

# Using Value To Sell

*"It is becoming increasingly more difficult to differentiate yourself by what you sell. If you are unwilling to differentiate yourself in how you sell, then you will by default, end up differentiating yourself by how much you sell it for."*

**H. R. Chally**

The new business battleground for large, complex, consulting led deals is 'sales' not 'product' or 'service'.

Customers continue to buy on price - the lowest price - without regard to the value your solutions would deliver to them. It's the vicious downward spiral called commoditisation that keeps your margins continuously under pressure.

But commoditisation is not inevitable. It is possible to resist it by demonstrating your real customer value - but it has to be compelling for the customer.

Our experience shows that most vendors have identified about 60% of their potential customer value but can quantify only about 50% of that.

This means they can only compete with about 30% of their value potential. Trouble is that this 30% is the easier part - so easy, that their competitors have also figured it out - which means that everyone's back to parity - no advantage - no differentiation and 70% of their capability unused in the tussle for competitive advantage.



To learn about how to resist commoditisation, take a look at our webcast ['Why deal Margins Get Squeezed - And What To Do About It'](#) - and [A Value Based Sales Process](#).

## Better understanding leads to better decisions

*"When we ran the recompute post-mortem from a 'value' perspective, we found we were actually delivering \$2.3m of additional customer value pa that the customer didn't know about—and neither did we—it's why we lost".*

VP Sales - Electronics Manufacturing

# Case Study - Business Case for Enterprise Wide Employee Portal

We were asked to provide our Global IT client with a Value Selling process to demonstrate the value that would be released from introduction of an enterprise-wide employee portal into their major Canadian customer's enterprise (a leading Telco). The end-customer had already commissioned an internationally renowned company to undertake a similar study, but were unhappy with the outputs. Considerable efforts had also been made by our client to undertake this work themselves - with limited success. Below is a brief outline of the major 'Before' and 'After' positions of this Lucidus intervention.

## Before

### Existing Position:

- A 50-page business case had been compiled by a highly respected Global IT company for our end customer - but this failed to identify the full net and gross effects upon their business
- There was no ability to predictively track the value of benefit to be released
- All potential value was not identified
- Unable to measure effectively the value that was identified
- Were unable convincingly to communicate the justification for the value they identified
- Unable to describe and quantify the upstream and downstream effects of implementing the portal and therefore missed key costs and benefits
- No ability to test different scenarios through what if questioning
- No ability to understand complex value logic from base customer data through to value outcome

### Indirect Customer Feedback:

The end customer had already tried (and failed) with another IT vendor to obtain a compelling value-based argument for their enterprise-wide employee portal



## After

### Lucidus Value Simulator:

- Fully integrated suite of hierarchical value models detailing precise value impacts (benefits & costs) across the customer's diverse business streams and processes
- Articulated the business case for the customer in an holistic and compelling manner
- Benefits & costs were logically broken out in the business language of the customer - and then fully validated by them
- Data and performance assumptions were fully exposed then checked & validated by the customer
- Because of Lucidus' modelling process & capabilities, complex arguments were able to be explained with great simplicity - and to any level of detail required by the customer
- Value release profiles of benefits & costs provided across the lifecycle of the project
- The 'change' activities were captured and documented as part of the business case
- Full value tracking capabilities were provided

### Direct Customer Feedback

(VP Venture Investments)

*"It was awesome!"*

*"The [Lucidus] value model is key to explaining and getting comfortable with the numbers - cannot rely on 'trust me' - we need the model to illustrate the depth and granularity behind the numbers"*

*"....the CEO loves the process"*

*"...the [Lucidus] model is absolutely key to further explanation of the business case"*

*"....it's just incredible"*

At the beginning of the site visit we were treated with natural caution - by day 10 we were being chauffeured around in the Chairman's Rolls Royce! - and by day 15 we were done.

## Case Study - USA Medical Sector

We were asked to develop a Value Selling process and tool-set for our client's new medical product that was shortly due to be launched into the US market. The client had already been to a major consultancy for considerable support but was not convinced that their resulting 'Value Estimator' provided them with the right way forward. Below is a brief outline of the major 'Before' and 'After' positions of this Lucidus intervention.

