

Sell Value, Not Price!



**Don
Hutson**

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Has This Ever Happened to You?

“Your price is too high.”

“Is that your best price?”

“What kind of deal can you give me if I buy from you instead of XYZ company?”

These are among the most dreaded words a salesperson can hear. An average salesperson may say: “Is there anything else that may convince you to buy this product?”

Some sales people are somewhat successful by using a “planned” script or dialogue, but more often, most stammer, offering a weak response. In either case, they often get the sale at the expense of their margin, or lose it all together.

Hopefully, you’ve never lost the sale using an ultimatum like: “That is my best price. Take it or leave it!” More often than not, this salesperson will lose the sale altogether forfeiting not only the sale, but future sales by abusing the relationship.

What Can You Do to Be Successful?

The high performing sales person who understands the potentially eternal value of unlimited future sales from a customer might respond like this:

“I value you as a customer and you’re a smart business person. When you buy this product, you aren’t going to need to buy another one for a long time. The time and money you save by buying this is significant. It has benefits that specifically target the needs that you felt were most important. I’d like to show you how you’re actually saving money and getting more value than if you bought a similar product for what appears to be a lower price now.

“You have my personal guarantee that we’ll even follow up to make sure you’re getting the maximum value from this great product. I know profitability and costs

are important to your bottom line, and your company's, and I'm here to help you make sure it happens. You owe it to yourself to be sure your decision is the right one for long term cost and for quality. Let's collaborate to develop the best solution together, and I assure you I'll do everything in my power to be a valuable and unique resource to you."

Pricing is Complicated!

As a salesperson, understand that the concept of price is complex. There's the price that's written out on the tag, and then there's the price that accounts for every aspect of savings and benefit—which essentially says, "Your life will be better off or worse off when you buy a certain product." This contributes to the overall VALUE...and therein lies the secret. To be a successful salesperson, learn to sell value!

Here's a good example:

Let's take a washer and dryer unit. Store A's washer price is considerably higher than Store B's. And the customer is trying to figure out why she should pay the extra \$300. But because the unit at Store A is of superior quality, part of the price includes an extra three years in the life of the machine. It also includes faster drying times, better washing quality, more efficient use of detergent, brighter colors, less wear on the fabrics, the peace of mind that your clothes will be cleaned well, and not having to put up with the problems that frequently occur with the washer at Store B. Not only that, but the warranty and repair service at Store A is far superior to that of Store B.

In the end, Store A's washer will be a better buy because of the value the salesperson presents. It's

important to understand, however, that part of the value of Store A's washers includes superior customer service and a trust between the salesperson and the buyer. It is up to the sales professional to effectively present the value components.

Here's What You'll Learn:

This eReport is designed to give you proven strategies that help you sell value over price. You'll learn about product enhancement and alternate ways of marketing. You'll get information on technology development, enhancing the buying process, and creating a low-stress buying environment. You'll learn how to outsell your competitors by understanding their practices.

In addition, this information addresses the "how-to's" in developing trust, integrity, and how to best understand your customer's wants and needs.

The practice of selling value over price will result in benefits to your bottom line, while at the same time, producing satisfied and loyal customers...which results in endless referrals and a ton of raving fans who do the "selling" for you!

Here's How You Build Value

The best example I've ever experienced of building value came after I'd had the opportunity to address the annual meeting of Jockey International a few years ago. You know, the underwear people.

I did an after dinner speech for about 700 people for Jockey in Chicago. They were a fabulous audience, positive and responsive. A few weeks later I got a phone call from a man who said, "Don, I heard you speak at the Jockey meeting recently, and really enjoyed it."

"Thanks!" I said. "You must be with Jockey."

"As a matter of fact, I'm not," he said. "I was a guest at the meeting. Actually I'm president of a firm that's one of Jockey's suppliers. The chairman of our company and I heard you, and we want you to come give that same talk to our people at our annual meeting three weeks from Saturday. Can you make it?"

Now, I love to sell dates on a calendar as much as you love to sell your products or services. But when I looked at my calendar for the date he mentioned, I knew there was going to be a problem.

The Saturday he was asking about came at the end of a week in which I had six speaking appearances scheduled in six cities in five days. I was to leave town at 5:30 on Sunday afternoon and not get home until 11:15 on Friday night—a grueling week. So I can tell you that, at that point, my mental image of the value of earning one more speaking fee that Saturday was pretty low, and my mental image of the price I would have to pay was very high:



I had made a pledge to my children years ago that any time I was out of town all week, I'd be with them on the weekends. It looked as if the price I might have to pay was greater than my perceived value of the speaking engagement.

