

# Creating Value

By Ken Scott



In a post lockdown world

How does any commercial enterprise go about determining what business it is really in..?

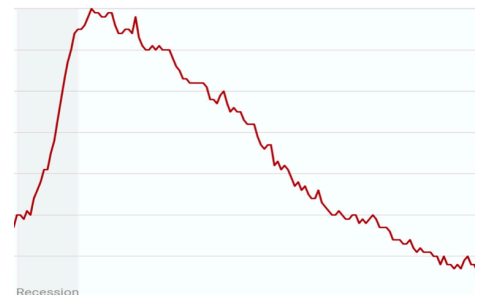
# The Backdrop



At the beginning of this Coronavirus Lockdown, many had to close their doors or at least abruptly contract their activities, either directly because of the pandemic or simply due to customers vanishing overnight. Every sector of the UK economy has been affected by this tsunami. As I write, UK GDP is taking its biggest negative quarterly hit since

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As I write, UK GDP has taken its biggest negative quarterly hit since records began and with much more to come. At ground level; all commercial activities and many employees have suffered the



biggest disruption ever. Lockdown has effectively put a major portion of UK plc under heavy sedation, regardless of the previous health of any particular business or sector. The consequent result has severely interrupted the way we live and has challenged how we all work. Sales models for many companies have already shifted, with less reliance on face-to-face business, spurring growth in online purchases and in virtual selling tools such as simulation and visualisation software. We are in uncharted territory and this crisis is already questioning a lot of our basic assumptions. And I haven't even got into the consequences for the high street and retail real estate. Businesses large and small are having to contemplate an uncertain and cash-strapped future; one which will never be the same again.

# The Challenge



For those still trading, there have been many examples of tactical short-term pivots in business offers in an attempt to remain viable. The restaurant trade supply chains for example have adapted to preserve value and make their offer relevant by switching from

wholesale to direct consumer sales. Whether fresh fish, meat, dairy or delicatessen produce, many appear to be making a success of this during lockdown. I know of one dairy farmer who has seen an 8-fold increase in activity because she is now delivering fresh dairy produce to consumers direct to their locked-down homes. Whether any of these are sustainable, only time will tell. A company I know well has made its name specialising in the wholesale sourcing and delivery of mobile phone accessories from China. Just a few weeks earlier, it was planning to conserve cash and furlough employees. Then one of the sales team asked the question, "could we source other products that are more relevant at this time, such as PPE?". The company realised fast that its true value is its ability to source, ship and deliver product at speed. Prior to that point, the company would have said its value proposition was selling mobile phone accessories. Strategic decisions and tactics always depend heavily on context and while these tactical manoeuvres are aimed at keeping afloat through such turbulent times, they can also be strategic turning points. Some will be winners; some losers.

# Unlocking Value

All of this got me thinking. At such a seminal moment, our natural inclination as turnaround specialists might reasonably be to focus solely on the liquidity and cash conservation issues

that have arisen. All very legitimate. There is however another and I would argue, vital consideration that needs address.

In a landscape where markets are fluxing and reshaping, how can any business redefine itself and forge a way forward? The question that seldom gets attention but is now critical to urgently ask; “what business are we really in?”



As businesses start to plan for life after lockdown and begin trading again, having a clear understanding of the business your client is really in will be vital.

“What business are we in?” can seem an immaterial question and the immediate, natural response might be to focus on the product or service being offered. Don’t be so hasty!

Regardless of whether the offering is B2C or B2B, the key to unlocking the answer is to view this question from the customer’s perspective. Identifying the *raison d’etre* for any business has everything to do with the value perceived by the market it serves and what that market actually counts as important. Those that do this well can flex and adapt both tactically and strategically as they understand the difference between customer orientation and product focus.

There are three points I have found invaluable to help identify a business’s value proposition.

1. Does what you are offering make me want to buy from you verses from a competitor? You may be selling into a busy, even crowded market so what makes that market lean your way? Convenience, quality, efficiency...? A great way to find out is to ask your existing customers why they use you. Also, take time to observe how customers use your goods and services. Finally, ask those that chose not to buy from you, why they didn’t.

Do this by conducting customer surveys and if at all possible, have the CEO actively engaged in the process.

2. Are you creating a sense of value that is more than the basic expectation a buyer would normally have? This is all about the user experience and unfortunately too often is noticeable by its absence. There is a lot of research into what constitutes the basic expectations or hygiene factors in terms of service or product delivery, verses what are the motivational elements that make a difference.



Although commercial flights may be a memory for us all right now, I never did get my head around why people applaud a safe landing when that's a basic expectation, isn't it? Yet, so many sales pitches are focused on features verses the benefits.

But if apart from arriving safely at the destination airport, my whole journey was a delight, now that is worth celebrating. The motivational factors are all on the margin and address the "how" verses the "what" of every encounter. If your customer says, "My goodness. That was an amazing experience", you are indeed creating value. Abraham Maslow covered this in detail decades ago, but it is as relevant now as ever.

3. Does the proposition itself hold up? Understanding that any proposition worth its salt is all about the customer and their compelling reason to buy, not a business's compelling reason to sell. This is at the heart of any sustainable offer. It means stepping back and seeing things from the customer/market perspective. "The wood for the trees."

The current "wood" means really getting our heads around how our clients will trade successfully in this new order, this new norm as it has been called.

## Conclusion

In summary, for any business anywhere; it's not about you or what will compel you to sell to buyers. It is whether the value you are offering is really causing a buyer to take positive action and buy from you. Because, if it isn't, then you've got to question your proposition and seek honest answers.

I leave the final word to Jeff Bezos. In a recent letter to Amazon shareholders, he quoted Dr Seuss...

"When something bad happens, you have three choices. You can either let it define you, let it destroy you, or you can let it strengthen you."