

# VALUE

## ***The Essence of Business & Career Success***

By Dan Coughlin

This is an article about what to do and what not to do to build a truly great business and career. It includes 5% on what not to do and 95% on what to do.

### **Avoid Two Things: Shenanigans and Speculation**

Shenanigan is a soft word for a hard topic. It means a deceitful trick or practice. Basically, it is about cheating, lying about the numbers so you get what you want, or stealing something that isn't yours. No matter how big or small the deceit is, it ultimately weakens a business and a career. Avoid shenanigans at all costs.

Speculation is about trying to ride a hot trend by guessing which way it is going. Speculation has been going on since at least the gold rush of the 1890s and has carried on through junk bonds, hedge funds, future derivatives, dot-com stocks, housing prices, mortgage-backed securities, and collateralized debt obligations. Speculation is basically gambling that your timing is better than the next person's. Would you go to a slot machine and put your company or career in and hope that you get a huge payoff? That's essentially what people do when they try to ride a wave they know little about. Don't waste your money gambling your business or career away. Remember, the house always wins over the long term and the gambler eventually always loses.

### **Defining Business Components in Terms of Value**

I've defined a variety of business topics in terms of their relationship to value for the customer. I'll use these definitions to explain how you can make value the central focus of building a great business and a great career.

*Value* – the degree to which a product or service increases the chances that a customer will achieve what he or she wants to achieve.

*Competition* – another organization that is trying to help your customer achieve what your organization is trying to help the person achieve.

*Focus* – the process of deciding what to say yes to and what to say no to in order to create better value for your customers.

*Values* – beliefs that determine behaviors for creating value for customers.

*Self-confidence* – the degree to which a person believes he or she has value to offer that will help other people achieve what they want.

*Talent* – the capacity to add value to other people.

*Leader* – a person who influences how employees and suppliers think in ways that generate better value for customers and better results for the organization and the people in it.

*Team* – a group of individuals who support one another in creating better value for customers.

*Investing* – placing people time, energy, and/or money into areas with the hope of creating more value for customers over the long term.

*Strategy* – a statement that describes the value an organization wants to offer to certain types of customers and what it intends to do to deliver that value to achieve specific goals.

*Planning* – the scheduled activities determined to deliver value to customers.

*Execution* – the completion of activities done in such a way that they increase value to customers.

*Quality* – the actual value customers receive from an organization's products and services.

*Innovation* – the process of improving the value customers receive from your organization.

*Marketing* – the act of increasing awareness among customers and prospects of the value your organization has to offer.

*Brand* – the perception of value customers think they receive when buying your organization's products and services or prospects think they would receive if they did buy from your organization.

*Pricing* – the determination of what the value of your organization's products and services are worth to other people.

*Selling* – the act of convincing a customer that the exchange of value of your products and services for his or her money is a good investment for them.

## Focus Your Attention on Generating and Delivering Value

As an executive or business manager, your job is to convert resources into value for customers in a profitable and sustainable manner. I encourage you to avoid shenanigans and speculation and invest all of your attention on value creation and delivery for your customers in an efficient, cost-effective manner that produces a profit. I'll use the definitions above to show how they can be used in a practical way to build a great business and career.

**Value – the degree to which a product or service increases the chances that a customer will achieve what he or she wants to achieve.**

Value is the most important output of an organization. This is what customers pay for. If you want to build a successful and sustainably profitable organization, then always focus on improving the value that your organization creates and delivers to customers. If you want to build a successful career, always focus on improving the value that you personally contribute to helping customers achieve what they want to achieve. Don't allow yourself to get caught up in the drama of a meeting or a perceived slight. Focus your attention and the attention of your organization on creating and delivering real meaningful value to your customers.

*What value does your organization provide to its customers? In other words, what outcomes for your customers were improved as a result of them buying from your organization?*

If you don't understand the value customers get from your organization, you may not be able to sustain your business. If you do understand the value customers get from you, you may be able to build a great business. Take the time to really uncover the value your customers want from your organization. Which of their outcomes do they want improved as a result of buying your products and/or services? Of those desired customer outcomes, which ones can you and your company impact the best?