So I said to him, "You're gracious to invite me, but I don't see any way I could make that date. However, I have a lot of friends in the business, so why don't you let me get you another speaker for this year and use me at next year's meeting?"

He said, "Don, let's not give up so easily. Didn't you say in your talk the other night that your wife is into horses?"

"You've got a great memory," I replied. In my speech I had said that years ago, my wife and my secretary got into the Tennessee Walking Horse business. For me, that experience was almost like supporting a bad drug habit! He remembered the line.

"Don," he said, "would it intrigue you to learn that we are having our meeting this year at the 5,000-acre horse farm outside of Lexington, Kentucky that belongs to our chairman of the board?"

What is he doing here? Well, he's building my mental image of value.



I said, "Wow, 5,000 acres? That sounds incredible, and I know it's got to be a beautiful layout. But it's my wife who is into horses. She doesn't normally travel with me. And the truth is, I'm allergic to horses."

Did this slow him down? Not in the least.

“Don,” he said, “as I understand it, the problem is that on that Saturday, you need to be with your family. Is that the problem?”

“That is indeed the problem,” I told him.

“Well, let me try this one on you for size,” he said.

This man could sell value! Oh, was he ever smooth! He remembered I had an interest in aviation from some comments in my speech. “Tell you what,” he continued. “At 10 o’clock on that Saturday morning, if you, your wife, and your kids will be at Signature Aviation at the Memphis International Airport, we will send our company Learjet down to pick you up.”



He continued, “It’s only a 40 minute flight in the Lear Jet from Memphis to Lexington. Then we’ll get you and your family off the jet and put you on our Jet Ranger helicopter.

“Now Don,” he said, “here’s the question I want to ask you, and want you to ask your wife. Have you ever experienced a cool, crisp early autumn morning in central Kentucky? When you get into a Jet Ranger helicopter, you climb about one hundred feet and all you see is fog and clouds. But then you climb up to five or six hundred feet and the fog miraculously dissipates. And you look across the horizon, you begin to see the rolling bluegrass hills, white fences, and prancing racehorses out on their morning run. Have you ever seen that

from 600 feet in a Jet Ranger helicopter, Don?”

“Not lately,” I said weakly. (You must know that his value-building exercise was working like crazy with me.)



“Don,” he continued, “we’ll get you over to the meeting site to give your talk. After your talk, you can stick around for our social activities if you’re so inclined. When you’re ready, we’ll put you back on the chopper. You, your wife, and your kids will be back to the Lexington airport in short order, back on the Learjet, and back in Memphis by 4:00 p.m. that afternoon, with plenty of time for a family dinner!”



As I’m sure you guessed, at that point I felt like saying, “Let’s book the program. Forget the fee!” Of course, I didn’t say that. Never cut price when value is there, right? My family and I had a great trip that day and I personally learned a terrific way to “sell” the Value Proposition and can pass it on to you.

Rule number one is to know what people value. The man in the above story knew I was into aviation! Once you do your in-depth discovery you are in a much better position to develop a successful strategy.

What is Value?

What is value anyway? Webster's Dictionary defines value as "the relative worth, utility or importance; status in a scale of preferences of a thing by the way it is sought, shunned or protected." Did you catch that word—"relative?" We can be assured that while there are some things that just about everyone values, the truth is that value, like beauty, is in the eyes of the beholder.

One of the best ways to initiate the value-building process is to find out what turns somebody on and give it to them! When the price of doing that speech seemed high to me, the supplier's representative made the value even higher. That's what selling is all about—getting inside people's heads, giving them what they need and want, focusing on what they value, and presenting it with good strategy. That's what gets people turned on!

Someone once said that the cardinal rule of selling is to find out what somebody wants and sell it to them! In today's world that is undoubtedly an oversimplification. There is, however, something to be said for understanding your prospect's wants and needs, and the ever-important DBM (Dominant Buying Motive).

Dominant Buying Motive (DBM):
The most important emotional aspect that encourages a prospective buyer to make a purchase.

Unless you creatively differentiate your offerings, your product will usually be perceived as a commodity. Then the question becomes: How do I differentiate my products or services from my competition, especially if I'm a small business or entrepreneur?

This is the key to successful selling—to get noticed in the sea of competition.

The high performance strategies presented in this eReport will help you do just that—by learning how to make your offerings stand out, build trust with your customers and find out exactly what they value. Using this strategy, you'll be able to craft a brilliant presentation including their hot buttons and get the sale every time!

