

Topic: Value Selling  
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## **Tips on Value Selling**

### **Defend Your Pricing: Tie Everything to Value**

The products and services you offer have value. To optimize sales, sales people must establish that value firmly in the minds of their clients and customers.

Why learn “Value Selling”?

Giving deep discounts just to get someone’s business is a common, but costly, mistake. Slashing prices is easy, but successful selling requires work. Consider the following statement:

*“Sales is one of the lowest paying ‘easy’ jobs,  
and one of the most lucrative ‘hard’ jobs.”*

Yes, successful selling requires work, and the trick is in knowing where to apply one’s effort. After all, being the fastest runner down a dead-end street still leads you to a dead-end. But if you choose wisely where to spend your time and energy, you can maximize sale and profits.

The need for listening

Successful Value Selling begins with truly understanding the requirements, wants, and needs of each customer. Rest assured—these differ from client to client. Therefore, sales people must discover which hurts and pains each customer is feeling, and what specifically needs to get fixed.

But understanding a customer’s requirements, wants, and needs goes beyond the sales person. Both the sales person *and* the buyer must be consciously aware of these pains and what needs to be done about them. Both people arriving at that understanding is the job of the sales person, because unless these discomforts are fully known and understood by both parties, there’s no way to build value into whatever product or service is being offered.

## The role of the sales rep

Most customers do a poor job of communicating their requirements, wants, and needs. So when a sales rep fails to ask the right questions, or fails to get agreement about the issues faced by the customer, it's usually a losing situation for both parties.

Sales reps must be patient and ask questions with genuine interest and concern for the customer's dilemma. Mind mapping (aka Spider graphing) the customer's situation is an EXCELLENT way to stay on track and truly listen. Not only will you, as the sales rep, find you are listening more, the customer will see what you are doing and feel like you are truly listening—a rare event these days.

## The key: Quantifying value as you go

As you identify and reach agreement about your customer's requirements, wants, and needs, look for ways to assign a "value" (usually a dollar amount) to the solution for each identified requirement, want, and/or need.

One way to do this might be:

*"If problem 'X' were solved, how much money would it save the company?"*

Of course, the answer to that might be out of reach for an overwhelmed customer who's mired down with problems. If the customer can't arrive at a dollar figure, starting with a more general question gets a customer focused in the right direction:

*"It sounds like if problem 'X' were solved, productivity would go up, is that right?"*

If the customer agrees, then the solution to "Problem X" certainly has value! It's here that you can ask more questions to help the customer realize just how much money is either saved or generated if productivity goes up. If need be, walk them to answers that you can quantify with dollars:

*"How much would it go up? What does that mean in terms of man-hours?"*

*"What are the labor costs involved?"*

*"How much additional profit can be realized through the increase in productivity?"*

By patiently drawing out the answers to questions such as these, you help the customer see—and more importantly, feel—the value of a solution. Then, when the customer can see the value far outweighs the cost of solution you offer, it's much easier to close the sale.

## Example:

At the Center for Workplace Excellence we sell DISC Assessments. These measure a person's behavior in four areas:

- How a person deals with problem
- How s/he influences others
- His/her preferred pace for the workday
- How s/he respond to rules

These assessments take only ten minutes to complete (the respondent answers 24 questions) and the result is a 26-page report chock full of information about the person, including his/her strengths, blind spots, and specific suggestions for motivating and managing that particular individual.

If people do not see the value of the information, it's easy for them to think \$85 is quite a lot of money for a ten minute assignment that provides "only" a 26-page report.

Therefore, it is the job of the salesperson to show the customer the true value of the report.

For instance, if applying the knowledge gained from that report though one-on-one coaching sessions results in a five percent increase in productivity for the employee, and the person is currently generating \$50,000 worth of profit each year, a five percent increase means an additional \$2500 in profit.

The next question is obvious: If you spent \$85 and got back \$2500 in additional profit, wouldn't that be a wise investment?

People spend money on what they value

If it's true that price is a critical factor in every purchasing decision, then why do people buy designer clothes and luxury cars?

And why are those items more expensive when they don't cost that much more to make?

The answer is **perceived value**.



In spite of what we've been told in the past, our customers do not buy features and benefits!

**They buy VALUE.**

But value is subjective. It's based on an *emotional association* attached to a product or service. Therefore, how do we increase the perception of value for our customers?

We must look for ways to tie our product/service to customer needs on three levels:

- Corporate Value
- Operational Value
- Personal Value

## 1. Corporate Value

Corporate Value can include a variety of things:

- improving a company's image
- improving the public relations capabilities of a business
- improving share value
- assisting our customer to achieve their corporate objectives.

Can you clearly articulate how your product or service helps your customers in these ways? **Can you arrive at a DOLLAR value for these?**

## 2. Operational Value

Operational Value (sometimes called *Functional Value*) is about enhancing your customer's business processes. As the name implies, you must tie your product or service to the efficiency and effectiveness of the company's day-to-day operations.

This can include (but is not limited to) improvements in:

- standard practices
- supply chain
- how they identify and eliminate operational problems
- streamlining of internal processes



Can you clearly articulate how your product or service helps your customers in these ways? **Can you arrive at a DOLLAR value for these?**

### 3. Personal Value

Personal Value can have the most impact in a Vendor / Client relationship. As mentioned previously, value is subjective and people attach different levels of value to any given product or service.

Most people's work involves meeting specific measurements, or Key Performance Indicators (KPI's). Each person's KPI's determine how they work and what is important to them.

With that in mind, the KPI's for which a person is striving exert significant influence over the perception of personal value.

Think promotion.  
Think reputation.  
Think achievement of KPI's.



All these add up to the creation of personal value for the decision makers in your clients organization.

Can you clearly articulate how your product or service helps your customers in these ways? **Note: This area goes beyond dollars. It's *personal*.**

Use these avenues of thought to help pinpoint *value* for the client. The main thing to remember is that a down economy is no reason to slash your prices. Instead, help your sales staff demonstrate how your products and services save (or generate) money for the customer, and how it far outweighs the cost of your product or service.

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About the Author:

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