Elkem Silicon Materials Quadruple Targeted Product Sales Using LeveragePoint Value Propositions

Elkem is one of the world's leading providers of silicon-based advanced materials. Based in Norway, they have operations throughout the value chain, supporting Fortune 500 companies in construction, transport, energy, and electronics worldwide. When Ole Iacob Prebensen, Global Marketing Manager - Oilfield, joined Elkem in 2018, he saw the opportunity to transform the commercial success of a new product offering struggling to get off the ground by switching to a Value-Based Sales approach.

Introducing a New Product in Choppy Economic Waters

In 2015, the global oil and gas industry was beset by rapidly falling prices due to a global oil glut. Elkem was launching a new product used in drilling oil & gas wells. Originally, this product was designed to be an intermediate offering, sitting between commonly used commercial products, and high-performance offerings – also a part of Elkem's portfolio. "The downturn [in prices] happened in mid-2015, and Elkem couldn't sell their new product because the price was so much higher than competing products, even though the technical features are far superior. They sold a few tons that year, and in 2016 they sold 100-200 tons. In 2017, sales were about the same, but this was far below what was required to justify the venture" explained Ole Iacob.

At the time, Ole Iacob was working as a CEO nearby. As he explains, "I went to their website and read their papers about what they've done and what these products were all about. Great products -. but missing the value communication." Fast forward to 2018 when Ole Iacob was recruited to join Elkem after hosting a workshop focused on value-based sales. His mission was to implement a value-based framework in order to improve sales outcomes.

New Challenges Navigating the Value Chain

Elkem's oil and gas business relies on selling to service companies (such as Haliburton, Baker Hughes, and Schlumberger), who provide on-site drilling operations, drilling and completion fluids, equipment, and technical know-how to the operators (such as BP, Chevron, and ExxonMobil) who are responsible for acquiring oil & gas, developing drilling proposals, and overall project management. Elkem's main products are an important component of a larger system/solution that the services companies sell up the supply chain to the operators.

The 2015 downturn in prices brought some industry-wide changes to the way purchasing decisions were made. "In the past," explained Ole Iacob, "operating teams within the service companies listened to their technical teams' decisions. They would say, 'okay, if you recommend that we use this system, we will. Let's present this to the customer,' which would be the operator." A technical presentation would follow as the basis for approval, especially in the case of known solutions.

"After the downturn in 2015," Ole Iacob continued, "procurement basically took over the business. In any service company, the procurement department often consists of people with little drilling and completions fluids experience. They look at two Excel spreadsheets and compare which product is the cheapest. Tenders are basically sent out based on the lowest possible price."

Using LeveragePoint to Win Over Key Stakeholders

Ole Iacob understood that to compete against low cost competitors during a global oil downturn, Elkem needed to move beyond procurement and communicate the value that their offering provides to key stakeholders. In order to shift to a value-based approach, they started developing case studies to present in customer conversations, and began using LeveragePoint to quantify and communicate customer value. “We changed the marketing from [focusing on] features to what the actual benefits were in dollarized outcomes when looking at the performance of the product,”.

To communicate the value story, Ole Iacob leveraged his connections in the service industry to schedule workshops not only with service companies, but also with operators at the top of the value chain. Conveying value to all of the stakeholders is critical, he explained, “The oil industry is an extremely conservative business. Getting a new product into the ground is not easy at all. Switching from a cost-plus approach to a value-based approach is so much easier once you are able to meet with decision makers.” His advice was straightforward. “Don't just aim for the technical people – they understand the benefits of using high-performance products and their value in a heartbeat - the decision makers need to be there. Once that happens and they see the value of our offering, it's so much easier to get approval.”

For Elkem, these workshops are an important opportunity to present their value story to executive stakeholders all the way up the value chain. During a typical workshop, Ole Iacob presents the quantified value of their product from within a LeveragePoint Value Proposition. “First, I’ll go straight into an assumption slide to show that we have started with a conservative approach.” Over the course of the workshop, these figures are refined with the customer’s help. “When customers talk, they tend to give us all the data that we were missing initially in the value proposition itself.”

By letting customers provide their own data, Elkem is able to complete and share a business case to buy tailored to each customer’s specific use case. “Once we have their figures, we highlight the pain points that they have. Afterwards I’ll say, ‘okay, give me three seconds I’ll forward you the presentation,’ and right away they have the Elkem presentation from LeveragePoint.” LeveragePoint enables users to export a Value Proposition directly to PDF for a leave-behind that serves as a custom business case to purchase the Elkem product. This way, any stakeholders not able to attend the workshop are still able to see the quantified, business-specific outcomes of this product, compared to lower-cost alternatives.

Even when it’s not possible to meet with the operators directly, Elkem uses LeveragePoint to ensure that the value story makes it into their hands. “When we can only meet with the service companies, we try to ensure that we don't only meet with the technical guys, but that we also meet with supply chain and, at least, one decision-maker, most likely the VP. Someone who has the ability to move this forward to the operators.” In these cases, Ole Iacob develops a LeveragePoint Value Proposition and uses it as a custom case study to forward to the operators, strengthening the service company’s proposal while simultaneously conveying the superior value of their product.

This approach has proven so successful that even the operators themselves sometimes ask Ole Iacob to create a Value Proposition on behalf of the service companies. When they do, “we’ll go to the service company and say, ‘let's sit down and talk.’ We then arrange a workshop with them so that we can gather the information in order to send a business case to the operator.” By using LeveragePoint Value

Propositions, Elkem is able to reliably communicate the substantial customer value of their product to all of the key stakeholders at the service companies and operators they work with.

LeveragePoint Value Propositions Help Elkem Quadruple New Product Sales

Since the introduction of Value Selling using LeveragePoint Value Propositions, sales of this product improved dramatically. In 2019 – Elkem's first full year of selling on Value – **sales volume increased over 4x.** Additionally, embedding an initial success story from a project in the Middle East in their Value Proposition helped Elkem generate adoption in other markets, including Asia, Europe and South America.

One recent win was with an oil company who were thrilled with the cost savings afforded by this product. According to Ole Iacob, "[they] saw the opportunity and the value that this product has brought to them by saving a lot of drilling days on their operation because they can drill faster." This is key, because maintaining an offshore drilling operation is very expensive. "We think that they potentially have saved up to one week of rig time. That's why we are trying to ensure that our customers don't think about the price of the product, but rather about how much it reduces rig time. One rig day of deepwater drilling in the Gulf of Mexico costs $1.2 million, so it doesn't really matter if our product is $500,000 more expensive than the competing product. If we can save them a week, then it's a no-brainer."

The customer is so pleased with the value added to the project, they now use it on two further projects. After sales increased four-fold, Elkem now faces a different type of sales challenge – producing enough product to meet demand. According to Ole Iacob, a colleague recently summed up the impact of Value Selling. "I called the project manager who is in charge of drilling fluids [at Elkem] and asked a rhetorical question. I said, "**why are we selling this product these days? His reply was one word: 'Value.' That was the only thing that he said."**