



solutions that transform

June 1, 2008

Gleanings

Gerald R. Chester, Ph.D.



Gerald R. Chester, Ph.D.
President

Strategies@Work, LLC
solutions that transform

Services

[Management Consulting](#)
[Strategic Planning](#)
[Executive Coaching](#)
[Training](#)

Web Site

A Key to Excellent Organizations: Personal Value Proposition

Recently Berkshire Hathaway conducted its annual shareholder meeting. Most shareholder meetings don't attract much interest and last no more than a few hours, but Berkshire's annual meeting attracts thousands and lasts for several days. Warren Buffett, Berkshire's sage and venerable chairman, served as the master of ceremonies for the weekend-long event that, on occasion, displayed a circuslike atmosphere.

During the course of the activities, a question was posed to Buffett regarding the keys to excellent investments. It is well known that Buffett prefers companies with products that he claims to understand, such as soft drinks, chewing gum, insurance, candy, utilities, and so forth. He famously does not invest in technology, claiming that he does not understand it.

A great track record of profitability, outstanding management, and growth potential are other qualities that Buffett considers to be important for companies.

Unlike many in the merger and acquisition world, Buffett is not a financial engineer. He does not buy companies to try to squeeze out more profit by restructuring them. Rather he buys companies that he believes will grow. He makes virtually no changes and then incentivizes the management to realize the potential.

Going deeper into the Buffett investment philosophy, one can find other criteria. He likes companies that are low-cost producers and offer good value to customers. Presumably, good value means that the company's product offering represents an attractive combination of quality and benefits at a compelling price. This is known as a good value proposition.

But how do companies develop a good value proposition? Consider Southwest Airlines as an example. Though Buffett considers the airline industry dismal and therefore unattractive for investment purposes, Southwest has consistently made a profit each year since its inception more than thirty years ago. So what sets Southwest apart from its competition and enables it to be consistently profitable? The answer is found in the company's philosophy of putting customers second.

The theory behind Southwest's philosophy is that if an organization treats its workers well and puts them first, the workers will treat the customers well. Because of the universal principle of sowing and reaping, this worker-centric approach to business motivates workers to become customer-centric. To be customer-centric, Southwest's workers must practice other principles such as the Golden Rule, servant leadership, and exceeding expectations. The company's track record validates that this philosophy works well.

Looking deeper into Southwest's philosophy, one might inquire as to what actually happens when an organization truly treats its workers well. May I suggest that this philosophy facilitates another type of value proposition—a personal value proposition.

A personal value proposition is the work produced by an individual worker that reflects a combination of quality and benefits at a cost to the organization. The best personal value propositions reflect high quality and benefit at an attractive cost.

E-mail

info@StrategiesWork.com

Phone

972 473-8655 USA

Consider the impact of an organization whose people take pride in selflessly working in concert, delivering their personal value propositions in support of the mission of the organization. Clearly, such an organization would deliver a superior value proposition.

I suggest that this is what happens at Southwest and explains why the "customer is second" philosophy is so powerful. Valuing workers is a wonderful tool to release the potential in the workers and facilitate each of them engaging in their own personal value propositions in support of the organization's value proposition.

I must confess that I had not thought about a personal value proposition until I received an e-mail from Andy Landies with a testimony about his own personal value proposition. Andy works as an outside salesman for an established well-respected flooring company. Because of his training in a biblical worldview of business, he is learning to follow biblical principles at work. This led him to the idea of a personal value proposition.

In his e-mail, he listed a number of key practices that he employs to express his personal value proposition to his customers. The following is a letter that he wrote to his manager and colleagues, which expresses his thoughts about his personal value proposition.

