



**Huthwaite**<sup>®</sup>  
International



Research

# Creating and capturing value

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International research report global  
and regional analysis of responses



## **Estimated reading time**

**Full report: 50 minutes**

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# Introduction

Successful sales forces today have to be in the business of creating value for their customers and, to stay profitable, capture value for their own organisations. Huthwaite International's latest research project focuses on the concept of value and how selling organisations can create it effectively for both themselves and their customers. The research investigated a set of value-creating behaviours to see which ones were being used by sellers to try to create value, and which ones appeared to be a differentiating factor in terms of their contribution towards a profitable organisation.

Huthwaite International initiated this research by first identifying a set of value-creating behaviours that would enable a selling organisation to create and capture value throughout the buying process, not just in sales conversations and negotiations. These value-creating behaviours were identified from a desk-based analysis of popular sales theories. The aim of the survey was to identify to what extent each of the different behaviours were being adopted by selling organisations.

To date the survey has generated over 900 responses from across the globe. The first 157 respondents came from the membership of the UK Institute of Sales and Marketing Management (ISMM), and the results of their responses were published in a research paper in December 2012. This paper is therefore a follow-up to the publication of the initial findings, and presents the results of all 900+ global responses.

If you have read the ISMM survey findings paper you will find that the content of the first two sections of this paper is exactly the same, as it sets out the background to the survey. If you do not wish to be reminded of this content then please go to page 14 of this report, which is where we start to present the research data itself. The analysis of the research data is in two parts: part one presents the global findings and part two presents an analysis at regional/country level.

## Background to Huthwaite

Huthwaite International has been in the business of research for over 30 years. We started out by analysing the verbal behaviours of successful and average performers in business situations so that we could understand what happens in verbal interactions that makes a difference. Over the years we have conducted a wide variety of research projects, which have included:

- Behavioural analysis of conversations to identify effective verbal behaviour patterns
- Interviews with industry leaders and key personnel to uncover what is happening at a process and strategy level within organisations
- Questionnaires to uncover industry trends and best practices.

Huthwaite have used the output of the research to produce leading-edge white papers and research articles, as well as develop world-renowned methodologies such as SPIN® Selling skills.



# Defining Value

Value is a word that is commonly used in sales in lots of different ways, eg value propositions, value-based selling, creating value, adding value, communicating value. The problem with defining what we mean by 'value' is that it is all about personal perception. Like beauty, value is in the eye of the beholder. An individual's perception of what is valuable to them is conditioned by underlying beliefs, attitudes and behaviours, so differs from one person to another. In selling situations, the challenge for the seller is to demonstrate the value of their proposed solution to the customer in such a way that the customer, as well as the seller, sees the value. Sellers may also have to demonstrate the value in different ways for different decision-makers, to take account of their different perceptions of value.

Value is about benefits minus costs, ie what you get minus what you have to give to get it. Sellers often focus on the benefits of their solution without really considering what it will cost the customer to change or to implement it. This does not mean just the financial cost as there are other factors involved, such as the risk in taking the decision and the hassle of the implementation. These costs are likely to be much clearer in the customer's mind, so can reduce the value inherent in the benefits. Ultimately the seller has to be able to demonstrate that the benefits of their solution outweigh the costs.

Finally, sellers also need to be mindful of the value of the deal for their organisation in terms of what benefits it will bring: but also what will be the costs of sale and implementation.

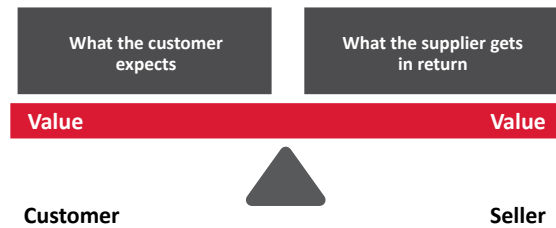
## Creating Value

In a customer-seller relationship ideally there is a balance in terms of the value, with the customer getting value from the product/solution provided and the seller getting value back in return.

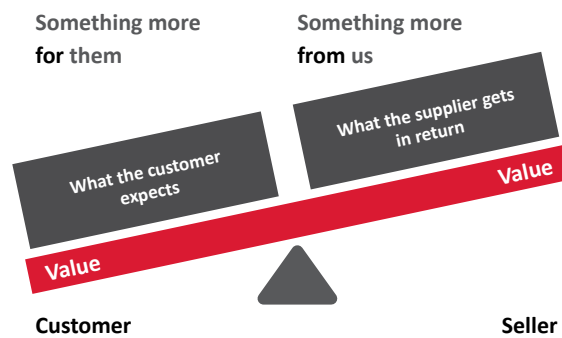
When selling organisations try to add more value for the customer this often means going the extra mile or giving the customer more benefits for the same cost, or the same benefits for less cost. The value then becomes unbalanced, as the customer is getting more with the seller not getting anything back in return. In Huthwaite terms we describe this as *transferring* value.

*Adding* value in Huthwaite terms means the seller needs to get something back in return for the extra value they are creating. The additional value for the seller may not necessarily be a financial benefit. It may be something like a testimonial, or an opportunity to move into a different part of the organisation that ultimately creates long-term value for the seller rather than a short-term financial recompense.

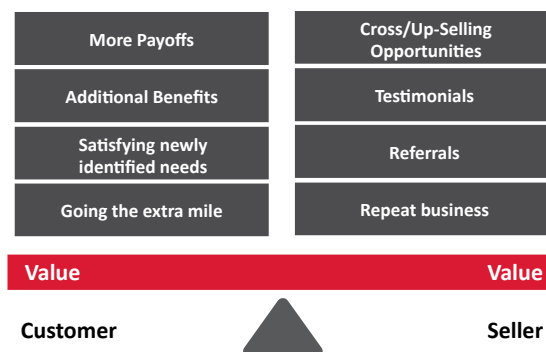
### Value balance



### Transferring value



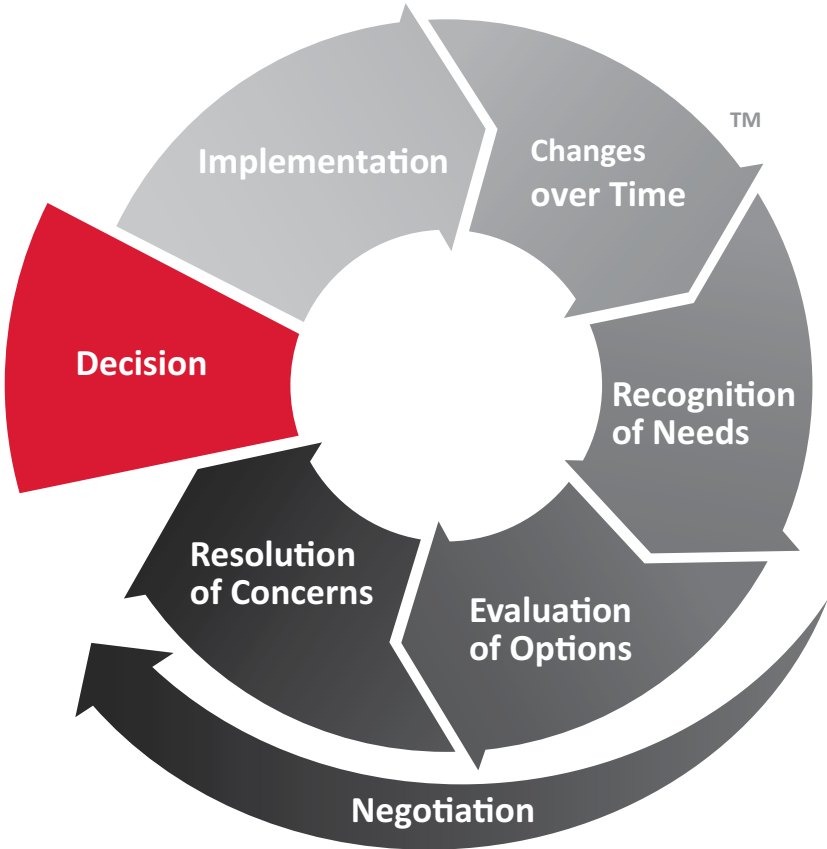
### Adding value





# The phases of Creating/Capturing Value

Any customer making a purchasing decision goes through a number of phases in the decision-making process. In Huthwaite we call this process the Buying Cycle. In each phase of the Buying Cycle the selling organisation needs to be creating and capturing value. Huthwaite conducted a review of the current sales literature and our own research data to identify a set of what we call *value-creating behaviours*. These behaviours encompass strategies/actions that have been advocated as best practice in today's competitive selling environment. In this section we will introduce the different phases of the Buying Cycle and the value-creating behaviours we have identified for each phase.







**Changes over Time/Planning for Value**

In Changes over Time the customer is not in the market to buy at all. They are satisfied with the status quo and are not actively seeking a solution. However, the situation is changing in ways that will eventually lead to a new sales opportunity. These changes may be:

- external and outside of the customer’s control, such as a change in the general economic climate
- internally initiated, such as a new CEO or acquisition
- initiated by the seller, such as a new product offering.

The value-creating behaviours in Changes over Time are to do with Planning for Value. The behaviours are listed below, together with the survey question used to test the extent to which the behaviour was being implemented in organisations.

<b>Behaviour</b>	<b>Survey question</b>
<b>Industry/customer knowledge</b>	We demonstrate extensive and up-to-date knowledge of our customer’s business and industry sector.
<b>Proactively problem-hunting</b>	We proactively look for problems/opportunities to bring to our customer’s attention.
<b>Customer segmentation</b>	We segment our customer base into those who buy transactionally (price-focused) and those who want a more consultative (value-focused) selling approach.
<b>Customer view of strengths</b>	We have a clear and accurate picture of how the customer views both our and our competitors’ relative strengths.
<b>Disruptive innovation</b>	We innovate to create simpler products/solutions/processes that enable us to target new markets and disrupt incumbents.



### Recognition of Needs/Building Value

In Recognition of Needs the customer becomes aware that the status quo is no longer satisfactory. Initially needs appear as problems and dissatisfaction with the current situation. As customers move through this phase these problems and issues develop into clear wants or desires.

The value-creating behaviours in this phase of the Buying Cycle are related to Building Value, ie how the seller can work with the customer to develop needs that the seller is well-placed to meet.

<b>Behaviour</b>	<b>Survey question</b>
<b>Qualify out</b>	We qualify out business where we cannot see how we can uniquely offer value.
<b>Make customer think differently</b>	We present problems/opportunities and their business implications to customers to make them think differently.
<b>Joint problem solving</b>	We work with customers to jointly understand and solve their business problems and needs.
<b>Consider customer marketplace</b>	We consider our customer’s marketplace and plan how we can help them exploit it more effectively.



### Evaluation of Options/Demonstrating Value

In Evaluation of Options customers go out to the market. They have established their decision criteria, based on the needs they have identified, and are now looking to compare alternative solutions against those criteria. This is the phase when Requests for Proposals (RfPs) are issued, and, for many sellers, the point at which the sale begins.

The value-creating behaviours in this phase are related to Demonstrating Value, ie how can the seller show that they can deliver more value to the customer than their competitors can.

<b>Behaviour</b>	<b>Survey question</b>
<b>Customise solutions</b>	We develop and demonstrate customised solutions that make us uniquely placed to win the business.
<b>Tailor value propositions</b>	We tailor value propositions to meet the value drivers for different decision-makers within the organisation.
<b>Demonstrate financial benefits</b>	We demonstrate the financial benefits of our solution to a customer’s business.
<b>Add value to beat price</b>	We demonstrate enough added value to win business against cheaper competitor bids.



**Negotiation/Resolution of Concerns/Retaining Value**

In the decision-making process Negotiation is a separate, but linked, activity. Negotiation begins when the customer says or indicates that the seller’s solution meets their needs, but they are unwilling to accept the terms and conditions.

At this phase the value-creating behaviours are about Retaining Value, ie making sure enough value is kept in the deal for the selling organisation.

Negotiation can begin in Evaluation of Options and generally runs through to Resolution of Concerns. This last phase, before the decision is made, is a hidden part of the buying process. Here the customer’s attention shifts to the consequences and down-stream risks associated with the buying of the solution. Sales that stall for no apparent reason are classic signs of unresolved concerns.

<b>Behaviour</b>	<b>Survey question</b>
<b>Maximise value for both sides</b>	In a negotiation we focus on maximising the value of the deal for both sides.
<b>Prioritise and cost concessions</b>	We prepare for a negotiation by prioritising and costing all negotiable issues so that we are clear on the cost of every concession made.
<b>Trade instead of concede</b>	In a negotiation we trade the value of additional services/products, instead of giving them away.
<b>Low cost v high value</b>	In a negotiation we concede on issues of low cost to us/high value to the other side in return for concessions on issues of high value to us.
<b>Benchmark win price</b>	We benchmark against our competitors’ prices to get a clear understanding of win price and what solution we can afford to offer based on that win price.



**Implementation/Delivering Value**

After the buying decision has been made the solution has to be implemented. This is often the phase of least sales activity, and where the role of the service department becomes more important.

The value-creating behaviours are now about Delivering Value, ie making good the promises made to the customer during the earlier phases of the Buying Cycle.

<b>Behaviour</b>	<b>Survey question</b>
<b>Measure our profitability</b>	We measure the profitability for our organisation of each customer during implementation.
<b>Charge for additional work</b>	When we are asked to do work above and beyond the contract we charge for it or renegotiate to get a share of the value.
<b>Service/sales work together</b>	Our service and sales teams work together during Implementation to share information and look for new business opportunities.
<b>Assess value to customer</b>	We work with the customer to assess the value delivered to them throughout the contract.
<b>Use customer feedback</b>	We use customer feedback from Implementation to influence future product development and/or marketing.

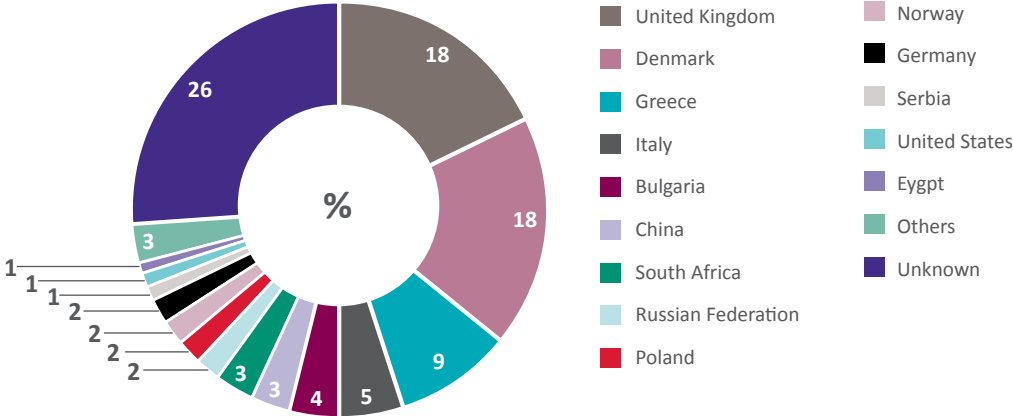


# The survey respondents

This section describes the characteristics of the 900+ global survey respondents.

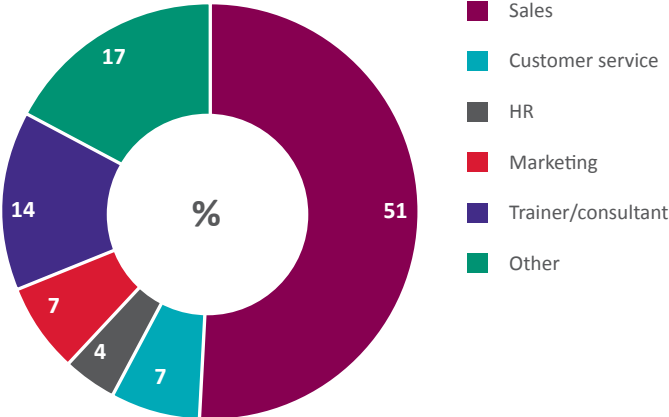
## Country of origin

The survey has gathered responses from people in 30 different countries across the world. The main countries represented are shown here.



## Respondent job roles

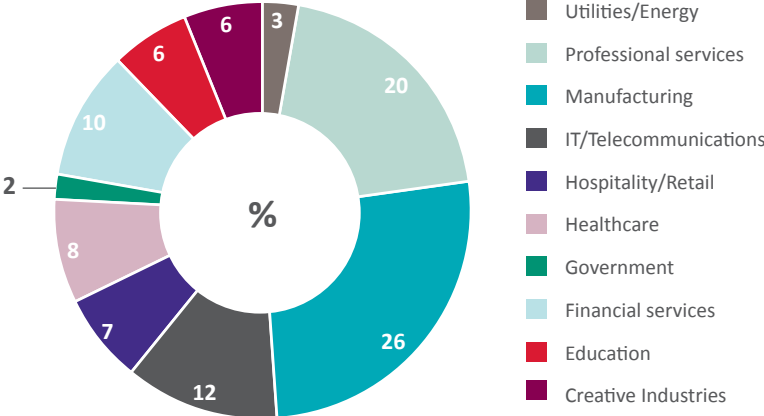
Half the respondents (51%) were in sales roles, with smaller numbers of trainers/consultants, marketing, customer service and HR.





