



# Value

- *How do you define it?*
- *How do you measure it?*
- *How do you get customers to focus on value rather than acquisition price?*
- *How do you deliver value to customers?*



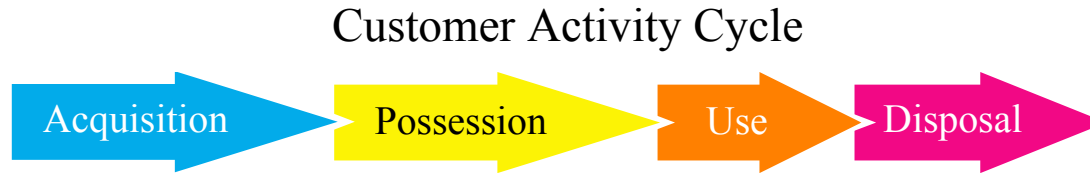
# Value

- Value is determined and derived by the customer only.
- Value must be measured in terms of **dollars**.
- Most customers understand their needs but do not know the costs of meeting those needs.
- Value is delivered to customers by reducing their overall costs, improving their performance, and /or improving their environment (safety-health-etc.).



# Where Does Value Come From?

Value



*In the process of operating their businesses, customers perform a wide variety of activities in the following areas.*

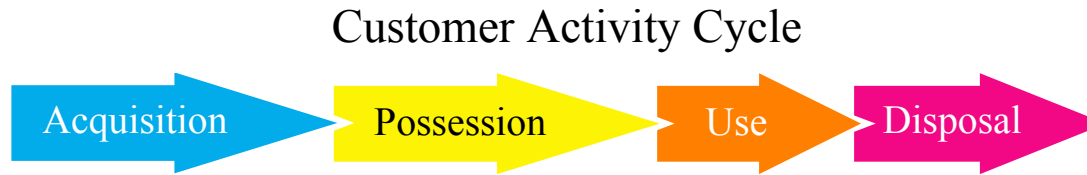
*These activities drive costs and consume valuable resources.*

*Value is created by reducing these costs and/or improving performance in any or all of these areas.*



# Value Opportunities

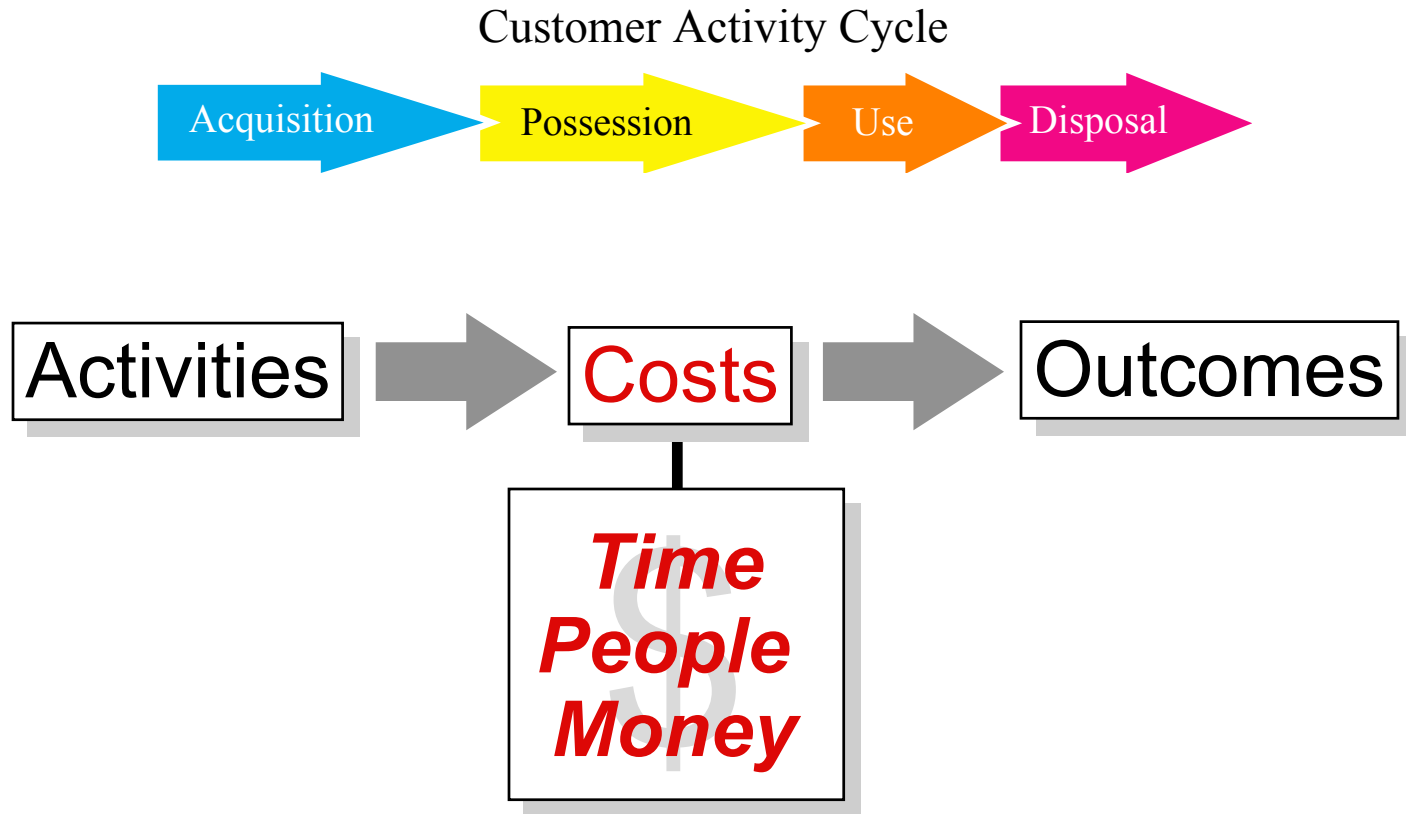
Value



- *Delays & reworks*
- *Ineffective utilization of labor*
- *Poor material flows*
- *Unsafe methods-of-work*
- *Poor flow of information*



# Activities & Costs





# The Process

Value



- λ Identify the activities your customers perform (*related to your product*) during each phase of their activity cycle
- λ Attribute a cost (\$) to each of these activities
- λ Identify ways to reduce and/or eliminate these costs