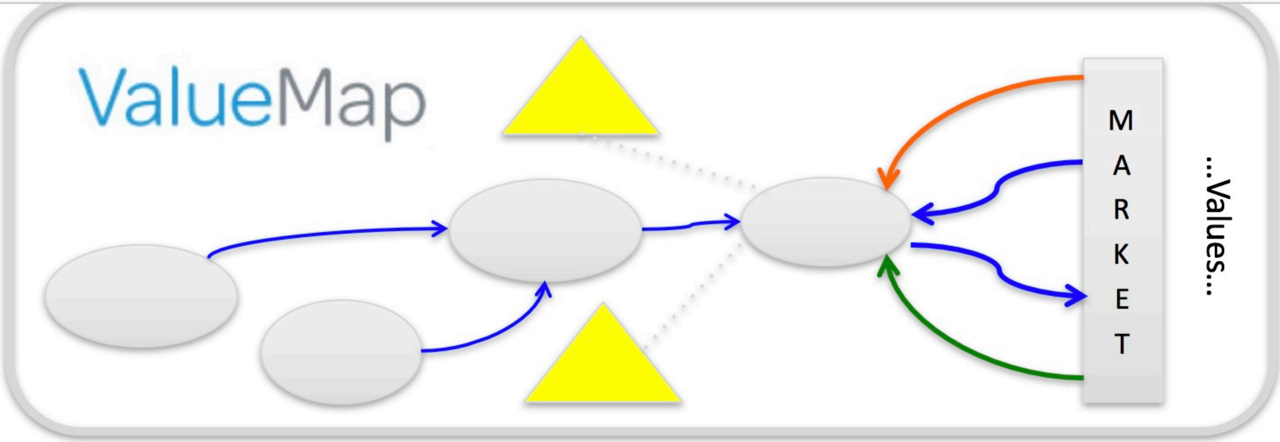
ValueMap

The Value Mapping Process



A Value Mapping Process for a Business Unit

- The following slides outline the key elements of the process that was employed for a business unit doing about $100 million sales per year but addressing new opportunities
- We have generalized it to illustrate key points
- Depending upon whether your business is smaller or larger, or the nature of the issues it faces, you should feel free to consider simplifying it or making additions and modifications

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Value Mapping Process for Business Units—Introduction

- Key steps

  Phase I – Preliminary research

  Phase II – Engage the team

  Phase III – Develop Business Plan

  Phase IV – Implement

  Phase V – Periodic reviews

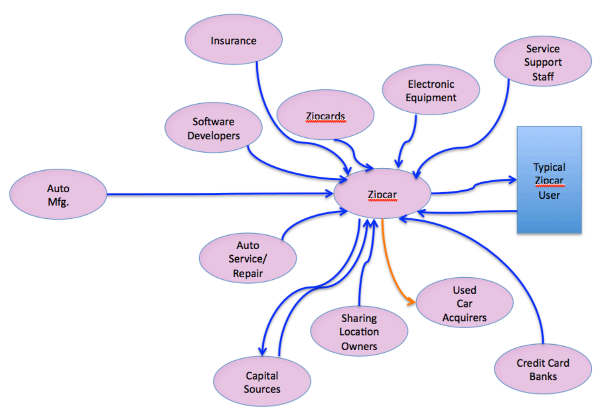
Value Mapping Process
Phase I – Preliminary Research

ValueMap

- Define offering; articulate values to be delivered
- Describe and scope the market
- Assemble available market data
- Meet key people and sample customers to gain deeper understanding and surface issues
- Study competitors
  -- Present or likely
  -- Strategies
  -- Financials
  --"Moats"
- Identify and analyze any relevant emerging technologies

Value Mapping Process
Phase II – Engage the Team

1. First Meeting -- Assemble the Business Unit Team, making sure members include all needed technical skills, and a range of personal skills and relevant experience
2. Introduce Value Map concepts, terms, symbols, examples, etc. using real or computer-based "white-board"



Value Mapping Process
Phase II – Engage the Team (con.)