Eight Ways to Differentiate Yourself from the Competition

We've determined through our studies and consulting work that for many businesses and services there are predominantly eight types of differentiation. This may be valuable to your business model when you're going into the market with something other than a "me too strategy," in which you simply present the same products as others in your market.

Let's examine each carefully. I want you to give careful thought to how each type could be utilized in reference to your own offerings.

Commodity:
A product (or service) that has no discernible differences from others available at any number of other sources in the marketplace.

1. Product Differentiation

How is your product or offering different from and better than your competitors'? If you can't come up with some solidly unique components, you may be in danger of being just another commodity in the marketplace.

Here's a strategy:

Perhaps a think tank within your company can make product enhancement a major initiative. Together you can brainstorm and determine if there is something unique, about your product or service—then creatively exploit every aspect of the difference and tie it into what the prospective customer values.

Your goal is to come up

with both UCAs (Unique Competitive Advantages) and RAs (Relative Advantages). This gives you admirable positioning in your marketplace and impresses your prospect base. Do anything

Unique Competitive Advantages (UCAs): Cutting-edge features or benefits that no one else has thought of.

Relative Advantages (RAs): Things that you have that your competitors also have, but your version is superior.

you can do to make sure that your prospects see you in a positive light that is directly tied to **THEIR BENEFIT** for maximum resonance.

2. Price Differentiation

Unsophisticated marketing and sales people often think that the best way to get business is by underpricing everybody else. So they trash their margin, buy business, and then wake up only to realize that they can't make any money that way. Thin or non-existent margins have put more companies out of business than any other single factor. If you choose to go to market as the low price provider, you better have every expense category cut to the bone, including sales commissions, or you will perish in short order. In my opinion, this is the worst avenue of approach in trying to build a viable long-term enterprise. When you are competing with giants in your marketplace, (like the Wal-Marts of your world) there is no way you can continue to cut into your profit zone and stay in business.

3. Relationship Differentiation

If there is a solid relationship between you and your clients based on high levels of trust, you have an inside track of tremendous value. When they respect and trust you, you have created an environment that will be the envy of your competitors. In fact, the client may not even give your competitor a chance if your relationship is strong enough. Build that trust with a solid, high integrity, win-win approach by exceeding their expectations and being a valued resource in every conceivable way. Be prepared to *earn* their trust, which takes time, planning and perseverance. Most of the

top performers we interview understand the value of “investing” in relationships to get long term business through the relationship. When you understand the power of relationships, you lock out the competition regardless of changes in the marketplace. Your competitors won’t know what hit them! Implement solid value added “drip” systems using traditional and electronic updates, follow up, etc. Relationships that are nurtured on a regular basis are guaranteed to grow.

4. Experiential Differentiation

Many people believe that we are in an “experience economy.” Can we provide customers with experiences that are so memorable that they start telling their friends and neighbors? Outserving your competition is another way to gain market share. Find out what your customers’ expectations of service are and do everything in your power to exceed them! Continually amaze them with beaten deadlines and prompt response to even the smallest of issues, and they will give you their allegiance. Studies have shown that when a vendor makes a customer happy he will tell three people about it; when the vendor makes a customer unhappy he will tell eleven people about it! That may not be fair, but that’s the way it is! See that your clients experience frequent moments of ecstasy and never any moments of agony, and you will keep them coming back again and again. And next time they’ll bring other customers with them when you give them unforgettable experiences.

5. Process Differentiation

Many companies don’t attach enough significance to the processes that dictate the image of their business model. Most personal and business behavior is based on habits. The “But we’ve never done it that way” syndrome bites us in the backside when we don’t give

innovative thought to how we practice business. Get your best minds together and brainstorm better, more customer-friendly ways to do business. Think out of the box and do some things that have never been done before. Your customers will be impressed with your spirit of innovation and your team members will become more energized in the process. Remember that how commerce is conducted changes every day due to globalization, e-commerce, the internet, new software programs and of course, technology...so read on!

6. Technological Differentiation

This age of modern technology affords many opportunities to advance our ways of operating and communicating. These new modes of communication encompass a wide variety of options, from using podcasts to update customers, or address customer-sensitive issues, to a blog that allows “voice” and interface to “hear” from your customers that result in the advancement of your prospect understanding of updates, changes and timely buying opportunities.

