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# Introduction

It is the quest of every seller and sales organization: to rise above the status of the vendor of a commodity, where transactions are price-centric, and achieve the standing of a valued partner, a place where value, not price, takes priority and collaboration is the rule, not the exception. In effect, the goal is to have business be not about transactions but about *relationships*.

Many sellers believe that once a product or service has become a commodity in a mature market, it's impossible to transcend the transaction. True, the challenges of commoditization are daunting. When a product or service becomes a commodity, prices and margins decline even as management demands increased sales revenues. To make matters worse, in a mature market customer loyalty becomes elusive, shaking the foundations of sales organizations that rely on repeat business.

It is also every seller's and sales organization's objective to increase sales and profit margins. I know of only three ways to accomplish this:

1. Increase the volume of transactions (sell more stuff).
2. Increase the average transaction value (raise your prices).
3. Increase the frequency of repeat business from each customer (get more residual).

## The \$50 Ice Cream Cone

Many sellers resist the notion that the first option is achievable in a mature market. And many dismiss the second option, raising the price, as competitive suicide. Considering the ailing state of customer loyalty in many industries, the third option, increasing repeat business, leaves many sellers skeptical.

In *The \$50 Ice Cream Cone*, I'm going to show you how any seller or sales organization can increase revenues and profits selling any product or service in any market—even if your product is a commodity, the market is mature, and the price competition is cutthroat. I will introduce and explain the principles, strategies, and tactics required to transcend transactions, meet these outrageous objectives, and move from vendor to partner.

Skeptical? Here are a few examples of organizations which have done exactly what I'm talking about.

- Ben & Jerry's sells ice cream cones for \$4 while Thrifty Drug Store sells them for 85 cents.
- Starbucks sells a cup of coffee for up to \$4.25, five times what McDonald's charges for the same commodity.
- Ritz Carlton sells hotel rooms for \$450 per night while just across the street Hampton Inn charges \$46 per night.
- Hewlett-Packard sells printers for hundreds of dollars more than Brother or Epson. Lexmark sells similar printers for still hundreds more than HP.

Consider air travel. American Airlines sells coach seats from Los Angeles to London for \$325 each, business class seats for \$2,560, and first class seats for \$6,500. The people in first class arrive in London one-tenth of a second before the people in coach, yet they pay 20 times more! Why is that?

The answer is that for its highest paying passengers the airline has transformed flying from a commodity into a remarkable customer experience, even on the same aircraft. The focus in first class is on delivering outrageous value, not the cheapest price.

What do these organizations have in common? What do they do that every sales organization must do to rise above commodity status and increase sales and margins? They do NOT lower the price! They do NOT increase advertising spending or hire more salespeople! They add outrageous value by improving quality, adding services and options at the point of sale, and creating a mind-blowing customer experience that exceeds expectations and breeds fierce customer loyalty. They provide prompt, personal solutions to business issues, deliver expertise, and in some cases collaborate with customers to customize the product or service to fit the customer's objectives and business model.

### What You Will Find in This Book

While the notion of adding value is not new, what I will offer in this book is a series of practical steps that any seller can use to:

- Add value to your product or service to transcend commodity status.
- Determine if prospects are *price-centric*, *value-centric*, or *premium-centric*, and target buyers who recognize and appreciate value.
- Conduct an initial sales appointment that positions you as a consultative resource with a unique process which brings value to the customer's buying experience.
- Adopt a truly consultative sales philosophy.

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- Implement a “pure play consulting process” that enables you to discover the additional value for which customers will pay extra, and what business challenges need to be resolved with value-added solutions.
- Deliver a value-centric proposal that transcends price, shifting the prospect’s focus to value.
- Transcend *product/price-centric* transactions and begin making *value/solution-centric* agreements, which result in increased prices and profits.
- Implement the promises made in your proposal and deliver a customer experience that exceeds expectations and builds loyalty.
- Track the effectiveness of solutions, capture best practices, and build powerful case studies and references that drive future sales strategies and enable you to capture more market share.
- Establish long-term partnerships which lead to automatic repeat business and build a moat around customers to protect your revenue base from competitive threats.

*The \$50 Ice Cream Cone* is a book for salespeople and sales managers who seek practical new ways to increase sales. It is a resource for marketing departments that need to be inseparable from sales. It is for the entrepreneur or president who must provide the value-add philosophy, vision, and commitment and then feed them into the roots of the organization—embedding them into the corporate culture so that the “heaping on value” philosophy becomes the guiding compass for every department and person who has anything to do with the customer experience.

If your business is riding the wave of a growth market

prior to your product or service becoming a commodity, this book comes at the right time for you. Growth markets and robust profit margins don't last long, as you know, before new competitors pounce on the obvious opportunity, offering lower prices and accepting lower margins. The time is now to start adding value and improving the customer experience—before customers are presented with new options that tempt them with lower prices and challenge their loyalty.

## Overview of The \$50 Ice Cream Cone

Chapter 1 addresses the magnitude of the decision to add exceptional value to a product or service, create an extraordinary customer experience, and resolve problems with custom solutions. The goal is to encourage management to evaluate current business models and decide what methods they will use to add value in order to transcend simple transactions and increase profit margins.

Chapter 2 presents a buyer segmentation model that categorizes buyers into either *price-centric*, *value-centric*, or *premium-centric* motivations. Knowing these characteristics will assist management in determining the ideal target prospects in the marketplace, thus clarifying where the sales organization should focus its resources.

Chapter 3 introduces insights as to how consultants approach their profession and prospective clients. The three keys to successful consulting presented here represent a fresh perspective for sellers who wish to upgrade their existing consultative sales process.

Chapter 4 provides an overview of what I call the “pure play consulting process.” It provides insights on how to conduct the initial sales appointment with the goal of gaining the approval of the individual with the authority to make spending decisions to engage in the seller's consulting process.

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Chapter 5 equips salespeople to implement the pure play consulting process, which consists of the following steps: analyze, design, implement, and measure-improve-manage from start to finish. By incorporating these steps into a collaborative sales process, sellers can create competitive distinction and bring value to the buyer.

Chapter 6 provides ideas, methods, and examples of how salespeople and organizations can incorporate the results they've delivered to customers into credible case studies, references, marketing collateral, and business development activities—all with the goal of generating new prospects.

In Chapter 7 I present specific ideas on how sellers can transcend the status of vendor and move towards partner standing. I offer insights on the keys to successful partnering which are proven to result in long-term relationships, repeat business, and protection from price-based competitors.