## Client Value Propositions…the least used, and most critical sales strategy today

Every organization I've had the privilege of working with over the past 20 years can tell me some version the value proposition that they provide to their clients and prospects (I'll use these terms, 'client' and 'prospect' interchangeably throughout this document). Which is helpful…but not enough.

The primary "gap" in their version is the orientation of the value proposition – they tend to focus on what makes their organization or solution better (or more valuable) than their competitors. It's a good notion but the sobering reality is that your prospects too often struggle to differentiate one vendor from another – even if they all have well-defined value propositions.

I'd like to introduce a provocative alternative: your client is less interested in distinguishing your offering from competing alternatives and is far more compelled by quantifying and achieving their business objectives (or value) associated with their investment – regardless of whom they choose to help them to achieve this value.

If that premise is true, your sales teams should be spending their time and energy helping their clients determine the value of successfully delivering the targeted initiative (technology project, process improvement, cloud solution, etc.) and thereby demonstrating how well they understand how to measure, target, and ultimately deliver this potential value to their clients. By doing this well they'll also do more to differentiate their solution, capability, and organization more clearly than endless PowerPoint slides or a 200-page proposal could possibly accomplish.

Helping your prospects to clearly (and quantitatively) develop their own value proposition sounds simple…and yet it is rarely done well. If that strikes a chord with you, my goal in this document is to explain why it matters, how to do it well, and we'll also aim to define the key success factors in getting this right – for the benefit of your client, first and foremost, and secondarily for the benefit of your sales team's credibility, success and results.

**Why should I have any credibility on this topic?**

I was trained, starting in 1980, by one of the premier sales organizations in the world – the IBM Corporation – and subsequently went on to work at some great and highly successful organizations including Verizon and Andersen Consulting (now Accenture) where I headed up the worldwide business development function for this market-leading consulting organization.

In the late 90's while at Accenture, I conducted a market-wide evaluation of potential sales methodologies you've heard of (and likely been trained by) – including Miller Heiman, Target Account Selling (TAS), and Solution Selling, and Achieve Global, among others. I ended up hiring a sales methodology and training organization I had never heard of – The Complex Sale (TCS). TCS was founded by Rick Page (author of the best-selling book, *Hope is Not a Strategy*) and I chose Rick's firm because he understood what few people I had previously met really understood – that sales success, particularly when selling consulting and professional services offerings, has little to do with having the best features and functions of your solution. In fact, the best solution loses in most competitive evaluations – over half! This phenomenon is the reason I wrote the Kindle best-selling eBook, *UnSelling™ - How to win without selling*, a few years back UnSelling Kindle Edition.

Based on our success at Accenture and my personal alignment with Rick's fundamental thought process, I left Accenture to share both Rick's methodology and my philosophy about UnSelling to many new and name-brand clients in services-based businesses. I've been fortunate to manage and/or coach thousands of sales people and countless large, strategic accounts and opportunity pursuits.

Before we dive more deeply into the value proposition topic, I should provide one additional dimension central to developing these concepts. Since the mid-90's, while at Accenture, we made a decision to institutionalize the process of conducting win-loss reviews when we had either won or lost large, strategic opportunities. And in nearly every organization I have worked with since that time I have either instituted (using third party client research firms) or personally conducted face-to-face interviews with client executives who were deeply involved in the decision process to find out the whole truth and nothing but the truth related to their evaluation and the ultimate decisions.

The reason a third-party review is so powerful is that in most cases the client won't tell the sales team the truth. When asked, "Why did we lose?" you can likely guess the most common answer, "It was really based on price." Why does the prospect usually say "price" when asked by the sales team? Because it's the easiest answer to give and it's difficult for the sales person/team to refute. My experience in these 'post-mortem' reviews is that the client's rationale is rarely based primarily on price. In most cases, the losing team was outsold and the client doesn't want to have the inevitable confrontation to say otherwise.