**Competition – another organization that is trying to help your customer achieve what your organization is trying to help the person achieve.**

Competition is a really good thing. Without competition every company would try to add value in a very wide array of areas because everything they created would be of some value to customers. Every company would be a hundred miles wide and two inches deep in terms of providing value because no one else was providing it. However, competition forces companies to determine a very small slice of value to focus on creating and delivering. Customers obviously want the best value they can get for their money. If your organization tries to provide the best value to customers in a hundred different areas, it will fail miserably because each of its competitors is simply trying to provide the best value in one or two areas.

*For the value your company is trying to provide to customers, who is the competition? What do they do extremely well in terms of creating and providing this value? How can your organization create better value in this area for your customer?*

**Focus – the process of deciding what to say yes to and what to say no to in order to create better value for your customers.**

Competition improves focus, which is one of the most important keys to business and career success. Having focus means you have the courage and the discipline to concentrate on improving a few outcomes for a clearly defined customer.

*What value are you going to focus on delivering to customers, and what value are you not going to focus on delivering to customers?*

In her book, *The Snowball: Warren Buffett and the Business of Life*, Alice Schroeder tells the story of Bill Gates and Warren Buffett being asked to describe the key to their business success. They both said the key was staying focused. You can't be all things to all people and expect to build a great career. Your organization can't try to deliver great value in terms of helping customers improve their outcomes in every aspect of their personal and professional lives. It has to say no to a hundred good possibilities in order to say yes to a few customer outcomes that it is going to really try to improve for a specific type of customer. Of course, that specific type of customer could amount to millions and millions of people. For example, when **Apple** created the iPod they created a mobile music library that would be of value to anyone who loves to have a wide array of musical selections with them to choose from at any moment. That covers a lot of people. But **Apple** didn't simultaneously try to build cars, refrigerators, and pool tables.

**Values – beliefs that determine behaviors for creating value for customers.**

Values are the most important input that employees bring to a business.

*What beliefs do you have that determine your behaviors?*

Don't turn this into a thesis paper. Just write down five or six bullet point statements that describe what guides your behaviors. For example, I believe education improves results. Consequently, I spend a large amount of time learning and teaching about topics that I feel will add value to business executives and managers. I don't value understanding the best route to get from one city to the next. Consequently, I spend no time trying to contribute value to other people in the area of organizing trips. Write down six or seven statements that describe what beliefs you have that determine your behaviors. Clarifying your values will help you understand where you can and can't contribute toward creating more value for your organization's customers.

*What values do you want in your employees?*

Your employees don't have to share every one of your values. For example, you might believe that clarifying the big picture is critical to an organization's success. In that case, you would spend a lot of time clarifying and communicating the vision for the business. However, you may want to hire someone who values details and who believes that successfully executed details drive sustainable improvement in results. Take the time to decide the values you want in your organization and then very carefully search for people with those values.

**Self-confidence – the degree to which a person believes he or she has value to offer that will help other people achieve what they want.**

Self-confidence is the foundation of selling. If you don't think you bring value to your organization's customers, then you won't be able to contribute to the sale. This doesn't mean you have to be the point person who interacts with the customer. It does mean you have to be aware of your strengths and passions that can be applied to create value for the customer. Take fifteen minutes right now and answer these three questions:

*What are your good at doing?*

*What are you passionate about doing?*

*How can you use your strengths and your passions to enhance the chances that the customer will achieve what he or she wants to achieve?*

To help uncover your strengths and passions, recall past situations where you were successful in helping other people to achieve what they wanted to achieve. What did you do well? What were you passionate about? How did your strengths and passions help the other person achieve his or her goal? What values guided your behavior in that situation? How could you use those strengths and passions to help your current customers achieve what they want to achieve. The greatest value you bring to your customers consists of using your strengths and passions while operating within your own values.

**Talent – the capacity to add value to other people.**

Geoff Colvin wrote a really good book that had the wrong title. It is called *Talent is Overrated*. It should have been called *Innate Talent is Overrated*. Height, good looks, and a deep voice are innate characteristics. They were built into a person's DNA. Talent that is honed through sustained focused effort over thousands of hours is the stuff that really counts, and it can't be overrated.

