

WHAT THE CUSTOMER WANTS YOU TO KNOW

How Everybody Needs to Think About Sales Differently

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RAM CHARAN is a business adviser, speaker, teacher and author. For more than thirty-five years, Dr. Charan has worked behind the scenes with top executives at some of the world's most successful companies, including GE, Verizon, Novartis, Dupont, Thomson Corporation, Honeywell, KLM, Bank of America, and MeadWestvaco. Dr. Charan, a graduate of Harvard Business School, is the author or coauthor of fourteen business books including *Know-How*, *Execution*, *What the CEO Wants You to Know*, *Every Business Is a Growth Business*, *Profitable Growth*, and *Boards That Deliver*. He currently serves on the boards of directors of Austin Industries, Tyco Electronics and Emaar Manufacturing in India.

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MAIN IDEA

The traditional sales process is broken. Customers today have so many choices that if all you focus on is price, the only thing you can do is keep lowering your prices until it gets to a stage where you're not making enough money to stay in business.

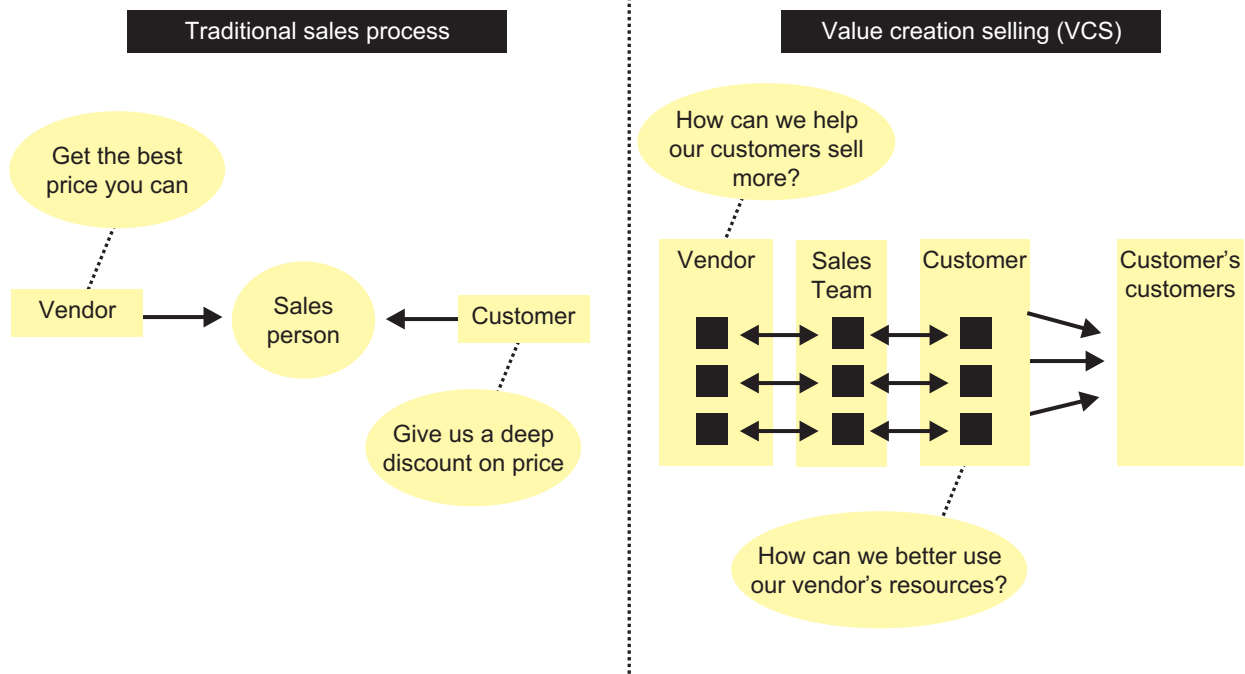
What's needed is a completely new approach to selling called "value creation selling" (VCS). The whole essence of VCS is instead of starting with your own product or service offering, you start by looking closely at what problem the customer is trying to solve when he or she considers buying your product or service. If you get to know your customer's business inside and out and then come back to them with workable ways they can make their business work better by using your offering, then it's a whole new ball game.

Instead of merely being your customer's vendor or supplier, become their trusted partner. If you position yourself as a resource your customer can turn to for creative and cost-effective solutions, not only do you differentiate yourself effectively but you also pave the way to achieving better pricing and higher sales.

If you start using VCS effectively, rather than competing on price alone, you'll have a customer relationship which gets deeper and deeper over time making it exceptionally difficult for your customers to switch to someone else.

"It might be time to reinvent the way you sell. Consider that the traditional sales process hasn't changed much for more than a hundred years. Your customers want you to know how their business works, so you, the supplier, can help them make it work better. Here's the catch: you won't be able to do that with your traditional sales approach. The truth is that the long neglected sales function is out of synch with current opportunities. The heart of the new approach is an intense focus on the prosperity of your customers. By tapping the many resources you have at your disposal to help customers meet their business goals and priorities, you are adding value. I call this new approach value creation selling or VCS."

– Ram Charan



1. The problems with the traditional sales process Page 2

Your customers want you to know how their businesses work so you, as their supplier, can help them succeed in their own competitive battles. The traditional sales approach doesn't achieve that. Instead, everyone is focused on getting the best price they can. This is a mismatch of priorities which cannot be solved with new incentives or new people.

2. How to fix the sales process by implementing VCS Pages 3 - 8

The heart of VCS is an intensive focus on the prosperity of your customers. You measure your success on how well your customers are doing with your help and not on how much they buy. By tapping your resources on behalf of your customers, you add value for them and you create differentiation for yourself. Implementing VCS involves six steps:

- Implementing VCS**
- 1 Become your customer's trusted partner
 - 2 Learn how to develop value account plans
 - 3 Assemble a value creation sales team
 - 4 Learn how to make sales using VCS
 - 5 Sustain the various VCS processes
 - 6 Keep taking VCS to the next level over time

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