All of these experiences – in coaching large opportunities, in conducting these win/loss reviews, and in teaching sales strategy to thousands of sales people for the past 20 years - have been combined to develop the insights and imperatives around the best approach to developing the value proposition insights in this document. This may be the single, most powerful way to build credibility and to differentiate yourself, and your firm.

You'll notice I commonly (and interchangeably) use the terms "client" and "prospect" throughout this book. Perhaps it's my consulting upbringing but I have always felt that in order to embrace the appropriate relationship between buyer and seller, it's not only acceptable but even advisable to refer to the prospect as a client. I recognize that they may have never bought anything from us to this point but when you adopt a truly consultative (and UnSelling™) approach, the premise is that we can and should add value from the first meeting with the prospect and they can therefore be accurately referred to as a client.

**A simple example to guide the discussion:**

Because it can be helpful to make the 'theoretical' more 'practical', we'll use a straightforward client-related example that we'll refer to throughout this document:

- Our prospect is interested in evaluating our cloud-based solution to help them to automate and manage their 10 Optometry offices – including accounting, scheduling, patient tracking, billing, labor scheduling, etc.
- They've budgeted approximately $10,000 per month on this solution and believe the benefits will outweigh the projected expense but haven't taken the time and effort to determine the actual value to be derived or the corresponding business case.

- They've invited 3 firms to compete and propose in this evaluation and our firm is one of these competing firms (and perhaps the least likely to win from the prospect's perspective because they've had almost no experience with our firm).

**Why is helping the client to develop their value proposition advantageous?**

Because it's what they most need and yet not at all what they expect from us or any competing providers. Instead, they expect you to talk about your firm. They expect you to talk about the advantages of your solution. In essence, they expect to be "sold" and it's precisely what most sales teams predictably do. It's what I wrote about a few years back when the eBook, *UnSelling™ - Sell less to win more* was published.

The truth is that selling in the traditional way often doesn't work because our orientation is mostly about educating the client about what makes us different relative to our competitors. In reality, prospects are most benefited when we are predominantly focused on helping them achieve their targeted business objectives for a given initiative, not "selling" them on what makes us better than others. Why does this client-orientation make the biggest difference? Specifically, the advantages include:

- Clearly distinguishes your team's approach from your competitor's approach – because it's evidence that we uniquely care about the client's success, regardless of whom they ultimately choose to work.
- Helps to add credibility to our client personally, to their efforts and to the initiative itself because there is a solid business case/value proposition supporting their proposed investment.
- A solid client value proposition helps overcome downstream objections and project "hiccups" that can slow momentum and sometimes even derail important projects
- Creates a "trusted advisor" relationship that most sales-oriented approaches don't achieve
- Enables the sales team, early in the buying/selling process, to proactively navigate to the people who matter (as opposed to those who "care") – mostly because our focus and interest is on the value contribution of this initiative.
- And finally, doing this well helps to qualify whether this opportunity is likely to happen. If an organization seems uninterested in identifying the ultimate return on their intended investment, the likelihood of progress, commitment and/or success is far-more suspect to say the least.

So, if this approach to pursuing new opportunities is so compelling, why don't more sales organizations do this well? Because it's hard to do it well and many clients/prospects either don't have the know-how or even the inclination to get this right. Or, perhaps more commonly, it's often because the sponsoring executive or evaluation team believes they can get their project approved without defining and defending a business case to support the investment.

Keep on more point in mind: just because the client appears to have little interest in building their project's value proposition, it doesn't mean we should conform to the approach every other competitor utilizes – by 'selling' (i.e. 'death-by-PowerPoint' presentations and lengthy proposals) that largely relies on your firm having the best solution to win the business – which isn't as common as you'd hope and generally fraught with risks!

