



How To Build Up The Value Of Your Product or Service

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Hello and welcome to another MTD Sales Training tip. In this session we're going to be looking at the best ways to build up the value of your product or service.

Let's deal with the age old question of how to build the value of what you sell. Of course, everyone knows that in a sales interaction, you have to take steps and do whatever is necessary to raise the value of your product or service.

However, most sales people seem to consistently have a problem in this area, always receiving objections on price and having prospects ask for discounts. So we'll cover exactly how to raise the perceived value of your product or service, but we're going to look at this from a different angle.

Let's explain this in a conceptual manner first. It's important that you understand the philosophy and the psychology behind how people view value.

First, let me ask you this...what exactly IS value?

Good question, right? Everyone wants to build value, but exactly what is value?

Let's go to the dictionary where the majority of the definitions come out as:

- a. A fair return or equivalent in goods, services or money for something exchanged
- b. The monetary worth of something...its market price and
- c. Relative worth, utility or importance

If you take these definitions and sort them out into simple and relative terms...essentially, value is the equivalent of what someone is willing to give or exchange for something. The value is whatever someone is *willing* to pay.

Our point here is that value has nothing to do with the actual make up or the nuts and bolts, so to speak, of a thing. In other words, the value of something does not correspond with the value of its parts.

For instance, if you build a home and you invest £300,000 in parts and materials into that home, that doesn't mean that the home's value will be £300,000. The value of the home could be considerably less or significantly more than the value of what went into it.

Value is about how people think and most importantly, *feel* about something. It is intangible...an emotion.

Take a company's stock value. When investors *think and feel* that a company will perform well, they buy more stock. As more people buy the stock, the stock price rises. However, the stock goes up not because of the company's performance, but mostly due to the fact that people keep buying the stock.

So what we're saying is that to build value you have to concentrate mostly on building and stimulating emotion. It's not about the tangible, physical components of the product. The fact that your product is made of gold doesn't make it worth the price of gold. Does that make sense?

Now with that understanding in mind...let's begin.

There are three ways to touch and build on the prospect's emotions to raise the value of your product or service. The first is to raise the value of the problem for which the product or service will solve.

The second way to build value is to build the emotional *appeal* of the product or service. i.e to build the value of the product's visual attractiveness.

And finally, to build value, you want to build the value of the people and processes that are *behind* the product or service.

Let's look at these one at a time.

First, you need to build the value and the importance of the problems the prospect is having that your product or service will solve. If you haven't done so, please listen to the audio, "How to ask the right questions to unearth the prospect's problems and pain." In that audio, you'll learn many ways to ask questions to help uncover the prospect's problems.

You must learn to sell from the standpoint of solving problems with a solution. To do that, to sell solutions, you must uncover problems. You must learn to unearth the prospect's problems and then to quantify those problems. The bigger, more important, costlier and painful the problems are...the more value your product or service will be perceived if presented in the right way.

Let me give you a few examples.

Take the example of the home that you built and invested £300,000 in parts and material. That home will only be worth what people are willing to pay for it. Now, if the home is in an area and conditions are such that there are tons of other homes available for equal or a lower price, then the value of the home could be far less than the sum of its parts. This is because buyers do not have a *problem* finding a home. They have many options to choose from.

However, if that home was the last or only home in the area and there were hundreds of buyers for that one home, the value of that home would skyrocket. Because buyers have a real problem...it's the old system of supply and demand.

Another even more graphic example is to consider an ice cube. That's right...a single cube.

How much would you pay for an ice cube? How much is it worth? Nothing, you may say. It's but a quarter ounce of frozen water. It has no real value.

However, consider if you were in the middle of the Sarah Desert and you were dying of thirst...how much would that ice cube be worth then? The ice cube would solve a huge problem, in fact a

problem of life or death. The problem is big and therefore the solution to the problem, the ice cube, is big. The value of the product changes relative to the gravity of the problem.

So to increase the value of what you sell, you must grow the gravity of the problem that you solve.

Let's look at a few ways to do that.

