

Nailing the Customer Value Proposition

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Agenda

- Value Proposition Definition
- Silicon Valley Methodologies
- Definitions: Jobs, Problems, Solutions
- Real-Life Example
- Exercise
- Q&A



Defining Value Proposition

A close-up photograph of a person's hands holding several US dollar bills. The person is wearing a light blue shirt. The bills are fanned out, showing a 20-dollar bill on the left and a 50-dollar bill on the right. The background is a soft, out-of-focus light blue.

Value Proposition – A measure of consumer benefits that make a company's product or service attractive to paying customers.

Why is *Value Proposition* So Important?



*Over 72% of Products
FAIL to Meet Customer's
Expectations*

*So Ask Prospective Customers
What They Need!*



Eric Ries' *Lean Startup* Methodology

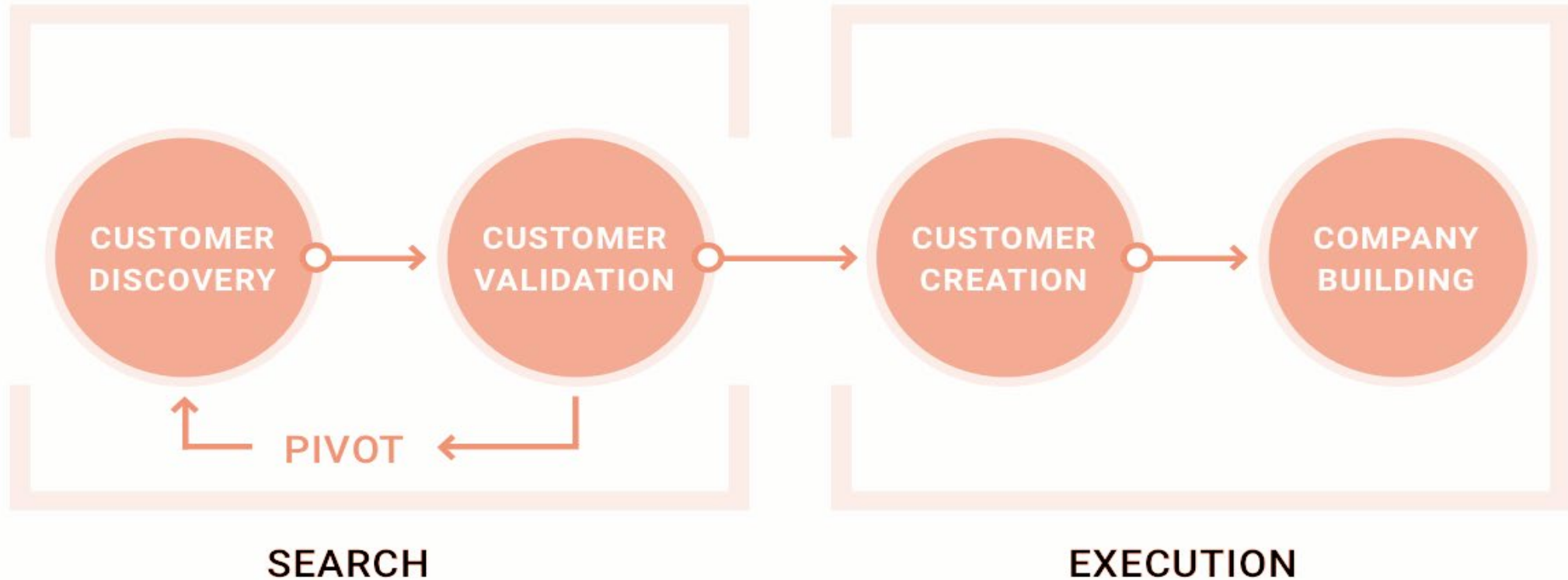


Steve Blank's *Customer Development Process*

- An **iterative process to test key assumptions** that underpin the initial ideas about a product and its market.
- Assumptions are treated as **hypotheses needing to be tested** and validated through **customer interviews**.

