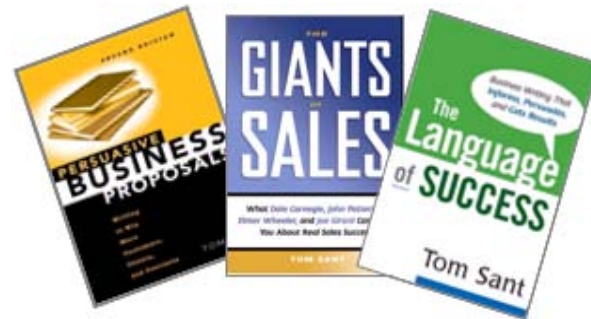


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# The Art and Science of Compelling Value



Dr. Tom Sant

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# Your Presenter: Dr. Tom Sant

Author of *Persuasive Business Proposals*, the world's largest selling book on proposal writing (3<sup>rd</sup> edition, Fall 2011)

“One of the 10 best sales books of all time.”

Geoffrey James, *Selling Machine*

Author of *The Giants of Sales* and *The Language of Success*

“America's foremost expert on proposal writing.”

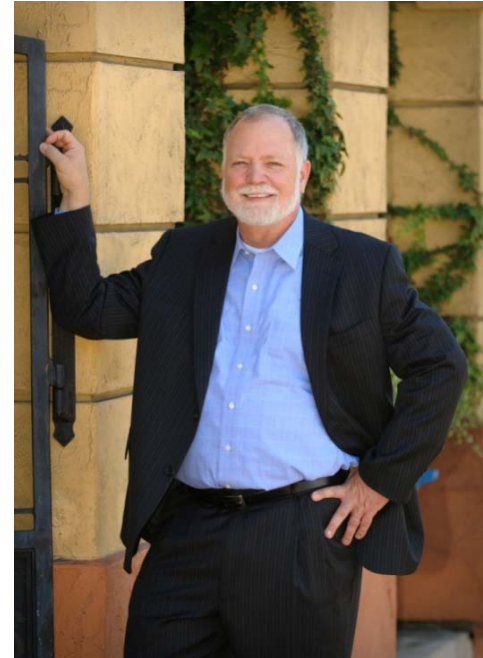
(American Management Association)

“One of world's top ten sales trainers.”

(Selling Power Magazine)

Over **\$30 billion** in winning proposals

Clients include Microsoft, Accenture, Cisco, DHL, Booz Allen, CIBER, HSBC, Johnson Controls, General Electric, NetApp, Sungard, Wells Fargo, Procter & Gamble, etc.



# Value

is supposed to cure all problems.

- ☑ Price pressure
- ☑ Intense competition
- ☑ Slow sales cycles
- ☑ Shrinking margins



Unfortunately...  
Sometimes it doesn't work.

Value has no value.

How effective is this?

“We offer a full range of enterprise-strength, integrated technology solutions.”

Does this make you want to say YES?



We are a true one-stop shop  
for all your information  
management needs.



How do you like me now?



We enable the people-ready  
business with leading edge  
solutions and world-class service.



Pretty exciting, huh?



We are committed to the  
success of the enterprise.





# Sample Value Proposition

## Is the value clear here?

Our approach to Integrated Facility Services is based on our ability to self-deliver all or most of the services rendered and thereby reduce costs *and* add value for our client's organisation.

Through our aptitude in Service Management, we are able to positively influence the loyalty and satisfaction of our client's employees.

By integrating and optimizing our operational processes we manage the variety of needs within our customer's facilities seamlessly, thereby enabling the delivery of a consistent quality and a flexible service mix – at all times and in all places.

### NOTE:

- Average sentence length: 30 words (desirable = 15 to 17)
- Readability index: 18.5 (danger level = 12)
- All three sentences start with a focus on the vendor

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# Creating Value that Actually Has Value.



