

HOW SALESPEOPLE SHOULD COMMUNICATE VALUE IN A TOUGH ECONOMY

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Do your clients understand the value you create and deliver for them? Professional business-to-business salespeople often take for granted the fact that executive's in major client organizations understand the value they deliver to them. That is a major mistake - especially in today's tough economic times. Salespeople should continually communicate their value so that client executives can continue to support the major buying decisions that were made. More importantly, this level of value communication justifies the continued relationship.

When working with clients over the long term, salespeople have multiple opportunities to communicate value. In fact, before starting new engagements with those clients, the salesperson should take steps to communicate the past value delivered to the organization. This broader view of value goes far beyond a salesperson's specific solutions. As a business resource to the client, salespeople offer the client much more in terms of specific business value. Think of specific business value as the value of doing business with your company, differentiated from doing business with several of your competitors. The key to defining this specific business value is taking the time to analyze the individual components of value.

THREE ELEMENTS OF VALUE

A salesperson should consider developing their past value contribution message around three specific components of value.

Personal Value

This element of value is often overlooked. However, experienced salespeople who gain knowledge of the client's industry, as well as the client's company often contribute a significant amount of value to the client organization.

When a salesperson has become proficient at acquiring that type of knowledge, their ability to anticipate client requirements and bring fresh ideas and insights is extremely beneficial - and client executives recognize that. According to Jagdish Sheth and Andrew Sobel in *Clients for Life: How Great Professionals Develop Breakthrough Relationships*, "Client learning has to become a central focus of a salesperson's efforts: depth and breadth of knowledge, together with an intimate understanding of your client and his world, form a powerful combination that will fuel your ability to be insightful and consistently add value." This trait often enables the salesperson to become perceived as a trusted advisor to the executive, often providing insight to them that even people within their own organization can't provide.

Value of Your Company's Resources

Typically, the salesperson's company has a multitude of resources that can potentially deliver value to the client. In many cases, these resources can be of significant value - so salespeople need to make certain that they get credit for this component. If the salesperson's company has product or service specialists, or pre-sales support personnel, many of these

elements can often be overlooked when attempting to quantify value. To cite an example: When the author was selling computer mainframes to companies in the manufacturing industry, he had access to industry specialists who focused solely on that industry. Those specialists knew little about the specifications of the computer mainframes themselves, rather they focused on becoming experts on the industry applications that would be used on the mainframes. From that perspective, they were often able to become perceived as trusted advisors to executives and managers in the manufacturing silo of the client organization. Client executives such as Chief Operating Officers, who had manufacturing managers reporting to them, sought out those specialists and often specifically requested that they attend critical meetings where solutions focused on the manufacturing plant floor were being presented. This particular element of value clearly differentiated my sales team from the sales teams of our competitors. The author was able to win numerous deals by utilizing this particular aspect of value delivery.

Value of Your Company's Solutions

Because this element of value is the "traditional" component of value, it is the one that is easiest to develop. That said, salespeople should make certain they are including not only the "hard" dollar savings, but also the "soft" dollar savings that are associated with implementation of the solution. In addition, this element of value is the most significant of the three components we have been discussing. The development of these savings will typically represent a substantial effort for the salesperson because it requires an intimate knowledge of the client's business, as well as its operational aspects. The salesperson will have to work with

people in the client organization who have an understanding of how the tasks or operations are being performed today in order to calculate the potential savings from the proposed solution. Many times client executives will also ask that these savings be reviewed again after the project or application has been installed, so that they can formally claim the specific business value that the solutions delivered.

As mentioned above, when a client selects your company's solution they receive the salesperson's expertise and the depth of expertise within that company, in addition to the salesperson's solution. Salespeople shouldn't sell themselves short on this point. There are often numerous capabilities that a salesperson should articulate to the client regarding the past value delivered to that company.

Let's further speculate that the client has a significant project or initiative that they want to implement. Following is an overview of the three specific times a salesperson can communicate value to client executives - which is of even more important in today's turbulent economic times.