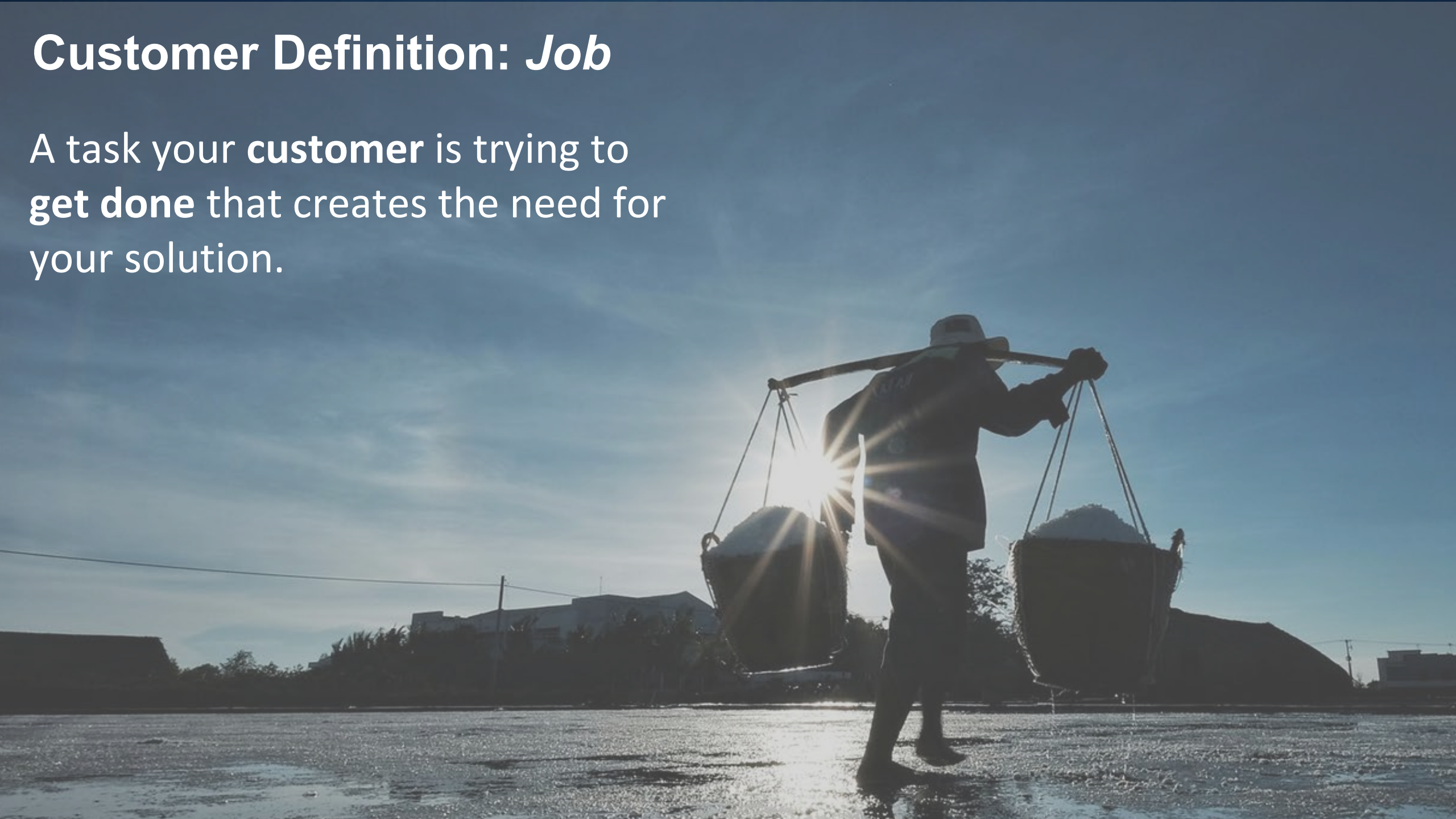


Pivot Often During Customer Discovery; Rarely in Execution



Customer Definition: *Job*

A task your **customer** is trying to **get done** that creates the need for your solution.



