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Value Proposition And Relationships

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Every relationship starts with a value proposition.

The term **[‘value proposition’]** has been heavily discussed among marketers. This term first appeared in an article written by Michael Lanning and Edward Michaels [1] in 1988. According to their definition, value proposition is **‘’a clear, simple statement of the benefits, both tangible and intangible, that the company will provide, along with the approximate price it will charge each customer segment for those benefits’’**. The continuous discussion over how to communicate these benefits to customers led value proposition to become a marketing term. In the last few years, human resources started to use this term under **‘’employee value proposition’’**.

A scientific theory lies behind this term, like many other terms. The **[value proposition]** gets its roots from biology. All of the living beings owe their presence to a value system called ‘valance’. For instance, a body temperature of 36.5 degrees is crucial for our existence. Our body feels comfortable at this degree. If the body temperature rises above 36.5 degrees, our body feels discomfort. The body tries to decrease the temperature by sweating. We feel relieved when the body temperature returns to 36.5 degrees. Many values such as body temperature guide the body mechanism in a dynamic balance without us even noticing, until the body faces a problem. We call it homeostasis. Damasio [2] also defines homeostasis as **“the ability, present in all living organisms, of continuously maintaining certain functional variables within a range of values compatible with survival”.**

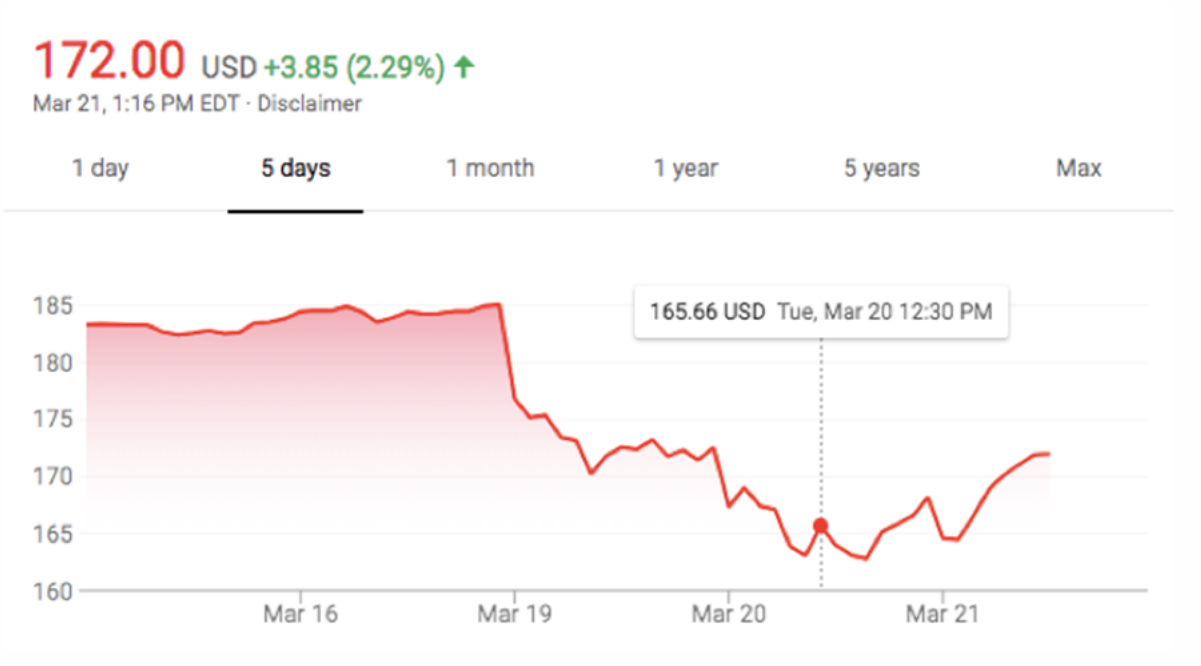
As human beings developed their consciousness, they imitated this mechanism. Value proposition constituted the base for a relationship. For example, we say ‘’I propose to you.’’ which means proposing a life together. We trade over value. Financial markets work over value. A **[value proposition]** is made and if the opponent accepts it, the trade begins.

[Value proposition] is important in terms of continuing the relationship as well as initiating the relationship. As mentioned above with the homeostasis, we feel discomfort if the value does not live up to the targeted value after the trade. The relationship begins to erode. For example, when I build a relationship by promising to be together through thick and thin but leave the person alone in bad times, it leads to the deterioration of said relationship.

Again, if our recruiter employed us with the promise of holding us in high esteem but the firm actually holds money above all, our relationship with the firm starts to collapse. The extensive and detailed research conducted by International Gallup shows that employees frequently experience this disappointment. As seen on the infographic we prepared, two-thirds of the global workforce report not feeling engaged in with their work which leads to a huge economic loss.

Well, then why cannot we manage this mechanism embedded in our genes properly which leads to damages? Every scientific discipline tries to come up with an answer to this essential question with their own paradigm. Countless consulting films develop solutions on this topic. The actors of the business world and especially human resources managers mull over it. However, they cannot reach a conclusion.

Of course, there are some firms that are performing better at this topic over their relationship with their customers. Nevertheless, confidence indexes of companies continue to plummet. Short-term successes cannot be turned into a sustainable one, and sometimes it immense damages to company reputation. Below you can have a look at the decrease in Facebook's market share price after the scandal of Cambridge Analytica data invasion. It is direct proof of the cost of reputation.



Source: **Google Finance**

Where do these results lead us?

Firstly, the value proposition is essential for initiating a relationship but not enough for its sustainability. **[Value proposition]** like our body temperature should be kept dynamic as to respond to situations that stem from external and internal factors. We should continuously seek for that value and fight against collapse. Secondly, we should update the **[value proposition]** according to the new relationship status and the relationship's internal dynamics.