A key factor to excelling in today’s marketplace is to adapt to the buying preferences of Generation X and Y, which requires providing technologically-savvy ways to speed up the ordering, shipping and delivery processes. Get your best technological minds together to brainstorm how you can make technology work to impress your prospects and customers with speed and convenience 24/7. Cardinal rule: Make it

EASY for the customer to communicate and buy. Addressing the different core values of each of the four generations will propel you to top sales. It's a good idea to survey your current and past customers with their preferences. This analysis will give you the information you need to tailor your business and communication fulfillment to meet and exceed their expectations. Remember, you can buy a book in every town, but Amazon.com is a giant today because they make it easy, safe and 24/7...so follow the leaders!

7. Marketing Differentiation

Give careful thought to how you go to market. I have seen some companies that had "me too" products but were creative enough in their marketing to prosper. This creates a powerful difference in your marketplace if you incorporate a sales and marketing approach that is unique and engaging, clearly differentiating you from your competitors.

Determine ways to create a distinction in your marketing that supports setting you apart in your marketplace. In the book, *Blue Ocean Strategies*, the authors cite that competing in a sea of competition versus competing in a large blue ocean is an easier solution to profile your product or services because it renders your competitors and their product or services "irrelevant."

Consider deploying a successful internet marketing approach that opens your marketplace to attract prospects in all age groups and demographics using tools like a free trial offer, or a downloadable coupon. Design your direct mail campaigns to include web responses and free reports compelling enough to receive an above-average response and to track the effectiveness of your campaigns.

Study your market and find out what everybody else is doing then do something different! Whatever you do, do it differently and better than your competition. Add "flair" or value added service that captures attention.

A sure way to garner more customer attention is to market your offerings that offer something special for your customers that they don't expect. Everybody loves a little "extra" or small premium, gift or valuable information that says: "We care about you, value you as a customer and care about your satisfaction."

Want to really blow them away? Bring them a solid lead for their business! Helping them grow their business is guaranteed to have them gravitate toward you! Find out what they want and need and provide it for them with creativity and an edge.

Use personal notes and don't forget that although email is a terrific medium, not everybody uses it properly, so **never underestimate the power of a simple handwritten note...it works like magic!**

Keep in mind that once you secure a customer, the next step is critical to keeping them for the long term. People like to buy from those they like, know, and trust. In precarious times like these, it is essential that your prospects proceed to buy in a comfort zone, which can only be achieved through the fine art of building trust.

Building Trust

Dr. Peter Drucker says, “The purpose of a business is to attract and retain customers.” But it’s the small differences that will serve as a means to achieve this purpose.

Here’s a good example:

Let’s say you have successfully attracted new customers through your creative differentiation efforts. Your next goal is to do all you can to avoid customer turnover. It’s six times more expensive to get a new customer as it is to keep an existing one! So once we have received the honor of being chosen as the best to do business with by our customer, let’s work hard to earn and re-earn his or her allegiance. The biggest sale happens *after* the sale...it’s what we do *after* that makes them feel special and keeps them coming back for more.

When we reach the point that we are perceived as a unique and valuable resource to our clients, we have earned their trust.

In my seminar and consulting work, I help companies and individuals understand the critical need to keep the trust levels high to encourage and promote more business transactions. Many times my clients ask me how to initiate, promote and nurture trust-based relationships.

Here are several points about the trust-based relationship to consider:

1. Trust and stress are inversely proportional in business relationships. This is the reason high-pressure tactics really don’t work anymore.

When you attempt to close a sale with someone before you have earned the right, or before her comfort zone is reached, stress goes up and trust comes down.

2. Stress strains relationships and causes customer turnover.

There are some interesting side effects of a high-stress interaction that we want to be certain to avoid.

When stress goes up, sales cycles are lengthened. Long sales cycles equal poor sales efficiency. Keep the stress low by utilizing a selling style that is consistent with high-trust relationships.

3. Another negative outgrowth of high-stress relationships is that the closure rate is lower.

Again, poor sales efficiency comes into play. Monitor your closure rate carefully. As you focus on it, think about it, and work on improving it, and amazing results will occur.

4. To insure that you are doing a superb job of building trust and keeping customers happy, be sure that you always “under-promise and over-deliver!” Let’s make promises reservedly, but always keep them. Let’s figure out exactly what their expectations are and exceed them. Let’s

Sales Cycle:
The length of time that transpires between the initial contact with someone about a given product and when they make the affirmative decision to buy it.

Closure Rate:
The rate at which a sales person converts prospects to buyers.

