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## MANAGING VALUE-BASED SELLING

# Creating value with customers

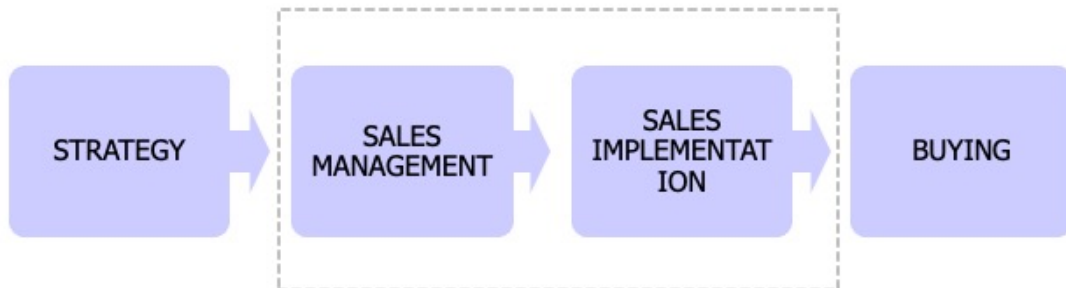
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Pekka Töytäri  
Professor of Practice  
Management of Product-Service Systems Sales  
Aalto University School of Science & School of Business



# THE BIG PICTURE

SELLING AND SALES MANAGEMENT  
BETWEEN FIRM STRATEGY AND  
CUSTOMER



**Sales management is about managing the different sales resources (sales organization, tools, plans, and channels) in strategy implementation**

## SALES MANAGEMENT KEY PROCESSES



### SALES MANAGEMENT KEY CONCEPTS

The sales management framework includes the following key concepts.

#### 1. Customer's buying process

- We need to understand the customer's buying process. Buying process is influenced by the maturity of the market (the more mature the market is, the later the buyer needs help from the seller), the complexity of the offering and the value of the solution.

#### 2. Sales process

- The sales process is defined to closely match and accelerate the buying process
- The sales process definition includes the stages, internal and external sales tasks, sales tools definition to support the sales tasks, criteria for determining the stage of the sales process, and so forth

#### 3. Opportunity management process

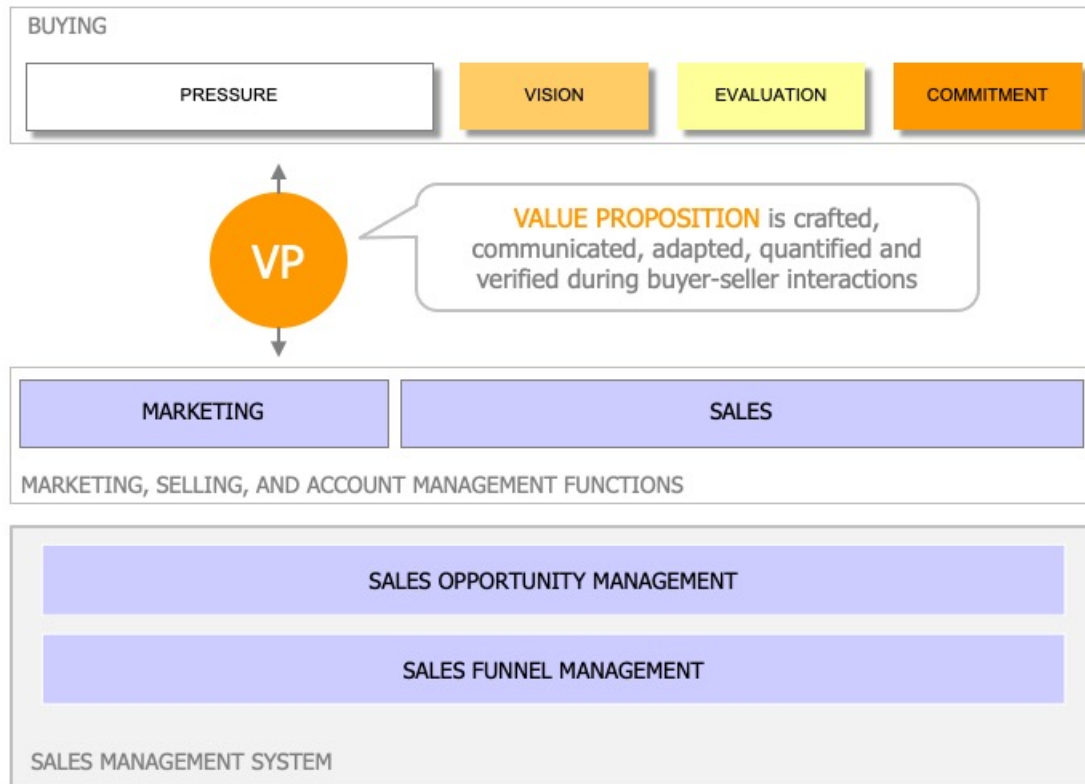
- Opportunity management is the process of analysing, deciding and acting on a sales opportunity
- Opportunity management ensures that right information is collected, right actions taken on the right opportunities, and all this done very efficiently

