

VALUESELLING CASE STUDY PREPARED FOR

BUSINESS SPEAK



SELLER: IMAGESYS



ImageSys 3D Printers

ImageSys Ltd., headquartered in Minneapolis, Minnesota and Berlin, Germany, is a leading global provider of 3D printing and additive manufacturing solutions. The company's patented FFM®, PolyRoll™, and WWM™ 3D Printing technologies produce prototypes and manufactured goods directly from 3D CAD files or other 3D content. Systems include 3D printers for idea development, prototyping and direct digital manufacturing. ImageSys subsidiaries include RotoBot and Ideascap, and the company operates the digital parts manufacturing service, ImageSys Direct Manufacturing. ImageSys has more than 2,800 employees, holds over 600 granted or pending additive manufacturing patents globally, and has received more than 25 awards for its technology and leadership.



SELLER

David Hinton
ImageSys
Sales Representative

“It’s one thing to have an idea in your head — it’s something else to hold it in your hands, or place it on your co-worker’s desk and proclaim, “I knew this would work.”

EXECUTIVE SUMMARY



Overview:

SkyLabs AEG is a leading global supplier of airframe and engine structures, components, assemblies, and engineering services to a wide range of aircraft and engine prime contractors, based in North America. It provides design and manufacturing capabilities in three main product areas: aero structures, propulsion systems and special products. SkyLabs AEG is a leader in the design and manufacture of customized private jets.

History:

The airline transportation industry is very competitive and is moving gradually towards consolidation though some regulatory restrictions are loosening. SkyLabs has built a reputation of providing custom private jet manufacturing at the highest level of design innovation. The company is continually looking for ways to deliver customized engine and wing designs and expanding their business while remaining agile and competitive with businesses twice their size. The culture is driven by their reputation for combining German engineering expertise with Japanese lean systems.

Strategies, Initiatives and Goals:

- Acquisition and integration of Plonckton Engineering Group
- Redesign engine of AirStratus A950
- Expand into Chinese private jet owner market

Competitive Landscape:

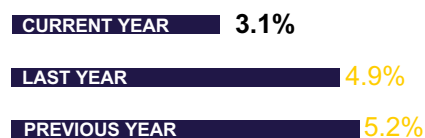
Non-U.S. firms dominate the Regional Jet market. The large commercial jet aircraft manufacturing sector is a Boeing and Airbus duopoly. While aerospace firms in Europe and Japan have long driven competition with the United States, Russia and China have not been strong competitors in the international market. Over the years, aerospace firms from several non-traditional aircraft manufacturing nations have attempted to enter various parts of the international commercial aircraft sector. These attempts have largely been commercial failures. The products sold by companies in this sector are highly specialized and expensive and the competition is also high in this segment. There are various challenges and barriers that make it almost impossible for new players to enter this market.

EXECUTIVE SUMMARY



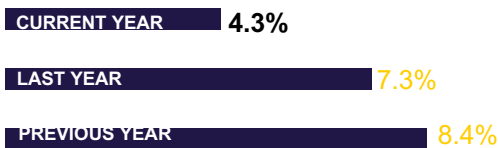
Revenue Growth

SkyLabs AEG experienced Revenue Growth of 3.1% as compared to their benchmark of 4.9% achieved in the previous year. Relative to their peers, SkyLabs has underperformed the average of their peer in Revenue Growth (5.1%) over the most recent annual period with FACTOR representing the benchmark peer at 7.9%.



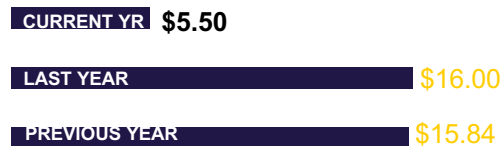
Operating Income Margin

After rising to their highest level of 7.3% during the past year, Operating Income Margin decreased during the current year to 4.3%. The primary driver for the decrease in Operating Income Margin was the acquisition of Plonckton Engineering Group. For comparative purposes, SkyLabs AEG Operating Income Margin performance lagged behind their peers (9.6%) over the last annual period with FACTOR achieving the benchmark figure of 13.5%.



Earnings Per Share (EPS)

Management EPS in current year was \$5.50 USD compared with \$16.00 USD in the previous year. This reduction is principally due to the lower profitability of the Group in the current year, reflecting the significant churn in the aerospace acquisition markets compared with the previous year.



