

# Economic Value Applications

## Benchmarking:

The ISUM Competitive Intelligence System is capable of deciphering the detailed unit operations cost of individual products that are manufactured in multi-purpose plants.

## Pricing Strategy:

The Economic Value Knowledge Block plus a Level 2 Market Value analysis enables a company to decipher competitive pricing strategies.

## Product Development:

The Economic Value Knowledge Block defines the manufacturing specifications for both product line extensions and new products.

## Extend® Program:

The Economic Value Knowledge Block is used in Kesting Ventures® Corp's Extend Program, which creates a business blueprint for existing businesses.

## Start® Program:

The Economic Value Knowledge Block is used in Kesting Ventures® Corp's Start Program, which creates a business blueprint for new businesses.

## KVC Programs [www.kestingventures.com](http://www.kestingventures.com)

Kesting Ventures® Corp. will promptly respond to requests for information and requests for proposals.

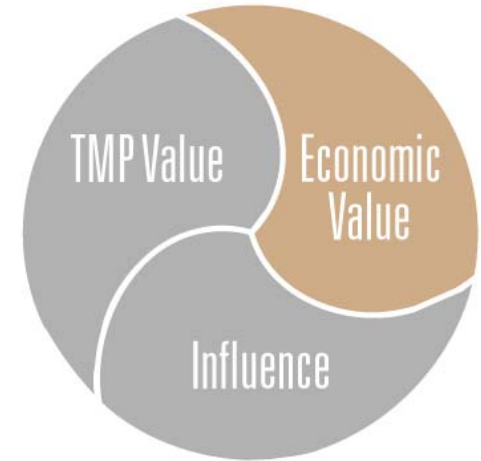
**Market Value System Programs:** KVC has a number of MVS Programs that use various levels of TMP Value, Economic Value and Influence to evaluate technology alternatives and/or players in specific markets.

**ISUM Competitive Intelligence Programs:** ISUM is a managerial accounting and engineering system that is capable of modeling manufacturing processes so thoroughly that plant managers and engineers can use the models to optimize their own plants. KVC has a number of ISUM Programs that address various competitive intelligence needs.

**Extend® Programs** are for existing business teams, who want to accelerate the growth and improve the profitability of their business. An Extend Program does everything that is required to develop a knowledge-based business blueprint for growth that has the business team's full commitment.

**Start® Programs** are for Companies who want to identify, develop and launch a "new-to-the-company" business. The "new-to-the-company" business must utilize the company's assets, skill sets, competencies, information and Knowledge Blocks but must not conflict

# Economic Value Knowledge Block



A component of KVC's **Market Value System**



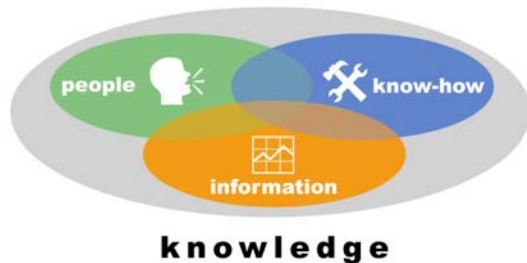
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The Economic Value Knowledge Block includes a simple ratio (ECORATIO) of end-product cost -to- customer goal status, quantification of the market value chain's profit pool and calculations to determine the economic value contributed by each player in the market value chain. ECORATIO is the economic variable used to calculate market value.

$$\text{ECORATIO} = \text{ISUM Cost} \div \text{Goal Status}$$

The numerator is the customer's detailed cost picture, which shows the variable and fixed costs associated with the manufacture, sale and distribution of products and services.

The denominator deals with the status of the customer's goals and objectives. The customer's aim is to achieve the best economic ratio for its own business. This is achieved either by improving the numerator (customer's cost of products and services) or by improving the denominator (enabling the customer to achieve its goals and objectives).

Economic ratios begin at a level of 2.0 or higher and asymptotically approach a level of 0.8 to 1.0, depending on the nature of the product portfolio and the maturity of the market.

Kesting Ventures® Corp. uses its ISUM Competitive Intelligence System to determine costs for economic value purposes.

The ISUM Competitive Intelligence System is managerial accounting and engineering system that is capable of modeling manufacturing processes so thoroughly that plant managers and engineers can use the models to optimize their own plants.

Economic Value Knowledge Blocks are created during intense experiential modeling sessions with carefully chosen expert panels.

**Experiential Modeling** is Kesting Ventures® Corp.'s proprietary methodology that is capable of using know-how and judgment to create the new Knowledge Blocks that are required to solve many of today's complex business problems.

Experiential Modeling provides the following tools, techniques and documentation.

- Knowledge Block structure,
- Glossaries and workbooks,
- Modeling processes that fill in the Knowledge Block structure, and
- Skill to use the Knowledge Block to complete a specific objective.

**Expert Panels:** When invited, experts are pleased to volunteer to join Kesting Ventures® Corp's external panels because they want to learn how to accurately forecast the future. Experts come to Experiential Modeling sessions expecting to learn a great deal and they are never disappointed.

**Limitations of Other Methodologies:**

Conventional one-on-one interviewing methodologies can, at best, only approximate prevailing thought. Discovery via this research methodology is next to impossible.

The best conjoint analyses can only handle simple questionnaires with multiple choice answers. These limitations eliminate the creation of mathematical models from consideration. This is why conjoint analyses can't create Knowledge Blocks.

## Economic Value Benefits

The Economic Value Knowledge Block is a managerial accounting and engineering system that defines optimum manufacturing costs.

The Economic Value Knowledge Block is required to achieve economic value pricing.

The Economic Value Knowledge Block improves R&D, sales and marketing success rates.

The Economic Value Knowledge Block dramatically increases professional productivity and motivation.

The Economic Value Knowledge Block significantly decreases the training requirement for new hires.

The Economic Value knowledge block is a tangible asset.

Kesting Ventures® Corp. has extensive experience in helping companies optimize manufacturing processes.

Like the underwater part of an iceberg, Knowledge Blocks are hidden from view.