#### 4. Funnel management process

- Funnel management is the process of managing the entire portfolio of active sales opportunities

#### 5. Sales management system

- Sales management system defines the different meetings (with reporting) to coach and manage individuals and the sales team



Töytäri & Rajala, 2015; Töytäri, 2015

## LEARNING OBJECTIVES

- Understand, how the role & skills of the sales function are changing as a result of the service transformation, digitalization, and networked value creation
- By focusing on **customer value** as the core concepts of B2B exchange, learn the content and use of customer value proposition
- Learn the **structure and process** of the key organizational implementation processes **buying**, proactive **selling**, and **key account management**, as well as the internal sales **opportunity** and sales **funnel** management processes
- Learn the individual **skills** to successfully implement the value selling process, tasks, and tools.

## TEACHING METHODS & GRADING

METHOD	DESCRIPTION	GRADING
Pre-reading, videos & Quizzes	Read the pre-reading article & watch the preparation video & take a quiz	10 %
Article reading & group presentations	In groups of 2-3 prepare a presentation on a pre-reading article	10 %
Guest presentations	Business guest speaker presentations	
Interactive lectures	Instead of extensive lecturing, the idea is to for you to prepare, for me to initiate the discussion by brief introductions	
Learning diary	Write a 1-page online summary of the weekly theme in a pre-specified format	15 %
Course essay	In groups of 2-3, write a 10 page essay by reading & reviewing a book on sales methodology. Each group member participates in the shared parts AND writes an individual contribution by focusing on selected topic of a book.	15 %
Course exam	The (online) exam will consist of 3 essay types of questions on key course topics	50 %
		100 %

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CASE KONE  
CTU SOLUTIONS

## RESEARCH AND INNOVATE

"Getting workers and goods safely to the right place at the right time"

### LESS WAITING

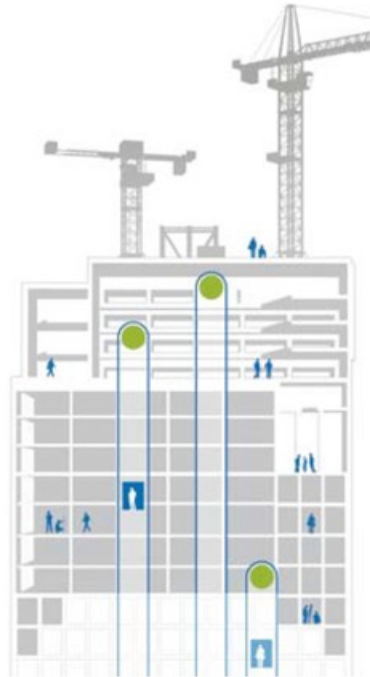
Faster transportation than with exterior hoists

### CUT ENERGY COSTS

Better energy efficiency than with exterior hoists

### REDUCE DOWNTIME

Maximise availability



### LESS CONSTRAINTS

Façade of the building can be closed sooner for weather protection and concurrent construction work

### RESULT:

SHORTER CONSTRUCTION TIME

This value communication examples identifies four benefits that differentiate the KONE CTU solution from the traditional alternative of using an externally installed hoist. The overall value (matching customer goal) is to speed up the construction time and ultimately delivering the building for commercial use early. So:

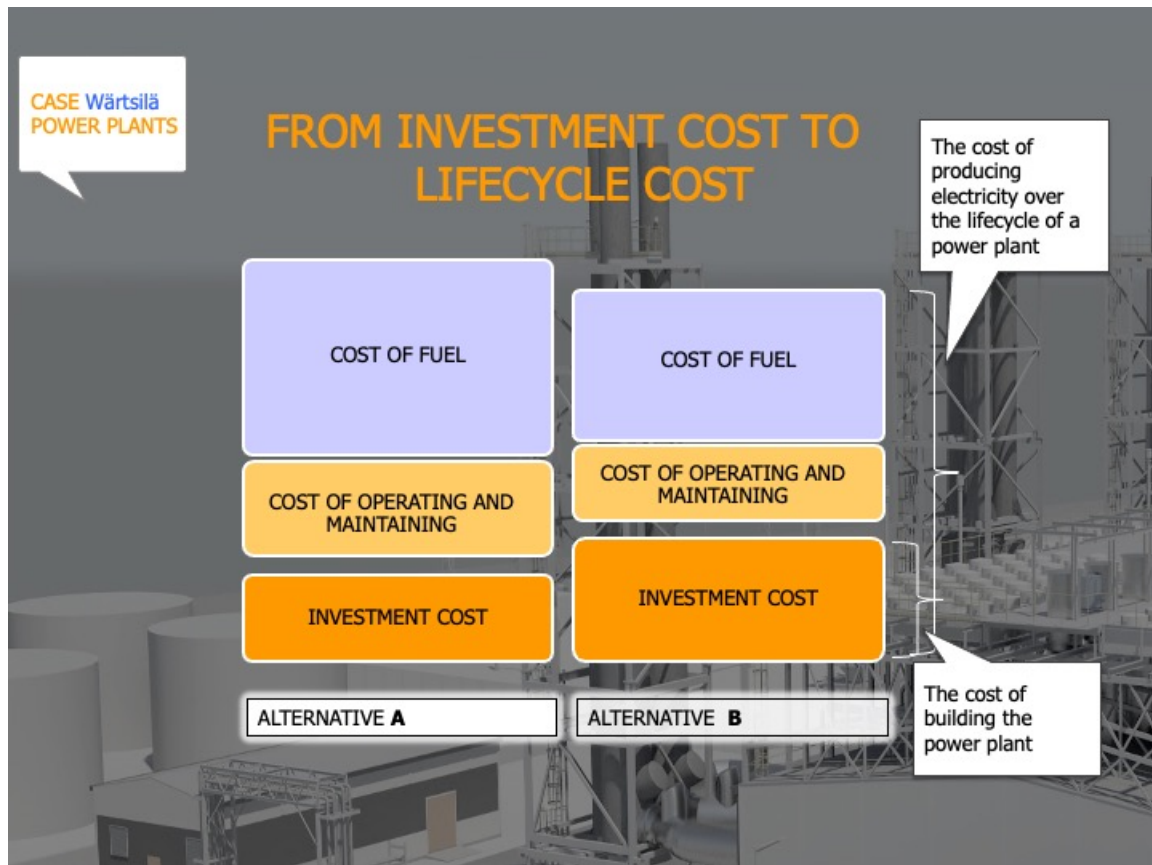
**Value** (matching customer goal) = shorter construction time

**Bundle of benefits** = less waiting, less energy consumption, less downtime, less construction constraints.

**Solution** = to use the final elevators during the construction time



This B2C value communication examples shows that the same principles apply in the consumer context as well. Here the runner's goal is to improve his/her running performance, to run faster. The solution is a running shoe that utilizes new technology, and delivers a "bundle of benefits" including two benefits: 4% lower energy consumption and reduced muscle fatigue.

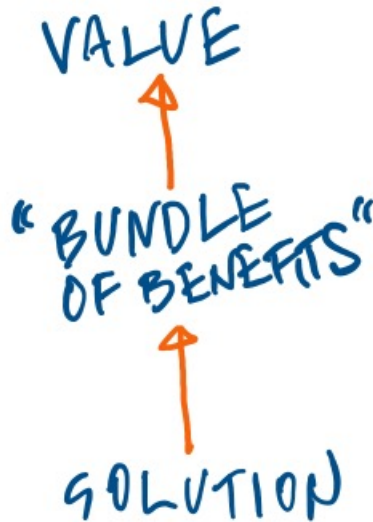


This example conveys the message that the "right" scope for comparing alternatives is the total cost of ownership, not the component price

[illegible]

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

## VALUE PROPOSITION ELEMENTS



Value proposition communicates value toward customer's goal

Value proposition explains the benefits, "positive changes", which create the value

Finally, value proposition describes the solution that implements the benefits.

Töytäri & Rajala, 2015

### VALUE

- Value proposition delivers value toward a customer goal
- To explore goals, you may ask something like "what development projects are you planning for this year" or similar

### BUNDLE OF BENEFITS

- The bundle of benefits describes the change needed to achieve a goal. In many cases there are a number of complementary changes "benefits" required to achieve a goal
- You may ask "what must change for you to achieve that goal?"

### SOLUTION

- Solution is what implements the "bundle of benefits" to achieve the goal.

