

# VALUE MERCHANTS — EXECUTIVE SUMMARY

## INTRODUCTION

*Value Merchants* shows how B2B suppliers can stop giving away value through discounts by rigorously demonstrating, documenting, and capturing the economic impact they create for customers. The core idea is "customer value management": deliver superior value versus the next-best alternative and earn an equitable share of the gains through pricing.

## THE PROBLEM

Many sales teams default to price cuts when challenged, even when their offerings are objectively better. Without clear, quantified proof of value, procurement treats all suppliers as interchangeable and drives prices down. The result is "value leakage": customers capture most of the economic gains, while suppliers erode margins.

## CUSTOMER VALUE MANAGEMENT

Customer value management is a systematic process to:

- **Conceptualize value** — define value from the customer's perspective in monetary terms.
- **Formulate and substantiate value** — build credible models and evidence that quantify value versus alternatives.
- **Tailor and communicate** — focus on the few value drivers that matter most for a given customer segment or account.
- **Transform sales and pricing** — equip sales to sell on value, and align pricing with economic impact.

When done well, this creates a repeatable engine for profitable growth.

## WHAT IS CUSTOMER VALUE?

Customer value is the **economic worth** of your offering to the customer versus the next-best alternative:

$$(\text{Value}_f - \text{Price}_f) > (\text{Value}_a - \text{Price}_a)$$

You win when the customer's net benefit from your offering (value minus price) is higher than from competing options.

## GREEN VS. GRAY MONEY

The book distinguishes between two kinds of monetary impact:

- **Green money** — hard, provable financial gains (e.g., reduced labor hours, lower scrap, energy savings) that show up in budgets and financial statements.
- **Gray money** — plausible but less easily verified benefits (e.g., improved morale, reduced hassle, better image, lower perceived risk).

Effective value merchants prioritize green money but also skillfully frame gray money, while being transparent about what is proven versus assumed.

## VALUE PROPOSITIONS

The authors describe three types of value propositions:

- **All Benefits** — list everything your offering provides. Easy but cluttered, often unfocused and generic.
- **Favorable Points of Difference** — highlight where you are better than the alternative. Stronger, but can still be too long and miss what the customer truly values.
- **Resonating Focus (Gold Standard)** — concentrate on 1–3 critical drivers of value for the specific customer, with credible quantification and comparison to the alternative.

Winning suppliers build **resonating focus** propositions that answer three questions succinctly: What are the few things you do that matter most to this customer? How much are they worth in dollars? Why are you better than the next-best alternative on those dimensions?

## CUSTOMER VALUE MODELS & TOOLS OF A VALUE MERCHANT

Customer value models translate technical advantages into financial outcomes. Typical tools include:

- **Value models and calculators** — quantify savings, revenue gains, and risk reductions versus alternatives.
- **Value case histories** — documented examples showing realized value for similar customers.
- **Benchmarks and pilots** — side-by-side comparisons or trials to generate hard data.

These tools enable fact-based discussions with customers and form the backbone of value-based selling.

## ENABLING THE SALESFORCE

To shift from "price takers" to "value merchants," sales teams need clear value hypotheses by segment, easy-to-use calculators that link features to financial impact, stories and case histories that show realized value, and training to ask diagnostic questions and co-build value models with customers.

The sales narrative moves from "here is what we cost" to "here is how we improve your economics compared with your current choice."

## CAPTURING VALUE THROUGH PRICING

Demonstrating value is only half the job; suppliers must also capture a fair share through pricing. This involves using economic value estimation (EVE) to anchor price around incremental value, tailoring prices and metrics (e.g., outcome-based, performance-linked) to the way customers realize value, and segmenting customers based on value delivered.

Superior documented value justifies premium prices and reduces discounting pressure.

## CUSTOMER COLLABORATION

The most credible value propositions are co-created: jointly defining assumptions and data sources, validating results with customer operations and finance, and updating models as performance data comes in. Collaboration increases trust, reveals hidden value drivers, and embeds the supplier more deeply in the customer's decision process.

## **FINAL TAKEAWAYS**

- **Value must be proven, not asserted.**
- **Quantification is the language of senior decision makers.**
- **Resonating focus beats long feature lists.**
- **Customer value models and case histories turn sales into financial conversations.**
- **When suppliers manage and communicate value well, premium prices become defensible and sustainable.**