



Touch Points of Value

By Tom Reilly, author of Value-Added Selling

Creating value in your job with your team for
your customers and your company

TOM REILLY
TRAINING



Every touch point with a customer, direct or indirect, has the potential to create value.

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You are reading this whitepaper because your company has committed to Value-Added Selling as a go-to-market strategy. Your management believes in you and is willing to invest in your personal growth and development. Companies invest in resources that they value. Even though U.S. companies invest six times more money developing new products than developing employees, your company has chosen to invest in your personal and professional development. You honor this investment by studying this whitepaper and committing to Touch Points of Value.

The Challenge

Companies face strategic and tactical challenges to their bottom lines. Two strategic challenges include the commoditization of products and the convergence of services. Commoditization happens when buyers (and sellers) view what they buy (and sell) as commodities. In 1934, while studying bacteria on yeast cultures, a Russian biologist wrote, “Two species competing for the same resources cannot stably coexist. One will always have a slight advantage and out-compete the other. The second species will have two choices: go extinct or change the way it competes as to not directly compete for limited resources.” (G. F. Gause, *The Struggle for Existence*)

Even though Gause was writing about a biological phenomenon, he could have been writing about the state of business today. Commodities have no intrinsic value beyond their core properties. Buyers that view the products they purchase as commodities are price-sensitive. This price sensitivity presses against your company's bottom line. You and your teammates can press back with your performance. Your performance is the best defense against commodity buying. Your personal value is the best antidote to those who perceive little value in your core product.

The second strategic challenge is the convergence of services. Everyone claims to offer good service. Does every company offer great service or is it a marketing illusion? Fifty years after Gause introduced the *competitive exclusion principle*, Michael Porter wrote about a similar phenomenon in business: "The convergence of services is subtle and insidious. The more benchmarking companies do, the more they start to look alike. As rivals imitate another's improvements in quality and cycle times, strategies converge and competition becomes a series of races down identical paths which no one can win." (*Competitive Strategy*, 1980) Porter's forecast that services would travel down the unwinnable path of commodity products has materialized.

Commoditization and the convergence of services make it difficult for your company to stand out. Seventy percent of sales and marketing executives believe that their inability to differentiate is their biggest obstacle to growth. Fifty-three percent struggle to identify what makes them unique. Both groups miss the point: What makes them unique are their people. People represent the single unique dimension of value because there is no commodity in creativity, and there is no traffic jam on the extra mile. You are the one thing that makes your company stand out in the market. Are you outstanding in your work?

The Purpose of a Business

Many people believe Adam Smith, that the purpose of a business is "to make money." Some quote Peter Drucker, "to get customers." If the purpose of a business is solely to make money, why not work at the U.S. Mint? If the purpose is to get customers, why not become a carnival barker, hooking every passerby? The purpose of a business is bigger, nobler, and more meaningful than to create a revenue stream or a customer base. The purpose of a business is to create value.

When you view business in terms beyond money, it enlarges the purpose. It invites other people to become part of a grand purpose. Most companies have as part of their vision, mission, or purpose a statement of service to customers. How small it sounds to say that the purpose of a business is simply to make more money for the few when compared to creating something of value to benefit the many.

Value

Create value raises two questions: What is value and for whom? First, value is whatever the customer says it is. For some people, it is quality, service, or support. For others, it is packaging, availability, or price. Like beauty, value is in the eye of the beholder. Customers define value in their own terms.

Second, value demands equity. Buyers measure what they sacrifice to acquire something against what they gain in the outcome. Equity means that they get as good as they give. Sellers weigh what they deliver against their return to determine equity for them. Both buyers and sellers want to get as good as they give. Each wants fairness.

Value-Added

Adding value means converting raw material inputs into finished product outputs. It is everything you do to something from the moment that you touch it, transform it, and transfer it to someone else. Your value-added includes perceived value and performance value. Perceived value describes who you *are*, how long your company has been in business, the depth and breadth of your products, the number of locations, or the financial stability of your company. Performance value describes what you *do* for customers: training, technical support, inventory management, R&D assistance, or annual business reviews.

