



Value Selling 2.0

Results,
conclusions
and recommendations
from the Value Selling Survey 2015
Mercuri International

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The Value Selling Survey



In total 278 b2b companies from D/CH and Benelux participated in the survey. The survey was conducted through an online questionnaire, and selected personal interviews.

44% of the respondents are MDs or Division Managers,
38% Sales-, Key Account- or Customer Managers.

65% produced components, parts, systems or machinery,
35% are from the service industry,
more than 50% sell complex products.

A lot of companies in the sample are more successful than their industry average, 42% in profitability and 39% in growth.

73% stated that the survey covers all relevant aspects of Value Selling.

The First Question : What is Value Selling ?

ROI

**Solution
Selling**


**Tangible & intangible
value**

TCO

**Performance
Selling**

**Value Based
Pricing**

Conclusion



Define
clearly vs for
your company &
Market

understood by all
staff

The first facts : Value Selling is by far not implemented



87% say Value Selling is a core topic.

31% is the current utilisation of Value Selling potential.

14% price increase is possible though fully implemented Value Selling.

Structure of the questionnaire / the system of Value Selling

The structure of the survey is based on a general approach to define an individual VS-Strategy.

First we have to define what are the targets of Value Selling. What do we want to achieve?

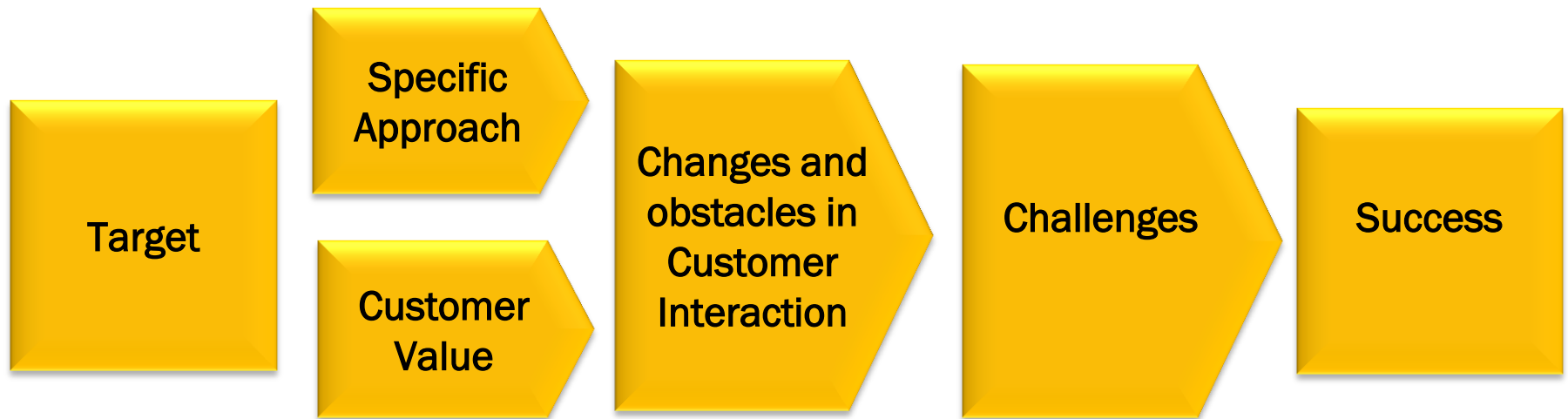
Next step is to define the specific approach we want to choose and what benefits/values we want to make tangible.

Of course this needs changes in customer interaction. If we continue working in the same way nothing will change.

We also have to be prepared to overcome some hurdles. Within our sales team and within the customer and we have to adapt our way of sales management until we can realize success.

Of course this survey will not give us an individual solution but show us the status and experiences of other companies for each step in the process and can be used as a guideline to challenge your Value Selling process.

Structure of the questionnaire / the system of Value Selling



Value Selling – what are the targets?

How do you rate targets of Value Selling?

