

UCD Entrepreneurship in Engineering Sept. 2016

Value Proposition Design Workbook

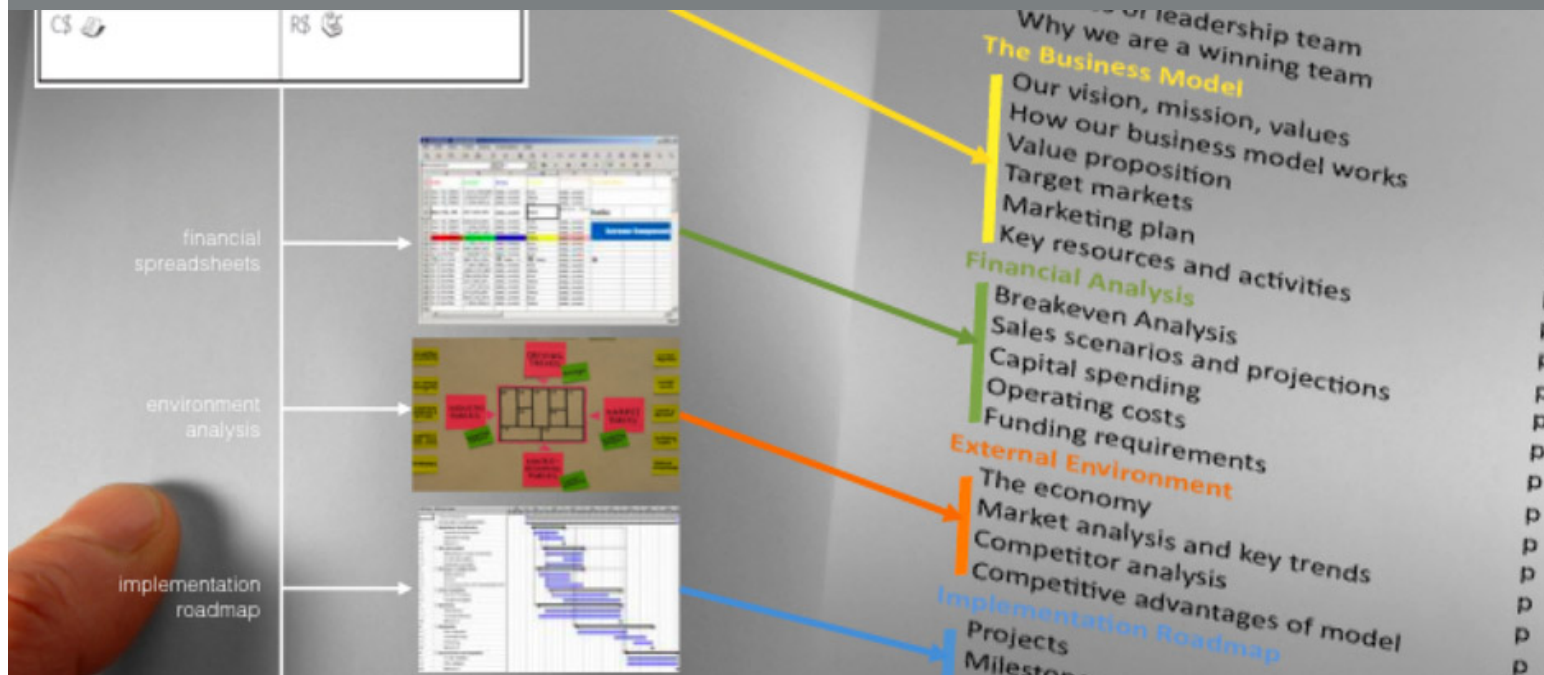


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Outline of Value Proposition Design workshop

Following your Business Model Innovation and customer journey workshops we will now focus on your Value Proposition, your customer segments and the jobs to be done in more detail.

During today's sessions you will learn valuable tools that will help you to start to understand your customers in more detail. We will cover the following:

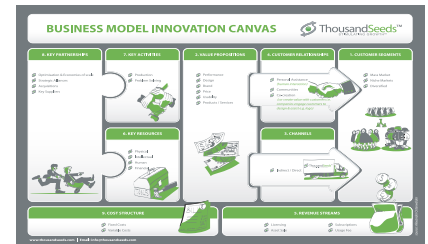
- Value proposition designer
- Empathy mapping (part 2)
- Clay Christensen / Tony Ulwick Jobs-To-Be-Done
- Explainer Videos
- Explore these through practical exercises

“Life’s too short to create products or services no one wants”

Business Models – Value Proposition and Customer Segments

The Business Model Canvas

A business model can be described through nine basic building blocks that show logic of how a company intends to make money. This is based on assumptions that need to be validated.



