



# **The High-Cost Disconnect Between Value Strategy and Profitable Sales Results**

An article by Jeff Thull, President and CEO, Prime Resource Group

**M**any executives declare value as a strategy, but they are seeing their strategy diluted as it moves from the boardroom to field execution. With escalating intensity in highly competitive markets, executives are forced to rethink how they connect their complex, high-value solutions to their customers' business performance, and translate their own solution's value into bottom-line profitability. As sales cycles become more chaotic and forecasts more volatile, and as costs of sales soar and margins tighten, the disconnect between the value your company creates and the profitable results you could achieve, can become a brutal reality.

As problems and their solutions become more complex, customers are finding it difficult to evaluate and compare solutions, the costs and risks incurred if they do not change their current situation, how a decision will impact multiple people and departments across their businesses, and how to measure the results of their investments—specifically, the performance metrics of their businesses. This uncertainty leads customers to either resist valuable and time-critical solutions or migrate to low-cost alternatives, never realizing that they are missing the highest value option available to them. Today, 60 to 80 percent of high-value solutions proposed are not clearly understood and in most cases are not purchased.

## **Achieving Predictable and Profitable Growth**

When an organization's sales process or a salesperson's focus is only on the products, services or solutions they provide, customers tend to compartmentalize their decision and relegate the solution's review to a single department, likely the department responsible for implementing the solution. Even worse, salespeople too often find themselves

trapped in procurement where the focus is clearly on lowering acquisition costs, many times without regard to the broader organizational value that could be achieved with your solution.

Consider a recent client who offers radiology equipment and services to hospitals. It is obvious that value is achieved when the equipment is installed and the services are used by the radiology department. However, when you take a deeper look at the direct and indirect impact of the solution and the problems it solves, 65% of the financial impact lies outside of the radiology department—across other departments in the hospital.

The understanding of the total financial impact across a business, which we refer to as the ripple effect, is frequently lost and, at best, severely limited. The people who would be most affected by your solution are too often not part of the conversation. The result: less profitable results for both your organization and the customers you serve.

A key question is, "How do you guide your customers to a broader view of the issues they face and therefore better insight into the solution you provide?"

If you truly have a high-value solution with significant financial implications for your customers' businesses, achieving executive-level access and open communication across multiple functions is critical to capturing a complete understanding of the financial impact and the measurable results that can be achieved for both you and your customers. Solving this fundamental challenge is certainly within reach. Advanced technology now exists to clearly guide customer engagement strategy and cross-functional diagnostic

conversations. It can dynamically change the interaction and relationship between you, your field organization, and your customers' executives.

Guided diagnostics and precise value measurement are available through Strategic Value Simulation—business modeling software. It enables your organization to accurately quantify the performance deficit your customer is experiencing in absence of your solution, and measure the performance results your customers can achieve with your solution.

Moving beyond traditional ROI and TCO (Total Cost of Ownership), Strategic Value Simulation enables the portrayal of a broader financial impact of your solution's value, elevates conversations to the executive level, and obtains the executive's sponsorship to enable your company to conduct a thorough, cross-functional diagnosis of their business.

Without the financial evidence to support it, value is at best subjective and at worst disregarded. Strategic Value Simulation results in a transparent, evidence-based picture of the impact of your solution across your customers' businesses. It is based on your customers' data—numbers uncovered by a guided diagnosis that feeds a sophisticated business simulation tool. Think of it as advancing your organization from a stethoscope to an Echocardiogram, from blood pressure and pulse to a full spectrum blood analysis. They are very quick to execute and evaluate, but the technology behind the test is robust and deeply informative. Guided diagnostics and value simulation deliver an irrefutable business case for change across a complex value network.

### **What Guided Diagnostics and Strategic Value Simulation Accomplish**

- Increased executive access and access to customer data
- Certified portrayal of the customer's profits at risk
- Shortened decision cycle time
- Increased average sale size
- Increased margins—more profitable sales results
- Strong performance—improved shareholder value

Every facet of value must be understood by your organization and connected to the customers' business performance in a very tangible way. Consider the following seven questions to discuss with your leadership team. If the answer is "yes" to each question, your organization will be able to stop the dilution of your strategy and achieve predictable and significant profitable growth:

1. Have you been able to identify all of the value elements of your solution that will give your customer the ability to create value (net profit) within their business?

2. Have you been able to connect those value elements to individual business drivers, business processes, and the performance metrics that are affected within your customer's business?
3. Have you been able to connect the performance metrics to specific jobs that are responsible for the achievement of required levels of performance?
4. Have you been able to help the customer attach a financial measurement to the business impact that your customer believes to be correct?
5. Have you been able to identify the constraints your customer may face when implementing and optimizing the value impact of your solution?
6. Have you been able to provide your customer with the ability to address those constraints and manage the organizational changes required to do so?
7. Are you able to measure the value (net profit) that the customer has created as a result of deploying your solution and has your customer agreed with the amount you measured?

What if your customers could measure, beyond any doubt, the financial impact of your solution? This is what Strategic Value Simulation, Prime Resource Group's ISO 9001 certified, value simulation process and diagnostics will achieve. Enabling a continual enhancement of your customer's profit performance creates an obvious and compelling distinction between the average vendor and a strategic partner. Competitors will not be able to penetrate the strong ties that sustain your customer relationships; relationships built by the value mutually achieved.

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