Lecture 4.1

Value Proposition

What we actually want to know...

...why and when will customers adopt your solution

Value Proposition

Typical usage: *"a customer wants our solution!"*

- *We <u>have</u> a value proposition if the customer wants it.*
- *We <u>don't have</u> a value proposition if the customer doesn't want it.*
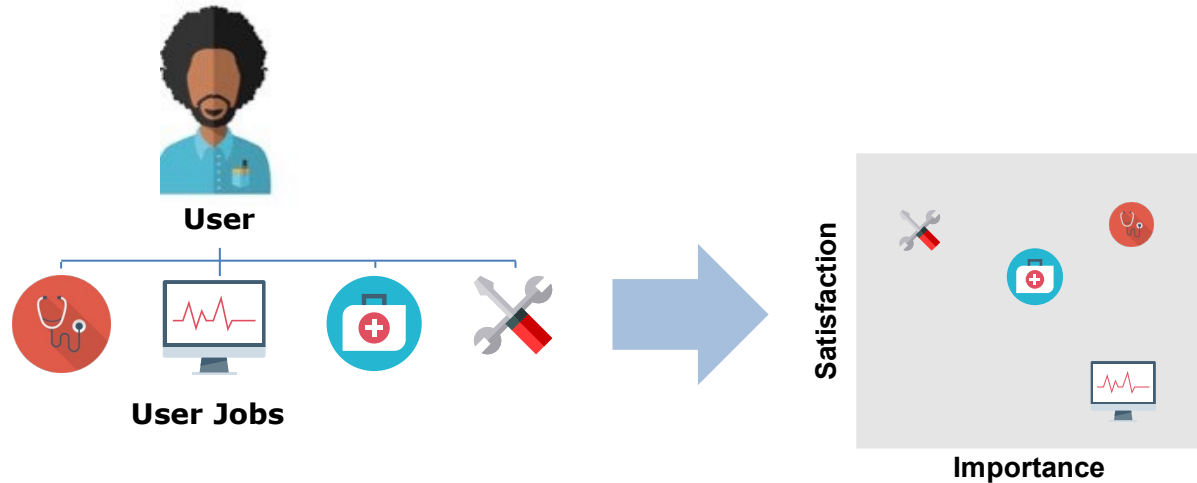
Literal translation: *"an offer of value."*

- *Common practice, describe the solution.*
- *Better practice, describe value from customer's perspective.*

Job Priority Assessment

User

User Jobs

Satisfaction

Importance
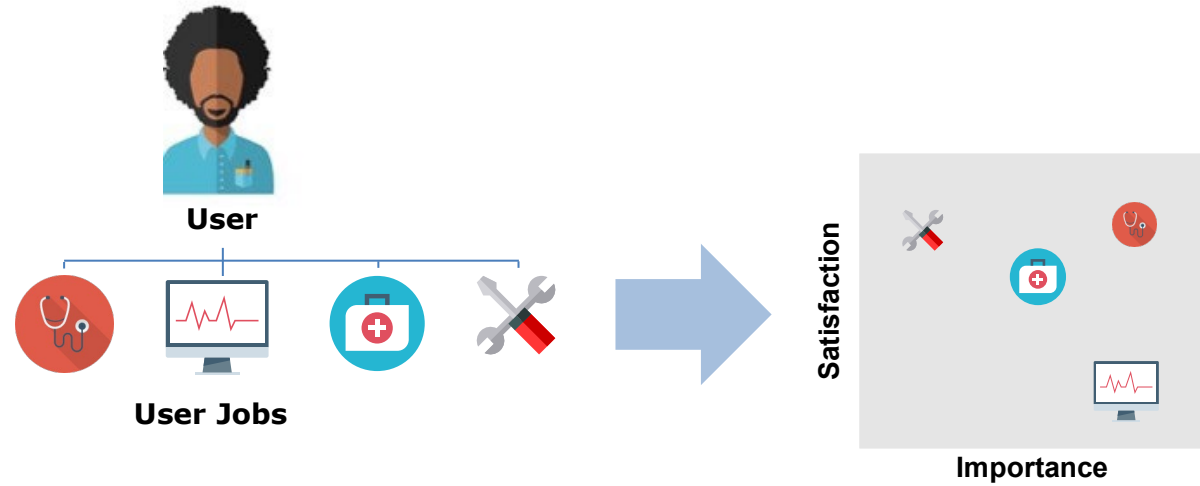
Why use the tool

Job Priority Assessment

User

User Jobs

Satisfaction

Importance

Note: This is THE KEY concept – NOT ALL JOBS are equally valuable targets for improvement! BUT this does not YET show why a particular job is satisfied or not. For that, we need to explore the Decision Criteria used when picking solutions.

Why use the tool

- Helps separate concept of "importance" and "satisfaction" (with current solutions) of user *jobs* (not criteria – yet)

- Relative comparison…not absolute scale…forces "prioritization"

- Uncovers underserved jobs that customer likely trying to improve (change solutions)

- Also identifies important "satisfied jobs" where customer may adopt a new solution but likely not searching for one

Solution Criteria Lists

User

Job

Criteria

Why use the tool

What's on the list?