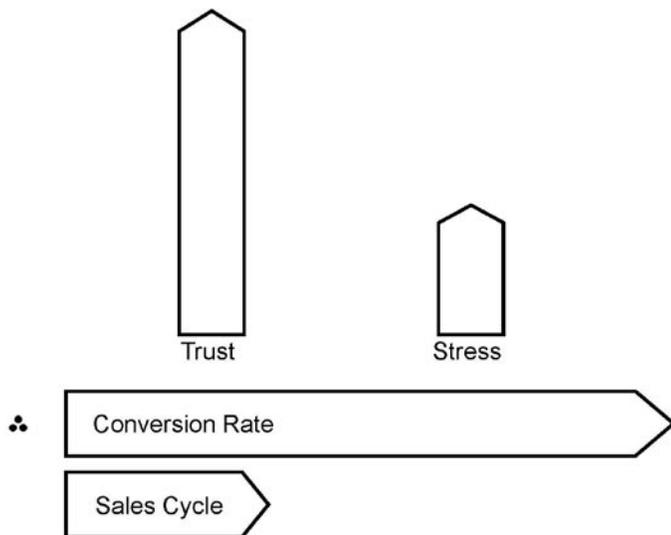
also remember that it is okay to over-communicate but not to under-communicate.

5. Consider how much trust-building behavior you must participate in. The amount should be at a level that sets you apart from your competition. Remember that only survivors remain in your marketplace. The weaklings have already failed and gone away. All of the survivors are doing something right or they wouldn't have made it. Figure out what they are doing and perform more and better trust-building behaviors than they are!

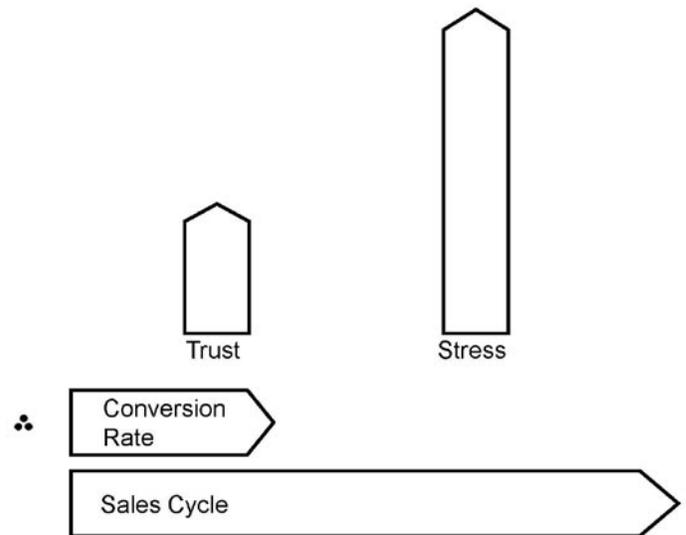
6. Lastly, and most importantly, the key to building trust is to always behave in accordance with strong values and solid integrity. As we have all learned, even a small white lie can build into a massive snowball. Let's not put ourselves in the position of being vulnerable to that eventuality. Remember that *what is right is more important than who is right*.

Below are two charts representing how levels of trust and stress effect the conversion rate and sales cycle:

THE "DESIRABLE MODEL"



THE "UNDESIRABLE MODEL"



As you can see, when the trust level is high, the conversion rate increases while the sales cycle decreases. On the other hand, when there is more stress than trust, the conversion rate decreases and the sales cycle becomes longer.

Advance Relationships Using Powerful Needs Analysis

One of the best ways to advance relationships with your prospects and clients is to become intricately familiar with their needs. Both their perceptions of their own needs and your perceptions of their needs exist. These perceptions might vary greatly. Your responsibility is to make certain you know exactly what they think. Even if you think their perceptions are wrong, they are still their perceptions, and you must deal with them if you are going to make a sale.

For example: I used to sell men's tailored suits. I learned pretty quickly that what I thought was a perfect fit often didn't coincide with what the client thought. So, who was right? It's the customer's money being spent, so he gets the final say! In selling, there is a great deal of subjectivity that we must deal with, and we should respect where the customer is coming from. If there is a communication gap, it is our job to close it.

The best way to know what is going on inside the head of a prospect or customer is to ask questions. Everyone likes to be asked his opinion. One of the primary reasons for asking questions is to give your prospect an opportunity for what we call at U. S. Learning "authorship." If you do a good job of information gathering, you will ultimately deliver a presentation your prospect helped you design!

Our studies consistently indicate that there is a much higher probability of closing a sale with this approach. There are many benefits, the most important of which affects your bottom line:

Key:

"You will keep your sales cycles shorter and your closure rate higher while dramatically improving your sales efficiency (and your income)!"

