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PROCESS PROPOSAL TO CREATING AND EVALUATING VALUE FOR THE CUSTOMER

PROPOSTA DE PROCESSO PARA CRIAÇÃO E AVALIAÇÃO DE VALOR PARA O CLIENTE

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Lilian Aparecida Pasquini Miguel

PhD in Business Administration from Universidade Presbiteriana Mackenzie.
Professor of the Graduate Program in Business Development Administration at Universidade Presbiteriana Mackenzie.
E-mail: *lilian.miguel@mackenzie.br*

Reynaldo Cavalheiro Marcondes

PhD in Business Administration from the University of São Paulo.
E-mail: *reynaldo.marcondes@gmail.com*

Adilson Caldeira

PhD in Business Administration from Universidade Presbiteriana Mackenzie.
Master in Business Administration from the University of São Paulo.
Professor of the Graduate Program in Business Development Administration at Universidade Presbiteriana Mackenzie.
E-mail: *adilson.caldeira@mackenzie.br*

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ABSTRACT

This article proposes a set of indicators to measure the value creation for the client to offer companies a working guide. Although in a more academic format, a practical application of these indicators is proposed, based on a process of value creation, where the client, the consumer, and the organizations' stakeholders are contemplated. This work was elaborated based on the many aspects defended in relation to the concept of value creation, having as focus and premise the market aspect, involving all the organization's stakeholders, main actors, and coadjutants in creating organizational value. Despite the many papers on the subject, this work is justified by the apparent pragmatic gap in Brazil. Therefore, it seems appropriate to offer a proposal for a value creation process, which will capture the main approaches that involve such a theme, as well as point out a set of indicators to measure the created value.

KEYWORDS

Value Creation. Co-creation. Marketing. Balance Scorecard.

RESUMO

Este artigo propõe um conjunto de indicadores para medir a criação de valor ao cliente, para oferecer às empresas um guia de trabalho. Ainda que em um formato mais acadêmico, propõe-se uma aplicação prática destes indicadores, com base em um processo de criação de valor, onde são contemplados o cliente, o consumidor e os *stakeholders* das organizações. Este trabalho foi elaborado com base nos diversos aspectos defendidos em relação ao conceito de criação de valor, tendo como foco e premissa o aspecto mercadológico, envolvendo todos os *stakeholders* da organização, atores principais e coadjuvantes na criação de valor organizacional. Apesar dos muitos trabalhos sobre o assunto, este artigo justifica-se pela aparente lacuna pragmática no Brasil. Assim, parece oportuno oferecer uma proposta de processo de criação de valor, que irá captar as principais abordagens que envolvem tal tema, bem como apontar um conjunto de indicadores para mensurar o valor criado.

PALAVRAS-CHAVE

Criação de valor. Cocriação. Marketing. *Balance Score Card*.

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INTRODUCTION

The issue related to value creation has become of fundamental importance for executives since the intense global market activity gave customers and consumers a clear sense of their buying and satisfaction possibilities. This not only made them aware of the diversity of existing products and solutions to serve them, sharpened their desires and made them aware of their emerging needs.

Based on many authors and visions, offering the manager a practical proposal of the value creation process has been a good idea, which suggests a logical sequence within the organizational and marketing context.

The beginning of value creation can be pointed out around the 70s, when it was more focused on the value created for the shareholder, in a fundamentally financial aspect.

Soon after, in 1984, the first publications of Edward Freeman on the theory of the stakeholders took place. From this, there are works in which value is created not only for the shareholder but also for other communities in which the companies are inserted.

Then, the focus on value creation by Marketing in 1972 began to worry about customer value in order to satisfy it. Such satisfaction is a function of the customer's perception of value over price, quality, and value, encouraging companies to be concerned with creating value.

Thus, value creation began to be studied and developed under several other perspectives, all of them considering the logic of creating value as a direct or indirect way of creating a competitive advantage for the organization.

The value then became established in the relationship between consumers and business, and/or customer and company, in an approach of "value co-creation", or creating joint value, vision advocated by Prahalad and Ramaswamy (2000, 2004a, 2004b).

However, from a market perspective, there seems to be a pragmatic gap in Brazil since no paper points to a proposal for creating value so that companies can use it as a guide.

