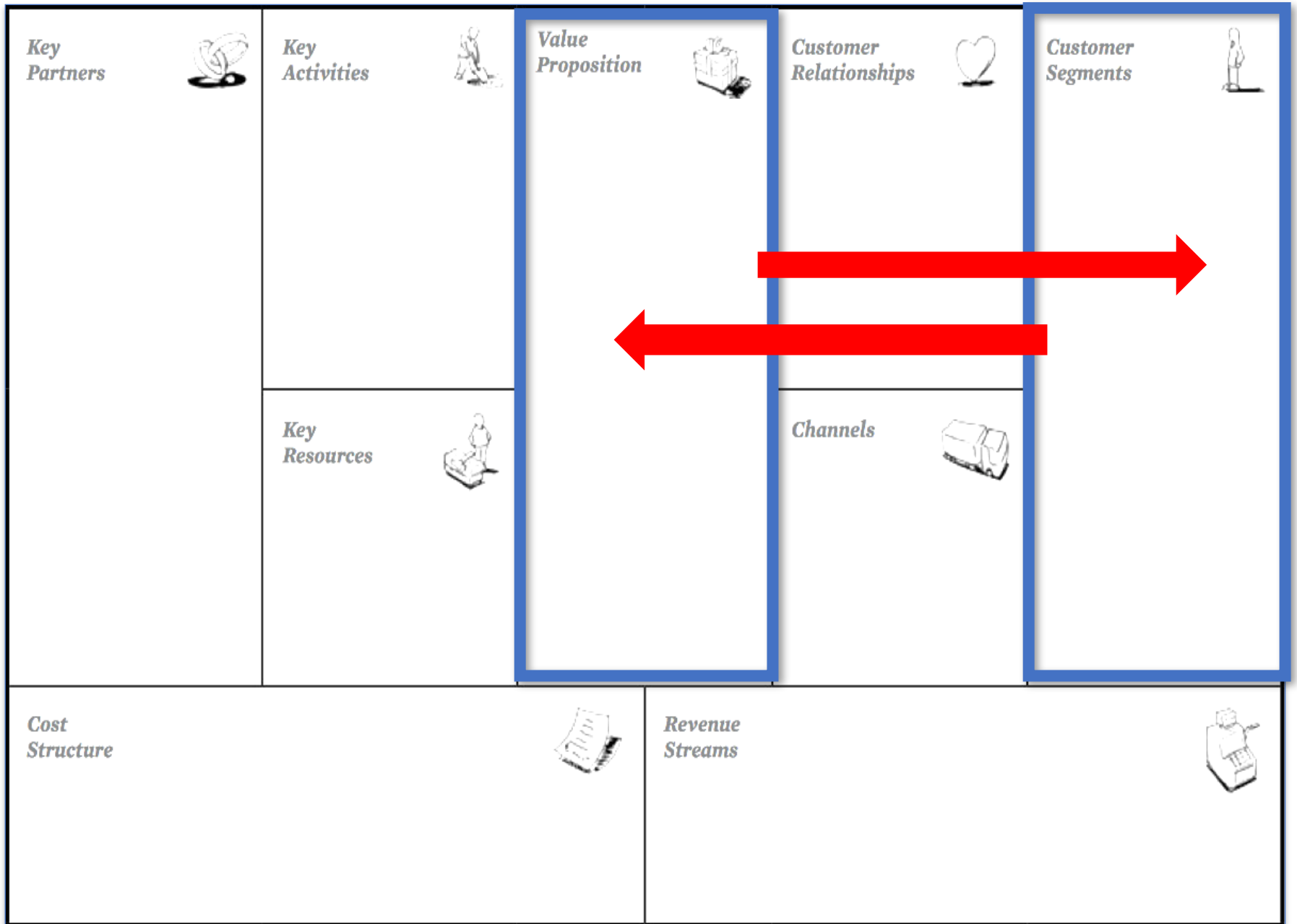




Value Propositions:

Why does your Customer care?





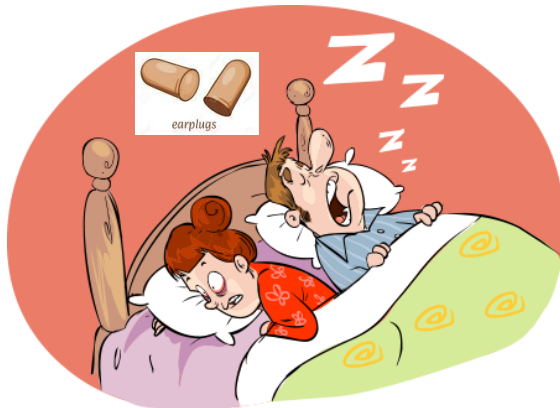
This is easy, right?

Proposition a statement or assertion that expresses a judgment or opinion

Value the importance, worth, or usefulness of something

Value Proposition is a Proposition of Value: A statement that expresses the worth (of something) to a Customer Segment

Two general types...



Pain Killers

Gain Creators

Pain Killers - Hypotheses

- Ends difficulties or challenges that customers encounter?
 - make things easier, helping them get done, eliminate resistance
- Fix underperforming solutions?
 - new features, better performance, better quality
- Reduce losses / inefficiencies?
 - time, money, or efforts
- Make your customers feel better?
 - kills frustrations, annoyances, things that give them a headache
- Wipe out negative social consequences?
 - loss of face, power, trust, or status,
- Eliminate risks
 - financial, social, technical risks, or what could go awfully wrong