Again, you must first learn how to successfully unearth the prospect's problems, so listen to the audio, "How to ask the right questions to unearth the problems and pain." Then when you have a problem that you've uncovered, you need to use this process.

Remember the acronym S.E.A.L.

Once you uncover the problem, you want to SEAL it tightly. Remember the process is to SEAL the problem and the deal.

The S in SEAL stands for Substantiate

The E is for Expound

The A means Amplify

And the L is for Label

You must do exactly that in building the value of the problem: Substantiate it, Expound on it, Amplify it and then Label it.

Let's take a closer look.

You must first substantiate the problem. The problem must be clarified, verified, validated and confirmed. The prospect must fully understand the problem AND agree to the problem. They must agree that it is indeed a problem. This of course, you have to do with questions. You can't TELL the prospect that they are having a problem. They must come to the conclusion in their own mind that they're having a problem.

To accomplish this, you'll take the problem that you have uncovered, but not tell the prospect they're having the problem. Instead, begin asking questions around the problem. As an example, let's assume the prospect owns a sales company and you sell copy and fax machines that will help their remote sales people be more effective and efficient.

Currently, each sales person this company has in the field, has to print all of their documents at home, and fax the hard copy to the office. However, each sales person is unable to view or work with the rest of the team's documents and proposals. Because of this, the team is spending inordinate amounts of time and money on their reports and proposals and they're losing sales due to the fact that they can't get proposals dealt with in a more timely manner.

Well, of course, this is a major problem.

The prospect though, can only see the surface of the problem in that the cost to maintain and issue a fax and printer to each sales person is expensive. Yet they don't see the depth of the problem.

You can't go in and preach the benefits of your product nor can you simply tell the prospect about the problem. You must ask questions and pull out the problems so the prospect brings them up themselves.

It may sound something like this:

Solutions Provider: "James, exactly how do your remote employees send in their reports and documents *now*?"

Prospect: "Well, they all have a printer and fax machine, so they print their docs out in hard copy, and then fax them to the office."

Solutions Provider: "So, every member of the team, I think you said 37 of them, each has his or her own separate printer *and* fax machine, all supplied by the company?"

Prospect: "Ah, well, yeah. I know it's expensive, especially when they have problems with the equipment, but...anyway, what can you do?"

Solutions Provider: "Yes, James, I can imagine the equipment and maintenance costs are very high. But what about the actual *printing costs* and the *time* it takes for each to deliver their reports every week, or month?"

Prospect: "Yeah, there's that too."

Solutions Provider: "So, then each sales person has to print a hard copy, then take the time to fax them as well, and you know how often faxes fail. About how many pages are we talking about per week, per worker?"

Prospect: "Ah, uhm, let me see. I never really thought about it. I'd say each runs about 60 to 75 pages of reports every week; and now that you mention it, that is a lot."

Solutions Provider: "So, we're easily talking about 2,500 pages remotely and then double that when they reprint the faxes at the office---that's over 5,000 pages a week! Not to mention all the time that takes. James I'd say that's a serious amount of money and it's a costly problem, wouldn't you agree?"

Can you see the method?

Once you understand the problem, ask questions around the problem to help the prospect see the issue for and by themselves. And you have to make the problem real and valid.

Substantiate the problem with actual examples, numbers and current conditions. You also cannot invent these numbers or conditions; they must be facts. You must have the prospect tell YOU what the conditions and the problems are.

You must make the problem clear and understandable and verify it and have the prospect confirm it. Ask and have the prospect confirm the findings and the facts...listen to a few examples:

“Steve, then heating and cooling your warehouse, seems to be big problem, would you say?”

“David, apparently your administrative staff are losing tons of hours in productive time. That’s a big problem, don’t you agree?”

“Susan, so there’s a major problem in your database system that’s costing you a ton of money every month, is that right?”

Substantiate the problem. And listen to what they say. If the prospect doesn’t agree...stay on it. You must get absolute confirmation.