We want to retain existing customers



With a professional sales approach we want to make our solutions tangible for the customer



We want to win new customers



We want to get more orders



We want to utilize cross selling with existing customers, to increase our share of wallet



We want to design our interaction with customers in a better and more efficient way



We want to increase our prices compared to the market and our own price development



Value Selling – what are the targets?



Companies follow a lot of different targets with VS, mainly business targets often too many.

Price increase is not the main target.

This shows our statement that VS is an overall philosophy and not “one specific approach”.

The differentiation lies in the specific VS-approach you will follow to achieve these targets.

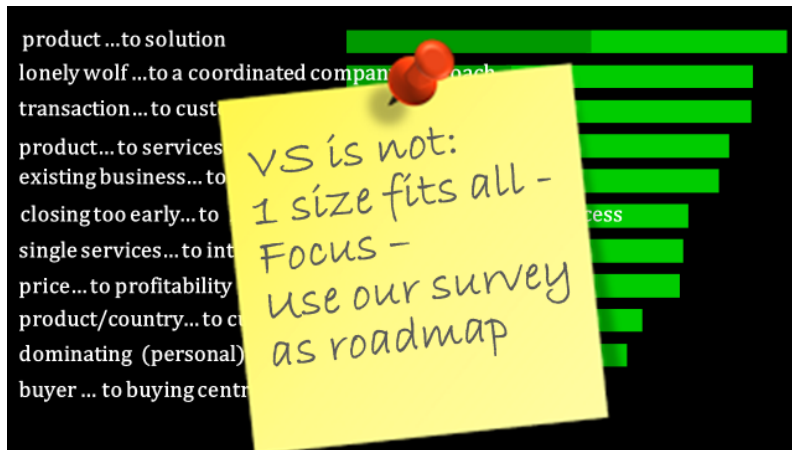
Make sure you have clear business goals (not all of them).

Value Selling approaches

What is your approach to increase your business in future (volume and profitability)?



Value Selling approaches



VS is not an all-purpose “one size fits all”.

Too many VS-approaches are followed at once.

That can easily overburden your company.

To follow 2-3 approaches (means changes) are already demanding. Set priorities!

And even to realise one approach, you will need a roadmap with different steps of professionalism.

Most companies set priorities in their Value Selling approaches



From dominating (personal) sales to multichannel management

From product to solution selling

From purchase price to profitability



Starrag Group

From product/country to customer organisation



BiLFINGER

From the „lonely wolf sales rep“ to a coordinated company approach

From closing to early integration in customers' buying process

lienhard office group



From transaction to customer relationship



From single services to integrated cooperation

From existing business to new areas of cooperation

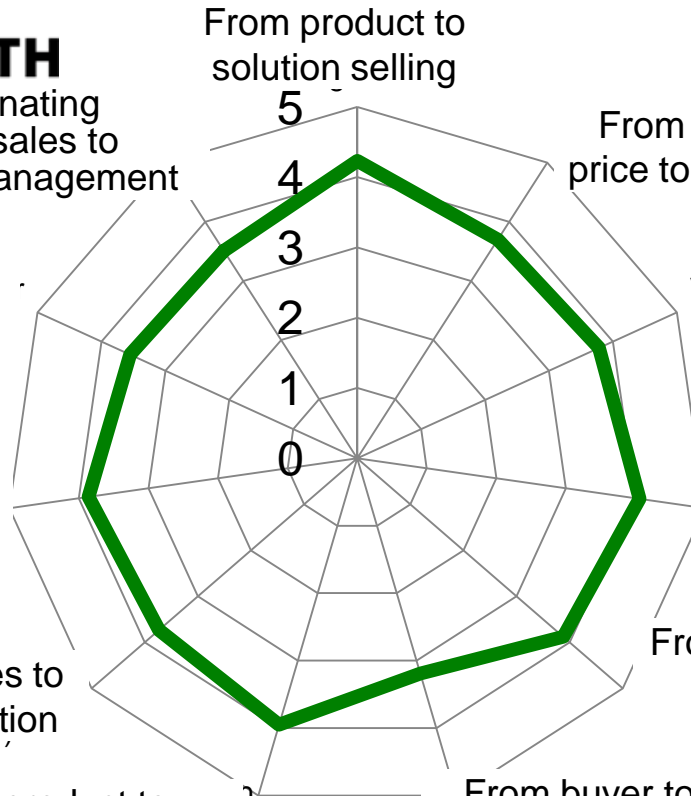


From product to supporting services

From buyer to buying centre



swisscom



Future values for customers

What are important benefits to win and retain customers in future?

