Feature Article

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# Sales Training Article: Establishing Value

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When I started my selling career, my manager insisted that each proposal contained a cost vs. benefit analysis. There were times when I couldn't understand why decision makers didn't move forward with my recommendations. In retrospect the problem was that the numbers were projections I made about how certain business variables would improve but I never got agreement from buyers as to what results could be achieved. In retrospect, buyers expect sellers to overstate opinions. It's likely they weren't basing their decisions upon my projections.

A cornerstone of CCS® is asking questions so that seller assessments of opportunities are based upon buyer opinions. In establishing value the following steps are suggested:

1. Be sure you have uncovered goals - business outcomes buyers are willing to pay money to achieve (if you have questions, review my previous article).

2. During your diagnosis, be sure to dig down by asking questions to help the buyer understand the cost of not having your capabilities in their current environment.

3. Whenever possible, see if the buyer can provide you a "base line" of where their organization is today. For example if a VP of Operations wants to reduce unscheduled downtime, find out what percentage of the time they experience downtime.

4. Once you've completed your diagnosis and uncovered the capabilities the buyer wants, pose the question: *If you had (list the capabilities) could you reduce downtime?* If the buyer agrees, leverage the baseline to quantify potential value by asking: *You currently are experiencing downtime of 4.7%. With these capabilities, how much improvement do you feel is possible?* If the buyer can provide a figure, then you've been able to quantify the potential value.

*Image courtesy of Ambro at FreeDigitalPhotos.net*

5. If a buyer can't or won't project improvement:

   a. Buyers may first require proof (references; success stories; etc.).
   b. After seeing proof, buyers may need to be guided as to what other Operations executives have been able to achieve and then asked for a range. For example: *When you spoke with Jim Harris of the XYZ Company, he indicated that downtime was reduced by 63% after 6 months. What do you feel is possible within your organization?*

6. If buyers are reluctant to provide figures, another way to help them evaluate the financial impact of buying is to calculate the improvement needed to break even and ask if they feel that level of improvement was reasonably within their grasp.

With multiple buyers/multiple goals you would go through this process with each one and then the cost vs. benefit would be a roll up for all committee members to see. A common reason for no decision is that value has not been established nor documented. The more thorough you are in establishing value, the less likely you will have buyers make no decision. It can help you avoid a worst-case scenario of going through a full sales cycle and losing.