Something else to keep in mind here are that egos and self-esteem can get in the way of all of this. In other words, when you’re exposing a major problem, a prospect may deny, ignore or defend the issue because it reflects badly on them. It’s only human nature not to admit or to own up that we’ve got a problem.

Consider a person who’s in charge of handling the database for a prospective company, and you come in and uncover a major problem with that database, in a sense you’re saying that this person has not done their job properly.

In addition, if the issue is the direct responsibility of the prospect, it can bring to light what may be negligence on their part. The prospect may object and deny simply to save face.

So you’ll want to understand the exact role the prospect plays in the problem and be sure to exonerate the prospect. Let him or her know that this situation is common to all of their peers and other companies - that everyone has this type of problem and it’s a problem for which you solve for many others not just them.

There’s another important to note to remember here...

Depending on what you sell, sometimes the person you’re trying to sell to will be negatively impacted by the sale. As an example, let’s say that you sell a software program that will help save their company tens of thousands of pounds by saving the help desk manager tons of work hours.

Well, the decision maker in the case IS the helpdesk manager. Therefore, your program will eliminate a lot of work for this person. It’s possible this helpdesk manger makes a living due to the fact that this problem exists. They might be on a nice little screw on lots of overtime because of

the problem. Well, this prospect isn't going to be too happy to solve the problem and cut themselves out of additional money!

So you must understand how the prospect's role fits in to the problem.

Ok, so you've uncovered the problem and then you've substantiated the problem. Next, you need to expound on that problem. You have to go deeper than the surface and expose additional ways the problem costs money and time. You must expose as much pain as possible for each problem that arises.

You must try to find as many OTHER ways the problem affects the company besides the direct situation and uncover all of the indirect negative results the company suffers due to the problem.

Can the loss of money or time affect the company in other ways? Does it put a strain on other budgets? On other departments? Does it limit them from being able to expand or hire new personnel? How many clients have they lost and will continue to lose because they had to cut back on advertising due to this huge problem?

Get deeper into the problem and even highlight the intangibles: Can the problem actually hurt the company's image? Are employees less happy due to shortages and lay-offs? Is the problem affecting the company's stock price? Look deep, dig deep. Ask questions.

Now that you've uncovered the problem, have substantiated it and expounded on it; you've showed that the problem has many indirect consequences. Next, you want to take all of those consequences and amplify them.

One way to do this is to consider the problem in the long term as well as the past.

Take a problem that is costing the prospect £300 a week. That's £15,000 a year and £150,000 over the next ten years. But look further and note that this means the prospect has BEEN losing this money and over the *past* ten years has already lost £150,000!

Without misrepresenting the facts, of course, you want to make this problem as bad as it can be. Multiply time, people and places. Ask the prospect what they feel are the long-term effects of the problem.

Now is also a good time to raise the economy objection yourself! Ask the prospect if they can possibly afford to continue losing this revenue in this economy.

Begin calculating and adding up the numbers. Also, when amplifying the problem remember the loss of additional productivity that they suffer.

As an example, let's say the problem is that IT managers waste enormous amounts of time tending to menial tasks that your software can do. You immediately see the loss of money and time from

the hours the IT managers spend. You can see the affect of the loss of productivity on issues for which they're currently working.

However, what about the loss of productivity on important tasks they're not working on? For instance, those IT managers are losing a ton of time working on menial jobs. But what other more important projects can they be working on? How many MORE productive and income producing projects could the IT staff be working on if they didn't spend the time on the tedious stuff?

Listen to how this may sound...

"Ethan, I know you mentioned that your sales staff will be able to close more sales once you get the new intranet up and running. And you explained that due to budget shortages and a lack of time on the part of the IT staff that you have to continue to put that off. Well, can you see how it's actually this problem that's delaying the intranet project? Ethan, about how many additional sales could the sales team be making right now if the intranet was in place?"

So amplify the problem and begin to connect the dots.

Now the final step in sealing the problem is to put a label on it. By a label, we're referring to a conceptual name or phrase and most importantly a label as in a price tag. Use the numbers the prospect supplied, and add up *everything* and put a price tag on it. This doesn't have to be exact and you should always understate the price. But assign a price label to the problem or problems.