*When it comes to talent, the key question is, "What capacity does this person have to add value to our customers?"*

This applies as much to you as it does to the people you hire. What can you do that will increase the chances that your customers will achieve what they want to achieve? Don't over think that question. Just start writing down your answers. Then ask yourself, "What can I do to improve what I have to offer?" This is where Colvin's book comes into play. He makes a great point that studies have consistently shown that it takes deliberate practice over a period of ten thousand hours to hone your talent to be among the best in the world at a particular skill.

Think about the implications of that statement. If you want to be among the best in the world at what you do, you need to sustain your focus on improving that particular talent for ten thousand hours. If you work forty hours a week for fifty weeks a year, that's two thousand hours. If you work for fifty years, that's one hundred thousand hours. If you want to be the best in the world at a particular skill, you need to dedicate ten percent of your working hours for fifty years to deliberately improving that skill or twenty-five percent for 10 years. Again, this is why it is so important to select a narrow slice of value that you want to be able to contribute within your organization. If you try to be the best in the world at ten different aspects of being a great business manager, it would take you the entire one hundred thousand hours of your career to get there.

The other key aspect of talent is talent management, which means hiring, developing, and retaining employees who collectively will contribute great value to customers. The single most important activity of any business manager is hiring new employees. Finding and hiring people with the right values and the capacity to add value to your customers is the most important key for you as a manager to build a great organization. The next most important keys are to develop and retain that collective talent in order to increase the value that customers receive. Finally, the hardest part of being a successful manager is removing people who get in the way of delivering value to customers.

***Leader* – a person who influences how employees and suppliers think in ways that generate better value for customers and better results for the organization and the people in it.**

Somewhere in your organization you have to have a leader or leaders who can influence the members of the group to merge their talents together in ways that create and deliver more value for customers. A leader can accomplish this through making clear and inspiring statements, asking provocative questions that effectively stir the thinking in the group, providing individual and group follow-up sessions, and a host of other ways. Having leaders in your company is critical to long-term success. The leader could be the CEO, president, vice-president, manager, or front-line employee. Leadership is not based on title, income, or authority. It is based on the ability to effectively influence how other people think.

*How can you influence the other members of the group to effectively generate better value for customers?*

If being an effective leader is one way that you can contribute value, then continually work to sharpen your leadership skills. One book I found to be very useful on this topic is *The Autobiography of Martin Luther King, Jr.* edited by Clayborne Carson. King provides a great example of the multiple ways a person can influence how other people think.

*Who else in your organization can provide effective leadership toward creating better value for your customers?*

Who in your organization provides value by effectively leading other people? Is there a way you can put this person in better positions to influence other people or more people that will create better value for your customers?

**Team – a group of individuals who support one another in creating better value for customers.**

Leaders don't operate in a vacuum. Unless a group of employees and suppliers pull together to support one another in creating better value for customers, the so-called leader was ineffective. The output of leadership is teamwork, and the output of teamwork is better value for customers.

*What is the common cause that the group of individuals is working to achieve? If that cause is fulfilled, will it contribute significantly better value for the customers?*

Too often I've seen "teams" created that worked on internal issues which in the end created no more value for customers. To be truly effective, the team has to create better value for the customers than they are currently receiving.

*How are the members of the group supporting each other toward delivering that value?*

Look at what is actually happening. Then work with the members of the group to identify what is working well, what is not working well, and what could be more effective in terms of producing better value for customers.

**Investing – placing people, time, energy, and/or money into areas with the hope of creating more value for customers over the long term.**

Successful long-term financial investors are very careful where they place their investments. They would rather be patient and not invest in anything than to swing wildly and make poor investment decisions. As you decide where to place your human, financial, and material resources, be very selective. It is better to hold off on committing people, money, and equipment to a project that isn't going to enhance value for customers than it is to do it just so you're doing

something. Be patient. Wait for the right moment. And then when you've found the right opportunity to create significantly better value for customers, garner your resources and commit to the project.