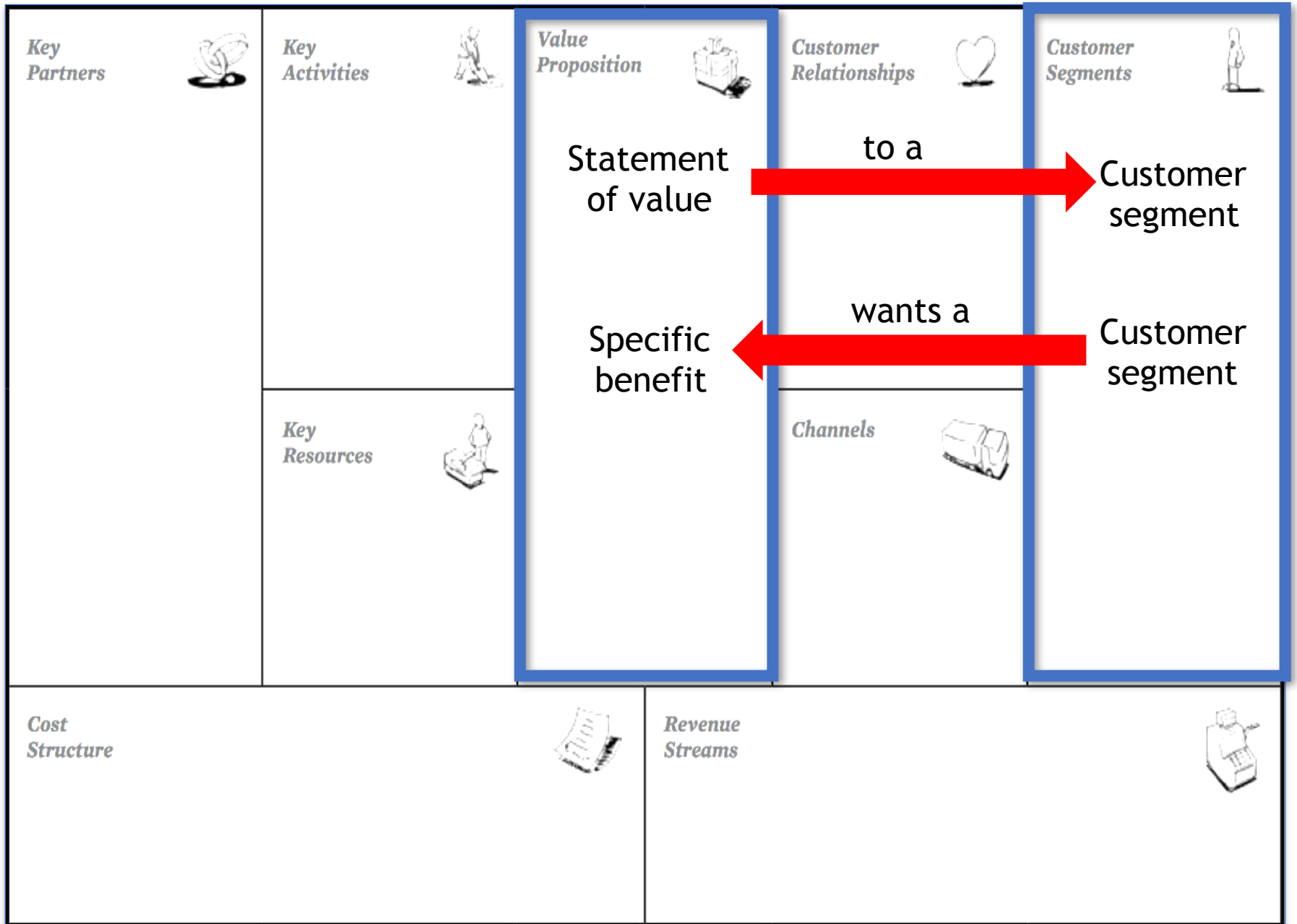


Gain Creators

Create benefits the customer expects, desires or is surprised by, including functional utility, social gains, positive emotions, and cost savings?

Gain Creators- Hypotheses

- Create savings that make your customer happy?
 - in terms of time, money and effort
- Produce expected or better than expected outcomes?
 - better quality level, more of something, less of something
- Copy or outperform current solutions that delight customer?
 - regarding specific features, performance, quality
- Make your customer's job or life easier?
 - flatter learning curve, usability, accessibility, more services, lower cost of ownership
- Create positive consequences that customer desires?
 - makes them look good, produces an increase in power, status



This is easy, right?





Building a good Value Proposition: Step-by-step construction

Building a good Value Proposition: Step-by-step construction

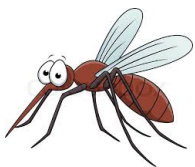
1. Hypothesize (guess) about your Customer Segment's pains and gains My product removes [pain] or it provides [gain]

Building a good Value Proposition: Step-by-step construction

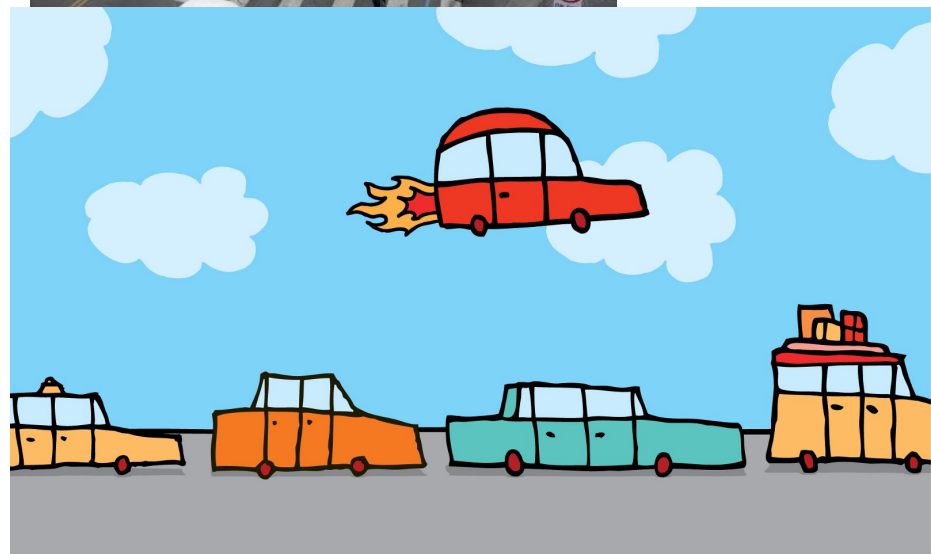
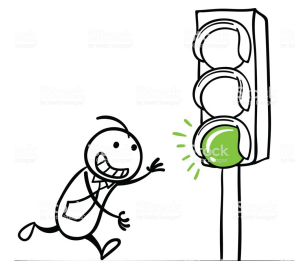
1. Hypothesize (guess) about your Customer Segment's pains and gains My product removes [pain] or it provides [gain]
2. Are these pains and gains relevant and relatively important to my Customer? How important is it, really?

Magnitude Matters: Is it important? Is it now?

Pains



Gains



Building a good Value Proposition: Step-by-step construction

1. Hypothesize (guess) about your Customer Segment's pains and gains

2. Are these pains and gains relevant and relatively important to my Customer Segment?

3. What is the pain or gain, specifically?

Exactly what is the issue?



Building a good Value Proposition: Step-by-step construction

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Building a good Value Proposition: Step-by-step construction

1. Hypothesize (guess) about your Customer Segment's pains and gains
2. Are these pains and gains relevant and relatively important to my Customer?
3. What is the pain or gain, specifically?
4. How much do they need? How do they quantify?



How do they measure
pain or gain?