VALUE HYPOTHESIS

When a salesperson is initially analyzing a sales opportunity in a client organization, they should conduct research to determine if the client can possibly derive some benefit from what they are attempting to sell. The salesperson may not be able to quantify this value in advance. And without a discussion where the client validates the salesperson's assumptions and provides real data, all the salesperson has is a value hypothesis, a guess and a hope of things that might be. Like a coloring book for children, the

salesperson can see an outline, but it initially holds neither tone nor definition. Value hypotheses are what marketing departments are typically known to distribute—a glimpse of a desired future state.

VALUE PROPOSITION

When the salesperson is talking to a qualified prospect and explaining the how much, how often, who to aspects of the problems they face (or the opportunities they want to leverage), the closer they are to knowing what the more detailed value proposition is going to be. It's impossible to develop a value proposition unless the salesperson knows what to propose, and to get at this information the salesperson must convince the prospect to disclose something about how her business operates, where the dysfunction and costs reside, and what her vision is for an alternative. The salesperson can then map the detailed capabilities onto the client's requirements, and return to the client with a specific plan that proposes a way for her to solve her problem or achieve her vision by using the proposed solution.

When developing a value proposition, keep in mind three areas that need to be addressed:

- What's important to the client? Simply stated, a value proposition addresses the client's issues and focuses on the return on investment that can be achieved by implementing the salesperson's proposed solution.
- How does the solution create value for the client? Here the salesperson needs to describe how the salesperson, the salesperson's company and the specific solution create value in a qualitative and quantitative way.
- How can the salesperson demonstrate their capability? Where has the salesperson solved a similar problem or addressed a similar issue in the past and what results have they been able to achieve?

The salesperson can only construct a meaningful value proposition if they have a keen understanding of the client's business initiative and how the solution impacts that initiative. The salesperson will also have to be able to analyze some key measurements before and after the solution has been implemented, so that the salesperson can develop an expected return on investment.

A quick and easy way to implement this concept is to talk to a client the salesperson recently sold to, and asks him/her to help fill in the blanks. Here's a step-by-step guide for doing this:

- Review the roles that are affected by your solution upstream and downstream from the department that bought it.
- Agree how long it takes him to perform key tasks today, the quality or volume of that production, or whatever other metrics apply to the problems he is trying to remedy.
- Establish the improvements anticipated from your solution. Try to attach a dollar figure to improved production, quality or time saved.
- Then review the quality of information you've gathered and compare it to how you write value propositions today.

Try this approach for new key opportunities. You will then be giving executives the information about value in the format they want

it in, and you'll be able to close more deals in the process.

FORMAL VALUE REVIEWS

After the salesperson has installed a major solution in the client organization, they should make certain that they take the time to meet with the executive and conduct a Formal Value Review to communicate the value the salesperson has delivered. In order to do that, the salesperson will have to determine the precise metrics they'll measure in advance of the installation so that the salesperson can effectively establish some benchmarks and then track and confirm the results. The salesperson will also want to take time in the meeting with the executive to review the steps taken to address issues and resolve problems during the implementation process.

After this initial meeting, the salesperson should seek ways to re-connect with the executive on a scheduled basis, annually at a minimum, to conduct these Formal Value Reviews to confirm the value they are continuing to deliver to them and to their company.

The salesperson can use this meeting to expand the depth and breadth of the relationship with the executive. Look for other ways to provide value to them at the beginning of their next buying cycle, for example. Look to become viewed as a business resource to them in this regard.

EXAMPLE OF A FORMAL VALUE REVIEW

During the author's early years as a salesperson at IBM, the company insisted that its salespeople expand the scope of the relationship with its clients on an annual basis and conduct formal value reviews. The program was called the "Customer Annual Progress Summary" or

CAPS. Each year, IBM's account salesperson had to conduct a Formal Value Review meeting with client executives one level above their normal "circle of influence". The IBM salesperson had to develop a detailed presentation to formally communicate the value that IBM delivered during the past year and the projected value that would be derived from the projects or applications that were in place for the upcoming year. Oftentimes, these meetings involved multiple executives in the client organization and soundly positioned the salesperson for additional future opportunities within that company. During CAPS Review sessions, many new opportunities were uncovered. Salespeople were then able to exploit the opportunities and create additional value for the client. The salesperson also had to certify internally (within IBM) that the CAPS review session had, in fact, taken place and the detailed results of the meeting.

What an awesome approach to communicating past value and positioning yourself for future opportunities with your client! What value might this type of review have for you and your company?

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