Companies deliver value-added along three dimensions: product value, company value, and people value. Product value includes things like quality, variety, and packaging. Company value includes things like customer service, technical assistance, and ease of doing business. People value includes easy access to salespeople, knowledgeable customer service, and follow-up. Because value-added comes from these three dimensions, there can never be a commodity solution, as peo-

ple are the single unique dimension of value. Others can attempt to copy your products and services, but they cannot copy your people.

Touch Points of Value

Every touch point with your products, services, or customers—whether it is direct or indirect—is an opportunity to create value for the customer and profit for your company. Direct means that your fingerprints are all over the product, service, or interface with customers. Indirect means that you support the products, people, and processes that connect with the customer.

Every touch point of value separates your company from the crowd. Every product or service, wrapped in creativity and delivered conscientiously, becomes a differentiated product or service and a unique customer experience. Every touch point of value is like a brushstroke on a canvass. Individual brushstrokes may not mean much by themselves, but the accumulation and combination of brushstrokes paint a beautiful portrait of value.

Value-Added Philosophy

The value-added philosophy is a true-north, orienting philosophy. It is true-north because it is a straight-line path to customer satisfaction and company differentiation. It is an orienting philosophy because everyone in the organization can apply this to their jobs. It focuses the entire organization on a simple but powerful principle: **Do more of what adds value and less of what adds little or no value.** The Value-Added Philosophy is relevant to and affects all areas of your life: career, time management, relationships, and even your physical, emotional and spiritual well-being.

Value-add-itude®

From which direction does your definition of value flow—from you to the customer or from the customer to you? This is another way of saying: Through which lens do you view what you sell—your lens or the customer’s lens? Do you see your product or services as value-added or value-received? If you are customer-focused, you ask, “Why can’t we sell what they want to buy?” If you are seller-focused, you ask, “Why can’t they buy what we want to sell them?” If you are sell-

er-focused, you say, “They’re not buying what we’re selling.” If you are customer-focused, you say, “That’s because we’re not selling what they’re buying.”

Values

Values are a web of personal preferences. Values express what is important to us. These personal priorities are things we esteem and desire most in life—our wants. They include things we want to accomplish and ideals to which we aspire. Values are subjective and changeable. Sometimes, they cooperate with each other; other times, they conflict with each other. Some may be felt more intensely than others. Typically, values can be arranged in a hierarchy by priority. Values motivate behavior. They are the energy behind action. If behavior is “what” we do, values are “why” we do what we do. Values influence our decision making. They help us choose the behavior that will maximize the outcomes we desire.

The Value-Added Selling philosophy is built on these six core values: humility, integrity, connectedness, equity, initiative, and excellence. These values are not like a patchwork quilt that has been pieced together as a little bit of this and that. They are more like the threads of a fabric that intertwine with each other. We have compiled this list of values based on 30-plus years of working with the best companies in the world and our research into the world’s most admired, most profitable, best performing companies, with the highest customer satisfaction ratings, strongest brands, and most loyal customers.

Humility

Humility is our first value because it is the foundation upon which all other values are built. Humility is lowness, self-abasement, selflessness, and freedom from arrogance. It is self-transcendence, going beyond self to assume your rightful place in a world that is bigger than your personal reality. Humility requires us to see the world in terms bigger than self. It is subordinating ourselves to a cause greater than oneself. It means setting aside one’s personal agenda in our efforts to create value. It means being aware of the bigger world in which we live and work and accepting that the world spins on an axis different than our own. Humility means being proud of what you have accomplished while admitting that you can improve.