Some Customer Definitions

A person with long dark hair is sitting on a dark metal park bench. They are wearing a dark long-sleeved shirt, blue jeans, and dark sneakers with tan soles. Their hands are pressed against their forehead, and they appear to be in a state of distress or frustration. The background shows a park setting with trees and a building in the distance.

Pains – Undesired costs, situations, risks and negative emotions that your customer experiences while doing the job.

Some Customer Definitions

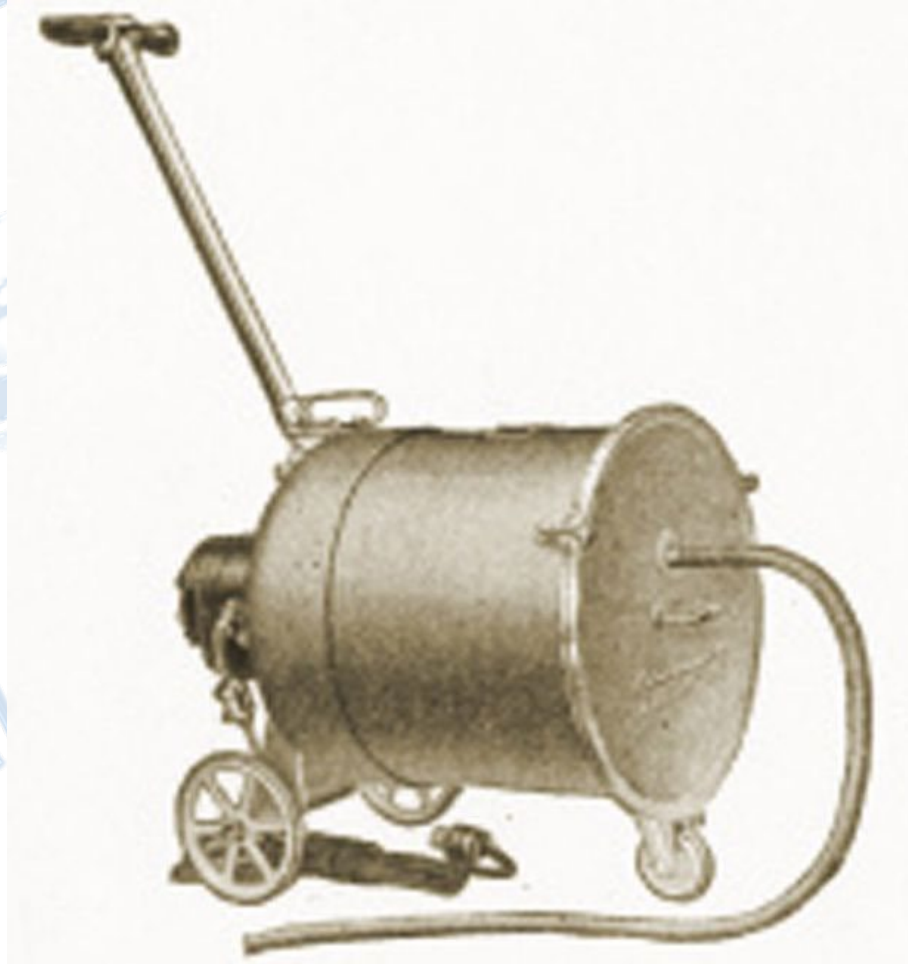
Gains – Benefits your customer would like, including functional utility, social gains, positive emotions, income growth, and cost savings.

An Example

➤ The “Job” of Cleaning House



The Product: The Vacuum Cleaner



Customer Pains

- Vacuum heavy and bulky
- Suction not strong enough
- Hard to navigate
- Cannot reach under furniture



Customer Gains

➤ Gee, if I didn't have to do it...