### Before

#### Excel Value Estimator & Cost Model:

- Two major spreadsheets (containing 27 complex worksheets and countless thousands of formulae)
- No visibility between high level results, value drivers and base data inputs
- Benefit logic totally hidden and/or unfathomable to potential customers
- Limited base data flexibility
- Huge data collection requirement to drive benefit & cost calculations
- Major benefits unidentified
- Included some inappropriate benefits
- Included some inaccurate calculation of benefits
- Sales staff unable (& unwilling) to use the tool interactively with their customer in any meaningful way
- No "What if" functions
- No visible linkage between end customer value and our client's product pricing strategy
- Limited graphical outputs
- No automated reporting outputs
- No identification of qualitative benefits

#### Direct Customer Feedback:

No Direct Customer Feedback - Sales people were reluctant to use it with real prospective customers



### After

#### Lucidus Value Simulator:

- A single integrated tool-set that identified full relevant costs and benefits with great accuracy and clarity - all in the business language of the potential customer
- Benefit logic, base data & assumptions articulated in a way that was easily understood, tested & interactively changed by customers to reflect their individual business needs
- More focused benefit modelling led to a 55% reduction in data items collected
- Interactive "What if" scenarios could be undertaken on all base data & assumptions - thereby generating trust
- Additional benefits (previously thought too complex) were clearly identified and calculated, offering \$millions of extra value
- Automated Word & Excel reporting outputs
- Full range of additional qualitative benefits articulated
- Detailed insights given to client on their product pricing strategy
- Sales team trained to use the tool-set with all levels of customer contact, particularly senior management - the decision-makers

#### Direct Customer Feedback:

- *"phenomenal"*
- *"does a great job of looking at derivative impacts up-stream & downstream to both costs and revenues generated by the solution"*
- *"very unique & comprehensive approach"*
- *"the transparent decision logic available for every value calculation is extremely helpful"*
- *"we'd love to look at this approach on all major investments"*

## A Value Based Sales Process—Diagnostic Value Assurance

### What are the benefits?

Diagnostic Value Assurance gives the following benefits:

- Sets you apart in process, solution and performance.
- Empowers your team to engage the executive level.
- Engages all key customer people.
- Gives the customer powerful new insights into its own business that were otherwise unavailable to it.
- Empowers the customer to operate and own the value determination of value.
- Empowers the customer to differentiate between vendors.
- Documents how value achievement will be accomplished.
- Measures the value achieved to assure client retention.

### What is it?

It is unlikely that your customers will have a buying process that is capable of distinguishing the potential value of your products and services from your competitors.

Our experience shows that companies are competing with less than 30% of their value.

Put these two facts together and it's plain to see that the customer has only one choice - to buy on price.

Diagnostic Value Assurance deals with these issues by providing you with a sales process that also fills the gaps in the customer's buying process. The Diagnostic Value Assurance process guides both parties to adopt the right behaviours needed to secure a quality decision and provides the tools that allows the customer to understand the full potential value of your products

and services.

...if you will, a guided selling and buying process that powerfully differentiates you in terms of both your selling style and overall value.

### What does it produce?

Diagnostic Value Assurance will provide you with the following:

- A quantified view of all potential customer value (financial and non financial) that your products and services could deliver.
- The means to articulate customer relevant value in a highly compelling way.
- The means to compensate for any deficiencies in your customer's buying process.
- The means to engender a strong sense of customer ownership in your process and its outcome.
- A powerful, and powerfully articulated, business case that aligns the value of your products and services to the customer's actual need.
- The ability to show how value will be delivered and how it can be pre-emptively tracked.
- Increased deal sizes.

For more information, please go to the Lucidus web site (<http://www.lucidus.co.uk>), drop us an email to [sales@lucidus.co.uk](mailto:sales@lucidus.co.uk) or give Robert White (CEO) a call on +44 (0)1608 678 134.

# Case Study – US Owned IT Hardware and associated Services Vendor

We were asked to develop an articulation of the value to be derived from a radical new way of charging for IT storage solutions and services. Below is a brief outline of the major 'Before' and 'After' positions of this Lucidus intervention.

## Before

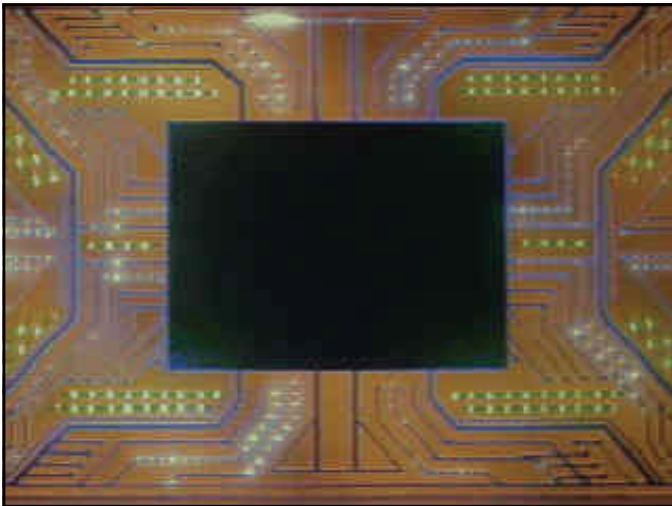
### Existing Position:

- Our client was competing solely on price – resulting in lower margins
- As a reaction to this position, their sales teams were demanding an ROI tool to explain and calculate the value that they brought to their customers
- Several attempts had been made to create an ROI tool in-house (using Excel) with little success as none were able to outline a clear breakout of benefit logic
- Management believed that they needed to articulate their full value in order to differentiate themselves from competitors but had found that this was too difficult for traditional toolsets to achieve

## After

### Lucidus Value Simulator:

- End consumer value was clearly articulated both upstream and downstream of the purchased product
- Significant levels of previously "hidden" value were uncovered and subsequently validated by sales prospects
- Flexible business case evaluation periods were provided for use by the end customer - between 2 and 10 years
- The resulting toolset could be operated effectively by sales force in the field - both with, and without, sales support.
- Multiple currencies were catered for
- Flexibility was built into the system to ensure that local variations in sales offerings could be efficiently provided
- Easily operated system - fully operable after just 2 days of training for sales personnel
- System maintenance/enhancement could be undertaken by client's personnel after just 4 days of training
- Significant additional sales and marketing benefit was derived from the client's use of the toolset at Trade Shows and for providing specific quotations
- The new ability to track value proved to be a significant sales differentiator



## Using 'Value' effectively - What are the benefits?

Diagnostic Value Assurance gives the following benefits:

- Sets you apart in process, solution and performance.
- Empowers your team to engage the executive level.
- Engages all key customer people.
- Gives the customer powerful new insights into its own business that were otherwise unavailable to it.
- Empowers the customer to operate and own the value determination of value.
- Empowers the customer to differentiate between vendors.
- Documents how value achievement will be accomplished.
- Measures the value achieved to assure client retention.

## Some Lucidus Clients

Boston Scientific  
Pillar Data  
BP Chemicals  
British Airways  
Ministry of Defence  
H.M.Revenue & Customs  
Manchester United  
IBM  
EDS  
Hewlett Packard  
Fujitsu  
Kodak  
Rogers Communications  
Balfour Beatty  
Warner Brothers  
The Met Office  
Pilkington Glass  
Lend Lease  
Invensys

## The Presenter: Robert White – CEO Lucidus Ltd



Robert White—CEO Lucidus Ltd

Robert has 35 years of business experience and founded Lucidus in 1989. His experience includes the creation of a new outsourcing business for one of the global consultancy firms and he was the architect of the first Inland Revenue outsourcing deal valued at £1.7bn. With his business partner Howard Hughes, he has developed leading edge thinking and practical solutions to all of the issues associated with value and how to capture it.

The Lucidus approach to value based selling is deployed across a number of different sectors worldwide and the Lucidus pre-emptive value tracking techniques are currently deployed by the UK's Ministry of Defence to track the value from its top 50 change programmes just one of which is a £4.6bn 10 year programme of IT renewal.

## About Lucidus

Lucidus is a privately owned, independent Management Consultancy that was founded in 1989. It provides impartial and objective advice to Government, Agencies and the Executive Boards of private sector companies that recognise the need for robust value management strategies in support of investment in major change programmes.

Lucidus founder, Robert White (CEO), an authority on the emerging subject of Value Lifecycle Management as a critical management discipline, has provided leading edge strategies and advice to some of the world's most successful private enterprises, public sector organisations, and high-value sales and consulting organisations.

As a value practitioner over the last two decades, Robert has made a significant contribution to the de-risking of a large number of high profile change programmes. In 1996, Gower published his book, *The Outsourcing Manual*, the first comprehensive guide for any organisation considering taking this route, which Robert wrote based on many years experience of selling and delivering Outsourcing agreements, including the Inland Revenue, arguably the first and most successful Public Private Partnership let by the UK Government after the announcement of the Private Finance Initiative by the Conservative Government in 1992.

Co-founder, Howard Hughes, is a leader in the science of 'value assessment and measurement' and the visionary architect of a revolutionary benefits assessment, modelling and predictive tracking tool (Integrated Performance Measures - IPM) which he has been developing and refining since 1995. IPM enables and delivers the value management strategies and crucially, deals with the complexity that is inherent in multiple high-value change programmes. This tool and its associated techniques have reached a level of capability and maturity that remain unique and unsurpassed some 10 years later.