Humility is the most powerful paradox in business. What foreshadows weakness reveals strength. The power of humility comes from its lowly position. Humility is the necessary antecedent of growth. None of us can get better until we first admit we can get better. Who would innovate without first acknowledging the need to improve or that one could improve? Companies that invest in innovation begin their journeys with an admission that things will continue to change and that their value propositions may not be as relevant in the future. Humility is the requisite quality of teamwork. How can any of us be a great team member if we are more focused on creating a job for ourselves than value for the team? Humility beats in the servant's heart. This empowers us to view serving others as a privilege, not a pain. Viewing life from someone else's perspective requires humility. It is easier to subordinate your own interests to serve another when you begin with humility. Humility is the requisite quality of leadership. Selfless leaders subordinate their personal interests to the greater cause which they embrace.

Integrity

It is more than absence of lies. It is more than telling the truth. From a moral perspective, it is honesty, righteousness, and virtue. From a structural perspective, it is the soundness of character or wholeness of your parts. Integrity builds a foundation of trust and stability. Integrity is a feeling that you have my back, even when I'm not looking out for myself. When others perceive your integrity, they trust you. They can rely on you. You become more influential because of your moral uprightness. Integrity of character inspires others to want to do business with you. They believe you will treat them right. Practically, it keeps you out of trouble. Because it is the glue of character, it holds solid the inter-connection of your other values. As the old religious hymn says, "Do what is right; let the consequence follow."

Connectedness

Connectedness is oneness, collaboration, being joined or linked. This means we are all contingent upon each other, that we depend on each other. Interdependence is a more correct description of our species than independence. Synergy (the whole is greater than the sum of its parts) is the outcome of pieces coming together, which is more powerful than the individual components. Connectedness reflects a uni-

fied and coherent body, embarked on a common mission, and bonded in a coherent strategy. This alliance emphasizes a cooperative relationship versus an association. As in integrity, it is the soundness of the structural components fitting together. On an individual level, what we do for/to others, we do for/to ourselves, since none of us is an island, but part of the main. The sales force may sell the first exposure to a company, but it is the total experience with a company that brings customers back. Value-Added Selling as a go-to-market strategy is an integrated sales and operation model for designing and deliver value-added solutions to customers. It is a team sport where we is greater than me. How we treat each other has an outward rippling effect on how we treat external customers. We can only serve external customers to the degree to which we serve each other.

Equity

Equity is another word for fairness. Equity is evenhanded and just. It People want to feel that they have been treated fairly. In business, it is the fair exchange of one thing for another – money for goods and services provided. Equitable transactions protect buyer and seller. This means win-win. Anything short of win-win is a loss for both parties. Sellers who put customers first do not necessarily put themselves last. To determine the equity of a transaction, people ask questions like, “Am I getting as good as I’m giving?” “How am I treated?” “Is the value I receive commensurate with the price I pay?” Equity precedes satisfaction, a necessary requisite for loyalty that leads to retention – long-term relationships. People want to feel they have made good decisions and equitable treatment reinforces this belief. When one feels that he or she is treated inequitably (buyer or seller), that person will abandon the relationship.

Initiative

Initiative is taking ownership, charging forward with a plan, determined to see it succeed. It is the habit of being proactive – anticipating and acting in advance. It is the first step or the opening move of something. Some people call it ambition, drive, or get up and go. Initiative requires resourcefulness and ingenuity, which are key components in innovation. Innovation requires imagination and initiative, not imitation of someone else’s creation. Innovation requires that someone has the confidence to take charge of the creative process

that brings about change. This is the forward-thinking spark that lights the fire of innovation. It is the pre-launch ownership and energy of success. Once success happens, it has many parents, but few are there to conceive it.

In sales, it is pre-emptively taking control of the sales conversation and guiding it down a path of value, not price. This mitigates the probability of price objections late in the sales process. In the words of one customer service representative, “The best part of being proactive is never having to say you’re sorry to the customer.”