10 minutes?
100 pesos
0.033 meters
1000 kilos

Building a good Value Proposition: Step-by-step construction

1. Hypothesize (guess) about your Customer Segment's pains and gains
2. Are these pains and gains relevant and relatively important to my Customer?
3. What is the pain or gain, specifically?
4. How much do they need? How do they quantify?
5. Can you test the value proposition?

Save money?

Save 1000 pesos?



Can a customer say no?

Building a good Value Proposition: Step-by-step construction

- | | |
|--|---|
| 1. Hypothesize (guess) about your Customer Segment's <u>pains</u> and <u>gains</u> | My product removes [pain] or it provides [gain] |
| 2. Are these pains and gains <u>relevant</u> and <u>relatively important</u> to my Customer? | How important is it, really? |
| 3. What is the pain or gain, <u>specifically</u> ? | Exactly what is the issue? |
| 4. How much do they need? How do they <u>quantify</u> ? | How do they measure the pain or gain? |
| 5. Can I <u>test</u> how much they need? | How much is 'not enough'? |

Building a good Value Proposition: Step-by-step construction

- | | |
|--|---|
| 1. Hypothesize (guess) about your Customer Segment's <u>pains</u> and <u>gains</u> | My product removes [pain] or it provides [gain] |
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| 5. Can I <u>test</u> how much they need? | How much is 'not enough'? |

Building a good Value Proposition: Step-by-step construction

relative

specific

quantify

test

relative

specific

quantify

test

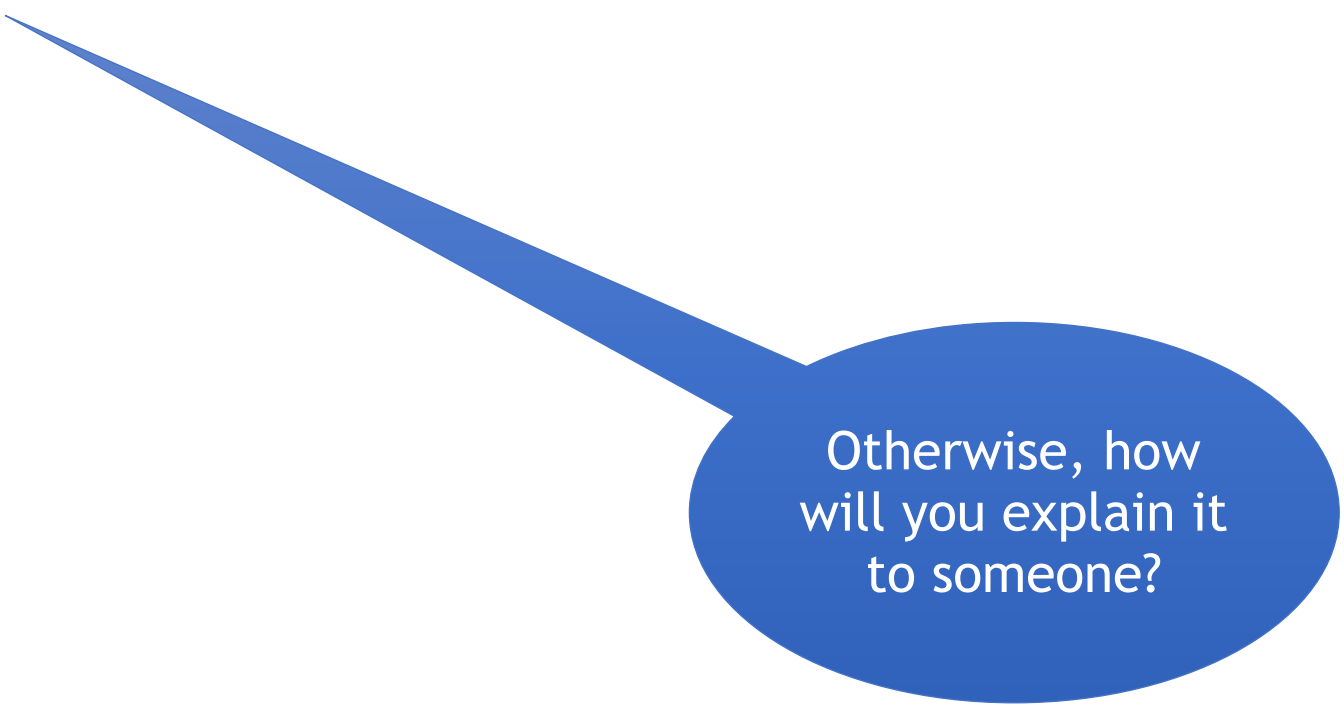
Value Propositions should be Q R S T

- Quantitative / quantifiable
- Relevant (and Important)
- Specific
- Testable

Value Propositions should be

Q R S T

- **Quantitative / quantifiable** - You must be able to measure the value being provided
- **Relevant**
- **Specific**
- **Testable**



Otherwise, how will you explain it to someone?

Value Propositions should be

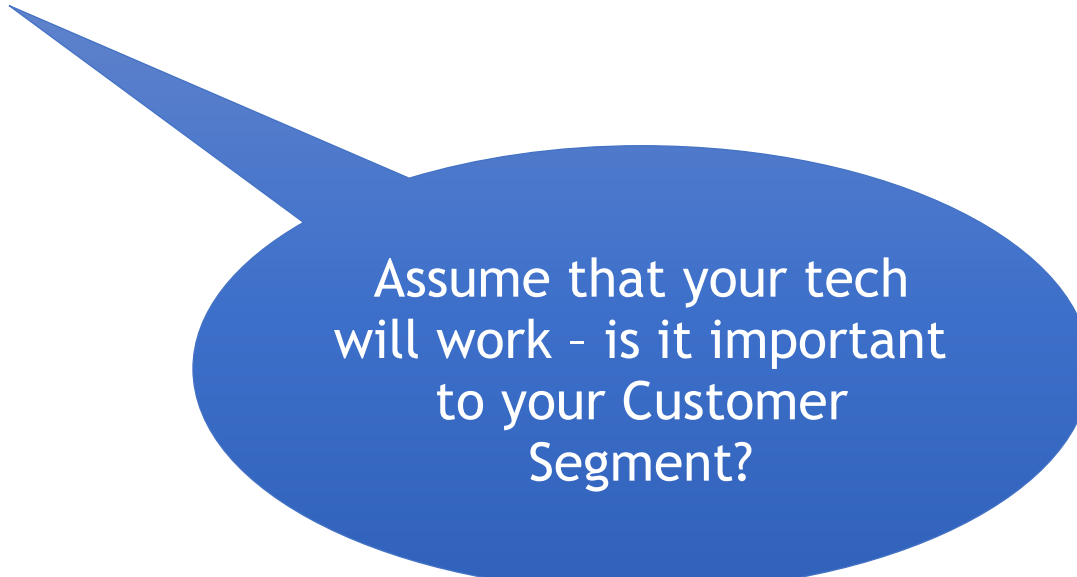
Q R S T

- Quantitative / quantifiable
- Relevant
- Specific
- Testable

Value Propositions should be

Q R S T

- **Quantitative** / quantifiable
- **Relevant** Mosquito bite or shark bite? Is really enough to be worth changing?
- **Specific**
- **Testable**



Assume that your tech will work - is it important to your Customer Segment?

