

# Execution Excellence: The Competitive Frontier for Value-Based Strategies

by Michael Moorman

Though savvy sales and marketing executives have been seeking ways to stress value over price for many years, never has the need to do so been more acute. Increasing buyer sophistication, compressed product lifecycles and globalization have created powerful commoditization and competitive pressure in business-to-business markets. In response, b2b sales and marketing leaders have embarked en masse on a mission to differentiate their value propositions and achieve strategic advantage through superior Customer Value Management (CVM).

Effective Customer Value Management ensures that market offerings are tailored to customer needs, and are communicated, proven and reinforced in ways that maximize customer perception of the value received. For many organizations the call to action has been increased innovation—an undeniably critical success factor. But an equally important area—and one receiving far less attention—is superior CVM execution.

Though savvy sales and marketing executives have been seeking ways to stress value over price for many years, never has the need to do so been more acute.

The value-based selling approach that underlies CVM is far more challenging than price, feature and friendship based selling. And as CVM becomes a standard strategy in b2b markets, execution quality will become one of the most powerful and sustainable sources of competitive advantage. The sheer complexity of building and executing CVM ensures that there will be sustainable value differentiation between organizations that are good executors versus those that are great.

In our experience three barriers block the CVM execution capability of many b2b organizations:

1. Executive leadership's failure to identify CVM execution capability as a strategic opportunity and priority
2. Piecemeal approaches to execution capability building
3. Insufficient collaboration and coordination between sales and marketing

### Dramatic Shift in Culture and Strategy

A value-based strategy is simple in concept: win and grow customers through product, service and program offerings whose "total value" relative

to price exceeds that of the alternative. The reality, however, is anything but. Transforming from engrained price, feature and friendship based selling to value-based selling requires a dramatic shift in culture, strategy, operations and execution.

CVM is best viewed as a continuous "Customer Value Management Cycle" (Figure 1).

Excellence at every stage in the customer value management cycle is the hallmark of world-class execution. When successfully executed, CVM ensures that market offerings align with customer needs. It removes the burden from the buyer to "figure out" the product's or service's worth; and provides buyers with the proof needed to justify their purchase decisions, based on terms that are meaningful to the organization. Value-delivered is then convincingly reinforced to align perceptions with reality-and to strengthen customer satisfaction and loyalty. CVM elevates the relationship from a friendship to a professional business relationship that over time results in strong trust and loyalty.

Effective value-based selling requires that a sales person have the business acumen to identify a customer's underlying business problems; that he develop and communicate a

convincing business solution to those problems; and that he be able to develop and communicate a financial business case that proves why his product or service is better than the alternative. The sales rep also must ensure this offering is profitable for his organization. And once the solution is implemented, value-based selling reps must quantify and reinforce the value delivered to help strengthen the customer perception of value and establish a springboard for more sales.

Organizations recognize the importance of value-based selling but breaking away from long-standing habits and elevating capabilities to a new level is not easy.

### Achieving CVM Execution Excellence

Achieving an effective CVM strategy and execution requires a comprehensive, systematic and integrated approach to CVM capability building and continuous improvement. Many organizations unfortunately-and often unknowingly-adopt piecemeal approaches that undermine success.

A system of sales effectiveness drivers must be addressed and aligned to accomplish end-to-end excellence in the customer value management cycle.