**When's the best time to do this in the buying/selling process?**

The short answer - at every, single stage. If the client is going to genuinely know that you're primarily concerned about their success (vs. your own success), this perception isn't formed because you ask one or two questions early in the engagement. It has to be obvious and reinforced throughout the buying and selling process. Let me explain how pervasive this mindset must be in your buying/selling stages:

- **Stage 1 – Qualification**

  Qualification is often viewed as being primarily focused on deciding if this is a good opportunity for you as the vendor - Do they have budget? What's their source of urgency? Are they happy with their current solution? Although these are the right questions to ask at this stage, if we're genuinely focused on helping our clients to succeed, it's also reasonable (and helpful) to ask your client, "Do you know what it's worth (i.e. the 'value') to your organization to buy and install this solution?" Does it reduce their operating costs? Does it let them serve their patients more effectively? Does it improve their reimbursements from insurance companies or other Payors?

  More often than not, you'll be underwhelmed with their answers to the above questions – mostly because they haven't taken the time or effort to quantify the value. And if their answer is, "No, we haven't." – it doesn't mean you should qualify out and run for the next opportunity. Instead, it could mean that you have a tremendous opportunity to distinguish yourself from every other competitor that this client is evaluating.

  On the other hand, if they've taken the effort to quantify the value proposition for this initiative, it's perfectly logical to probe with some insightful clarifying questions (the targeted value, the categories of value, the timing, the risks, etc.).

  If they never intended to build their own value proposition, it gives us the opening to establish credibility in the mind of the prospect and will simultaneously help us to qualify the opportunity. Here's a few questions, with an UnSelling™ tone, that can be useful in your qualification/pursuits:

  - Would it be helpful to better understand what this initiative is worth to your business – including the business case for the investment that could also help to identify the potential risks?
  - Would you like our help to develop this value proposition, regardless of whether you choose our solution or not?
  - Is there a minimum return-on-investment that you'd expect to derive before this project will be approved?

  If the prospect is receptive to these questions and open to your help in developing the value proposition, there are three significant advantages to this approach: 1) it's reasonable evidence that the client is serious about the project investment/benefit; 2) It allows us the opportunity to distinguish ourselves and our solution in the process; and 3) once the compelling value/benefit is defined, it helps to sustain momentum when outside forces create roadblocks throughout the buying process because the cost of not achieving these benefits can help overcome these roadblocks and objections.

At the same time, the prospect who has no interest in quantifying the value of their initiative should be a red flag to us about their actual interest and intent to change from their current approach pre-determined direction.

- **Stage 2: Influence the client's decision criteria/process**

  Once you've qualified the opportunity (i.e. you've determined this opportunity is worth the investment of your time, at least initially), and before you dive into a thorough discovery process, you often have a window of opportunity to influence the client's decision and evaluation criteria/process. And, if the prospect hasn't previously considered the benefit of having a well-defined value proposition, one of the best ways for you to do this well is to ask some questions to fully understand their current decision-making criteria and process: i.e., who will they involve? What criteria will they use for evaluating among competing alternatives (including the most formidable alternative – the dreaded 'do nothing' decision)? And, what steps will they take in this process to ultimately decide?

  In this case, you have the opportunity to advocate for the client by suggesting (for their benefit, not your's) that they make this an important part of the evaluation process. The UnSelling™ phrase could sound something like, "My recommendation is that, regardless of whom or what you choose to implement, you'd benefit from having a well-defined business case or value proposition to help you identify functional priorities and to increase the probability of measurable success on this initiative."

  How could a serious prospect view this as an unreasonable suggestion/recommendation? Only a prospect who's not genuinely interested in acquiring the best solution but instead is intent to buy the solution that they are predisposed to select (including 'doing nothing')

- **Stage 3: Discovery (And its three dimensions: – The hierarchy of pain/gain; stakeholder pains/gains; and the quantification of client pains/gains)**

  Opportunities are most often won (or lost) at this stage because the genuinely-interested prospect needs the solution providers who've been invited to compete to thoroughly understand the business problem/opportunity (or 'clinical' in our case study example).

  When done poorly (with a solution-centric orientation), the vendor is intent on finding operational or technical problems that will be improved by implementing their proprietary solution. This competitor will ask enough discovery-related questions to demonstrate that their proposed solution can improve the client's business/operations. And that's what they'll generally use to distinguish their solution from the competition.