I've been working a lot recently on value . . . adding value and lots of it. The company has a great value proposition that if properly communicated motivates many customers to buy. Although we know many of these points, some that I never forget to mention are:

- 1) Timely installs
- 2) Great installers
- 3) In-home service
- 4) Matching many samples to furniture and wall colors
- 5) Financing
- 6) Nationwide backing
- 7) BBB Golden Torch
- 8) Moving furniture
- 9) 45 years in business
- 10) Name brand products at warehouse pricing
- 11) Get you a price today, no waiting on price for 3 days
- 12) Multiple products, right product for right application

The last time I went into a slump, I started thinking about value and the added value that I bring customers. I started calling this my "personal value proposition." The personal value proposition begins with reflecting on my God-given skills and qualities. With me, you're going to get honesty, service, foreseeing people's problems and offering solutions, working knowledge of painting and the painting industry, working knowledge of accounting principles and taxes. Just by using what has already been put into me from my background, family, and life's lessons, I can positively impact customers in a way that motivates them to do business with me. Here are some tangible examples of how I have used my personal skills to produce sales.

1. Whenever I have a customer who is replacing carpet because of pet urine, I recommend applying an alcohol base primer to the subfloor to lock the odor into the subfloor (I had to do it in my own house). All salespeople should know this and be offering this solution to customers.
2. I was waiting for a wife to get home and the husband was a little edgy with me being there. I offered to help him paint his daughter's room. I made myself useful and then made a sale when she arrived.



Free PodCasts
Click here to subscribe.

3. I try to do something that would help when walking up to a house. Grab the newspaper, get the mail, take up empty garbage cans, roll up a garden hose—these things add value to customers' lives and they don't go unnoticed!

4. I've been blessed with a wonderful family. Showing pictures of my family adds value to the overall proposition because it makes the customer smile. Smiles and warm feelings add value to people's lives!

5. I offered to take a customer's grandfather to church with me. The customer was surprised that the carpet salesman would sincerely care that much.

6. I recently helped a customer get her fax machine working again. She was an older lady and the painter had disconnected her fax. We got it working and then she bought carpet from me.

7. Offering help with tax questions during tax season. Assuring customers of my accuracy with numbers such as measuring because of my accounting background adds personal value.

8. I recently went back to a lady's house who previously had bought \$27,000 of flooring from me. When you go back to a repeat customer bring a gift! And I believe the gift should be personalized, not off-the-shelf from Target. Here's what I use: a quart of Ohio Maple Syrup made by a farmer named Mr. Armstrong who finishes "top 3" each year in category of "best maple syrup" at our local Maple Syrup Festival Contest. This gift adds a personal touch and by the time I finish explaining about the gift it's time to buy more carpet.

9. Provide customers with many pictures of the samples in finished houses to help them make a more informed decision.

The most important thing about adding personal value is to do it sincerely. I've learned that the truth sells and people can sense—from a mile away—when you're sincere about helping. These are some of the ways I help people right now, based on my background, my skills, and my abilities. Everyone has a life story. Incorporate your story into your presentations; you'll become a better salesperson if you do.

The power of a personal value proposition to bring blessings to the customers, employer, and employee is indeed inspiring. There is no doubt that a company composed of workers with this mind-set would deliver an outstanding value proposition both individually and as a whole—after all, the whole is only as good as the parts.

If you want to do business and/or invest in companies with great value propositions, find organizations that release personal value propositions in their workers. I have never heard Buffett articulate this concept, but I think that he innately looks for it when he puts a premium on quality management.

It is well known in Wall Street lore that a company with mediocre products and good management will produce superior results to a company with good products and mediocre management. In other words, good management is one of the keys to excellent organizations because good management works to build great value propositions and knows that the personal value propositions of its workers are key.

Have you identified your personal value proposition? Are you in a company that commissions (i.e., helps) you to deliver a great personal value proposition?

If you want to be part of an excellent organization, then look at your personal value proposition. This is a key to your personal excellence and to the excellence of your organization.

Upcoming Learning Venue

Learn biblical tools for discovering your life purpose.

Peace, joy and contentment
are the fruit of fulfilling your
life purpose.

Attend the

Strategic Life Alignment

Seminar

Thursday, August 21st
7PM to 9PM
and
Friday, August 22nd
9AM to 4PM

Gleneagles Country Club Plano, TX

[Information. . .](#)