Relationship:

Trustful individual relationship, between supplier and customer

91%

Profitability:

Increasing profitability and competitive strengths of the customer

82%

Image:

Brand, positioning, leadership in technology and application

82%

Individualisation:

Strategic fit of specific customer needs and offer

79%

Speed and Flexibility: Fast and flexible services to strengthen customer's flexibility and lowering his risks

78%

Quality:

Supporting customer's quality by optimized processes and quality of services

78%

Transparency:

Understandable offers, explanation of customer benefits

76%

Innovation:

Contribution to customer innovations, innovative services

71%

Coordination: Efficient interaction internally and with the customer, coordination of interfaces with customer

64%

Relief and Security:

Comprehensive relief of the customer, from guarantees to outsourcing

63%

5

4

3

2

1

very important

not important

Future values for customers



Finally VS-approaches have to deliver benefits to the customers. These benefits should be perceived by them as “Value”.

Again we see the same picture. A lot of values are seen as important for the customer.

To realize VS we again have to focus, to link the values to our chosen VS approach and find a way to make them tangible.

It is not enough that we believe we can deliver them.

Sales must also be able to get them across.

Sales illusion

To which extend do you agree with the following statements

There is a gap between strategy and actual interaction with customers



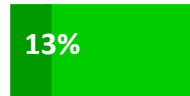
Customer talks are limited according to frequency and duration



A sales rep cannot implement all strategic targets in a customer talk



The topics of customer talks pop up accidentally



Our sales reps promise a lot which we cannot fulfil



Sales illusion



In a lot of cases, sales is the bottleneck for Value Selling.

Time to make conversations with customers is limited.

Especially when we look at the topic: “How will customer interaction change?” The big issue is the mismatch between the VS strategy and the customer interaction.

Changes in customer interaction

How will Value Selling change customer interaction?

We increase systematically the quality of customer consulting

We listen to the customer proactively

Establishing 360 degree information about the customer (challenges, strategies, performance measurement)

With the right questions we steer the customer talk and identify new approaches for the business

We argue higher prices customer specific and realise them

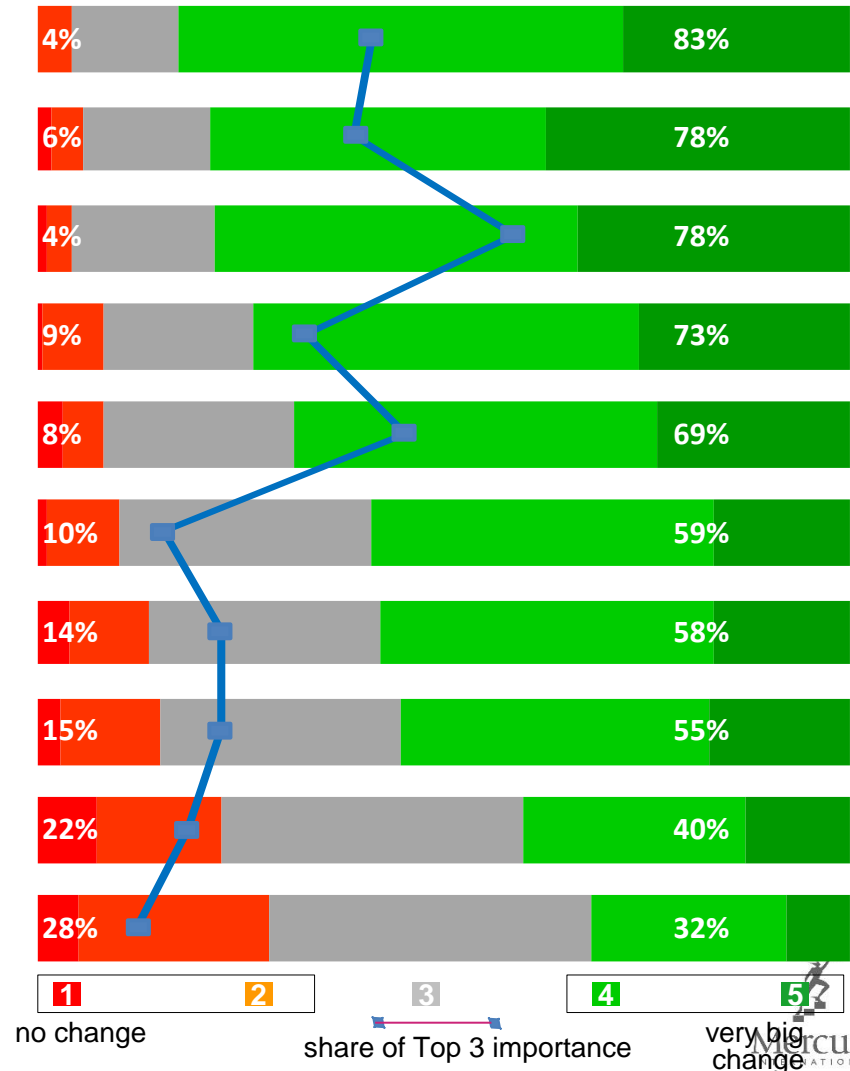
With key customer employees we will have challenging talks