Key Strategies for Performing an Effective Needs Analysis:

1. Be sure you are talking to decision-makers or decision-influencers so you don't waste your valuable time (and energy!).
2. A major goal in your needs analysis process should be to discover the prospective buyer's dominant buying motive (DBM). The discovery of their DBM will put you on a faster track to getting the "yes." It's okay to even ask the prospect, "Would you say that

is your main consideration in whether or not you go forward with this purchase?” Her response will validate or negate your assumptions and give you clues as to what direction you need to pursue next.

3. Be conscientious in your approach. Attach importance to the process in any way you can. Let the customers know that you don't sell just one solution that fits everybody. They will appreciate the fact that you are tailoring a solution for them.

4. Impress them with the quality of your questions. The better the quality of the question, the better the quality of the information you gather, so give careful thought to the questions you ask and how they are phrased. Ask questions that have depth and meaning that cause the customer to think. Have them written down in an orderly fashion in advance. Written questions show you have prepared for your meeting and have interest and concern for the outcome.

5. Ask probing questions that give you a greater depth of understanding. Don't be reluctant to ask them to elaborate on certain feelings or opinions. Ask why they feel that way if it will help you understand them better. Simply say: “I want to be clear, so can you elaborate?” You'll be surprised at what you'll learn by listening and clarifying!

6. Clarify all substantive points. Always ask clarifying questions on key points that assure that you are communicating effectively. Always acknowledge their perspective. Then, be willing to express your opinions on things that you think are in their best interests, even if they differ from the prospects.

7. Seek clear understanding on all points. Miscommunication is no communication. Use phrases like “So what I hear you saying is...,” or “Can you explain why that is a priority for you at this point?” Asking such questions tends to give you opportunities to find out more about why the customers feel the way they do. It can only help in your solutions development phase.

In my training, I know that when I increase the customer's mental image of value, I must talk benefits and not features—which is the typical selling strategy of much of your competition. Let's help you by defining the two types of benefits to propel you ahead of your marketplace competition:

Generic Benefits: Benefits that anyone who buys your product will gain. They are there for everybody and, generally, everybody values them. But don't assume that they understand these benefits without explanation. Be sure to explain them with clarity and a solid value-building approach.

Targeted Benefits: Benefits that are specifically targeted to the needs of specific prospects. You figured out what they value in your needs analysis when you (hopefully) discovered what their dominant buying motive was, and you have created specific and targeted benefits

just for them. Elaborate on how you tailored your solution in response to the specific needs that they articulated earlier. Tying your primary and targeted “value points” into their “DBM” will often be the key to success.

Regardless of which type of benefit it is, do an energized, creative job of building the value and get them turned on to your solution!

The Prospect's Perception

In many situations, people will have a mental image of a price that's greater than their mental image of value. When that happens, is that a sale or no sale? Usually, a no sale. That's because rational people normally won't make an affirmative decision if price appears greater than value.

This will happen from time to time to all salespeople. If you are selling a product of high quality, that will usually equate to a premium price being asked. You never want to apologize for that quality. What high performance professionals do in this situation is build value. A prospect's perception of value is subjective and, therefore, subject to influence. The good news is that

people are more willing to pay for quality and value today than they have ever been!

Keep in mind that a prospect's mental image of value will vary, based on his needs and perspective regarding price. Every successful salesperson knows that you don't sell everybody the same product the same way. We must consider needs and applications for each prospective buyer individually. If you attempt to sell everybody the same thing with the exact same approach, you will usually leave lots of business on the table.

Perceptions of price involve more than a dollar sign or a specific amount of money. Other factors that impact a prospect's perceptions include fear of the unknown and the possibility of an undesirable outcome. Convenience, reliability, and timing also may be influential.

We can better illustrate the relationship between value and price with this Value/Price Perspective chart:

VALUE/PRICE PERSPECTIVE

Items impacting one's mental image of *VALUE*:

- Visual appeal of tangible product or visualized appeal of intangible product (and results they offer)
- Customer perception of your service, your expertise, and your follow-up
- The sensitivity you display in managing relationships and in offering convenient responses
- The degree to which you focus on the customer's needs and present appropriate product applications to meet those needs

Items impacting one's mental image of *PRICE*:

- The “hard cost” of product
- Associated risks
- The degree to which one perceives others approving or disapproving his/her decision
- The probability that one could obtain essentially the same product and/or service

The best way I know to build value in the prospect's mind is to talk benefits. In our earlier section on needs analysis, you learned how to ascertain what people are truly looking for. You build value by showing how your product, service, or idea can satisfy those needs. Your value-based presentation should feed back to the customer needs-related data that was gained in the needs analysis.

