

How to Create a Compelling Value Proposition

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The majority of companies seem to be obsessed with telling prospective customers what it is they “do”, as opposed to what they can “do for their customers”. With so much competition around, businesses need to stand out from the crowd and quickly engage with their target market.

This document explains how to create your own Value Proposition that will describe why someone should buy whatever it is you are selling – quickly and effectively. Ultimately, this will help increase your sales.

The majority of companies seem to be obsessed with telling prospective customers what it is they “do”, as opposed to what they can “do for their customers”. I’m sure that you are familiar with the approach – “we do this and we can offer that”. Invariably, there is no reference to why the prospect should buy from them or what benefits they are going to see. In other words, as a prospective customer, why would you want to engage with them?

A powerful Value Proposition can really help you stand out from the competition and increase sales. So what is it?

A Value Proposition is a short statement explaining why someone should buy what you are selling. It needs to be compelling enough for them to listen and short enough that they don’t lose interest.

It should be the bedrock of all of your marketing messages and will provide the reference point that ensures consistency across all of your sales and marketing messages.

There are four key elements to building a strong Value Proposition:

1. Describe the challenge / issue that your prospective customer is facing.
2. Explain what your solution to this challenge is.
3. Detail the tangible benefits that your product/service delivers.
4. Provide “reasons to believe”.

Ideally, all of the above should be captured in two or three short paragraphs i.e. something easy to read and short enough that you can use it as your elevator pitch (i.e. you bump into a prospective customer and have a couple of minutes to describe what your company does).

On the face of it, this would appear to be a fairly simple task. However, in reality, many companies struggle. Worse, still, many don’t even recognise the importance of having one.

There are a number of pitfalls to watch out for:

- ◆ Don't make your Value Proposition too general. It needs to focus on a specific business need, in order to gain attention. That said, if your company has a wide range of products and services, it can often prove difficult to come up with a catch-all Value Proposition. In this case, you should try and be as focused as possible, but accept that the real focus will come when describing the various things that you sell – see below.
- ◆ You need to develop a separate Value Proposition for each product and/or service. This may sound obvious, but you would be amazed how many companies try and use a “one size fits all” approach. Trying to gain access to a target customer will be more difficult if you go in with a general message; far better to pick a burning issue and use a specific Value Proposition. This will be far more compelling and give you a better chance of success. Once in the door, you can then look at selling your wider range of products and services.
- ◆ You should also consider tweaking your Value Proposition to better meet the needs of your target contacts. For example, you might want to talk about shareholder value and improved bottom line when pitching to a CEO or MD, but the Sales Director is more likely to be interested in increased sales. Put yourself in the shoes of the person you are trying to appeal to and work out what message would be strongest.
- ◆ Arguably the biggest hurdle you will have to overcome is your detailed knowledge of your own products/services. All too often, companies are so passionate about certain features of their offering, they cannot let go of them and believe they must be important to the customer. The trick is to step back and focus on the customer's issue. How does our product overcome this? Do those particular features really address their needs or are we getting bogged down with what WE think are important, rather than looking at it from the customers' point of view.

So, let's look at an example. Company X is an innovation agency that uses learnings from nature to come up with really innovative ideas. They want to target CEO's and MD's of manufacturing companies, so have come up with the following Value Proposition: “

*At a time when nearly every major manufacturer has its own dedicated innovation team, how do you come up with truly innovative ideas and get that competitive edge you have been searching for? **THIS IS THE PROBLEM PIECE***

*Company X specialises in using learnings from nature to come up with ideas that no one else has thought of. The fancy name for this is business biomimetics, but all that really matters is that it delivers true innovation. We can work in tandem with your innovation team to take your creative ideas to the next level or you can choose to outsource everything to us; just tell us what your objectives and constraints are and we will do the rest, from idea generation through to initial concept and physical product examples. **THIS IS THE SOLUTION***

*We have done this for a range of household brands and helped them develop solutions that they would otherwise never have thought of - solutions that can speed up the innovation process, wow the marketers, reduce packaging costs, increase on-shelf impact and truly excite consumers. Of course, being recommended by nature has the added benefit of being environmentally friendly, to the extent that this can become a real selling point. **THESE ARE THE BENEFITS.***

*Recent examples include a major blue chip that used our skills to reduce supply chain costs by £1.2m and increase sales by £18m, a global brand where we reduced packaging by 60% and an air freshener that pumps out scent without the need for electricity or batteries. **THESE ARE THE REASONS TO BELIEVE.***

IDEALLY, YOU WOULD WANT TO USE BRAND NAMES .

*In short, real innovation that delivers tangible business benefits and can give your brands that elusive edge you have been looking for.” **SUMMARY TO TIE IT ALL TOGETHER***

This Value Proposition was used as the basis of an email marketing campaign that targeted C level contacts across the Retail and Consumer Products sectors. It delivered a 15% positive response, which is pretty incredible when you consider that 1 or 2% is usually the norm.

Another benefit to consider is that the approach I have just described can be used to formulate effective sales pitches. Sales professionals often get too caught up in the sale and forget to apply the basics. Using the four stage approach can really help to get your message across in a convincing manner.

It really is worth the effort to produce the most compelling Value Proposition(s) that you can. Get it right and you will find access to your target customers much easier.

There is no such thing as a “silver bullet” when it comes to selling, but the right Value Proposition comes pretty close!

David

David Smith is Founder of Shoodan Limited, a Consultancy obsessed with helping businesses to Improve their Sales Effectiveness.



David has helped us build value propositions across a number of industries and target markets.

He has hosted engaging workshops where the management team were all able to discuss, agree (and debate!) what should go into a value proposition. These have been invaluable sessions that help get the team all on one page.

Kate Algar

Marketing Manager, Top Right Group

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