VALUE PROPOSITION

The following information applies to businesses in general and can easily be applied to agency operations, marketing and sales.

What is Value Proposition?

Value proposition is a description of the customer problem, the solution that addresses the problem, and the value of this solution from the customer's perspective.

Your company should deliver a particular customer value proposition to each client. Competition is all about value: creating it and capturing it.

Having a compelling value proposition, and then successfully delivering on that promise, is not just a 'nice to have' - it's the price of admission. Companies are constantly vying for decision makers' attention and the opportunity to sell their products or solutions. Unfortunately, once given the chance, many lose sales by failing to adequately communicate the business value in a way that compels a decision maker to act. While many sales and marketing staff tend to think of their value proposition in terms of discrete 'features,' 'functions' and 'benefits,' business decision makers often think in a completely different way. This means that in order to close more sales, you need to build a 'business' perspective in your 'value proposition.

There are several levels of evolution in developing a stronger value proposition:

> ***Do Nothing*** - Where many companies are today.
>
> ***Provide a Framework*** - Companies are able to describe the potential impact of their product or solution within a customer environment. An easy way to think of this is to ask yourself, 'What is the direct revenue enhancing, cost reducing, and strategic business benefits associated with your offering?' Providing customers with a business value framework is an effective way to capture attention and interest in moving to the next level.
>
> ***Predict Value*** - Your sales organization works with the customer to model the potential business impact and return on investment (ROI). This vastly reduces decision making time and helps generate a budget. With a compelling ROI, how can a competent decision maker not purchase from you knowing they are leaving money on the table?
>
> ***Deliver Value*** - Measure the previously forecasted business impact, identify where value is missing, and swiftly take corrective action. This is a

powerful way to build customer loyalty and drive associated services and add-on sales opportunities.

Share Value - Enter into shared risk, reward and gain arrangements. Most companies ultimately want to do business at this level when they are confident of the value being delivered to their customers, and want to maximize the amount of money earned from any client. However, you can think of these levels as 'stairs.' Take one step at a time when evolving your business value proposition, and don't jump ahead until you've successful mastered the previous levels.

Ways to add to your value proposition

The Three Dimensions of Value

Successful companies sell three things—the product, the company, and themselves as individuals. The same product from the same company from two different individuals is two different solutions altogether. Logically, there can be no generic solution because no two people are the same.

Successful salespeople don't make sales calls; they go on job interviews with customers. They ask customers to hire them to be their personal representative with the supplier's company.

Successful companies include a blend of offensive and defensive selling and retention initiatives. Offensive selling is pursuing new business while defensive retention is protecting and growing existing business. Companies whose sales and marketing efforts are directed only at acquiring new business can suffer. They pursue new business while ignoring the most viable source of new business—existing customers. These companies have revolving doors on the fronts and backs of their buildings. The reason they focus so much on new business is that they must replace the business they lose from existing customers.

Reactive versus Proactive Value Added Selling

Successful companies seek ways to add value, not cost, with their solution. This presumes initiative. This involves a proactive philosophy; it is everything salespeople do before price becomes an issue.

This value adding approach preempts price objections. Companies which add value create opportunities for themselves while creating value for customers.

This begins with a company's business philosophy. As attitude drives behavior, selling philosophy drives selling technique. Adding value is an active process of seeking ways to create and extract value from mutually rewarding business relationships.

It's a people business

The purpose of a business is to get and keep customers. The sale merely consummates the courtship. How good the marriage is depends on how well the relationship is managed by the seller. If two people trust each other and want to do business, they will figure out a way to make it happen. And when it comes to customer satisfaction, it's the customer's perception that ultimately counts.

Listen more than you talk. You've been blessed with two ears and two eyes and only one mouth. God was telling you to watch and listen a lot more than you talk. The sweetest sound to the customer's ears is his or her own voice, not yours.

Perform acts of consideration. Look for ways to demonstrate your concern for the customer. If the customer's child does something significant and his or her name appears in the newspaper, send the customer an extra copy of it with a nice note. Send thank-you cards to let the customer know that you appreciate his or her business. It's the little things that count.

Offer preferential treatment for your top customers. Many companies establish customer loyalty programs for their frequent buyers. You may also rely on these "special" customers as an advisory council for your business. This treatment signals to customers that you value their input as well as the relationship.

Fully immerse yourself in the buyer's business. Become part of their culture.

Offer your customers business-building or cost controlling ideas. When you help them grow their businesses or reduce costs, you are part of their profit stream. This value added approach tells the customer that you are genuinely interested in their success and want to help them achieve as much success as they desire.

Over the past two decades, technology has changed forever the face of selling. Voice mail, cell phones, beepers, laptops, PDA's, the Internet, and video conferencing have given salespeople the ability to stay connected with customers twenty-four hours per day. Telemarketing foretold the death of personal selling, and it never happened. People still buy from people. There will always be a need for salespeople and their buyers; they are the link in the supply chain between two companies that want to do business.

Additional information on this and other planning topics can be located through the RESOURCES section on the main menu.