# Smart Buyers Look for Positive Impact

- Revenue generation
- Cost avoidance
- Operational efficiency
- Reliability of mission-critical operations
- Quality of deliverables or execution
- Sustainability
- Worker productivity
- Customer satisfaction
- Regulatory compliance
- And other key performance indicators



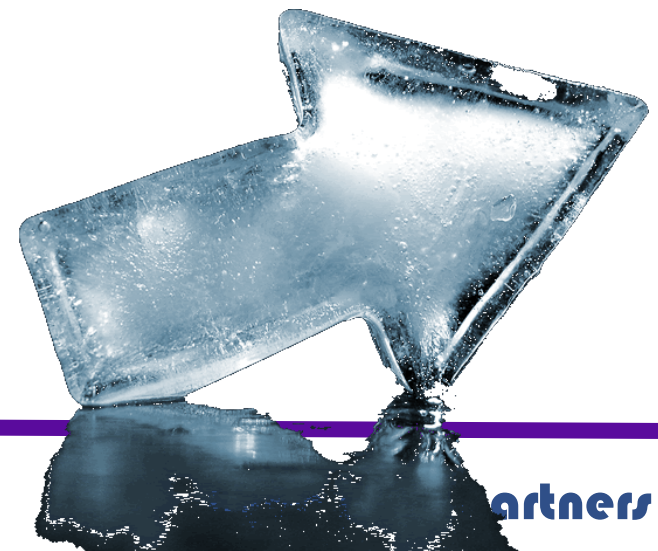


A value proposition is a  
**promise**

to deliver specific results that the client desires,  
backed up by evidence that we can keep our promise.

The promise inherent in our value proposition:

You will get more of the outcomes  
that you want the most  
if you choose us.



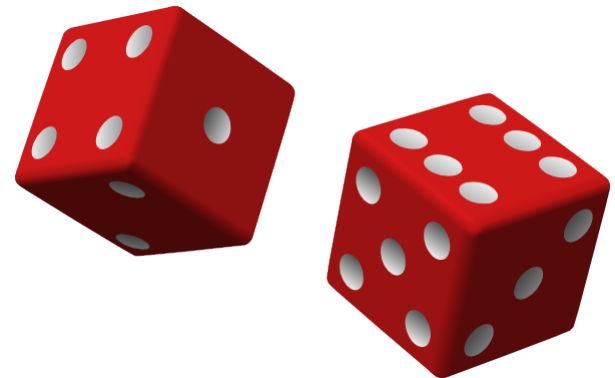
**FACT:**  
Without value, winning is just *luck*.

**You must establish superior value**

*based on technical, contractual, managerial, quality, or  
service differentiators,*

**or the customer will choose based on  
price**

**or may choose to do  
nothing.**



# The Estimation Heuristic

Why the Inuit hunt whales.



**Basic principle:**

Choose the course of action or alternative that offers the highest rate of return.

# The Basic Value Proposition

$$(Value_s - Cost_s) > (Value_a - Cost_a)$$



**Positive Impact**

where:

$Value_s$  = the value of your solution

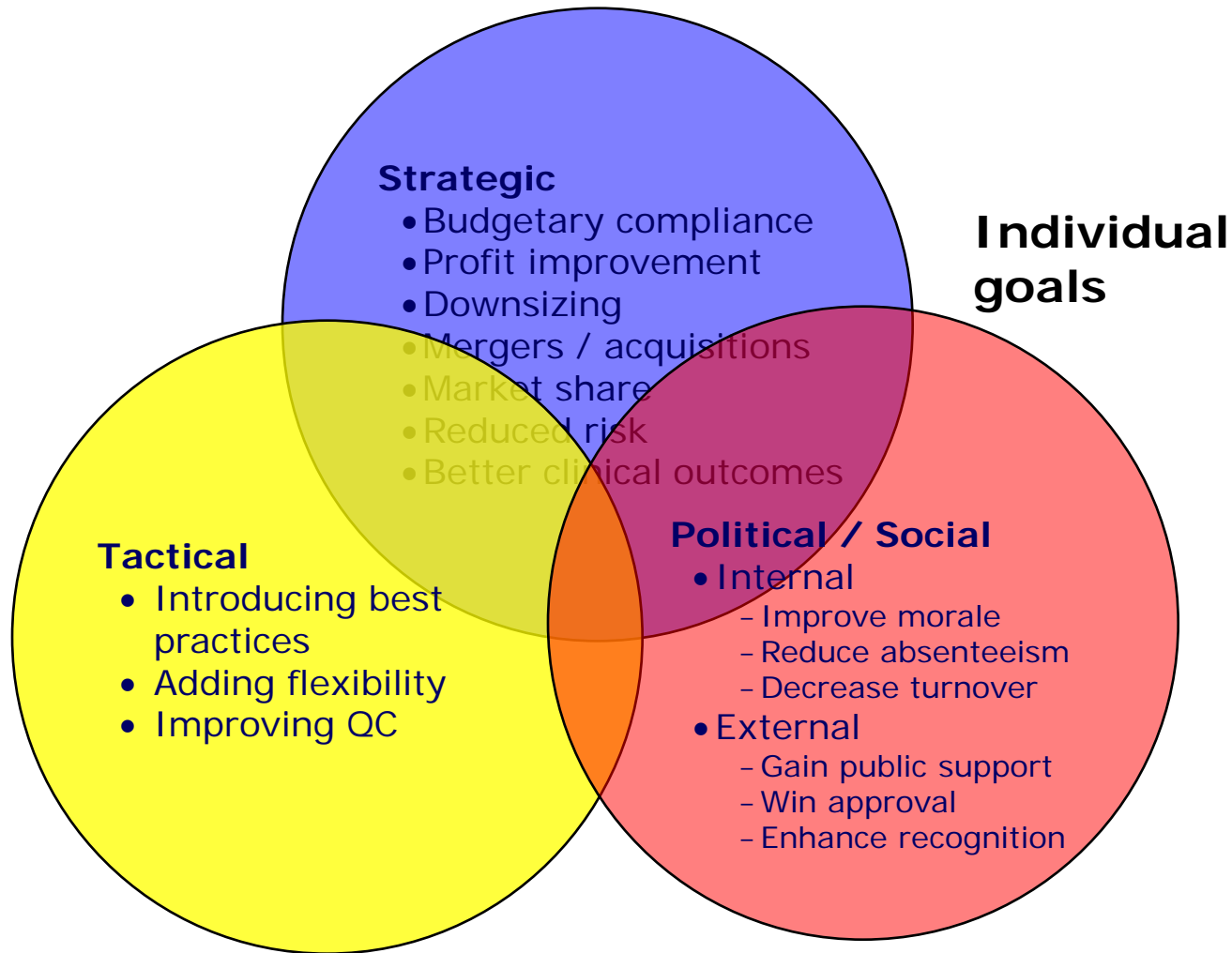
$Cost_s$  = the cost of your solution

$Value_a$  = the value of the next best alternative

$Cost_a$  = the cost of the next best alternative



# Four Areas of Impact



# Four Principles of Effective Value

## 1. Make sure the client cares

# What does the key decision maker care about?

CEO

CFO

CIO

Operational Manager

Program Director

Others?

# Happy Valley Hospital System

Client Business Functions				
	CEO	CFO	Medical Director	Director of IT
Desired Outcomes				

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	CEO	CFO	Medical Director	Director of IT
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	Achieve Top 100 Hospitals ranking			
	Improved core measures of performance			

# Happy Valley Hospital System

Client Business Functions				
	CEO	CFO	Medical Director	Director of IT
Desired Outcomes	Integrate 3 new acquisitions	Improve net profitability		
	Achieve Top 100 Hospitals ranking	Reduce A/R by 5 days average		
	Improved core measures of performance	Reduced spend on drug therapy (prompt shifts off of IVs)		

# Happy Valley Hospital System

Client Business Functions					
		CEO	CFO	Medical Director	Director of IT
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	CEO	CFO	Medical Director	Director of IT
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	Improved core measures of performance	Reduced spend on drug therapy (prompt shifts off of IVs)	Reduced medication errors	Access to outside expertise



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# Four Principles of Effective Value

1. Make sure the client cares

2. Measure it

# What Are You Measuring? And How?

Area of results	Metric	Direction	Unit of measure
Financial	Direct labor costs	Decreased	Number or \$
Quality	Errors in work	Reduced	Number or %
Social	Customer satisfaction	Improved	%
Technology	Downtime	Reduced	Time or %
Personal	Bonus	Increased	\$

# Four Principles of Effective Value

1. Make sure the client cares

2. Measure it

3. Picture it

# If You Can Measure It, You Can Graph It

Graphics  
and color  
increase  
persuasiveness  
47%!



