

The Value Model from a Management perspective

Creating an unrivalled level of customer value is a vision shared by many. It is not difficult to have opinions about customer value. Creating customer value is an art.

Why is customer value in focus? Yesterday's customers came easily to the conclusion that new products were better and therefore more expensive, but tomorrow's customers voice the opinion that new products are of course better—but they are also less expensive. This is the market's greatest challenge. It is also something I have myself experienced in my work within the car industry in Japan, Europe and the USA. I have learned from experience that there are systems and processes for creating technology, but as soon as this technology is challenged by customer expectations, the situation immediately becomes more complex. Per Lindstedt and Jan Burenius share their business experience with us using great insight and a

tremendous knowledge of the market. I believe that the authors have succeeded superbly in their ambition to help engineers think in terms of the market and customer benefits, and marketing forces to think in terms of technology and functions. It is my opinion that the book uses constructive methods to stimulate a new way of thinking, and thereby success, for those companies that adopt the knowledge offered.



Hans-Olov Olsson
Senior Advisor
Geely Holding
Fmr President and
Chief Executive Officer
Volvo Car Corporation

Atlas Copco has a long tradition of innovation that dates back to the founding of the Group in 1873. The strategy has always been to bring to the market innovative products that contribute to outstanding productivity for our customers. Our brand promise is “committed to sustainable productivity”. This has enabled the company to grow to a world-leading business with activities in more than 180 countries and 44,000 dedicated employees.

Why are we so focused on innovation? Part of the answer is because it supports our goals for sustainable profitable development. We strive to increase our competitive edge by providing high-quality products that are more productive, energy efficient, safe, ergonomic, light, or that in other ways make our customers more successful.

One of our core values has been to interact with our customers and develop new products in close relationships with them. While we interact in many different ways, we believe that personal contacts are always the most efficient. Atlas Copco's vision is to become and remain First in Mind—First in Choice®. This requires a thorough understanding of the customer's business and the

customer's spoken, as well as unspoken, needs. The Value Model's *Voice of the customer* concept has enabled us to further refine our methods of understanding customer needs.

The Value Model's focus on customer value fits hand in glove with our long and successful tradition of working with Value Based Selling. It is worth noting that customer value seldom has anything to do with how much the product costs to develop, produce, and deliver. Instead, it is entirely dependent upon how well customer needs and expectations are met, and the alternatives available for comparison. It is my strong belief that the Value Model is an excellent tool for any company which is passionate about creating value for its customers.



Ronnie Leten
President & CEO
Atlas Copco AB

The Value Model from a Practitioner's perspective

This book stands alone as the first comprehensive effort to integrate the total set of complex activities that define Product Generation. Years from now, this text will be regarded as the standard for defining the proper activities and techniques to be used by Marketing, Engineering and Operations personnel.

The Value Model addresses both the philosophical changes companies must make to effectively address customer's needs, as well as the specific tools and techniques development teams should employ to ensure that they create solutions which have unrivalled customer value.

The author's use of functional analysis as the underlying methodology for creating customer value through high-value solutions is coupled with other important tools and support processes such as team leadership and project management. Each section of this book provides clear summaries, detailed information, exhibits and references to other sources of information. This format allows each student to learn at their own pace and easily find additional material to amplify key issues.

I met the authors, Jan Burenus and Per Lindstedt, after I had been in the Engineering and Product Development domain for 30 years. We were evaluating consulting groups to help us improve our Product Development techniques. Based on my many years of Product Development experience, I did not expect to hear much in the way of new approaches. However, by the end of our first visit it became clear that the authors had developed a significantly improved and powerful set of techniques to create unique, high-value solutions. After two years of working with the Nimba Value model, I am completely convinced that it will revolutionize how we develop products for our customers.



Dick Arra
Fmr Director of
Product Development
ITT Industries

SHL Group is a privately owned company, serving the pharmaceutical industry with parenteral drug delivery devices, which has grown from a few people to over 3,000 employees in 25 years. The company is located in Taiwan, USA and Sweden.

The operational challenges have shifted gradually from the management of small numbers of customer projects to deciding on what R&D investments to approach for the future. Facing the latter challenge we needed a more structured approach to value creation. Studying various subject matter literature, however good in many aspects, was not sufficient to get a complete and coherent picture of this challenge, there was something missing.

Eventually, I received the advice to look into Value Model from a colleague. The described methods and tools were very useful from both a theoretical and practical standpoint. In particular, the

description of the functional domain which links the companies' world to the customers' world has proven to be extremely useful and applicable in several aspects of product development, e.g. quality by design and innovation. Value Model practice and thinking gives SHL a common language and a focus in our innovation work that is of great value, and it can be highly recommended to any organization.



Rasmus Renstad
Director of Product
Development
SHL Group

The Value Model from an Academic perspective

Requirement errors are the single biggest reason why new products fail. Missing requirements, misunderstood requirements, and misinterpreted requirements all contribute to a mismatch between the products we design and the customer needs they are intended to meet. The situation is compounded by design teams eager to develop solutions before problems are clearly defined and by corporate managers anxious to rush products to market in order to reap an early return. Is it any wonder that so many new products fail to realize the objectives contained in their business plans.

Jan Burenius and Per Lindstedt address the challenge of developing new products that provide superior value – for their customers and for those who seek to serve them. The Value Model offers easy to learn, simple to use tools and techniques for analyzing what customers are trying to do and determining what they need to help them do it. They will enable product teams to establish a firm foundation upon which new product designs can be built.

The Value Model is an extremely useful addition to the product development library. The information it contains can guide teams through a maze of issues that must be successfully navigated on the road to exceptional products. This information is clearly presented in straightforward text and simple illustrations that lend themselves to self-paced study and handy reference. The book is certain to become a standard for many years to come.



Michael Pennotti,
Distinguished
Service Professor
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of Technology

The Value Model takes a holistic approach to the product development process. What might otherwise seem abstract and complex becomes straightforward and easy to understand with the use of the Value model, although it still involves extensive work.

The technological part of the product development process is structured correctly both theoretically and practically. The concept of customer value, which is central in the Value Model, supports accurate decision-making in the development process.

In addition, the Value Model deals with two other important dimensions that are often neglected in an educational context, or treated separately. One dimension is to nurture and support employees' stimulation and motivation, and the other dimension is to guarantee that the sponsor receives a product that meets financial expectations. It's important to understand the relationship between

these three dimensions, and the Value Model does an excellent job of exploring and describing their interactions. The Project Manager's role in the development process is therefore made very apparent.

The Value Model is a practical approach and navigation aid that utilizes several different modern product development methods and approaches in a thoughtful and clear manner. That is why I, as a professor, choose to use the Value Model in the Master program for Mechanical Engineering.



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