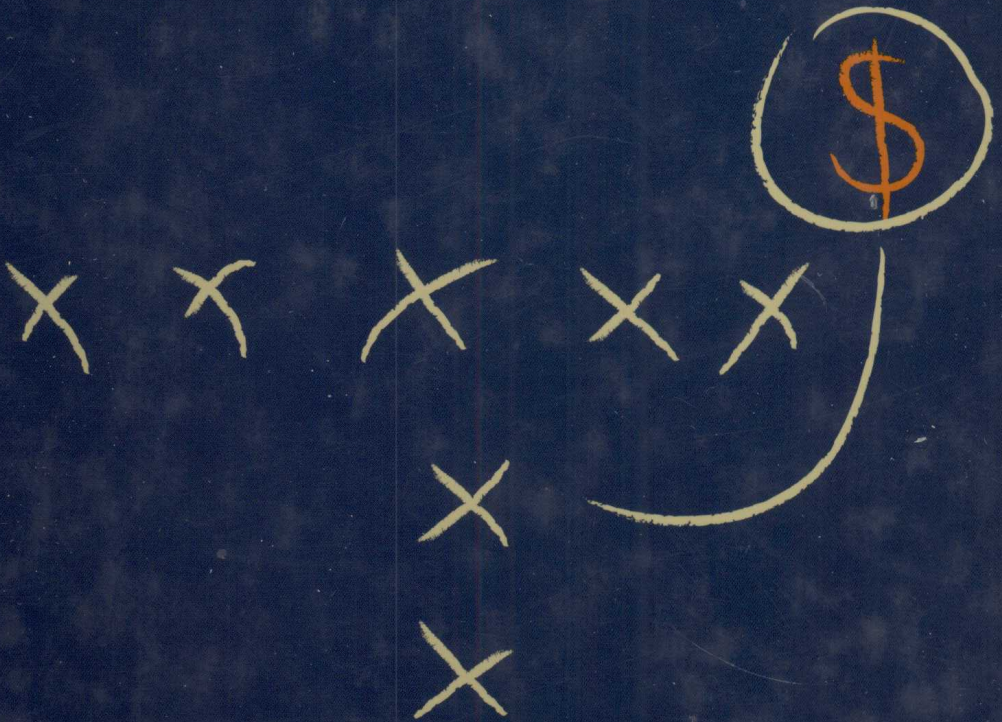


# Winning with Customers

DO YOUR CUSTOMERS MAKE MORE  
MONEY DOING BUSINESS WITH YOU?



## A Playbook for B2B

D. KEITH FIGUES & JERRY D. ALDERMAN

FOREWORD BY KAREL CZANDERNA, OWENS CORNING



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*A Playbook for B2B*



D. Keith Pigues  
Jerry Alderman



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To Monica: You are the love of my life and my biggest inspiration. Thanks for your never-ending encouragement and unconditional love.

To Christian, Caleb, Levi, and Chloe: I love you. You are incredible gifts from God. Pursue your dreams and serve God with excellence along your exciting life journey with Him.

To my brothers: Cottrell, Joseph, Kevin, Wyndon, and Terrance. Continue the legacy we were left by the greatest business person of all time, our dad, Alonzo Pigues. He left us a great gift.

To my Mom and Dad: Thank you and I love you.

—*D. Keith Pigues*

To Tracy, Kirbey, Carlie, Kelli, and McKenzie: You are special people in this world, especially to me. Never let anyone make you think your goals are out of reach. Be happy!

And to my Mom and Dad: I love you.

—*Jerry Alderman*

# Foreword

**Karel Czanderna, Group President,  
Building Materials, Owens Corning**

**J**erry, Keith, and the team have created one of the first systems I have found that truly allows us to learn what our customer values and use that information in the daily operation of the business, from investments to sales planning, and execution. The logic of what they have done is flawless and brilliant. What is even more powerful is that it is all based on an approach that creates tools and capability that will generate benefits for our customers and our company for years to come.

We have come a long way in our almost three years with Valkre, and we still have a long way to go. Maybe the single biggest compliment one could make about the power and potential of this approach is that we are still excited after three years, and the momentum continues to build. That is quite a testimony, considering the challenging building markets over the past couple years. We are focused on initiatives that



are adding value to our customer and our shareholders . . . and this is guiding both.