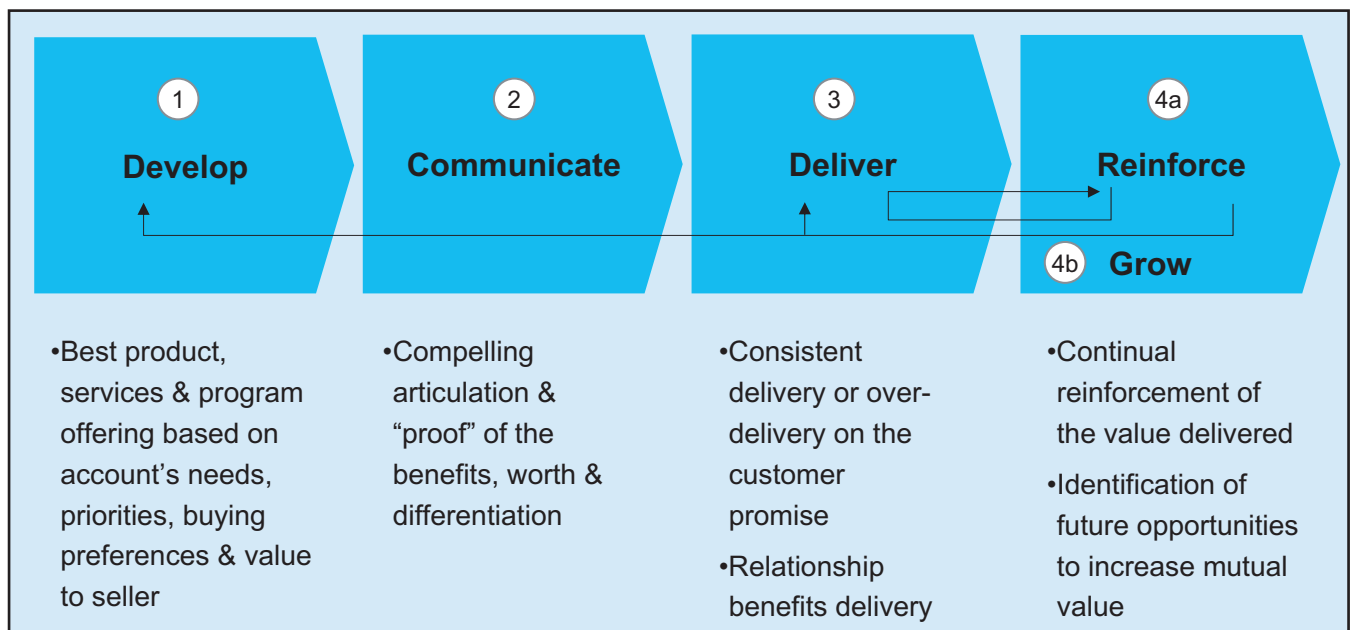
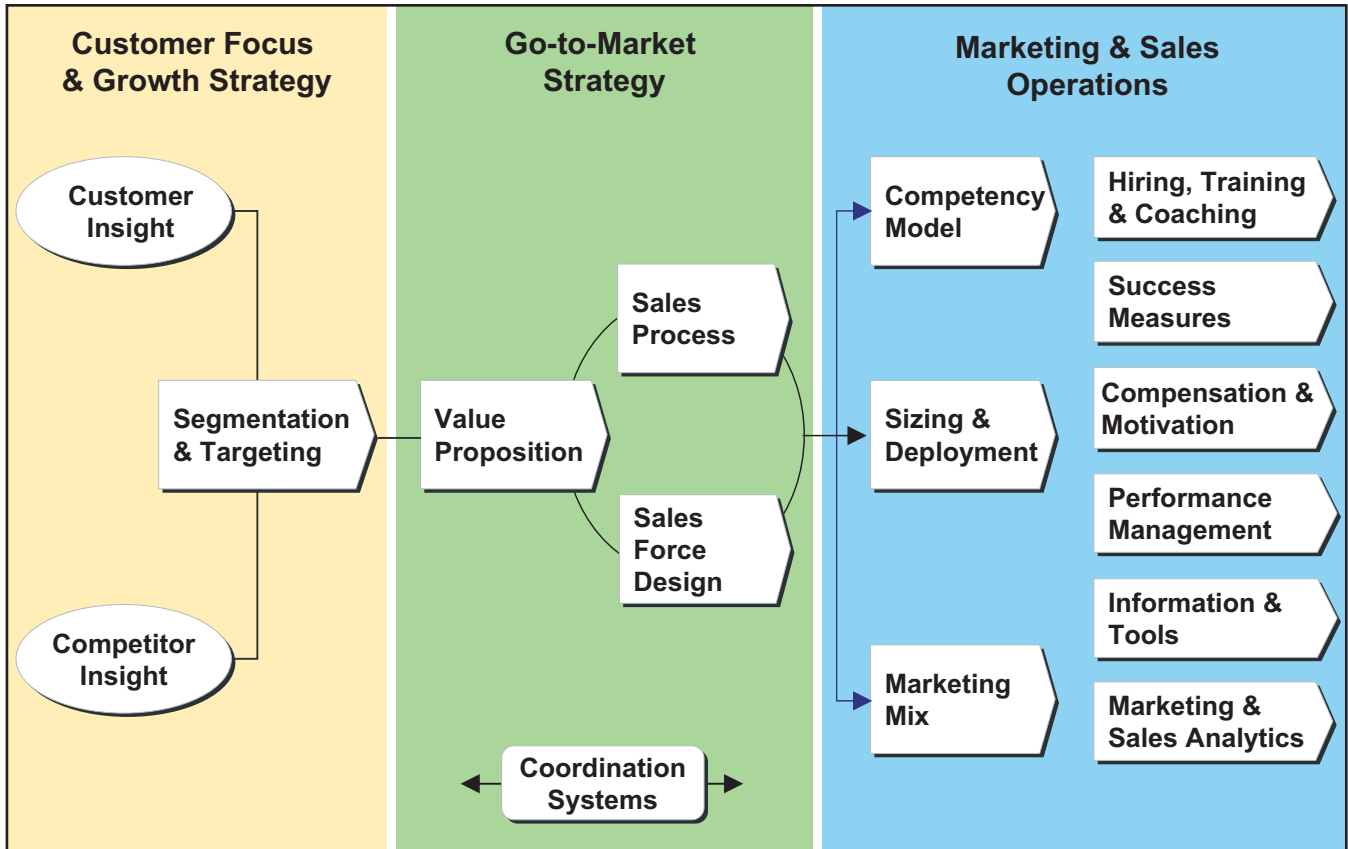


