

Subject: Value Dimension Mapping
Revision: June 26th, 2006
Contact: Mark Roser 860-228-6728

Value Dimensions

Key Words:

Business Models
Strategy
Value Dimensions
Mapping
Innovation Process
Holistic
Services
Cross-Business

Introduction

As organizations strive to overcome commoditization pressures and threats from global competition, many are transitioning away from selling discrete items towards selling a blended set of products and services to enable a holistic customer solution offering.

The success of organizations such as GE Energy, Johnson Controls and Caterpillar Logistics in making such transitions has demonstrated that such strategies can have an exponential impact on margins, market share and competitive displacement.

But making the change from a “hard” product or service mindset to a broad “services enabled solution” mindset can be daunting. To meet this need, Open Innovators has developed “Value Dimension” processes and tools, which have proved highly successful at defining holistic solution offerings aligned to customer needs.

Services Enabled Solutions – A review of the challenge:

When embarking on a mission to expand into services enabled solutions, a multitude of problems can arise. Such efforts require integral cross-business planning, collaboration between disparate groups and the creation of mechanisms to facilitate this activity.

The top concerns we have seen include:

- Disparity in language – general terms such as “leasing” can have 50 different interpretations. Without a mechanism to align language, collaboration is doomed to an endless succession of petty misunderstandings.
- Parochial thinking - Ask anyone in your organization about selling “solutions” and you will likely find that people are biased to recommend the approaches with which they are most familiar. R&D will focus on technology, Finance will focus on payment mechanisms, Service will focus on maintenance, etc.
- Lack of customer empathy – As experts in our domains, we spend months and years creating solutions we feel are the best solution to customers needs. But, we often forget that

customers’ needs are dynamic and competition is swift – and that what we knew a few months or years ago may no longer be relevant.

- Design by committee – When a design must be created that is larger than any one group’s bandwidth, there is a tendency for it to become a patchwork of specifications rather than a beautiful act.
- Change Management – New business models require new methods and processes and therefore need to be considered a change program.

The Value Dimension Process

The Value Dimension process is designed to be executed in a 90 day window. It is kicked off by a small cross-functional core team which is responsible for sensing current market conditions and harvesting necessary insights. The team deciphers its findings and organizes them into a map. A Summit concludes the 90 day process and brings together a large cross-functional contingent to develop winning solutions in rapid time.

Market Sensing

Open Innovators’ empathic market sensing toolset has been tested and used by leading organizations to shift the way in which they understand and relate to their markets and customers. Our tools are scaled to meet the needs of any organizations’ ambitions.



Fig 1 – A hands-on day in the field

The Value Dimension Map

A Value Dimension map comprises a variety of dimensions that represent the ways in which customers gain value. Each of the dimensions is characterized by a range of options to show how a company or competitor might offer a variety of solutions to the customer. The range of options are fully described in an accompanying guide.

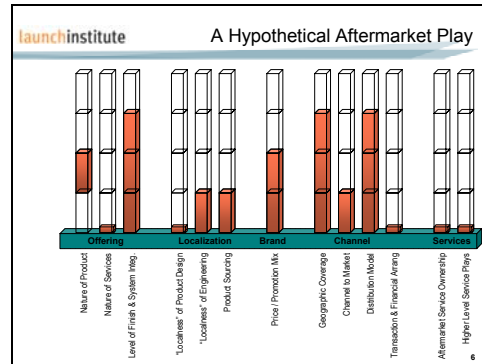


Fig 2 – A sample Value Dimension map

Once the map structure is created, it can be used to visually depict the strategies of competitors and best-in-class examples in similar industries. During the Summit, the map is used as the tool to visually depict a broad variety of approaches to meet customer needs.

The Summit

Summits are typically designed as 2 1/2 day events. The first day is allocated to speakers from within and outside the organization to share the latest thinking. The second day starts with articulating the needs of target customers or markets and then shifts toward using the Value Dimension map to develop and depict a variety of ways to satisfy those needs.



Fig 3 – Participant engagement during a Summit

On the final day, the top 3-5 solution offerings are selected then fully fleshed-out in PowerPoint presentations. The event is concluded by sharing the presentations and actionable "results packages" and "playbooks" with senior leadership who give feedback and provide investment ensuring the ideas move forward.

Results

Through the use of the Value Dimension process and tools, our clients are able to:

- gain a high level of confidence in design and selection of services enabled solutions offerings
- get to resolution in a rapid time frame
- overcome top concerns and gain acceptance of a large cross-business audience

Case Story

A leading aerospace components manufacturer faced rapidly eroding margins in its hydraulic component markets. The traditional razor & blade business model that had served the company very well, was no longer deemed sustainable as a result of an influx of after-market parts from low cost countries as well as new entrants in the remanufacture area.

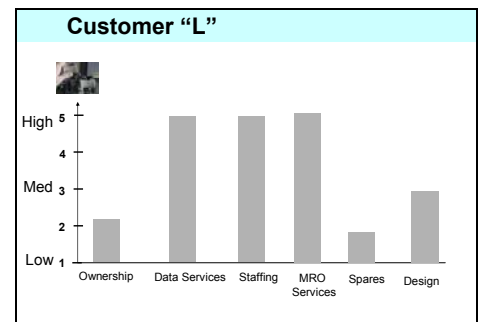


Fig 4 – A sample customer map

Open Innovators was engaged to organize the framework and process by which the organization would define the future products, services and complementary business models needed to succeed in the future.

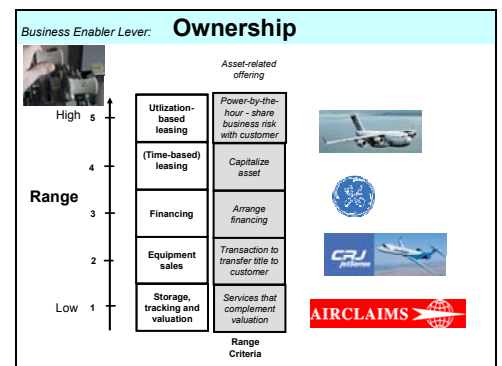


Fig 5 – A sample explanation of one of the Dimensions as part of the guide

Through the use of empathic market sensing, regular review sessions and a summit including international participation – the client successfully defined a long term model for success.

openinnovators