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BOTTOM-UP OR TOP-DOWN?

EXPLORING TWO PATHS TO SAM GREATNESS

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VALUE FIRST THEN PRICE

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The best way to make the case for the book *Value First Then Price* is to summarize a Harvard Business Review article written a few years ago by two consultants of a well-known consulting organization. The article, based on interviews with as many as 20,000 companies, reported on the three key rules of business success. The three key rules read like the following:

Rule#1: Value before price.

Rule #2: Revenue before cost.

Rule #3: There is no other rule.

The incredible value of this book is definitely confirmed by the idea that successful organizations know how to differentiate themselves in value and translate their value into different prices and relationships, leading to very differentiated success.

This book is certainly the most comprehensive book on value quantification in business markets. In the early part of the book, there is an excellent definition of value and explanation of how a differentiation in value leads to customer value, price differences and bottom-line results. Also in the first part of the book, there is a complete description of the capabilities that companies need to acquire and organize for value quantification. These capabilities support those critical professionals who as sellers are interfacing with customers or as buyers with their internal associates. Regarding quantification capabilities, I, Bernard Quancard, emphatically write "Most projects go to RFP because there is not a compelling monetization of the value."

The book then moves beyond the subject of capabilities into some very concrete best practices in value quantification, where best-in-class companies like SKF, SAP and many others describe their best practices. This is really a gold mine for practitioners on both the selling and the purchasing side to apply thought leadership to their own experiences with value quantification.

The next section of the book underlines the fact that value quantification relates to transforming the way an organization works, and the authors detail the organizational change management necessary to achieve excellence in value quantification in business markets. Again, some very concrete and successful business cases are provided to enable professionals to excel in this area.

The last part of the book covers value quantification tools in a very comprehensive manner. Depending on each company and practitioner situation, these tools can be used with the same purpose of quantifying in the best possible way the value that either the supplier brings to the customer or the value that the buyer can get from the supplier.

In conclusion, the quantified value has to be recognized by the seller's customer or the buyer's internal customers. The magnitude of the value quantification has to be significant because the value quantified will eventually translate into a price differentiation, but to a much lesser extent. In other words, a lot of differentiated value will translate into some price difference, but not dollar-for-dollar.

I very highly recommend this exceptionally professional book and probably the only book entirely focused on value quantification in business markets. It will give you the value mindset, the descriptions of capabilities, ideas on how to transform your organization to excel at this practice and many concrete business cases of value quantification, as well as value-quantification tools. Nothing is missing. As the president and CEO of SAMA, I would like to say that differentiated value is at the core of the SAM process, and beyond the short-term price difference, the huge impact of value quantification is the long-term relationship it will allow you to build with your strategic customers. ■