Value Propositions should be

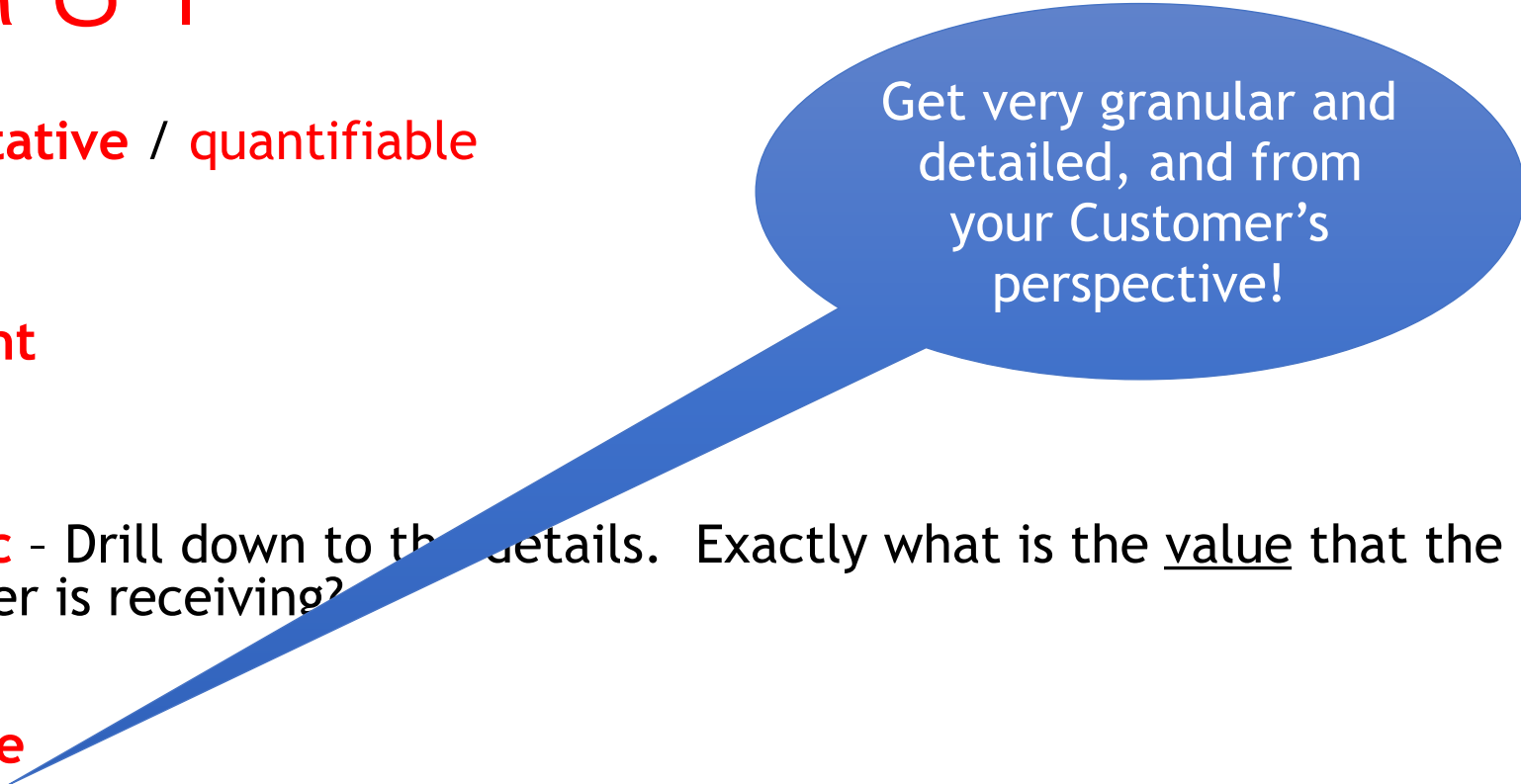
Q R S T

- Quantitative / quantifiable
- Relevant
- Specific
- Testable

Value Propositions should be

Q R S T

- **Quantitative** / quantifiable
- **Relevant**
- **Specific** - Drill down to the details. Exactly what is the value that the customer is receiving?
- **Testable**

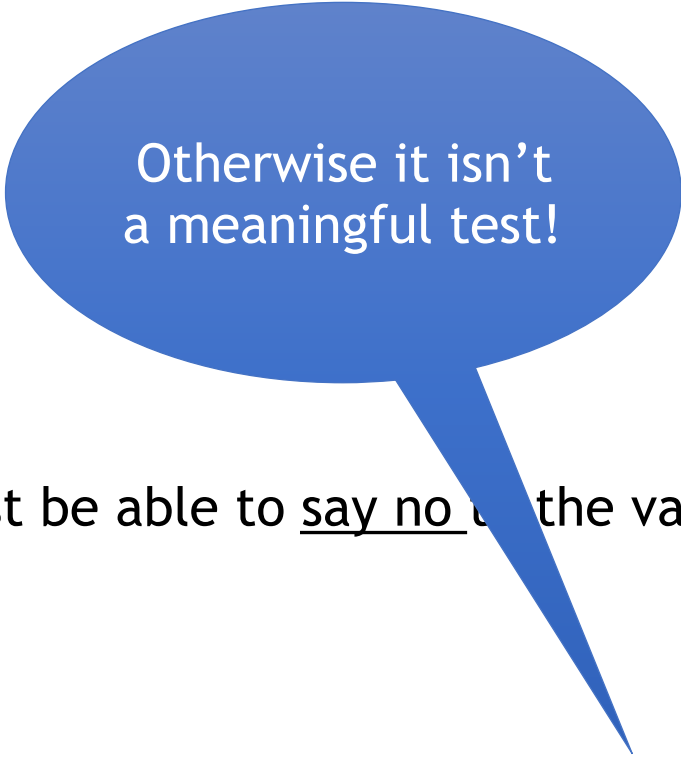


Get very granular and detailed, and from your Customer's perspective!