1. …

2. …

3. …

4. …

5. …

<u>Note</u>: Think "beyond features" – even if customers use that language – what is the benefit (why do they care)?

# Solution Criteria Lists

User

Job

Criteria

What's on the list?

1.   …

2.   …

3.   …

4.   …

5.   …

Note: Think "beyond features" – even if customers use that language – what is the benefit (why do they care)?

Why use the tool

- When a person (e.g., user) picks a solution for a specific job, what really matters?

- Identifies functional, social, and emotional criteria (how customer specifies better and judges any solution)

- List can be shown to customers as "problem MVP" to test understanding

- Note: other key roles in the adoption process (specifically Decision Makers) may have separate criteria to consider
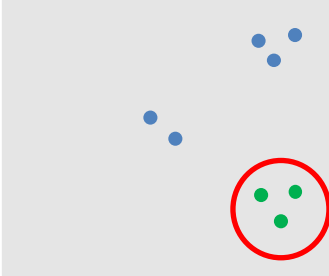
Criteria Priority Assessment
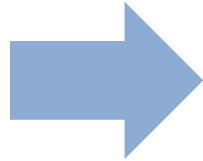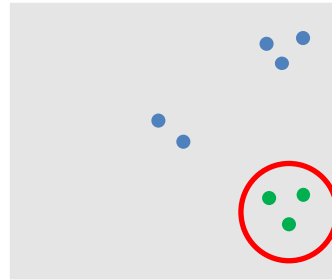
Why use the tool

Criteria
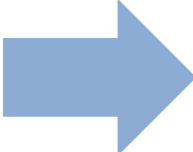
Satisfaction

Importance

Criteria Priority Assessment

Criteria

Satisfaction

Importance

Note: This is THE KEY concept – NOT ALL CRITERIA are equally valuable targets for improvement! This understanding is required to know WHEN and WHY a customer will adopt *any* solution – including yours. Put another way, one cannot "validate a compelling value proposition" without this assessment.

Why use the tool

- Helps separate concept of "importance" and "satisfaction" (with current solution)

- Relative comparison…not absolute scale…forces "prioritization"

- Uncovers underserved criteria (unmet/ unsatisfied needs) – higher importance, but lower satisfaction

- Also identifies important "satisfied criteria" (met needs, table stakes, or requirements)
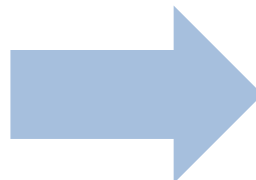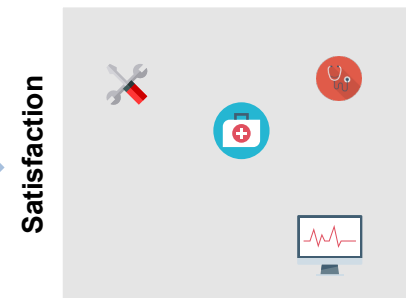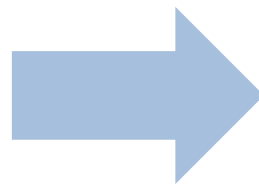
Customer?

Customer Jobs?

Jobs Context(s)?

Job Priority

Satisfaction

Importance

Job Context?

Solution Criteria?

Needs Priority

Satisfaction
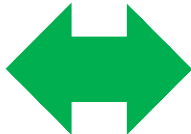
Importance
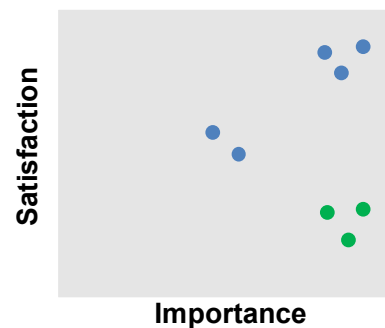
Value Drivers Assessment*

Use Criteria

Capabilities (Features)

Why use the tool

Group by relative priority (S/I rating)
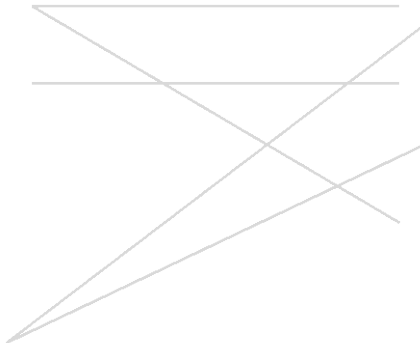
Capabilities/features are used to address criteria

1.   ...
2.   ...
3.   ...
4.   ...
5.   ...
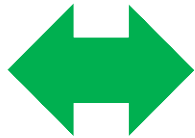
a)   ...
b)   ...
c)   ...
d)   ...
e)   ...

*Assumes specific customer, job (+context), and decision criteria.

