



# What is a Sales Value Proposition?

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To quote Socrates, "The beginning of Wisdom is the definition of terms," so let's start by defining what this means...

**SALES** ..... We already know this one.

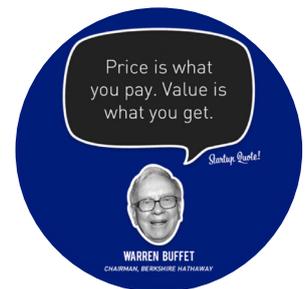
**VALUE** ..... A person's perception of a tangible/intangible benefit or worth.

**PROPOSITION** .... A statement or assertion that expresses a judgement or opinion.

So a SVP could be defined as: "A succinct statement which clearly articulates the significant/unique differentiators and tangible/intangible benefits a client gets from using your products or services and the value they deliver."

We could also add that it should be a dynamic proposition which can be adapted depending upon the target audience.

Ok, now we know what a SVP is let's take a look at why they're important.



In 2000 at the World Economic Forum Tom Peters declared... **The world has a surplus of: "Similar companies, employing similar people, with similar educational backgrounds, working in similar jobs, coming up with similar ideas, producing similar things, with similar prices and similar quality."**

## Does this observation still apply 15 years on?

Let's have a look at some more research. In 2010 Cranfield Business School reviewed some data that was submitted by Silent Edge, a Talent Management Consultancy, who over a 6 year period had built a database of how sales people behave in sales meetings with customers and prospects. Over this period using trained sales coaches they observed approx. 2000 sales people in a couple of sales meetings, (total of 4000 sales meetings).

The data was aggregated and Cranfield were asked to analyse the data for correlations, intersections... the usual stuff. A couple of things which popped out of the analysis was that only 19% of the meetings that were observed progressed to the next step in closing the opportunity. Curiously 81% of the sales people observed did not use a SVP in their meetings!

## OK so one sound bite doesn't prove the case... how about this then

Critical Elements have trained over 4000 sales people including sales managers, over the last 9 years and here is one of the questions we have asked most of these folks during the workshops...

**Q:** "If you are unable to differentiate your product or service from your perceived competitors product/service what will be the most likely outcome?"

**And here is the most popular answer we get...**

**A:** "The customer will probably use price to differentiate it and we'll have to discount to get the deal or lose it to a competitor"

**Sound familiar?**

If you're an experienced sales person the answer is yes which is why a disproportionate amount of sales people spend a disproportionate amount of time giving disproportionate discounts to a disproportionate amount of customers"



## This is dysfunctional sales behaviour and makes no sense

If you're still not convinced just ask yourself how many times a customer or prospect has told you that **"you need to look at your price"** or **"sharpen your pencil"** because they can get a better deal elsewhere? All sales people experience this and it's often nothing more than an attempt by the customer to commoditise your product. Procurement people are particularly good at this, as they've been trained to do it and have a lot of practise. I once asked a VP of procurement for a global life sciences company about this and here's what he told me...

**"You, the selling community, have conditioned us, the procurement community to ask for a discount because 4 out of every 5 sales people we ask for a discount agree at the first time of asking... it's often the first tactic we will use because we are as in to instant gratification as you are"**

I then asked him about the 1 out of 5 who do not agree and he replied...

**"Ahh... well then we know that it's not a sales person we're talking to it's a businessperson and we have a totally different conversation!"**

## So here's the problem...

We have worked with over 4000 sales people and managers and our learning is most sales people don't seem to understand that they are NOT selling a commodity\* and because they are unable to differentiate their offer there is a high risk that they allow the customer to do it for them... the problem is that the customer just uses one criteria for differentiation... the price!

\*Lets just define what we mean by commodity: A product or service usually produced and/or sold by many different companies and is uniform in quality between companies that produce/sell it. You cannot tell the difference between one firm's product and another.

OK... It seems that SVP's are important, so how do you get one? Well there's the inevitable good and bad news.

**THE GOOD . . . .**An SVP only needs to answer 3 questions... succinctly.

**THE BAD . . . . .**They're actually tough questions, (well at least 2 of them are).

## Question 1:

**Describe your product/service/solution; features, characteristics, history.**

Most sales people can do this well, though it's amazing when you ask sales people from the same organisation to describe their product/service/solution how many variations you get!

