



Is There Real Value In Your Value Proposition?

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Dimensions of EXCELLENCE™ is based on the four dimensions of performance and organizational excellence. These are the foundation for our development programs oriented to achieving performance and organizational excellence in sales, marketing, and customer service.

These white papers provide concepts and ideas based on the application of these principles of these programs and our work with our clients. We welcome your comments and observations on these topics.

Everyone is talking about value. Go to virtually any web site, or look at the marketing materials for any company and you will see them extolling their value propositions. Here are some we have recently seen:

- “We provide our clients with e-procurement solutions that will allow them to reduce the time, effort, and cost associated with...”
- “Our clients benefit from a lower total cost of ownership due to our framework's superior scalability, interoperability, flexibility and adaptability...”
- “...enables [customers] with the ability to improve the performance, availability, and reliability of service delivery over the ... infrastructure. ... - saving the operator valuable downtime and maximizing overall service availability and customer satisfaction...”
- “...offers superior products at competitive costs and industry-standard products at lower costs...”
- “...We are unique in our commitment to helping our clients improve their organizations for the long term. We not only bring our clients new products and technology, but we also enhance their capacity for learning and change. The best measure of our success is that we create lasting value for our clients, their customers, employees and owners...”
- “...solutions enable its community of [customers] to capitalize on the latest web-based technologies quickly and cost-effectively without the burden of building, managing and maintaining the infrastructure required to support mission-critical ... applications...”
- “...sellers will reduce overhead cost in distribution and marketing costs and these savings will reflect lower prices and increased efficiencies to buyers...”
- “... By thus to lower their total cost of operation and maximize their return on investment...”
- “Leverage the full-service capabilities of ...and gain all the advantages you've been struggling to attain...Improved Business Focus ...Personalized Solutions ...Faster Time to Market ...Predictable Costs ...Industry Leading Technology ...Complete Accountability”

After a while, they blend, everyone is saying the same thing. There is validity to much of what we hear and read, however, but when we hear the same thing from everyone, what is the difference?

In defining and communicating your value proposition, you must focus on several issues.

- First, the customer must have a need or a business problem they need to solve. This seems obvious, but too often, we see sales people pursuing opportunities in which the customer has no need to buy.
- Value is simply the difference between the perceived benefits and consequences of selecting a solution. In thinking about this, you must develop a very broad view of defining the benefits and consequences. Focusing only on your product features and benefits is a certain way of losing.
- To win, the customer must perceive that your value proposition must be superior to every alternative being considered. This includes competitors, or the possibility of the customer doing nothing. It is your responsibility to differentiate your solution, producing a superior value proposition.

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This is not rocket science. However, we see too many people making fundamental mistakes in defining and communicating their value proposition. Here are some tips, based on our experience:

- Many organizations make the mistake of trying to develop “THE VALUE PROPOSITION.” There is no such thing as THE value proposition. Value is in the eye of the beholder! Each customer has different needs and business problems. Effective value propositions are customized to the specific needs of each customer.
- Customers needs change, effective value propositions must be updated to meet the changing needs of customers.
- Value based solely on a product feature, functions, performance, and pricing is not sustainable. Everyday, competitors announce new capabilities. Basing your value proposition solely on product features functions, performance, and pricing may win today, but tomorrow when your competition introduces better capabilities you will lose.
- The greatest value often lies outside the product you are selling. The greatest value may in many intangibles such as the relationships the customer has with the sales team or the company, the ease of buying a product or service, the reputation of the sales person or company, the responsiveness of the organization, the flexibility of the company, the ease of doing business, the integrity or trustworthiness of the sales people and the organization, the performance of the company in meeting commitments, the services offered in addition to the product, and many more things. Sales people must think “outside the product box” when developing the value proposition for each customer.
- Elements of value may be business or personal oriented. Many sales people tend to focus only on business elements in defining value, but more often, it is the personal elements that are more important. To an individual, “getting his boss off his back,” may be the single most important thing in making a decision. When trying to discover what customers value, look for both the business and personal elements of value and try to respond to each in presenting your offer.
- When I refer to developing unique value propositions for each customer, I mean each person involved in making or influencing the decision in the customer organization. Each of them has different needs or hot buttons, these change with time. To be successful, sales professionals need to present the value of the offer that means the most to each individual at the time the decision is being made.
- There are no silver bullets! When the Lone Ranger died, all the silver bullets went away. Developing, communicating, and delivering value requires real understanding of what your customer seeks to accomplish, the roadblocks they face, and what is important to them.
- When defining your value proposition, if you can clearly answer the following questions in a way that is meaningful to your customer, you have gone a long way in developing a winning offer.
 - What do we do in helping our customers increase their revenue?
 - What do we do in helping our customers decrease their costs?
 - What do we do in helping our customer increase their profitability?
 - What do we do to help our customers better respond to the needs of their customers, to new opportunities that might be presented by their customers, or to threats?
 - What do we do to help our customers improve their productivity?
 - What do we do to help our customers improve their cycle time/speed?
 - What do we do to help our customers improve the satisfaction, retention, and growth of their customers?
 - What do we do to help our customers improve their quality?
 - What do we do to help our customers improve the satisfaction of their employees?
- Marketing develops value propositions aimed at groups of customers or market segments. These generic value propositions must create interest and leads.
- It is the job of sales to take those interested potential customers, developing the unique value proposition that fits their specific needs. If sales merely reiterates the generic value proposition, then they are not doing their jobs and should be fired!

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- Customer focused organizations start defining elements of their value propositions in product definition and development. This assures that real needs of customers are addressed.
 - In developing your channel or distribution strategies, it is important to keep two things in mind:
 - What value do your partners contribute to the value you deliver? If the partner is not adding value, then they are adding cost.
 - What is your value proposition to the partner? Partners are your customers as well. If you do not create value for your partners, you will not have an effective relationship.
 - Remember your competition is trying to develop and communicate their value proposition. To be successful your value proposition must be differentiated and superior to all others. Never lose sight of your differentiation.
 - Finally, make sure you are delivering real value! Failing to deliver on the value the customer thought they were buying will destroy the relationship over time.

Developing and communicating a differentiated value proposition in each sales situation is critical to success. There is a lot of hype about value propositions. Focusing on the elements listed above will help guide you to greater success with your customers.

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