Value Propositions should be

Q R S T

- **Quantitative** / quantifiable
- **Relevant**
- **Specific**
- **Testable** The customer must be able to say no to the value proposition.



Otherwise it isn't
a meaningful test!

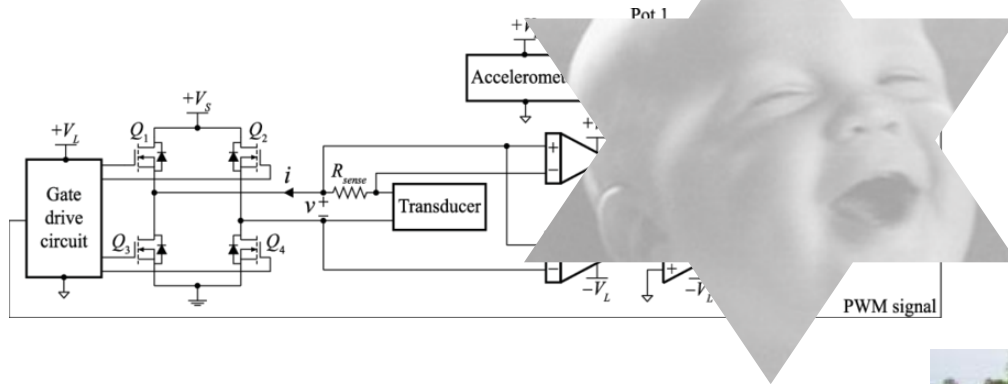
Value Propositions should be Q R S T

- Quantitative / quantifiable
- Relevant
- Specific
- Testable

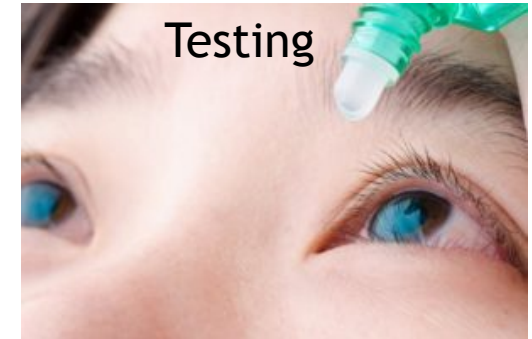


How can I quantify if I haven't finished development?

Design



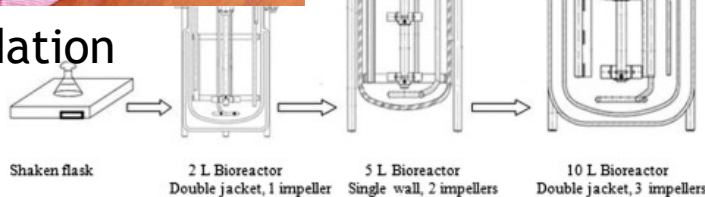
Testing



Only outlines!



Validation



It doesn't matter!
You are testing your customer
not your technology.



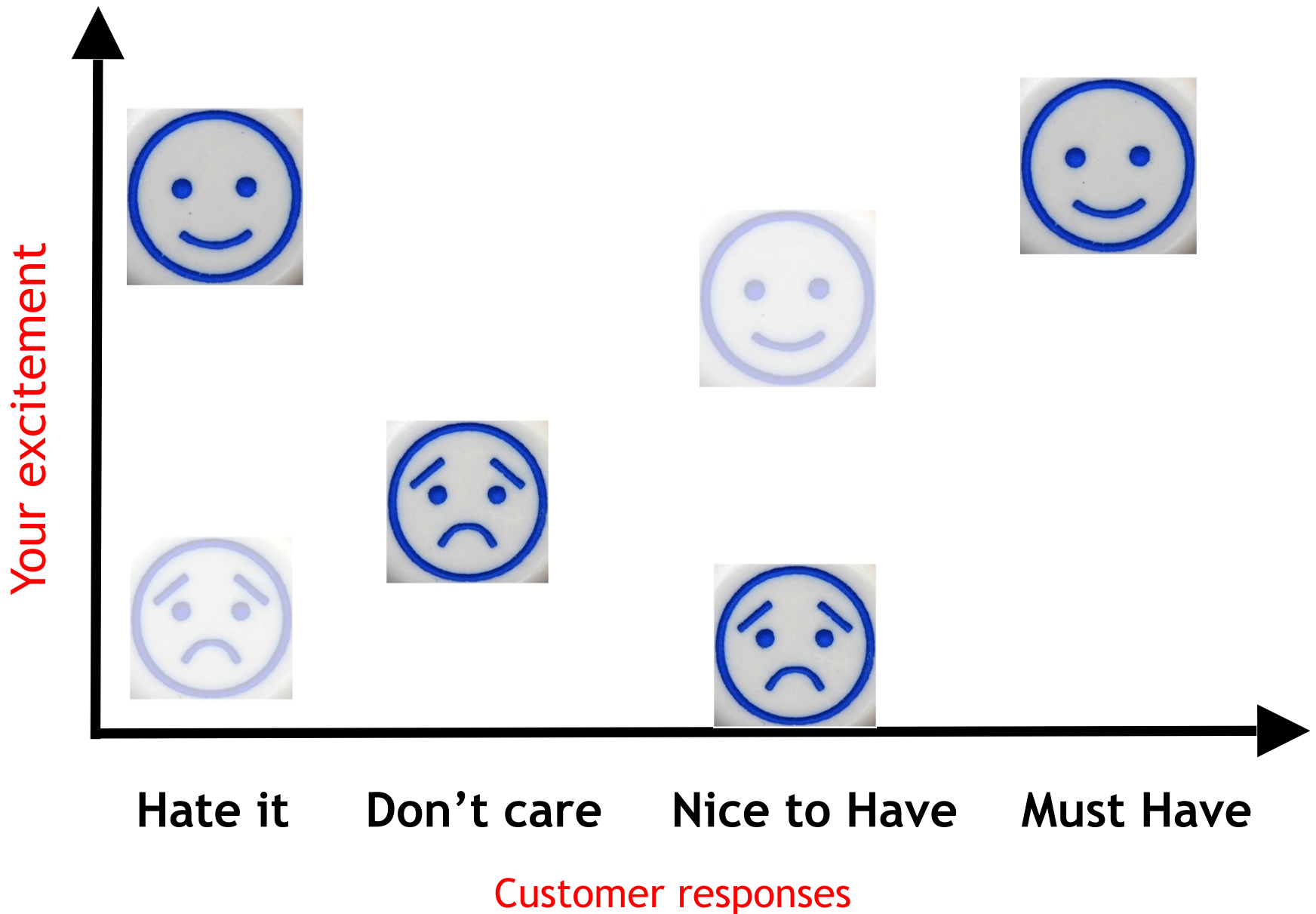
(And that you are
testing yourself!)