As in the last example, let's say that IT managers earn an average of £25 an hour and each spends about 5 hours a week due to the problem. Then you have a quick £125 per week per manager and the prospect told you that he has 7 managers. Therefore we see an immediate loss of £875 a week or £43,750 a year or £437,500 over ten years.

If this has been going on for the last 5 years, then they've already spent £218,750.

Now, what about the sales lost because their intranet is not available to the sales team? Let's say the prospect said they could probably close an additional 5 sales a month and each sale is worth £2,500 per client or another £12,500 a month and £150,000 a year!

Although this looks like it would create logical reasoning for the prospect to buy, it does more than that. When this prospect sees that they could be costing there company nearly a million pounds a year, and it's primarily their fault...that's enough to make anyone become very emotionally disturbed! The prospect has enough emotion to make a positive buying decision, yet they also have enough logic to back up and justify that decision. Does that make sense?

And not to mention that when you ask for £23,000 to solve a £1,000,000 problem...it becomes a no brainer.

So use the prospect's numbers and come up with an estimated price tag.

Now in order to successfully implement all of this, you'll have to know your stuff! This is not child's play. You must be an expert. You have to know all there is to know about what you sell and the affects prospective clients suffer when they don't have your product or service.

So, let's recap...

There are three methods to build the value of your product or service. The first is that you must SEAL the problems that the prospect is experiencing. To do this you want to use the SEAL process:

First, the S means to substantiate the problem. Clarify, validate and confirm the issue.

Then the E stands for Expound on the problem. Dig deep and find all of the other ways the problem affects the prospect and connect the dots.

Then the A is to Amplify the problem by examining the long-term affects as well as past losses and projects or items the prospect can't launch or use.

Then the L is when you finally put a label on the problem in the form a massive price tag.

Ok let's move on to the next way to build value and that is to build the emotional appeal of the product. You have to make the product desirable. You have to make them want it---because it looks so good!

Now this applies mostly to tangible products, but not to worry, the third value building method will strongly help you build value with an intangible service.

Remember, value is largely an emotional feeling. It's about how people feel about the object. With that in mind let's look at a very powerful way to build the value of a tangible product; one that you show or demonstrate and then we'll move onto an intangible product or service.

You want to handle the product as if it's made of glass. Remember you need to stimulate emotion and feeling. The way you touch, lift or otherwise handle the product you sell will greatly increase or decrease its value. Handle the product with the utmost care and gentle touch. Handle the product as if it is made of glass and it is worth £10 million and if you drop it, you will have to pay for it.

Do this with everything and anything. Even if you are selling the strongest, toughest mechanical tools, handle them as if they were priceless Faberge Eggs and the value will soar. I know you may think that if you're selling something that is rugged and tough that you should handle in a manly fashion, but this is not right.

And this will work with anything. Let me give you an example. We had a client who sold post cards. It was a service company that helps sales companies, and businesses stay in touch with

their clients. Clients send the company their customer data, and the post card company would constantly send out birthday cards, anniversaries cards, etc

Well, their sales force constantly ran flat dead against price objections. They were getting killed on price objections and they couldn't overcome them with any reasonable rate of success.

We were called in and immediately went out in the field with some of the sales people and we instantly noticed what the problem was. The problem was two-fold. The first issue was that most of the sales people were not quite sold on the value of their service themselves. They were selling little small post cards---how much can that cost? How much can it be worth?

The second problem was the way that the sales people handled the sample post cards they presented in the sales interaction. Now I won't get into how we helped them understand the true value of what they sold and the value of their service, but let me address the issue of the way they handled the samples.

The sales people essentially did the same thing. They had a presentation book in which they would explain the value of constant contact and ask the prospect about their retention rates and so on. It was actually a pretty effective presentation. Then when it came to where the sales rep was to show some samples to the prospect, they would open up their briefcase, rummage around and find them....eventually!