1. Customer Segments

What are customer segments?

The different groups of people or organisations that you aim to reach or serve.

What is a customer?

Any person or organisation that uses, buys or consumes goods or services.

Customer segments

- Who do you solve the problem for?
- Who are your customers?
- Why would they buy?
- What is the experience they want
- What are your customer segments?
- What is wrong with the current solutions – and competitors?

Customer Types

What are customer user types?

- **User** – this is the person that uses your product as opposed to the person or organisation that orders, procures or pays for the product.
- **Payer** – the person who pays or makes the payment.
- **Influencer** – a person or organisation who has the power to affect the purchase decisions of others because of their (real or perceived) authority, position or relationship. In consumer spending, members of a peer group or reference group act as influencers. In business-to-business organisation buying, internal employees (engineers, managers, purchasers) or external consultants act as influencers.
- **Recommender** – a person or organisation who recommends that the product should be bought.
- **Saboteur** – a person who engages in weakening your product or service. Saboteurs typically try to conceal what they are doing because of the consequences of their actions.

2. Value proposition (VP)

A value proposition (VP) is a clear statement of the tangible benefits a customer gets from using your products or services. It's outcome-focused and stresses the business value of your offering. The VP solves a customer's problem or satisfies a customer's need. It should be at the heart of your company's key message.

The purpose of a VP is to communicate to the customer the problem the company solves and the benefits to the customer. The value or benefits need to be simple and clear. What's important is that the benefit is relevant to the audience and it is significantly different from your competitors.

A value proposition will identify:

- For whom is it relevant (who are the main customers?)
- The customers' problems to be solved
- The unique benefit of the product
- What differentiates the offering 'significantly' from competitors
- How big the problem is

A VP often exists in different forms and places in business. It may exist as an internal company statement that reminds employees of the company's key promise. This helps unify company efforts. More often, it is a strategic statement used for marketing and communications as a guide to creating consistent messaging.

A VP is NOT about YOUR solution or product. It's about solving a problem for a customer.

It is not about your solution. It's about solving a problem for a customer!

What about my solution? Customers don't care about your solution. They are trying to solve a problem.

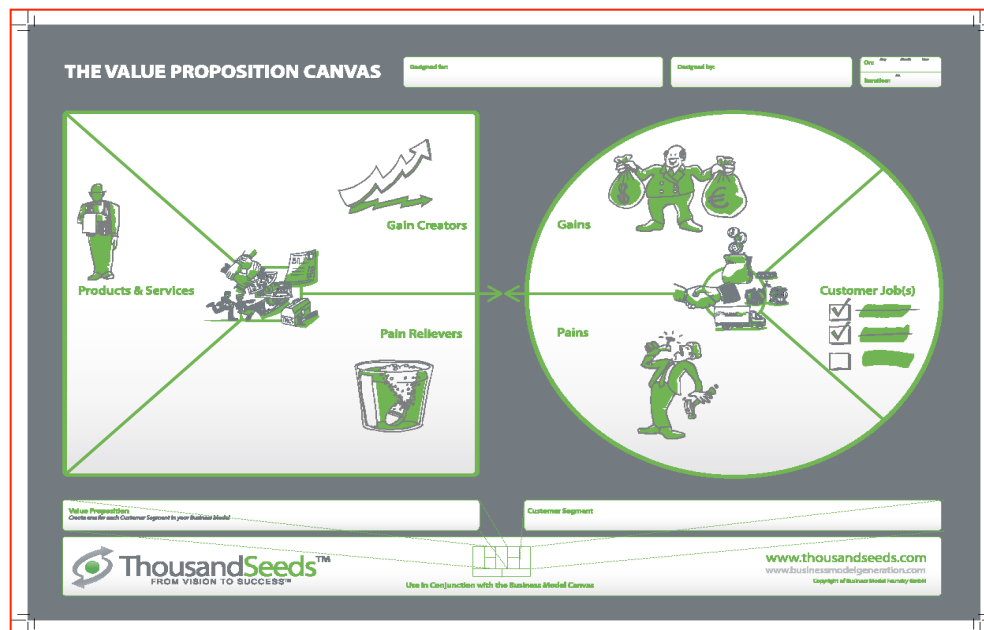
Value proposition

- What is the problem you are solving? (e.g. lack of)

Customer Segments

- For whom is it relevant? [The customer]
- What jobs do the customers want done?
- What's a good outcome for them?