In spite of the existence of works such as the discussion of value creation suggested by Rego (2013) in the Key Account Management (KAM) process, Gale (1996) presents,

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in turn, a process of customer value management, as well as Kaplan and Norton (2004), in his acclaimed Balanced Scorecard.

However, such models are oriented to the suggestion of some actions, more generalized and focused on the relationship with the client, or, as in the case of BSC, to structuring the measurement of the created value, the reason why it is part of the process proposed here.

Therefore, it seems appropriate to offer a proposal for a value creation process that will capture the main approaches that involve this theme. It is the central objective of this article, structured as follows: the next section presents an overview of the evolution of the concept of value creation, in its various aspects. Then, in Section 3, the proposal for a process of customer value creation is presented, the scope of this work, including an explanatory detail about its elaboration, culminating with the final considerations.

VALUE CREATION – A BRIEF OVERVIEW

The beginning of the issue of value creation can be pointed out in the 1970s, based on agency theory, advocating value creation for shareholders, believing that this would ensure firms' ability to be competitive (Copeland *et al.*, 2010; Stacey, 2010; Cravera, 2012). Friedman (1970), in his article "The Social Responsibility of Business to Increase its Profits", makes it clear that the sole purpose of the company was to generate profits (value) for its shareholders.

Shortly after Edward Freeman's first publications on stakeholder theory in 1984, the Brundtland Commission published the sustainability report in 1987. From this, over several years, the implementation of both theories – stakeholders and sustainability – in which value is created not only for the shareholder but also for other communities in which the companies are inserted.

During the period from 1984 until today, different terms have been used in research to study stakeholder theory, especially those that talk about "value creation", "value cocreation" and "sustainable value" (Samant & Sangle, 2016).

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Considering companies as living systems whose survival involves management issues, purely financial methods to measure value creation are limited in effectiveness and structure, and may even reduce organizational competitiveness (Cravera, 2012).

In view of this evolution, value creation has been studied and developed over several other perspectives, all of them considering the logic of value creation as a direct or indirect way of creating a competitive advantage for the organization and a key strategic element of companies for the creation of value to its customers and consumers (Othman & Sheehan, 2011).

One of the most well-known and researched ones was the value creation logic elaborated by Porter (1989), that is, his value chain proposal, in which some activities are considered essential, and others are considered support activities depending on the scope of the business developed by the company.

Stabell and Fjeldstad (1998) elaborate a typology of value creation based on technology, in three aspects: the first transforming inputs into goods and services; the second used by knowledge experts to solve customer problems; and the third creating a network of contacts facilitating all transactions. The work of these authors gives rise to the application of value creation at various stages of the supply chain, whether by manufacturing companies or not, in terms of production, knowledge or transactions (Othman & Sheehan, 2011).

This was done by Barney (1991), based on a sustainable competitive advantage created by resources and capabilities that are valuable, hard to imitate, non-replaceable, and articulated by the organization's DNA.

In terms of Marketing, in 1972, based on the expanded view suggested by Kotler, Marketing began to worry about creating customer value to satisfy it. According to Anderson *et al.* (1994), such satisfaction becomes a function of the customer's perception of value. Zeithaml (1988) discuss customer perceptions of quality, usefulness, and relevance, such as tangible and intangible aspects, and prices, effort, and risk, as monetary elements of value.

Woodruff (1997) seeks to understand value from the consumer's point of view, concerned with the process of value creation, as a resource for competitive advantage.

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Churchill and Peter (2000) advocate six basic principles of value orientation: customer principle, competitor principle, proactive corporate principle, cross-functional principle, continuous improvement principle, and stakeholder principle.

Kotler (2004) and Kotler and Armstrong (2008) posit ideas of value delivered to the customer – the difference between benefits and cost, and value perceived by the customer – price, and costs involved in the acquisition. Kotler and Keller (2012) argue that customers compare existing offerings, seeking the best value (tangible and intangible) to make their choice.

Galvagno and Dalli (2014) view consumers as generators and/or authors of productive functions in different moments and actions, such as collaborative innovation, service encounters, residence, empowerment, and consumer experience.

From these actions, the consumer's understanding emerges as an active part of the value creation process, restricted until then, to the companies. Value is created in the relationship between the consumer and the company. The proponents of this standard, which has been given the name of value co-creation, focus on Prahalad and Ramaswamy (2000, 2004a, 2004b), Vargo and Lusch (2004, 2006, 2008), Grönroos (2008), Ramaswamy (2008). Later, Payne *et al.* (2009) discussed the role of the consumer in the co-creation of brands.

