



## **Productivity**

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### **Value Proposition - Does Yours Help or Hurt?**

Many marketing professionals use the term “value proposition” in their every day terminology, actually using it beyond the realm of their profession. Having a value proposition is interesting, but what is it and do your customers know why it is important to them? Does your company have a value proposition that is clear and compelling to your target audience? If you cannot clearly define the value proposition for your company, are you making it more difficult to sell your product or service?

#### **What is a Value Proposition?**

A value proposition is a clear statement of the tangible results a customer gets from your products or services. Developing a clear value proposition is perhaps the single most important strategic process in which your company can engage. It establishes the core purchase value your company is delivering to the market and the strategic alliances and partnerships that will increase your firm's market access. The more specific your value proposition, the better. A successfully tested and proven value proposition is essential to opening doors and closing sales. So what makes it so difficult to define a really good value proposition for your product or service?

Many companies have an inadequate value proposition - the result of folks trying to be everything to everyone, or not really understanding their target audience's needs and challenges. Finding a value proposition in marketing materials is an even harder exercise. In many cases, companies hide their value from their customers, speaking technical jargon that does not help the prospect determine whether they want to do business with you.

#### **No Value Proposition is Better Than an Ineffective One**

Let's take a look at a couple of ineffective value propositions.

- Our award-winning solution is affordable, quick to implement, easy to use, customizable and scalable.
- We help customers more effectively plan and execute strategic network projects.
- We provide the infrastructure and tools to dramatically increase system administrators' leverage, allowing you to focus on higher-value activities.

- o We provide the following value proposition to our current and potential clients: 1) Proximity to our clients is part of our strategy; 2) We are organized that our company has the local representation and required industry specialization; 3) At the same time, consideration has been taken to ensure that our consultants possess the most appropriate competencies, that are specific to our industry sector focus and client's requirements.

At this point, I have to ask, "So what?" Why does this matter to me? While doing the research to write this article, I also came across many value propositions that took more than a paragraph to define. At that point, you have probably lost your reader's attention. If it takes that many words to describe your value to your customers and prospects, you probably should rethink your strategy. In fact, many Web sites have entire pages dedicated to their "Value Proposition". What most of these describe is why that company is wonderful, not how they help you solve your business challenges.

### **Developing a Solid Value Proposition**

A value proposition needs to resonate on your customer's radio frequency WII-FM – "What's In It For Me?" Answering that question with measurable results will increase your target's interest in what you have to offer. And if you do, you have a much better chance of turning them into a customer.

It is important to develop a value proposition that is compelling, whether it is a product, service, the way the product is delivered, or even the way the customer is treated. Strong value propositions deliver results: increased revenue, faster time to market, decreased costs, improved productivity, increased market share, or improved customer retention levels. When prospects can realize value from your products and services, you increase sales, you generate quality leads, your customer becomes your business partner, and your people truly understand what your company does.

Here is an effective value proposition. This statement alone encourages the prospect to read further:

"Utilizing [our] state-of-the-art technology, insurance companies can easily save 2.0 percentage points in expenses and shave at least 2.0 percentage points from their combined ratio for each commercial line utilizing our solution. We believe most companies will achieve higher savings. Property and casualty insurers operate in a very competitive environment. Therefore, cutting costs and streamlining operational processes are critical to their success."

If I owned an insurance company, I would certainly find out more about this company's offerings. Unfortunately, there is no cookie-cutter process to developing a solid value proposition. However, with a little iterative brainstorming, you can develop a statement that resonates with your target audience. The statement can take on the following format if that helps you develop yours. I have again used an actual company's value proposition that I felt was effective.

- o Assertion – 360° CRM in 2 to 6 months: XYZ Company helps customer-focused companies leverage functionality and achieve productivity quickly.

- o Meaning – Our CRM solutions are fully operational in no time. Exceptional usability and supplementary training courses also help to secure a rapid Return on Investment.
- o Proof – One of the world's leading suppliers of architectural lighting solutions implemented XYZ's CRM solution for sales and marketing in 12 countries in 6 months.

Here are some questions to help you develop or test your existing statement to ensure you are enticing your target audience to want to do business with you.

- o What does my target audience want? What do they value most?
- o What are our core competencies and capabilities?
- o What are the core competencies and capabilities of our competitors?

Once you have answered these questions, you can begin building your value proposition and tailor a message that addresses target customer needs and differentiates you from your competition. As you work, keep asking the question “So what?” When your value proposition no longer causes you to ask, you have honed a message that captures your customer's attention.

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