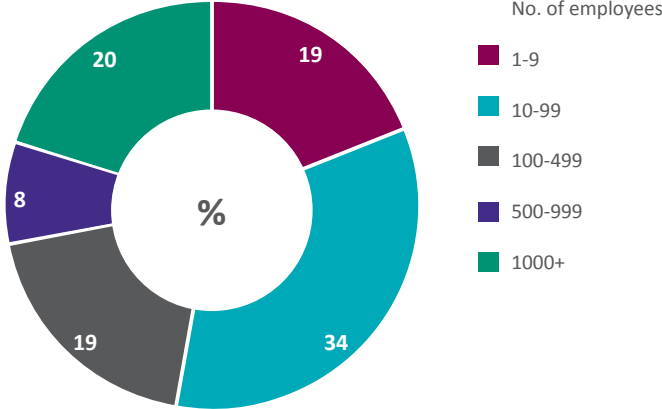
### Respondent industry sectors

In terms of industry sectors represented, 46% of respondents were from either manufacturing (26%) or professional services (20%). The remaining 54% were spread over a range of different sectors, as shown below.



### Company size

53% of the respondents were from organisations with less than 100 employees, with 20% drawn from larger organisations of over 1000 employees.

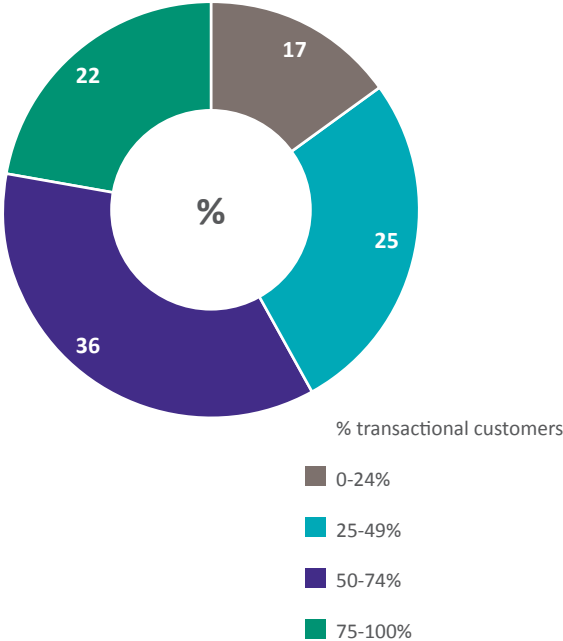




### Type of sale

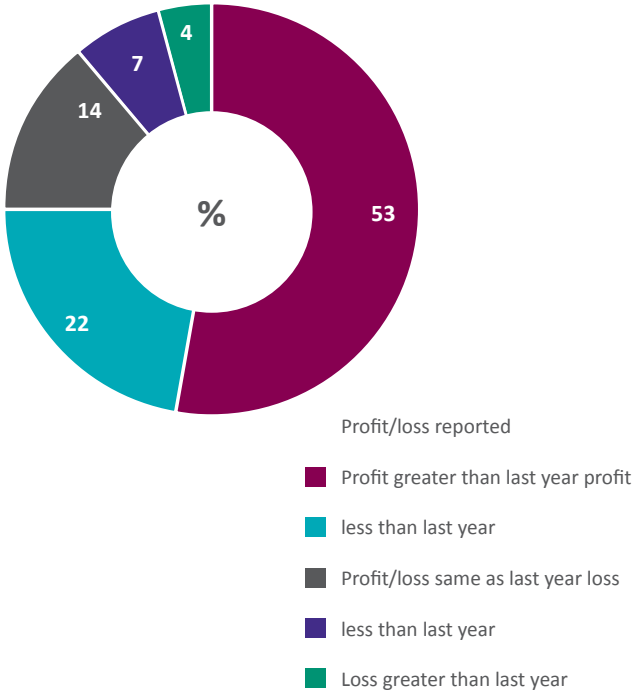
We asked respondents what percentage of their customers bought transactionally (which we defined as being focused on price, ease of purchase and minimising risk). The results suggest a bias towards more transactional-buying but a clear majority (61%) had a mixed customer base (between 25% - 75% of customers being transactional).

We asked this question because many of the value-creating behaviours are seen to be more appropriate for a consultative-type sale. We used the answers to this question to test whether the impact of the value-creating behaviours differed between organisations with predominantly (>75%) consultative customers and those with predominantly (>75%) transactional customers.



### Profitability

All Huthwaite International research looks to distinguish between high-performers and average/low performers. In terms of creating and capturing value we decided that the most appropriate measure of success was the profitability of the selling organisation. We recognise that there are many factors that contribute towards profitability. However, the assumption is that those organisations reporting healthy profit growth were also likely to be well-functioning organisations that were doing things in the sales process that contributed to that profitability, ie effectively capturing as well as creating value. The results showed that a clear majority of respondents worked for profitable organisations, with the largest percentage being in the most successful group, which were not only profitable, but had seen their profit increase from the previous financial year.





# Global analysis

For each value-creating behaviour we asked respondents to tell us how often the behaviour was used within their organisation, using the following scale:

- 1 = Never
- 2 = Rarely
- 3 = Occasionally
- 4 = Frequently
- 5 = All the time

When we analysed the results we were looking to identify:

- the level to which each value-creating behaviour is being implemented within organisations
- which value-creating behaviours are being used more frequently by organisations reporting increased profit, compared to organisations that reported a loss.

This enables us to identify value-creating behaviours which we can consider to be:

- top scoring factors which we defined as any value-creating behaviour scoring an average of 4 or above, as this indicated a behaviour in widespread use that selling organisations need to use to keep up with the competition
- potential differentiating factors: those behaviours where there was a statistical significant difference between the mean scores for organisations reporting increased profit and those reporting a loss. (The statistical test used was a two-tailed t-test assuming unequal variances, with a significance level of 0.05.)

## Planning for Value

The graph on page 18 shows the global average scores for the Planning for Value behaviours in Changes over Time.

Industry/customer knowledge is the most widespread behaviour in the Planning for Value stage and is almost a top scoring factor. This is understandable, given that customers in today's information age expect sellers to be knowledgeable about their business.

Proactively problem hunting also scores high and is close to being another topscoring factor. So as well as knowing and understanding your customer's business and market, selling organisations are also focused on trying to spot the market trends and be one step ahead of the competition.

Disruptive innovation is not as popular as knowledge and problem hunting; however this is a value-creating behaviour that requires mobilisation and action at an organisational level, rather than at the individual seller level. Disruptive innovation means that product innovation must be happening to target new markets in a different way, which reflects the need of modern organisations to be able to respond to rapidly changing times.

Knowing and understanding what a customer regards as your strengths compared to the competition is key when it comes to putting your differentiators into a sales bid. However, customer view of strengths did not score as high as the other behaviours mentioned above. So it seems that sellers rely more on their market knowledge and ability to spot trends rather than truly understanding their competitive position.

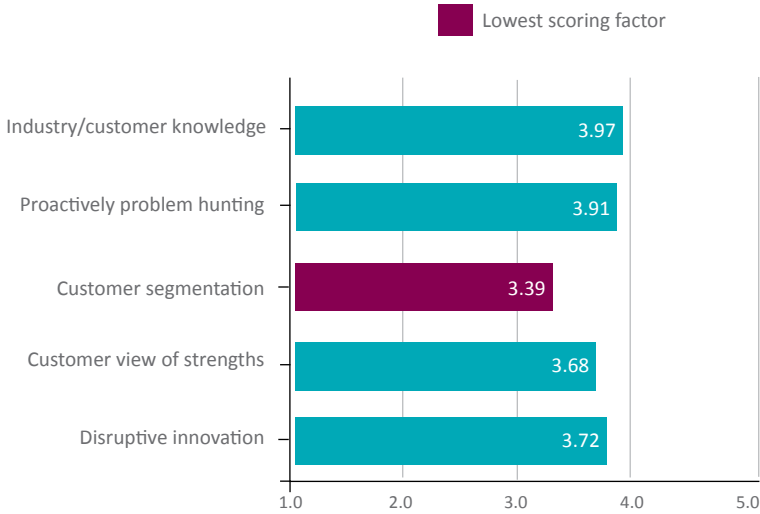


Customer segmentation, ie segmenting the customer base between those that buy transactionally and those that buy consultatively, is more internally focused than the other behaviours, and is also the least popular. Of course if an organisation has a largely transactional or largely consultative base then this behaviour is not relevant. However we know that 61% of the survey respondents have a mixture of transactional and consultative buyers in their customer base. The danger with not segmenting these different buyers is that sellers could waste time and resource trying to sell and

build value in a way that is completely inappropriate for the buyer, and which could also cost them the sale. Segmenting a mixed customer base ensures sellers make more effective use of their time by selling in the right way, thus reducing the overall cost of sale and making the sale more profitable for the seller.

In summary, the most popular behaviours in Planning for Value suggest that sellers favour behaviours that are customer-and market-focused rather than internally-focused.

Planning for Value





### Building Value

The graph below shows the global average scores for the value-creating behaviours appropriate for Building Value in Recognition of Needs.

In Building Value we have our first global differentiator, which is Joint problem solving. This indicates a high degree of consultative selling amongst the survey respondents. It also builds on the two most popular behaviours in Changes Over Time – as a seller will be much better placed to help solve problems if they have a thorough understanding of the customer’s business and market and have been proactive in bringing these problems to the customer’s attention.

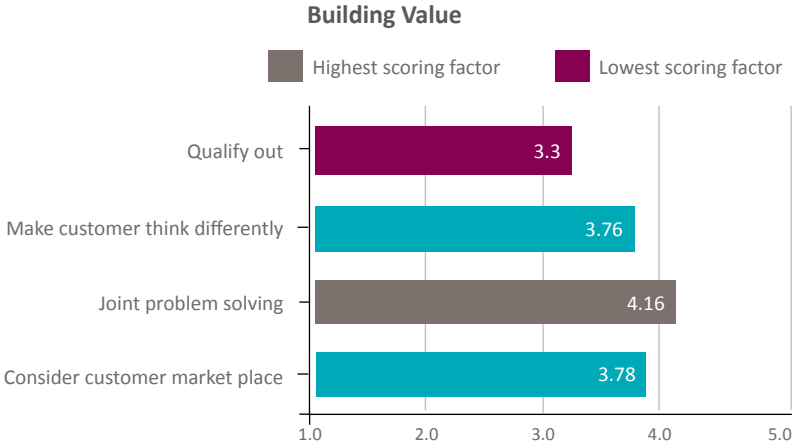
Considering the customer’s marketplace and Making the customer think differently are mid-ranking in popularity. Considering the customer’s marketplace means thinking about not just what impact your product/solution will have on your customer and their business, but also on what impact it will have on their customers. So it enables a seller to talk about creating value further down the value chain with a clear focus on business outcomes. Later on we will see how focused respondents’ articulation of value is on the customer’s business outcomes and value chain.

Making the customer think differently means presenting them with challenges or information to

get them to reframe their thinking. It would appear that sellers prefer to think of themselves as working collaboratively with the customer (ie Joint problem-solving) rather than challenging them outright.

Finally, the least popular behaviour is Qualify out. As in Planning for Value the least popular behaviour is the most internally-focused. This may mean that respondents have done enough proactive planning and market analysis to be able to just select customers where they have a good chance of winning the business. Or it might mean that they just prefer to chase every opportunity. Other recent Huthwaite research with new business acquisition sellers identified Qualifying out as increasingly important and frequently used behaviour. These sellers describe the benefits as: having a tighter pipeline, a higher conversion rate, and spending far less time chasing business that does not materialise, which ultimately increases their confidence because they experience less rejection. So despite its relative lack of popularity here, we would still advocate Qualify out as a necessary and effective behaviour.

In summary, respondents’ preferred method of Building Value appears to be working collaboratively with customers, rather than challenging them or being selective in who they work with.





### Demonstrating Value

The graph below shows the global average scores for the value-creating behaviours appropriate for Demonstrating Value in Evaluation of Options.

All of these behaviours fall in the mid-range in terms of popularity. The one that is closest to being a top scoring factor is Customise solutions, which again follows on from the most popular behaviour in Building Value (Joint problem solving) as Customise solutions suggests working with the customer to address specific needs that have emerged from problem solving. Interestingly the least popular behaviour here is Tailor value propositions, which we might have expected to have scored higher given that it is also a likely outcome of having worked jointly with the customer to solve particular problems in the Building Value stage.

Effective Joint problem solving should leave the seller in a good place to present a Tailored value proposition. What this suggests is that sellers are more likely to rely on generic value propositions for their products/solutions. Later on we will review examples of value propositions provided to identify how customer-specific they actually appear to be.

Demonstrate financial benefits of their solution and Add value to beat price are also popular behaviours that are close to being top scoring factors.

In summary, the principle focus here is on addressing specific customer needs, although the need to demonstrate a financial return on the proposed investment also appears to be important.

Demonstrating Value





### Retaining Value

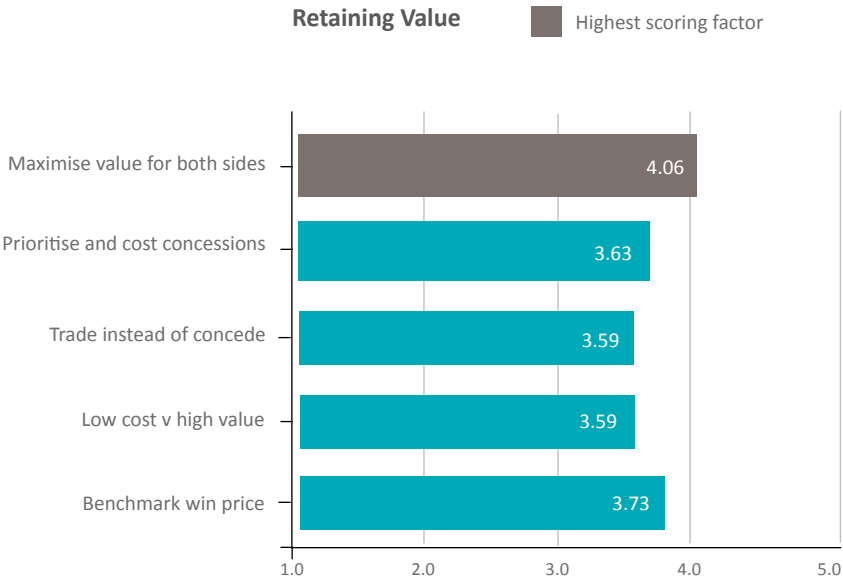
The graph below shows the global average scores for the value-creating behaviours appropriate for Retaining Value in Negotiation/Resolution of Concerns.

In the Retaining value stage we have our second global top scoring factor, which is Maximise value for both sides during a negotiation. So respondents across the globe are trying to achieve win-win outcomes in their negotiations with customers.

Strategies that will enable sellers to achieve win-win negotiations do not prove quite as popular. The second most popular behaviour in Retaining Value was Benchmark win price, which is not really part of the negotiation. All that Benchmark win price will help you do is set appropriate limits around what price you can hope to achieve in your negotiation.

The other strategies listed here that are less popular will actually help a seller achieve win-win at minimal cost to their own organisation, whilst still delivering a good deal to the customer. Prioritise and cost concessions, will enable the seller to know the costs of conceding on each negotiable issue and help them avoid giving away too much on issues that will cost them a lot of money. Trade instead of concede means that every time the seller gives a concession they ask for something back in return. Identifying Low cost to high value means identifying the issues that cost you little but are of high value to the other side. This will enhance the seller’s ability to achieve win-win, as these are the issues where it is best to make concessions.

In summary, respondents appear to have the right attitude and focus in Retaining Value, but do not seem so well equipped to actually conduct win-win negotiations.





### Delivering Value

The graph below shows the global average scores for the value-creating behaviours appropriate for Delivering Value in Implementation.

There are no behaviours in this stage that emerged as clear top scoring factors or came very close to being top scoring factors. The most popular behaviour was Use customer feedback to improve products/solutions; a behaviour that links to the Planning for value stage and will enable organisations to innovate, disruptively or otherwise, and potentially proactively identify customer problems. The two mid-ranking behaviours are Service/sales work together to share information and assess business opportunities, and Assess value to customer. Both of these behaviours appear to be increasing in importance within the market. Service is increasingly seen as a vital touchpoint that can be leveraged to deliver additional value to the customer and capture more value for the organisation.

At the same time customers are increasingly looking for evidence of return on investment (ROI) for solutions bought and other demonstrations of the actual value delivered to the business.

The least popular behaviours in this stage are again the ones that are internally focused, rather than customer focused. So Measure our profitability is not as popular as Assess the value delivered to the customer. Charge for additional work outside of the contract is the least popular of all. This may mean that respondents are transferring value to the customer by accepting scope creep rather than adding value through the Charge for additional work. The danger with this is that it puts pressure on the bottom line and is not always in the long-term interests of the customer/supplier relationship.