Value Drivers Assessment*

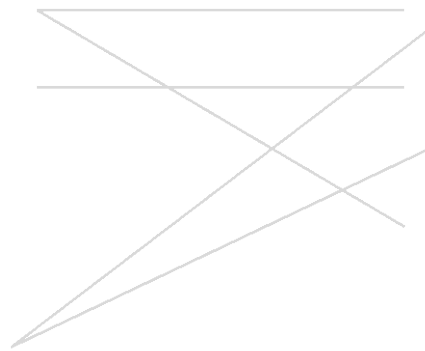**Use Criteria**

Capabilities (Features)

Group by relative priority (S/I rating)

Capabilities/features are used to address criteria

1. ...
2. ...
3. ...
4. ...
5. ...

a) ...
b) ...
c) ...
d) ...
e) ...

*Assumes specific customer, job (+context), and decision criteria.

Why use the tool

- To assess "how" our capabilities may likely impact solution criteria

- Identify where we make *positive* (benefit) versus *negative* impact (cost)

- Highlights potential tradeoffs (what must customer give up / sacrifice to realize the benefits?)

- Starts conversation around "how much better" we need to be for customer to adopt
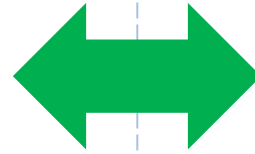
I have a PROPOSITION for you..

VALUE! ⟷ PROPOSITION
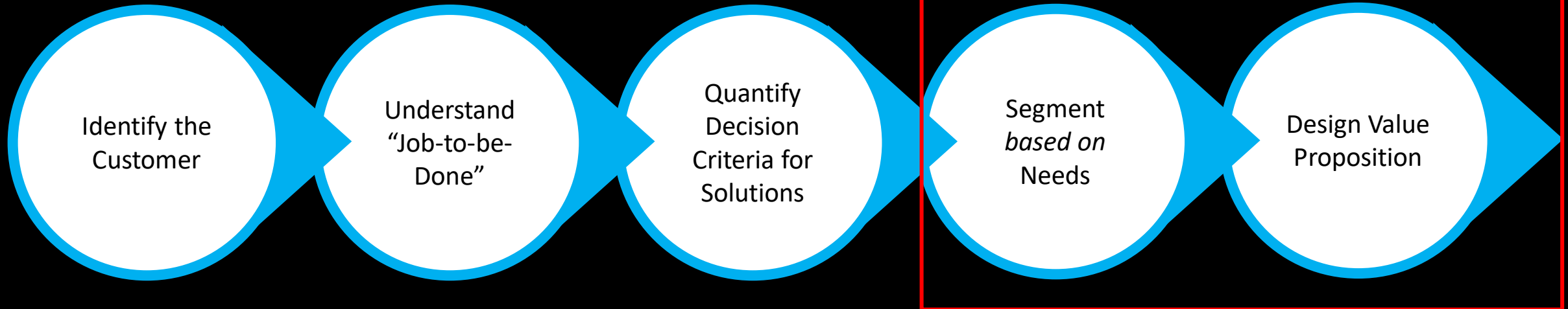
What do they get? **What do they sacrifice?**
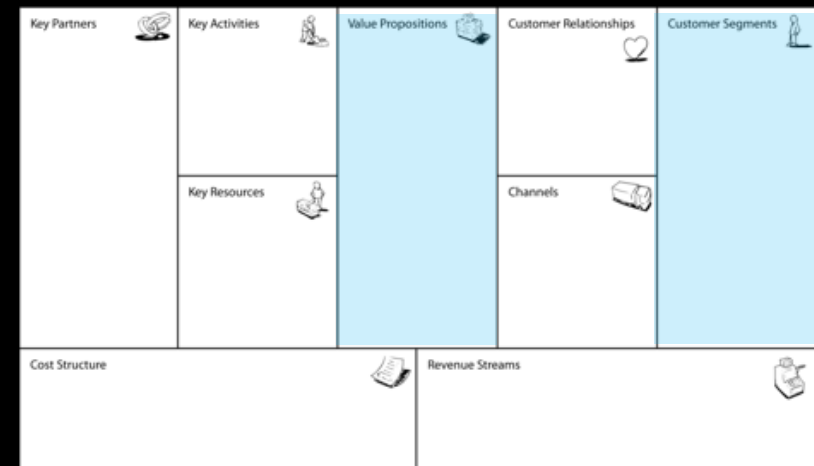
IS THE SACRIFICE WORTH THE GAIN?

Which solution criteria do you address "*more effectively*" than the existing solution?

Which solution criteria do you address "*less effectively*" than the existing solution?

VALUE! PROPOSITION

Prospective Customer

Solution Criteria

Your Offering

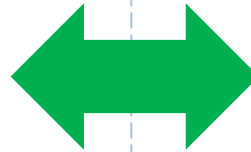| User	Job	Solution Criteria	Sacrifice	Capabilities (Features)	Solution
Who is the person you plan to help?	*What will you help this person do?*	*When this person picks a solution for the job, what matters?*	*What capabilities (criteria) are you asking them to give up?*	*What are key capabilities, attributes, or specs?*	*What is your offering (product, service, or tech)?*

"I wouldn't use LIDAR even if you gave it me."

-Elon Musk

"...right now, I don't think it makes for a compelling **value proposition**."

-Elon Musk

ACTIVITY 4

15 minutes
First shot at Value Propositions
WORKSHEET 8