

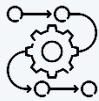
Value Case History

Building a Profitable Add-on Service Business



Business Issue

A Fortune 500 supplier to the automotive industry had its core product under severe price pressure. With declining margins, the management team was searching for additional sources of profitable revenue. The challenge was to identify supplementary programs, systems, or services that could be profitably sold to existing customers. Past attempts to charge for services had been unsuccessful.



Approach

- *Formed a dedicated team to quantify the value to the customer.*
- *Trained team on Customer Value Management methodology and tools.*
- *Created and analyzed a customer value model.*
- *Designed and implemented value-based sales tools.*



Insights

The new service, which customers had previously turned down, delivered value to customers in excess of four times the originally offered price. The service reduced customer total costs by minimizing the cleaning and maintenance of equipment used to apply the core product in the manufacturing line. In addition, the line would perform at the "optimum level" with reduced product usage/waste and greater control over process emissions.

Results



Raised price 3x

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*Created \$100 mil
service business*

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