



Strictly for Sales

Value-Added is Thriving

The report of my death is an exaggeration! (May, 1897)

This was Mark Twain's response in a note to his cousin about the old scribe's premature obituary published in *The New York Journal*.

Now and then, I read an article with a title like, "Value-Added is Dead." The author proceeds to argue that the term value-added is outmoded and irrelevant to contemporary business — that business has advanced beyond this antiquated term. These articles always reflect the writer's superficial knowledge and lack of understanding of value-added. Or maybe, it is a weak attempt to hook the reader with a headline.

Value-added is neither a cliché nor a gilded lily, but often misunderstood. It is neither a chic nor a whimsical attempt at standing out. There is nothing faddish about value-added; it has been around for a long time. From pre-historic peoples that decorated cave walls with images of their time, to today's digital imagery, humans have been adding value to the way they record their view of the world. From the early hunters that tipped a stick with a chip of stone to create a spear, to today's high-tech arms systems, humans have been adding value to their weapons to find better ways to hunt their prey. Since the invention of the wheel, humans have discovered many ways to add value to that simple concept so that they can now scream across the Bonneville Salt Flats at speeds in excess of 750 mph.

Value-added is even at the core of Darwin's theory of evolution. He said, "It is not the strongest of the species that survives, nor the most intelligent. It is the one that is the most adaptable to change." One generation of a species adapts by adding value to the previous generation, ensuring the continuation of that species. There is nothing outdated about value-added. It is as contemporary as the next breath that the critics take.

Technically, value-added is the difference between raw material input and finished product output. It is this common sense definition that resonates with most people: Value-added is everything you do to something from the moment you first touch it until you transfer it to someone else or transform it into something of greater value.

Distributors are in the value-added business; otherwise, they would be nothing more than satellite warehouses for the manufacturer. If the customer perceives your company as merely a warehouse of products, it means they see little value in buying from you. They will push back on your prices and reduce your products to commodity status.

For the past three decades, we have worked with companies to help them re-orient their companies around the value-added philosophy — specifically, to do more of that which adds value and less of that which adds little or no value. This philosophy applies



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I am thrilled to be writing again for *Industrial Distribution*. The ten years (2000-2009) that I wrote this column was a great experience for me. ID is a great brand and a source of value for everyone connected to industrial distribution — distributor and manufacturer. My company's focus since 1981 has been helping other companies put value-added at the core of what they do. You will see this focus in this column. Thanks for reading.

broadly in the daily lives of employees, and comes down to a few critical focal points:

- Time management — Do you fill your day with priorities that move you closer to achieving your goals or on activities that merely keep you busy?
- Teamwork — Are you more focused on creating value for the team or a job for yourself?
- Relationships — Do you build each other up or break each other down?
- Career — Are you doing something each day to contribute value to your company or are you just going to a job every morning?

It even applies to the spiritual, physical, and emotional well-being of people. Am I living in a way that adds value to my life and my environment, or am I just sucking air and leaving piles?

People that embrace the value-added philosophy as their true north have a simple question to guide them through life: Does this add value to my (our) efforts? If not, why do it? Imagine what would happen if everyone in your organization practiced this philosophy. Sales and operations would stop bickering because silos add no value to your company. The credit department would enlarge its identity and realize that its job is to find ways to help customers qualify for credit, not just write policies to keep out the bums. Management would challenge itself with this question: What are we doing today to bring value to our employees? Employees would begin treating each other with more respect. The entire organization would be focused on this one issue: How can we create value for our customers and this company?

If that is the end result of an outdated concept, then call me old fashioned.

Tom Reilly is literally the guy who wrote the book on Value-Added Selling (McGraw-Hill, 2010). You may visit him online at www.TomReillyTraining.com.

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