In summary, it would appear that the Delivering Value stage overall contains the least popular group of behaviours, which may be a reflection of the fact that half the respondents were sales people, who traditionally play less of a role in the actual delivery of the product/solution.

Delivering Value



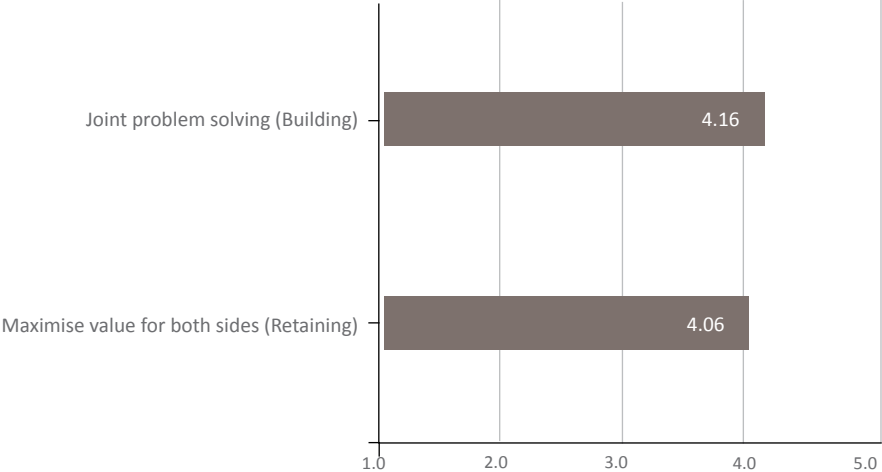


### Summary of global top scoring factors

In summary, we have two global top scoring factors – Joint problem solving with customers in the Building value stage and Maximise value for both sides in a negotiation in the Retaining value stage.

These two behaviours require sellers to have two different sets of skills – those of consultative selling and those of negotiation. To be commercially competitive and win a seat at the table sellers need to be able to effectively demonstrate both sets of skills.

Global top scoring factors



# Global differentiators

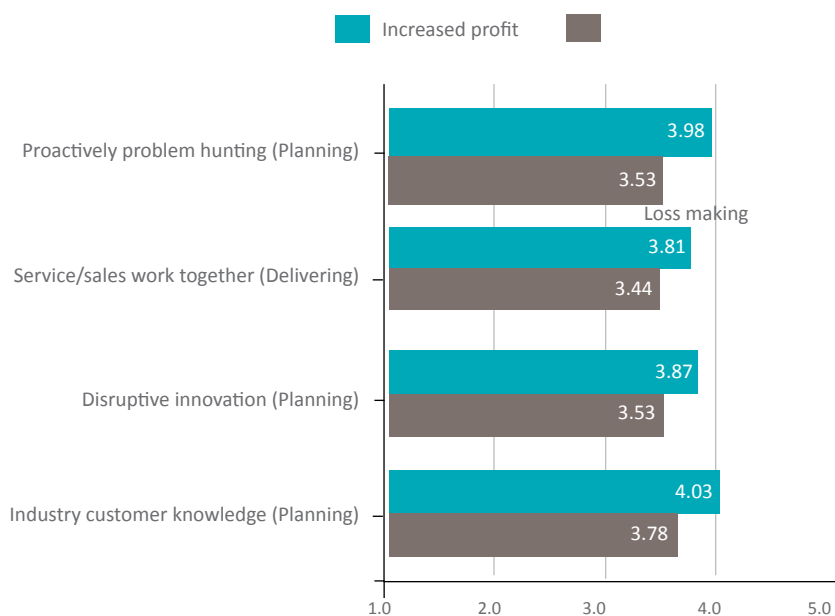
To identify potential differentiators we compared the global average scores between organisations reporting increased profit and those reporting a loss. The graph below shows the behaviours that had a significant difference between the means of the two groups.

The first point to note is that these potential differentiators fall in the Planning for Value and Delivering Value stages, which are not generally seen as key parts of the actual sales process. A salesperson would expect to spend most of their time in the Building, Demonstrating and Retaining Value stages. That said; Industry customer knowledge is a behaviour that in reality should belong to every stage of the Buying Cycle, but it is the least important one here and is borderline in terms of its significance.

The most significant behaviour – Proactively problem hunting – could be viewed as a responsibility of sales, but is also likely to fall under a marketing remit. Disruptive innovation is likely to be an R&D initiative,

with possibly some input from marketing. So these two behaviours reflect the importance of the sales team working together with marketing and with R&D to ensure that they are getting the right messages to take to market and exploit the right opportunities.

The Delivering Value differentiating behaviour is sales and service working together. So the key message here is that sales should not operate as a silo in an organisation. To be effective in creating and capturing value for their organisations there needs to be synergy between the sales and marketing departments, and between sales and service at the other end of the process. Other departments may also need to be closely involved with sales, such as R&D. Evidence from the field suggests that in many places silos still exist, but where organisations have managed to break down those silos and create cohesion between different departments involved in the sales process then they have reaped the benefits.







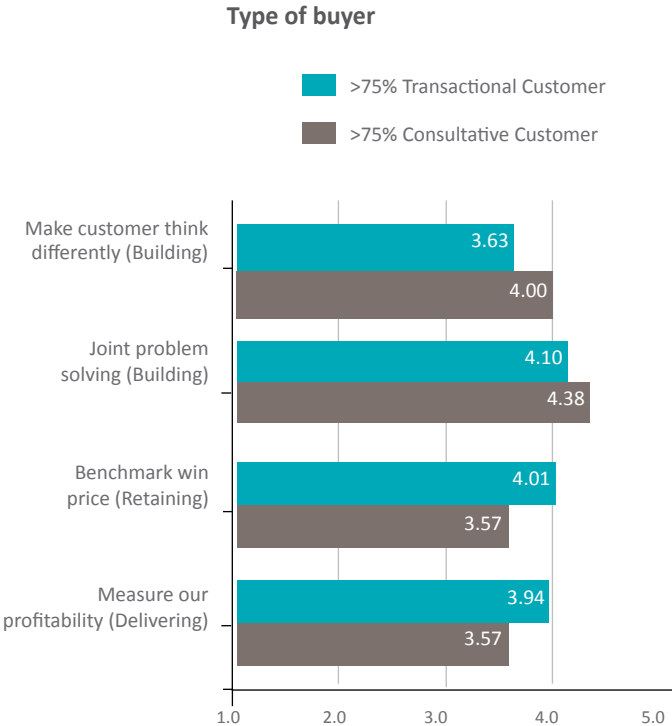
# Transactional v consultative selling

Just over half (54%) of respondents were segmenting their customer base into transactional and consultative buyers frequently or all the time. That means that almost half (45%) were doing it occasionally or not really at all. Research from the field suggests that it is important to distinguish between those buyers who are looking for the best price and ease of purchase, compared to those who want more advice about what they are buying and how to get the most value out of it. The question for this survey was: could we identify any important differences between respondents who had a high percentage of consultative buyers (>75%) and those with a high percentage of transactional buyers (>75%). That might indicate which value-creating behaviours were more relevant and effective in the two types of selling environment.

## The differences between transactional and consultative sellers

When we analysed the differences in responses between those organisations with >75 transactional customers, and those with >75% consultative customers, there were four value-creating behaviours where there was a statistically significant difference between the two means of the populations. These four behaviours are shown in the graph below.

Two of the behaviours were more popular amongst the consultative sellers, and these are both in the Building Value stage – Make the customer think differently and Joint problem solving. So challenging and working collaboratively with the customer to build value appear to be more relevant to consultative selling, and this would fit with our understanding and definition of what consultative selling is all about. The other two behaviours were more popular with the transactional sellers and these were Benchmark win price (Retaining) and Measure our profitability (Delivering). These emphasise the importance of getting the price and profit margin right when selling in a transactional environment. They also indicate that the earlier stages of the Buying Cycle are more important in consultative selling and the latter stages more important in transactional selling.



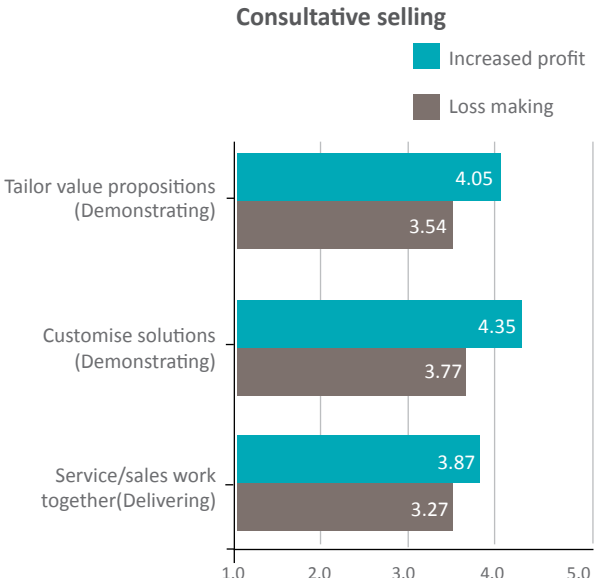
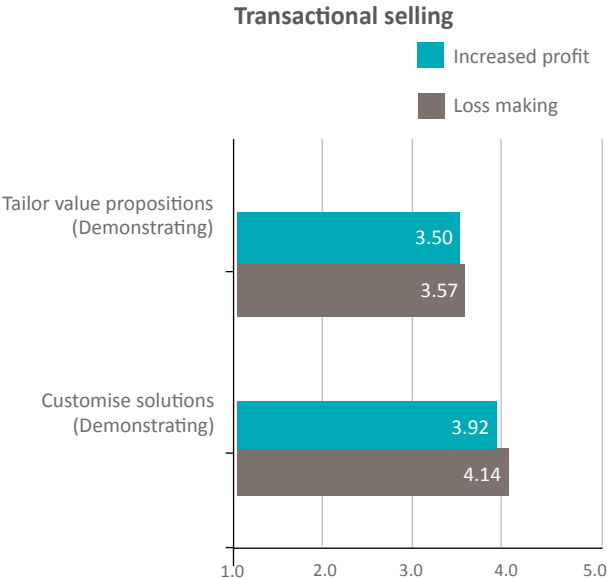


### What works in consultative selling

Taking the respondents with over 75% consultative buyers (ie consultative selling environments) we analysed the difference in means between those who reported increased profit and those that reported a loss. Three value-creating behaviours emerged with differences higher than the rest; Service/sales work together, Tailor value propositions and Customise solutions. Due to the smaller numbers involved, only Customise solutions qualified as a differentiator using our statistical significance test.

What is interesting is that when we did the same analysis for the respondents with over 75% transactional buyers (ie transactional selling environments) Tailor value propositions and Customise solutions had a larger mean amongst the loss making organisations than they did in the ones reporting increased profit, although the differences are not large enough to be statistically significant.

This does therefore suggest that getting heavily involved in working alongside the customer to address specific needs in the Demonstrating Value stage works in consultative selling situations where there is an opportunity to create additional value, but is not appropriate in transactional selling environments, where it is likely to just increase the cost of sale and not add any competitive advantage.





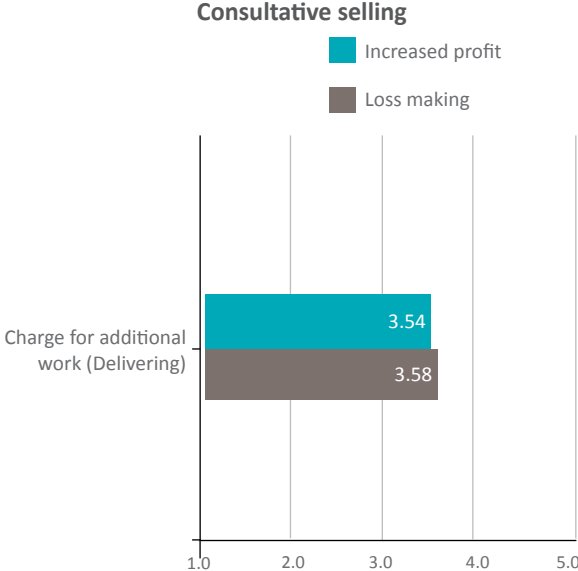
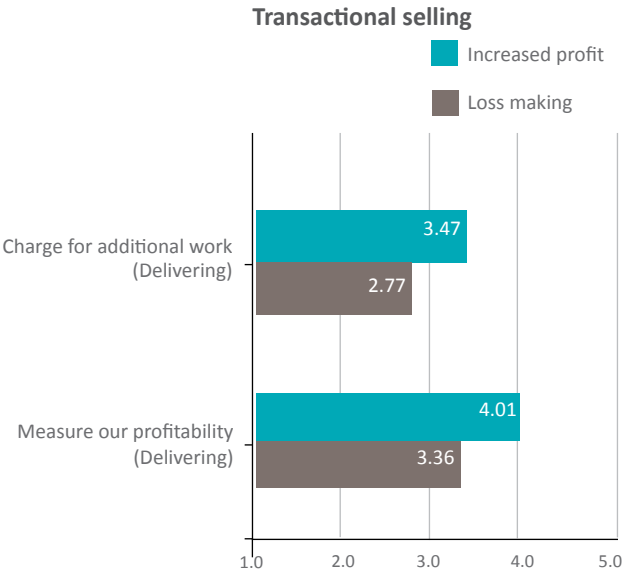
### What works in transactional selling

When it came to looking for the positive differentiators for the respondents in largely transactional selling environments there were two behaviours that stood out; Charge for additional work and Measure our profitability. Again, due to the numbers involved, only Charge for additional work came close to being statistically significantly higher.

When we compared the figures to the ones obtained for respondents in consultative selling environments, one of these behaviours – Charge for additional work – emerged as having a slightly higher score with the loss making than with the profitable. So in a transactional relationship, where the customer is buying largely on price and to compete requires operating on a tight

margin, it pays to keep on top of your costs in the Implementation/Delivering Value stage. But Charge for additional work may get in the way of a consultative relationship, unless the selling organisation is effective in building value for any extra charges.

In summary, the Building Value and Demonstrating Value stages appear to be more important in consultative selling environments, whilst the Retaining Value and Delivering Value stages are more important in transactional selling, particularly in relation to managing the profit margin on the sale. These results fit with what is considered best practice for both consultative and transactional selling.





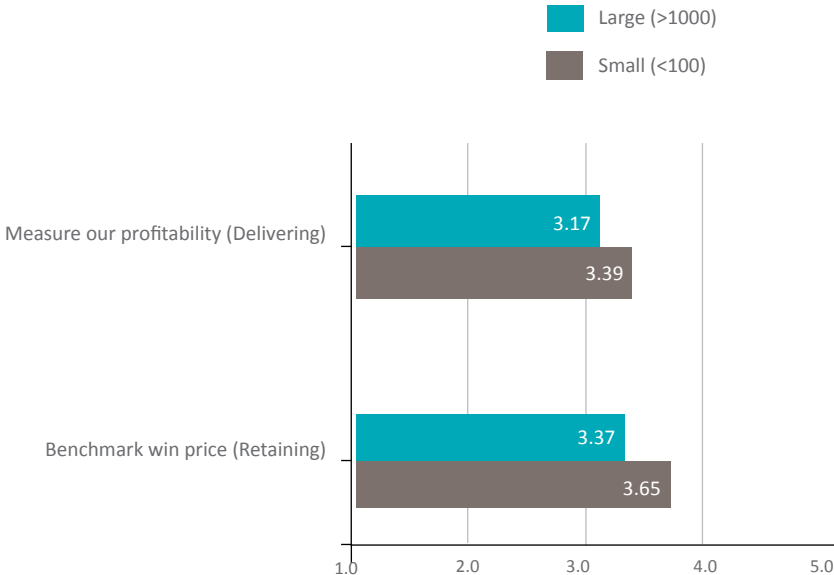
# Large v small organisations

The final analysis of a subset of the data was to identify if there was any difference between selling in an organisation of 1000+ people and selling in an organisation of less than 100 people.

Two behaviours (Measure our profitability and Benchmark win price) emerged as having higher scores amongst the small organisations (<100 people) than amongst the large (1000+). Interestingly these are

the same behaviours that were more popular in the transactional selling environment. The percentage of consultative and transactional buyers amongst large and small organisations was broadly the same, so this does not reflect a more transactional selling environment amongst the smaller organisations. What it may instead imply is that a smaller organisation needs to keep a closer eye on its profit margin to ensure long-term survival.