  Discovery, done well, has an entirely different orientation. It's centered on the cost/benefit equation of making this investment – including the degree of difficulty in implementing the solution and the likelihood of achieving the benefits the client envisioned from the start.

In order to do this though, discipline is required because we have to resist the temptation to do what we've been trained and encouraged to do as sales people since we started our first sales-related role – "sell!" Instead, your team should be on a mission to talk with the right client stakeholders to get their first-hand perspective on the potential pains and gains; to understand the baseline measures of the "current state" in order to determine the value of improving from the current state; and, equally important, to sufficiently quantify the costs, benefits and risks in order to credibly help the client to understand and embrace the value proposition for this initiative.

When we make this central to our approach, the client perceives that we're less interested in "selling" our solution and they view us as an advocate for their success – regardless of the ultimate direction they take. It's this "client-advocacy" that makes the biggest difference in the discovery process and the benefits are many:

- Allows us to access and establish relationships with more stakeholders – because it's perceived as in their best interest, not ours
- Enables us to garner much more information than a typical, product-oriented approach that focuses on understanding the features and functions of the current client solution
- It is a clear delineation between our firm's orientation/approach to our clients vs. the vast majority of typical competitors.
- And perhaps most importantly, this approach gives us the foundation to help the prospect to build a credible value proposition which will ultimately provide the key stakeholders with the compelling commitment to move forward on this initiative and much more likely to do so with us.

**Important note: if the value isn't quantified, it isn't valuable**

The average CFO in one of your clients is likely to be the recipient of hundreds of internal "proposals" in any given year asking him/her to approve spending on the next great idea to improve their business or to deliver better patient care. In all likelihood, only a small portion of these proposed expenditures actually get approved and funded. How do you think the CFO decides which are worthy of approval and which aren't?

While ROI (return on investment) alone isn't enough to get a project funded – it's certainly better than not having one. The mistake many of your client sponsors make is that they fail to quantify the value of the proposed investment. Oh, they'll identify the "categories" of value – improve turnaround time, reduce complexity, better serve our patients, etc. – but without a stake in the ground on actual, targeted value (revenue, margin, cost, etc.) associated with the proposed initiative, in the mind of the CFO this becomes a "nice to have," not a "must have" in their business.

What's the best way to quantify the value? You can start by asking the prospect if they've already determined their baseline cost or baseline performance and any targets for improvement they have previously defined. If they have, all the better! If they don't, it's our job (and opportunity) to help them do so. This can be a detailed analysis or a rough estimate of the current and targeted measures of performance and targeted benefits.

In essence, our role related to the value proposition is accomplished when we've helped the client truly quantify the actual value/benefit the client can expect to achieve. It may come in the form of reduced costs, or increased revenues, or even improved profitability through margin enhancement. Whatever form it takes, the likelihood of gaining executive approval is often dependent on whether they see the actual value – not the "soft" benefits.

Without quantifying the value, you can hope they'll buy; the problem is that "hope" is usually not a great strategy.

**Stage 4: Solution Development: ensuring our solution will deliver the client's intended benefits to differentiate our firm's solution**

For 20+ years I've been conducting face-to-face win/loss interviews with client executives to fully understand why they choose whomever they end up choosing. It's fascinating that they'll tell me the truth and won't share as openly with the pursuit team from one of my clients. One of the common themes in these interviews is that clients most often struggle to distinguish among competing solutions – mostly because they all sound alike and they aren't knowledgeable enough about the solution-specifics to know or understand the differences.

Which begs the question that I invariably ask in these interviews: if they can't distinguish among alternatives, how do they ultimately decide?

They decide in two common ways: 1) they prefer the provider "who better understands our business and what we're intent on accomplishing" (i.e., the client value proposition) and 2) they most commonly are most impressed by the solution provider who can 'connect the dots' by addressing the their personal and/or organizational needs – especially those of the key decision makers.

