Does your Decision-Making Process protect Customer Value?

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Background

- Highly fragmented and short-term oriented decision-making process, which is often unclear
- Value is interpreted or assumed by project team
- Cost and value are not separated

INEFFICIENCY
Research approach

- RESEARCH QUESTION:
  How does Choosing by Advantages (CBA) support making deliberate decisions based on values and thereby help to deliver value for a project?

- RESEARCH METHOD:
  Theoretical discussion based on literature.
Values, goals, criteria, and value delivery

- Values = beliefs
- Value = outcomes based on an evaluative judgment
- Goals = guides for action/ performance levels
- Criteria = decision rules or guidelines
Values drive decision-making that generate value

Targets & Constraints

Values → Goals → Criteria → Decision-making

VALUE GENERATION
Strategies to generate value

VALUE MANAGEMENT
- Background: control value
- Approach: system thinking
- Process aiming to control the value generation while reducing cost
- Usually limited to the design phase

TARGET VALUE DELIVERY
- Background: target costing
- Approach: process based
- Management practice that focuses on the customer value of all phases
- Takes the dynamic of values into account
- Transformation of value into a product
CBA system to generate value during decision-making

**VALUE GENERATION**

1. **Stage-Setting Phase**
   - Determination of purpose, scope, and circumstances
   - Discover concerns
   - Identify needs and preferences
   - Establish ‘must’ and ‘want’ criteria

2. **Innovation Phase**
   - Formulate alternatives
   - Determine and display attributes

3. **Decision-Making Phase**
   - Summarize attributes
   - Determine advantages
   - Decide importance of advantages

4. **Reconsideration Phase**
   - Reconsider the decision by reviewing the previous steps

5. **Implementation Phase**
   - Carry out the implementation plan

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**Carry out the implementation plan**

**Determination of purpose, scope, and circumstances**

**Discover concerns**

**Identify needs and preferences**

**Establish ‘must’ and ‘want’ criteria**

**Formulate alternatives**

**Determine and display attributes**

**Summarize attributes**

**Determine advantages**

**Decide importance of advantages**

**Reconsider the decision by reviewing the previous steps**

**Carry out the implementation plan**
Three situations of values-value connection

1. Alternatives differentiate based on a criterion that is of value for the customer.
2. Alternatives differentiate based on a criterion that is not of value for the customer.
3. Alternatives do not differentiate based on a criterion that is of value for the customer.
How CBA helps assess value based on values

CBA offers a systematic process that

• Helps to translated customer value into decisions and dilemma
• Considers that value is not a static measurement
• Helps to better understand the values of the customer, which drive and direct every decision and often unconsciously
Thank you!