



ΑΝΑΛΥΣΗ ΚΑΙ ΣΧΕΔΙΑΣΜΟΣ ΕΠΙΧΕΙΡΗΜΑΤΙΚΩΝ ΔΙΑΔΙΚΑΣΙΩΝ

Ενότητα 3: VALUE PROPOSITION DESIGN

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Ευρωπαϊκή Ένωση
Ευρωπαϊκό Κοινωνικό Ταμείο



ΥΠΟΥΡΓΕΙΟ ΠΑΙΔΕΙΑΣ ΚΑΙ ΘΡΗΣΚΕΥΜΑΤΩΝ
ΕΙΔΙΚΗ ΥΠΗΡΕΣΙΑ ΔΙΑΧΕΙΡΙΣΗΣ

Με τη συγχρηματοδότηση της Ελλάδας και της Ευρωπαϊκής Ένωσης



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- Το παρόν εκπαιδευτικό υλικό έχει αναπτυχθεί στα πλαίσια του εκπαιδευτικού έργου του διδάσκοντα.
- Το έργο «Ανοικτά Ακαδημαϊκά Μαθήματα στο ΤΕΙ Κεντρικής Μακεδονίας» έχει χρηματοδοτήσει μόνο τη αναδιαμόρφωση του εκπαιδευτικού υλικού.
- Το έργο υλοποιείται στο πλαίσιο του Επιχειρησιακού Προγράμματος «Εκπαίδευση και Δια Βίου Μάθηση» και συγχρηματοδοτείται από την Ευρωπαϊκή Ένωση (Ευρωπαϊκό Κοινωνικό Ταμείο) και από εθνικούς πόρους.



How to create products and services customers want.
Get started with...

Value Proposition Design

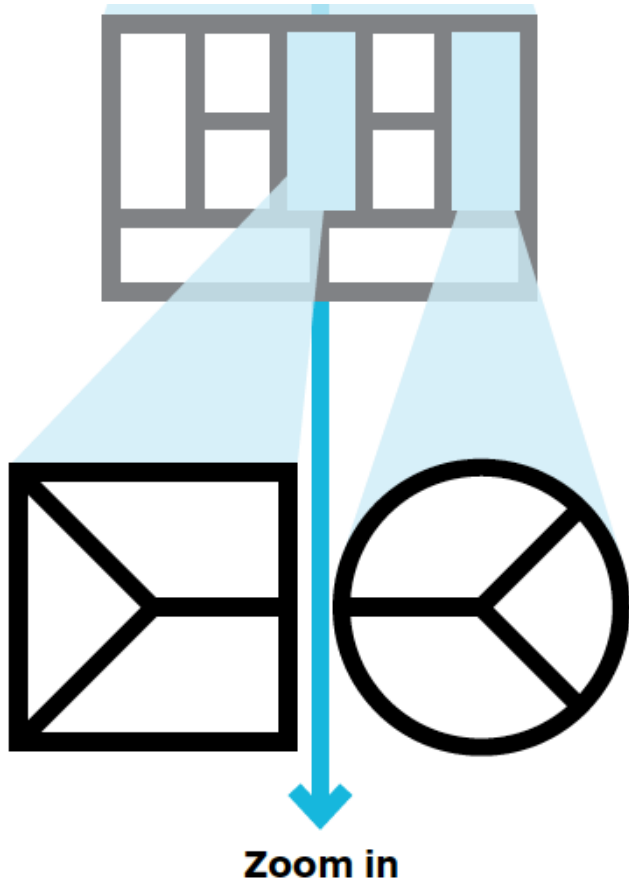
strategyzer.com/vpd

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WILEY





The
Business Model Canvas
helps you
create value for your business.

The
Value Proposition Canvas
helps you
create value for your customer.

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners



Key Activities



Value Propositions



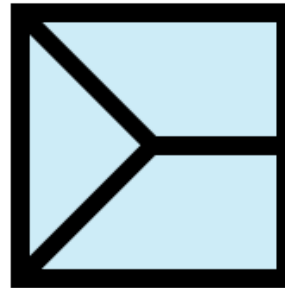
Customer Relationships



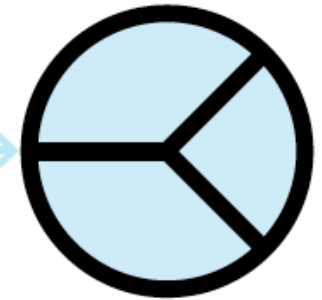
Customer Segments



Key Resources



Channels



Cost Structure



Revenue Streams



Value Proposition Design works for...

