satisfaction is a feeling
Customer loyalty is a behavior
ONE CALL BACK CAN CAUSE

- Dissatisfied customers
- Dissatisfied employees
- Reduction in referrals
- Loss of market share
- Loss of money
Overall Satisfaction Declines Dramatically When Problems Require Repeated Attempts To Fix


<table>
<thead>
<tr>
<th>Overall Satisfaction Index</th>
<th>No Problems</th>
<th>1 Attempt</th>
<th>2 Attempts</th>
<th>3+ Attempts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>119</td>
<td>93</td>
<td>86</td>
<td>79</td>
</tr>
</tbody>
</table>
INCREASED WORD OF MOUTH
Decline in Word of Mouth Based on Decline in Customer Satisfaction

% Definitely will Recommend Your Company

89%  64%  30%

OVERALL SATISFACTION WITH CONTRACTOR

OUTSTANDING  AVERAGE  UNACCEPTABLE
CUSTOMER LOYALTY QUANTIFIED

Average Homes per Contractor:

\[ \times 100 = 56 \times \frac{1}{8} = 7 \]

+ .56

Additional Recommendations per Satisfied Customer

\[ \times $5,000 \]

Average Sale Price

\[ \times $35,000 \]

Additional Revenue

PER ADVOCATE LOYAL CUSTOMER “SALES PERSON”
Loyalty Leadership

• Focus your time on giving special attention to your most valuable customers.

• Never forget Pareto’s handy little principle: 20% of your customers generate 80% of your revenue.
1. Increased spending/referrals per customer
2. Lower customer acquisition costs
3. Increased purchases at a higher profit
Value

- Value is what the customer wants and is willing to pay for.
- Value is defined by the customer
- Without value, "what the customer wants" we don’t exist and if we do it will cost a lot
- Value drives the market and without value creation there is only market **push** with no pull.
LOYALTY LEADERSHIP CREATES

• Value
• Superior profits
• Improved customer acquisition and retention
• Increased production
PUSH

ME

MY PRODUCTS AND SERVICES
• **Push** is what you feel when you go into a store to buy a TV and the sales person tries to *PUSH* a product you don’t want.
MARKET PULL...VALUE

ME & MY PRODUCTS

CUSTOMER
Pull is when a customer wants what you have and pulls your product or service into the market....very little expense to you.
Which cost more?
ACTION PLAN

- Seek loyalty over satisfaction and you will gain both
- Create loyal customers to increase PULL and closed sales
- Own the customer experience
Thank You

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Wednesday, October 05, 2016