# Four Principles of Effective Value

1. Make sure the client cares
2. Measure it
3. Picture it
4. Link it to your differentiators

# What Are Differentiators?

- Product/service features
- Corporate culture
- Marketing
- Customer service
- Price
- Location
- Employee benefits
- Reputation

Something you do that nobody else does.

Something everybody does, but you do in a different way.

# The Differentiators that Matter

In selling services, here's what matters...

1. How you will do the work

*Methods, processes, techniques, tools.*

2. How you will manage the work

*Project management, tracking, billing, problem resolution, change requests.*

3. The people you will provide

*Recent relevant experience. Training.*

4. Special facilities, tools or equipment

*Especially in unusual environments—e.g., medical, food handling, secure environments (airports), automotive, energy, academics, government, and so on.*



# Create a Selection Matrix

1. List all of your differentiators
  - By competitor
  - By processes
  - By corporate capabilities
2. Align your differentiators with common value positions
3. Weight the differentiators

# Align Your Differentiators with Value Positions

Differentiator/ Uniqueness factor	Cost reduction	Business continuity	Technology Transformation	System integration	Minimize risk	Risk transfer
Flexibility, scalability						
Single point of contact						
Highest level of self-perform in industry						
Career path						
Global presence, global capacity						
Financial stability, resources						
Center of Excellence						
Speed of delivery and set up						
Documented processes, workplans						

# Weight the Degree of Fit

Differentiator/ Uniqueness factor	Cost reduction	Business continuity	Technology Transformat ion	System integration	Minimize risk	Risk transfer
Awards for superior products	1	4	5	2	3	3
True Web-based design	3	2	5	5	1	4
Lease or buy options	5	1	1	3	4	4
Standard code base	4	3	3	2	5	3
Fastest loading and retrieval	3	2	4	2	3	4
Open architecture	3	2	5	4	4	5
Cisco Solution Partner	1	4	3	3	3	4
First to market	4	4	2	3	5	3
Team functionality	3	1	4	2	2	5

# Select Differentiator Based on Value

Differentiator/ Uniqueness factor	Cost reduction	Business continuity	Technology Transformat ion	System integration	Minimize risk	Risk transfer
Awards for superior products	1	4	5	2	3	3
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# Different Strokes for Different Folks

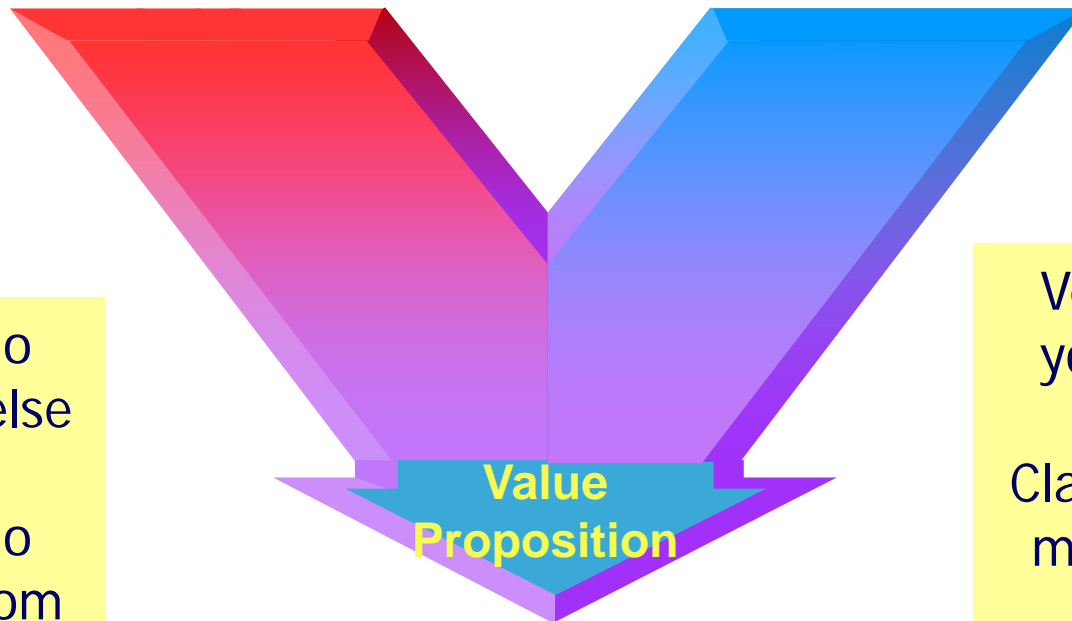
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# Back Up Your Value Claim

