

The Myth of

VALUE CREATION

By Leanne Hoagland-Smith, M.S.

If I hear the phrases “we create value” or “the value of our offerings” one more time, I believe I will be forced to take drastic action.

Value creation is a myth perpetuated by sales experts seeking to increase their own economic value.

Yes, I said it. Some of you may stop reading right here and now, because I am trampling on sacred selling ground.

Before I explain my reasoning, let’s discuss the origins of the word “myth.” Did you know that this Greek-derived word shares its root with two other words, “mysticism” and “mystery”? All three words can be traced back to the Greek verb *musteion*, which means “to close the eyes or the mouth.”

If we take the word “myth” literally, then it means to close someone’s eyes or mouth to something—which raises the shadow question of what is not being seen or heard as a result of said myth.

In the case of value creation, potential customers or prospects are not hearing “value is unique to each buyer,” but rather “value creation is the construct of the salesperson.”

Really?

Salespeople create value?

If this is so, then why were people not satisfied with Henry Ford’s value statement “You can have any color, as long as it’s black?”

Initially, this limitation was acceptable to Ford’s customers. When other car manufacturers started painting their vehicles in colors besides black, however, Ford began to lose market share. Ford had failed to recognize that price alone was not enough of a value to keep customers loyal. People love diversity. They buy on emotions. Black is a neutral color that generates neutral or even negative emotions for most people, and we do not live in a black-and-white world; our world is a rainbow of color.

Those other car manufacturers connected to the value driver of color within Ford’s customer base. The value of color was already present within each customer, as color is part of the human experience. We all have our favorite colors. No one created the value for that favorite color. Instead, they connected to that value.

Sellers have the opportunity to identify and then connect to those value preceptors or value drivers inherent within all buyers. This is why an established historical focus on “pain points” and fact finding exists: to locate those value preceptors.

Here is another real-world example. Recently, a local Northwest Indiana organization sponsored a technology event. I shared this fact with my extensive small-business network. One of those individuals attempted to register for this technology event on his smartphone but was unable to do so.

I knew the event coordinator and shared with him this obstacle. In his response, he indicated that he knew about this obstacle but suggested that the event’s admission price of \$25—which included a continental breakfast, the speakers, and lunch—was a great value. What this coordinator failed to recognize was that the inability to register became the value connector (or, more appropriately, *disconnecter*) for this individual. Also, this person now has a potentially negative feeling about this organization and any future events it may hold.

The bigger question is, how many people will hear this frustrated would-be attendee’s story?

How often do sales professionals and small businesses lose sales because they have failed to identify and then connect with what the potential customer or client actually values? These folks may walk down a no-sale path because they have bought into this myth.

I discovered this myth of value creation back in 1999. I had just finished sales training for a youth-leadership development curriculum that generated incredible—and sustainable—academic and high-school-retention results.

Armed with my “value proposition,” I scheduled a meeting with a local administrator with whom I had an existing relationship. After making what I believed to be a well-crafted value statement, she looked at me intently and said, “That is all fine and good, but not my focus. Will this solution help me in my goal to be administrator of the year?”

Internally, my emotional self was thinking “Not your focus?! Good

grades and improved high-school graduation rates are not your focus as a school administrator?!”

Then logic swiftly overtook my emotional reaction, and I recognized that her value consisted of being named “administrator of the year.” My response: “Yes, this solution can help you. This curriculum has the potential to move you toward your goal, provided other organizational aspects are in place, as it is my understanding that the criteria for Administrator of the Year transcend student performance.”

Another lesson learned from this experience: sometimes the word “focus” is a code word for “value.” This encounter prompted me to shift my initial conversational approach; I no longer provide a “value statement” to potential clients. What I do provide is a short credibility statement, if warranted.

A credibility statement is a ten-second snapshot of the engagement and results experienced by my other clients.

For many years, sales training centered first on features and only then on benefits. Salespeople were trained to work the potential customers through the features and then explain the benefits.

In the mid to late twentieth century, salespeople started selling results, or return on investment. Then, in the twenty-first century, value creation became the hot marketing and selling word. Now everyone speaks of “value,” yet many people are merely substituting “value” for “benefits” or “results.”

If value creation actually existed, then why do we have such a diversity of solutions (products or services) and so many reasons for buying those solutions?

The more insidious aspect of this myth of value creation lies in one word: ego. When salespeople believe they create value, their egos are 100 percent engaged, and their focus turns inward instead of outward.

The logic goes, “I know the value I can create, so I can share this with my potential customer.”

But then what happens?

The salesperson starts selling by telling—and, as one of my coaches said, “Telling ain’t selling.”

Active listening and conceptual thinking skills fly out the window, because the ego is now in “watch me go” mode and just can’t wait to close that next deal. The customer begins to sense consciously—and, more damaging, subconsciously—that this salesperson who “knows” her solution creates values is ego driven.

With the ego fully engaged, the salesperson may miss additional opportunities to connect with the prospect.

VALUE

is defined by the buyer—and the buyer may be reluctant to articulate honestly what he or she values.

Her total focus on value creation casts a dark shadow over everything else and may prevent her from hearing what the prospect is actually saying. If the prospect replies with an already common response, the seller may have permission to move the potential sale forward. Then, when the seller fails to close the deal or earn the sale, she is stumped as to what happened because she believed that her value proposition was working the entire time.

If you still believe salespeople create value, then recently released research by Young & Rubicam may just demonstrate the real source of value. Their results suggest that buyers are hiding their most important desires and motivations not only from those engaged in the sales process, but also from themselves.

In the United States, the most consciously manifested value was “helpfulness,” while the most unconsciously manifested value was “maintaining security.” Additionally, global or national brands that people consciously liked (such as Google and Starbucks) had far lower unconscious rankings, while brands usually associated with dislike (such as *National Enquirer*) had far higher unconscious rankings.

This research suggests that value is defined by the buyer—and that the buyer may be reluctant to articulate honestly what he or she values.

Within my own sales process, my goal is simply to be valuable. This may mean sharing a name or a resource, or just listening for ten minutes. The twofold goal in marketing is to (1) make a friend and (2) be asked back for that coveted face-to-face meeting, so this approach of simply being valuable has provided me with clients, strategic partners, and some very good friends.

Additionally, my “just be valuable” personal mantra is in alignment with my overall education-based marketing approach, as well as my core values. This attitude (i.e., habit of thought) connects me on an emotional level with potential customers. If people buy first on emotions justified by logic, then it makes sense to start with emotions supported by one’s own credibility (knowledge, expertise, and so on). From my perspective, value creation is indeed a myth—and a dangerous one—for those engaged in the sales process. Of course, I’m just one person making some common-sense observations. It’s up to you to open your eyes to your own experience. **N**

Leanne Hoagland-Smith is the heurist for the next generation of talent management. Her ability to guide forward-thinking leaders in all industries facing new and repetitive problems, from people to operations, earned her inclusion in the 2013 Top 25 Sales Influencers by Open View Labs. Leanne looks forward to hearing from you at leanne@processspecialist.com.