Top Areas of Opportunity

Based on potential cash flow benefits, SkyLabs AEG's top areas of opportunity are:
1) Fixed Asset Utilization and
2) Profitability. Within Fixed Asset Utilization, small improvements can generate significant cash flow benefits. For Profitability, the focus likely should be on reducing % Cost of Goods Sold as it absorbs 70.6% of revenue.

ALIGNING LOB WITH COMPANY GOALS



Acronyms:

LOB: Line of business

NA: North America

KPI: Key Performance Indicators

EBITDA: Earnings before interest, taxes, depreciation, and amortization

Redesign engine of AirStratus A950

CEO, NA

Increase profitability;
improve Fixed Asset Utilization

- *Net profit margin*
- *EBITDA*
- *Total shareholder return*

**SVP, Operations and
Lean Systems**

Reduce waste and cost of materials

- *Order fulfillment cycle time*
- *Capacity utilization rate*
- *Inventory shrinkage rate*
- *Operating profit margin*

SVP, Engineering

Implement design innovations;
Decrease time to market

- *Return on assets (ROA)*
- *Cash conversion cycle*
- *Project cost variance*
- *Customer satisfaction index*

Objectives

KPIs

Objectives

KPIs

ALIGNING LOB WITH COMPANY GOALS



Redesign engine of AirStratus A950

Erika Barnes
CEO Aerospace Group NA

Increase profitability;
improve Fixed Asset Utilization

- *Net profit margin*
- *EBITDA*
- *Total shareholder return*

Thomas Ng
SVP, Operations & Lean Systems

Reduce waste and cost of materials

- *Order fulfillment cycle time*
- *Capacity utilization rate*
- *Inventory shrinkage rate*
- *Operating profit margin*

Robert Brown
SVP, Engineering

Implement design innovations;
Decrease time to market

- *Return on assets (ROA)*
- *Cash conversion cycle*
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Acronyms:

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EBITDA: Earnings before interest, taxes, depreciation, and amortization

IDENTIFYING POWER, INFLUENCER AND SPONSOR



Erika Barnes
CEO Aerospace Group NA

Objective: Set the direction of the company by choosing the markets to enter and product lines to serve those markets. Concerned with reducing production costs and decreasing time to market to compete with larger aerospace engineering firms.

POWER

Acronyms:

LOB: Line of business

NA: North America

KPI: Key Performance Indicators

EBITDA: Earnings before interest, taxes, depreciation, and amortization

Thomas Ng
SVP, Operations & Lean Systems

Objective: Optimize separate technologies, assets, and vertical departments to optimizing the flow of products and services through entire value streams that flow horizontally across technologies, assets, and departments to customers.

