

The Value Mindset



by Stephan Liozu, Ph.D.

In this article, the author examines the nature and phases of value transformation and why the process is challenging. He examines how working on a value mindset can accelerate the journey and get teams fully aligned on what matters, and concludes by exploring the approach and implementation of the 6A Value Mindset model. Stephan M. Liozu, Ph.D. (sliozu@gmail.com), is the Founder of Value Innoruption Advisors, a consulting boutique specialized in value-based pricing, industrial pricing, digital and subscription-based pricing. He is also a Research Fellow at the Case Western Reserve University Weatherhead School of Management. He is a Certified Pricing Professional (CPP), a Prosci® certified Change Manager, a certified Price-to-Win instructor, and a Strategyzer Business Model Innovation Coach. He has authored seven books: The Industrial Subscription Economy (2022), Pricing: The New CEO Imperative (2021), B2G Pricing (2020), Monetizing Data (2018), Value Mindset (2017), Dollarizing Differentiation Value (2016), The Pricing Journey (2015), and Pricing and Human Capital (2015). Stephan sits on the Advisory Board of the Professional Pricing Society. He is a Strategic Advisor at DecisionLink and Monetize360 and a Senior Advisor at BCG.

Transformations are hard. They take a while and have the potential to challenge the fabric of any organization. When you transform, you go deep into the culture, the organizational DNA, and the ways of working to achieve irreversible change. That is the ultimate goal.

"A process of profound and radical change that orients an organization in a new direction and takes it to an entirely different level of effectiveness ... transformation implies a basic change of character and little or no resemblance with the past configuration or structure."

— **Business Directory 2020**

So, transformations can be really challenging for individuals, teams, and organizations. My experience is that the word transformation is often used in place of strategic initiative or corporate program. These are not the same things. Implementing too many transformations at once leads to transformation fatigue and confusion in teams and individuals about what really matters. Transforming well-established functions can go faster and can be more straightforward. When it comes to the topic of customer value management, you have yourself a real challenge. This is not a straight line. It is more like a journey

with ups and downs.

In this article, I examine the nature and phases of value transformation and why it is challenging. Then I discuss how working on a value mindset can accelerate the journey and get teams fully aligned on what matters. Finally, I get into the how by discovering the 6A Value Mindset model and how it can be used in real life. Let us get started.

The Value Transformation Journey

Value transformations can last from three to eight years depending on where you start. One of the reasons why it takes so long is that the customer value management (CVM) process adds complexity if you consider the following points:

1. CVM is a team sport, and you need to move all relevant functions at once potentially with different levels of intensity and pace.
2. CVM requires collective intelligence and system thinking. There is no one expert in CVM and the real value lies in the collective experience and intuition of teams. The system moves together, and any change from one side can affect the other!

3. Customer value is familiar to some people but foreign to others. As such, you need to bring everyone on board with concepts, language, perceptions, and methods.
4. Customer value touches tangible and intangible organizational dimensions and assets. Understanding value requires a deep understanding of internal and external dynamics.
5. Customer value is also distributed across the long supply value chain and internally among various stakeholders.

I have found the subject very intriguing and have been lucky to conduct several large-scale value transformations. They are different from pricing or commercial transformations. The choice of words is essential. A transformation is also different from a strategic initiative, a corporate program, or a strategic project, as I already mentioned.

When companies embark on customer value transformations, I see them starting strong. The first 18 to 24 months are quite exciting and invigorating. Things are being deployed right and left and the energy level is high. They traditionally focus on the following activities:

1. Put a CVM team in place led by a Vice President or a Director of Customer Value. They hire value-related staff like Value Engineers, Value Consultants, and Business Value Analysts, for example.
2. Develop a roadmap and a process to manage the CVM process holistically.
3. Develop and deploy methods and tools to conduct business value analysis, TCO analysis, and other value modeling activities.
4. Ramp up the use of value tools and documents in the selling and marketing of their offers.

See [Figure 1](#).

At that stage, things are going well and the level of adoption of CVM activities is increasing. In any transformation though, there comes a point when things start plateauing or stagnating. This is inherent to any large-scale change management initiative. Teams reach the zone of change fatigue or the valley of despair. It is part of the change management process. At that stage, there is something missing, and the transformation slows down. It is also the time when you start thinking about the next 24 months of your value transformation and focus on the next push.

Before you do that, you must consider the following points:

- When you manage customer value,

Figure 1

Standards of a Value Transformation

- Champions are on board.**
- You have built some internal capabilities.**
- You have designed tools and deployed systems.**
- You value management process is in place.**
- Your Value Experts are “pumped up”.**
- Your value propositions & models are tested.**

things go fast and change quickly. Customer value is dynamic, and your transformation needs to include agility and dynamism.

