



Applying Trade-off Analysis to Get the Most from Customer Needs

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To build profitable products around the customer, the product team must not only identify the range of needs that the customer experiences, but understand how the customer prioritizes those needs. The product team must make trade-offs when deciding which needs to address given available resources, and a clear, quantitative structuring of the trade-offs that customers are willing to make can greatly help the product team to focus and make decisions.

In recent years a new research tool has emerged that makes trade-off analysis of customer priorities more accessible to the product team at more phases of the product development process. This technique, alternatively known as Maximum Difference Scaling (MaxDiff) and Best-Worst Scaling (BWS), does not require formal training in statistics, does not depend on special software to execute it, and does not require a PC- or web-based survey. This chapter will provide all the information you need to design, execute, analyze, and interpret customer need priorities using MaxDiff without any software, other than a spreadsheet program, such as Excel. It will walk through the steps in a quantitative needs analysis that uses MaxDiff, including generating the data and using it to draw conclusions and explaining how to do the following:

- Analyze and interpret customer need priorities in the context of overall product decisions.
- Design and write a survey that uses MaxDiff.
- Calculate importance values.
- Sort needs into categories based on importance.
- Develop charts that put the customer priorities in the context of the competitive environment.
- Develop a scoring system to prioritize opportunities.

Read the full chapter in The PDMA Toolbook 3, coming in 2007!