Are you creating something from scratch on your own or are you part of an existing organization? Some things will be easier and some harder depending on your strategic playground.

A start-up entrepreneur deals with different constraints than a project leader for a new venture within an existing organization. The tools presented in this book apply to both contexts. Depending on your starting point you will execute them in a different way to leverage different strengths and overcome different obstacles.

Main challenges

- Produce proof that your ideas can work on a limited budget.
- Manage involvement of investors (if you scale your ideas).
- Risk running out of money before finding the right value proposition and business model.

New Ventures

Individuals or teams setting out to create a great value proposition and business model from scratch

Main opportunities

- Use speedy decision making and agility to your advantage.
- Leverage the motivation of ownership as a driver for success.



Established Organizations

Teams within existing companies setting out to improve or invent value propositions and business models

🕒 Get "Innovating in Established Organizations" poster

Main opportunities

- Build on existing value propositions and business models.
- Leverage existing assets (sales, channels, brand, etc.).
- Build portfolios of business models and value propositions.



Main challenges

- Get buy-in from top management.
- Get access to existing resources.
- Manage cannibalization.
- Overcome risk aversion.
- Overcome rigid and slow processes.
- Produce big wins to move the needle.
- Manage career risk of innovators.



The Value Proposition Canvas has two sides. With the Customer Profile ^{p. 10} you clarify your customer understanding. With the Value Map ^{p. 26} you describe how you intend to create value for that customer. You achieve Fit ^{p. 40} between the two when one meets the other.

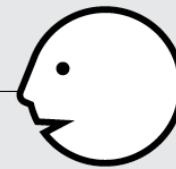


Create Value

The set of value proposition **benefits** that you **design** to attract customers.

DEF-I-NI-TION
VALUE PROPOSITION

Describes the benefits customers can expect from your products and services.



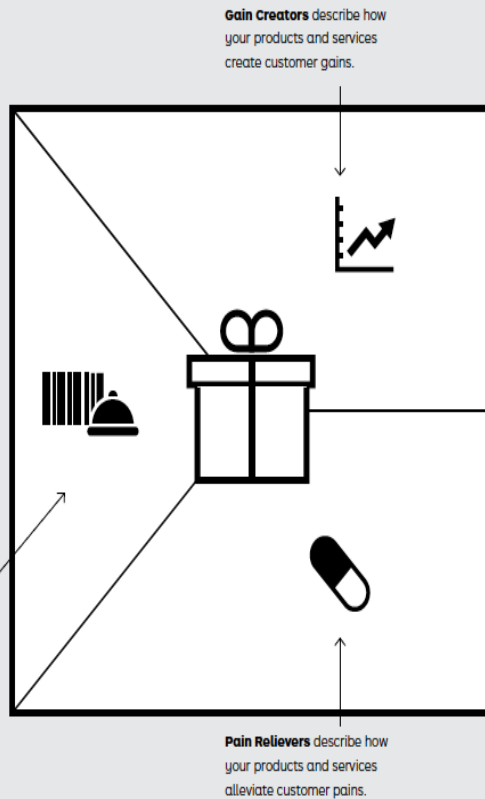
Observe Customers

The set of customer **characteristics** that you **assume, observe, and verify** in the market.

Value Map

The Value (Proposition) Map describes the features of a specific value proposition in your business model in a more structured and detailed way. It breaks your value proposition down into products and services, pain relievers, and gain creators.

This is a list of all the **Products and Services** a value proposition is built around.