There are three distinct strategies that are key to winning the votes of the key decision makers:

- The Solution strategy– crafting a solution/approach that answers the ultimate question: "So what?" Does the solution solve the business or operational problems/opportunities that the client is intent on solving?
- The Stakeholder strategy – which is entirely about developing a solution that wins the hearts (and votes) of the key decision makers. This answers the "Who Cares?" question.
- And the Competitive strategy – which includes timing (accelerating vs. delaying the decision), getting your foot-in-the-door (the fractional strategy), and even the walk-away strategy (which is actually designed to win, not walk-away), among other competitive strategies.

In essence, the reason your firm's solution is likely to be perceived as both advantageous vs. others and the right solution for the client is that it is designed to address the benefits of the client's specific business needs and value levers

**One last important note:** throughout all of these stages, efficient and effective deal strategy sessions are imperative because they help to ensure that the right disciplines (or best practices) are employed and proliferated throughout your organization's sales stages/processes. For more specifics and recommendations, contact me to get a free PDF of my eBook called, *Deal Coaching is a Lost Art* which is available at www.betterwaystrategies.com

**Stage 5: Negotiations/close:**

Understanding and overcoming objections can be difficult to do – particularly when there's not a compelling client business case or value proposition. Consider how much easier it would be to address a client objection if you can point to a compelling value lever that dwarfs the objection itself (i.e. extra resources required)

Having a solid value proposition changes everything about price negotiations because the competing alternatives – especially the low value, low price competitors – will be relying on features and functions of their solutions. You, on the other hand, will have a value proposition that distinguishes your solution because it is focused on the client's value and business case, not simply on functionality.

Perhaps the greatest advantage of helping the client with their value proposition is that it helps to maintain momentum in the final decision process because the key decision makers are less likely to be distracted by other internal initiatives/investments if your projected benefits are sufficiently compelling

- **Stage 6: Implementation/delivery: focus on the value delivered!**

  This is where the real payoff occurs – because once the contract is jointly signed (by the client and our team) we are both clear and in alignment on the benefits we're intent on achieving. Your joint implementation team then has the ability to focus its efforts on the components of the solution implementation – the order, the timing, the approach, etc. – to ensure we achieve quick wins and maximum overall value delivered.

- **Stage 7: Post implementation – delighting the client, measuring the value delivered, and creating sustained competitive advantage**

  Post implementation, it's about doing what we said we'd do, measuring our results, identifying additional value levers and continuously improving. And when we focus on these elements, the client will perceive our team as being a trusted advocate, not just a vendor. Which also means we are involved with the client in a better and very different way. Specifically, when they know our focus in primarily on their success we're given access to client stakeholders we wouldn't otherwise be provided; we're sought out for advice and counsel; and often given early looks at new initiatives.

**The "How To's" of Value Propositions:**

As you would guess, there's not a "one-size-fits-all" approach to value propositions as the ideal approach depends on the client, the nature of the problem/opportunity and the capabilities of your firm to measure and address the client's challenge. And yet, there are a core set of steps and activities that are fundamental to doing this well, regardless of the specific situation. Here is a brief summary of these steps and the key success factors represented by each.

