

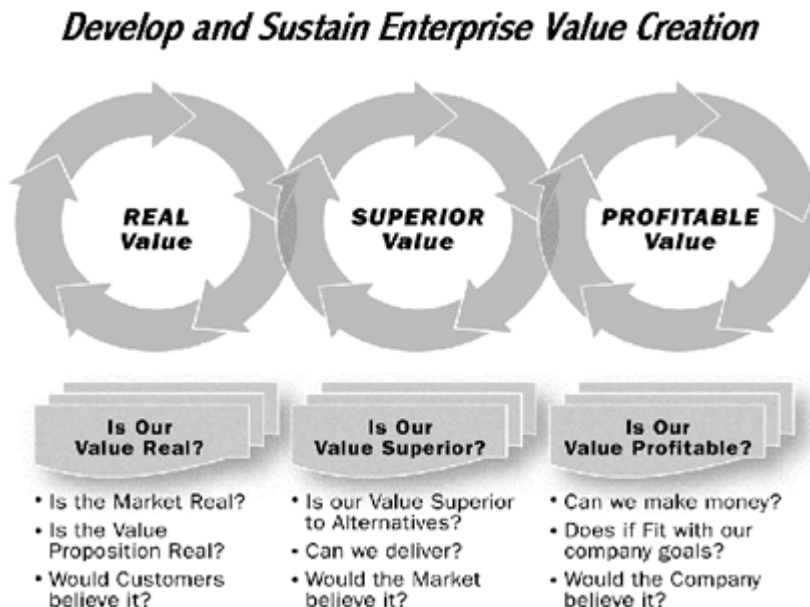
## **Three Simply Powerful Questions**, by Eric Balinski

The past few years have been tough on business. Major failures and bankruptcies are common. There is plenty written to explain these painful failures. Explanations include loss of focus, bad leadership or governance, spending too much, weakening markets, arrogance, and so forth. While all of these are contributors, often for most businesses there is a simpler explanation, with powerful implications.

Many businesses have lost sight of the value they bring to customers and how this lack of customer value focus impacts every decision and action made by the business. The prevailing attitudes and behaviors within companies often reflect the desired end goals-- growth, profit, and success. Yet, the focus on these often lays the groundwork for failure because it deflects business people away from what the business really needs to do to be successful: Deliver Customer Value.

We have found the foundation of customer value has three critical questions every business must never lose sight of and use to guide their behavior.

1. Is the customer value real value to the customer?
2. Is the customer value superior to other customer options?
3. Is the customer value commitment profitable for you?



The basis of this is rooted in GE management training for New Product Development nearly 20 years ago. Managers were trained to figure out if (1) their product was real for customers, (2) the product could win versus competition and (3) whether the product was worthwhile financially for the company.

Over time we came to realize the limitations of such product centric views, and gradually crafted the logic around value for customers and the organization's ability to understand, create, and capture that customer value. This led to 3 fundamental principles of Value -- value must be predicated on what really matters to your customers, your value must be superior to any other options the customer has and it must be done through a profitable business structure.

## Article: 3 Questions

These three questions should also guide all work process and improvement efforts, as well as be used to judge the latest new management idea. For example, consider Six Sigma. The Six Sigma tool Voice-of-the-Customer is based on the assumption that customers can tell you how you can make things better for them. This may be true in some cases, but we have found that it is more effective to assume that the customer will never be more knowledgeable about what a product, technology, or service can do for them than the company selling it.

A company needs to discover on its own how to make its customers more successful by knowing more about the customer than the customer might know about his or her own business or life. Answering these 3 simply powerful questions is the best way to guide this discovery. - - *EWB*