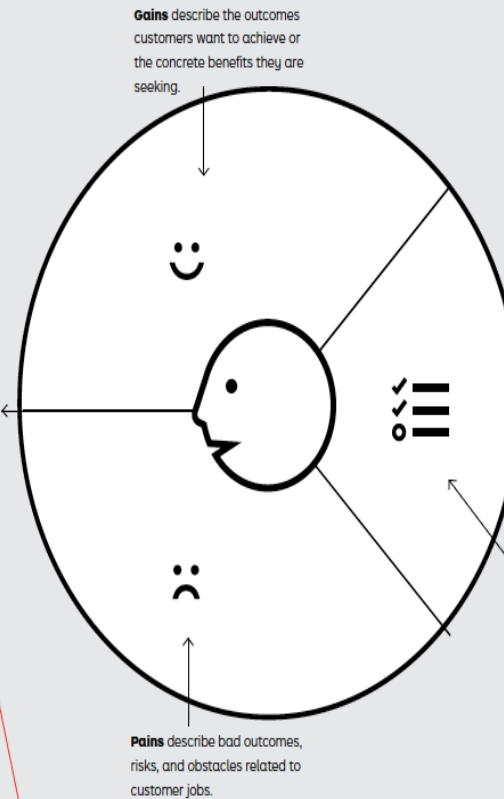


Fit

Customer Profile

The Customer (Segment) Profile describes a specific customer segment in your business model in a more structured and detailed way. It breaks the customer down into its jobs, pains, and gains.

Customer Jobs describe what customers are trying to get done in their work and in their lives, as expressed in their own words.



You achieve **Fit** when your value map meets your customer profile—when your products and services produce pain relievers and gain creators that match one or more of the jobs, pains, and gains that are important to your customer.

Customer Jobs

- Functional jobs
- Social jobs
- Personal/emotional jobs
- Supporting jobs

- Job importance

Customer Pains

- Undesired outcomes, problems, and characteristics
- Risks (undesired potential outcomes)
- Obstacles

- Pain severity

Customer Pains

- How do your customers define too costly? Takes a lot of time, costs too much money, or requires substantial efforts?
- What makes your customers feel bad? What are their frustrations, annoyances, or things that give them a headache?
- How are current value propositions underperforming for your customers? Which features are they missing? Are there performance issues that annoy them or malfunctions they cite?
- What are the main difficulties and challenges your customers encounter? Do they understand how things work, have difficulties getting certain things done, or resist particular jobs for specific reasons?
- What negative social consequences do your customers encounter or fear? Are they afraid of a loss of face, power, trust, or status?
- What risks do your customers fear? Are they afraid of financial, social, or technical risks, or are they asking themselves what could go wrong? What's keeping your customers awake at night? What are their big issues, concerns, and worries?
- What common mistakes do your customers make? Are they using a solution the wrong way?
- What barriers are keeping your customers from adopting a value proposition? Are there upfront investment costs, a steep learning curve, or other obstacles preventing adoption?

Customer Gains

- Required gains
- Expected gains
- Desired gains
- Unexpected gains

- Gains Relevance

Customer Gains

- Which savings would make your customers happy? Which savings in terms of time, money, and effort would they value?
- What quality levels do they expect, and what would they wish for more or less of?
- How do current value propositions delight your customers? Which specific features do they enjoy? What performance and quality do they expect?
- What would make your customers' jobs or lives easier? Could there be a flatter learning curve, more services, or lower costs of ownership?
- What positive social consequences do your customers desire? What makes them look good? What increases their power or their status?
- What are customers looking for most? Are they searching for good design, guarantees, specific or more features?
- What do customers dream about? What do they aspire to achieve, or what would be a big relief to them?
- How do your customers measure success and failure? How do they gauge performance or cost?
- What would increase your customers' likelihood of adopting a value proposition? Do they desire lower cost, less investment, lower risk, or better quality?

Profile of a “Business Book Reader”

Gains are benefits, results, and characteristics that customers require or desire. They are outcomes of jobs or wanted characteristics of a value proposition that help customers get a job done well.

The more tangible and specific you make pains and gains, the better. For example, “examples from my industry” is more concrete than “relevant to my context.” Ask customers how they measure gains and pains. Investigate how they measure success or failure of a job they want to get done.

Make sure you deeply understand your customer. If you have only a few sticky notes on your profile, that probably indicates a lack of customer understanding. Unearth as many jobs, pains, and gains as you can. Search beyond those directly related to your value proposition.

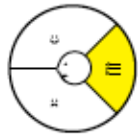


You should know your customers' social and emotional jobs in addition to their functional jobs, which are usually easier to identify.