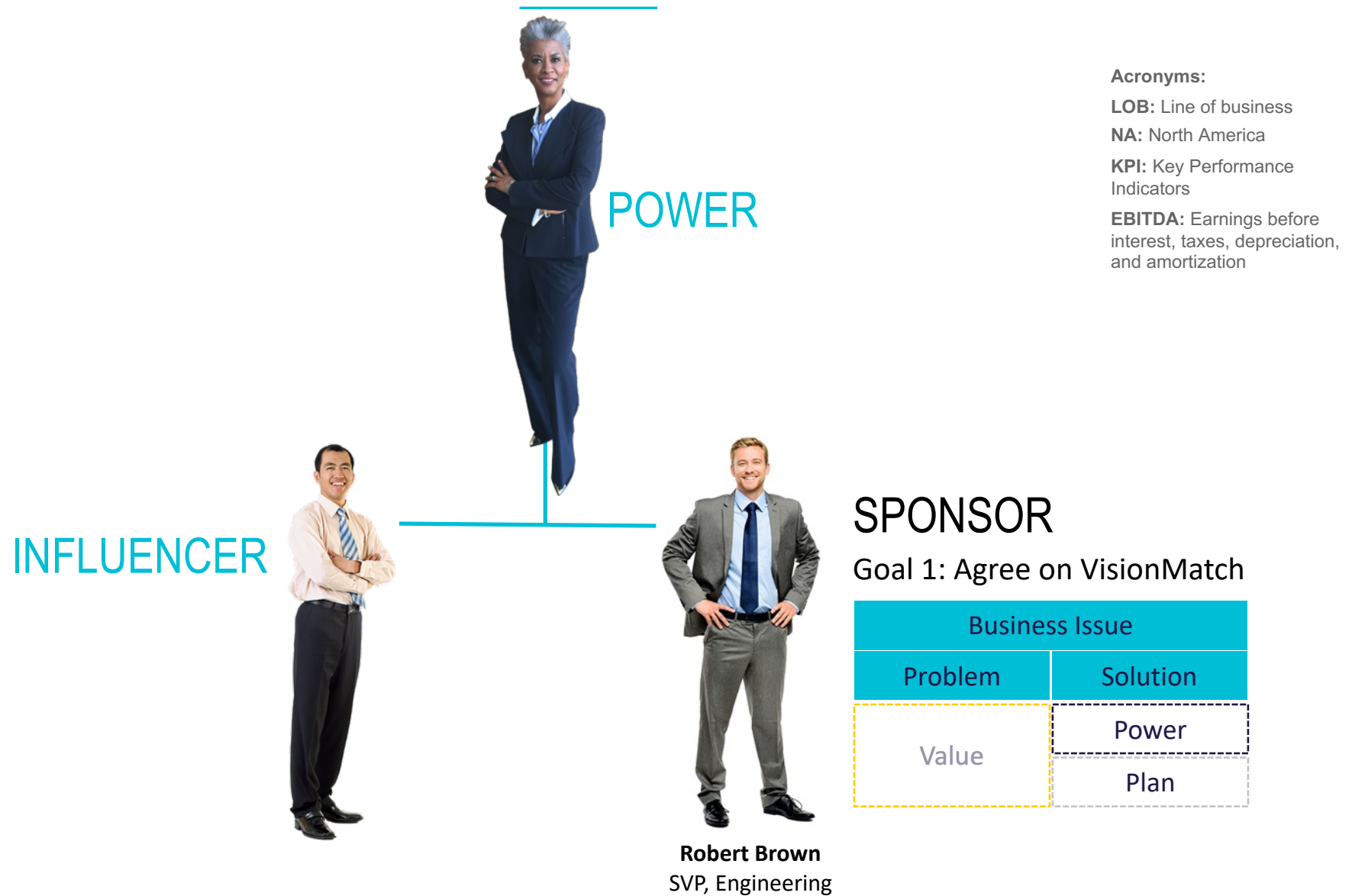
INFLUENCER

Robert Brown
SVP, Engineering

Objective: Focus on improving flight safety, fuel efficiency, speed and weight, as well as reducing system costs and using advanced technologies to meet customer needs. Concerned with environmental impact of air travel.

SPONSOR

PREPARING CALL VALUEPROMPTERS



PREPARING VISIONMATCH OPC QUESTIONS



SPONSOR

VisionMatch Conversation

Business Issue	
Problem	Solution
Value	Power
	Plan

Robert Brown SVP, Engineering

Based on the Business Research Guide you prepared for SkyLabs:

- Identify a possible Business Issue
- Seller ValuePrompter:
 1. In the Solution box, describe three differentiators that you offer Robert
 2. In the Problem box, describe three problems your differentiators solve
- Buyer ValuePrompter:
 - Create some Open and Probing questions for the Problem and Solution box, based on your differentiators and the problems you think they will solve

REVERSE-ENGINEERED FROM SELLER DIFFERENTIATORS

ValuePrompter®

CONTACT

Robert Brown, SVP Engineering

BUSINESS ISSUE

Our custom designed engines are too cost-prohibitive to produce

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PROBLEM

2

3 Problems those differentiators solve:

- Design cycle takes too long
- Quality is impacted by using outside resources
- Design limited by tool and die restrictions

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PROBE

CONFIRM

SOLUTION

1

3 Solutions that may be differentiators:

- Cut turnaround time
- Increase quality
- Design parts that are impossible without 3D imaging

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CALL VALUEPROMPTER

ValuePrompter®

CONTACT

Robert Brown, SVP Engineering

BUSINESS ISSUE

Our custom designed engines are too cost-prohibitive to produce

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PROBLEM

Problem OPC Questions:

Open: Tell me about your typical design cycle times

Probe: Is it because you have to use external resources for prototyping your designs?

Probe: Are your designs ever limited by what is possible to build with tool and die techniques?

OPEN

PROBE

CONFIRM

SOLUTION

Solution OPC Questions:

Open: What would it take to reduce design cycle times?

