

Chapter 7 It took several years for **Grow Agri** to change its culture from that of a negative thinking 2nd tier chemical manufacturer to a knowledge-based market value leader. Changing **Grow Agri's** culture was the most difficult challenge that **Grow Agri's** senior management had to face and this was only accomplished because **Grow Agri's** President was committed to success and used a knowledge-based approach to form his new corporate strategy.

Chapter 8 An important principle of the **Market Value System** is that success should not only be possible but it should also be highly probable. The best way to increase the probability of success is to learn how to accurately envision the future before committing to anything. Since increasing the probability of success might cause people to perceive that their reward will be reduced, management should train people to use highly effective innovation tools and then reward them when they succeed.

Chapter 9 To determine the worth of a technical lever, one should first determine whether the end-market has unmet needs that, if fulfilled, constitute a breakthrough. Approaching the puzzle in this manner is most beneficial because it can result in the discovery of breakthrough potential even if the technical lever itself has little worth. The **XCORP** Case demonstrates how to use the **Market Value System** as an innovation tool to prime the front end of a company's innovation process.

Part 3 How to Tackle 3 Challenges

Chapter 10 shows how to tackle strategic planning challenges. Knowledge-based plans are important because strategic decisions: 1) Permanently alter programs and/or assets, 2) Have a measurable long-term effect on a business, 3) Are difficult and costly to reverse, and 4) Are the responsibility of executive management.

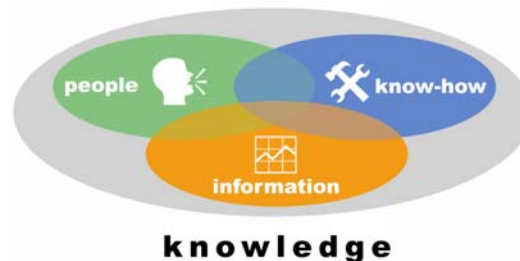
Chapter 11 describes a practical innovation theory. The **Market Value System** is the first "How to!" book that shows you "How to work with a clean slate and use chalk so that you can sketch things out in advance."

Chapter 12 **Creativity Quotient (CQ)** is a personal inventory of skills that enables people to assess their current level of creativity. Everyone has the potential to achieve his/her **CQ** of 100 percent. *Chapter 12* also concerns an **External Factor Impact** model to help creative teams identify and overcome forces in their own company that discourage creativity. *Chapter 12* teaches "How you can achieve your creative potential!"

Part 4 Market Value System Summary

Throughout this entire book you will encounter many tables and exhibits, which contain a lot of mathematical data. Consider mathematics to be the universal language that enables thorough communication about business, technology, economic and marketing matters. Mathematical data is essential to explain past and present and to also envision future markets and technologies. Readers are urged to take the time to study the numbers. After a short while you will be able to breeze through massive amounts of data and actually learn to like it.

Chapter 13 summarizes the many lessons that you can learn by studying this book and using the **Market Value System** to advance your career.



The proven expert business tool
for new business development
& existing business renewal

by
William Roy Kesting



Copyright© 2008 Kesting Ventures Corp.

The *Market Value System CD* contains 13 chapters, 2 addenda (pdf documents) and 9 folders containing 28 Microsoft Excel models that can be adapted to help companies solve complex business, technology and marketing puzzles before having to make capital, manpower and time investments.

The *Market Value System CD* contains a '*How To' Tutorial and Reference Book*. The *Market Value System* allows you to explain the past and present performance of markets and envision the future of specific technologies and markets. One very valuable tool is a multi-factorial algorithm, which calculates a *Market Value Metric* that correlates with market share and profitability. With the knowledge-blocks that are created by means of the *Market Value System*, people can easily learn to engineer high value products for both existing and new markets.

The *Market Value System* is based on an innovation theory that teaches everyone has the potential to be creative and creativity can be taught and practiced. *Market Value System Innovation Theory* teaches that innovation does not begin with the search for innovative opportunities; but rather, since the beginning of time, has begun with the creative vision of one or more persons. Innovators have the ability to envision the future of a market in great detail and then create knowledge blocks that can be used to build things that fit into their vision. This means that it is not necessary to take new products and services to a market to see whether the market will accept them. Everyone can learn to use scientific principles to grow existing businesses as well as create new businesses.

To begin, create a *Market Value System* folder on your hard drive. Insert the *Market Value System CD* into your computer. Copy all of the folders and files that are on the CD and paste them into your *Market Value System* folder. You may also install the *Market Value System* on other computers for your use. The material on the *Market Value System CD* is licensed for purchasers' exclusive use.

We suggest that you print a copy of the *Market Value System* text to facilitate scrolling through the models while you are reading and studying the text. Most readers will prefer a color print of the book as color is used to highlight text and figures. Due to the length of this book we recommend a double-sided print.

We have found that "Staples Better Binder Item # 648825 (1½", 400 Sheet Capacity)" works well as a binder for the *Market Value System* text when printed double-sided. Use Avery Table of Contents Ready Index® 15 Tabs Item # 11074 as the index.

Insert the Preface just behind the Avery Index Sheet. Use Tabs 1-13 for the Chapters and Tabs 14-15 for Addendum A and Addendum B.

Part 1 Fundamentals

Part 1 (*Chapters 1-4*) explains fundamentals required to work through the applications that are discussed in Part 2.

Chapter 1 Information and Knowledge eliminates confusion about the definition of these terms. Deciphering what knowledge really is, leads one to want to investigate knowledge-based approaches for industrial innovation.

Chapter 2 Rank Order Principle describes a model that can be used to predict the market shares of players in a particular market when the market is at equilibrium (when all change forces have worked their course). It is important to understand market shares because both market value and market share are required to understand the behavior of markets. When it comes to acquisitions, the *Rank Order Principle* can be used to prove "*One plus one can actually equal much more than two.*"

Chapter 3 Research Patterns shows how to characterize a business and construct rational arguments to prove or disprove the value of activities. This proof is often the most important puzzle to solve for a business.

Chapter 4 ISUM Competitive Intelligence System describes how to collect and structure data to better understand your products' cost structure as well as your competitors' cost structure and pricing strategies. After you study this chapter you will understand how to develop a sustainable manufacturing advantage for your strategic products. And you will better realize that "*Data with the right structure is knowledge.*"

Part 2 Applications

Chapter 5 The *Simplicity CFS* case concerns how a regional distributor of Point of Sale (POS) hardware, software and service proved that performance is the most important factor in the hospitality industry's '*buy decision*' and service is the most important part of performance. This case illustrates that the least amount of information that proves you have solved a puzzle is not only sufficient but is also the best approach. This case also illustrates that puzzles can be solved in a very short period of time.

Chapter 6 *Seal* had been one of *Polymer Corp.*'s most profitable businesses for more than ten (10) years. Late in 2001, *Polymer Corp.* told the *Seal* team that the corporation was on target for 2002 but was going to have difficulty reaching its 2003 profit commitments and it was time for the *Seal* team to increase its profit contribution. *Polymer Corp.*'s focus was on *Seal* at the very time that the *Seal* team didn't understand the market and *Seal* was losing both market share and profitability.

Prior to this project, the *Seal* team was demoralized and fully expected that most of them would lose their jobs. They didn't know what to do and didn't even know why the market was still purchasing their *Seal I* product. The *Market Value Algorithm* immediately gave them the direction they needed. By the time they completed their *TMP Value* knowledge block, they were not only confident that they would succeed but they also had invented and patented a breakthrough product. They had changed their attitude from defeat to an aggressive plan to drive their competitor out of the market.