So the rep would pull out a stack or two of cards wrapped in a rubber band. They would then remove the band and begin thumbing through the cards, like a deck of playing cards, until they came to one or two that reflected the prospect's business.

The rep then would take out a card or two and either hand it to the prospect or simply place them on the desk. The prospect would pick up the card, look at it and place it back on the desk saying, "Yeah, that's very nice."

Disaster.

That one act that took no more than a few seconds, killed their whole sales interaction and any sign of value. Well, after some training, that part of the presentation looked more like this...

Each sales person had a leather bound book, a binder, just for the sample cards. The binder held several very thick plastic pages that had separate compartments to hold cards. Similar to those binders that a collector of valuable coins or stamps would use.

We instructed them to use the most expensive, thickest and glossiest pages they could find. The sales person would gently remove the book from the attaché as if it were a priceless, 10,000 year-old manuscript from a museum. They would then softly place the book on the prospect's desk. As they opened the book, the light hitting the glossy plastic would cast a glare right into the eyes of the prospect like a glow.

Then they would look over the page, careful not to even touch the page. Turning the page was an art...the sales person would act as if the page would shatter if moved too quickly.

The sales person would remove a card as if it were made of eggshells, careful not to ever touch the actual surface of the card, but gently holding it by the edges as if the face was still wet with ink. The sales rep, never taking his eyes off of the card would slowly hand the card to the prospect.

Often, just before the prospect took the card, many of them would even wipe their hands first before handling it and would grasp the card like the sales rep did...by the edges.

Needless to say, they never had problems with price again and their sales rocketed just by paying close attention to the way that they were handling their merchandise.

So handle the product with the utmost care and as if it were made of glass.

Let's move on to the last way to help build the value of what you sell, which is to build the value of the unseen factors in the product. This is very important for intangible products and services.

You'll need to build the value of what is behind the scenes—those things the prospect can't immediately see. There are three areas in which to do this in.

First, you want to promote the intrinsic value of YOU. The more important you can come across, the more valuable your service will be perceived.

Much of this you can and should do *before* the interaction. You can send the prospect a one pager about you and what you have achieved in the company, any press clippings, any articles you've written, the savings you've made for your clients or the sales you've helped them to make, any awards you've received and so forth. All of this builds on your credibility and importance. Also, dress to impress and always dress up. The more important and knowledgeable you are, the more valuable what you sell will become.

The second point is to explain the value of people behind the scenes. Let the prospect know that your firm invests in only the best. For instance, assume there are two software companies whom both sell comparable accounting applications. One company employs entry-level, unproven, programmers still in college, while the other hires only high-level, seasoned and certified professionals. The higher worth and investment for the professional programmers will increase the intrinsic value of the software.

So wherever possible increase the value of the people within your company. Make it clear that these people – people who are not seen - are also valuable and important people.

And finally to add value, explain the value of behind the scenes processes. As with increasing the value of your personnel behind the scenes, also reveal the enhanced processes and procedures that your firm uses. Do you use the very latest cutting edge machinery to produce your products? Does your company spend more money on research and development, legal areas or security? Perhaps the filtering process and assessment tests you use to hire your staff are far more sophisticated than the industry norm. What about the personal and professional development of your staff too? Does everyone have a clearly defined career path? Such information will increase the value of what you provide.

So in summary, let's go through a quick recap on how to build the value of your product or service.

The first way to do this is to raise the value and the importance of the problem that your products or service solves. In doing this use the SEAL process. Remember SEAL: Substantiate, Expound, Amplify and Label.

The second way to build value is to build the emotional *appeal* of the product or service. Build the value of the product's visual attractiveness. Accomplish this by handling the product with care and be mindful of how you are presenting your products and samples.

And finally, to build value, you want to build the value of the people and processes that are *behind* the product or service. Accomplish this by building the value of who you are and then raise the value of other people behind the scenes and finally build the value of processes and procedures that your firm does better than the competition.

Use these tips to build the value of your product or service, and join us again soon for some more MTD Sales Training tips

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