Evaluating CRM-information of customers and discussing the consequences

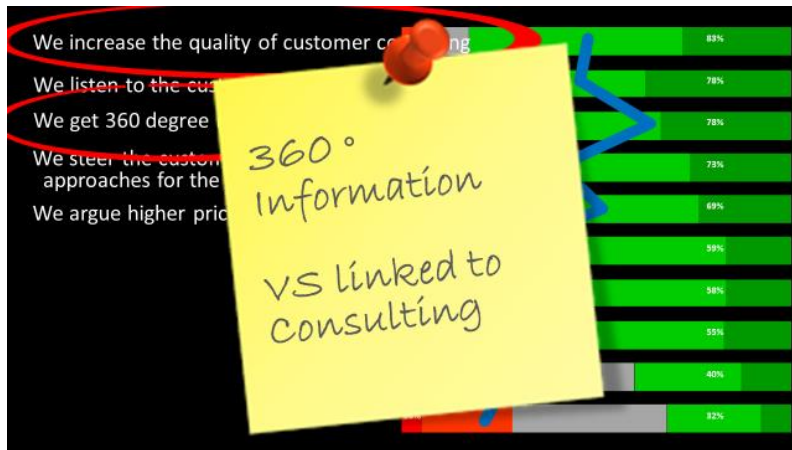
Approaching new contact person at customer

We also approach the C-Level of customers with the sales force

We speed up our sales processes and get down to business



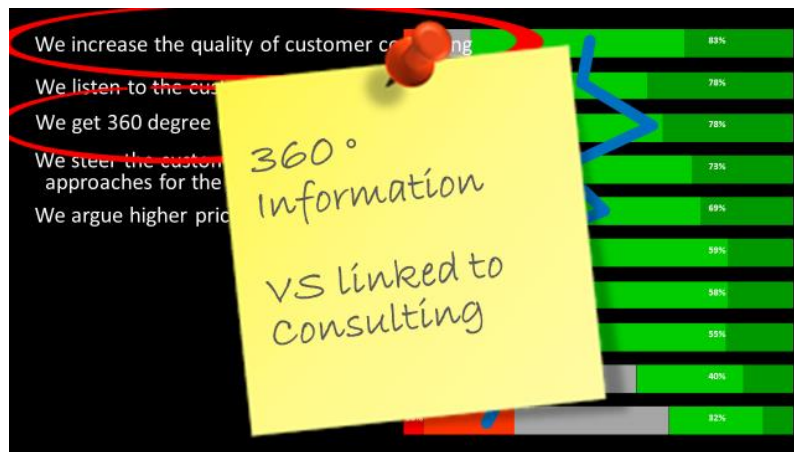
Changes in customer interaction (1)



If we want to make Value Selling a success, a lot of changes in customer interaction is required.

