

Value Propositions and Competitive Advantage - By Dr. Rick Johnson

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I still remember the first sales training class I attended over thirty years ago. . It was called 'Needs Satisfaction selling'. In those days we owned a patch of dirt and every account that resided on that patch of dirt.

We had trunk files and 3 X 5 cards that we kept precious customer information on. We also carried rolls of dimes in our car so we could stop at a pay phone and call in at least twice a day. It was mandatory. We didn't have the internet and cell phones in the old days.

Territories used to be defined geographically in those days. If you go way back to when I was young, as my daughter says 'back before MTV when dinosaurs ruled the earth,' a Sales Person got a chunk of geography and you were told this is your patch of dirt. You go out and you farm the soil and you build the business. I call this the Lone Wolf Mentality.

In times past, salespeople were trained to focus on their product. They knew everything about it - what features it had, the benefits, how long it could last and what the red button did when pressed. Salespeople talked about the product until they were blue in the face. Armed with brochures and warranties, they were ready to attack. But, in today's environment, customers want more, not just the latest technology and the best "widget" a person can buy. They want complete solutions to all their problems. Suddenly, the brochure and other marketing materials are simply support functions. Buyers are more educated, more professional and seek more than just products. They want efficiencies, market share and profit generation.

It's not about Features and Benefits

Today it's not about the features and benefits of your product. It's about value and how your customers are going to make a profit. You no longer just sell yourself and everything falls into place. Today, relationships are still very important but they are the ante to play. Customers are smarter and more educated. You must bring every resource your company has into play and leverage those resources to create competitive advantage. Learn to really listen to your customers. Let them talk and when there seems to be a pause in the conversation resist the temptation to start talking again. Chances are good that the customer has more to say. The quieter you are the more they will tell you. Listen long enough with a few strategically placed questions and the customer might just tell you exactly how to gain his business. (And it won't just be about price)

Today it's About Value

Don't blow this concept off as some sales training jargon. Value propositions are extremely important. You have one, your company has one and your products have them. What is it about you that creates value for your customer? What is it about your company that creates value for your customer? What is it about your product that creates value for your customer? It's not features and benefits.

Customers don't want features and benefits, they want profits - or ways to make profits. They want satisfaction, feelings of comfort, pride, praise and self-esteem. They are people just like us. Well, maybe they don't have the same crazy genetics that we have as salespeople, but they are just as smart, just as caring and have similar personal needs and feelings. Consider this,

'Perceived Value Drives Customer Expectations'

Exactly what does that mean? It means that the higher you raise customer expectations of you as a supplier, the closer you come to creating competitive advantage. Be careful though. If you raise the customer's expectations so high you can't perform, you shoot yourself in the foot.

The only way to raise customer expectations to the level necessary to create competitive advantage is through the ability to explain, educate and sell the customer on your value propositions. Remember, several value propositions come into play even if you are selling a commodity product. If you're not selling a commodity you have the product value proposition which include the value created by the features and benefits. But remember, it's about the value created for the customer because of those benefits. If the customer finds no value in them and you can't educate them, you have no value proposition. Burn this into your brain,

'It's the Customer That Defines Value!'

The product itself is not the only value proposition at your disposal. In fact, unless you have some exclusivity on product or distribution product value propositions are the last to come into play because your competition can match them. In many cases, this prevents you from raising expectations from a product standpoint high enough to create competitive advantage. However, don't despair, you have company value propositions and personal value propositions. Personal values are generally built around your relationship equity with the customer. Most sales people have customers that do business with the company simply because they like and TRUST the sales person. That is a personal value proposition. This is created by the way you treat the customer, handle their transactions and supply value in your relationship by helping them solve problems even if those problems have no relationship to your products.

As today's sales environment leans toward a more multifaceted atmosphere, salespeople must become strategists with a plan. This plan requires more knowledge about the business, better relationships and better solutions. Some old school salesmen may believe they know what it takes. They have the experience. They've been around a long time. They also may be wrong.

The world is changing. Today, effective sales professionals are doing things differently. Sales representatives are successful today because they gain the majority of their targeted customers business. They manage the relationship and continuously build relationship equity. That doesn't mean they operate with the old lone wolf mentality doing everything under the sun for the customer. They are successful because they take full advantage of all the resources their company has to offer. They are able to educate their customers on their value propositions. Transactions and promos flow through a managed relationship. They also dedicate a specific amount of their time to new account development and penetration of those accounts with high potential rather than over providing service functions to existing accounts.

Sales is a Profession to be Proud Of

Learning your product, making a clear presentation to qualified prospects, and closing more sales will take a lot less time once you understand value propositions and care about the prospects you are calling upon. You must become a total solution provider regardless of the circumstance or situation. Sometimes solving a customer's problem will have nothing to do with your product or your company. That doesn't matter. Solving the problem builds relationship equity and enhances your personal value proposition. Relationships are still extremely important even in this century when a relationship is required to even get into the game.

The Company Value Proposition

The company value proposition is defined in terms of what your company stands for. It's about creating that ultimate customer experience in the way they partner with their customers, how they have produced for others, and how they serve others. It's a chance to talk about capability and loyalty without mentioning the words integrity or ethics. It boils down to being easy to do business with backed up by value added services that recognize special customer needs as a priority.

Competitive Advantage

The value proposition, if used properly, can create competitive advantage. The Value Proposition can raise customer expectations to the point that you become the only choice. When you get involved in the three bid process, make sure you compare apples to apples by suggesting making your value propositions part of the quote requirements.

Instead of simply learning to 'do what we have always done a little better,' we need to become aware of and practice understanding that involves re-examining everything we do - including how we think about our customers and our role in their future.

This often means letting go of our existing knowledge and competencies, recognizing that they prevent us from learning new things.

This is a challenging and sometimes painful, but ultimately rewarding, endeavor.

Check out Rick's new CD and Workbook -- Real World Leadership Kit --- 'Learning to Lead So Others Will Follow'

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