- At that stage of the transformation, you have reached the pioneers, the early adopters, and the early majority. Depending on your culture, you have not addressed the late majority and the laggards. This could represent 50% of your staff. That may slow you down and it might be the reason your transformation is not making progress.


- You might suffer from a lack of industrialization and automation. Your most fervent supporters might get tired of doing things manually or “on the back of an envelope.” The sellers might be too distracted from pure selling and spend too much time building business value cases.

- Although you have shown success and scaled your transformation, you have not shown yet the full impact of your transformation, and you are getting challenged by management.

Figure 2

"Tools, methods & systems
can only take you so far in a
customer value
transformation. To go faster
& further, develop a strong
customer value mindset."

Stephan Liozu, Ph.D.
*Agent of Disruption
Pricing Thought Leader*



Your transformation is in the zone of good attention despite a strong start. What is missing then when you have the process, the system, the people, and the CVM aspiration? It is a simple answer. You are missing the value mindset. The mindset is the glue that ties CVM people, process, and system together. See [Figure 2](#).

A strong value mindset function can be a powerful booster for your value transformation and the fuel for the next 24 months to reach the next level of excellence. This is typically when companies call me to help them as a Value Coach. I have been involved in both the front end and the back end of customer value transformations. They are two critical phases requiring dif-

ferent change management approaches and people management strategies. Yes, you read that right! In the second phase of the value transformation, as you accelerate, you must manage people, culture, and mindset a lot more.

The Value Mindset for Successful Transformation

In 2016 and 2017, I joined a large global manufacturing company as a Value Coach to assist them in their value transformation in Europe. The project lasted eighteen months and was a very transformational experience for both the teams and me. This is when I realized that all I knew about customer value management was not enough. I had to go deeper into concepts of change management, transformational leadership, and mindset change. I started studying Carol Dweck's work on Mindset and bought her bestselling book called *Mindset: The New Psychology of Success* ([Mindset: The New Psychology of Success: Dweck, Carol S.: 9780345472328: Amazon.com: Books](#)). This is not a business book, but a lot can be transferred to business, value management, and pricing. I was very inspired and started applying many of the concepts she recommended. The value transformation I assisted with was extraordinarily successful, and we ended up transforming the entire organization across ten European countries.

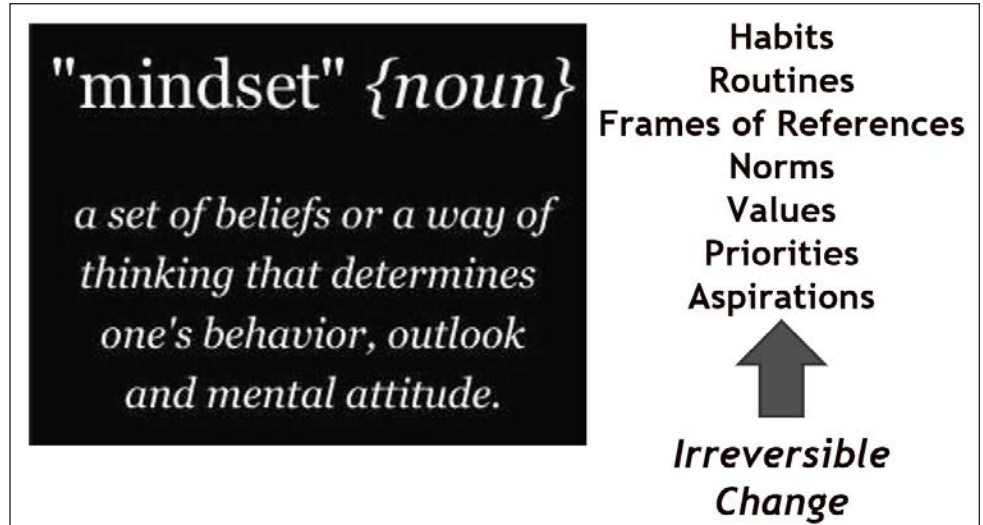
This work was transformational for me and changed my approach to deeply changing organizations. At the end of this project, I collected all my thoughts and experiences into a book published in 2017 called the *Value Mindset* ([Value Mindset: Accelerate Your Value Transformation by Changing Your Mindset: Liozu PhD, Stephan M.: 9781945815027: Amazon.com: Books](#)). I wanted to share this experience with other companies and customer value management practitioners and help them accelerate their value transformation.