The most current aspect is the creation of social value, defended by Porter and Kramer (2011), which the authors agreed to call "big idea: creating shared value", postulated by the authors as the creation of "policies and operational practices that foster the competitiveness of a company while at the same time improving the economic and social conditions of the community in which the company operates" (p. 1).

Using the German expression Eine Grundsatzkritik, or translated as "fundamental criticism", Beschorner and Hajduk (2015), produce a critique of the idea of Porter and Kramer (2011), claiming that the authors diminished the modern understanding of corporate responsibility without addressing visions current, more adequate on the relationship between business and society.

Regardless of the many aspects in which it was exploited, value creation seems to be the essence of organizational competitiveness. The next session presents the proposed

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process and its detailing. It is important to emphasize that the theoretical approaches and concepts introduced in the model are dealt with in the respective stage (step) of the process in which they are inserted.

Creating value for the customer – a process proposal

This proposal involves several approaches and theoretical concepts integrated into the end of each of its steps. As a presentation, the views considered by the authors of this article are declined here, starting with Lanning and Michaels (1988) value chain, passing through the views of value creation suggested by Woodruff (1997), Zubac, Hubbard, and Johnson (2009), involving the resource-based view of Barney and Hesterly (2011).

In terms of organizational intelligence, which is fundamental to value creation, the entrepreneurial intelligence approaches of Cavalcanti and Gomes (2001), strategic intelligence by Ansoff (1975) and Janissek-Muniz *et al.* (2008), followed by the competitive intelligence approach, according to Tarapanoff (2001).

The proposal also inserts the knowledge management process proposed by Miguel (2010), as well as marketing concepts defended by Kotler (2004), Kotler and Keller (2012), Kotler and Armstrong (2008) and Kohli and Jaworski (1990), Narver and Slater (1990), and, briefly, consumer behavior in Churchill's visions; Churchill and Peter (2000), Solomon (2002), Mowen and Minor (2003), Blackwell *et al.* (2005) and Karsaklian (2008).

In addition to these authors, the visions of dynamic capability, defended by Teece *et al.* (1997), and core competence, by Prahalad and Hamel (1990), are added in a summarized form.

Then, regarding the supply of value, the visions of Anderson *et al.* (1994), Zeithaml (1988), and Stabell and Fjeldstad (1998).

The postulates of Aaker (2001), Prahalad and Ramaswamy (2000, 2004a, 2004b), Vargo and Lusch (2004, 2006, 2008), Grönroos (2008), Ramaswamy (2008; 2011), Payne *et al.* (2009) were adopted for the understanding of the market response to the value proposition, and the feedback process based on the co-creation of the value of products and brands.

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In closing the process, a value creation proposition is included that permeates the process, especially in the last few steps, related to the Balanced Scorecard view of Kaplan and Norton (2004). The BSC is suggested here because of its intrinsic relation to the organizational strategy adopted by the company, which makes it widely flexible and appropriate for creating the metrics necessary for each situation, market, and reality.

The steps of the process

- **First Step: Market ➔ Segmentation, Selection, Positioning**

Like every process, despite its consequent circularity, this also has a starting point: the market. By market, both end-users of B2C (business to consumer) products and B2B (business to business) customers are understood. In some situations, both.

In this case, a particular organization can create value for its Original Equipment Manufacturer (OEM) customer. This term refers to the customers they produce for other producers or to their final consumers, by understanding what those consumers need or want, which allows the supplier to make an appropriate OEM offer. A good example of this practice is systemic companies that provide components for motor vehicle manufacturers.

In this first step of the process, integrating it into the value chain of Lanning and Michaels (1988) and Kotler and Keller (2012), the selection and positioning of the company in terms of the segment to prospect, which should provide the necessary elements of understanding of these customers and/or consumers. At this point, the company needs to define the market segment and customer you want to prospect – B2B or B2C, or both.

According to Kotler (2004), organizations can follow five types of strategic orientation: for production (cost and process); for the product (innovation and technology); for sales (promotion); to market (market intelligence and involvement of the entire organization with customers); and for societal marketing (consumer welfare).

According to Narver and Slater (1990), market orientation involves customer orientation, competition orientation, and cross-functional coordination – the whole company

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involved with the customer. It is also necessary to know about current and potential competitors, and their skills in the long run.