Figure 1. Customer Value Management Cycle



**Figure 2.** Sales Effectiveness Drivers Framework

A detailed overview of these drivers is depicted in Figure 2.

A strong left to right hierarchy exists among these drivers. Organizations frequently undermine their CVM efforts by investing in downstream drivers before they have sufficiently addressed those upstream. A common mistake is investing in sales training as a means of achieving the desired capability before clearly defining the value proposition and sales process. To be effective, sales training must be anchored around the company's value proposition and sales process; followed by strong coaching from first-line sales managers.

CVM success requires that every driver in the sales effectiveness framework be rigorously designed to drive and enable a customer-focused value strategy. Sales and Marketing play equally important roles in achieving world-class CVM capability. The level of Sales and Marketing collaboration and coordination that exists in most b2b

organizations is not sufficient for achieving CVM excellence. In fact, the shared imperative to develop CVM capability can be a strong catalyst for narrowing the divide that often separates Sales and Marketing.

### Drivers of Excellence

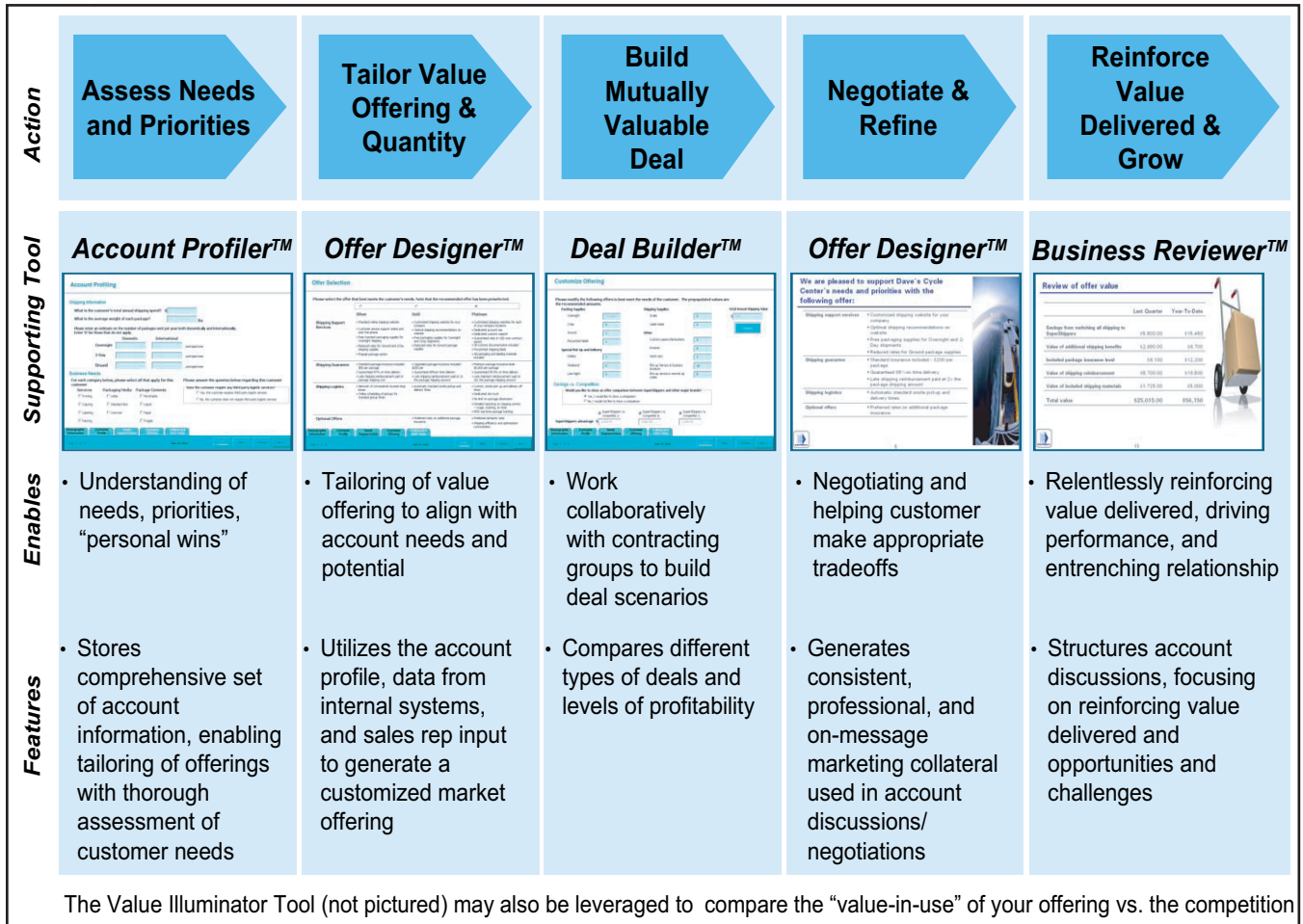
Executives leading best-in-class CVM transformations focus on four downstream drivers particularly critical to CVM: sales process, competency model, coaching and CVM tools.