## Question 2:

**Describe what is unique or significantly different about your product/service/solution?**

It's our experience that many sales people struggle with this. If you're a sales manager and your reading this pick up the phone to some of your sales people and ask them the question, they should be able to say exactly why your product is different!

## Question 3:

**Describe the value/impact/performance that your customer will get if they do acquire your product/service/solution.**

This is always the most challenging question for sales people, it's also the most pertinent. You will find it enormously helpful if you can provide relevant evidence of this which is why reference customers and testimonials are so valuable.



We said earlier that the SVP should be dynamic and adaptable depending upon the audience it's aimed at. We might segment the possible audiences like this:

- 1. Generic:** Think of this as the kind of thing that would work on the home page of your website
- 2. Industry specific:** Think of this as one that would be relevant to a specific Domain or Market
- 3. Solution specific:** This would be articulating the 3 questions in the context of a particular solution
- 4. Individual:** This would be adapted to resonate with a specific person
- 5. Personal:** This is often the most difficult one to do because it describes YOU the sales person. This is most important because in the world of person-to-person sales the Value Proposition always starts with the sales person. In fact many of our clients agree that in the B2B world a company's only sustainable source of differentiation is its sales force

OK so let's focus on the 5th one in our list above though please keep in mind that these questions apply to whatever it is you want to propose value for!

## Personal Value

### Proposition:

### Question 1:

#### How would you describe yourself?

Start your pitch by describing what you do. Focus on the problems that you solve and how you help people and organisations. Include information or a statistic that indicates the value in what you do. When creating this try to see yourself through the eyes of your customers.

When thinking about your features and characteristics decide what you want your audience to remember most about you?

Remember that your PVP should excite you and make your own pulse quicken if you don't get inspired about yourself, neither will your audience.

Start by thinking about yourself in terms of your experience, industry knowledge and tenure, qualifications, domain expertise, personal values, only use humour if you're sure you can pull it off!

#### Example:

- **Your experience**
- **Specialist knowledge**
- **Domain expertise**
- **Qualifications**
- **What problems you solve**
- **How you help your customers**



### Question 2:

#### What is unique or significantly different about you?

As mentioned earlier sales people have great difficulty with this they describe themselves as honest, hardworking, willing to go the extra mile, these are already assumed attributes and if you doubt that try telling a customer that you're lazy, deceitful and complacent and see what reaction you get!

Try to avoid talking about your prowess as a sales person in respect of how many times you've achieved quota this is not what customers want to know... they're interested in the impact you'll have on their organization and where you've added value in their industry. One of the best ways to do this is get other customers describing you in a testimonial or referral. Again sales people often feel uncomfortable asking a customer for a referral or a testimonial so here are a few ideas:

- Only ask for one when you know the answer will be yes
- As a sales professional you will have added enormous value during your career and your customers will appreciate this
- Each time you engage with a new customer one of your objectives should be to get a testimonial and you should treat the relationship with this in mind and behave as such by being on your customers' agenda and be authentic
- A customer referral or testimonial is infinitely more resonant than a friend or colleagues

## When would you use a SVP?

OK, so now we have some ideas on how to get one... what do we do with it?

The main use of course is during a formal pitch to a customer and whether it's a 20-page document or a 30 second elevator pitch it should always answer the 3 questions.

- 1. Describe your product/service/solution; features, characteristics, history.**
- 2. Describe what is unique or significantly different about your product/service/solution?**
- 3. Describe the value/impact/performance that your customer will get if they do acquire your product/service/solution.**

You can use it to describe your company, product or service to a prospect as you walk from reception to their office instead of talking about the weather! Many of our clients use it specifically to secure meetings with prospects. Put yourself in the customers shoes it's just conceivable that they have spoken to several sales people that day and won't remember any of them!



Steve Gough, Managing Director of Critical Elements Limited a specialist sales capability consultancy, is an acknowledged authority on sales behaviour and regularly consults, trains and coaches FTSE 100 & Fortune 500 Companies.