Achieving Predictable and Profitable Organic Growth

To the Point.
by Jeff Thull

Value is the lifeblood of the business world. Value in the form of improved efficiency, effectiveness, and ultimately, profit, is the only thing that customers are interested in buying. Companies like yours seek to create differentiation and profitable growth by investing large amounts of money and time to create solutions that are capable of delivering value to these customers. But you cannot transform solutions into competitive advantage and profitable growth unless the customer actually improves business performance and can measure the achievement of the value that has been promised. You could say that you have achieved your goals when the sale is closed, and that you can ignore your customers' outcomes, but that is shortsighted: customer success is the ultimate source of differentiation and profit. Your solution's value capability is not true value until your customer has achieved it. With this in mind, I'd like to pose a question:

What percentage of the value capabilities your company creates and brings to market are actually transformed into profitable growth?

I've asked this question of senior executives in large and small companies from a wide variety of industries and on a global scale. Invariably, they aren't entirely sure how to answer the question. Most of them don't know what percentage of the value capabilities inherent in their solutions can be achieved by their customers and, as a result, be transformed into profitable growth. They understand and believe in their solutions, but they have assumed that because a value capability exists, enough customers will buy it and be able to achieve it, and therefore, it will reach their bottom line. The flaw in this assumption can be summed up in two words: value leakage.

Value leakage occurs throughout your organization as solutions move from conception to customer implementation. When my firm tracks value leakage in client companies, we typically find that the companies are identifying less than one half of the value that their solutions can actually deliver and they are able to quantify less than half of the value that they can identify. This suggests that the average seller is going to market with 70 to 85 percent of the potential value of its solutions not quantified and not really understood by the customer. The net result – a high percentage of customers default to "no decision" – do nothing – and those that do buy exert enormous pressure on margins.

I would like to hear your point of view and answer any questions you have. Please feel free to send your feedback to me at jeff.thull@primeresource.com.

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