A Definition for “Product” or “Service”

- An offering that helps your customer **get a job done**, helping them either **satisfy basic needs**, or achieve functional, social, or emotional goals



More Product Definitions: *Pain Reliever*

- Products or services that **alleviate customer pains** by eliminating or reducing negative **emotions**, undesired **costs** and situations and **risks** your customer experiences while getting the job done



Pain Reliever Example

- Lightweight
- Kinetic Ball
- Canister vacuum
- Cyclonic Separation
- Centrifugal force for airflow



More Product Definitions: *Gain Creator*

- Products or services that create **benefits** your customer **expects**, or **would find value in**, including functional utility, social gains, positive emotions, and **cost savings**



Gain Creator Example

- Wi-Fi / remote control
- Auto-adjustable brush height
- “Perimeter” cleaning algorithm
- Advanced sensors
- Auto-return to home base
- Software updates



iRobot®
Roomba®





“Wait, aren’t a *Pain* and a *Pain Reliever* two sides of the same coin?”

Kind of, but there is an
important difference...





If you start with the product to define the pain reliever, it is a ***solution in search of a problem***



If you start with the customer's **Jobs**
and identify the biggest **Pains &**
Gains, you discover ***Problems in***
need of Solutions

A photograph of a crowded retail store aisle, likely a Walmart, with many shoppers and price tags. The scene is busy, with people looking at products and pushing shopping carts. Price tags for various items are visible, including a 'Rollback' tag for \$2.88 and another for \$1.49. A sign for 'Pharmacy' is visible in the background. The overall atmosphere is one of a busy, high-demand retail environment.

What would likely have the stronger market demand?

- A Solution in Search of a Problem

- Or a True Problem Solver?

Value Proposition

Exercise:

Travel is a hassle

Let's talk about travel
Jobs & related Pains



Travel Jobs

- Checking in & tracking luggage
- Going through security
- Waiting in line to board
- Airport transfers on non-stop flights
- Waiting at the luggage carousel
- Finding your way around in a strange town



Travel Job - Checking In & Tracking Luggage

➤ Checking in & tracking luggage

- Going through security
- Waiting in line to board
- Airport transfers on non-stop flights
- Waiting at the luggage carousel
- Finding your way around in a strange town

Pains (Hypotheses):

- 1. Long lines at check-in*
- 2. Long wait at carousel*
- 3. Vacation ruined because luggage got lost*
- 4. Spending time on phone with airline, while looking for luggage*



Travel Job Solution: Checking in & Tracking Luggage

➤ Solution: *ConciergeTracker*

- A concierge service tied to an Apple AirTag associated with your account and stored with a checked piece of luggage



Concierge Tracker Product Features

- Sit in a lounge and have the luggage delivered to you within 30 minutes
- If luggage is delayed, a concierge will track it down and deliver to you
- A dedicated status tracking app
- A dedicated concierge available 24X7
- If the luggage is delayed more than 12 hours, you get \$500 USD



Concierge Tracker Benefits (Hypotheses)

- Less Stress and Hassle
- Time Savings When Retrieving Luggage
- Easier to Find Luggage When Lost
- Compensation When Losses & Delays Happen