According to these authors, in each of these segments, there must be a clear definition of the company's positioning concerning its market approach – oriented to pioneering and innovation, oriented to the competitor, a follower, or oriented to the client.

The orientation to pioneering and innovation involves technological aspects and can be costly but very profitable in the medium and long term. Guidance to the competitor, as a follower, may be less costly since the company launches products based on those created by the competitor – with little or no differentiation. This strategy is based on launching products similar to the pioneer, whose R & D costs become lower, positively impacting the final price to the segments adopted.

Kohli and Jaworski (1990) define as fundamental steps to client/market orientation: (1) intelligence generation, (2) dissemination of intelligence, and (3) responsiveness. Each item is dealt with below in its respective phase of the proposed process.

- **Second Step: Organizational Intelligence ➔ Business Intelligence, Value to the Customer, Customer Needs, and Desires**

Intelligence is defined broadly by psychology as a problem-solving ability involving, in management's view, decision-making, aiming at the creation of value products (Cavalcanti & Gomes, 2001). It involves the process of knowledge management, addressed in the next step.

Business intelligence, strategy, and competitiveness are related terms, the first being considered an organizational expertise that allows the company to capture, select, analyze, and manage the information relevant to the business management. Investing in good information systems is not enough to achieve effective management. It involves business intelligence and competitive intelligence (Cavalcanti & Gomes, 2001).

On the strategic side, the monitoring of the environment is aimed at anticipating signals, indicating threats and opportunities to the company (Ansoff, 1975), having in

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strategic intelligence a contributor in the reduction of uncertainty and identification of opportunity (Janissek-Muniz *et al.*, 2008).

Competitive intelligence can be summarized as collecting and analyzing information about competitors' activity and trends in the economic, technological, social, market, and regulatory environment (Tarapanoff, 2001), aiming to create knowledge to support strategic decisions.

In this step, the company must seek, through its business intelligence, information about the characteristics and behavior of consumers: demographics (region, social class, age group, marital status), ethnography (race, religion, cultural habits), and psychography (lifestyle, habits of consumption, personality and their values) – (Churchill & Peter, 2000; Kotler & Keller, 2012).

From this detailed knowledge and the deepest possible, it will be possible to identify the needs and desires of the segment adopted and what may prove to be value for these consumers. Often value is something intangible, such as a social reference, or tangible, such as quality assured. This is the basis for creating the value proposition.

In the case of OEM customers, understanding their needs and desires is much more rational and explicable by the customer, which does not exclude the possibility that he has a limited or partial view of what he can have of his supplier. It is then for this to seek ways to understand what is not told and what can be offered based on your company's expertise.

- **Third Step: Resources, dynamic capabilities, core competencies ➔ Knowledge management, source, design/development/product/service, manufacturing**

From the understanding of what can become an offer of value to the customer/consumer, it is time for the company to look at itself and evaluate its resources, aiming at creating the value offer. This step involves the noblest and essential resource arising from the company's knowledge management process (Miguel, 2010).

As Cavalcanti and Gomes (2001, p. 55) argued, "the great gains in productivity will henceforth come from improvements in knowledge management." This involves the

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organization's sources of supply of raw materials and inputs, its manufacturing processes, design, product development, and services.

Santos *et al.* (2001) understand knowledge management as the management of knowledge assets of the organization related to the company's strategy, involving its management of skills, management of intellectual capital, organizational learning, corporate education, and business intelligence.

The knowledge management process proposed by Miguel (2010) captures business intelligence, being permeated by four phases. The first one is identifying the knowledge necessary for the development of organizational competencies, a phase that occurs in the accomplishment of the strategic plan when it is sought to determine the existing entrepreneurial skills and those demanded by the market that still need to be developed in the organization.

From the identification of what is not known and needs to be developed, the next phase occurs, the generation of knowledge, in which the company identifies what knowledge can be developed within the organization itself – knowledge creation or that needs to be acquired – acquisition of knowledge (acquisitions, mergers, research, among others).

The third phase – divulgation – contemplates the diffusion of the existing knowledge in the organization to all the members that act in her. It is a very delicate process because it involves identifying what knowledge should or should not be shared and with whom, as taking on the difficult task of transferring knowledge.