The Value Proposition Canvas



Customer Jobs – What is the Job-To-Be-Done?

Describe what the customer is trying to get done. It could be the tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy.

What **functional jobs** are you helping your customer get done e.g. perform or complete a specific task, solve a specific problem?

What **social jobs** are you helping your customer get done e.g. trying to look good, gain power or status?

What **emotional jobs** are you helping your customer get done e.g. aesthetics, feel good, security.

What basic needs are you helping your customer satisfy e.g. communication?

1. Gains – What will the customer gain?

Describe the benefits your customer expects, desires or would be surprised by.

This includes functional utility, social gains, positive emotions, and cost savings.

- **Which savings would make them happy** e.g. in terms of time, money and effort?
- **What outcomes do they expect and what would go beyond his/her expectations** e.g. quality level, more of something, less of something?
- **How do current solutions work** e.g. specific features, performance, quality?
- **What would make their job or life easier** e.g. flatter learning curve, more services, lower cost of ownership
- **What positive social consequences do they desire** e.g. makes them look good, increase in power, status?
- **What are customers' looking for** e.g. good design, guarantees, specific or more features?
- **What do they dream about** e.g. big achievements, big reliefs?
- **How does they measure success and failure** e.g. performance, cost?
- **What would increase the likelihood of adopting a solution** e.g. lower cost, less investments, lower risk, better quality, performance, design?

2. Pains – What are your customers' pain?

Describe negative emotions, undesired costs and situations, and risks that your customer experiences or could experience before, during, and after getting the job done.

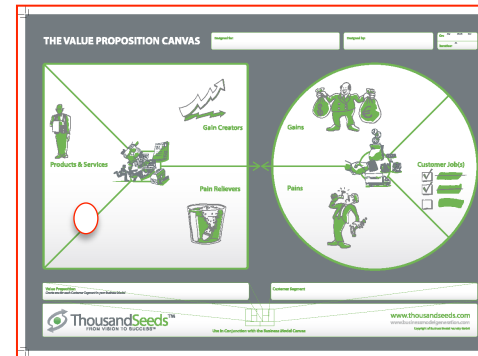
- **What do they find too costly** e.g. takes a lot of time, costs too much money, requires substantial efforts?
- **What makes them feel bad** e.g. frustrations, annoyances, things that give them a headache?
- **How are current solutions underperforming** e.g. lack of features, performance, malfunctioning?
- **What are the main difficulties and challenges they encounter** e.g. understanding how things work, difficulties getting things done, resistance?
- **What negative social consequences do they encounter or fear** e.g. loss of face, power, trust, or status?
- **What risks do they fear** e.g. financial, social, technical risks, or what could go wrong?
- **What's keeping them awake at night** e.g. big issues, concerns, worries?
- **What common mistakes does your customer make** e.g. usage mistakes?
- **What barriers are keeping them from adopting solutions** e.g. upfront investment costs, learning curve, resistance to change?

3. Products & Services –

What do you offer that helps your customer get their job done?

Does your products get a **functional**, **social** or **emotional job done**, or help him/her satisfy a basic need?

- A **functional Job** entails getting a specific task done?
- A **social job** describes how the customer wants to be perceived by others?
- An **emotional job** describes how the customer wants to feel?



5. Gain Creators – How do your products create customer gains?

Do they?

- **Create benefits they expect, desire or would be surprised by**, including functional utility, social gains, positive emotions or cost savings?
- **Create savings that make them happy** e.g. in terms of time, money and effort?
- **Produce outcomes they expects or that go beyond their expectations** e.g. better quality level, more of something, less of something?
- **Copy or outperform current solutions** e.g. regarding specific features, performance, quality?
- **Make their job or life easier** e.g. flatter learning curve, usability, accessibility, more services, lower cost of ownership?
- **Create positive social consequences that they desire** e.g. makes them look good, produces an increase in power, status?
- **Do something customers are looking for** e.g. good design, guarantees or more features?
- **Fulfil something they dream about** e.g. help big achievements, produce big reliefs?
- **Produce positive outcomes matching your customers success and failure criteria** e.g. better performance, lower cost?
- **Help make adoption easier** e.g. lower cost, less investments, lower risk, better quality, performance, design?