In combination, they provide a coherent end-to-end Benefits Lifecycle Management process that is seen as the holy grail of benefits centred programme governance, with emphasis on achieving planned outcomes and a clear understanding of affordability versus capability. IPM has been referred to by academics as a 'thinking technology' based on its exceptional capability as a visualisation aid, enabling stakeholders, technologists and the recipients of the investment to understand how value is derived, measured and what is required of them to assure its delivery.

Lucidus' clients receive this expertise in the form of executive level management consulting that focuses on diagnosis, strategy development, thought leadership and management training, followed by delivery of a customised and appropriate end-to-end Value Lifecycle Management process, enabled by IPM. This is licensed for the lifecycle of the investment programme, and is supported by regular audit of the VLM process.

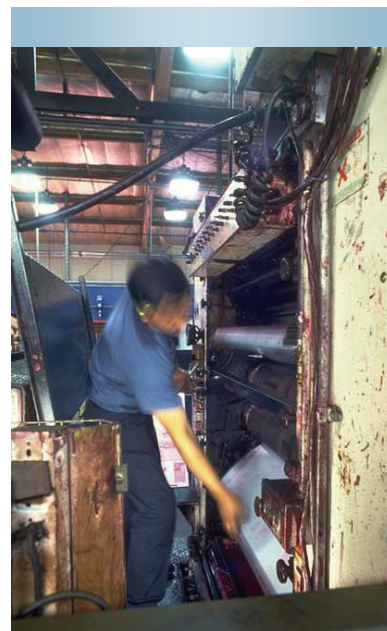
# What Lucidus Customers Say

Stephen Hester Director IS&T - global PC manufacturing

*“Lucidus have a unique set of skills and I am amazed at what they have managed to achieve. They showed us there was a potential to generate a further \$125 million of profit by using IT effectively. More importantly, they showed us where that value was, how to measure it and how to extract it. The key point was that we were focused on just a fraction of this potential benefit and had no sight of the true potential. It has changed our focus and investment profile.”*

Marcus Klein VP Global Marketing Director - MSI

*“The tools combined with the structured value presentation review were, to me, very enlightening. I know I felt we were really onto something. I think this is very powerful. The team is no longer thinking feature/function - but value / enterprise. In summary, the Lucidus approach is great! But like any approach, we need to develop the use of it around new, improved processes that I think will be very powerful.”*



---

*“Astonishing. Lucidus will enable us to have ‘grown up’ conversations across the Department. We should adopt this across the MoD for all Programmes.”*

Director General Information (CIO), UK Ministry of Defence

---

Robert Musgrove – IBM Business Consulting Services

*“Relative to other Benefits Realisation techniques, the Lucidus approach is powerfully differentiated by its ability to:*

- 1. Clearly communicate the key value & benefit levers – and the breadth of factors that influence those levers*
- 2. Provide leadership with the granularity to manage a program at a strategic & operational level*
- 3. Show the implication of practical decisions on timing; Capex versus Opex investment; a risk allocation on the business case and benefit realisation profile. (showing benefits delivered and at risk)”*

Jeremy Hudson - Salesman Ark Group (using Lucidus techniques)

*"The IT services market is increasingly competitive, and in order to succeed, we need a key differentiator. The Lucidus Value techniques and tools helps us gain access to power, where we can learn about business priorities, position our relevant services, and crucially articulate the business case for change. Having worked with Lucidus on some selected accounts it is already helping us to close more business, of higher value, with shorter sales cycles"*



Lucidus Ltd

Lucidus is a privately owned, independent Management Consultancy that was founded in 1989. It provides impartial and objective advice to Government Departments, Agencies and the Executive Boards of private sector companies that recognize the need for robust value management strategies in support of investment in major change and sales programmes.

## Contacting Lucidus

Lucidus are always pleased to hear from our existing and potential partners. If you would like to discuss your particular requirements, you can contact us via one of the following methods:

Email	<a href="mailto:robertwhite@lucidus.co.uk">robertwhite@lucidus.co.uk</a>
Telephone	(+44) (0) 1608 678134
Fax	(+44) (0) 1608 677486
Post	Barnbrook House, Lower Mill, Cleveley, Oxon, OX7 4DY, United Kingdom
Web	<a href="http://www.lucidus.co.uk">http://www.lucidus.co.uk</a>



Lucidus

Helping with the tougher things