The last stage, storage, contemplates registering all the explicit knowledge contained in the organization. Another complex process because strategies related to competitiveness must define what knowledge should be stored, which should be discarded, and how this will be done since this implies organizational memory and aspects of its culture (Miguel, 2010).

The third step of this process proposal involves three other important concepts related to:

1. Resource-based view (VBR): a strategic perspective on which Barney and Hesterly (2011) deal with, whose distinctive features and competencies result in a competitive advantage,

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whose main characteristics – value, rarity, the difficulty of imitation and substitution, and organization, give the company superiority in offering to the market.

2. Dynamic capacity, defined by its authors, Teece *et al.* (1997), as the capacity plus the ability of the company, in the integration of its external and internal competencies (processes and routines) to respond to changes in the environment.

3. Core competencies are the company's expertise, talent, and what it does best, representing its differential about the competition (Prahalad & Hummel, 1990). These competencies cannot be outsourced to the organization because they represent what it knows how to do to create superior value for the market.

These strategic elements represent the company's strengths in determining its ability to make a market value offer. They create value in terms of company resources based on a sustainable competitive advantage created by resources and be imitated, non-replaceable, and articulated by the organization's DNA.

- **Fourth step: Offer of value ➔ Benefits, Solution, Experience, Price**

This phase concerns the creation of an offer of value (product or service) that has the characteristics that satisfy the customer/consumer, their needs, and desires and that is perceived by this client/consumer as the value from the perspective of the client / (1993), transforming inputs into goods and services, solving customer problems, or by creating a network of contacts (e.g., facilitating all transactions (Stabell & Fjeldstad, 1998).

The supply of value must translate customer's/consumer's expectations and expectations so that they can experience a differentiated experience (Baron & Harris, 2003) or the reward for sacrificing the effort to obtain the desired good (Zeithaml, 1988), a solution to their tangible or intangible problems (Stabell & Fjeldstad, 1998), or simply, the attractive and advantageous result, in the eyes of the client/consumer, of the benefit/cost equation (Porter, 1989; Kotler & Keller, 2012).

The organization must know its target audience well for the value offer to be effective. This knowledge is provided by the intelligence obtained in Step 2. It is not enough, however, to know. It is necessary to interpret the signals of the external environment,

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together with the behavior and perception of the consumer/customer, regarding their potential desires and constantly changing.

- **Fifth Step: Offer to the market ➔ Distribution, Communication**

This step refers to the moment when the value offer is presented as a product or service to the customer/consumer. It is the moment the company works the marketing compound – product/service, price, distribution, and communication (Kotler & Keller, 2012) to place such product/service in the market.

One of the focal points addressed by Kotler and Keller (2012) concerns integrated marketing communication, i.e., the point of view of the message from the customer/consumer perspective.

However, it is worth noting that value can be found in a package of benefits, ranging from the physical product, its intangible aspects (status, satisfaction, seduction, for example), and price level to the place where the customer/consumer finds it for purchase, which involves the issue of availability. An example of this is online sales – which may be attractive for convenience or insecurity, for the risk of fraud.

- **Sixth step: Feedback from the market**

All previous steps affect the market, whether or not the product is acquired, and even if this acquisition occurs, it can offer a negative response in the form of dissatisfaction. Fundamentally, market research is carried out at the moment to understand the effectiveness of the value offer (Aaker, 2001). According to the result, we return to the initial stage to redefine, if necessary, this offer.

It is understood, then, the customer/consumer as an active part of the process of creating value, well informed, and interested in innovations. The basic advocates of this idea, which received the name of value co-creation, focus on Prahalad and Ramaswamy (2000; 2004a; 2004b), Vargo and Lusch (2004; 2006; 2008), Grönroos (2008), Ramaswamy

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(2008), as well as Payne *et al.* (2009), who defend the role of the consumer in the co-creation of brands.

Ramaswamy (2011) postulates that co-creation generates a transformation in terms of wealth, quality of life, and well-being. Adopted by agile, responsible, and effective companies, it surpasses competitive advantage. This is because it implies creating value for all stakeholders.

