



## Diagnostics and Value Measurement

### How it Works and What it Achieves

Many executives declare value as a strategy, but they are seeing their strategy diluted as it moves from the boardroom to field execution. With escalating intensity in highly competitive markets, executives are forced to rethink how they connect their complex, high-value solutions to their customers' business performance and translate their own solution's value into bottom-line profitability. As sales cycles become more chaotic and forecasts more volatile, and as costs of sales soar and margins tighten, the disconnect between the value your company creates and the profitable results you could achieve, can become a brutal reality.

#### **As problems and solutions become more complex, customers are finding it more difficult to:**

- Evaluate and compare solutions
- Understand the costs and risks they will incur if they do not change their current situation
- Understand how a decision will impact multiple people and departments across their organizations
- Measure the results of their investments and specifically, the performance metrics of their businesses

This uncertainty leads to customers either resisting valuable and time-critical solutions or migrating to lower-cost alternatives, never realizing that they are missing the greatest value option available to them. Today, 60 to 80 percent of high-value solutions proposed are not clearly understood and ultimately are not purchased.

#### **What can you do about it?**

A high-value solution's total financial impact across a business, which we refer to as the ripple effect, is frequently lost in the translation or, at best, severely limited. The people who would be most affected by your solution are too often not part of the conversation. The result: less profitable results for both your organization and the customers you serve.

A key question is, "How can I guide my customers to a broader view of the issues they face, and therefore broader insight into the solution we can provide?"



Guided diagnostics and precise value measurement can now be accomplished by leveraging powerful simulation technology—SmartDX Diagnostics business modeling software. Combined with a cross-functional diagnostic process, it enables your organization to accurately quantify the performance deficit your customer is experiencing in the absence of your solution, and measure and portray the performance results your customers can achieve with your solution.

**Moving beyond traditional ROI and TCO (Total Cost of Ownership), SmartDX will:**

- Capture the best intelligence and expertise within your organization
- Enable the portrayal of a broader financial impact of your solution's value
- Elevate conversations to the executive level
- Obtain the executive's sponsorship, allowing your company to conduct a thorough, cross-functional diagnosis of their situation
- Bring quality and consistency to pre-call preparation while building a solid value hypothesis
- Ensure that your sales organization can determine and portray the comprehensive financial impact your solution will have on your customer's performance
- Position a larger part of your full solution rather than the limits of a single point solution
- Display compelling detail on how value is at risk and how it will be delivered/achieved
- Build credibility and trust, and win the confidence of your customer
- Measure the value achieved to ensure customer satisfaction and retention

SmartDX models your customer's business performance, specifically the processes that are affected by your solution. It empowers your sales professionals to identify and quantify the many points of financial impact of your solution across multiple processes in your customer's organization.

Without the financial evidence to support it, value is at best subjective and, at worst, disregarded. The SmartDX value simulation process results in a transparent, evidence-based picture of the impact of your solution. It is based on your customers' data—numbers uncovered by a guided diagnosis that feeds a sophisticated business simulation tool and delivers an irrefutable business case for change across a complex value network.

## How does business modeling and SmartDX work?

Customers need a level of confidence in their understanding of the severity of the performance risk you propose to solve and the level of increased performance you propose to enable and, of course, a level of confidence that your solution will deliver. SmartDX Diagnostics models your customer's business, measures the current performance of their business processes, and illustrates how they will respond via the implementation of your solution. SmartDX models and measures the direct and indirect financial impact across the full spectrum of your customer's business in transparent and credible detail and confirms four critical levels of value during the customer's decision process.

### Level 1 – Value Hypothesis

The initial SmartDX simulation produces a customer-specific Value Hypothesis using minimal data input. It forms the premise for and substance of the initial conversation with your customers' executives. The goal of the Value Hypothesis conversation is to enable an executive to judge that the model portrays a credible financial impact that is both significant and realistic. As a result, the executive will decide to rerun the simulation using their own internal data and will provide the sales professional access to key management who have that data.

### Level 2 – Value at Risk

The second iteration of the model, now using the customer's actual data, portrays a Value Simulation of their current performance and a predicted new level of performance resulting from your solution. It provides a credible illustration of the "value at risk" or the cost of not changing. Upon receipt of the second iteration of the Value Simulation, the sponsoring executive and their team are invited to review the model's inputs, assumptions and outputs. The customer will use SmartDX as a tool and are encouraged to conduct various "what-if?" analyses by changing any of the data inputs or assumptions. The SmartDX tool is designed to answer the key question, "Where did that number come from?" with total transparency and solid logic. The customer will arrive at a high confidence level of the validity of the simulation results for their business and decide whether to pursue your solution's options. Based on this accurate diagnosis, SmartDX is able to portray the configuration of the likely solution.

### Level 3 – Value Expected

To begin this stage, the question is, "How much of the value at risk do you wish to recover and how soon do you want to recover it?" This leads to the third iteration of the model which adjusts the simulation to reflect options available within the configuration of your solution, and the level of professional services required to achieve the agreed expectations. The configuration of the solution will take place during the design conversation and become the solution proposed. Financial outcomes and investment requirements are also decided and agreed.

#### **Level 4 – Value Achieved, Value Realized**

Following acceptance and the implementation of your solution, the fourth iteration of the model simulation is run using the performance measurements you have been tracking. This provides an objective and accurate measurement of the financial impact of your solution and the recognition of the value it has achieved and will continue to deliver.

#### **What SmartDX's Value Simulation will accomplish**

- Increased executive access and access to critical customer data
- Certified portrayal of the customer's profits at risk without your solution
- Shortened decision cycle time
- Increased average sale size
- Increased margins—more profitable sales results
- Strong performance—improved shareholder value.

#### **What if your customers could measure, beyond any doubt, the financial impact of your solution?**

This is what Prime Resource Group's ISO 9001 certified SmartDX value simulation process and diagnostics will achieve. Enabling the continual enhancement of your customer's profit performance creates an obvious and compelling distinction between the average vendor and a strategic partner. Competitors will not be able to penetrate the strong ties that sustain your customer relationships; relationships built by the value mutually achieved.

Diagnostic Business Development® is a value-based platform and capability, enabling a comprehensive understanding of the quantitative and qualitative value that a company's solution provides to its customers. The incomparable methodology establishes critical conversations from first calls to the C-Suite and everything in between.

Combined with Prime Resource Group's certified, Value Simulation Financial Modeling Tool, SmartDX, companies can clearly calculate the financial impact of their solutions across their customers' businesses and build a credible Diagnostic Process to capture significant profitable results for their company and the customers they serve.

Contact Prime Resource Group. Build a world-class, high-performance organization, and achieve more profitable sales results. Call +1 763-473-7529 or visit [www.primeresource.com](http://www.primeresource.com).