What does mindset mean? It is a set of beliefs or a way of thinking that is ingrained in people. Every day, people show up at work and they get into automatic work mode. They rely on rules, norms, routines, and priorities to do their job. Changing these ingrained practices can be an extremely challenging task. Imagine approaching a salesperson who has sold on discount

and volume for thirty years. How do you convince her to change her way of working overnight? See [Figure 3](#).

This is an impossible task. Too many companies think that they can put the sales team in a room for three days and show them a beautiful PowerPoint presentation

Figure 3



and, suddenly, they are transformed! It is not that easy. The goal is to create irreversible change in people's way of working, thinking, interacting with customers, and approaching what they do every day. You are rewiring them to focus on customer value. It is challenging work for all parties involved (and not just in the salesforce). Remember that CVM is a team sport, and you need to transform all the relevant stakeholders, i.e., those who interact with customers day in and day out.

If you read Carole Dweck's work, you realize that it takes a lot of effort and experimentation for people to change for the long term and in a way that is transformative. You must move them from a fixed mindset to a growth mindset (in the same way that you want students to enjoy math instead of resisting and rejecting it). Now, we are asking marketing managers, sales managers, and customer success managers to make efforts, take risks, experiment with value tools, and put customer needs at the heart of their daily work. There is going to be fear of rejection, risk of failing, and an uncomfortable feeling of working out of their comfort zone. See [Figure 4](#) on the next page.

In the end, you are asking experienced adults to change and adopt value to learn and grow. In my *Value Mindset* book, I explain how to do this both at the individual and the organizational level. Transformation is needed at both levels in order to implement necessary changes over a period of 18 to 24 months. It is demanding

work for sure. This is when I also discovered that you cannot accelerate your value transformation without the deep involvement of the human resources and organizational development teams. They are critical in redesigning roles and job descriptions, changing the performance review success criteria, designing and executing progressive learning strategy using transformational and experiential methods, and coaching and mentoring those who have a tough time transforming. You will be joined at the hip with these people for two years or so.

You can gauge the critical differences between the first phase of the value transformation and the second phase. The first is focused on tools, methods, processes, and systems. The second phase gets deep into individual transformation by focusing on mindset, culture, and change leadership. This is how you can accelerate your customer value transformation and get it done in 2 to 3 years instead of 5 to 8 years. I have been fortunate to do three of these massive value transformations in the past six years. I enjoy that side of the work. This is also why I often say that pricing and value management are both science and art!

Pay more attention to the art side and you will be more successful.

The 6A Model of a Value Mindset

Now that you know what a value mindset means, it is time to consider possible ways to influence the mindset and to move the needle towards value excellence. The difficulty of value transformations is that you have to work at every level of the organization. It is, in a way, like system thinking and working in the matrix. Because customer value is dynamic and is a team sport, you must manage a complex system of various actions and activities working all at once. The goal is to achieve irreversible change at the organizational level while also keeping in mind that change happens at the individual level.

The 6A model shown below is a combination of individual and organizational change drivers. You have to work on all six at once and in parallel while accepting a fair amount of correlation among them. Statisticians would call that multi-collinearity as drivers are influenced by others. See [Figure 5](#).

Let us discuss the three As related to individuals.

1) **Attitude:** It all starts here. What are the perceptions of pricing and value in your organization? Are team members positive and hopeful about your customer value programs or are they still pushing back?

Figure 4

FIXED MINDSET		GROWTH MINDSET
I am good enough; status quo is good; cruising along	TRAINING & SKILLS	Focus on learning & developing; eager to learn & experiment
Must be avoided; not willing to show vulnerability; sign of weakness	DEALING WITH CHALLENGES	Resilience & persistence; opportunity to grow; face issues head on
Just good enough; no need to stretch myself; not worth it	MAKING EFFORTS	Desire to achieve & improve; drive to achieve; seeking mastery
Must be avoided; not necessary; get defensive; feedback is for wimps	ACCEPTING FEEDBACK	Active & mindful listening; accepting of gaps; willingness to improve; useful
Point fingers; cover yourself; give up easily;	HANDLING FAILURE	Opportunity to learn & try again; springboard to next level

Adapted from the Carole Dweck's Work

How is their body language during relevant meetings? You can learn a lot about their mindset by checking in on their attitude at work. If you have issues in this first A, it will impact the rest of the model. You must address that very quickly and change perceptions.