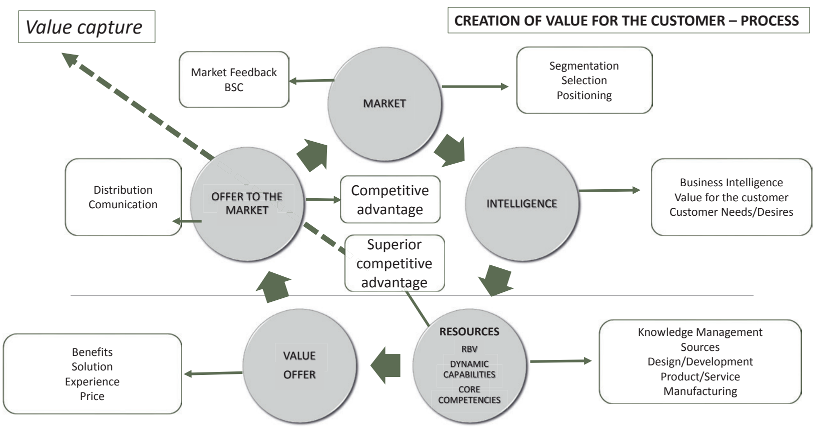
Such a view of Ramaswamy aligns with the approach linked to relationship marketing (McKenna, 1992), focused on a long-term relationship between customer and company through a win-win.

That basic rule gains strength to consider the dynamics of the technological environment, which focuses on the speed of innovation that makes them obsolete products quickly, while the relationship with the company is the most important asset to be constant.

In such a context, it can be inferred, then, that the capture value of the company does not occur only when the customer/consumer pays for the product that they acquire but especially in relation to the information it provides for better products and/or services that are created for him and/or other customers/consumers.

For a complete view of the proposal, the process is presented, in Exhibit 1, with the main characteristics of each step detailed previously.

Exhibit 1 – Proposed process of value creation for the customer.



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EVALUATION OF VALUE CREATION

The BSC proposed by Kaplan and Norton (2004) involves four perspectives: financial, customer, internal processes, and learning and growth. Within this proposal of the value creation process, the financial perspective is focused on the capture of value (appropriation) by the company. The customer perspective reflects the organizational strategies in relation to its market positioning in terms of product/services and segmentation.

The perspective of internal processes reflects the organizational resources that will give rise to innovation, operation, and services. Finally, the learning and growth perspective involves dynamic skills and knowledge management, giving the organization renewal and longevity conditions.

For each of these perspectives, the company must adopt performance indicators that are strategic and can actually measure its performance in terms of real value creation, and although there are no fixed rules, some indicators become more common, but all must be linked to clear and objective organizational goals.

From a financial perspective, for example, net earnings per division or product line and return on investment are widely used indicators. From a customer perspective, the percentage of market share is commonly used, as well as the effectiveness of the company/product in relation to customer/consumer perception, as well as other indicators related to customer/consumer perception regarding the attributes of the product, price, distribution, and communication of the company with its market.

From the perspective of internal processes, the indicators related to the sales force's performance in each segment, operational costs per product and/or product line, logistics, and process improvement, among others, are decisive for monitoring the performance of value creation.

Finally, from the perspective of learning and growth, new product launch indicators, measuring innovation, research, and development can indicate the company's performance in terms of meeting market expectations in the short, medium, and long term.

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Although they are detailed indicators, their set acts in an integrated way in the measurement of wealth creation of the company in relation to its investors, but mainly in relation to its entire range of stakeholders.

Although the BSC – Balanced Scorecard is the methodology of management and measurement of value creation performance suggested in this process, it has been adopted an adjustment proposed by Cadotte and Bruce (2008) due to its flexibility in the creation of metrics specific to each business reality.

These indicators are applied in the business simulations created by Cadotte and Bruce (2008), which significantly contribute to MBA and undergraduate students.

Total performance

Total performance is a quantitative measure of the executive team's ability to manage the firm's resources effectively. It considers both the firm's historical performance, as well as how well the firm is positioned to compete in the future. As such, it measures the action potential of the firm.

The index employs a balanced scorecard to measure the executive team's performance. The most important measure is the team's financial performance and, thus, its ability to create wealth for investors. However, the focus on current profits has caused many executives to stress the present at the expense of the future.

The firm's long-term viability requires that the executive team be good at managing not only the firm's profitability and marketing activities but also investments in the future. These expenses might depress the creation of wealth for the firm but are vital to creating new products and markets.

In short, top managers must be good at managing all the firm's aspects. The balanced scorecard puts this perspective into practice. It focuses on multiple performance measures and, thus, multiple decision areas. None can be ignored or downplayed. The best managers will be strong in all areas measured.

