

The Customer Value Tree

The starting point for the Lean Supply Chain analysis process is consideration of customer value. Customer value is mapped using a Customer Value Tree (Beaumont¹).

The Customer Value Tree can be used as a prompt in customer interviews and storyboards. In turn, the outcomes of these interviews and storyboards may modify the customer value tree and improve the understanding of customer value.

The storyboarding process is used to develop a Customer Value Tree. Decide first on the products and markets to be addressed by the tree and make sure this focus is well understood by the team.

Provide each participant with cards and a marker pen. Invite them to put themselves in the place of the customers. Have them brainstorm responses to the question, "What are the attributes of products and services that are valued by the target customers."

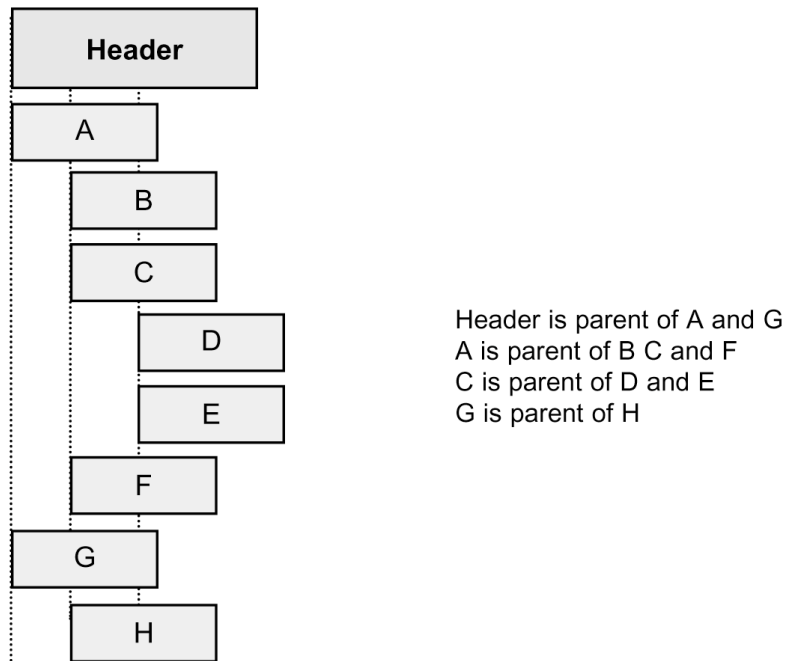
The normal rules for brainstorming apply. Team members generate as many ideas as possible, one idea per card. There is no discussion of ideas while brainstorming. The facilitators facilitate the process by prompting the team to consider any aspects of the interaction between supplier and customer that could add value to these products in these markets, including:

- Valued attributes of the product itself
- Valued attributes of the services supporting and surrounding the product
- Attributes that yield competitive advantage for products in this market place
- Attributes valued by the end users
- Attributes valued by distributors, retailers and dealers etc

As the team generates cards, the facilitators pin them on the pinboard so that they are visible to all. When the team has exhausted all ideas, the cards are removed from the pinboard and laid out on a table. Working in silence, the team groups related ideas. This is the "affinity process". When the team is satisfied with the groupings, headings are written for each group on larger cards. The groupings of cards, with their headings are then transferred back to the pinboard, making sure first that the pinboard has been covered with butcher's paper.

At this point the facilitators introduce the concept of the Customer Value Tree, (see example below). The major headings of the tree will already be apparent from the storyboard. The task becomes one of discussing the cards under each heading, eliminating duplication, rewording cards to make the meaning clearer, adding additional cards as further aspects of value are thought of, and indicating the hierarchy of cards under each heading to identify "parent-child" relationships between attributes. The child explains an aspect of the parent in more detail. This can be very simply done by indenting cards, as in the diagram below. Avoid the tendency to make the Customer Value Tree too detailed. A maximum of three levels

of parent-child relationship should be observed.

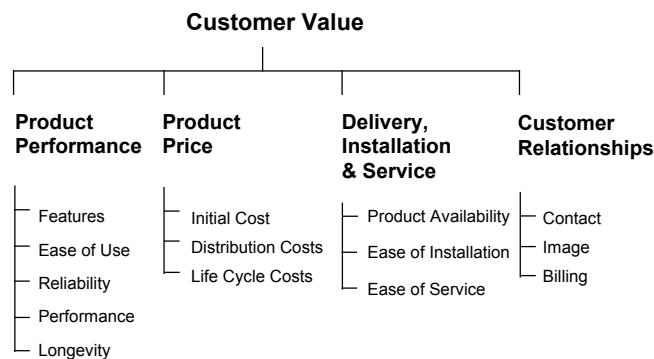


Indenting Cards to Indicate "Child - Parent" Relationships

When the Customer Value Tree is completed to the satisfaction of the Key Player Team, the cards are stuck down onto the butcher's paper and the Customer Value Tree can be rolled up. After the meeting the facilitators can draw the tree in the style shown in the illustration below.

Typical Customer Value Tree

Beaumont



¹Beaumont, Leland R. (1996) "Metrics: A practical example" in The PDMA handbook of new product development, Rosenau, Milton D. et al (editors), John Wiley & Sons, Inc, New York, p 463 - 488