Probe: What if you were able to bring the prototyping phase in-house? Would that save time?

Probe: What if you could design any part without restricting the design to tool and die limitations?

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PREPARING VISIONMATCH OPC QUESTIONS



INFLUENCER

VisionMatch Conversation

Business Issue	
Problem	Solution
Value	Power
	Plan

Thomas Ng
SVP, Operations and Lean Systems

Based on the Business Research Guide you prepared for SkyLabs:

- Identify a possible Business Issue
- Seller ValuePrompter:
 1. In the Solution box, describe three differentiators that you offer Thomas
 2. In the Problem box, describe three problems your differentiators solve
- Buyer ValuePrompter:
 - Create some Open and Probe questions for the Problem and Solution box, based on your differentiators and the problems you think they will solve

REVERSE-ENGINEERED FROM SELLER DIFFERENTIATORS

ValuePrompter®

CONTACT

Thomas Ng, SVP Operations and Lean Systems

BUSINESS ISSUE

Producing custom designed engines wastes too much material

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PROBLEM

2

3 Problems those differentiators solve:

- Build more than needed; excessive waste of materials
- Produce parts that are expensive and take a long time to tool
- Tool and die parts changes are limited or impossible once in production

OPEN

PROBE

CONFIRM

SOLUTION

1

3 Solutions that may be differentiators:

- Accurate low-volume part production directly from CAD data
- Part production without oppressive costs and time requirements of tooling
- Make changes quickly and affordably at any stage in production cycle

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CALL VALUEPROMPTER

ValuePrompter®

CONTACT

Thomas Ng, SVP Operations and Lean Systems

BUSINESS ISSUE

Producing custom designed engines wastes too much material

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PROBLEM

Problem OPC Questions:

Open: Tell me about what percentage of your materials and parts are discarded as waste

Probe: Is it because the tool and die process requires minimum orders to produce?

Probe: How many times do you need to make changes during various stages of production?

OPEN

PROBE

CONFIRM

SOLUTION

Solution OPC Questions:

Open: What would it take to reduce the amount of wasted materials and parts?

Probe: What if you were able to bypass the tool and die process altogether and create parts straight from CAD?

Probe: What if you could make changes to specification at any time during your production cycle?

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PROBE

CONFIRM

PREPARING OPC QUESTIONS



Power

Business Issue	
Problem	Solution
Value	Power
	Plan

Erika Barnes

CEO, Aerospace Group NA

Based on the Business Research Guide you prepared for SkyLabs:

- Identify a possible Business Issue
- Seller ValuePrompter:
 1. In the Solution box, describe three differentiators that you offer Erika
 2. In the Problem box, describe three problems your differentiators solve
 3. In the Value box, quantify business value (in financial metrics) and personal value
- Buyer ValuePrompter:
 - Create some Open and Probe questions for the Problem and Solution box, based on your differentiators and the problems you think they will solve

REVERSE-ENGINEERED FROM SELLER DIFFERENTIATORS

ValuePrompter®

CONTACT

Erika Barnes, CEO, Aerospace Group NA

BUSINESS ISSUE

Increase Profitability; improve Fixed Asset Utilization

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PROBLEM

2 3 Problems those differentiators solve:

- Product life cycle 50% longer than competition
- Tool and die creates prototypes; very expensive
- 33% product errors found late in cycle

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CONFIRM

SOLUTION

1 3 Solutions that may be differentiators:

- Reduce time to market (allow more revisions in less time)
- Reduce materials waste
- Find and fix problems early in design cycle

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PROBE

CONFIRM

VALUE

3

Possible BV: Net profit margin increased to 5.9% current fiscal year; EBITDA increased by 3.7% by Q4 next year; Total shareholder return to exceed \$16.75 per share

Possible PV: CEO brought in to improve profitability from outside industry; maintain reputation as turnaround artist

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PROBE

CONFIRM

BUSINESS ISSUE

Increase Profitability; improve Fixed Asset Utilization

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PROBLEM

2

Problem OPC Questions:

Open: Tell me about how long it takes to get your product to market

Probe: Is it because prototyping is often handled by external tool and die vendors?

Probe: How does making changes at later stages impact the profit margin?

OPEN

PROBE

CONFIRM

SOLUTION

1

Solution OPC Questions:

Open: How would you shorten the product life cycle and get to market sooner?