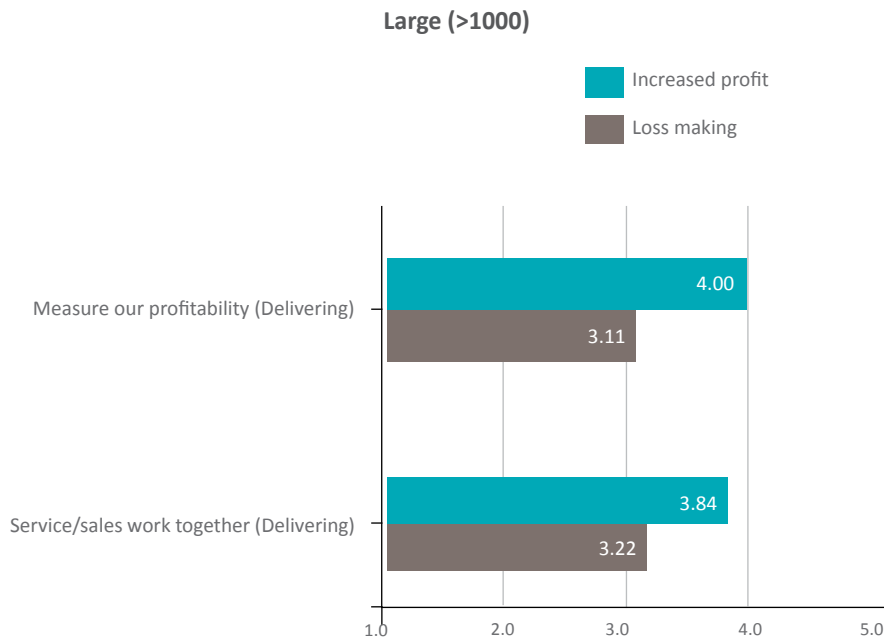
Large (>1000) v small (<100)



## What works in large organisations

A comparison of the large organisations reporting increased profit compared to those reporting a loss identified two behaviours (Measure our profitability and Service/sales work together) with a larger difference in the means than the other behaviours, although neither were statistically significant due to the numbers involved. Both these behaviours relate to the Delivering Value stage, and one of them, Measure our profitability, occurred noticeably less in large organisations than it did in the small ones. This suggests that, due to their size, large organisations do need to keep a handle on what happens in the

Delivering Value phase and do need to ensure that the sales function is well-integrated with the Implementation/Delivering Value phase. If solutions are sold and ‘thrown over the wall’ then they could end up being costly to implement and not bring as much value (profit) to the selling organisation. Maximising the potential in an account and ensuring that the large selling organisation captures maximum value from a customer opportunity also relies on the close co-operation of sales and service, which are likely to be more disparate functions in a large organisation than they are in a small one.



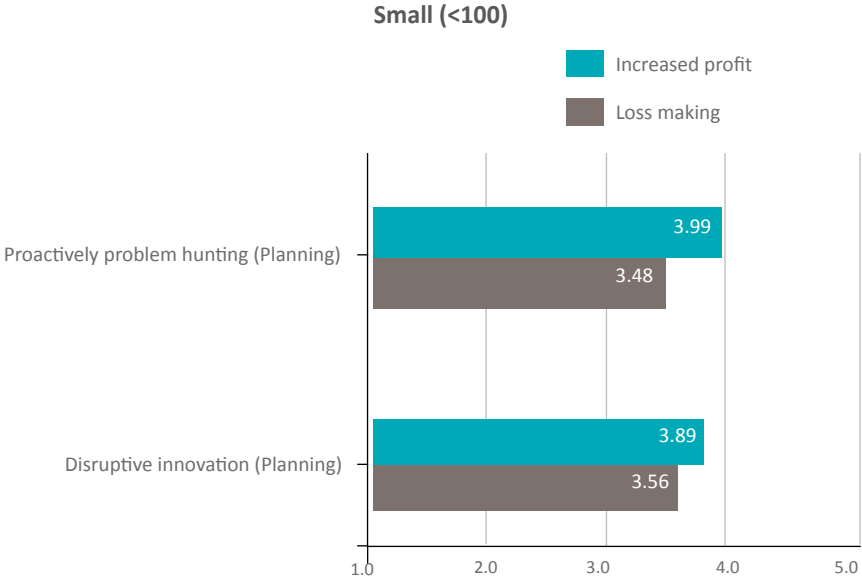


### What works in small organisations

It is a different picture in small organisations of less than 100 people, where the focus is on the Planning for Value stage, ie early in the Buying Cycle.

Two value-creating behaviours (Proactively problem hunting and Disruptive innovation) emerged as having higher means between small organisations reporting increased profit and those reporting a loss. One of these; Proactively problem-hunting shows a statistically significant difference between the means. The emergence of these behaviours as the top two suggests that success in a small organisation requires agility, forward-thinking and market awareness.

In summary, both large and small organisations have a focus on their own profitability; small organisations appear to be measuring it more, and the successful large ones are measuring it more than the unsuccessful large ones. In large organisations success seems to require the ability to integrate the Delivering phase with the rest of the sales cycle in terms of ensuring profitable solutions are sold, their profit measured, and sales and service work together to exploit the opportunities in an account. Small organisations on the other hand thrive on their ability to read a market and act ahead of the competition.



# Articulating Value

In addition to the 23 value-creating questions the survey also asked respondents to provide written examples of:

- three ways in which they deliver value for their clients
- a value proposition they had recently submitted to a customer.

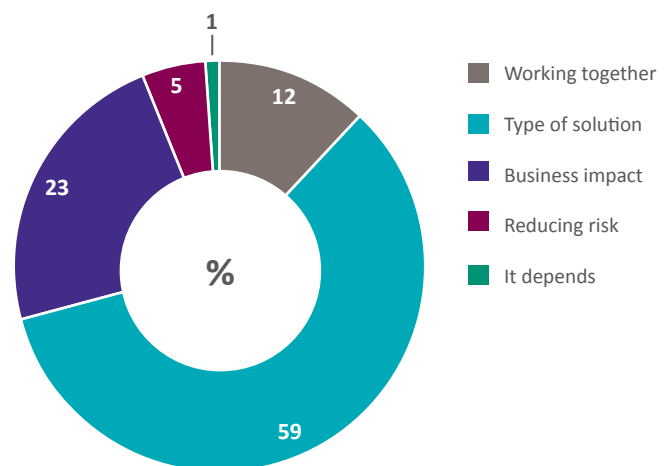
In this section we present an analysis of the responses we received.

## Ways to deliver value

When we analysed the ways in which global organisations described how they deliver value we identified a number of themes:

- First, there were descriptions of how they delivered value through the way they worked with the customer. Examples of this include: “understanding their issues”, “offering expertise”, “designing bespoke solutions”
- Secondly, there were descriptions of the type of solution provided. Examples of this include: “price”, “service”, “ease of transaction”, “online ordering”. These are all Features of the product/solution provided
- Thirdly, there were descriptions of the business outcomes delivered to the customer. Examples of these include: “reduce time and cost”; “reduce absenteeism”, “improve staff retention”. These are all what Huthwaite would call Advantages of the product/solution provided, ie they demonstrate how the product/solution helps the customer
- Fourthly, there were descriptions of how the organisation delivered value through minimising the risk associated with the buying decision. Examples of these include: “minimise risk”; “provide guarantee”; “proven ROI”
- Finally there were some descriptions which simply said “it depends”, so we classified these separately.

The graph shows the percentages of the different ways of delivering value. Type of solution (ie Features of the product or solution) clearly dominates, having over twice as many examples as there were descriptions of business impact. What this suggests is that the majority of respondents were actually more internally-focused than they were customer-focused in how they described their actual value, which contrasts to how they answered the questions about the value-creating behaviours. Given the popularity of Joint problem-solving as a behaviour, where 81% of respondents claimed they did it frequently or all the time, we might expect to see a higher percentage cite examples of how they worked together with their customers to help solve their problems as a way of delivering value. Few focus on minimising risk, which may not be a bad thing, as offering guarantees etc may be a reflection of an inability to build value for the product/solution or demonstrate credibility in the projected business outcomes.

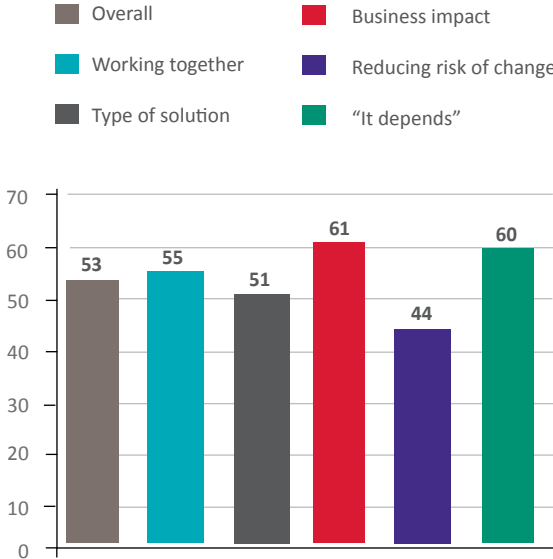




We then analysed what percentage of each type of response came from organisations reporting increased profit. Overall 53% of the descriptions of value that we analysed came from organisations reporting increased profit. Descriptions that we defined as Business impact or “It depends” are notable in that they had a higher percentage (60/61%) from organisations reporting increased profit. The Working together descriptions represented a percentage slightly above the average, whilst Type of solution was slightly below the average.

The lowest percentage of all was Reducing risk of change. So this suggests that demonstrating Business impact and flexibility are better indicators of success than either focusing on the relationship or the features of the product/solution. The lower percentage attributed to Reducing the risk of change suggests that those organisations who do focus on minimising risk are doing so because they have not done enough value building to convince the customer of the benefits of the proposed solution.

% of responses from organisations with increased profit







### Value propositions

A value proposition articulates the value the customer will derive from buying your solution. It should articulate the outcomes/benefits that the customer will get. It should also be quantifiable where possible and demonstrate how you are differentiated from the competition.

We therefore decided to score the value propositions submitted as follows:

Score	Criteria
1	Statement of capability or functionality
2	Implies a customer outcome (not specifically stated) OR value given for free
3	Customer outcome /benefit (eg increased sales) or problem solved
4	As (3) above, but includes the 'how'

#### Additional points scored for:

- Being customer specific
- Including quantified benefits
- Showing differentiation from the competition
- Offering a guarantee



Below are some examples of the difference between the value propositions with different scores.

**Scored 1**

*Management development training for finance managers.*

*A segmented approach to their business.*

*Rental service instead of purchase of equipment.*

**Rationale**

Product description.

A feature of the service provided.

A feature of the service provided.

**Scored 2**

*Local expertise in specialist sector with proven track record but same or better levels of service and technical knowledge.*

*Programme designed to optimise all aspects of patient's journey.*

*Offering two staff training sessions free of charge.*

**Rationale**

"Proven track record" and "same or better levels of ..." hints at the benefits provided.

"Optimise" hints at the benefits provided.

Value given away for free.

**Scored 3**

*Our solutions are built to save you money, make your business more efficient and take away pain.*

*Speeding up development, getting new opportunities from the existing resources.*

**Rationale**

Provides description of the benefits to the customer.

Description of customer benefits.

**Scored 4**

*In conjunction with a dealer we developed a new financing product that resulted in a lower selling price, reduced risk for the dealer and a smoother service for the end consumer.*

*The prescription of a specific medicine (for Alzheimers) reduces the need for prescribing antipsychotic medicines - and so reducing the total prescription budget of a physician.*

**Rationale**

Provides description of the benefits to the customer and has evidence of specific tailoring for a particular customer.

Evidence of a benefit (reducing the total prescription budget) with an explanation of the how.



**Scored 5**

*With our new product, you do not need to use an application device anymore (necessary until recently with all products.) This way, you save money and you reduce operation time by 50%.*

*We worked together with a client to reduce the selling price the client charged his customers, helped him reduce his risks and Oreduced the delivery time to the end consumer.*

**Rationale**

Provides description of the benefits to the customer with a description of the how, and quantifies the saving involved.

Evidence of customer benefits, together with a description of the how, which in this case is specific to an individual customer.

**Scored 6**

*We identified that our unique service organisation would increase their fork lift truck up time and reduce the overall number of machines and staff required in comparison to their existing supplier.*

*We will implement a sales process that will increase gross sales by 5% (£50k) within 6 months by providing regular training sessions for a total fee of £X. For every 1% that is not achieved, we will reduce our fee by £Y.*

*Custom designed interface reducing overall part count. More expensive but much simplified operator functions and huge reductions in time and operating costs over the coming years, allowing much faster payback recovery than the competition.*

**Rationale**

Shows benefits for customer: *“truck up time; machine and staff reduction”.*

Shows the ‘how’: *“unique service organisation”.*

Specific to the customer: *“we identified – their up time”.*

Shows competitive differentiation: *“in comparison to existing supplier”.*

Shows benefits for customer: increase gross sales.

Shows the ‘how’: regular training sessions.

Quantifiable: 5%.

Guarantee: *“For every 1% that is not achieved...”*

Shows benefits for customer: reduction in time, operating costs, faster payback.

Shows the ‘how’: interface reducing overall part count.

Specific to the customer: *“custom designed”.*

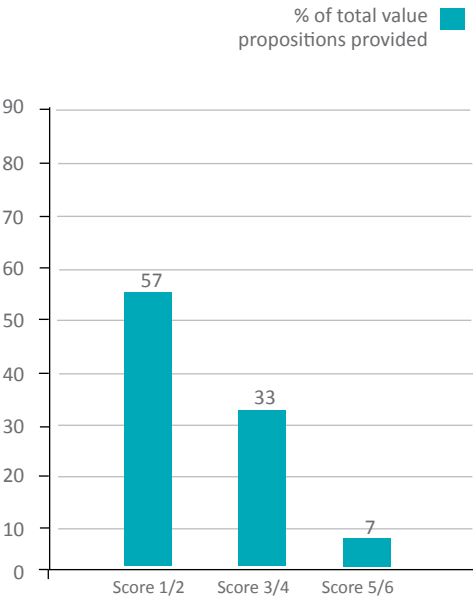
Shows competitive differentiation: *“faster payback recovery than the competition”.*



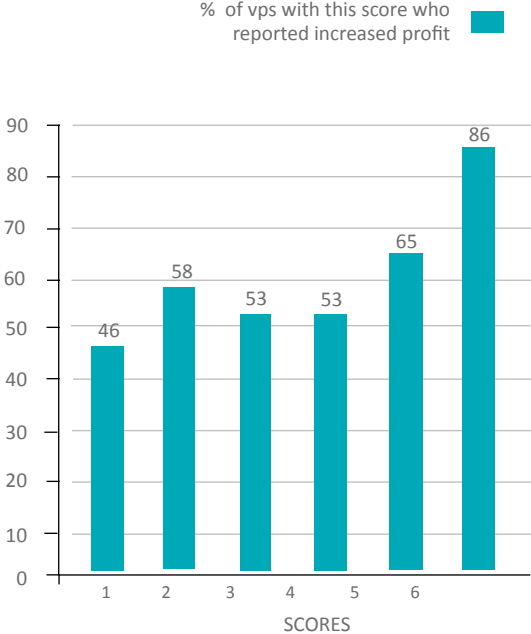
No value proposition submitted scored higher than six. The graph below shows the percentage of value propositions that fell into three groups: those scoring one or two; those scoring three or four; those scoring five or six. Over half of the value propositions provided scored only one or two, which in effect demonstrated very little value for the customer.

We also analysed what percentage of the value propositions with each score came from organisations that reported an increased profit. It shows a trend upwards in that the lowest percentage of increased profit organisations are in the group that scored one for their value propositions, whilst the highest percentage is in the group that scored six. So a value proposition that is not only customer focussed but is also in some way specific to the customer, quantifiable or focuses on your key differentiators does appear to make a difference.

VP scores



VP score against profit





## **Summary**

In summary, some questions for readers:

- Do your value propositions articulate specific customer outcomes/benefits?
- Are at least some of the customer benefits quantified in financial terms?
- Does your value proposition demonstrate how you are superior to the competition?

# Global conclusions

To create and capture value effectively you need to be implementing value-creating behaviours in all phases of the Buying Cycle. Overall the value-creating behaviours analysed here are being implemented occasionally to frequently within global organisations, with only two scoring more than 4 on average.

Key value-creating behaviours share the following characteristics:

- They are focused on the customer, rather than on internal efficiency
- They require long-term strategic thinking and the ability to read the market
- Value creation depends on co-operation between different departments; sales and service need to work closely together to exploit business opportunities; marketing need to work with sales so that they have a joint understanding of the customers and the market
- In transactional sales, sellers need to focus on price and profitability in the latter stages of the Buying Cycle to be successful
- In consultative sales, sellers need to be able to address specific needs when demonstrating value in the Evaluation of Options stage to be successful
- Larger organisations need to manage implementations effectively to be successful
- Small organisations need to be flexible and forward-thinking in their ability to read the market and adapt their product offering to be successful
- The more successful organisations are more likely to include specific, quantifiable and/or differentiated customer business outcomes in their descriptions of how they deliver value and word their value propositions.

How value is actually being articulated to customers still appears to be largely seller-focused, in that it describes capability and functionality, rather than outcomes/benefits to the customer. The prevalence of capability/functionality descriptions suggests that a significant number of the respondent organisations are still in the business of communicating value, rather than creating it. However, there are also some excellent examples of how organisations are describing the value they bring to the customer in specific customer terms.

# Regional analysis

The first step in analysing individual country data was to conduct a cluster analysis to see if any of the countries could be grouped in terms of the similarity of their answers. Three distinct groups emerged from the cluster analysis.

## **Group 1: UKITSA**

The most similar countries in terms of results were the United Kingdom, South Africa and Italy. They were called UKITSA.

