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# "Delivering on Value" by Carl Schoening of Simpson Strong-Tie

"...if you spend the time to make your customers understand the value of your service, you can reap the rewards."

The building industry has been riding high for the last few years. This is a great thing! After those tough recession years of the late 1980s and early '90s, we all breathed a collective sigh of relief. Oddly, however, we began to notice an anomaly. Though we are producing more product and profit dollars, margins for many remain at recession levels. It seems that the highly competitive nature of business during the recession has now become the standard practice. The recession forced component manufacturers to discount the "value added" portion of their product to maintain market share in the face of stiff competition. Currently, manufacturers still resist charging for the value that they provide, something that has helped many builders become successful and, in many cases, helped them to survive the recession.

If, as a component manufacturer, you are providing a service that helps separate your customers from their competition or significantly reduces their cycle time, you should be able to recover the expense of those services as well as a reasonable profit for providing the service.

In order to profit from value propositions, remember these two things:

- A promise is just a promise, until it is delivered upon.
- There must be perceived value.

The first is fairly self-explanatory. If you make a commitment to a customer, it must be fulfilled at or beyond the expectation of the customer. Instill in sales and service representatives the need to ask themselves "Is that a promise?" Each time they interact with a customer make sure they leave knowing the performance expectation. The typical misconception is that the component manufacturer believes s/he performed an amazing service when the customer thinks the ball got dropped. Documenting the sales process may help define your performance perspective but has no impact on the customer's perception of your performance. In other words, you think you are keeping your promises, but your customers may be thinking your promise performance is waning.

Secondly, the customer must receive "tangible value" for the service provided. The customer must be able see the value, feel the value and be able to quantify the value. You must make the experience positive for the customer. He must feel good about paying more for your products and service. There is no worse feeling than paying for something and finding no added value or that you could have gotten the same thing somewhere else for less. Make your customers feel the value.

For example, quoting delivery for "the week of," can be trouble to any value proposition. You may think that you will deliver the product at middle or end of the week, but the customer almost always thinks it will be Monday. You may do everything else perfectly on the order, but because the customer thinks the product is two days late, any perceived value has vanished. Scheduling exact delivery dates is difficult and requires one person to work almost exclusively on it. This may seem costly, but it is less expensive than making a customer angry and possibly losing the business. Acquiring a new customer or regaining a lost customer costs five to ten times more than retaining an existing customer.

Perceived value is sometimes difficult to define. Educating your customer about the added value you provide can be a tedious process. However, if you spend the time to make your customers understand the value of your service, you can reap the rewards. Consistently delivering on value means improved profit margins and more importantly builds a bond with the customer based on trust, integrity and service. It's a simple equation.

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Carl Schoening recently joined Simpson Strong-Tie as National Manager, Plated Truss Products.

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