Pain Relievers

How your products and services eliminate customer pains?

Describe how they alleviate customer pains? How do they eliminate or reduce negative emotions, undesired costs and situations, and risks your customer experiences or could experience before, during, and after getting the job done?

Do they?

- **Produce savings** e.g. in terms of time, money, or efforts ?
- **Make them feel better** e.g. kills frustrations, annoyances, things that give them a headache?
- **Fix underperforming solutions** e.g. new features, better performance, better quality?
- **Put an end to difficulties and challenges they encounter** e.g. make things easier, helping them get done, eliminate resistance?
- **Wipe out negative social consequences they encounter or fear** e.g. loss of face, power, trust, or status?
- **Eliminate risks and fears** e.g. financial, social, technical risks, or what could go awfully wrong?
- **Help your customers better sleep at night** e.g. by helping with big issues, diminishing concerns, or eliminating worries?
- **Limit or eradicate common mistakes customers make** e.g. usage mistakes?
- **Get rid of barriers that are keeping them from adopting solutions** e.g. lower /no upfront investment costs, flatter learning curve, less resistance to change?

Value Proposition Exercise - Creating possibilities with ad-libs.

Ad-libs are a great way to quickly shape alternative directions for your value proposition. They force you to pinpoint exactly how you create value. Prototype three different directions with the exercise below

The problem we solve is [lack of] for whom [which customer segment?] who want to [get what jobs done?]. We [use your own verb to tell us how your product helps e.g. reduce, avoid, integrate] _and [your own verb e.g. increase, enable, predict] _____. Unlike [competing value propositions. Be specific].

Example

The problem this programme solves is the up-skilling of early stage companies to develop their business acumen and help co-create their businesses to enable them to grow and scale. We help them to avoid building products and services that nobody wants through lean and design-led customer centric methodologies. Unlike, traditional start-up programmes which focus on creating business plans, we focus on validating customer needs and unmet needs to create competitive new products and business models.

10 questions to assess your Value Proposition

1. Is it embedded in a great business model?
2. Does it focus on the most important jobs, most extreme pains, and most essential gains?
3. Does it focus on unsatisfied jobs, unresolved pains, and unrealized gains?
4. Does it concentrate on only a few pain relievers and gain creators but does those extremely well?
5. Does it address functional, emotional and social jobs all together?
6. Does it align with how customers measure success?
7. Does it focus on jobs, pains or gains that a large number of customers have or for which a small number are willing to pay a lot of money?
8. Does it differentiate from competition in a meaningful way?
9. Does it outperform competition substantially on at least ONE dimension?
10. Is it difficult to copy?

The Art of the Elevator Pitch

By Robert Pagliarini of SeekingCapital.com

What is an "Elevator Pitch"?

An "Elevator Pitch" is a concise, carefully planned, and well-practiced description about your organisation that your mother should be able to understand in the time it would take to ride up an elevator.

Creating the "Elevator Pitch"

Seven questions your "Elevator Pitch" must answer:

1. *What is the problem you're solving?*

Briefly describe what is the problem you are solving for your client?

2. *What is your product or service?*

What do you offer that helps your customer either get a **functional, social or emotional job done**, or help him/her satisfy basic needs?_Briefly describe the service or product you provide? Do not go into excruciating detail.

3. *Who is your market?*

Market Insight: Why is the problem hard to solve? Briefly discuss who you are selling the product or service to. What sector is it? How large of a market do they represent?

4. *What is your revenue model?*

More simply, how do you expect to stay sustainable or make money?

5. *Who is behind the company?*

"Bet on the jockey, not the horse" is a familiar saying among Investors. Tell them a little about you and your team's background and achievements. If you have a strong advisory board, tell them who they are and what they have accomplished.

6. *Who is your competition?*

Don't have any? Think again. Briefly discuss who they are and what they have accomplished. Successful competition is an advantage-they are proof your business model and/or concept work.