This idea of being patient and not filling up everyone's schedule with low value-added activities is very hard to accept in the business world. Many managers feel they should be doing work and their employees should be doing work every minute, and consequently they sometimes use up their time, energy, and money on things that don't matter to customers to the point their resources become depleted. Then they are poorly prepared to respond when a really great value-generating opportunity comes along. Be OK with letting people hone their skills and develop their minds through reflection time, discussion time, and deliberate practice time. That actually is work as well.

*Where will you place your employees, financial resources, and equipment to increase the value your customers receive?*

Be patient until you come up with an answer that is truly going to matter in terms of generating better value for customers.

**Strategy – a statement that describes the value an organization wants to offer to certain types of customers and what it intends to do to deliver that value to achieve specific goals.**

Strategies are important because they help to guide future decisions. I believe you can write your organization's strategy on one or two sheets of paper. Be sure to include answers to the following questions:

*What are the financial goals that your organization is focused on achieving?*

*What types of customers is your organization focused on delivering value to?*

*What outcomes will be improved for these customers as a result of buying from your organization?*

*What will your organization do to create and deliver the value that will help its customers achieve their desired outcomes?*

Take the time to clarify a clear strategy for your organization, and then use that strategy to guide decisions on an on-going basis. It's a double waste of time to craft a clear strategy and then have employees make decisions that don't coincide with the strategy.

**Planning – the scheduled activities determined to deliver value to customers.**

A strategy doesn't come to life until you place dollars and hours on the calendar.

*Who is going to do what, when is it going to happen, how much is it going to cost, and do you have the financial resources to do it?*

It's better to trim an overly eager plan back early than to try to do so after the group has started to do it.

*If we move ahead with this activity, how will it generate better value for our customers?*

The first screen is whether or not you can afford to do it. The second screen is whether or not it is really going to improve value for customers. If a potential activity doesn't pass through both screens, then don't do it.

**Execution – the completion of activities done in such a way that they increase value to customers.**

All the strategizing and planning in the world does not create value until the activity has been completed in a way that actually improves the chances of the customer achieving what he or she wants to achieve. Pause periodically during the execution phase and ask,

*What are we doing that is being effective in creating better value for our customers? What are we doing that is not creating better value for our customers? What can we do that will create better value for our customers?*

I suggest you pause daily for a few minutes to think through those questions, weekly for a half-hour with other team members, and monthly for an hour with the whole team or at least key team members.

**Quality – the actual value customers receive from an organization's products and services.**

Quality is about reality. Quality refers to what is actually happening, not what you hope is happening. Saying that your organization is committed to improving quality is not the same thing as providing better quality to customers.

*What is the actual value your customers receive from your organization's products and services?*

*What is the actual value that you personally contribute to your organization's overall creation and delivery of value to customers?*

If you want to build a better business and a better career, then always focus on improving the quality of your contribution to customers. **Pixar Animation Studios** ultimately beat **Disney**

**Animation Studios** at their own game because they steadily worked to improve the quality of their animated films. **Google** ultimately became one of the most valuable businesses in the world because the people at **Google** steadily improved the value customers received from their search engine. In other words, they improved the quality of what they had to offer. **Berkshire Hathaway** became one of the greatest companies in the world because of the quality of their investment decisions over an extended period of time.

***Innovation – the process of improving the value customers receive from your organization.***

Innovation is a simple concept with very hard implications. In order to innovate, first identify the current level of value that customers gain from your organization. To what degree is your organization helping them to achieve what they want to achieve? Second, identify what your organization can do to increase the value it is offering to customers. Third, stay focused long enough to actually improve that value.

The hard implications of innovation are you have to get the people in your organization to pause from doing the work in order to clarify the actual value of the work they are doing, to identify how to improve that value, and to stay focused long enough to actually improve that value. That is much, much easier said than done. But that's what great companies do, and it's also how you can build a more successful career.

Again, here are the questions:

*What value are customers of your organization currently receiving?*

*What would constitute greater value for these customers?*

*When will this increased value be delivered and who will create and deliver it?*

***Marketing – the act of increasing awareness among customers and prospects of the value your organization has to offer.***

Providing products and services of high value and achieving sustainable profitable growth are not one and the same. In order for value to generate profits customers and potential customers need to know that the value is available.

