

VALUE EXCHANGE



Value Optimization Framework

Winning the customer's heart by meeting and exceeding their expectations requires clarity and transparency around the value and costs of the services your team provides.

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VALUE OPTIMIZATION FRAMEWORK

Virtually every group in the commercial world has some kind of customer. Whether you're a business unit, IT, product development, you have customers and those customers have expectations and demands. In order to achieve success as a delivery organization you must understand how to meet or exceed these customer's expectations as cost-effectively as possible. To do this, you must understand how you intend to execute Value Exchange. That is, how are you going to make it clear that you have created something of value and exchanged it with your customer.

Organizations have adopted several general strategies for doing this:

- **Formal Charge-Back:** You bill your customers for the services they consume. Virtually every for-profit company work uses this model for some part of its operation.
- **Charge-Back Without the Bill:** Some service organizations have a pseudo charge back model, where they formally track who has consumed the services they offer, but without the official movement of money between entities.
- **The Service Level Agreement:** Some organizations have developed a method for exchanging value where they execute against a defined and agreed up service level.
- **The Informal Method:** Management of customer and their expectations happens in an informal, personality based model.

The Nature of the Challenge

Most Value Exchange scenarios involve at least some of the following aspects:

Resource Overconsumption — Money exists primarily as a medium of barter. When things are free, human nature is to over consume the resource. Effective value exchange frameworks

must be able to establish an effective medium of exchange. This doesn't always have to be formal chargeback, but you have to have some way to explain or account for the fact that your customer has "purchased" a specific amount, and how you successfully delivered it to them.

Manage Expectations — Many service organizations struggle with persistently poor customer service scores. Often this stems from a customer perception that the service organization is non-responsive, and doesn't accept or deliver on enough requests. If you are going to get in front of this reality you are going to have to find a way to help shape or manage your customer's expectations. If you can get them to agree to a bar, you have a fighting chance of getting over it. If the bar is always 10% higher than whatever you did, you will never have a satisfied customer.

Engage your Customer in Trade-Off Management — People like to have choices. They like to exercise their will. Constraints that are imposed on customer will are detractors to satisfaction, while constraints that are shared with customers will typically improve engagement and buy-in. If you can only deliver on three of the five commitments, let your customer pick which three. If you have to eliminate some aspect of scope, let your customer choose what goes. Obviously there are always complicating factors, but the more your Value Exchange framework grants choice, the more satisfied your customer will likely be.

Define Quality — There have been countless studies that have shown if you define what quality looks like before you close the sale, it will be much easier to get your customer to accept that they received a high-quality deliverable in the end. When you order a steak at a nice restaurant, or marble counter-tops you generally know what quality is going to be, and you know if you have received it. But what about deliverables that are much less tangible. What if the deliverable is *Collaboration Services*? How will I know I have received quality? If you can't answer this questions, don't expect your customers to. If they don't know they received quality, then they didn't, or at least won't agree that they did.

Considerations for the Solutions Architect

PEOPLE CHALLENGES

For organizations that are moving from an informal model to a more formal model, you should expect some pushback and some significant work selling how these changes are better. Optimizing customer satisfaction is essentially about finding the best possible blend of accepting all requests and delivering on your commitments. If you error in either direction, you will lower customer satisfaction.

PROCESS CHALLENGES

Value exchange must be imbedded in processes that your customer understands and respects. If they get the perception that the "bill" is not generated using a method that is reliable, consistent, and fair it will have no credibility. Effective Value Exchange processes must be able to provide the information the customer expects for the above to be true. This is a slippery slope, however, because customers will demand to see things at levels of detail that is often not practical. You must find the correct blend between giving the customer consistent reliable information, while not necessarily letting them make your data collection process administratively impractical.

PLATFORM CHALLENGES

Integration, integration, integration. You must be able to collect your Value Exchange data from information systems in the environment. Ideally you want to see your resource management platform, the delivery management platform, and the work intake platform to connect seamless to your value recovery engine.

VALUE OPTIMIZATION FRAMEWORK

To win in today's uber-competitive marketplace requires withstanding enormous pressure from outside and within. Tightening budgets and ever-greater resource demands have made it more critical than ever to demonstrate the value you and your team bring to your organization.

Realizing the value of significant investments in people, processes and technology is what sets winning organizations apart from the sea of mediocrity. And the leaders who can go beyond identifying and addressing roadblocks to impacting change and demonstrating measurable results build their own credibility and support to drive winning strategies.

Our Value Optimization Framework is an integrated solutions development methodology designed to address critical functions and align people, processes and technology to deliver optimal results. While it's common to find organizations focusing on one or two discrete areas, our Value Optimization Framework connects the dots and help you build integrated solutions that specifically focus on delivering measurable results.



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