7. *How are you significantly different from your competitors?*

Simply being in an industry with successful competitors is not enough. You need to effectively communicate how your company is different and why you have an advantage over the competition. A better distribution channel? Key partners? Proprietary technology?

What your "Elevator Pitch" must contain:

1. **A "hook"**

Open your pitch by getting the Investor's attention with a "hook." A statement or question that piques their interest to want to hear more.

2. **About 150-225 words**

Your pitch should go no longer than 60 seconds.

3. **Passion**

Investors expect energy and dedication from entrepreneurs.

4. **A request**

At the end of your pitch, you must ask for something. Do you want their business card, to schedule a full presentation, to ask for a referral?

Example of an "Elevator Pitch" SeekingCapital.com:

SeekingCapital.com is changing the future of private equity investing.

Private equity is a \$100 billion a year market, with over 400,000 entrepreneurs aggressively seeking capital at any given time.

SeekingCapital.com offers entrepreneurs and investors an efficient and uniquely interactive method for obtaining or investing capital in pre-IPO companies.

SeekingCapital.com is not an "Internet only" company, but supports its online community with local franchises in the United States and internationally.

Our team has decades of experience in the securities industry, investment banking, private equity, and executive management. My partner and I have worked together side by side for several years co-managing and running the entire Internet operations of a publicly traded brokerage firm.

Our competitors such as XYZ Corp. and ABC Capital have had much success-ABC Capital was recently valued at \$550 million . . . despite several limitations.

SeekingCapital.com isn't just a listing or matching service, we offer a community that breeds interaction, education, and discussion. We work with companies globally, through all stages of funding, and across all industries.

We are anticipating \$XXX million this round to be used for employee building, increased office space, and marketing. We have a compelling two page executive summary that I would like to send you. Can I get your address?

Resources

Strategyzer - Value Proposition Canvas explained

<https://www.youtube.com/watch?v=aN36EcTE54Q>

The following are 6 short videos with key nuggets.

From Idea to Business Model

<http://fromideatobusiness.strategyzer.com>

Episode 1 – Getting from Business Idea to Business Model

Episode 2 - Visualising your Business Model

Episode 3 – Prototyping (Don't fall in love with your first idea)

Episode 4 – Navigating your environment

Episode 5 – Proving it

Episode 6 – Telling your story

Don't fall in love with your first idea

<http://blog.strategyzer.com/posts/2014/7/31/dont-fall-in-love-with-your-first-idea>

Top 10 Business Model Pitfalls

Ash Maurya


<https://www.youtube.com/watch?v=5sn7pZXY5b4>

Tony Ulwick – Getting the job done

<https://www.youtube.com/watch?v=8nmabbB5jF5Q>

Tony Ulwick - What's the job you want done?

<https://www.youtube.com/watch?v=KfN21oGMu58>

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KEY SKILLS

Entrepreneur, Growth strategist and Innovator

- Serial entrepreneur: founded two successful businesses in the last eight years
- Innovation catalyst: international speaker on innovation, entrepreneurship and growth
- Growth strategist: innovation consultant to SMEs/ corporates in growth strategies, enabling acceleration and transformation of ideas to create scalable businesses
- Co-founded ThousandSeeds in 2009, which stimulates entrepreneurship and develop business opportunities and enables change.
- Founder of Lean innovator – Corporate Innovation frameworks and accelerators
- Mergers and acquisitions expert: worked on merger of two life assurance businesses
- Technologist: 20-year track record in building and managing large, complex technology systems. Chartered Engineer with 20+years of building and leading technology teams.

Facilitator, Mentor and Connector

- Innovation frameworks expert: Domain expertise in design-led & innovation frameworks
- Lean thinking advocate: Founder of lean start-up Dublin with 1100+ members
- Educator/ facilitator: Designs and delivers Innovation and Entrepreneurship frameworks and programmes for academia, incubators, accelerators and corporates
- Lean Launchpad educator through Stanford
- Works to improve the pedagogy of entrepreneurship education
- Mentored extensively and judging panellist both domestically and internationally
- Connector: very active community builder in the entrepreneurial ecosystem
- Business catalyst: a co-creator and problem solver for early stage & established businesses

Mary holds a Computer Science degree and is a Chartered Engineer. She has a higher Diploma in Executive and Business Coaching. She is trained and certified to use the BarOn Emotional Quotient Inventory and ECR for coaching with Emotional Intelligence for business and leaders.