## **Group 2: The Nordics**

Denmark and Norway also produced similar results, so formed a cluster called the Nordics.

## **Group 3: The Balkans**

The final cluster consists of the three Balkan countries of Greece, Serbia and Bulgaria.

Asia (which includes China, Hong Kong and Singapore), Poland, Russia and Egypt did not form part of any tight cluster group. So we called these countries The Outliers.

In this report we will present the following analysis:

- The general characteristics of each country/ cluster in terms of financial health, type of buyer and organisational size of the respondent organisations
- The top scoring factors (which we define as factors used frequently to all the time, so include survey questions that scored 4 or more)
- The lowest-scoring factors (ie survey questions that scored less than 3.5)
- The differentiators (ie survey questions where there was a significant difference between the average scores for organisations reporting increased profit and those reporting a loss)
- The ways of creating value and value propositions produced by each cluster.

# UKITSA

## General characteristics

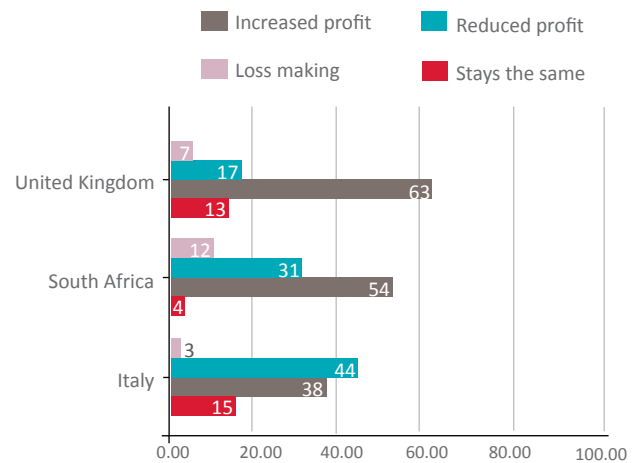
In terms of general characteristics we analysed the financial health reported, the percentage of customers buying transactionally and the size of the organisation.

Within the UKITSA countries, companies from the United Kingdom report the best financial health with over 60% of the respondents reporting increased profit and only 7% a loss. Italy in contrast has less than 40% reporting an increased profit and a higher percentage reporting reduced profit. This suggests that the Italian respondents are under more financial pressure. South Africa presents a more mixed picture – over half the respondents are reporting increased profit, but it also has over 10% reporting a loss.

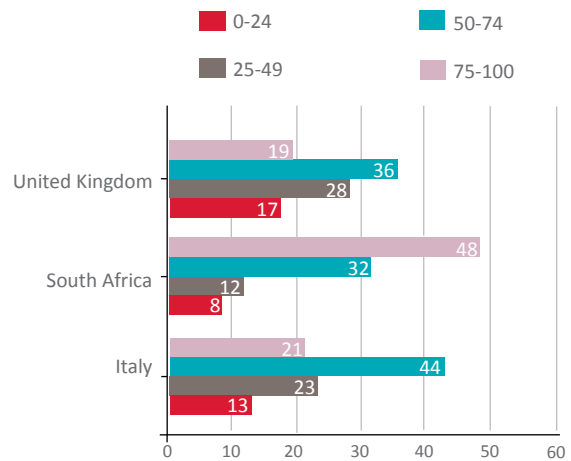
In terms of the percentage of transactional buyers, the United Kingdom has the fewest, which suggests this is the most consultative selling environment. Italy has a similar profile to the United Kingdom, but there are more transactional buyers. South Africa has almost 50% of respondents saying that their buyers are very transactional, so this market would appear to be predominantly transactional.

In terms of organisational size, the Italian and United Kingdom respondents are dominated by companies with fewer than 100 people, whereas the South African respondents are dominated by companies of more than 1000 people.

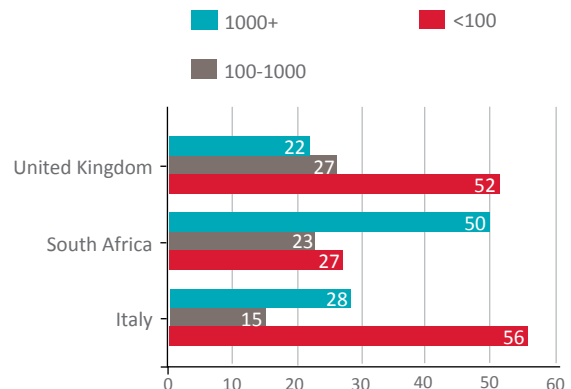
Financial Health



% Transactional buyers



Organisation size







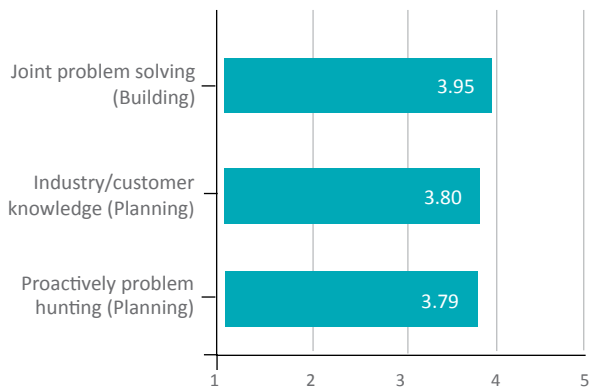
## Top scoring factors

UKITSA are characterised by scoring lower than the other countries on the value-creating behaviours. The graphs show the top three scoring factors for each country, but there is only one top scoring factor: Customise solutions in South Africa.

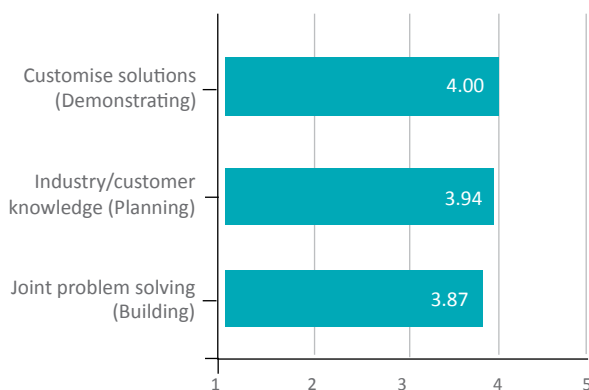
Overall the behaviours favoured by UKITSA respondents are consultative in nature. The same two value-creating behaviours appear in the top three in each of these countries; Industry/customer knowledge and Joint problem solving. Only Italy shows one that is

more tactical – Benchmark win price, which is possibly an indication of the state of the Italian economy and reflects that they were under more financial pressure. The United Kingdom has a more proactive, strategically focused behaviour in Proactively problem hunting. South Africa appears to favour working closely together with customers as all three of their top behaviours focus on getting to know the customer and understanding their needs really well, despite having a dominant transactional selling environment.

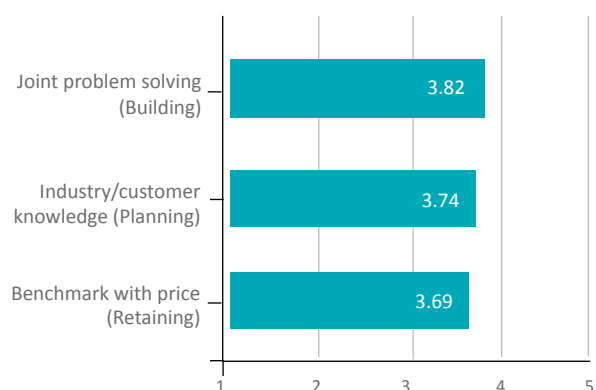
United Kingdom



South Africa



Italy



## Lowest coring behaviours

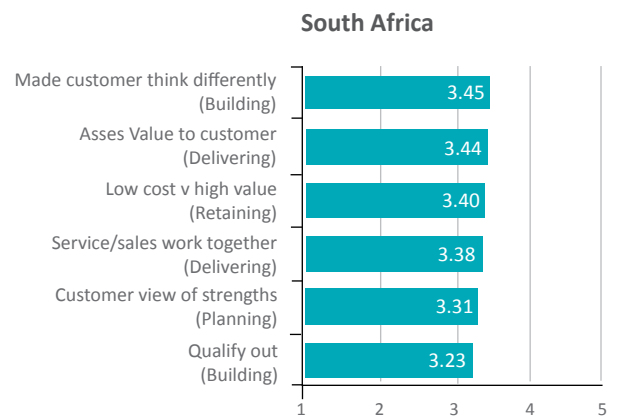
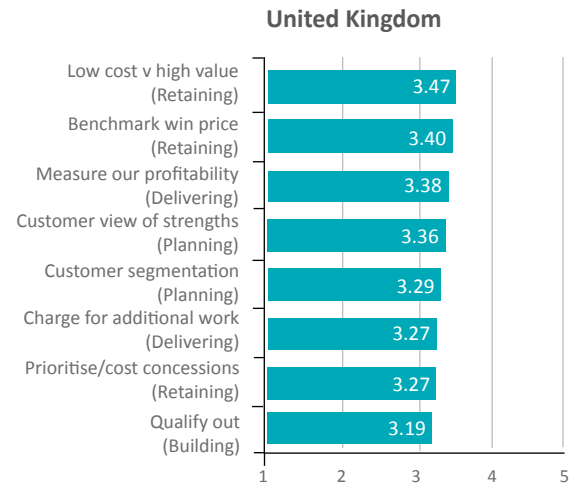
Lowest scoring behaviours are those that scored less than 3.5, so are closer to be used occasionally, rather than frequently. UKITSA are characterised by having more lower scoring behaviours than any other cluster or country. Italy has the largest number of all, with over half the behaviours scoring less than 3.5, so we have only shown the bottom ten on the graph below.

Three behaviours are lowest scoring in all three countries: Qualify out, which scored low across the world, and suggests that sales people are still keen to go after every opportunity that comes their way; Low cost v high value, which suggests a lack of planning in negotiations, and Customer view of strengths, which suggests that organisations either struggle to do an effective competitive analysis in the Planning stage or don't do it at all.

The United Kingdom has a tactical set of lowest-scoring behaviours, in contrast to the more consultative/strategic behaviours that were scored high in this country. 75% of their lowest scoring behaviours are from the Retaining/Delivering stages, with only two from the Planning stage. So the country with the highest percentage of consultative buyers in this group is reflecting its preference for consultative selling in its top scoring and lowest scoring behaviours.

South Africa has the smallest number of lowest scoring behaviours amongst these three countries. They are spread out through the Buying Cycle. Some are more tactical/transactional, such as Service/sales work together, Assess value to the customer, Low cost v high value and Qualify out, whereas others are more consultative and strategic – Make customer think differently and Customer view of strengths.

The Italian bottom ten behaviours include a mix from across the Buying Cycle, with no real theme emerging.



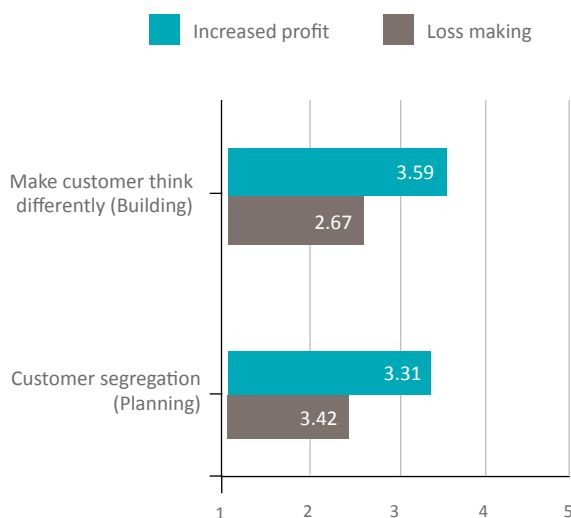
## UKITSA differentiators

At a regional/country level it is not always possible to identify differentiators, even if the difference in the average means between organisations with increased profit and those making a loss is quite large. This is because the actual numbers involved can be quite small.

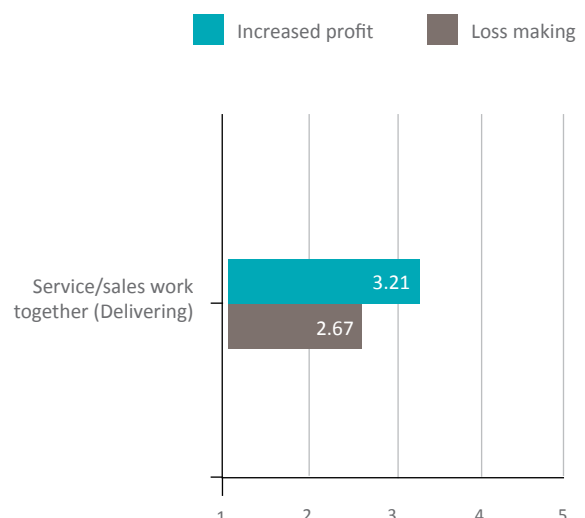
The largest group of respondents within the UKITSA group were from the UK and they produced two differentiators, according to our statistical test. The first one; Make the customer think differently, reflects a consultative approach that builds on the UK top scoring factors of Joint problem solving, Industry/customer knowledge and Proactively problem hunting. In fact one could argue that these top scoring factors are necessary for Make the customer think differently to happen effectively. The second differentiator – Customer segmentation was one of the lowest scoring behaviours for the UK. Overall the UK seems to favour a consultative selling approach, but this result suggests that the most successful organisations are those that are careful about selecting the customers on whom to focus their consultative selling approach.

South Africa is the only other UKITSA country to produce a differentiator, which is Service/sales work together. This was one of the lowest scoring behaviours overall in South Africa. However South Africa was also characterised by having a large percentage of larger organisations (1000+) in the respondent group. It would make sense that it is more important to have Service and sales working together effectively in larger organisations, as they are likely to have more disparate customer touch-points and need to find ways of pulling together all their customer intelligence internally to maximise the business potential. They also had a higher percentage of very transactional customers, which may affect the ability of sales people to get close to the customer during the Recognition of Needs and Evaluation of Options stages of the Buying Cycle. Hence it is more important to gather intelligence during Implementation and get close to customers at this stage through the service delivery.

United Kingdom differentiators



South Africa differentiators





Italy did not generate enough data for us to be able to do any differentiator analysis. However, when we combined the UK, South African and Italian data we identified one differentiator for the group as a whole, which is Make the customer think differently. This reflects the dominance of the UK data in this group, and also reflects how strongly this behaviour stood out as a differentiator for the UK.

In conclusion it would appear that the UKITSA favour a strategic and consultative approach to selling, but overall do not embrace the value-creating behaviours as much as other countries.

**UKITSA differentiators**



# The Nordic results

## General characteristics

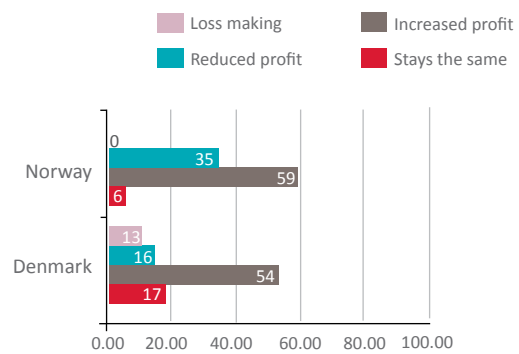
In terms of financial health Denmark is similar to South Africa in that there is a healthy percentage (over 50%) reporting increased profit, but it also has one of the highest percentages of loss-making organisations at over 10%.

Norway in contrast has no loss-making organisations and almost 60% reporting increased profit, so appears to have the healthier corporate sector of these two economies.

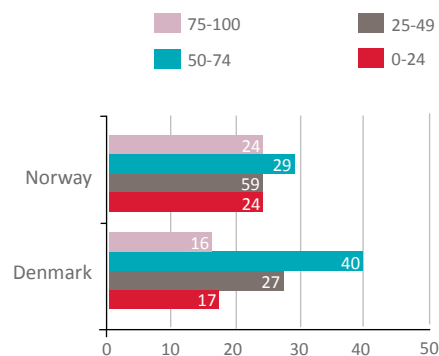
In terms of the type of buyer, both countries show a fairly even spread between transactional and consultative. Norway has a higher percentage of very transactional and very consultative, suggesting that its salespeople are more likely to encounter just one type of buyer. Denmark has higher percentages in the more mixed categories.

In terms of organisation size Denmark has a very high percentage of respondents from organisations of less than 100 people, which reflects the structure of the Danish market. Norway has a much higher percentage of large organisations of over 1000 people.