Excellence

Excellence is doing the best you can with the resources you have available. Excellence transcends mediocrity. It is the habit of going the extra mile, committing oneself to high standards. Though excellence is exceptional, superior, and outstanding, it is not perfection. Excellence is more about the quality of the journey than the destination. When you practice excellence, you enjoy the benefits in real time. As your efforts bear fruit, you feel pride in your accomplishment and meaning in your achievement. If you are hooked on excellence, it becomes a habit not an event. Success, like failure, is a habit. Doing things well is a habit, just as doing things poorly is a habit. Once you embrace and develop the habit of excellence, it becomes the benchmark for all that you do. Mediocrity is never good enough. You will hold yourself to a high standard. It is not so important that you are out-performing others as it is that you are performing to your personal high standards of excellence. Your potential is your benchmark of excellence, not someone else’s performance. Be more curious about your potential than concerned about the competition.

For excellence to take root in your organization, it must be cultivated at all levels: sales, customer service, operations, administration, logistics, research, finance, and management. It must be practiced daily at each of these levels. Organizational excellence is the natural outcome of individual and team excellence. Your company can excel only to the extent that you and your teammates excel.

Organizational excellence is the natural outcome of individual and team excellence. An organization can practice excellence only to the degree that its employees live it daily.

You and Your Job: Become a Person of Value

Seventy percent of employees are not engaged in their work. This costs American business between 450-500 billion dollars annually in lost productivity. People want more from work than just money. Money is important, but it is not everything. People work for a blend of intrinsic and extrinsic motivators. Intrinsic motivators include things like satisfaction, pleasure, and creative exploration. Extrinsic motivators include pay, benefits, and working conditions. There is a baseline of extrinsic motivators that must be present in a job, but it is intrinsic motivators that cause people to wake up in the morning without an alarm clock. Meaningful work is intrinsically satisfying. McKinsey & Company reported that employees ranked intrinsic job factors as more motivating than financial incentives. A 2010 Conference Board study reported that only 45% of employees are satisfied with their work. This is the lowest level of satisfaction recorded in the 22 years of this study. The number one reason people are dissatisfied is that they say their jobs are no longer interesting. They have lost their meaning.

People want to do good work. No one wakes up in the morning and says, "I'm going to work today and be mediocre." People want to do a better job today than yesterday and a better job tomorrow than today. Because of this need to do good work and the amount of time they spend doing it, people crave more than money from their efforts. The average worker spends about 90,000 hours in their careers working. This would be ten years of non-stop, 24-hours a day work! That is a lot of one's life spent doing meaningless tasks. This is why meaningful work matters. When people find meaning in their work, clock time is less important. If you have ever lost yourself in an activity and forgot about the time, you understand meaningful effort. Management studies have shown that when you ask people what would enrich their jobs, meaningful work tops the list. In our research, money never surfaced as a way to make work more meaningful.

The reality of today's economy does not allow for cost centers, only profit centers. The lean operating philosophy has dominated continuous improvement efforts for the past two decades. Add to that the Great Recession of the twenty-first century, and there is little fat in business today. Current levels of unemployment will remain higher than in the past because companies have streamlined operations and

discovered ways to do more with less. This places greater stress on employees who find themselves working longer and harder. Finding meaning with this increased workload is both challenging and necessary.

Would those who know you say you are a person of value? Some people go to work to do tasks. Others go to their jobs and are fully engaged. They create their own form of art and find meaning in their toiling. These questions will challenge you to create value in your job.

- Am I willing to admit that I can get better at my job?
- Does integrity guide my decisions and actions?
- Is my job is vital to our company's prosperity?
- Am I a profit center or cost center for my company; do I give as good as I get?
- Do I feel responsible for my success? Do I own it?
- Do I respect my job, take pride in my work, and put my best work on display?
- How do you create value in your job?

You and Your Team: Synergy at Work

Solidarity with teammates, mutual trust, and commitment to the mission are the recipe for the success of your team. The sales force may sell the first exposure to your company, but it is the total experience with your company that brings customers back. Imagine that you are tasked with designing a new product, testing, manufacturing, selling, shipping and supporting it. How can one person do it all? No one can.