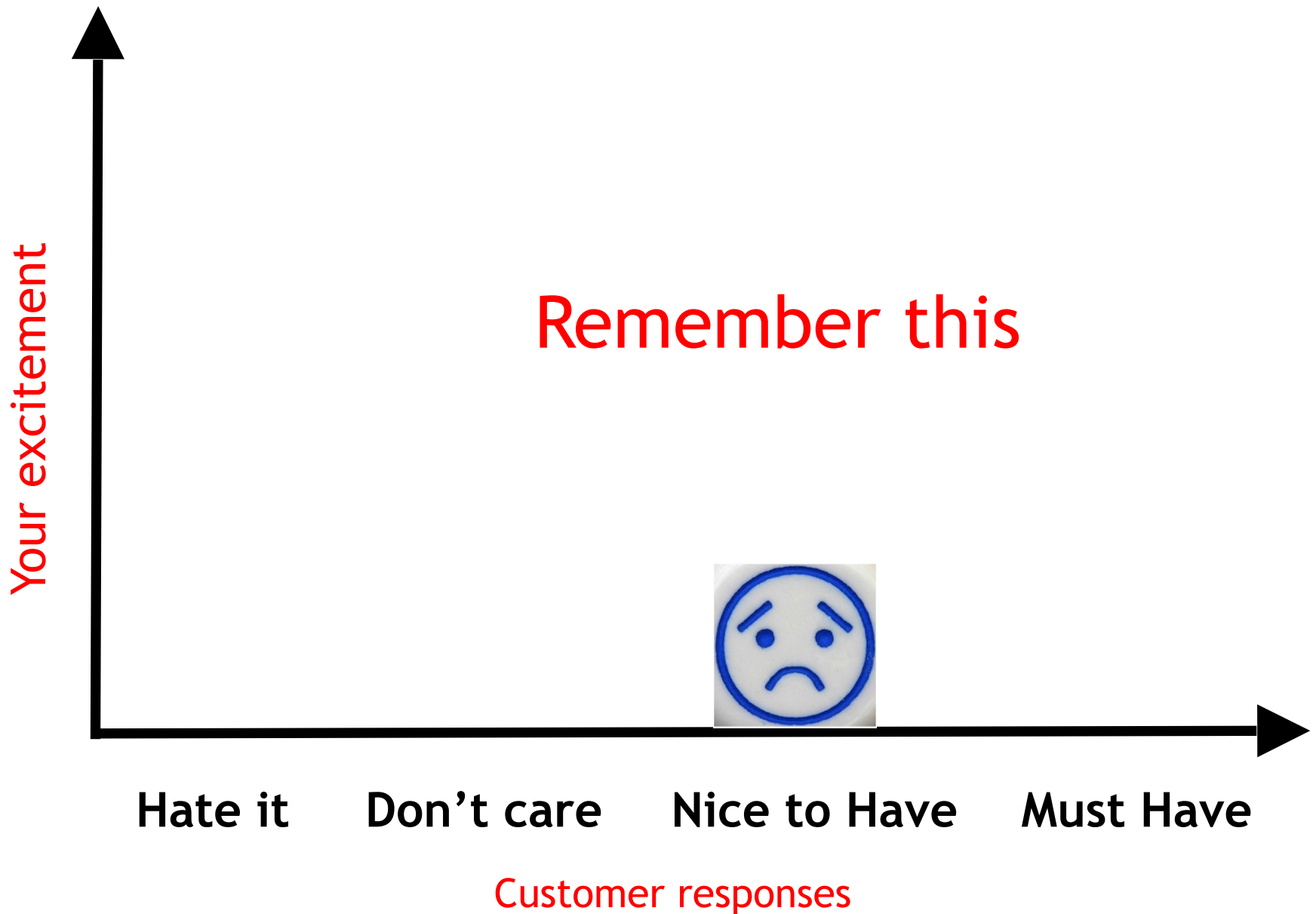
Common responses to what customers say



Correct responses to what customer say



Correct responses to customer responses



Good Value Propositions: QRST

Is a statement (hypothesis) of value to the customer segment

- **Q**uantifiable - Measureable in absolute or relative terms
 - Pain: Cost, time lost, opportunity cost
 - Gain: Revenue, time savings
- **R**elevant - Your customer wants the relief or creation and your product (might be able to / can) do it
- **S**pecific - Stated exactly, using specific language
- **T**estable - Can be falsified

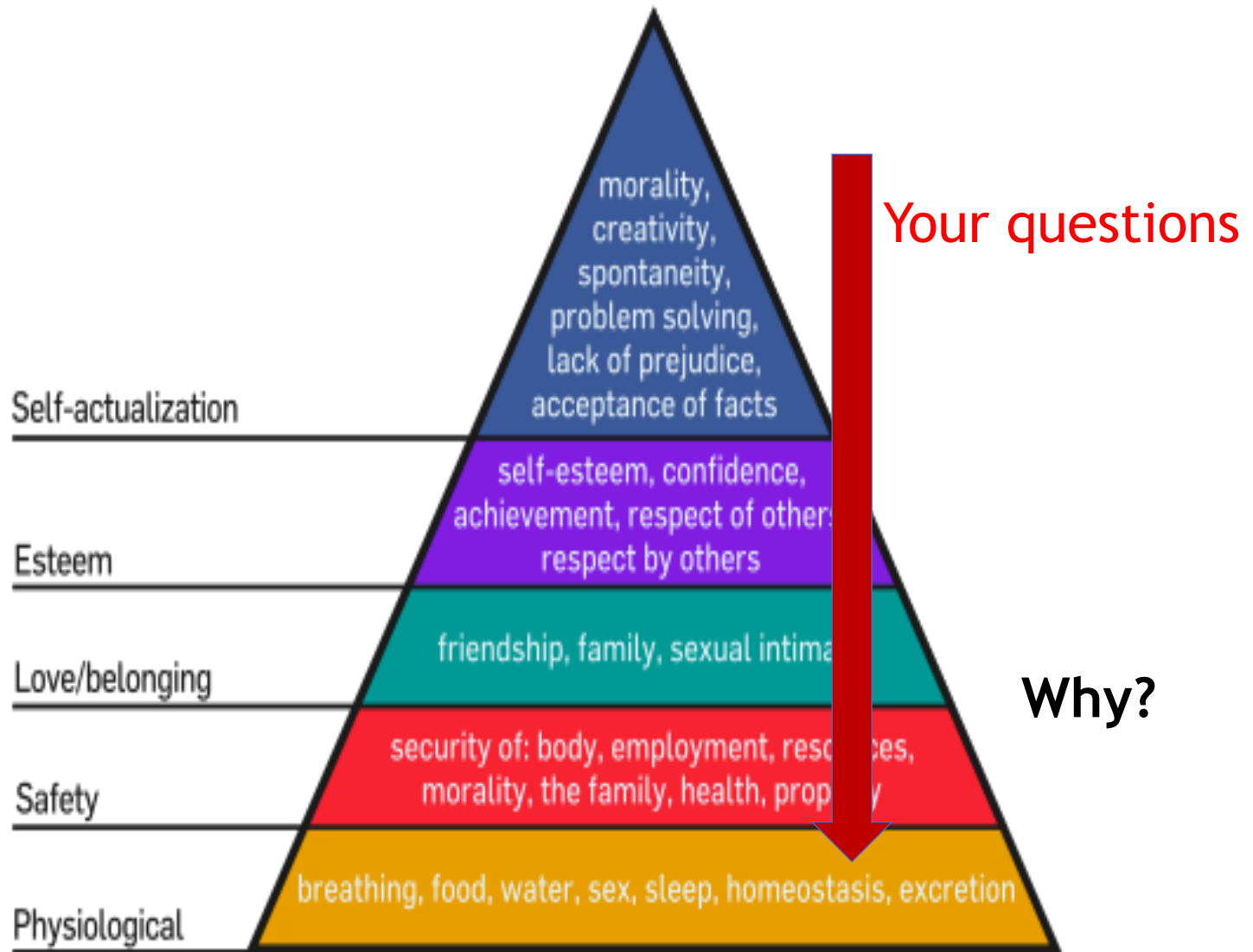
Some values are (surprisingly)
important!