I started my career in research, product development, and manufacturing, and I did not meet a customer for 10 years until I led a team servicing office copiers in the field. When I finally did, it changed my career. It was then that I recognized the challenge of people and just how hard it is to move an organization of thousands of employees to pursue and deliver what matters to the customer. It is no easy task because it permeates every function in the organization, from marketing to innovative product development to logistics to capital and operational planning to selling and so much more. And you know what? My experiences at three great brand companies showed that not all of the customers value everything you do in the same way or even at the same level. In the end, the journey of understanding what is valuable to each customer through to creating a sustainable competitive advantage for your company does not happen by accident. It takes diligent management and requires the organization to build a competency for doing so. The book you are about to read will go a long way to helping you develop or expand your competency. I wish Jerry, Keith, and team had developed this holistic system sooner, as I sure could have used it throughout my tenure in business.

Right now is absolutely the time to be working harder than ever to understand what will persuade customers to buy from you. The competency of understanding and executing against what creates value for customers relative to your competition is not a “nice to have”; it is a “must have.” Waiting to develop this competency is akin to waiting to be successful, and success most often occurs from acting, not waiting. So read on, and proactively build your own Playbook.

# Preface

**T**his book has many pages. We are not sure yet why it has so many and who the heck wrote them all! We recognize that some of you will read every page, others will read selective portions of the book, and many (hopefully) will use the book as a reference or guide on your journey to “win with customers.” We thought a quick road map up front might help you to navigate the material and use it best to meet your needs.

## **How Is the Book Organized?**

There are 10 chapters and an afterword in the book. The first three chapters are:

1. “Why We Lose”
2. “Define Winning”
3. “The Playbook”

These chapters provide an executive overview of our formula for winning with customers. In these chapters you find the Six Big Ideas

that help your organization accelerate profitable growth. We also discuss the four breakthroughs contained within our winning formula, which we believe sets our approach apart from others. And we share the real experiences from real companies that have delivered significant results using our approach. We talk about those companies and share their business cases in depth.

The next five chapters are:

4. “Winning Metrics”
5. “What Does Your Customer Think?”
6. “Informing Decisions”
7. “Executing Value Creation and Value Capture”
8. “The Scoreboard”

These are the “winning plays,” as we like to call them. These chapters are filled with lots of practical information to help you put the winning formula into practice in your organization. This is where practitioners can learn with reasonable detail how to do the work of winning with customers and understand if your customers make more money by doing business with you relative to competitors. The next chapters are:

9. “Getting Started”
10. “Sustaining and Scaling: The Maturity Model”  
“Afterword”

These chapters help you get on the path to action within your organization. They also cover some of the pitfalls we have experienced along the way—providing helpful advice whether you are undertaking a small project or one that involves an organization with 10,000 employees. We must admit that we have not discovered the unifying theory on the subject of change management. It is still a lot of hard work. We do share some insights from years of work with many companies that will help you successfully implement this approach in your business. And then we conclude with a summary of the book, which our English teachers suggested we always include. Here we capture the key highlights and takeaways from the book.

More detail on each chapter follows.

Chapter 1: “Why We Lose.” This chapter was designed to describe the problem we are focused on, give you some insights as to why we



are writing the book, let you know who we are writing it for, and discuss what we hope you will learn.

Chapter 2: “Define Winning.” This book is focused on winning with customers. Here we define what winning with customers means and we introduce measures we have found to work. We also set up the playbook of winning plays to help you win.

Chapter 3: “The Playbook.” This chapter provides the overall construct of the system we have collectively used to lead companies in developing their own outside-in customer capability. For each of the plays, we provide some background on why they are in the playbook and how they help you succeed.

Chapter 4: “Winning Metrics.” This chapter describes in detail the metrics we use. We get to the bottom of understanding if your value proposition creates value for your customers—helping you move from anecdotes and gut feelings alone to sound metrics of success.

Chapter 5: “What Does Your Customer Think?” Here we discuss resources that you need to collect your customer’s perspective on the value you create for them. We point out why your customer loves the conversation and we review the pros and cons of getting the various members of your team involved in this portion of work.

Chapter 6: “Informing Decisions.” We show how you can generate a quantified (dollars of value to your customer) list of opportunities informed by your customers. We then discuss how this list is combined with your own internal ideas for improvement to generate a prioritized list of the most valuable ideas informed by you and your customers to improve the differential value you deliver to customers.

Chapter 7: “Executing Value Creation and Value Capture.” We also like to call this bridging the say-do gap. Meaning, we always say we listen and respond to customers but we seldom do so in a way that our customers see and understand. This chapter is all about translating the knowledge generated about what our customers value (from the list of opportunities) and developing customer plans that can be executed by the organization, understood by the sales force, and communicated effectively to customers.

Chapter 8: “The Scoreboard.” The scoreboard chapter discusses how we link value creation for the customer and value capture for ourselves. It also goes into how we can start to better predict our own profit improvements as a result of creating value for customers.