Salespeople can talk only about what others in the company do and promise only what others can deliver. If others in the company do nothing, salespeople have nothing to talk about with customers. This is reflected in the marketing slogan, "Promise a lot, and deliver more." A key driver of customer dissatisfaction is the failure to meet their expectations. High expectations from over-promising set the stage for unhappy customers. That cycle is completed when others fail to deliver on those promises.

Touch Points of Value is an integrated sales and operations model for designing and delivering value-added solutions. You play a vital role you play in serving the needs of your team that serves the needs

of your customers. Regardless of your job title, you are part of a team.

Silos exist in organizations when one group is alienated or isolated from other groups. Consequently, they do not communicate well. These silos can be functional, divisional, or geographic. Functional silos mean one department operates separately from other departments. Each has a separate focus and operates independently. Engineering and finance have different organizational functions. One works with technology and the other with money. When departments fail to communicate, it widens this chasm.

Divisional silos exist when different groups within the company pursue different markets, operating as quasi separate companies. Divisional silos are complicated by the fact that they also contain functional silos within these separate divisions. A purchasing group for one division is different and separate from the purchasing group in another division. Even though these divisions may serve related markets in the same industry, they still operate independently of each other. Many times, they are unaware of what other divisions do or whom they should contact with questions or opportunities.

Geographic silos exist when groups are separated by space. The corporate office is in one city, and the branches are in other cities. Purchasing for a large, global corporation may be centralized in one location, and those who use the product work somewhere else. This is a problem when purchasing responds to supply requisitions but never talks to the people in the field who request and work the product. It is almost as if purchasing is buying this product for themselves versus field operations. Offices located in different cities are separate organizations. This is why it is imperative to have a common mission and a unifying philosophy, such as the value-added philosophy, so that disparate parts of the company operate as parts of the whole.

Teams rise and fall, depending on their members and their leaders. Legendary basketball coach Phil Jackson wrote, “The strength of the team is each individual member ... the strength of each member is the team ... I’ve learned that the most effective way to forge a winning team is to call on the players’ need to connect with something bigger than themselves.”

Teams fail when there is too much me and not enough we. Members fail to share credit. They hoard information for themselves, which is

really a power grab. They become territorial about resources. Individual members are more focused on creating positions for themselves than value for the team. Some members may have difficulty relying on other team members, which is an ego or trust issue. Members that are self-absorbed make it difficult for the team dynamic to develop. Too much looking inward by team members makes it feel like something is missing from the team.

Teams succeed when there is clarity of purpose and clearly stated expectations inspire followers. Commitment is a measure of your willingness to inconvenience yourself for the mission. Managers demonstrate commitment when they operate by this system of priorities: mission, team, me. Every mission must have a written plan as the road map to success, complete with objectives, strategies, and tactics. Once underway, focus means locking in on your plan and locking out the distractions along the way. The greater the number of team members, the greater the number of distractions, the more critical is your ability to focus.

Everyone must pull their load. If you have ever participated in a team where some failed to do their part, you probably felt like screaming, “Get out of the wagon and help me pull this thing.” Even the passive resistance of dead weight impedes the progress of your team.

There must be willingness to subordinate egos. For the team dynamic to be positive and synergistic, team members must suspend their egos for the greater good. It is not about you or any other single individual; it is about the team. Mutual trust and respect are critical to your mission success. Everyone on the team deserves respect, and from that respect trust develops. Frank, open communication preserves the integrity of the unit. Members must know what others are doing and the information they possess. Sharing information is sharing power. This problem-solving attitude coupled with a servant’s heart bolsters a strong team dynamic.

Building stronger teams means that groups must train together, work together, and achieve success together. Sometimes, they even fail together. For the group to succeed, you must succeed. These questions will challenge you to create value for your team.

- Do I subordinate my ego for the greater good of the team?
- Am I honest and open with team mates?
- Are we connected as teams or do we operate in silos?