The most important criteria are the usage of information, the quality of customer consulting and the related argumentation. Customer interaction does not any longer mean to ask questions about the customer's challenges and to show that we have the right solution.

Changes in customer interaction (2)



Value selling means to make the customer aware of challenges he did not know before (through 360 degree information, industry and solution competence) and to offer solutions to overcome them.

It's quite obvious that a lot of sales forces will have to struggle to fulfill these demands.

A real Value Selling Sales Force Development Plan is needed.

Management of Value Selling (1)

What measures do you take to realise Value Selling internally?

Engagement of Top Management for Value Selling



Structuring sales organisation according to customer groups (instead of products or regions)



Usage of sales tools in Value Selling (process structures, CRM, configuration systems, ...)



Supporting sales by Lead Management and Marketing (documentation, internet, presentations, Cases, ...)



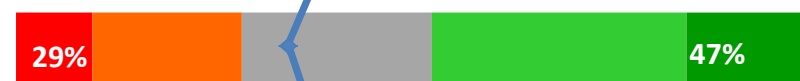
Evaluation internal Best Practices in Value Selling (shared practices)



Training initiatives for Value Selling



In Value selling we differentiate between premium and volume business



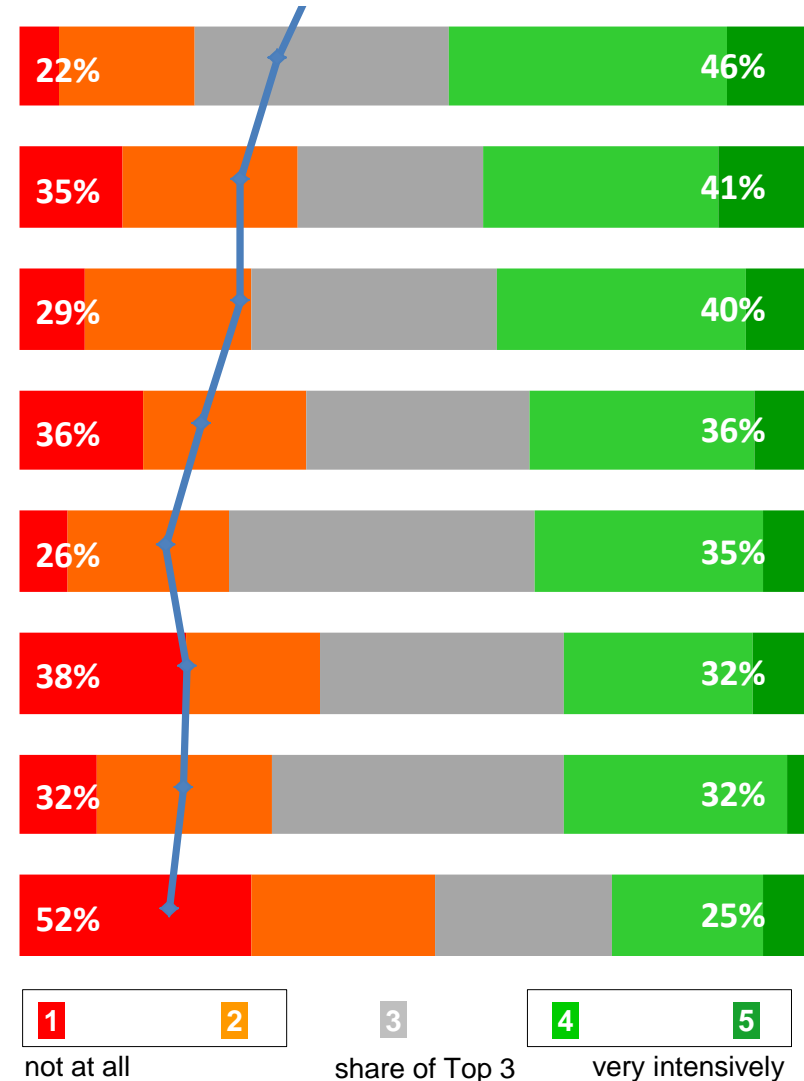
Alignment of systems and leadership to support Value Selling (Targets, Incentives, Controlling/Value Selling Score Card)



Management of Value Selling (2)

What measures do you take to realise Value Selling internally?