Avoid the tendency to overload them with all the hundreds of *features* your product or service offers. Your excitement is warranted and positive! Let them tell you what they want, what hasn't worked, their biggest concerns, etc. before unloading on the great functionality of your product or superior reasons for service with you and your company.

They want to be HEARD and it's your job to LISTEN...Earn trust first, then sell. That's your goal!

If you don't know how to build value, you'll often be faced with the alternative of cutting price. And I've been told by sales executives throughout the world that cutting the price is a less desirable alternative!

Value Is a Viewpoint

Remember that when people say no or give you negative feedback, all they are really saying is this: "Based on what you have told me so far, the value of your product does not seem great enough to cause me to take positive action when compared to the price."

Keep in mind that even though the value/price perspective is not sufficient to get a "Yes" at this point, as long as your potential client is willing to continue listening, your opportunity to make a sale is still alive.

Remember, too, that you never lose a sale until you give up!

To be a high-performance salesperson you must increase that perceived value by talking needs-based benefits. Learn to keep building value, as that representative did when he was trying to book me for a speech, and you will have acquired one of the most valuable skills that a salesperson can possess.

The Price of Price-Cutting

Price cutting is a far more expensive exercise than most people realize. For example, if your company is offering for \$1,000 a product that has a 40 percent gross profit in it (\$400), and if a salesperson responds to price pressure by giving the customer a 10 percent (\$100) discount, that represents a 25 percent decrease in profit! A little bit of discounting goes a long way—in the wrong direction for you!

One alternative to discounting in this scenario would be to add value by explaining product superiority or unique benefits that would accrue when the customer selects this product.

Another alternative to the price-cutting process would be to include a premium item. For example, in the earlier scenario, rather than discounting the \$1,000 product by 10 percent, you might offer the customer as a premium a whiz-bang widget valued at \$149 (your cost: \$38) at no additional charge. You would thereby

increase his perception of overall value but it would cost you and your company \$38 rather than \$100. This way you have sacrificed only 10 percent of your gross profit rather than 25 percent.

Example: Several years ago one of Chromcraft's most successful sales professionals called on the national headquarters of a rental company to present their office seating line. He wanted to become the primary supplier for the company's rentals to businesses.

The sales professional already knew that his seating was priced at least 20 percent higher than the product the rental company was carrying. His approach was to build his presentation on the quality and performance of the Chromcraft product in order to justify the additional cost.

At his first meeting with the company, he realized that this sale was not going to be easy. Price, as he had anticipated, continued to be the primary objection. But even after several unsuccessful calls on the buyer, he persisted in looking for the right button. Finally, he found a way to let facts and figures do the selling for him.

He did an analysis based on the rental company's records of replacement costs, repair costs, and life of the chairs they were using (his competitor's product).

He compared these figures with records on his chairs used in specific large industrial installations.

When this analysis was laid out in front of the decision makers, he made his sale. He showed the rental company that, even though they were paying less for the competitor's chairs, they really ended up paying more! With his product, they would pay less in returns and repairs and enjoy a longer rental life. And the real icing on the cake came later for the company, when the resale of the Chromcraft chairs, after several years of rental, turned out to be higher than the company was experiencing before.

Within a short time, the salesperson turned that company into one of the largest purchasers of Chromcraft seating in the United States. And he did it with a quiet, simple, and very effective technique—he impressed them with the detailed cost and benefit analysis and showed them what real value was.

Ready, Set...Go!

Price is not a singular, obvious number, and as you know now, price can be very complex. There is price as it appears on the surface, and there is actual cost over time. What is your product's actual cost after considering every aspect of savings and benefit?

Become knowledgeable about your competition's actual pricing as well. You earn trust when you are an EXPERT, and that requires knowing every nuance of what is being offered as an alternative. If they know more than you, they don't need you to help them! A strong buying signal is CONFIDENCE and confidence comes with expertise....

Remember, your boss could hire someone at minimum-wage to go into your marketplace and cut prices. He chose you instead! So go forward and talk value with great conviction.

All salespeople must understand margins, the impact of price-cutting, and the creative alternatives that will protect your sacred margins. Without “margin protection,” the future viability of your enterprise is in jeopardy!

