

How to Trump Price with Value

by Elaine Schmitt



You've been working on this transaction for months. Your performance during each step of the sales cycle has been flawless. The last thing you want to hear is, "Is that your best price?" You sell on value, but too often you're put in a position to have a price conversation. What can you do proactively to prevent or mitigate a price conversation?

1. Position the value conversation.

Up front in the sales cycle, understand how your customer will measure the success of your product or solution. *What problem, pain, or opportunity are they trying to solve or achieve? What metrics will define whether they have succeeded? Who is your customer's customer and what is important to them? What metrics will they use to demonstrate their value to their customers?*

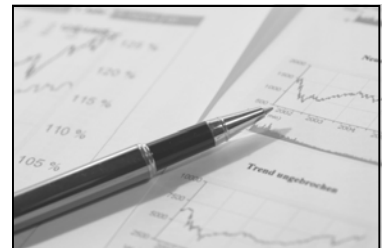
Centering your conversations on the answer to these questions will provide you the background needed to bring value. Without knowing this information, you will probably be compared to the easiest, most common ground—price.

I recently spoke with the owner of a risk management consulting firm. He had proposed conducting an in-depth assessment of a prospect's safety program. His strategy was to position his company as more nimble and less expensive than the big guys. It didn't work. His potential client thought that because he was cheap, he wouldn't provide the quality they needed. He learned his lesson and started positioning his services on the risks he would mitigate versus lower fees.

2. Prove the value with a business case.

Proper positioning up front helps build the foundation for your business case. In developing your business case, it is a best practice to answer the following questions: *Why will the customer buy anything? Why would they buy now? Why buy from us?*

To sell value, you must demonstrate how your solutions tie back to your customer's metrics, not yours.



One of my information systems clients made a presentation about her company's wonderful product support. They were built to respond fast to any problem; they had a state-of-the-art 24/7 support center; they had second- and third-level support engineers. About 10 minutes into her presentation, the customer said, "Every time the system goes down, it costs our customers a big chunk of dollars. I want to know how your product is built not to break, not how fast you can respond when it breaks!" The customer measured success by uptime and the salesperson built her business case on response time!



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3. Validate the value through business reviews.

How are you measuring up to your business case? It is important to validate your value.

The COO for one of our clients told me this story. “Recently we walked our customer through all the things we had done for them. Even though they had been our customer for over 20 years, I was surprised to learn that they didn’t know many of the things we were providing them. And, more importantly, they didn’t know how we were helping them reduce their labor costs. I learned that the positives don’t always surface to the top, and it’s up to us to declare our success.”

Another example comes from the telecommunications industry. Manufacturers and distributors of phone systems were known to lower their margins to get a new customer, counting on the higher-margin service contracts to make deals profitable. This worked well—until the arrival of third-party maintainers offering lower prices. They convinced customers to track how often a technician came on site. In reality, it wasn’t that often. Remote diagnostics enabled the majority of the problems to be detected and fixed remotely. But what happened? The manufacturers and distributors failed to validate their value—they neglected to have conversations about how often system errors were detected and fixed remotely from their service centers (something that the third-party maintainers didn’t offer or have). Unaware of the support these suppliers provided behind the scenes, customers didn’t recognize the value and migrated to the maintainers.

Regularly scheduled, proactive business reviews to communicate measurable results with your customers is critical to ensuring your customers see and feel your value.

4. Act like you are about to lose the customer.

In the inspirational book, *Apples of Gold*, author Jo Petty shares this sentiment: “Think how happy you’d be if you lost everything you have right now—and then got it back again.” Now think about this same sentiment relative to your customers. Don’t wait until you lose them to appreciate them. Be a little paranoid about your customer relationships. Ask yourself what you would do if they said goodbye, and then take action before it’s too late.

While price may be the number one sales objection, the above four strategies can help prevent it from being raised. But should a price objection arise, think of it as a sign of an interested customer, a chance to problem solve, and another opportunity to help your customer.

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