Measuring the Value Proposition

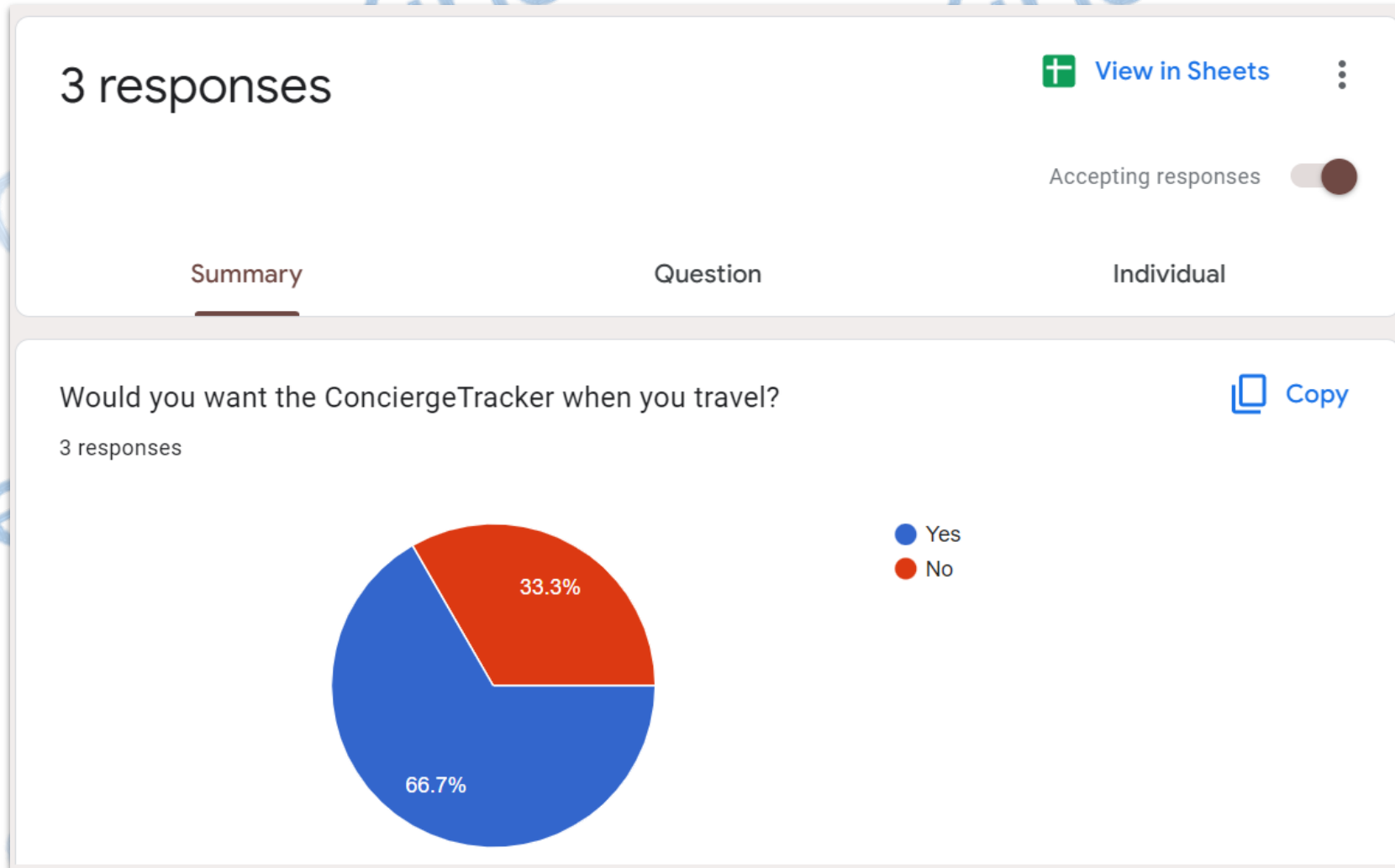
➤ Tell us what value you see in the **ConciergeTracker**



<https://forms.gle/r3k1ENWc7RhJKgY96>

The screenshot shows a survey form for Global Kinetics. At the top, there is a header with the Global Kinetics logo and a navigation menu. Below the header is a dark blue banner with white text: "Global Kinetics was formed to help companies 'Move Innovation Forward' be it for early stage startup companies innovating a new solution or large corporates seeking to generate new business models that add value for their customers." To the right of the banner is a photo of three people in a meeting. Below the banner is the main title "Value Proposition of ConciergeTracker" in a large, bold font. Underneath the title is a paragraph of text: "Introducing the ConciergeTracker. Attach an Apple AirTag to your luggage and our app and concierge service does all the rest to make sure that your suitcase arrives at the same place as you. You can sit in a lounge to wait for your bag at arrivals, and have the luggage delivered to you within 30 minutes. If the luggage is delayed, a concierge will track it down and deliver to you at your destination address. You can track all status and activities on a dedicated status tracking app, and a dedicated concierge is available 24X7 for help. And if the luggage is delayed more than 12 hour, you get \$500 USD compensation paid within 24 hours." Below the text is a user identification section with a globe icon, the email "kdeutsch@sviyp.com (not shared)", and a "Switch account" link. A red asterisk and the word "Required" are below this section. At the bottom of the form is a question: "Would you want the ConciergeTracker when you travel? *".