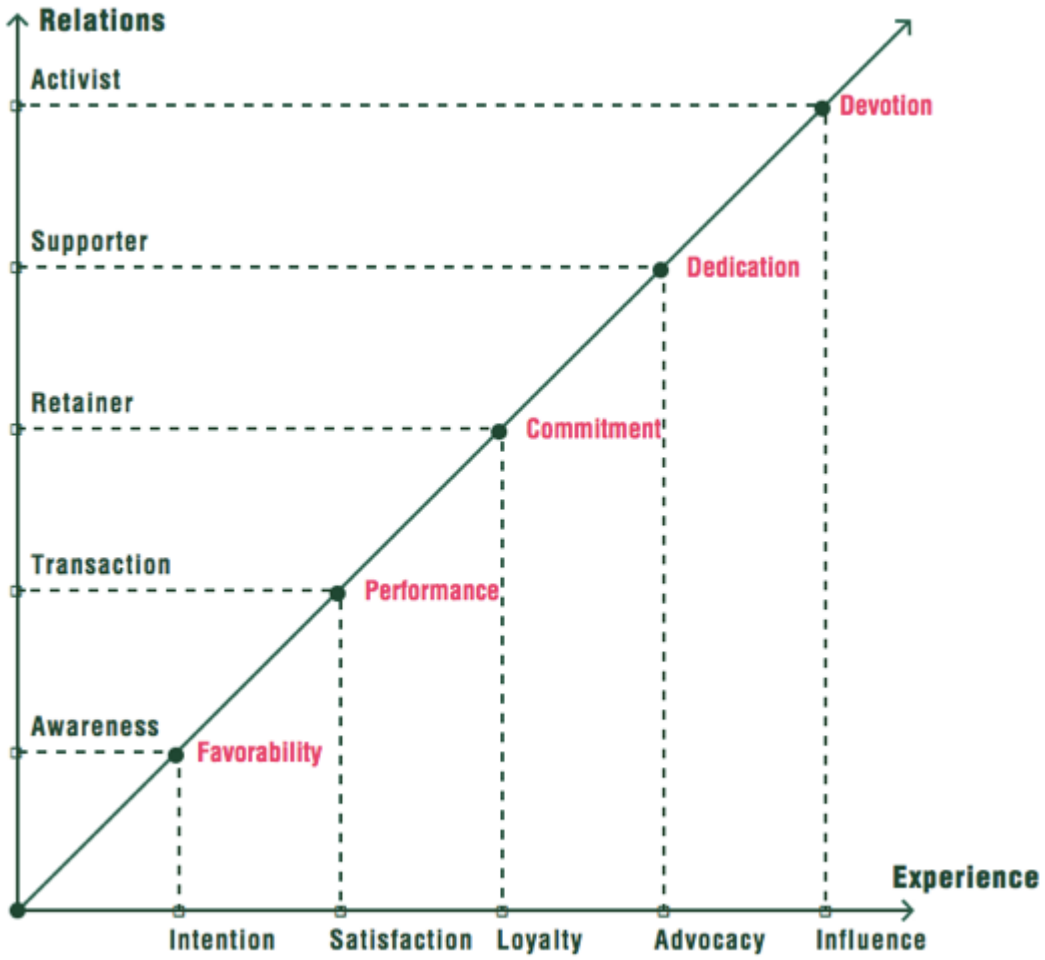
This might sound a little bit complicated, so let’s simplify it with some examples.

Let’s say you have a friend, either a girl or a boy. You met at school and thought you can have a pleasant time together. This is the initial **[value proposition]**. Then your relationship evolved, and you decided to couple up. Now, you added another layer to the first **[value proposition]**. You are promising a more intimate relationship not just by having fun, but also promising exclusivity. Actually, you made a commitment. This is a new value proposition. You take a step further and decide to get married or to live together. This time, it is not just a transaction commitment, but you begin sharing the life. Attention! You exchange your freedom with a relationship. You proposed the value of life together. In a nutshell, you will support each other in any condition. When you are demands something of you, you show up. There is no excuse.

The final stage of relationships, if you can reach it, is to understand our partner’s expectations and fulfill them without being asked for. Without this ability, the relationship will either become an obligation or end. Don’t ask me where I deduced this analysis. It is based on my experience as a man who got divorced three times and with three children. I should say I admire a few friends that succeeded to reach this stage. For example, the other day, I got into a car with a female friend of mine to go to a meeting. As she started the engine, she said ‘’Wow, the tank is full!’’. She immediately reached out to her phone and found out that her husband noticed to fill the tank early in the morning. In the meantime, we were gossiping about her husband who is also my friend. Suddenly, she hit the steering and said ‘’That’s why I love this man!’’.

Satisfaction management is about matching performance with expectations, but expectation management is about exceeding expected performance. This is a high-level value proposition. If you age well together, then it means you have this type of relationship. Know its worth!

Below, you will see an extremely effective model that looks at relation level and experience together. Actually, it includes all the metrics involved in all stages. In short, it contains the KPIs with which you can manage your relationships and experiences.



StratejiCo. Eve Model

Here is what this model tells us: Every relationship begins with a value proposition, and as the relationship level escalates develops, it requires higher-level value propositions and extended effort.

This situation, which is valid for all interpersonal relationships, holds true for our customers and employees. If we aim for sustainability, we must give of ourselves and be devoted. As relationships enhance improve, the cost might decrease but required effort increases.

Please do not forget: **Everything starts and ends with effort**.

[1] https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/delivering-value-to-custome

[2] A.S. Damasio, Le Sentiment de Soi, s. 144.

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