

Straight Talking

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Value for Money – what does it mean and what is it worth?

The economic upheaval of the last twelve months has had many repercussions, mainly of a negative nature. For the consumer however, one of the positive aspects of the recession has been the proliferation of bargains to be had, with 'special offers' abounding on the high street. For example, many retailers have had ongoing sales and restaurants and pubs are currently offering very attractive 'meal deals'. In contrast, how has the business customer fared?

With many clients deciding to postpone or even cancel planned orders, suppliers have been left competing for less business. As a consequence, both service providers and product suppliers have been forced to re-examine the overall sales 'package' to ensure they remain competitive and offer the best 'value for money'. The net result means a better all-round offering for the business customer.

Value for Money

Value for money is often described as a process by which the 'three Es' - economy, efficiency and effectiveness – are optimised. In simple terms it is about getting the maximum benefit from goods and services you buy in as an organisation.

Whether it is a product or service that is being supplied, there will be some element of service delivery and customer interface involved, even if it is only packaging and dispatch. Adding value to what you do or sell can be achieved without necessarily cutting your prices, something that companies operating in a competitive marketplace may be tempted to do, to the detriment of their business survival.

Some package elements may be subjective, difficult to measure, intangible and misunderstood, so how do you know when you have succeeded? Delivering value for money is an extension of the customer service relationship. It is about making clients feel special and leaving them with the conviction that, at the very least, they have received what they ordered.

More importantly, in these precarious times, a reputation for delivering excellent value for money and exceeding service expectations may be the deciding factor when it comes to making the decision between suppliers.

As the economy recovers, companies may struggle to cope with increased sales, particularly if they are now operating with fewer staff. However, with buyer expectations having already been raised, it is those companies who continue to demonstrate added value who will profit the most from the eventual upturn and gain a competitive edge.