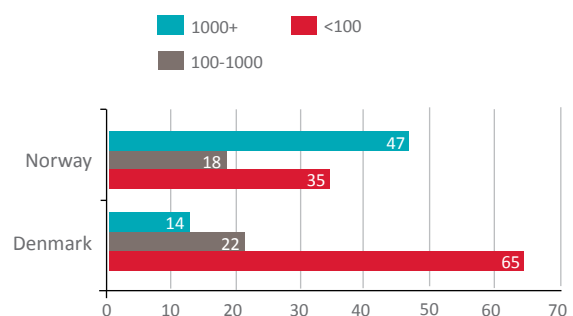
### Financial health



### % Transactional buyers



### Organisation size



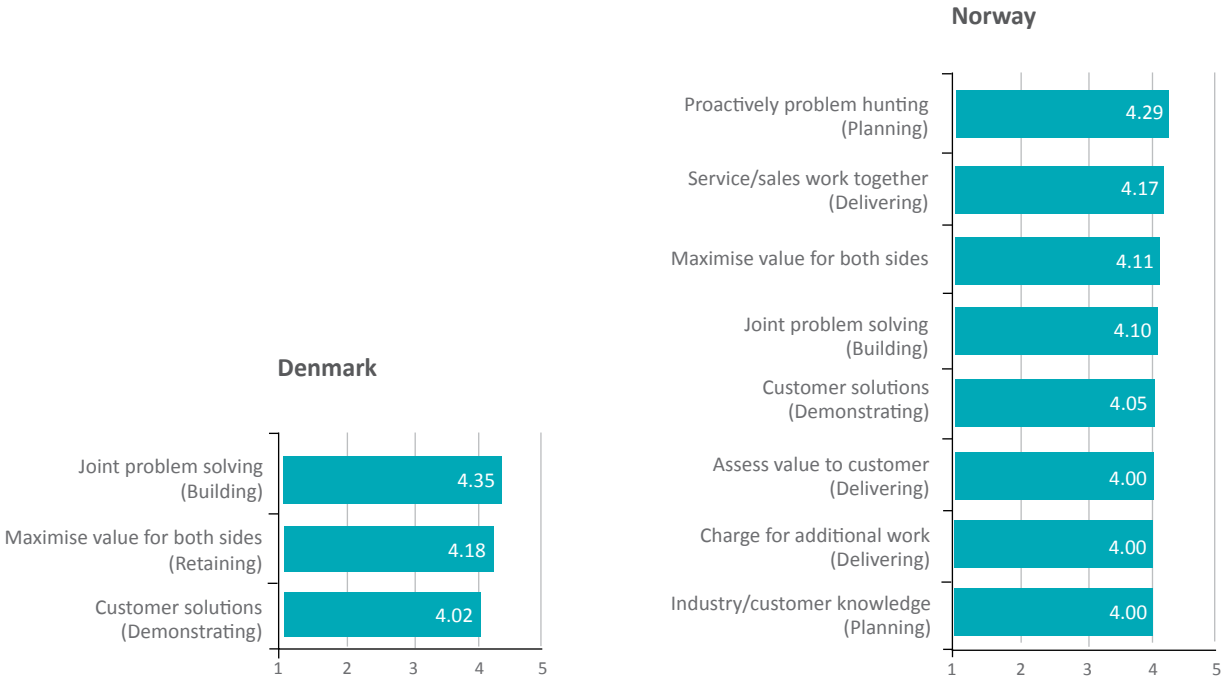


### Top scoring factors

Overall the Nordics returned higher scores than UKITSA, so both Denmark and Norway have top scoring factors. Norway has over double the number of Denmark. Again we find Joint problem solving as a top scoring factor in both countries, along with Maximise value for both sides and Customise solutions.

These three common top scoring factors suggest that a consultative and strategic long-term selling approach is favoured by the Nordic respondent organisations, even though they had a mix of transactional and consultative buyers. The focus is on working closely with customers in the Planning, Building and Demonstrating stages to devise the best solutions, and taking a long-term view when negotiating. In addition Norwegians appear to be more forward-thinking in terms of Proactively problem hunting and also appear to focus more on getting more out of their accounts in the Delivering phase, both in terms of Service/

sales work together, which will help them exploit opportunities and Assess value to customer, which will help them identify the return on investment for the customer. The popularity of Service/sales work together may be a reflection of Norway having a bigger percentage of large organisations of over 1000 people, as it is in larger organisations that we see this behaviour as being more necessary and effective. Charge for additional work is unusual in being scored so highly, as in most other countries it scores relatively low. Its popularity here may reflect stronger account management and ongoing relationships, but may also reflect a market that is strong enough for organisations to feel more comfortable in charging for scope creep. The importance of market understanding and knowledge is also evidenced by Industry/customer knowledge making it into the top scoring factor list, which would of course facilitate Proactively problem hunting.





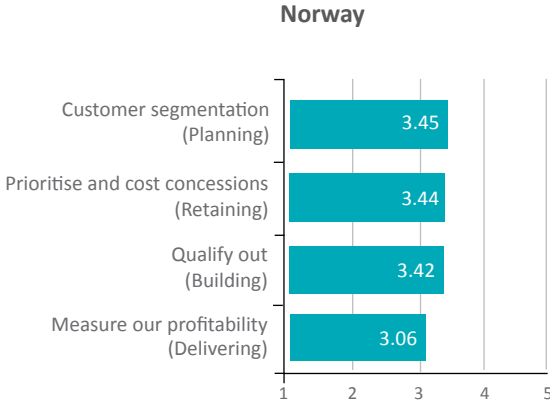
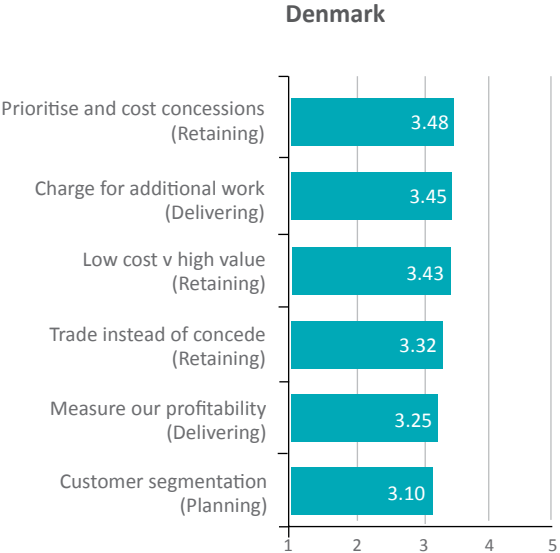
### Lowest scoring factors

There are two themes in Denmark’s lowest-scoring factors; the dominance of internally-focused factors and the dominance of behaviours from the Retaining phase. Customer segmentation, Charge for additional work, Measure our profitability, Prioritise and cost concessions, and to a certain extent Low cost v high value are all behaviours that are looking at internal costs, either in terms of managing the overall cost of sale (Customer segmentation) or the actual cost of fulfilling a particular contract.

In the Retaining phase, Maximise value for both sides is a top scoring factor for Danish respondents, but some of the behaviours that would help them achieve this are amongst the lowest scoring. Using Prioritise and cost concessions would help them go into a negotiation better prepared and come out at the other end with a workable deal for their organisation. Knowing which negotiable issues would cost them little to give away, but would be of great value to the

other side (Low cost v high value) is very important if you want to emerge from a negotiation with the other side feeling that they got what they really wanted without you feeling that you have given away too much in the process. Using Trade instead of concede is also essential for both sides to emerge with a workable deal and the relationship intact. It means that you can accept demands for concessions from the other side but always get something back in return.

The lowest-scoring factors for Norway are entirely internally-focused. Two of them are about managing the cost of the sales process (Customer segmentation and Qualify out). The other two are about assessing the actual cost of fulfilling the contract (Prioritise and cost concessions and Measure our profitability). In conclusion it would appear that the Nordics favour a consultative and strategic selling approach over being tactical and managing the costs of implementation.





### Danish differentiators

Only Denmark had enough respondents for us to be able to do a differentiator analysis, as there were no loss making organisations in the Norwegian results. Denmark has the largest number of differentiators of any group. Three of them are from the Planning stage and two from the Delivering stage. So success in Denmark is not about what happens when face-to-face with the customer in a sales environment; it is more about what happens before the salesperson gets in front of the customer and what happens afterwards in the Implementation.

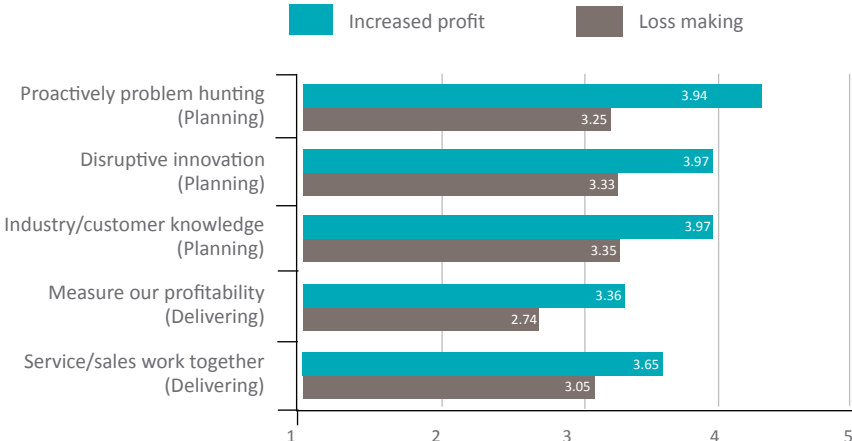
The three Planning differentiator behaviours reflect a theme of really understanding a market, and being able to predict what will happen in that market, and what the likely market needs will be. Both Proactively problem hunting and Disruptive innovation are about looking to the future, spotting market opportunities and being able to exploit them. Industry/customer knowledge is the bedrock on which this opportunity analysis depends. The dominance of these behaviours may also reflect Denmark’s high percentage of companies of less than 100 people, as it is these small organisations that are more likely to need to be innovative and respond quickly and flexibly to market changes in order to thrive.

The two Delivering differentiator behaviours of Measure our profitability and Service/sales working together reflect a theme of effectively managing an

Implementation and working efficiently together to maximise the potential in an account. Measure our profitability was one of the lowest scoring factors overall in Denmark, but it is the loss making organisations that score it really low. However this behaviour represents a real opportunity to differentiate from the competition, as fewer organisations are doing it, but those that are doing it are being more successful. Given the dominance of small organisations it may seem surprising that Service/sales work together is a differentiator. Deeper analysis of the data revealed that this behaviour is a top scoring factor in large Danish organisations of over 1000 people, but is close to being a low-scoring behaviour in small organisations of less than 100. So the size of the organisation was related to how much the behaviour was used. Interestingly it was the mid-sized organisations of between 100 and 1000 people where the behaviour appeared to be a real differentiator. So cohesion is still essential even in smaller organisations.

In conclusion it makes sense that in these times of slow economic growth, being ahead of the game, as well as staying on top of your Implementation costs and making the most of the opportunities in your existing accounts is a good recipe for success.

Danish differentiators





# The Balkan results

## General characteristics

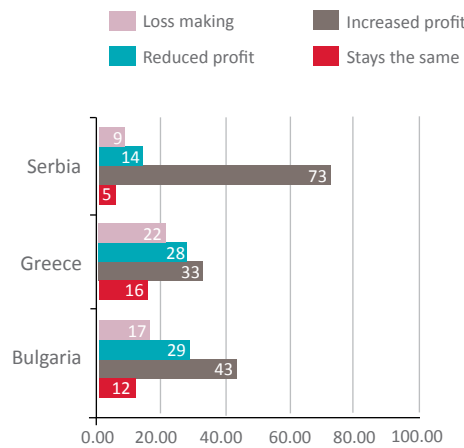
The Balkan countries show quite different states of financial health. Whereas Serbia appears relatively strong and healthy with over 70% reporting increased profit, Greece shows a very different picture.

Greece has the highest percentage of loss-making organisations of all the countries, and the lowest number reporting increased profit, which reflects the scale of the economic crisis. Bulgaria is also showing a higher percentage of loss-making organisations than has been seen in other countries.

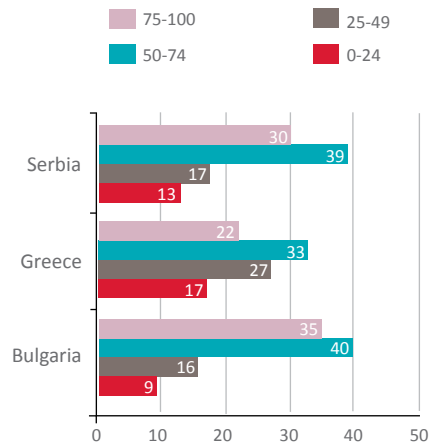
In terms of the type of buyer both Serbia and Bulgaria show a high percentage of transactional buyers, whereas Greece shows more of a spread of customer types. This higher percentage of transactional buyers may be a reflection of the maturity of the market in these countries. The three countries to date with the highest percentage of transactional buyers (South Africa, Serbia and Bulgaria) are all countries that have experienced huge political change within the last twenty years (South Africa coming out of apartheid, Serbia emerging from a long and damaging war and Bulgaria emerging from communist rule). The relative youth of the political and economic structure may mean buyers tend to be more transactional in their outlook.

In terms of organisational size the respondents from all three countries were dominated by organisations of less than 100 people, especially in Bulgaria. The fewest number of respondents came from organisations of over 1000 people.

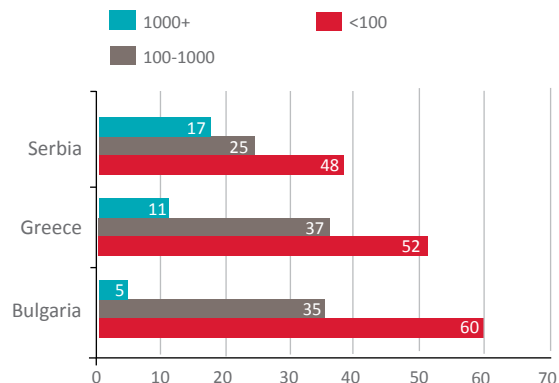
### Financial health



### % Transactional buyers



### Organisation size





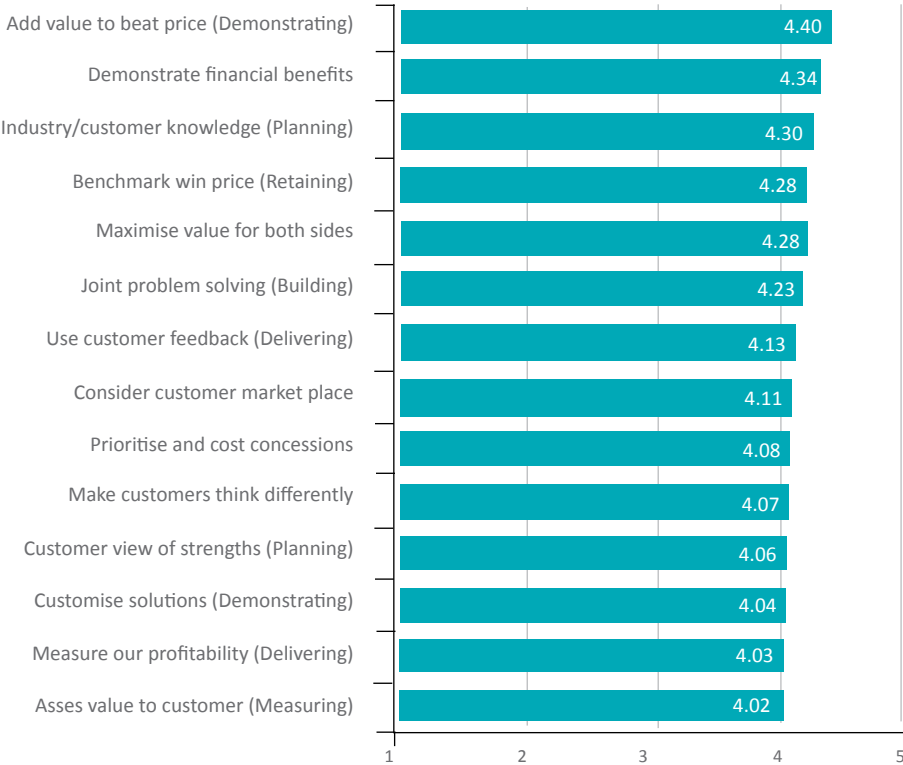
### Top scoring factors

The three Balkan countries of Greece, Serbia and Bulgaria are characterised by having higher scores than the other countries that took part. Over half the value-creating behaviours were scored as top scoring factors in all these countries.

Greece has the lowest number of top scoring factors amongst these countries (fourteen) and also slightly lower scores for its top factors than Bulgaria and Serbia. What is different in the Greek results is the type of value-creating behaviour that comes out on top. Here we have a clear focus on financials, and evidence of a very price-conscious and focused selling

environment. With their top five top scoring factors the Greeks are saying that if they are more expensive then they have to be able to justify the higher price in some way; they have to be able to demonstrate the financial benefits of their solution and they need to benchmark prices to ensure that they are competitive. Industry/customer knowledge is not so financially focused, but part of that knowledge is likely to be understanding the pricing their market can stand. The importance of Maximise value for both sides suggests that the Greeks have to work hard to secure deals that provide a return for both parties in their current economic climate.

