

Good morning, everybody. Thanks for tuning into Digging Deeper. I'm Dennis Engelbrecht with The Family Business Institute and the CEO of Roundtable Program for Contractors. Today we want to talk about selling value versus fee.

All right, so first the concept: selling value. Basically, when you're selling value, what you're asking your customer to do is buy your company's services because that's going to be the best thing for them, because you're going to provide more value than anybody else. Value does have a fee component to it. Value. What you're getting for what you're giving or what you're paying. But what my point here is to have your customers be focused on the value that you're delivering versus the fee that you're charging.

To do this successfully, probably the first thing you have to do is understand your own value proposition. What is it that differentiates you from the company next door, the other people that are bidding on the job, or the other people that are competing for the job? What exactly is your value proposition? Is it that you are better in pre-construction? Is it that you deliver on time? Is it that you're better at value engineering, you make the relationship more enjoyable in getting there? What is it exactly that differentiates you from your competition? If you understand that well, well, then of course you're in a better position to sell that.

What if you don't find a great deal of differentiation between you and your competitors? Well, then you better work on developing that. Try to find at least one or two things that you as a company can do better than anybody else. Ask yourself the question, and this comes from the book, *Good to Great*, the Hedgehog Principle, at what can we be the very best? Just find, even if it's a little thing or two, find the one or two things at which you can be the very best, if you don't already know that or haven't proven that.

Then finally, you have to be able to articulate what that value proposition is and what that differentiator is. Probably the best way to articulate that is really through questions. Now, that may seem odd, but if you know that, for example, your pre-construction is better than the other companies, perhaps you're sitting in the meeting with your customer and you ask them, "What are the main things you'd like to get out of pre-construction?" Get them to articulate themselves what those things are that you do well. Instead of you having to sell that as being important, get your client to tell you why that's important.

Again, this may sound like trickery in a sense, but it's really pretty simple. After they tell you what they value in pre-construction, ask them the simple question, "Well, why is that important to you?" This has always been a trick in selling consulting services. It's one of the things that usually consultants are pretty good at. But by asking somebody why that's important to them, they sell it to themselves. In trying to articulate this differentiation, you can do that a lot better sometimes through questions than you can even with the so-called elevator speech, but I would certainly know your elevator speech as well.

Finally, the last part of this is there are some customers who simply want the low price. Now if you are a high value seller and you're selling to a client who simply wants the low price, you really have a mismatch, right? You have something that's very valuable, but he doesn't really care. They want the low price. What you have to do in that case is you simply have to find customers who appreciate the value that you bring. If you're trying to sell value to a commodity buyer, you're not really going to be successful. You're going to do a lot of losing because they're going to choose the low fee over the high value. From a strategic standpoint, make sure you're identifying the markets, and the companies, and the customers who

are going to value the proposition that you bring. As soon as you have that match, you're going to find a lot more success in your business development activity.

Again, think about that, selling value versus fee. Thanks again for tuning into Digging Deeper.