Chapter 9: “Getting Started.” This chapter particularly focuses on organizational dynamics. Who needs to be involved, and how you go through the steps of transitioning this kind of work from a project to a way of doing business. How long does it take? How much does it cost? What are the benefits?

Chapter 10: “Sustaining and Scaling.” This chapter is all about how to move from the initial implementation and learning within your organization to get the full value by ramping up the effort. This chapter addresses how to make it a way of doing business throughout the organization.

“Afterword”: This chapter provides a brief overview of what we discuss throughout the book. It highlights the key frameworks and summarizes why companies lose, and why they win. It provides a high-level review of how to get your company into action.

For each chapter we set out the objectives and provide a summary of those objectives at the end. Each chapter also has practical examples and cases embedded to provide you with as many real-life examples as possible.

## **Case Study**

The book is driven by case studies—we provide examples of how others used this approach. We introduce the cases in Chapter 1 and carry them through the entire book, developing their stories and providing practical insights and outcomes directly from the people who have done this work in their organizations. Where possible, we carry examples from one chapter to the next so you can follow the logic as we develop the concepts. There are instances where this is not possible due to the confidential nature of the outcomes and insights. We’re sure you understand. When your successes are featured in the next version of the book or as cases on the companion web site (and we hope you will share), we will likewise ensure that your competitive insights are not disclosed.

## **Web Site and Community**

We spent quite a bit of money building this web site so you better use it. Ha! . . . Just kidding! But seriously, we know that everything you

need to win with customers cannot be contained within a book. The companion web site ([www.winningwithcustomers.com](http://www.winningwithcustomers.com)) was designed to be used with the book. It provides online exercises, forums, and spreadsheets to help you begin implementation within your company. It also provides the outcome of your work to share with others in your organization by using formats that we have found to be effective.

Also on the web site we included two Appendixes. Appendix A: “Our Approach to Certification and Building Capability” provides more detail on the tools you can use to train your people and certify your organization to become proficient in using this approach to win with customers. Appendix B: “A Little More Background on Outside-In” is a carryover from our last book to help you better understand the opportunities and challenges of truly becoming an organization whose decisions are shaped by valuable outside-in customer data.

The web site also serves as a community for continued learning from peers and thought leaders, as well as additional reading and cases. You also find access to the CVC Institute, which is a destination for continued education on the topic of Customer Value Creation. There are blogs, discussion forums, and access to continuing education courses and conferences to help you learn and connect with other kindred spirits along your journey. You can also buy a book here as a gift for colleagues, family, and friends. Warning: We gave our kids a book as a gift and it did not turn out that well!

# Acknowledgments

## **D. Keith Pignes**

My contribution to this book would not be possible without the support and guidance of some very special people. My wife and children (the loves of my life) have been my fan club throughout the process of writing this book—when the words were flowing and during the countless hours of staring out of the window or at the keyboard waiting for the words to come. I thank them for their willingness to allow me to go off to my “writing place” to bring the ideas to life, put the words on the page, and exercise my gifts. I only hope I am as big of a fan and supporter as they exercise their gifts and talents and pursue their dreams.

My mother, Verna Pignes, and my brother Kevin Pignes have always been in my corner through every endeavor. And once again, they encouraged me to tackle another new challenge—providing encouragement and support every step of the way.

My business experience foundation and many of the important lessons I’ve learned were shaped by my father (the late Alonzo Pignes) during my formative years working with him and my brothers at Pignes Tire Company—those were special times. While he had no formal

education, he knew more about business, understanding customers, meeting their needs, and running a profitable business than most.

The completion of this book would not be possible without the contributors (Brian Kiep, Alex Monacelli, Matt Cobb, and Gabriel Lerner). Their sharp minds and tireless efforts were a big part of this effort—thank you. And I am grateful for the incredible partnership with Jerry Alderman. Without his knowledge and passion for helping customers win, this book would not be possible.

The review and feedback from Dave Hofmann and Margaret Woodard were invaluable—providing very valuable perspectives from a professor and practitioner, respectively, to ensure the soundness and practicality of this “how to” book.

Judy Howarth and the editorial team at Wiley & Sons provided invaluable counsel and guidance as we navigated through the process from ideas and experience to the creation of the book.

## **Jerry Alderman**

Anyone who has ever taken on the challenge of writing a book knows it takes a team. This is especially true in this case of our book, *Winning with Customers*, as the book is not so much about the ideas and philosophies of the authors as it is about the actual work this team has accomplished over the course of several years. I thank the team for their passion in our collective journey, the willingness to dig in and drive results, and the intellectual genius each has added. Most of all, I thank their families for supporting them and us in completing this gratifying piece of work. Thanks Brian and Alyson, Alex and Susanna, Matt and Jennifer, and Gabe.