Probe: Is it possible to bring prototyping in house?

Probe: What would it look like to you if the life cycle was shortened by 33%?

OPEN

PROBE

CONFIRM

VALUE

3

BV Open: What is it worth to you to bring products to market within 6 months, how much would that increase profitability?

BV Probe: At Hempel Aerospace, we were able to shorten their engine part retooling process by 7.2%. This increased their profitability by \$142MM in the first year alone. What would be the impact at SkyLabs?

PV Probe: We've found executive bonuses are tied to net shareholder value. Is that the case for you?

OPEN

PROBE

CONFIRM

BEST PRACTICES TO UNCOVER BUSINESS ISSUE

These specific example questions are designed to make it easier for you to learn the mechanics of the ValueSelling process and the flow of the ValuePrompter®. You do not need to use these examples once you are comfortable with the process.

Uncovering the Business Issue (3 examples):

1. “During our discussions with other key players and our research on your company, it appears that <insert objective here> is a critical objective for the organization. Do we understand this correctly and how does this impact *your* top priority?”
2. “What stands in the way of you contributing to the overall company objective?”
3. “Other <insert buyer’s title level> tell us that their number one concern is <insert concern>. Does this resonate with you?” If it doesn’t, then ask, “What is your most important concern this fiscal year?”

BEST PRACTICES TO UNCOVER PROBLEMS/SOLUTIONS

The Problem Box:

- Open-ended Questions asks the buyer to “Tell you about it.” Keep “cleaning the plate” by asking “Anything else?”
- Probing Questions asks the buyer “Is it also because...” Try to connect your Problem Probing Questions back to the Business Issue.
- Confirming Questions asks the buyer “If I understand correctly, you are having difficulty because...” Double confirm “Is there anything else?”

The Solution Box:

- Open-ended Questions asks the buyer “What do *you* think it would take to solve this?”
- Probing Questions asks the buyer “What if you were able to...?”
- Confirming Questions asks the buyer “If we can provide you with these capabilities, will that enable you to resolve <your business issue>?”

BEST PRACTICES TO UNCOVER VALUE

The Value Box:

- Open-ended Questions asks the buyer “If we are successful here, what will this be worth?” or “How would you measure the success of this project?”
- Probing Questions asks the buyer “Can we quantify <it> for you?” We are trying to anchor value to the problems listed in the Problem Box.
 - The <it> in the question is your example customer value statement:
 - “<Another customer of ours> was able to achieve <result> by resolving <problem>. Can we quantify <it> for you?” or “Do you believe you would have similar results?”
- Personal Value questions can be asked by telling a customer story
 - “<customer name and title> said that his motivation was about <saving time so as not to impact his personal time on the weekends>. I was wondering if that is the same issue for you, or is it something else?”
 - This allows you to insert personal value questions and seek confirmation of what a personal “win” would be for them.
- Confirming Questions asks the buyer “If we are successful and you are able to realize this value, is that enough to want to move forward with us?”

EXAMPLE PROBLEM/SOLUTION QUESTIONS

	Problem	Solution
Open	<p>Why are you having difficulties?</p> <p>What is causing this...?</p> <p>Can you tell me more about it...</p>	<p>What is your vision of the solution?</p> <p>What have you tried so far?</p> <p>What do you think it would take to solve...?</p>
Probe	<p>Have you ever experienced...?</p> <p>Can you identify the reasons?</p> <p>Would you anticipate a problem like this?</p>	<p>What if you had the capability to...?</p> <p>Do you think we should look at ways to...?</p> <p>Have you thought about...?</p>
Confirm	<p>Let me see if I got this right</p> <p>So what I'm hearing is...</p> <p>Can I play this back to you?</p>	<p>Would these capabilities enable you to address the Business Issue?</p> <p>Have we missed anything that would address the BI?</p>

EXAMPLE VALUE QUESTIONS

	Business Value	Personal Value
Open	<p>How would you quantify the impact?</p> <p>What would be the impact on business?</p> <p>Have you thought about how big these issues are?</p>	<p>How does this affect you?</p> <p>Does this have any bearing on you personally?</p> <p>Could this impact anyone personally?</p>
Probe	<p>Can you quantify problem #1, #2, #3, etc.?</p> <p>Can we estimate how much is being lost by not taking action on <issue>?</p>	<p>Would this have a significant impact on your career?</p> <p>Is this causing you any frustration, irritation, etc...</p>
Confirm	<p>Are there any initiatives with more value?</p> <p>Is this enough value to take action?</p>	<p>Is there anything more important to you?</p> <p>Where is this on your priority list?</p>