[illegible]

ALL HUMAN ACTIVITY  
IS DRIVEN BY

GOALS

All human activity is driven by goals, small or big. Big goals include getting a degree, making a risky and large financial investment, and similar. Small goals include satisfying hunger and similar. We organize and prioritize among our goals, and spend our time and other resources accordingly.

In sales goals are essential. An organization or an individual without a goal is satisfied with the situation "as is", and is very unlikely to be interested in change.

EVALUATION OF GOALS  
LEADS TO

NEEDS

Needs emerge, when organizations and individuals try to figure out how to reach their goals by asking "what needs to change for us to reach our goal?". By answering this question, they identify needs.

Please note that there are many potential needs for a given goal. What needs are actually identified and prioritized depend on what we know, believe in, prefer, and so on.

A seller can influence needs by showing how specific needs help reaching given goals.



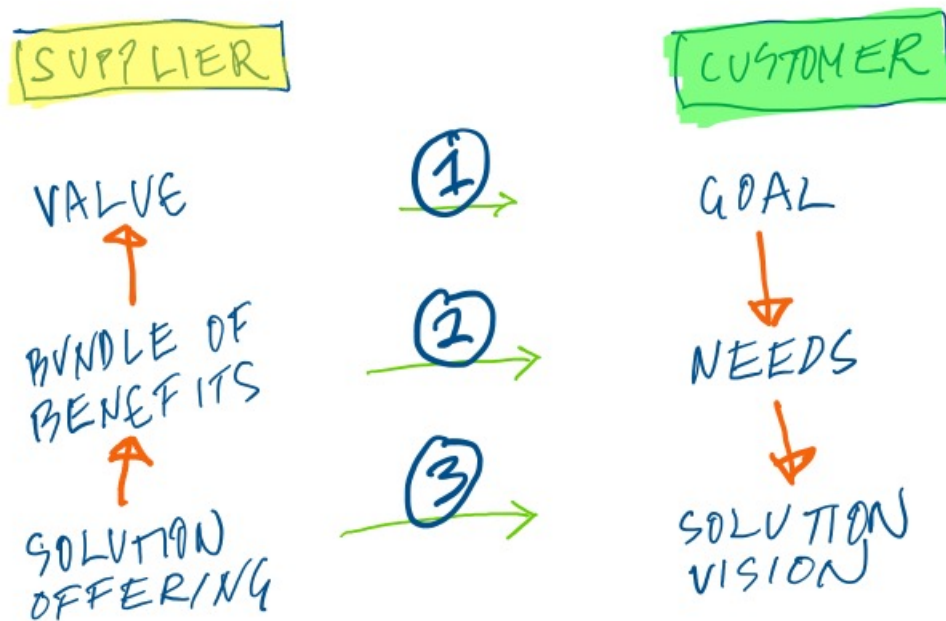
NEEDS ARE REALIZED BY A  
SOLUTION

Finally, a solution is the collection of products and services that implement the needs to reach the goal.

## HOW THE NEED TO CHANGE EMERGES?



This drawing illustrates how individuals and organizations evaluate their situation against their goal. If the perceived gap is wide enough, the gap is prioritized and the search for needs gets started. Once the needs are identified, the solution vision is formulated by asking "How do we fulfill the needs?".



This drawing connects the customer's change and decision process to suppliers's value communication. Please note that there is a match at every level:

- 1) Supplier communicates value toward customer goal
- 2) Supplier communicates the bundle benefits to match and influence needs
- 3) Supplier communicates their solution proposal, hoping to match the customer's solution vision.

## VALUE PROPOSITION FOCUS

"VALUE IS WHAT YOU GET  
FOR WHAT YOU GIVE"

This is the  
value  
proposition  
focus

The established definition of customer value is the difference between **benefits** received ("gets") and **sacrifices** ("gives") made. Both the benefits and the sacrifices are **multi-dimensional** and entirely **subjectively** evaluated, **contextual**, and **changing** over time.

