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# Closing The Gaps Between Value Creation And Value Delivery

by JEFF THULL

**F**rustration and animosity are stifling the business-to-business sector. Executives are frustrated because they can't translate the differentiated products and services they work so hard to create into bottom-line profitability. Their customers are frustrated because they frequently don't achieve the benefits they expect after purchasing those same solutions. Sellers and buyers stand on opposite sides of the value gap and blame each other.

As business transformation consultants, each year we field hundreds of phone calls from executives who voice their frustrations:

- They can't get their price for the products and services that they have painstakingly developed and marketed, often at enormous cost.
- Their sales cycles are chaotic and increasing in length.
- It is impossible to forecast results and plan for the future.
- Their customer base is eroding, satisfaction and retention rates are dropping, and lucrative opportunities for expanding current customer relationships are being missed.

Most frequently the executives point an accusing finger at the sales force and ask, "What's wrong

over there?" In a surprising number of instances, this is the wrong question, but many are asking it. The right question needs to frame a broader perspective of the dilemma. It needs to reflect the fact that neither sales nor any other single dedicated function in a complex business has the authority and the resources to develop and deliver whole solutions on its own. It needs to get beyond the sales organization to the fundamental causes of the problem. The right question is rooted in the most over-used and under-delivered word in the business lexicon — value. The question is: "Why aren't we fulfilling our value promises?"

The high stakes business-to-business sector is confronting a substantially unaddressed value gap. Sellers are creating complex, value-laden solutions, but their customers are unable to achieve the promise of those solutions. Sometimes it means that the customer buys the solution, but fails to gain the value promised. Sometimes that means that the customer can't comprehend the value and thus simply refuses to buy the solution. In either case, this is disastrous for the seller. In the former, the seller has a dissat-



isfied customer who will neither buy again, nor recommend the seller; in the latter situation, there is no customer.

This is not a credo of gloom and doom. There is a huge and attractive opportunity for both sides of the equation in this value gap. Identify it, manage it, close it, and your company will reap the rewards of an under-served and value-hungry marketplace. We are convinced that the key to this treasure trove of profits is the ability to bring a solution to your

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customers that encompasses three critical capabilities. We call this a prime solution.

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### Leveraging Value

First and foremost, a prime solution leverages your value capabilities to impact at the highest level in your customer's organization. Complex solutions can deliver benefits to customers at three levels of value: product, process and performance.

The source of customer value at the product level derives from the quality, availability and cost of the product itself. This solution is likely to be seen as a commodity by the customer, and the seller will probably be treated as one vendor among many. Unfortunately, many organizations do not market or equip their sales teams to provide value beyond this level.

At the process level, the source of value is the ability of your product and your expertise to improve your customer's business processes beyond what your customer can do on their own. If so, the solution now has a value to the customer that extends beyond its base characteristics, and the seller will probably be seen as a limited partner and a more integral part at the operational level of the customer's business.

The performance level deliv-

ers strategic customer value. Now, the solution enables the customer to better serve their customers, provide distinct competitive differentiation, and perhaps expand their markets. In the buyer's mind the seller now becomes a true business partner.

A prime solution is designed to leverage value across all three levels with the primary impact at the strategic performance level. To accomplish that level of impact sellers must be able to link their solution to buyers' business strategy and goals and identify and address the absence of value (the consequences and costs that the customer experiences in the absence of the solution). They must understand the business drivers that critically concern customers as well as the markets and the customers of their customer.

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### Creating a Quality Decision Process

As the problems you solve and the solutions you offer become more complex, it is unlikely that your customer will have a precise decision process with which they can recognize the absence of the value you can provide and will be able to fix an accurate valuation to your solution. A decision process that enables customers to determine the optimal impact of your solution can also be defined at three levels: reactive, proactive and interactive.

- At the reactive level, customers drive the purchase decision, and the seller is trapped in that flow. If the customer's purchasing department is unilaterally driving a transaction, the seller is likely working at the reactive level. The RFP (request for proposal) resides at this level.

- At the proactive level, the seller tries to determine the customer's decision process and attempts to create the "perfect presentation." This entails more thought and preparation, but again the seller must cope with the deficiencies of the customer's process. What happens when the customer doesn't have a high-quality decision process? The seller is constrained by the limits of the customer's comprehension and is likely presenting good information into a limited process. The outcome is random and unpredictable.

- At the interactive level, the seller provides the decision process. The seller acts as a physician would (including the ethical precept to "do no harm") and collaborates with customers in an accurate diagnosis of the absence of value, the design of the optimal solution, and the implementation of the solution to assure the delivery of value to the customer.

A prime solution incorporates a decision process that leverages the relationship between seller and buyer to the interactive level. This process, which we characterize as multiple decisions, mutual understanding, is driven by a questioning sequence that is constructed by the seller and traveled by the seller and buyer together. It verifies that the absence of value truly exists and the solution being offered will address the customer's business objectives. The customer is empowered to make a rational and high-quality business decision.

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### Ensuring Successful Implementation

Finally, a prime solution includes an implementation path

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that ensures the customer is able to capture and measure value. Solution implementation is defined at three levels: purchase, installation and results.

- At the purchase level, the seller drops the solution on their customers' docks and abandons them to achieve the value on their own. This might work if you are selling paper clips, but customers need more help with complex solutions.

- At the installation level, the seller ensures that the solution is properly installed and operational, then leaves the customer to achieve the value on their own. Unfortunately, as many of us have learned the hard way, installing a complex solution — think ERP (enterprise resource planning) or factory automation — is simply the first stage of value achievement.

- At the results level, the seller thinks beyond installation and focuses on solution outcomes. The seller brings the customer a process for and assistance in the implementation of the solution, and then helps measure the value achieved.

This creates a higher standard of value accountability and leverages customer outcomes to the results level. It incorporates a

change management process — designed to ensure successful implementation. Change is what the customer must undertake to realize value, and the prime solution seller plays an integral role in managing the risk of change.

This represents a quantum leap forward for most sellers of complex products and services. Before you snub the challenge, how would you react to a resource who brought such a solution to your door?

This resource will impact your business performance and profitability. They will not only ensure that you purchased the best solution for your hard-earned dollars, but will also assist you in the achievement of a successful implementation, and then help quantify and maximize your return on investment. This resource sounds like a highly valued business partner. Isn't this also the position we all want to occupy in our customers' minds? □



#### ABOUT THE AUTHOR:

*For the past 22 years, Jeff Thull, CEO/President of Prime Resource Group, has gained a reputation for his expertise in the arena of sales and marketing strategies for companies involved in complex sales. His wealth of real world experience has made him a leading authority and valued advisor for executive teams of major companies worldwide. Contact Information: Prime Resource Group, Inc.; (800) 876-0378; [www.primeresource.com](http://www.primeresource.com).*

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