

The True Origin of Value Creation

by Dan Blacharski



How does a corporation create value and profitability? Usually it depends on who you ask. The CIO might respond that creating more efficient systems and automation will create greater levels of efficiency, and therefore lead to value.

The CFO might respond that remaining vigilant on sourcing decisions will lead to lower costs, and therefore will create value as well. The CMO might respond that launching an awareness campaign will create greater visibility for the company, again leading to value creation.

They are all right – but each response is only part of the bigger picture. What really creates value in a corporation is organic revenue growth, and every other value initiative must lead to that goal.

Given that sales resources are inherently limited, it makes sense to make a determination of how best to allocate those resources to maximize growth. It does not make sense for example, to dedicate a large portion of a sales rep's time to hands-on, face-to-face meetings with small accounts buying low-margin products or services.

This means employing more digital tactics, self-service portals and automated ordering platforms, and reserving more of that hands-on face time to larger clients which are driving more revenue. "On most of our projects, it's about getting your customer segmentation right," said Corey Torrence, Managing Director at [Blue Ridge Partners](#). "Some organizations have grown very fast. When they were small, it made sense to have a direct sales force, so they could focus on relationship building and customer service. But there is no way that can scale across all segments."

Torrence notes two strategies corporations can use to target those growth opportunities: Improving the efficiency of the sales team, and segmenting the customer base to determine the best way to allocate those sales resources for maximum growth.

Torrence gives an example of a large telecom company, where they were sending people out into the field to sell replacement parts. "You don't need to sell somebody a replacement part," said Torrence. "They know exactly what they want. They want an easy way to do business, and to know they're getting the best cost. If I don't have to put people on that, I can give you a better cost, and I can enjoy the benefits of a more loyal customer."

One of the best ways to improve efficiency and value creation in the sales team according to Torrence, is recognizing that the sales process is no longer linear, especially as prospects come to the table already having done online research and having educated themselves about not only your products, but the products of your competitors.

That linear process is time-consuming and costly, and today, mostly irrelevant. “You might have a six-step process, and this is how you train your sales force, investing millions of dollars in getting them to go through this very linear process,” said Torrence. “That’s not happening anymore, because buyers are much more sophisticated. You might be talking to somebody for the first time, and they’re already at step six in the buying process. And if you’re starting with the ‘who we are’ step, it’s going to be a short phone conversation.”

Because those prospects are doing their own research, then part of the process involves an enhanced digital marketing strategy to make sure they are finding the right material when those searches are being conducted, long before you even know who the customer is. “It’s not one size fits all,” said Torrence. “You have a greater reach through digital marketing, when you’re sending out white papers, and talking about changes within the customer’s industry. And it doesn’t cost the organization nearly as much as hiring a lot of people, where you’re taking a bet that they’re going to be successful. And, if I can serve you in the way you want to be served, and provide a level of service on top of that, then I’m going to lower my cost of sale, I’m going to have a loyal customer, and I’m going to be able to give you the best price.”

True value creation is accomplished much differently than it was decades ago, and it’s based on evolution of the sales process, segmenting the customer base and allocating resources, and taking full advantage of digital sales tools and automation where appropriate. Improving the bottom line with cost-cutting measures and process improvements are all good – but true value creation comes from only one place, and that is organic growth.