Value Proposition Survey Results



What Did You Notice About This Survey?

- **At Idea Stage; No Product or MVP!**
- **Defining & Nailing Value Proposition First**
- **Testing & Validating an Idea**
- **Easy & Cheap to Do**
- **Can Test With:**
 - **Written Descriptions (Cheapest)**
 - **Mockups / Wireframes**
 - **MVP / Product (Most Expensive)**



Get a Free *Customer Discovery Bundle*

- Everything You Need to Start Researching Your Value Proposition



<https://tinyurl.com/sviyp-guides>




Parting Question to Ponder...

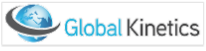
Are you doing enough to measure customers'
Value Proposition when using your **Solution** while
trying to get their **Jobs** done?



One Last Thing Your Pitch Deck Storyflow

- Problem/Solution
- Value Proposition
- IP & Advantages
- Market Size
- Business Model
- Go-to-Market
- Competitive Analysis
- Team
- Financials
- Traction
- Ask/Milestones/Exit





Storyboard Framework for Startup Pitch Deck

If you Google "pitch deck template", you'll find lots and lots of template recommendations. There is no one right answer that will work for all startups. However, there are a set of questions that most investors expect you to address in your pitch deck. Moreover, that deck allows you to create a narrative arc, similar to what a storyteller might do. Think of each slide as a "wow" or "aha" that gets your audience to say, "that's interesting, I want to hear more." Below are the things that we recommend that you include in your talking script for your pitch deck. Need more help dazzling your audience? Check out [Silicon Valley in Your Pocket's accelerator and investor readiness program](#).

SLIDE	SUBJECT	OBJECTIVE / NOTES	YOUR STORY
	Title	Company name & slogan (15 word or less blurb)	Imagine this is the only page that someone will see. Ensure that they know what you do and attempt to pique their interest to want to learn more by reading the remainder of the presentation.
1	Problem	Is there a "real" problem that someone can relate to and that people will be willing to come out of pocket to solve? What is the problem that you solve and who feels the pain today? Think about reflecting the problem by the use of a persona that provides real world context and makes it very relatable to the audience. Check out some persona examples .	
2	Solution	Does your solution truly address the problem in a manner that warrants someone paying for it, even if that is indirect (e.g. advertising revenue streams)? To be sure, "product-market fit" is the top cause of startup failure, so be sure to show the reality and scale of the problem and the suitability of your solution to solving the problem.	
3	Value Proposition	Why does anyone really care about your solution? What true value does it bring users? What does the solution do for your customer and/or at large? Will your solution help users make or save money? Save time or gain productivity? Or is it some other measure? Consider cost savings, time savings, revenue growing, efficiency gains, or even a gain in happiness, satisfaction or prestige as potential value propositions .	
4	"Secret Sauce"	What is differentiated and defensible about your solution? Investors want to know that your "secret sauce" can't easily be duplicated. Defensibility is what helps keep you successful & slows competitors down. Do you have any intellectual property (IP)? Exclusive agreements? A unique user experience or business model? Think about potential barriers to entry that you can erect to maintain that advantage over the years. Lastly, think about "why you?" and "why now?" Why are you uniquely qualified to solve the stated problem better than anyone else?	



<https://tinyurl.com/sviyp-guides>



Thank You For the Privilege of Your Time

Questions?



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**Please Let Us
Know How
We Did**



<https://forms.gle/723FEVAGESEh4xCx5>