ValueMap

3. Describe and define the target market
    - Scope
    - Size
    - Trends, forecasts
    - External trends and new technologies
    - Major segments, if any, and priorities for initiations

Value Mapping Process
Phase II – Engage the Team (con.)

ValueMap

4. Describe and define values to be delivered
   - List all value dimensions of any importance to customers; prioritize and quantify where possible
   - How affected by price range?
   - What additional values would they want if they could have them?
   - Any of the values emotional or unconscious?
   - Any associated values?
   - Any negative values?
   - What is the buying process; could it be improved?
   - Could customers provide any reverse values?

Value Mapping Process
Phase II – Engage the Team (con.)

5. Competition in market space
    - List players
    - Drill downs for each to include:
        -- Size
        -- Market share
        -- Strategy
        -- “Moats”
        -- Weaknesses
    - Compare each value proposition to yours

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Value Mapping Process
Phase II – Engage the Team (con.)

6. Is the target market the end-user market?
   - Yes – Proceed to step 8
   - No – Repeat steps 3-5 for end-user market(s)
7. If useful, extend value map downstream
   - Stages
   - Value flows
   - Funds flows

Value Mapping Process
Phase II – Engage the Team (con.)

ValueMap

8. Go upstream, as far as useful
   - Stages
   - Value flows
   - Key players
9. Add complementors, recent and expected such as:
   - Technologies
   - Laws/regulations

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Value Mapping Process
Engage the Team (con.)

10. Perform drill downs, all that are key
    - Use presently available data
    - Proceed to several layers, as needed, e.g.
        - Size
        - Growth, recent and projected
        - Value captured, recent and projected
            - Margins
            - Cash flow
            - Profits
        - Key players (competitors) and market shares

Value Mapping Process
Phase II – Engage the Team (con.)

11. Innovate – In what ways could our offering be improved?
    - Increase value to customers
    - Improve product
    - Improve service
    - Improve communications
    - Build brand/reputation
    - Add to associated values

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Value Mapping Process
Phase II – Engage the Team (con.)

12. Test the Value Map against
    - Known risks, “what if’s”
    - Megatrends and new technologies
13. Test Value Map with alternatives to business models and strategy and select best version
14. Make appropriate changes to Value Map

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Value Mapping Process
Phase II – Engage the Team (con.)

15. Project future Value Maps using
    - Expected market and competitive changes
    - Expected new technologies
16. Track effects on “externalities”
    - Key stakeholders
    - Government
    - Others

Value Mapping Process
Phase II – Engage the Team (con.)

ValueMap

17. Summarize
    - Complete Value Maps
    - What key data missing?
    - What risks?
    - What unresolved issues?
    - What prospects to meet with?
18. Assign AR's (Action Required) to members of the team

Value Mapping Process
Phase III – Develop Business Plan

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Second Meeting

- AR reports
- Revise Value Maps
- Drilldown completions
- Define strategies and business model
- Assign AR’s to plug holes and develop business plan

  --Strategies

    - For base business
    - For externalities, if any

  -- Forecasts (could include a series of value maps)

  -- Action plans and action tests (e.g. with end-users)

Value Mapping Process
Phase III – Develop Business Plan (con.)

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Third Meeting

- Review/revise business plan and financial forecasts
- Discuss/pursue any open issues
- AR’s to develop presentations and secure funding

Value Mapping Process
Phase IV - Implement

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Fourth meeting

- Launch
- Operate
- Track progress over time period
- Make needed adjustments

Value Mapping Process
Phase IV - Implement (con.)

Subsequent meeting

- Celebrate success!

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Value Mapping Process
Phase V – Periodic Reviews

Additional meetings (annual or more frequent)

- Revue technology, other developments, megatrends, etc.
- Identify new issues emerging during operations
- Assess impact on the business
- Revise value maps
- Evaluate business model and change if needed
- Update and perhaps revise strategies and plans