EXAMPLE POWER AND PLAN QUESTIONS

	Power	Plan
Open	<p>Who's involved with the decision?</p> <p>Who's impacted by this decision?</p> <p>Who has most to gain by this decision?</p>	<p>What do you need to see to be convinced?</p> <p>What set of activities do you need to see?</p> <p>What steps do you suggest we put together?</p>
Probe	<p>When they make the decision, who signs off?</p> <p>Who can veto the decision?</p> <p>What is their sign-off limit?</p>	<p>Meet with stakeholders?</p> <p>Pre-proposal review?</p> <p>ROI analysis?</p>
Confirm	<p>In order to get this done, it sounds like <name> needs to be convinced?</p> <p>It seems like we have to work together to convince <name>?</p> <p>When can we meet with <name>?</p>	<p>When we complete this list, will you be ready to make a purchase?</p> <p>If anything changes on this list, will you tell me ASAP?</p> <p>Do you anticipate adding anything else to the list?</p>

BUSINESS ISSUE

Describe the initiatives that the buyer is planning to accomplish at a strategic level to meet their business objectives of improving revenue, profits, and shareholder value

ANXIETY QUESTION

Not applicable when using the ValuePrompter to communicate the opportunity status internally

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PROBLEM

- List our best understanding of the problems that prevent the buyer from making progress on their Business Issue
- These are a combination of people, processes and technologies that make the Business Issue difficult to achieve or resolve
- List the unique problems that only we can solve

OPEN

PROBE

CONFIRM

SOLUTION

- List our best understanding of the solutions and capabilities that could be provided by us, or a competitor, that will enable the buyer to address their problems and make an impact on their Business Issue
- This could also include solutions that the buyer has requested that we cannot provide
- Note our differentiators

OPEN

PROBE

CONFIRM

VALUE

- **Business Value:** Describe how the buyer will measure the quantifiable impact of our solution on their Business Issue. Use financial terms: revenue improvement, operating expense reduction, inventory reduction, etc.
- **Data to anchor Value:** examples include IT budget data by functional area, quantified value/size of the business initiative, etc.
- **Personal Value:** Describe how the buyer will measure the impact of our solution from a personal perspective.

OPEN

PROBE

CONFIRM

POWER

- Describe the ultimate decision-maker
- Describe the decision-making process

OPEN

PROBE

CONFIRM

PLAN

- Describe the steps/activities, completed and to do
- What activities does the prospect need to be convinced?
- Is the Mutual Plan a summary of the ValuePrompter in writing?

OPEN

PROBE

CONFIRM

BUSINESS ISSUE

Based on your research, what is the #1 initiative your contact is trying to solve? Be prepared to link this to their boss's initiatives. Your line of questioning is to uncover their critical Business Issue.

ANXIETY QUESTION

Keep it short, with emotional impact, and has the buyer experience what it's like without our solution. Too much anxiety will damage rapport.

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PROBLEM

- Prepare questions to uncover the problems/challenges the buyer is facing in resolving their Business Issue
- Prepare target Probing Questions to uncover problems that only we can solve
- The more problems we uncover which we can solve, the more value we can build for our solution

OPEN

PROBE

CONFIRM

SOLUTION

- Prepare questions to gain the buyer's view of the solution
- Prepare Probing questions to identify capabilities that only we can solve
- Link the buyer's view of the solution to their Business Issue

OPEN

PROBE

CONFIRM

VALUE**Business Value:**

- Prepare questions to uncover the Business Value in solving the problems listed above
- Prepare examples of the business impact you can use to help the buyer understand the potential value for their organization – use this to probe for Business Value

Personal Value:

- Prepare stories of similar roles who have shared their personal wins – use this to probe for Personal Value, when appropriate

OPEN

PROBE

CONFIRM

POWER

- Prepare questions to confirm all the players who will be required. Confirm players in executive ranks, contracts, etc.

OPEN

PROBE

CONFIRM

PLAN

- Prepare questions to confirm all the steps required for the buyer to be convinced you can deliver the solution
- Prepare questions to understand the procurement process

OPEN

PROBE

CONFIRM