2) **Action:** The whole point of the transformation is to have people in action mode. We need them to practice, practice, and

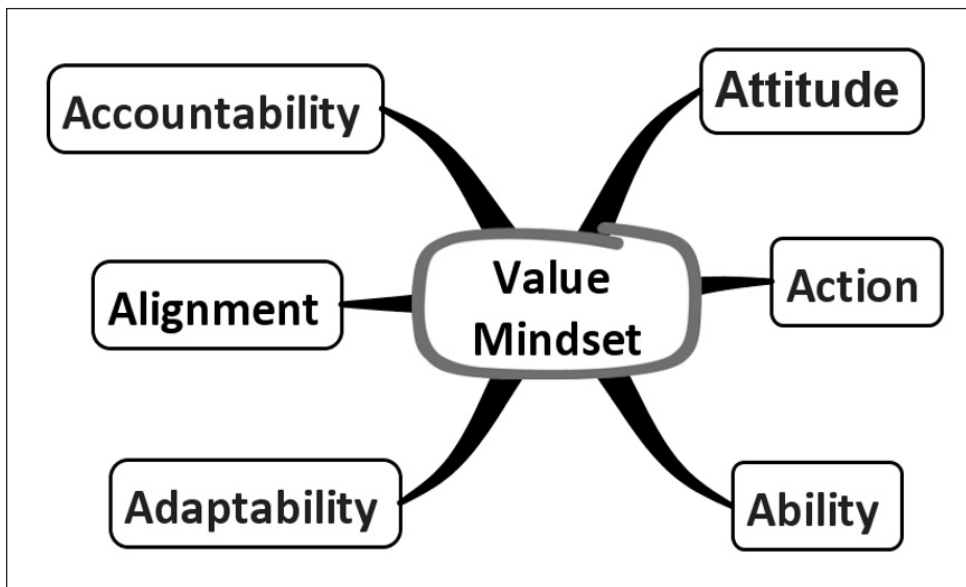
practice some more. Small baby steps are better than large overwhelming ones. Then you repeat the actions a hundred times to improve the stickiness of the process and the outcome. It starts by developing an excellent value toolbox with plenty of things to do!

3) **Ability:** You need to train all stakeholders on the basic and more advanced concepts of customer value management. That cannot happen by just sitting in a classroom and listening to speakers. You must develop a progressive and hybrid learning program and adopt concepts of transformational and experiential learning. Training also needs to focus on repetition and on ten touchpoints over 4 to 6 months. Consider more formal training like the DecisionLink Value Black Belt program.

At the same time, working on fundamental aspects of the organization must be done in parallel.

4) **Adaptability:** This is a key concept of mindset change. It is about being able to embrace the new and maintain the existing. Some call this ambidexterity, but I prefer to keep things simple. Change will happen. A lot of it will happen at once and for a long while. This is the reality of value transfor-

Figure 5



mations. Leaders no longer have ten years to implement these transformations. They must accelerate the process.

4) Alignment: Since this is a team sport, we must have a common playbook and game plan. The organization must be fully mobilized and work in perfect alignment. That includes goals, objectives, metrics, compensations, priorities, etc. Alignment is also needed around language, definitions, and methods, especially in large organizations. It is not unusual for divisions to use different value-selling methodologies or customer value management systems. Harmonizing all of these creates deep alignment. That alignment must start in the C-suite and trickle down the entire organization.

5) Accountability: What happens when people do not change or when people openly resist the change process? That is a key question that needs to be answered by HR and top management. Do we tolerate nonperformance and resistance, or do we address it quickly and swiftly? Resistance

and passive-aggressiveness are like a cancer that can spread in your organization. If you tolerate it too long, the organization might lose its momentum and be impacted by resistors. In my experience with value transformation, some of the best performers in volume through discounting struggle and become last in terms of value and margin. They have to be managed carefully and eventually removed from their positions.

In my *Value Mindset* book (2017), I offer an assessment you can take to evaluate where you stand on the 6A model. It is a terrific way to get started and gauge your level of readiness to move to phase two of your value transformation. I recommend you select two or three dozen of your middle and top managers and ask them to take the survey. It will be eye-opening for sure!

Some companies embark on pricing transformations while others prefer to call them value transformations. Some do both at once. The reality is that to be

able to do this in 3 to 5 years at the global level and including all relevant functions, you must move in phases. You must design and execute a roadmap with critical programs in sequence with enough time between the phases for teams to assimilate and practice. Along the way, working on the value mindset is essential. I posit that the early phase of the value transformation focuses 70% of attention and resources on tools, processes, and methods, and 30% on change management and mindset.

In the second phase, the reverse is true. Your investment in a value mindset crystallizes your efforts in phase one and embeds the learning into the organization's fabric. You are transforming the DNA of multiple functions to become truly value-oriented. You are making new routines part of the natural ways of working and solidifying changes for the long term.

Be bold, join the customer value revolution! ❖