Zeithaml, 1988

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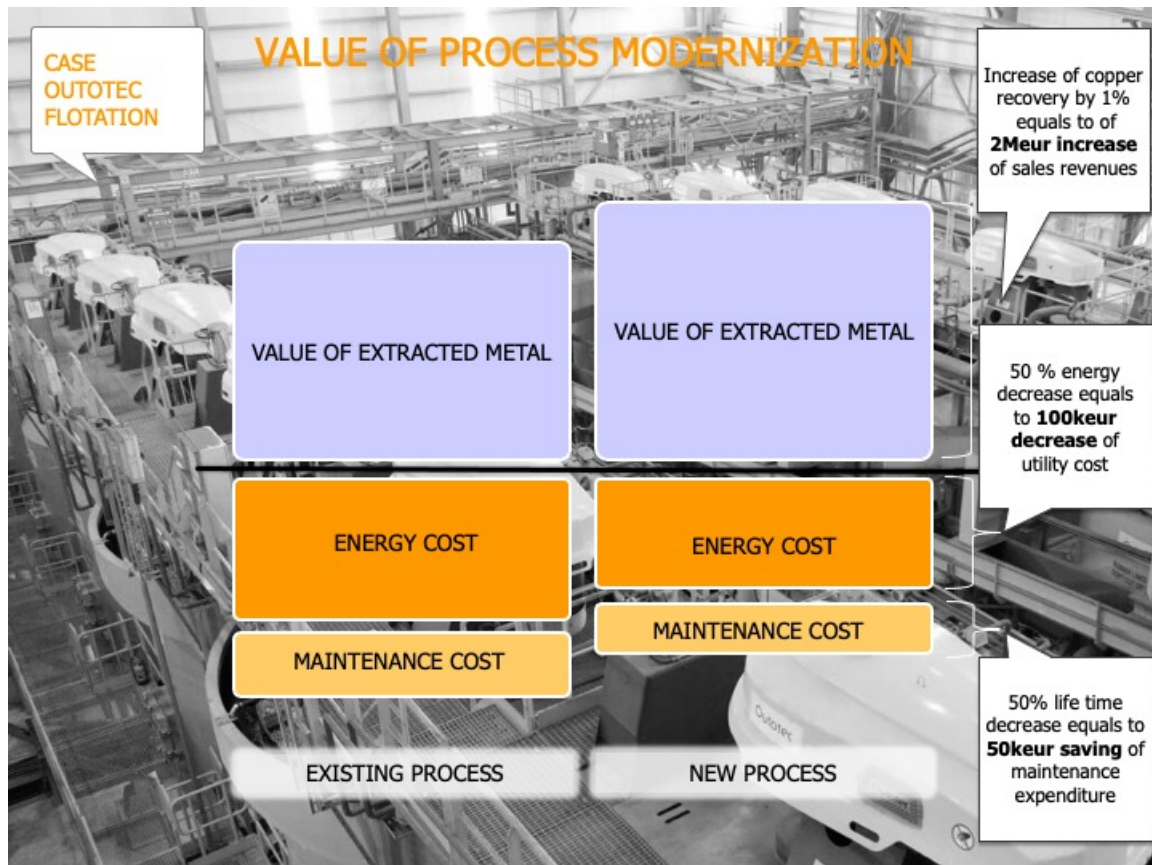
Both the benefits and the sacrifices are **multi-dimensional** and entirely **subjectively** evaluated, **contextual**, and **changing** over time.

**Multi-dimensional** means that, for instance, sacrifices include price, cost of change, risks, and many similar negative consequences of a decision.

**Subjectivity** means that people determine individually what benefits and sacrifices they appreciate and how much. Hence, sellers can only propose and motivate value, but eventually everybody decides based on their goals, personality, preferences, history, and similar influences.

**Contextual** means that value perceptions and expectation are different in different situations

Value perceptions also **change** over time, when people learn and experience different situations. For instance, the value of an insurance feels greater after an accident.



This value communication example from Metso-Outotec is quite complete:

1. The example compares two situations, before and after
2. The example communicates quantified customer value
3. The example identifies a "bundle of benefits" of three sources of value: improved metal recovery, lower energy consumption, and lower maintenance cost
4. The solution to implement the benefits and realize the value is to modernize the production process.

# Value proposition template

This tool summarizes elements of value communication:  
What goal do we believe the key person is striving for,  
what is our solution, and what benefits does the solution  
deliver?

\_\_\_\_\_, who wants  
Key stakeholder

\_\_\_\_\_  
Stakeholder goal

\_\_\_\_\_  
Our solution

helps

\_\_\_\_\_  
benefit

\_\_\_\_\_  
benefit

\_\_\_\_\_  
benefit

*READING FOR THE  
NEXT MEETING*

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## Customer Value Propositions in Business Markets

by James C. Anderson, James A. Narus, and  
Wouter van Rossum

Anderson, J. C., Narus, J. a, & van  
Rossum, W. (2006). "Customer  
value propositions in business  
markets". *Harvard Business  
Review*, 84(3), 1–10.