



Value-Added – What Does It Mean?

One of the tools that we use in the strategic planning process for effectively managing key account customers is a "value added search". This is used to identify all the possible ways to add value to the customer's business. However, the term "value-added." is used so much now it has become a bit of a cliché. Everyone is claiming to be a "value-added" supplier.

Almost every business I work with claims to have better people, better service, and more technical expertise than all their competitors. The trouble is their competitors often say the same thing. Someone has a biased and inaccurate perception.

Once a word or phrase becomes a cliché, it often loses its original meaning. This is true with "value-added." What exactly does it mean?

The definitions grow even more obtuse when you ask salespeople what they mean by "value added." Some will claim that their customers demand a regular visit by the salesperson. Their presence, therefore, is valuable to the customer. Others claim expertise as valuable. Many point to the long term relationship as the factor that brings the most value to the customer. And so on...

The truth that we often overlook is this: **Value is defined by the customer**, not the supplier. It doesn't matter what you think your value is, it only matters what your customer believes it to be. And customers don't always think alike, so that the operating definition of value-added varies from customer to customer.

As business has grown more complex and competitive, the demands of the customer and their subsequent definitions of value have grown more varied. What was more or less universally valued a few years ago is not anymore. For example, local inventory may have been universally valued in the 1990s, but today some customers would rather buy direct and absorb a longer shipping time. Experienced people may have been valuable to everyone a few years ago, but some customers today would rather gather their information off the internet and pay lower prices. Technical expertise may have been universally valuable a few years ago, but some customers today would rather reduce their purchasing costs through an integrated supply contract administered by the head office.

It's not that some of the things you have built into your business as value-added are no longer important; it is that some of them are no longer viewed, by significant numbers of your customers, as worth paying more for. They may be necessary, but they are not sufficient.



If you are going to be a true value-added seller in the 21st century marketplace, you must be flexible and capable enough to offer different things to different customers, responding to the individual customer's definition of what is valuable to him or her.

The primary means of doing that is a highly trained sales force that is adept at the strategies and tactics that result in a deeper and broader understanding of what the customer really wants, what the customer really values, and what the customer will really pay for.

However, there are many technically-oriented salespeople who view their job as providing technical solutions to technical problems. While that certainly is a significant part of the job, and an excellent foundation for value-added selling, it is not sufficient. Others see themselves as face-to-face customer service people, visiting the customers on a regular, route basis in order to pick up orders and take care of issues. Still others have evolved into comfort zones: working with the same customers, on the same product lines, in the same ways.

More and more, value is determined by deeper and broader issues than just those addressed by these limited perspectives. How the solution fits into the customer's business systems, the philosophy of the customer relative to its vendors, the strategic plans of the customer, the potential integration of customer/vendor IT systems, etc. - all these and more are just as likely to be the issues that the customer values.

If salespeople are going to adequately uncover these deeper issues, they'll need to excel at certain sales behaviors that go above and beyond just the ability to solve a technical problem, or show up regularly.

They will need to enhance their ability to create positive business relationships with anyone and everyone. They'll need to relate to a variety of positions and job titles, like CEO, CFO as well as production manager or engineer. Additionally, they'll need to expand their abilities to deal positively with a wide variety of personality styles. The sales person who remains in the comfort zone of production managers, purchasing agents and maintenance supervisors will severely limit his/her value.



There exists a great opportunity for companies who are intent on maintaining and expanding their reputation as a value added supplier. Those who develop processes and systems that encourage their sales force to be more strategic, to train their sales force in the appropriate sales skills and who motivate and inspire them to continuously focus on improving their implementation will be the ones who rise to the top.



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