## Differentiat

## Proof

What you do  
that no one else  
does.  
What you do  
differently from  
anyone else.



Verifiable claims  
you make about  
yourself.  
Claims your clients  
make about you.  
Third-party  
evidence.

**Value That Has Value.**

# Real Proof, Not Fluff

Here are a few examples of marketing fluff....

*Anything look familiar?*

Best of breed  
World class  
Leading edge  
State of the art  
Quality focused  
Uniquely qualified  
Innovative  
Leverage

High performance  
Synergy  
User friendly  
Integrated  
Partnership  
Seamless  
Robust  
Highly available

Vague generalities. Undefined or unsubstantiated claims.  
Grandiose promises without substantiation.

# Three Kinds of Proof

Things you say about yourself.

Things your clients say about you.

Things third-party experts say about you.



# Things You Say About Yourself

Resumes or CVs

Company history

Corporate capabilities

Coverage maps

Process diagrams

# Things Your Clients Say About You

References  
Testimonials  
Case studies

# Things Third-Party Experts Say About You

Awards  
Rankings  
Recognition  
Certifications

# Writing Effective Value Claims

First:

State the value the customer will receive, preferably in quantifiable terms.

**Example:** “One important benefit of accepting this proposal is that Acme Ltd will see a decrease in energy consumption of 15 to 18%.”

# Link Value with Your Differentiator

Then:

Link the value proposition with your differentiator in a cause/effect sentence

**Example:** “That decrease in energy consumption will come as a direct result of implementing our gas and electric rationalization software, which will automatically manage your energy costs to assure that you pay the lowest possible price 24 hours a day. The only system of its kind, the Windows-based software has been proven in controlled studies to reduce energy bills.”

# Prove It!

## Third:

### Provide a proof statement

- Case study
- Reference or testimonial
- Third-party validation
- Verifiable statistics
- Guarantees or service-level commitments

**Example:** “For example, when Leeds Smelting plc implemented the software, they saw an immediate reduction in energy costs of more than 20%. Similarly, Birmingham Hospital NHS Trust reduced energy costs by 17% during the first year of using our software.”

# In Summary

1. The customer defines value.
2. Focus on how you will deliver that value based on your provable differentiators.
3. Gather baseline data so you can quantify the jump from “*as is*” to “*to be*.”
4. Present your value proposition graphically.
5. Reinforce your value proposition throughout the proposal.

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# Q and A

Dr. Tom Sant

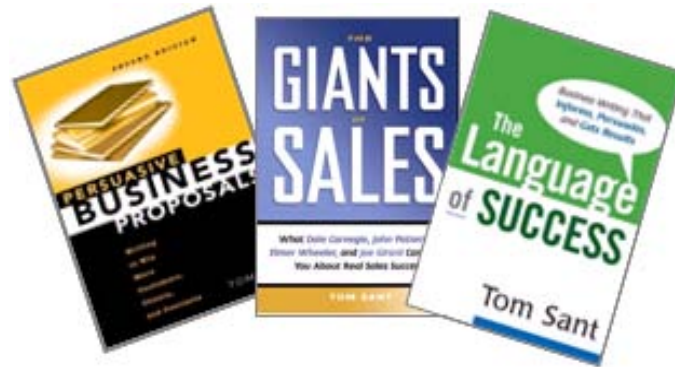
[tsant@hydeparkpartnerscal.com](mailto:tsant@hydeparkpartnerscal.com)





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And good luck...  
in creating compelling value  
propositions!



Dr. Tom Sant  
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