Don't give away your margin! Earning the confidence of others is a true gift which allows you to give away authentically, from the heart, through extraordinary service, simple caring, and being a trusted advisor. No one wants to be sold; they want to make a comfortable decision to buy!

Your expertise is truly valuable.
Don't give away your margin!
Always remember that if you resort to cutting price, you will be mortgaging your future!

ABOUT THE AUTHOR



Don Hutson is a seasoned veteran in the speaking/training business and has addressed over two thirds of the Fortune 500 companies. He energizes people to action with a dynamic style and solid content on selling value and preserving margin some 75 times per year.

Don specializes in helping entrepreneurs and sales organizations globally with training principles that result in increased sales and clients for life.

His latest book, *The One Minute Entrepreneur*, co-authored with Dr. Ken Blanchard offers insight on how building value and expertise can bring a richness to life and career that can be attained from a one person company to Fortune 1000 using principle-driven service models that result in long term relationships built on trust and confidence.

His careers in speaking, management and sales have brought him many honors. He successfully worked his way through the University of Memphis, graduating

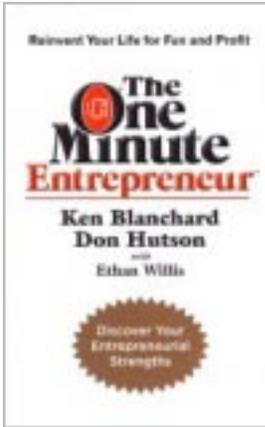
with a degree in Sales. After becoming the #1 salesperson in a national training organization, he established his own training firm and shortly thereafter was in demand as a professional speaker.

Don is featured in over 100 training films, is Chairman & CEO of U.S. Learning and makes some 85 speaking appearances per year. Perhaps you have seen him on national television where he is regularly featured on both *PBS* and the *TPN*. He is also the author of *The Sale* and *The Contented Achiever*, and is a member of the prestigious *Speakers Roundtable*.

Don was elected by his peers to the presidency of the National Speakers Association, and he has received its Cavett Award, as member of the year. He is in NSA's Speakers Hall of Fame.

For more information about Don Hutson and his programs, products and consulting services, visit www.DonHutson.com or call 800-647-9166.

PRODUCTS



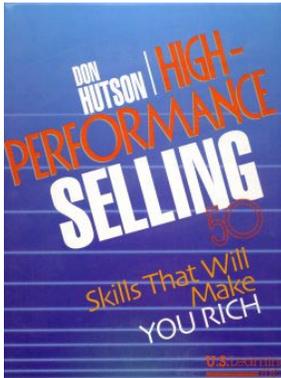
The One Minute Entrepreneur

\$14.95 | Hardcover

Are you dreaming of unleashing your talents and diving into your own business venture? Perhaps you've already taken the plunge and now find yourself in need of fresh ideas and guidance.

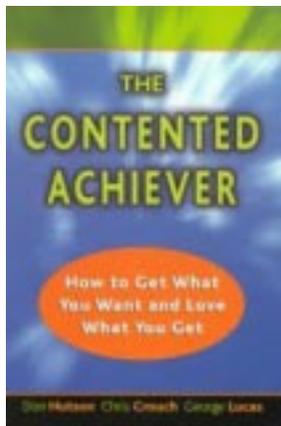
In this engaging, easy-to-read story, Blanchard and Hutson teach four fundamental practices that have proven effective time and time again for successful entrepreneurs. *The One Minute Entrepreneur* also will help you discover your entrepreneurial strength by revealing 20 key entrepreneurial attributes and giving you an online tool to assess your development in each of these areas.

Whether you're poised for a start-up or already building and growing your own company, this indispensable guide will help you unlock your full entrepreneurial potential.



High Performance Selling—50 Skills That Will Make You Rich!

6 audio cassette or CD album with collateral materials featuring Don Hutson.



The Contented Achiever: How to Get What You Want and Love What You Get

\$19.95 | Hardcover

Are you where you want to be in your career and your life?
Are you aiming for the top but can't quite reach the target?
Are you at the top, and not sure you want to be there?

You can truly combine wealth and peace of mind...and making it happen is simpler than it seems!

The Contented Achiever will help you:

- Replace other people's goals with your own life plan.
- Use a unique in-the-box technique for clearer thinking.
- Rid your life of mental and physical clutter.
- Stop being the victim of "snowball thinking."
- Put supportive, energizing people in your loop.
- Create a happier, more fulfilling, and more profitable life!

To purchase Don's products, please visit his eStore:

www.DonHutson.com/estore