But don't forget
personal (social)
benefit



Drilling down

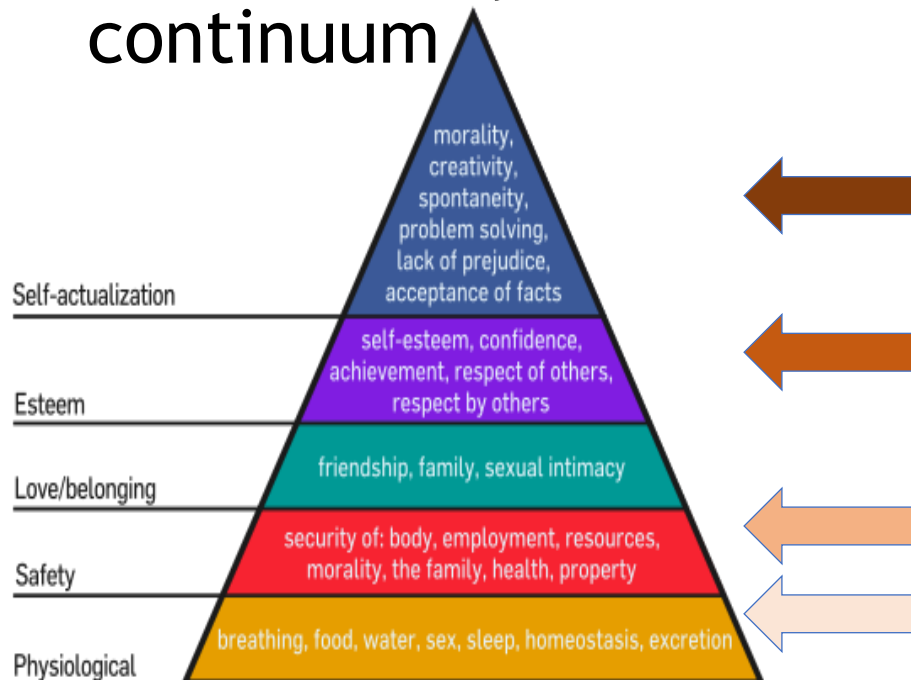


Maslow hierarchy of needs



The secret truth about
value propositions (1)

Essentially all Value Propositions fall on a
continuum



Your goal is to find the
most useful (simple,
testable, quantifiable,
resonant) level and
form of the Value
Proposition



The secret truth about value propositions (2)

Every customer
segment has multiple
value propositions

Your goal is to find the
Most important or limiting VPs
because you can't use them all



*Key
Partners*



*Key
Activities*



*Value
Proposition*



*Customer
Relationships*



*Customer
Segments*



QRST HYPOTHESES ENABLE DISCOVERY

*Key
Resources*



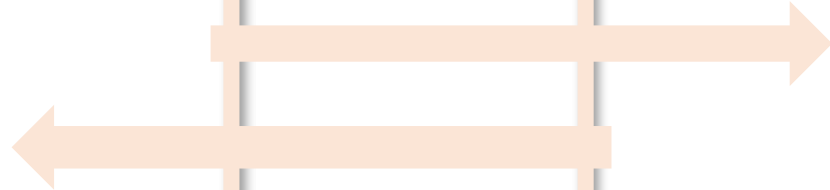
Channels



*Cost
Structure*



*Revenue
Streams*



Value Propositions should be

Q R S T

- **Quantitative** / quantified - You must be able to measure the value being provided
- **Relatively Important** - Does your customer care enough?
- **Specific** - Drill down to the details. Exactly what is the value that the customer is receiving?
- **Testable** - The customer segment must be able to say no to the value proposition.