The Total Business Performance measure is computed by multiplying several business performance indicators. This model underscores the importance of all measures.

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This is because any strength or weakness will have multiple effects on the firm's outcome and Action Potential.

The following is a summary of the firm's Total Business Performance and key performance indicators. The computational details follow. Note that a negative score in any of these indicators will result in a Total Performance of "0".

- ⇨ *Total Performance = Financial Performance * Market Performance * Marketing Effectiveness * Investments in the Firm's Future * Creation of Wealth*

Financial performance

The financial performance measures how well the executive team has created profits for its shareholders. A positive number is always desired, and the larger, the better. The operating profit for the division is used to compute the executive team's financial performance.

- ⇨ *Financial Performance = (Operating Profit / Sales Revenue) * 100*

Market performance

The market performance is a measure of how well the managers can create demand in their primary and secondary segments. The firm's market share in two target segments is used to measure this demand-creation ability. The score ranges from 0 to 1.0 and will depend upon the number of competitors. A good score would be greater than 0.5 if there are three firms. A good score would be greater than 0.35 if there were eight teams.

- ⇨ *Market Performance = Average Market Share in Targeted Segments / 100*

Marketing effectiveness

This indicator measures how well the managers have been able to satisfy the customers' needs as measured by the quality of their brands and ads. Customer perceptions of the firm's brands and ads in its primary and secondary segments are used to measure customer satisfaction. The two scores are then averaged to obtain the indicator for

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marketing effectiveness. The score ranges from 0 to 1.0. A good score would be greater than 0.8.

⇨ *Marketing Effectiveness = (Average Brand Judgment / 100) + (Average Ad Judgement / 100) / 2*

Investments in the firm's future

This indicator reflects the willingness of the executive team to spend investment funds and current revenues on future business opportunities. They are necessary but risky. In the short term, these expenditures may cause large negative contributions. In the long term, these investments are absolutely necessary if the firm is to be competitive.

Thus, there is a need to balance the loss of stockholders' equity against investments which could create even greater returns for the investors in the future. The score is always greater or equal to 1.0; a good score would be greater than 3.0.

⇨ *Investments in the Firm's Future = (Cumulative Expenses that Benefit Firm's Future / Cumulative Net Revenues) * 10 + 1*

Creation of wealth

To compute the creation of wealth measure, the division's net investment (cumulative profit + cumulative investment) is divided by the cumulative investment from Corporate Headquarters to obtain a measure of return on investment.

A value of less than or equal to zero indicates the executive team has bankrupted the division and is thus unable to finance its current operations from current revenues. The division is a financial drain on Corporate Headquarters.

A value of greater than zero and less than one indicates that the division is a viable entity and should continue with its marketing plan. A value greater than two indicates that the Marketing division has earned more profit than Corporate Headquarters has invested. The division is now able to contribute to the overhead and profits of the entire company and its stockholders.

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⇨ *Creation of Wealth = Net Investment / Cumulative Investment from Corporate Headquarters*

CONSIDERATIONS

This work aimed to propose a value creation process to the client, including a proposal to measure the created value and offer the companies a working guide. It is a constantly evolving proposal, but it can be perfectly applied in organizations from the status it presents here.

However, the approaches and concepts used in the proposal have been treated in this article in a very brief way since they are concepts that are widespread in contemporary strategic management.

The process in question, based on the many strands advocated concerning the concept of value creation, focuses on the creation of customer (B2B)/consumer (B2C) value, even though it clearly considers the involvement of all organization, both as actors in the creation of value, as well as direct or indirect receivers of this.

It is necessary to point out that the conceptual aspects used in this work on value and its creation were not the objects of judgment on the part of the authors of this proposal. On the contrary, it tried to include all the main ideas defended, not by its epistemological roots. As such, it is intended to justify eventual absences throughout the article.

It is important to emphasize that within each step (or phase) of the process proposed here, specific sub-processes are not declined by a question of space or epistemological choices made by some affinity with the process itself. For this reason, it is understood that there are paths not explored here by the authors.

Another conscious choice of the authors is the lack of distinction between the two market segments considered here – B2B and B2C, especially when considering the differences in the adopted processes of products and services between the two segments. This is attributed to the fact that it is impossible to detail all the procedural structures existing in marketing and market strategies for each one of those segments.

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