

What's the value in your value proposition?

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Care homes are constantly faced with pressure on prices. More and more services are exactly the same. The pressure is even greater for those providers at the top end of their market. Customers always assume there is more 'room to move' down on price and their expectations are forever increasing in terms of the standard of care and facilities you should provide for their relative, your resident.

Any businessperson worth their salt will tell you **not to negotiate on price, but on value**. How true that piece of advice is.

But, what is value? Technically, value means 'the amount of money or relative worth that is considered to be the fair equivalent for what is to be received in return'.

It should be easy, an easy concept to communicate — but it's not that easy.

Finding the value proposition to communicate is often one of the most difficult strategic questions a company will wrestle with in establishing its messaging framework. Without a value proposition, your promotion will be based on price and creativity.

There are two reasons ...

1). Value is in the eye of the buyer, not the seller

What you think has value may not be value that is *relevant* to your resident or their relatives. It is the most common problem with defining a value proposition.

A care provider may well believe they have a value proposition that matters to their residents, but in the end it's not enough for the resident or their family to see the value, as it just doesn't have any perceived value or gain to their situation.

What your resident values, and what they'll pay for it, are often at odds with your own expectations too.

Don't get caught in false thought patterns that what you are providing, at the cost you are providing it, will be considered 'value' by your resident or their family.

This form of self-referencing is dangerous. Always set your reference point as your residents and their families. Ask them and define your value proposition based on what you find.

2). Value is just the price of entry

What your residents and their families really want is for you to *value add*.

Look at the definition of value again and you will see that this is true.

Buyers assume — and it's a correct assumption — that what they are going to pay for your services will be a 'fair equivalent' for what they will be receiving. What they are really looking for is a *good value*.

No matter the price point, buyers want to know that what they are buying is worth more than what they are paying. As you define your value proposition, look for things you offer that add exclusive, yet relevant value, but are included in your price. Make those value adding things a tangible part of your messaging to your residents and their families.

One example of value adding in a care setting that we came across recently was the provision of an internet café facility for residents with 24 / 7 access. By having access to this facility at anytime and as part of the care home's offer; residents and their families were receiving a value added service that was relevant to them and not necessarily accessible from other care homes.

So, as you begin to develop your value proposition remember these two very important things ...

- your value must be *relevant* to your residents and their relatives and
- it ideally should be an exclusive *value add*.

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