Sales process is the backbone of CVM. It defines the rigorous set of steps and activities needed to sell on value, specifies the roles for each person touching the customer, and provides objective measures of advancement from one step in the sales process to the next. Sales organizations that lack an effective sales process find themselves over-relying on their top 10-20% of sales persons for whom a disciplined sales process tends to be rel-

atively intuitive.

CVM competency models focus on the specific knowledge, skills and attitudes essential to value-based selling effectiveness. CVM models resist a tendency to generalize the sales role and embrace the fact that sales and sales management require highly specialized capabilities. The models pinpoint and prioritize those capabilities in detail, which greatly improves clarity around expectations, coaching, performance evaluations and hiring processes.

CVM coaching focuses on building specific, higher-order skills required for value-based selling, including expertise in the company's value propositions and expertise in each stage of the sales process. Value-based selling is an apprenticed skill. Training is important and helps convey concepts, frameworks and methods. But CVM skills—complex problem solving, business acumen and adaptability—are developed over time through practice and feedback from coaches who are



**Figure 3.** CVM Software Tools Requirements

experts in CVM.

Finally, quality CVM sales tools designed and rolled out correctly play a powerful role in both motivating and enabling the sales force to adopt and perfect CVM. Figure 3 summarizes some of the most critical tools and demonstrates how they fit into the sales process. Distinct from sales force automation (SFA) and customer relationship management (CRM) tools, CVM tools enable value proposition design, communication, proof and reinforcement.

Organizations that excel at CVM are execution obsessed. They recognize that superior execution is the variable

that will provide corporations with the edge necessary to win consistently in competitive markets.

Successfully transforming organizations to compete with value-demanding customers and value-minded competitors will take strong leadership skills. CVM leaders will build the integrated organizational capabilities necessary for excellence at all stages of the Customer Value Management Cycle. They will strive for a comprehensive, orchestrated approach to capability building and continue to strive for a level of excellence that differentiates the customer value perception of their offering versus alternatives. Those most

successful in achieving CVM execution excellence will realize superior performance and emerge as the benchmark to which others aspire. ■

*Michael Moorman is Managing Principal, B2B Sales & Marketing, with ZS Associates' Chicago office. He may be reached via email at: [mike.moorman@zsassociates.com](mailto:mike.moorman@zsassociates.com).*

Note: This article is scheduled for publication in an upcoming issue of *Sales and Service Excellence*.