Greece

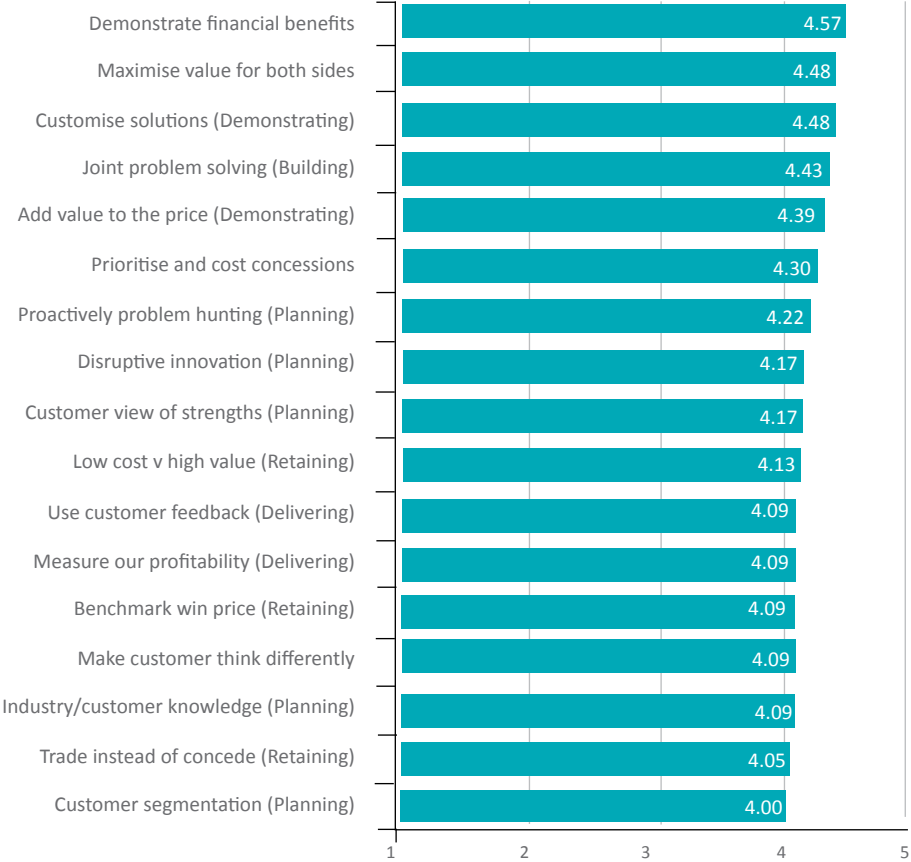




Serbia has the most top scoring factors (17 in total), and again we see financially-focused behaviours in the top five – Demonstrate financial benefits, Maximise value for both sides and Add value to beat price. But we also have Customise solutions and Joint problem solving in the top five, which suggests that Serbia is placing importance on consultative selling behaviour, as well as being financially aware, despite having

relatively fewer consultative buyers. Prioritise and cost concessions is number six in the scoring table, so is clearly considered more important in the Balkans than in other countries. This may also reflect a trading environment where very hard bargains are being driven, so it is essential to know the cost of what you are being pressurised to give away. This may reflect the more transactional nature of the market.

Serbia





Bulgaria differs from Greece and Serbia in that the value-creating behaviours that make up its top five indicate a mindset that is more about understanding the customer and getting inside the customer’s head than anything else. Maximise value for both sides requires them to understand what the customer wants out of the deal as well as themselves. Joint problem solving and Customise solutions suggest working together to create something that meets specific customer needs is very important. Customer view of strengths is about understanding how the customer views them and their competition, so again requires

in-depth knowledge of what the customer is thinking. Use customer feedback means taking what the customer says about their product/solution and using it to improve their product offerings, so again this demonstrates spending time getting information from customers. This is all despite the fact that Bulgaria had a predominantly transactional market, but may also be a reflection of the fact that a majority of the respondents came from small organisations, who may place more importance on getting to know their customers well

**Bulgaria**



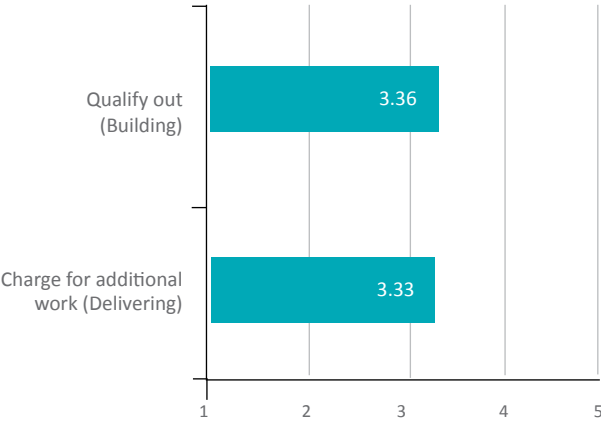


### Lowest scoring factors

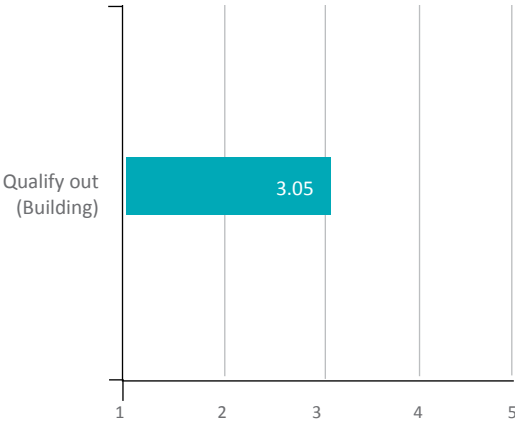
The Balkan countries are characterised by having very few low scoring factors, in contrast to the large number of top scoring factors. For Serbia and Bulgaria only, Qualify out was categorised as a low score. This was also the lowest scoring value-creating behaviour in Greece, but here it is joined by Charge for additional work. So, even though Greece appears to be highly focused on getting the best deal in terms of its top scoring factors it still does not see charging for work beyond the scope of a contract as a way of capturing more value.

The low popularity of Qualify out may indicate a climate of going after all the business that you can possibly get. In the long-term this may have a financial impact through increasing the cost of sale and eroding the margin on delivery. It would seem prudent in tough economic times to focus on opportunities that are likely to turn into real business, and not spend too much time chasing opportunities where you are clearly being used to either benchmark price or make up the numbers.

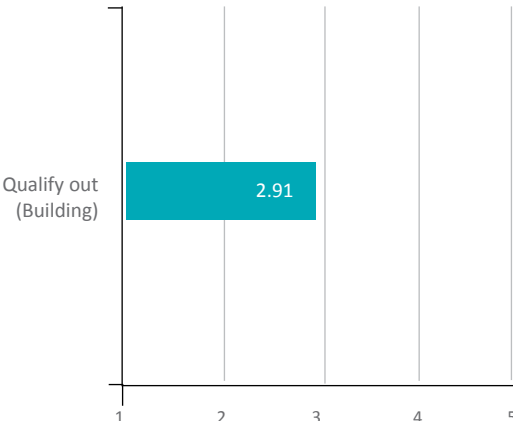
Greece



Bulgaria



Serbia





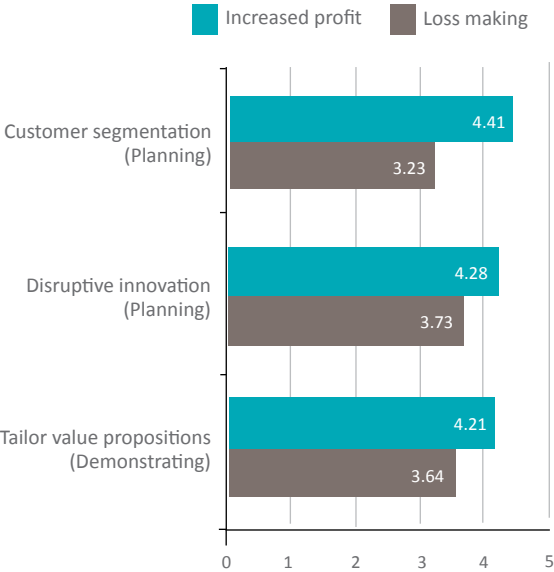
### Balkan differentiators

Amongst the Balkan countries only Greece had enough respondents to get differentiators that passed our significance test. There was only one value-creating behaviour in Greece that clearly passed the test, which was Customer segmentation. Disruptive innovation and Tailor value propositions returned a borderline result.

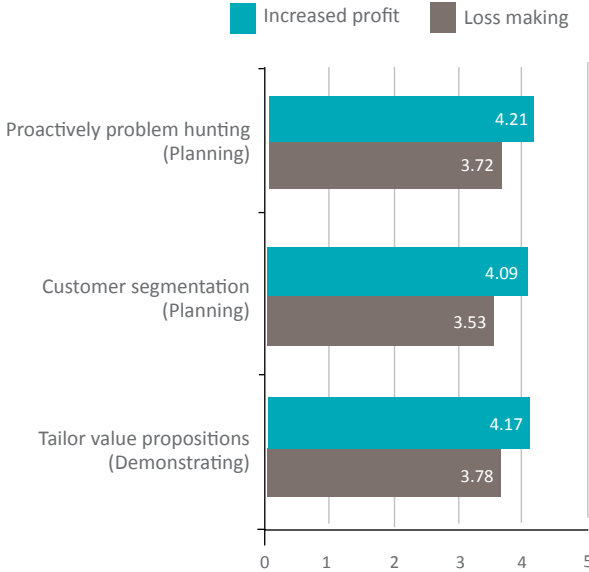
Although the Greeks seem to favour financially-focused value-creating behaviours, as emphasised by their top scoring factors, their key differentiating behaviour is about reducing the cost of sale and being more pragmatic in how they manage their sales process. Disruptive innovation and Tailor value propositions are also not about getting the financials right.

For the Balkans as a whole there were two clear differentiators that passed the significance test: Proactively problem hunting and Customer segmentation. Tailor value propositions again was borderline. Customer segmentation only appeared at the bottom of Serbia’s list of top scoring factors and did not make the top scoring list in Greece or Bulgaria, yet is a strong top scoring factor amongst organisations in these countries that reported increased profit. So targeting and focusing your sales effort in the right places would appear to be effective in tough economic times. Proactively problem hunting was a top scoring factor in Bulgaria and Serbia, but not in Greece; however it is a clear top scoring factor amongst organisations reporting increased profit in the region. Again the message here is; to be successful in tough economic times you need to be able to think ahead and spot new trends or issues emerging that you can address with a solution. And then tailor your value proposition to meet specific customer needs.

Greek differentiators



Balkan differentiators



# The Outliers

The remaining countries in our survey did not form part of a cluster so we analysed them individually. They did not return a large enough number of results for us to complete a differentiator analysis, but we can identify their top scoring factors and low-scoring factors.

## General characteristics

The outliers contain two of the healthiest looking economies in terms of organisations reporting increased profit, Russia and Asia. Poland and Egypt appear to be experiencing more challenging market conditions (NB: The Egyptian data was taken before the more recent upheaval in that country).

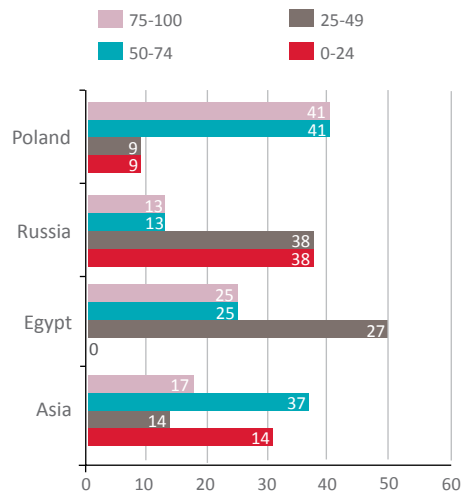
In terms of the type of buyer it is again the ex-Communist satellite country of Poland that has a much higher percentage of transactional or largely transactional buyers than consultative buyers. Russia, itself once a Communist state, does not show the same trend as it appears to have a market dominated by consultative buyers. Russia and Asia are the two countries reporting the highest percentage of 0-24% transactional buyers, which suggests a higher level of consultative selling in those two countries. Egypt presents a mixed picture.

In terms of organisational size Asia and Poland show a split between large and small organisations, whereas Russia and Egypt have fewer large organisations.

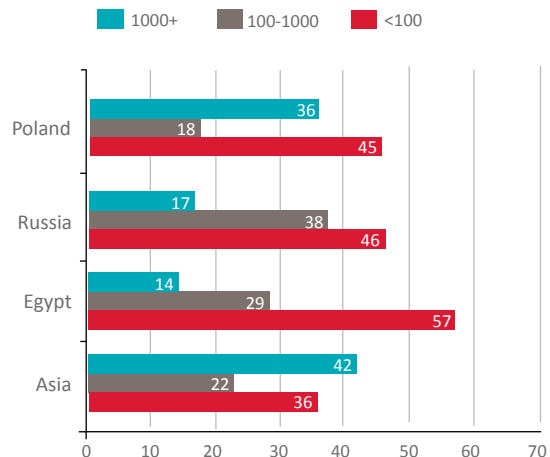
Financial health



% Transactional buyers



Organisation size



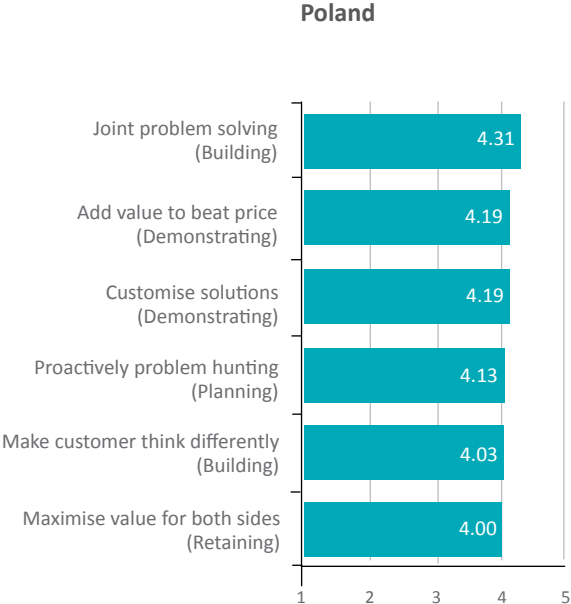


**Polish results**

Poland’s top scoring factors reflect a highly consultative approach to selling with the focus being on identifying new insights to get the customer to think differently, then working with them to customise solutions to solve their problems, and taking the long-term view of trying to achieve a win-win outcome in negotiation. The popularity of Add value to beat price also suggests that they have to be able to justify why they are more expensive than the competition, which could be through the way they work together jointly with the customer. This is despite having a largely transactional customer base.

The low-scoring factors for Poland indicate that having an efficient sales process is less popular, as both Qualify out and Customer segmentation fall into this

category. There is also a lack of emphasis on carrying through the consultative selling approach into the Implementation phase of the Buying Cycle, by using Service/sales work together. It could be that service and sales don’t work together to spot opportunities because the sales person is maintaining close contact with the customer throughout Implementation, but then we might expect them to be doing more of Assess value to customer, especially given that Add value to beat price is a top scoring factor. Assessing the value actually delivered and collecting information on it would put organisations in a better position to demonstrate their added value in future sales. This might also help them to demonstrate added value in a largely transactional selling environment, which is experiencing economic challenge.





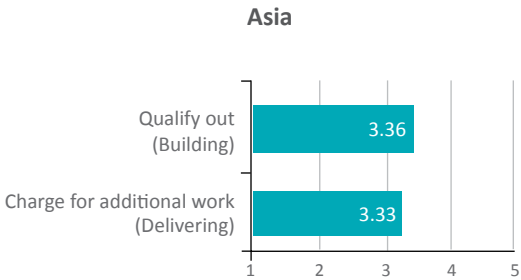
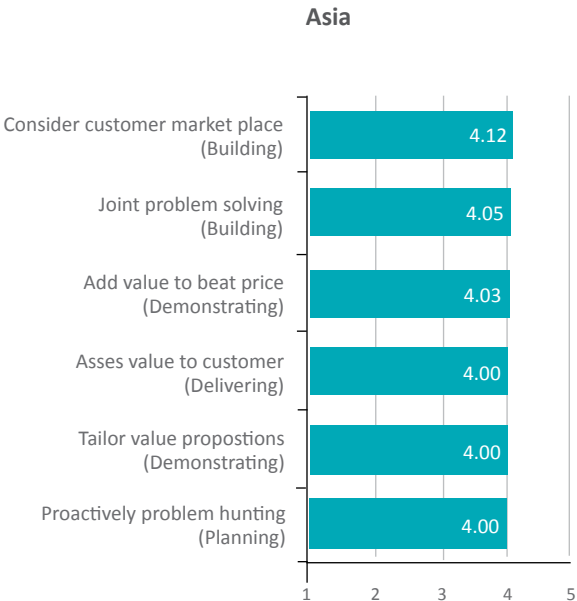


### Asian results

The Asian results are drawn from respondents in China, Hong Kong and Singapore. The top scoring factors again reflect a strategic and consultative approach, which would fit with these countries having a higher percentage of consultative buyers than we have seen elsewhere. Asian organisations seem to recognise the need to understand the marketplace in terms of understanding the needs of their clients’ customers (Consider customer marketplace) as well as being able to proactively identify problems (Proactively problem hunting). This requires both broad and long-range thinking. The actual selling process seems to involve a consultative approach of using Joint problem solving that leads to Tailor value propositions, which address the issues identified. Being able to define the actual value delivered to the customer also appears to be very important, not only in terms of tailoring the value message, but also in

terms of using the potential value generated to justify a higher price (Add value to beat price) and ultimately being able to assess the actual value delivered (Assess value to customer).