- **Client baseline/benchmarks –** as a starting point, it's important to know the client's starting point before we try to determine the client's optimum direction and goals. A few key success factors in doing this well:
  - Define the measures the client (and your firm, as their advocate) will use to ultimately track our progress and success
  - Determine the historic performance and the investments/initiatives they have undertaken to improve previously
  - And importantly, identify the starting point of performance for this client across the metrics/categories you intend to measure
- **Identify preliminary goals/metrics** – this step is about establishing the initiative goals – how much better do we think performance can be and in what timeframe (or along what set of milestones over an extended period of time)? These include the goals, the ROI (Return on Investment) that would justify the investment and the corresponding risks of the project.
- **Data collection/due diligence** – this is the step to validate that the data is available and that we can create on-going measures that would allow the client to track their progress (or lack thereof) – including the dashboards or scorecards to be used to publish results, celebrate progress/success, and/or remediate lack of intended progress.
- **Client interviews (challenges, priorities/goals) -** this is the stage that involves the key stakeholders and decision makers to gain their agreement/alignment on the quantifiable measures that will govern the initiative going forward. It's important that theses stakeholders feel a sense of ownership in the establishment of the targeted benefits/goals.
- **Develop the value/benefits case** – this stage allows the client team (with our help of course) to finalize the business case, assumptions, dependencies and risks to the value proposition that will be used to prioritize key elements of the initiative, address potential impediments/objections and to ensure that the initiative stays on course to deliver the intended value.
- **Gain client agreement/commitment/ownership** – and finally, this is the stage that allows our team and the client sponsors to institutionalize several important disciplines including:
  - **Key Metrics –** the quantification of the actual value delivered vs the targeted measures of success that will validate the categories of accomplishments
  - **Milestones/timing –** what we'll accomplish and when
  - **QBR/reviews –** the cadence and management forums that will be used to review progress, escalate issues and variances, and remediate potential obstacles
  - **Recognition –** reinforce the initiative's progress and delivery by intentionally and publicly celebrating successes – both institutionally and for individual accomplishments

**Important Guiding Principles –** When it comes to an endeavor to determine the client's value proposition, it's helpful to determine, at a high level, the guiding principles that help to keep the effort productive and "out of the weeds". Below are a few examples you may want to use as a starting point and explanations of these principles:

- **The value proposition doesn't have to be perfect…but it has to be credible** – this process will be less than perfect, largely because you and the prospect have to make assumptions and there are always a series of dependencies that could affect the success measures. Regardless of the impediments, it's important that the targeted value is measurable and credible. Otherwise, your efforts to create value propositions will be counter-productive to your initiative.

- **Something is better than nothing –** At the same time, this is a less-than-perfect science so even establishing a few key value measures that the client executives can align around achieving are far better than having no value measures at all.

- **Answer both questions: "So What?" & "Who cares?" –** Having value propositions, by themselves, are far less compelling than those that identify the benefits and the key stakeholders who are most impacted by the value delivered. Without the "so what" and "who cares" you'll have value with no power or people behind them.

- **Ensure the client is part of the process and in alignment –** It's important not to develop these value propositions in a vacuum. In other words, without the client's involvement and buy-in, there's virtually no benefit from targeted benefits that aren't embraced by an enthusiastic client executive(s).

- **It isn't a one-time step in the buying/selling process –** as outlined in this paper, the commitment to a value-proposition mindset starts from the beginning of the initiative and runs through the implementation and post-implementation phases. It's the full cycle - identification, goal-setting and ultimately the achievement of the client's value that really distinguishes your effort and your firm.

- **Ensure you can measure the results –** if you can't measure the results, the benefits presumably don't exist – at least that's what most clients will contend. Be sure you can measure the intended benefits for optimum results and for sustained commitment from all parties.

**UnSelling approaches/phrases**: If you've read my Kindle best-selling eBook entitled, *UnSelling™ - How to Win Without Selling*, ( UnSelling Kindle Version ) you know that I'm a proponent of a far more consultative approach to our client approach than most organizations provide.

Below you'll find some simple examples of questions and statements that can be used to get the client/prospect comfortable with developing the value proposition because they genuinely believe (and rightly so) that their success and the value delivered by this initiative to their organization is our primary concern. Remember, our success is secondary, which makes us all the more credible and attractive to this client!

- **"Have you identified the value of this project? If not, would it be helpful if we quantified the value?"**

- **“I’d recommend you quantify the value of this project before you invest significant time and money… to ensure it’s worth your company’s effort and expense.”**
- **It means asking your client sponsor/key contact: “When your CFO asks, ‘What’s the benefit?’ do you feel comfortable with being able to answer the question with conviction?”**

Are there other questions or statements that you can come up with to give the client a genuine sense that you are primarily interested in their success, not in your ability to close this deal?

For more resources and perspectives on Peter’s work: [www.betterwaystrategies.com](http://www.betterwaystrategies.com)