- Evaluating of customer processes for won and lost offers, Identifying crucial levers in customer processes
- For important presentation we make internal rehearsals
- Screening of the capability and selection of the sales reps with value selling motivation
- Enlargement of the sales resources for certain customers by decreasing the no. customers
- Clear definition of sales tasks considering the stress field of demand and reality
- Clarifying the cooperation between Head Quarters and local subsidiaries for Value Selling
- Clarifying the roles of non sales related departments and their cooperation with sales
- With permanent coaching or mystery shopping we measure what really happens in sales talks and how to set priorities



Management of Value Selling (1)



It is not your products or services which deliver the value to the customer, it is the way how you link them to the market challenges of the customer.

Therefore Value Selling needs an sales organisation structure that reflects customer groups and not products or regions.

It is a consequence from the change in customer interaction.

Management of Value Selling (2)



Then sales reps can build up customer group specific experiences, utilize best practises, etc.

Management has to concentrate the company resources on developing solutions which make customers more successful in their specific market. This is the common denominator for the management of Value Selling.

Resistance at the customer

What obstacles are you facing on customer's side?

Customer concentrates on procurement prices and narrow solutions (and increases demands simultaneously)



Targets in procurement block benefits of long term cooperation



Discreetness of the customer about own strategies initiatives and projects



Increasing number of tenders with customer in driver's seat and narrow specifications



Insufficient qualification of customer employees for bigger solutions



Insufficient responsibility of customer employees for bigger solutions



Insufficient engagement of customer for a successful cooperation



Resistance at the customer



When you are confronted with procurement it is too late for Value Selling. Then any value is already broken down in specifications and therefore „destroyed“.

Initiate projects with the customer, where you support him with your products and services, to find new ways to develop more competitive strengths, new offers etc.

Internal obstacles of Value selling

What resistance are you facing internally towards implementation of Value Selling?

Sales need too much energy to mobilize internal departments for the customer



Leadership and systems don't support Value Selling (short term thinking and product focus)



Insufficient cooperation of departments (from product management, technology, service, logistics up to sales)



Insufficient capabilities and uncertainty of sales



Insufficient sales resources (too high number of customers, too large regions, ...)



Fear of sales reps to lose the exclusivity of the customer relationship



Insufficient capability of the own company for a holistic support of the customer



Hectic rush in sales



Internal obstacles of Value selling



Structuring only the sales organisation according to customer groups is not enough. All other departments have to be linked to customer groups as well. This in the shape of a matrix organisation, where the customer group sales managers can have a direct grip on the internal resources.

Sales and other departments shape flexible customer teams to identify new customer challenges and to deliver value by overcoming them.

Management Summary



- ▶ Value Selling is not one defined sales approach but a philosophy.
- ▶ Value Selling has multiple targets and approaches. Customer value is defined in many ways.
- ▶ But there are 10 core approaches which more than 50% of the respondents want to follow in the future, partly simultaneously.
- ▶ The main challenge for realizing most value approaches in customer interaction is the identification of new business models which deliver more value. Based on 360 degree information of the customer and more consulting oriented customer approaches.
- ▶ No wonder that sales is the bottleneck. Sales people are overloaded with tasks and customer interaction time is too limited. They are often not qualified for Value Selling and feel insecure so that strategies are only partly implemented in sales.
- ▶ But customers also block Value Selling strategies. Especially concentration on procurement dominated processes prevent new ways of cooperation.
- ▶ Main internal hurdles are systems, leadership and organisational structures which are often not focussed on Value Selling strategies.
- ▶ Top Management engagement and structuring the sales force more according to customer segments than on products or regions are seen as the main levers in sales management for successful Value Selling.