THOUGHT LEADERSHIP SERIES

Accelerating the Sales Cycle with Value Propositions

The NARO GROUP

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Value propositions can dramatically accelerate sales cycles, as highly successful sales people have proven. However, most sales people aren't sure how to utilize them, and they stumble over how and when to appropriately include them in a **sales cycle**.

There are three key misconceptions that tend to stop sales people in their tracks when it comes to value propositions. Here they are, along with a few facts that can help sales people view value propositions with renewed enthusiasm.

Misconception #1: Numbers are scary.

The reality? Value propositions based on numbers can help sales people generate highly focused conversations with buyers - and that's a lot less scary than ambiguity. Quantifiable information, whether based on industry benchmark information or specific data on a prospect's company, helps to establish credibility. And numbers are a lot easier to find than most sales people think (read on for some tips on this one).

Misconception #2: Information is too private.

If a company is serious about making an investment, the folks buying the product or service expect to share information about their company so they can justify the purchase. Willingness and ability to ask for this information at the appropriate stage of the sales cycle for use in a value proposition helps garner respect and credibility.

Misconception #3: Information is too scarce.

The data used for value propositions doesn't need to be only about a prospect's company. Industry data is readily available online. There is also a great deal of information within a sales person's company about other buyers who are facing similar challenges. This knowledge itself enables sales people to provide value to buyers.

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About The Naro Group

The Naro Group specializes in helping technology companies capitalize on their investment in sales process and sales training. Contact Jim Naro, President, by email at: jnaro@TheNaroGroup.com.

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Here's another reality. Before making a purchasing decision, buyers want to have some assurance that their purchase will lead to success for themselves as well as their company. The quicker sales people can establish a baseline for this and build upon it through a variety of value propositions, the quicker the sales cycle will proceed. And there is a secondary benefit - value propositions also provide sales people with a built-in system to gauge the true value of the opportunity itself. For instance, a sales person may discover that his $1,000,000 software solution is being considered to solve a $10,000 problem. That deal is not going to happen and the sooner that is discovered, the better.

What's Important to the Buyer?

The basis for any value proposition is actually very simple - it's all about what's of value to the buyer. A sales person's job is to use the value proposition to accelerate the buyer's process of measuring and quantifying a purchase decision. Here are some insights for sales people to keep in mind as they discover what's of value to the buyer and how to incorporate those values into a sales cycle.

- **It's more than just a money issue.** Too often, ROI is the default value proposition, because it's one of the most critical measures of success. While ROI is important and will be included in most sales cycles at some point, there are other less tangible value-related elements that can easily be used right from the beginning.
- **Emotion and logic are factors too.** When it comes right down to it, people tend to make emotional decisions ("Is this going to make me look successful?") and support them with logic ("Does this product or service do what I need it to do?"). The combination of the two - emotion and logic - coupled with the value of an ROI analysis, creates the ultimate justification for a buyer. When all three are present, the sales cycle will continue to move forward. A sales person can discern the real underlying value issues (whether emotional, logical, or financial) from conversations with the buyer. A well-thought-out line of questioning and an understanding of the customer's business will help bring this information into the conversations with buyers.
- **Trust has value too.** Sales cycles that feel like a trusted partnership between the buyer and the sales person are always more successful. Buyers are often tasked with making purchases worth hundreds of thousands of dollars and if they can trust their sales person to guide them through the decision-making process with integrity and honesty, the deal will close faster.

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Creating Value Propositions That Sell.

It's advantageous for sales people to set the tone for the fact that value is going to be an important component of the sales cycle early on. This includes educating buyers on how they think about their problem or pain, what the potential deliverable of the proposed solution is, and what type of success can be achieved in relation to the buyer's business objectives. It's important to not only begin the conversations early, but also to continue them throughout the sales cycle and reassess each step of the way.

Here are a few easy-to-implement ways value can be incorporated into a sales cycle, with or without input from buyers.

1. **Introduce an industry perspective.** Based on industry knowledge, such as analyst reports or surveys, sales people can start building value propositions even before they get to their first meeting. Powerful statements, such as "other companies your size generally see a 30% decrease in reporting errors when they adopt a solution like this," help establish a baseline of credibility in initial meetings.
2. **Use success stories with ROI and other metrics.** Everyone loves to hear stories about what other companies have experienced - both the successes and the failures. Sales people can mine data from case studies within their own company to build a value proposition. There are typically three to five top key benefits described in the case studies that show the value of the solution. Using these in customer conversations will ultimately feed a more detailed analysis later on.
3. **Don't be afraid of educated guesstimates.** Sales people often overlook the fact that they frequently engage with direct competitors and similar companies to their buyers on a regular basis. Consequently, a sales person's best guess is probably as good as anyone's. This information can be used as intelligent 'assumptions' and, where need be, can be clarified and quantified later.
4. **Ask direct measurement questions.** As sales people prepare questions to ask buyers, they often leave out any kind of quantitative query. However, it's important to learn which high-level measures their solution will ultimately impact for the buyer. Three key areas of impact that can be discussed with buyers include revenue growth, market share, and cost reductions. Hard numbers may not be shared, but softer measures, such as percentages or global ranges, are a good starting point. These conversations will also go a long way in helping sales people build credibility with buyers.

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5. **Customer-provided information.** People commonly think about company-specific data as being important, customer-provided assumptions that are accepted as reality are also key indicators of value. Sales people can ask questions such as: "If you were able to automate the searches you regularly do for employee renewal information, how much time do you think that would save you?" A response such as, "If I reduced the 50 hours per month we spend on the searches to 25 hours, it would save our company about $2,500 a month," is a golden nugget for value propositions.
6. **Data-driven assessments.** Sales people also have an opportunity to add a formal business-value assessment into the sales cycle. Typically this is when they get executive-level support to ensure real numbers are used in the calculation. A cost-of-ownership analysis is an example of such an assessment and it might include:
    - The cost of change - Reduced productivity through change process, outside training, and support
    - The cost of upgrades - Additional hardware and software to support the new solution
    - The cost of ownership - Capital expenditures versus operational costs and a timeline for when the investment pays for itself.

Assessments like this establish the true value of a buy, which typically needs to exceed the cost of change by some multiple, such as three to four times.
Once sales people establish what is of value for their customers, they can find unique and creative ways to build value propositions into various stages of the entire sales cycle. Sales people who embrace this concept find that they are working with more qualified buyers and that their deals close quicker than ever before.

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