

Value Validation

by Sue Shaner

An interesting thing happens when sales teams are engaged in conversations that focus on value...

It's simple really. Borrowing from "Streetcorner Strategy," the game is value. The judge is the customer. The winner is the one who delivers the greatest value to the customer. But not all customers value the same things. So how do you ensure that what you are delivering is of value to the customer? You can improve your productivity and increase your odds of success with a disciplined, proactive approach to Value Validation. And the payoff can be huge.

What is Value Validation? Value will differ from one customer to the next—the challenge for the sales team is to produce and deliver value messages that link their activities and results to the customer's most critical needs, creating both qualitative and quantitative benefits for the customer. What can we do and what have we done to make a significant impact on the customer's business? The sales team must then validate that the customer recognizes the value possibilities as well as what has been delivered. "Your team made a difference in our business" is the response we are seeking.

Value Validation conversations can occur informally, as in, "Let's look at the progress of this project," on an ongoing basis as a part of calendared activities (e.g., when monthly savings or benefits reports are released), or at a specific point in time when the project is completed and benefits are realized.

It is critical to lay the foundation for Value Validation early on with some key questions in these informal reviews with questions like:

- Are we on track and if not what are the gaps?
- What are the customers' insights to date?
- Where does the customer see value linkages?

This foundation will make it easier to gain agreement on value, and will position the sales team to deliver even more value in the future.



How is Value Validation best done? While opportunities for Value Validation occur along the way at various levels of an organization, CPS recommends a quarterly executive-level meeting for your strategic accounts. This formality at the executive level ensures top-level alignment.

What happens in meetings like this? Key points in the meeting include thanking the customer for the business, reviewing your value proposition, and documenting your team's contributions to value. The meeting should end with agreement on value delivered to date, and a discussion about how best to deliver value going forward.

Value Validation Meeting Agenda	
1. Customer and Supplier Value Alignment	How do your capabilities and team align with the customer's critical success factors and competitive differentiators?
2. Value Proposition	What is your team's overarching value proposition?
3. Value Contributions	At a detailed level, what are your team's contributions to customer value? How are you linked as customer and supplier? (see Example Sources of Value table)
4. Summary of Results and Recommendations	Beyond "adding up" the various project results, what value does your team deliver on an aggregate level? What do you recommend to increase this value?
5. Best Next Actions	Given these results, where do we go from here?

Example Sources of Value	
Increased	Reduced
▪ Revenue	▪ Cycle time or time to implementation
▪ Productivity	▪ Cost
▪ Quality	▪ Work effort
▪ Competitive advantage	▪ Risk
▪ Profit	▪ CAPEX

Why Validate Value? What counts for both buyer and seller is not necessarily the value sales teams propose, but what the customer acknowledges to be valuable. No matter what efforts sales teams take to create value for customers, it will mean little to their success or to the customer unless it is agreed. For the customer, this process confirms their investment decision they made with you and your company. They have more confidence in doing business with a company and team that understands their business.

For the sales team, the benefits of Value Validation are clear—increased loyalty, opportunities present themselves without competitive bids, a track record of credibility, and, most importantly, a barrier to becoming a commodity.

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