



## Show me the money!

### Measure your value or someone else will

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When Rod Tidwell told Jerry Maguire [Tom Cruise] to 'Show me the money', he coined a mantra for today's buyers. You may have a brilliant product but if you can't 'show the money', buyers are not interested.

Can you answer and back up the question "How much do you make or save me?" If not, you are not measuring or proving your value. Buyers have no time for unsubstantiated declarations of value. Understanding how to create, deliver and prove value can turn small companies into large ones and large ones into giants.

You may ask - why measure value when your customers are satisfied? You provide them with good service. They like your products, which you continually invest in. You have a good relationship with them. You even carry out regular customer satisfaction studies. So why bother measuring and proving value?

Think about the message that unquantified benefits sends to customers. In effect, you are saying "We don't care enough about you to measure how much we can impact your business".

If your company is not managing your value, you can be sure that someone else is - probably to your detriment! Is it the customers' procurement department? Or competitors, or even partners, who want to sideline you for their own advantage?

Do customers rate your value as highly as you do? How do they rate your value relative to your competitors'? When we interview customers of our client companies, there's almost always a significant difference between what our clients think their value is and what customers do. It amounts to a value gap.

### IDEA IN BRIEF

Many companies don't measure their value in quantifiable terms, but instead make unsubstantiated claims for their product or service. This doesn't fool the buyer, and it sends out the message that the company doesn't care enough about its customers to measure how it impacts their business.

If you want to grow your business, build a repeatable process for measuring the value which you create - i.e. how much money you make or save the customer.

Measuring your value in tangible benefits such as reduced cost of production, increased sales, and reduced operating costs helps cut down customer decision-making time, resulting in faster sales, and creates 'gold customers' who become your advocates, giving you an edge over the competition.

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When asked to explain the value they provide, too many vendors sound like copywriters under duress. As one senior executive put it to us:

“Why do so many vendors lie? They tell us they are the fastest and most comprehensive and all that jargon. We know it is not true. We spend thousands of dollars with analysts to keep us up to speed. With all this gobbledygook, vendors break their promises, before we even start to engage. Give me a vendor any day that talks in my language, can help me fix my problems and keeps their promises.”

Describing products in vague terms that are not measurable is depressingly prevalent – and always unhelpful. Airily telling buyers that your solution will reduce their costs, without actually measuring what those costs are, looks half-hearted, lazy and opportunistic. Do the work and run the numbers to turn a perceived vague value into a real measurable one.

When customers think about measuring value, they are weighing up questions like:

**How much** will I save or make by adopting this solution?

**How long** will it be before I will see a return?

**What** are the **risks** (to me personally in terms of career and to my company) that this project will fail and I will not see any return?

**What resources** will I have to invest in this project to make it happen?

**What** is this going to **cost** me?

**How important** is this project relative to the other pressing projects that I am considering?

No longer is it good enough to trot off a set of generic answers to these questions. Buyers have had enough of vague promises. They want to know exactly how much you will save them, what concrete risks are involved, and how you plan to address those risks.



Analysts IDC carried out research that shows that an investment of \$1m typically has a decision cycle of 18 months. However, once a customer can measure the impact, 65% of purchases occur in six months or less. Being able to prove to customers the amount, and the timeframe in which you can reduce their key costs, increase revenue growth or achieve market share objectives will set you apart from the competition.

#### IDEA IN ACTION

What measurable value does your product or service deliver? Do you know? Do your customers know?

What is the situation for your customers before they buy your product or service? And after?

Think of a successful project – how much did this project save your customers? Grow revenue for your customers?

What proof or evidence do you have of your measurable value?

If you don't know the measurable value you create, then how do you know how much to charge? Are you charging too much? Too little? In our experience growing companies often undercharge because they're desperate for business and don't understand the true value they're providing. Before they know it they're in a downward spiral. If you want to grow your business, build a repeatable process for measuring the value you create.

Substantiate your claims by showing that you have the people, processes, tools and experience necessary to deliver the value that you've promised. Get input from the customer's buying influencers to underpin your business case. This can help create a shared sense of ownership.

As your customer decides to make an investment, help him determine what return he will get. For every dollar spent, there must be more than a dollar returned. That return can be measured, in tangible benefits such as reduced cost of production, increased sales, reduced operating costs etc. There may also be more intangible benefits such as great user satisfaction with your product – if the customer has had a great experience using your product he will want to blow your trumpet at speaking slots and to industry analysts. He will become a 'gold customer', giving you an edge over the competition.



Select Strategies is a consultancy practice, which advises companies on how to make growth happen. In our series, *Growth Insights*, we draw on our experience of client engagements to look at some of the issues which accelerate or inhibit company growth.

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