- Am I pulling my fair share of the load?
- Do I take ownership on projects for the team?
- As a group, do we put our best work on display for the customer to see? (If not, what gets in the way?)
- How do you create more value for the team?

You and Your Customers: A Privilege to Serve

American businesses lose one-in-five customers every year. The White House Office on Consumer Affairs appointed a commission to study the cost of acquiring new customers versus the cost of retaining customers. In the first study, researchers found that it costs four to six times more money to attract new customers than to keep existing ones happy. Several years later, the same researchers found that it now costs as much as twenty times more money to acquire new customers than to keep existing ones happy. The American Society for Quality found that your company is five times more likely to lose a customer because of service complaints than because of quality or price.

You are in the people business. Your work involves people serving other people. Selling and serving are relationship management. “The relationship between a seller and buyer seldom ends when the sale is made. The sale merely consummates the courtship. How good the marriage is depends on how well the relationship is managed by the seller.” (Ted Levitt, *The Marketing Imagination*) If you make the customer experience about people and relationships, the sale will not devolve into a simple and impersonal transaction. Personalizing it moves the sale out of the commodity realm.

We have studied the effect of personal relationships on the success of top-achieving salespeople and purchasing agents. Top-achieving salespeople attribute 79% of their success to their relationships with customers. We followed up on this study by asking purchasing agents how much of their success they attributed to their personal relationships with salespeople. They attributed 58% of their success to these relationships.

The attitude of gratitude means that you view serving as a privilege, not a pain. The attitude of gratitude is the essential quality of those who serve. Some companies treat prospects better than they treat their customers. In Touch Points of Value, you treat customers as prospects, because they are. Your best customers are the competi-

tion's best prospects. If you view serving as a pain, competitors will step forward and view serving your customers as a privilege.

Customer satisfaction is an attitude. It reflects how people feel. It is a function of how your solution performs relative to customer expectations. If you out-perform their expectations, it results in satisfied customers. If you under-perform their expectations, it results in dissatisfied customers. You control satisfaction in two ways. First, you build customer expectations with the promises that you make. Second, you affect satisfaction by how you perform vis-à-vis their expectations. Your goal is to out-perform their expectations. That results in satisfied customers.

Customer service is more than a department; it is an attitude. This widespread attitude—that everyone is responsible for creating satisfied customers—is apparent from the shop floor to the top floor. How you do your job and work with your teammates has an effect on how you serve external customers. You affect customer satisfaction by the value you create for your customers. These questions will challenge you to create value for your customers.

- Do I view serving others as a privilege or a pain?
- Do I deliver good and bad news to customers as they need it?
- Do I feel like the customer is vital to our company?
- Is our relationship with the customer win-win?
- Do I deliver proactive customer service?
- Do I deliver benchmark service?
- How do you create value for our customers?

Summary

There is something special about the number three. It is manageable, memorable, and rhythmic. Some communicators believe that the number three is magical. When you tell people that there are three things they must know about something, they begin to take notes mentally. In this whitepaper, you learned that your company delivers value along three dimensions: products, company, and people. You also learned that you personally create value in three ways: how you do your job; how you interact with your teammates; and how you interface with customers. If you and your teammates did these three things, the results for your company would be significant. Commit-

ting to do one thing in each of these three areas is doable and manageable for you. I am encouraging you to focus on three simple take-away ideas that you will commit to do and follow through on in your job. Once you have made these three ideas habitual and they become part of your everyday behavior, you can return to your notes and create three more ideas and make them habitual. And the process continues. Significant and meaningful organizational change takes place one step at a time.

About the author



Tom Reilly is literally the guy who wrote the book on *Value-Added Selling*. His pioneering work in this area has earned him the recognition as the global authority on Value-Added Selling. Since 1981, Tom has traveled globally sharing his content-rich messages of a better way to sell. Additionally, Tom has authored twelve other books including *Crush Price Objections* and *Customer Service Is More than a Department*. You may contact Tom through his website www.TomReillyTraining.com.