The Asian respondents appear to be clearly customer-focused as their lowest-scoring factors are both internally-focused. It would appear that delivering value through a consultative selling approach and ensuring that you tailor the solution correctly is more important than charging for work outside of scope (Charge for additional work). Again Qualify out emerges as a low scoring factor, so it would seem that in Asia, as in other countries, sellers are still going after as much business as they can. Both of these may not seem necessary in an economic climate which is healthy and prosperous.



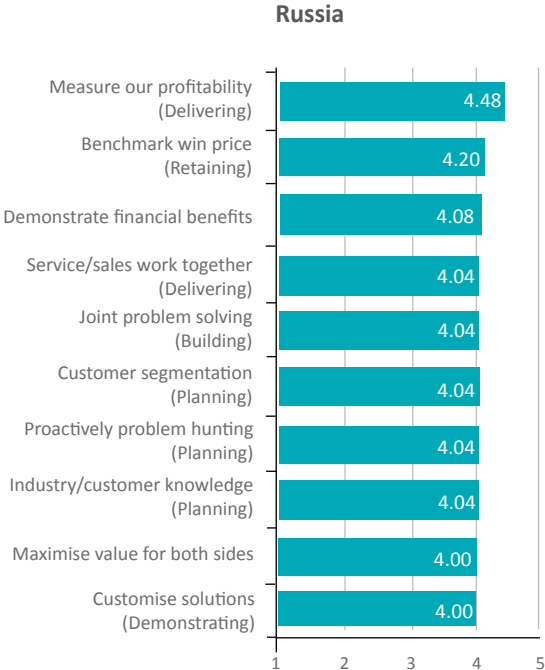


### Russian results

The top scoring factors for Russia show a mix of different types of behaviour, with the top three (Measure our profitability, Benchmark win price and Demonstrate financial benefits) being financially-focused. After that they demonstrate a more consultative approach with Joint problem solving, Maximise value for both sides and Customise solutions in the list. The popularity of Service/sales work together also suggests that they work hard to make the most of the business opportunities in each account. Customer segmentation is unusual in its appearance amongst top scoring factors but may reflect an economic reality where Russians have to make effective use of their sales resources. Again there is evidence that understanding your customers/market and being ahead of the game in identifying potential problems is seen as important by survey respondents. This would seem appropriate given the higher percentage of consultative buyers reported by this population.

and Proactively problem hunting as top scoring factors, which suggest that organisations see understanding your customer’s market in a strategic sense as important, yet considering the needs of your clients’ customers (Consider customer marketplace) is not as popular. Internally and financially focused behaviours such as Measure our profitability are popular, but Prioritise and cost concessions, which requires a similar mindset and would also help them Maximise value for both sides, is not popular. Although they might be very keen on Measure our profitability this does not extend to Charge for additional work, nor does it extend to measuring the value of what they deliver to the customer (Asses value to customer). And although they might be segmenting their customer base in terms of sales effort (Customer segmentation) they are still reluctant to Qualify out, which would also help them to make more efficient use of their resources.

Russia’s lowest scoring factors show something of a paradox when compared to the top scoring factors. This is because we have similar value-creating behaviours on the low scoring list as were on the top scoring list. So we have behaviours such as Joint problem solving

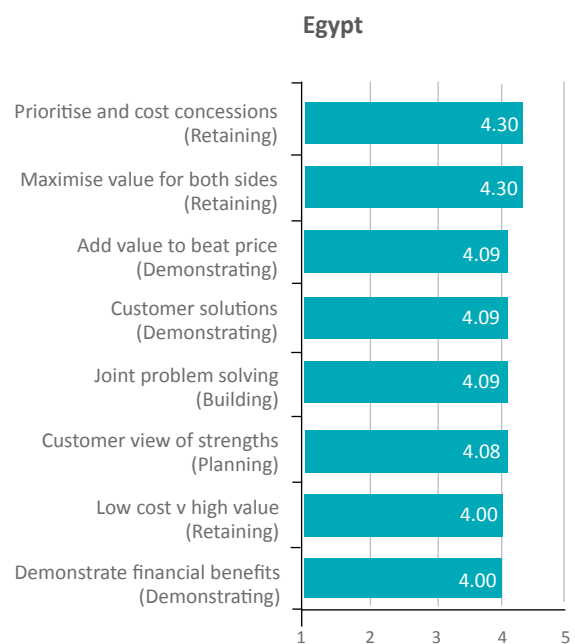
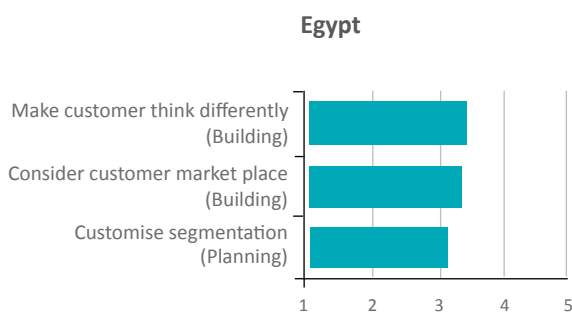


## Egyptian results

The Egyptian/Gulf results show a slightly different mix than other countries, in that the top one, Prioritise and cost concessions, is more likely to be found as a low-scoring factor in other places. The popularity of this behaviour plus identifying issues of low cost to them but high value to the other side (Low cost v high value) and Maximise value for both sides suggests that effective bargaining is seen as important in the Middle East region. At the same time Middle Eastern sellers need to be able to demonstrate the financial value of what they are selling, both in terms of justifying a higher price, Add value to beat price, and Demonstrate financial benefits. Competitive knowledge also emerges as a factor that has not been seen elsewhere, as Customer view of strengths means that sellers have a good understanding of how they are ranked alongside their competition. This should also help them to demonstrate their added value when they are not offering the lowest price. Again there is an element of consultative selling, with both Joint

problem solving and Customise solutions making the list. This is despite Egypt not having a particularly high percentage of consultative buyers.

Although there was an element of consultative selling amongst the top scoring factors it also appears in the low-scoring factors, with Make customer think differently and Consider customer market place being at the bottom. So although Middle East sellers may see working alongside their customers as important they are not so inclined to challenge their thinking, nor are they inclined to think more broadly and strategically about what value the customer is trying to deliver to their customers. They also don't see the need to segment their customer base in order to optimise the use of their sales resources. This may reflect a more tactical approach to selling, which focuses on meeting the apparent customer needs and driving an effective bargain. This may be a reflection of the current market conditions, as well as the prevailing culture.



# Regional descriptions of Value

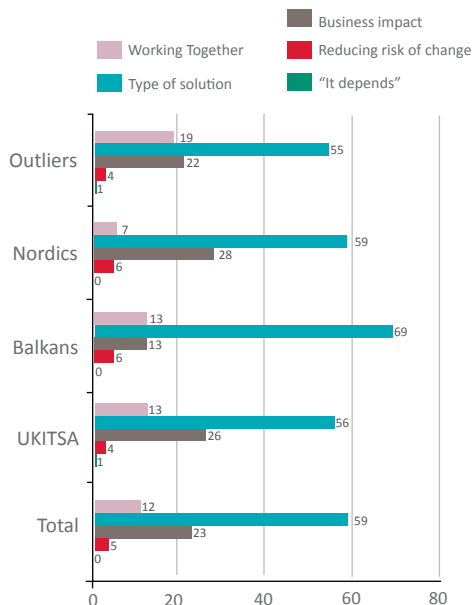
In this final section we will present an analysis of country/regional ways in which organisations describe how they deliver value, and their value propositions.

## General characteristics

We categorised the regional responses to how they deliver value in the same way that we categorised the overall global responses. The graph shows the results from the different cluster groups. All of them follow a broadly similar pattern in that Type of solution is the most popular category, containing over 50% of the responses in all regions. Business impact is second and is most prevalent for UKITSA and Nordics. Working together is as popular, or almost as popular, as Business impact in the Balkans and Outliers, which suggests that the countries in these groups place more importance on the working relationship.

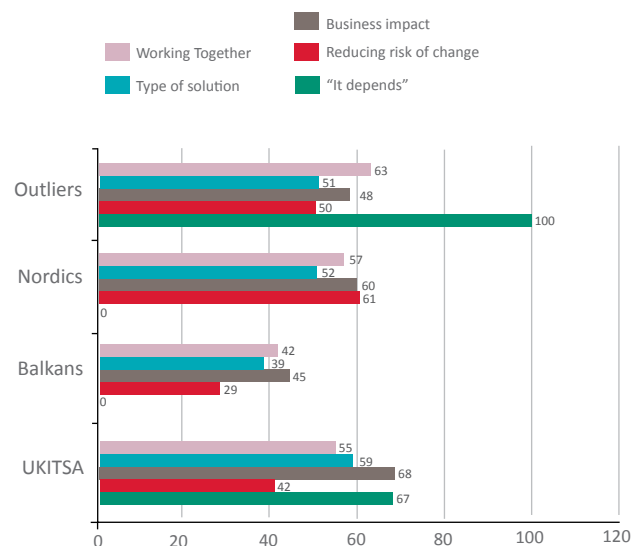
We then calculated the percentage for each score that came from an organisation reporting increased profit. No clear pattern emerges from these results, although there are some slight differences between the regions. With UKITSA there is a higher percentage of profitable companies identifying Business impact ways of delivering value, but this is not the case with the other clusters. "It depends" has high percentages but the numbers are so small that we cannot draw any valid conclusions. In summary it would appear that the way organisations describe how they deliver value has little impact on organisational performance.

Ways to create value



Ways to create value

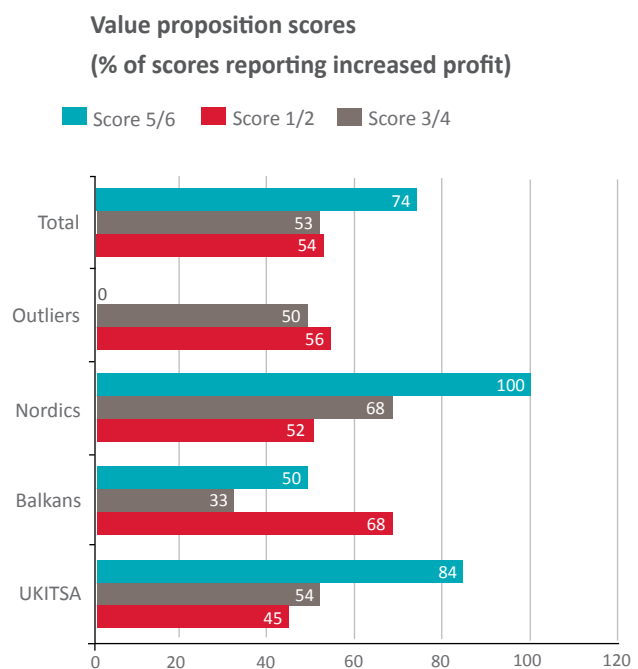
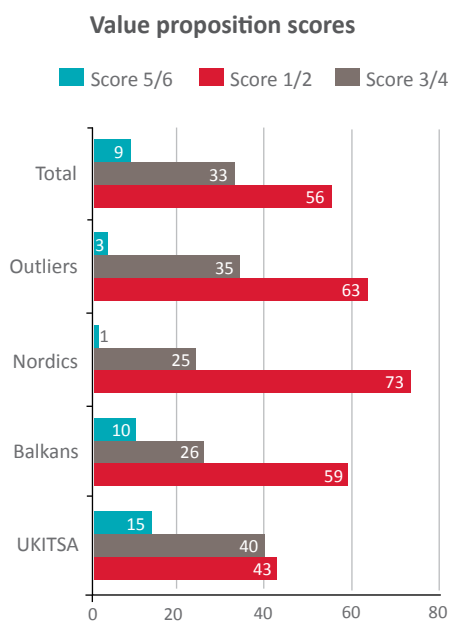
(% of each score that reported increased profit)



## Regional value propositions

The regional analysis of the value propositions supplied shows that all the regions, with one exception, had over 50% of their value propositions scored as 1 or 2. The exception was the UKITSA group, where the percentage scoring 4 or 5 is almost as high as the percentage scoring 1 or 2. UKITSA also have the highest percentage of value propositions that score 5 or 6. This correlates with them having a higher percentage than some other regions of ways to add value that were classified as Business impact. However the Nordics also had a higher percentage of Business impact ways to add value, but this does not translate into them having a high percentage of value propositions scoring 3 or above. In fact the opposite is true as the Nordics are the most product or solution focused of all the groups shown here, with almost three-quarters of their value propositions scoring only 1 or 2.

In terms of organisations reporting increased profit in the Nordics and UKITSA, they have a higher percentage of the 5/6 scores and a lower percentage of the 1 and 2 scores. However, the same is not true for the Balkans or the Outliers, where profitable organisations are most prevalent in the category that scored 1 or 2. So we can say that in the Western European countries, where consultative selling is strongly favoured, having a value proposition that is customer-focused, specific, quantifiable, differentiates you from the competition and potentially offers a guarantee is correlated with having good financial health. The picture is not as clear in the other economies.



# Regional conclusions

Overall it would appear that organisations across the world favour a consultative approach to selling. This is despite the fact that not all their customers were buying consultatively. We also did not see organisations focusing on managing their consultative sales effort by making sure they only sold consultatively to customers who wanted to buy consultatively.

Countries differed in how highly they scored their use of the value-creating behaviours. We saw higher scores in the Balkan states than elsewhere, which may reflect a higher level of national enthusiasm. UKITSA scored lower, which may reflect more national conservatism or even cynicism.

The popularity of certain types of behaviour in different countries did appear to reflect economic situations or national preferences. The Greeks were clearly more financially-focused than anyone else, driven possibly by their current economic crisis. Middle East countries appeared to place more importance on negotiating behaviours than elsewhere, which may reflect a national preference for bargaining. The Northern Europeans appeared to strongly favour a consultative selling approach, although the customer base seems to contain a mixture of consultative and transactional buyers.

The differentiator analysis could only be completed for certain countries, and for the three clusters of UKITSA, Nordics and the Balkans. The four global differentiators of Proactively problem hunting, Disruptive innovation, Industry/customer knowledge and Service/sales work together all appeared at least once in a country/regional list of differentiators. The United Kingdom produced a slightly different result with its key differentiator being Make customer think differently. However, this behaviour is closely linked to Proactively problem hunting and Industry/customer knowledge, as our experience suggests that sellers need to be in touch with market trends and demonstrate good knowledge of the market to be able to have the credibility to get the customer to think differently.

Customer segmentation also appeared on the list of differentiators for both the United Kingdom and Greece. This behaviour has a different focus in that it is about understanding your customers so that you can direct the appropriate sales resource to them and manage your sales effort effectively. It also reflects a mindset that we are seeing amongst our own clients, who are increasingly questioning how much time and effort they should put into certain customer relationships. However, Customer segmentation was not a particularly popular behaviour within the survey, which suggests a lot of organisations are still not managing the effectiveness of their sales force and deployment of sales resource.

Measure our profitability is another relatively unpopular behaviour that made it onto the Danish differentiator list. This is clearly an internally-focused behaviour and supports our premise that creating and capturing value is not just about what the customer gets out of the relationship. The selling organisation needs to make sure that the contracts signed are implementable and generate profit for the organisation.

Finally, despite the popularity of consultative-type behaviours amongst the answers to the survey questions, the analysis of the ways to create value and value propositions revealed a strong bias towards descriptions of solutions, rather than focusing on value outcomes for the customer. However there is no clear-cut evidence that the different ways to add value had any impact on business performance. There is some evidence to suggest that having a specific, quantifiable, customer-focused value proposition that differentiates you from the competition is related to commercial success, particularly in the Western economies.

For more information please visit our website at [www.huthwaiteinternational.com](http://www.huthwaiteinternational.com)



# Report author

## Dr Janet Curran

Head of Thought Leadership, Huthwaite International

For over 30 years, Huthwaite has built an enviable reputation for being thought leaders in the arena of verbal behavioural skills. Janet's role as Head of Thought Leadership is to carry forward the beacon of respected research. With a PhD in retail marketing, she brings extensive experience of both academic research and of Huthwaite's own unique research methodology to the role.

Janet's research output to date within Huthwaite has focused on retail, prospecting and customer service, contributing to a deeper understanding of the behavioural strategies that deliver results in these areas. She has used this knowledge to help align Huthwaite's customer service and prospecting offerings with other key products such as SPIN® Selling and Negotiation Skills. She has also used her research expertise to develop sales competency frameworks from sales director to account manager level, which support the implementation of global sales academies.




Our research never stops. If you would like to know more about our current projects follow Janet on [@janet\\_curran](#), or email her at [jcurran@huthwaite.co.uk](mailto:jcurran@huthwaite.co.uk).

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