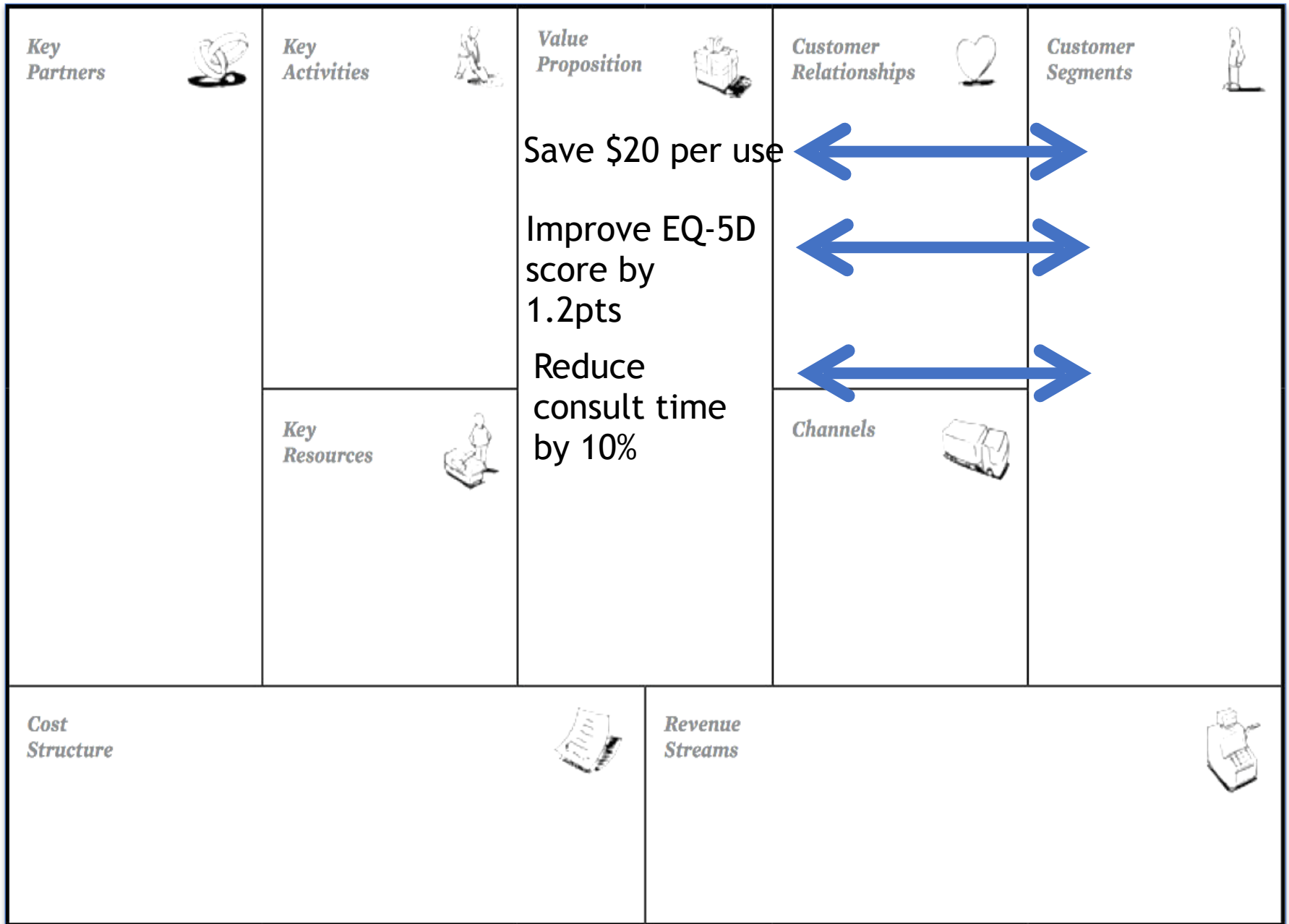
Value Propositions are like a grocery list:
short and simple

No

- I will to buy some carrots because my kids really like my carrot salad and when I put extra vinegar on it, it goes well with the meat that I will buy tomorrow
- If the pork isn't too expensive I might buy some or maybe I'll get the beef because Julio likes it fried with onions and a bit of cumin.

Yes

- >1 kg carrots
- 0.7-1.5 kg pork



Value Proposition Exercise: (life is not fair)

~~LiveBox es un dispositivo estimulador~~
~~de crecimiento de vegetales, que puede~~
~~beneficiar a los productores~~
~~Tlaxcaltecas de arboles de piñon, a~~
reducir la mortandad de los arboles
transplantados hasta un 80%.

Can you suggest additional value propositions?

- 1 Reduce significativamente el tiempo dedicado al entrenamiento
- 2 Elimina los momentos de inercia durante el entrenamiento
- 3 reduciendo así las lesiones
- 4 Incrementa significativamente el metabolismo aeróbico
- 5 o acelerando los resultados de control de peso

How can these Value Propositions be improved?

QRST

- 1 Reduce significativamente el tiempo dedicado al entrenamiento
- 2 Elimina los momentos de inercia durante el entrenamiento
- 3 reduciendo así las lesiones

QRST

Hypothesis: Reduce training time by 30 minutes per day (to: trainer?)

Hypothesis: Reduce injuries by 5% (to: athlete?)

Value Proposition Exercise

- For your next canvas:
 - Make sure that you believe that each VP might be a value to a customer segment.
 - Only list “important” values!
 - Be specific about the value the customer will receive: the specific pain relieved or the gain received
 - Make the VP quantitative - in the words the customer would use
 - Make the VP testable - can someone say “no”?



but what about my
Business Thesis?

W
(Q

W
Q

W
pQ)

Business Thesis

- Single, simple statement which describes your business. It usually answers the questions:

Que (or how) - What does the business do? What is the product?
Quien Who would want this?
por Que Why would someone want it?

- Consistent with value propositions and customer segments
- Not QRST (usually)
- Not just a recitation of VPs and CSs
- Sufficient information so that at least these people know what to ask next:
 - General audience with reasonable education (but not specialists!)
 - Investors/VCs
 - Your favorite uncle



- **Fiesta Inn Periférico Sur en la Ciudad de México** le brinda espacios modernos y funcionales, con 212 habitaciones.
- Está ubicado entre la Avenida de los Insurgentes Sur y Calzada de Tlalpan, una zona estratégica por su cercanía a uno de los centros comerciales más importantes de la Ciudad de México, así como a prestigias universidades, hospitales de especialidades y al parque de diversiones de Latinoamérica.
- En este **hotel business class** encontrará el lugar idóneo para alcanzar los objetivos de su **viaje de negocios** con éxito. Cuenta con **centro de negocios**, salas de reuniones y internet inalámbrico de alta velocidad. Su habitación será el refugio perfecto para el descanso, pero también le ofrece todo lo necesario para trabajar a gusto y sin distracciones.

What

Who

Why (sort of...)



How

What

- Uber is a smart-phone based ride hailing service which connects contract drivers and need-it-now riders safely and in

Who

Why

- What does this NOT say?
 - Cost is much less than a taxi (usually)
 - Quality is higher than a taxi (almost always in the US)
- What it does NOT list?
 - All value propositions!
 - Quantitative claims
 - Testability



Taller de Apertura de la cohorte 2019 del Nodo Binacional de Innovación Universitario

Who

We teach Professors and students how to commercialize technology, create startups, and conduct more useful scientific projects to benefit themselves and Mexican society.

What

Why



Value Propositions should be Q R S T

- Quantitative / quantifiable
- Relevant
- Specific
- Testable



Business Thesis should
be WWW (QQpQ)

W	W	W
(Q	Q	pQ)

You are testing your
Customer
not your product!



Go find some shark bites!