*What does your organization do to let customers and potential customers know of the value they can receive from your organization's products and services?*

*Does your marketing clarify the customer outcomes that can be improved by your products and services?*

It's one thing to be memorable and another thing for potential customers to really understand how your products and services can help them achieve what they want to achieve.

**Brand – the perception of value customers think they receive when buying your organization's products and services or prospects think they would receive if they did buy from your organization.**

Marketing may or may not strengthen your brand the way you want it to, but nevertheless your organization has a brand. An organization's brand rests in the minds of customers and potential customers. These people perceive the value that your organization's products and services provide as completely unknown or as really high, really low, or somewhere in between. The same is actually true of you as an individual. Other people either have no idea of the value you provide, or they perceive your contribution of value as really high, really low, or somewhere in between.

In order for your brand to be a driver of sustainable, profitable growth, you need to decide the brand you want your organization to be known for and then work to make that the actual perceived value that your desired customers have of your organization. Consider these questions:

*What value do you want your organization to be known for and by whom? In other words, what customer outcome do you want your organization to be known for improving and who do you want to know that?*

*How can your organization steadily strengthen the perception people have of its ability to deliver that value?*

As you think about your answers, you may realize that every interaction your employees have with customers and potential customers is an opportunity to strengthen, or weaken, your brand. Advertising is just one aspect of building a brand. The organization that consistently strengthens the value of what it offers and its brand is destined to become a great business. The person who consistently strengthens the value of what he or she offers and his or her reputation for delivering that value is destined for a great career.

**Pricing – the determination of what the value of your organization's products and services are worth to other people.**

This is one of the hardest parts of building a business based on value. What should you charge for your products and services? If the primary value your organization is proposing to provide is low-priced products, then working to keep your prices as low as possible is the key to your long-term success. This is essentially the primary value of Kia, Wal-Mart, Staples, Costco, Sam's Club, and so on.

If your primary value is based on creating a feeling of elitism among customers, then you have to keep your prices very high despite the economic conditions or your competitors' prices. This is true for Ferrari, Louis Vuitton, and so on. If they dropped their prices, they would dramatically hurt the value that customers think they are receiving.

Mainly I encourage you to set your organization's prices in terms of what you think is fair for the value customers receive from using your products and services. Rather than jumping your prices up and down with your competitors, focus on maintaining a fair price relative to the value your organization is delivering. The same is true for your salary. I believe the salary you accept should be in alignment with the value you contribute toward the value your organization delivers to customers.

*For the value your organization provides customers, what is a fair price for your organization's products and services?*

*For the value you contribute to customers through your organization, what is a fair salary for you?*

**Selling – the act of convincing a customer that the exchange of value of your products and services for his or her money is a good investment for them.**

Understanding what is of value to a customer, improving the quality of what you have to offer, and determining a fair price is ultimately meaningless if no one in your organization can convince the prospective customer that this is a good investment for him or her. Value-based selling is based on the value of the outcome to a particular customer being greater than the money he or she will spend. Value-based selling is not based on a hot promotion or a sudden drop in your prices. In order to be successful in value-based selling, you have to work to clarify in the mind of the potential buyer the value they will receive from the purchase. Similarly if you want a value-based raise you have to base it on the value of the outcomes you helped your organization to achieve, and not based on who you know or how long you've been there.

If you've followed the advice in this article, you have focused on building a business, and a career, based on delivering value. However, that means you have to sell based on value, which is the degree to which your organization will increase the chances that the customer will achieve what he or she wants to achieve.

*Why should your customer invest what you are asking for?*

*Why should your organization pay you the salary that you are asking for?*

First sell yourself on the value of what you're offering, and then sell other people on that value.

## About Dan Coughlin

Dan Coughlin works with large and mid-size companies to improve their business momentum. He is the author of **ACCELERATE: 20 Practical Lessons to Boost Business Momentum** (Kaplan Publishing 2007) and the upcoming book, **The Management 500: A High-Octane Formula for Business Success** (AMACOM May 2009). He can be reached at [dan@thecoughlincompany.com](mailto:dan@thecoughlincompany.com) or 636/825-6611.