If not for the success of Valkre, there would be no book. There have been so many people and companies who have helped us. Our advisors Glenn Dalhart and Jim McClung work to keep us grounded and generally guided in the right direction. My uncle, John Edwards, is always generous with his banking and financial assistance. And most important, our customers are everything to us. Owens Corning in particular has been the most amazing collaboration partner any company or any person could have. They have challenged our Valkre team and made us better. Thanks to all of you.

And finally we thank Keith for doing this project with us. Keith has been one of our biggest fans for years. Anyone who knows him knows that he is an inspiration to have in your corner. Thanks for being in our corner, Keith, and we look forward to hanging with you in Hawaii!



# Introduction

**Glenn Dalhart, Retired Partner, Ernst &  
Young management consulting**

**T**his book captures the invaluable lessons learned from a nearly decade-long journey focused on perfecting the business science of creating value for customers in the so-called business-to-business (B2B) segment of commerce. Keith and Jerry have clearly arrived at an important destination. Not only has the customer value creation (CVC) science been significantly advanced, it has been proven by real-world applications in numerous B2B settings. This book provides a deep insight into the discoveries that can help you win with your customers and ultimately increase the value of your business.

I have had the distinct pleasure to participate in and witness this journey from its beginnings in the early 2000s. Keith and Jerry have

come a great distance since working together in a client-consultant relationship at RR Donnelley. Keith has been a consistent CVC advocate, practitioner, and spokesperson. Jerry has maintained an unwavering focus on developing the CVC solution through a series of consulting organizations leading to his new company Valkre Solutions, Inc.

I have had a wide-ranging 35-plus year career in management consulting as a partner with Ernst & Young and several other prominent consultancies. In all my years of experience, I cannot point to a more powerful solution in the B2B setting than CVC. I truly believe that when a B2B business enterprise is aligned around CVC, it will not only create value for its customers but as a by-product it will create shareholder value for itself—most often many times greater than the returns enjoyed by its customers. This is the somewhat counterintuitive but perhaps the most exciting result of the CVC process. This is the ultimate “win-win” proposition.

I believe that CVC draws its power from the ingenious combination of three powerful business principles: outside-in thinking, competitive advantage, and continuous improvement (e.g., Kaizen/Six Sigma). First, CVC is absolutely focused on understanding and measuring value from the customer’s point of view. This point of view is critical and is differentiated from the approach taken by most businesses that ask the question: “How profitable (to me) is this customer?” CVC turns that table and asks a much different and more powerful question: “Do you (the customer) make more money doing business with us than with our competitors?” Second, CVC embraces the well-established principle of relative performance when it comes to understanding competitive advantage. CVC applies this principle at the customer level by measuring its value proposition relative to its competitors—as you will learn, this measurement is central to the CVC solution and is called the differential value proposition (DVP). Last, CVC embraces the continuous improvement principles of Kaizen/Six Sigma by embedding DVP measurement within a closed-loop process: Discover – Analyze – Execute – Measure.

The CVC solution is truly unique. Although it resides primarily in the “Customer Intelligence” space, the CVC solution is truly different from the typical “Customer Loyalty,” “Customer Satisfaction,” “Voice of Customer,” or “Customer Relationship Management” solutions. CVC is differentiated through the analytical rigor of its DVP

measurement process and through the “relative to competition” measurement framework. Perhaps most important, CVC is an active, forward-looking solution that answers the question: “What can we do to create additional value for our customers?” Most “Customer Intelligence” solutions are passive, backward-looking, and ask: “How loyal/satisfied are our customers?” The collection of answers to the CVC question from many customers across the value chain and from various channels provides valuable enterprise-level perspectives that inform critical investment decisions. In this way, CVC morphs into a powerful closed-loop management decision-making system that aligns and impacts all functional areas of a business.

In forming Valkre, Jerry has taken the bold step to transform his company from a consulting focus to a software product focus. This development makes it possible for businesses to readily institutionalize CVC. Along with consulting support, Valkre offers two powerful software platforms, Render® and Academy, which allow businesses to effectively institutionalize and maintain CVC without ongoing consulting help. Additionally, both products are offered in a “Software as a Service” format that reduces implementation and maintenance complexities.

To most effectively benefit from this book, you may need to put aside the current paradigms you apply to B2B relationships. An open mind will allow you to more fully grasp the powerful new ideas that are offered by Keith and Jerry. After reading this book, I think you will agree that Keith and Jerry have made several important breakthroughs in the B2B business setting.