Make sure you go beyond a superficial understanding of jobs. Why do customers want to “learn new knowledge”? It might be that they want to bring new methods in to their organization. Ask “why” several times to get to the most important jobs.

Make sure you don't just consider jobs, pains, and gains related to a value proposition or product in mind. Identify those (e.g., “Business books are too long”) as well as other extreme pains (e.g., “lack of time” or “get boss's attention”).

Ranking Jobs, Pains, and Gains



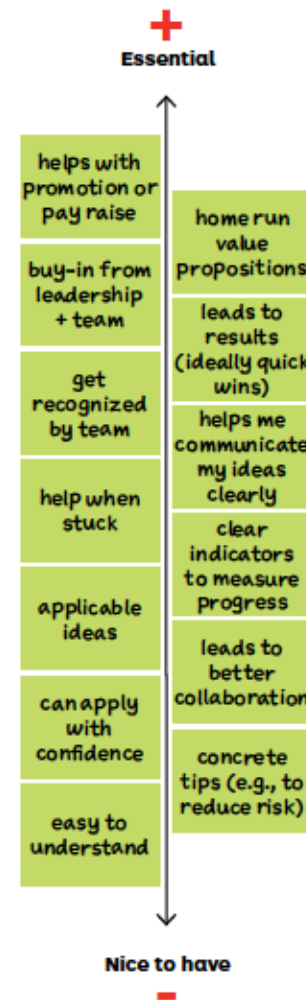
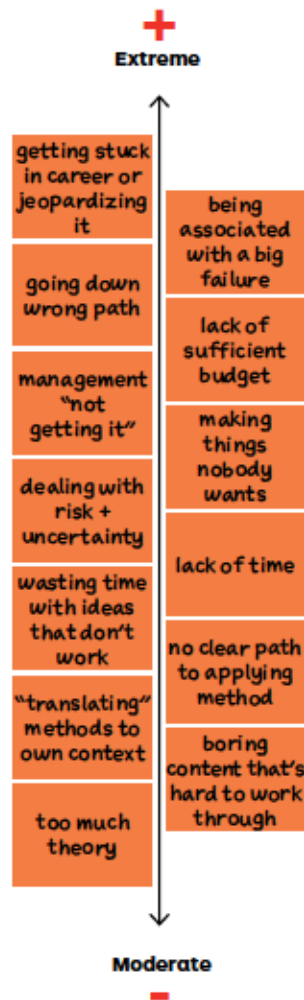
Job importance
Rank jobs according to their importance to customers.



Pain severity
Rank pains according to how extreme they are in the customers' eyes.



Gain relevance
Rank gains according to how essential they are in the customers' eyes.



Common Mistakes

- Mixing several customer segments into one profile
- Mixing jobs and outcomes
- Focusing on functional jobs only and forgetting social and emotional jobs
- Listing jobs, pains, and gains with your value proposition in mind Identifying few jobs, pains, and gains
- Being too vague in descriptions of pains and gains

Best Practices

- Make a Value Proposition Canvas for every different customer segment. If you sell to companies, ask yourself if you have different types of customers within each company (e.g., users, buyers).
- Jobs are the tasks customers are trying to perform, the problems they are trying to solve, or the needs they are trying to satisfy, whereas gains are the concrete outcomes they want to achieve — or avoid and eliminate in the case of pains.
- Sometimes social or emotional jobs are even more important than the “visible” functional jobs. “Looking good in front of others” might be more important than finding a great technical solution that helps complete the job effectively.

Best Practices

- When you map your customer, you should proceed like an anthropologist and “forget” what you are offering. For example, a business publisher should not map jobs, pains, and gains merely related to books, because a reader has the choice between business books, consultants, YouTube videos, or even completing an MBA program or training. Go beyond the jobs, pains, and gains you intend or hope to address with your value proposition.
- A good customer profile is full of sticky notes, because most customers have a lot of pains and expect or desire a lot of gains. Map out all your (potential) customers’ important jobs, extreme pains, and essential gains.
- Make pains and gains tangible and concrete. Rather than just writing “salary increase” in gains, specify how much of an increase a customer is seeking. Rather than writing “takes too long” in pains, indicate how long “too long” actually is. This will allow you to understand how exactly customers measure success and failure.

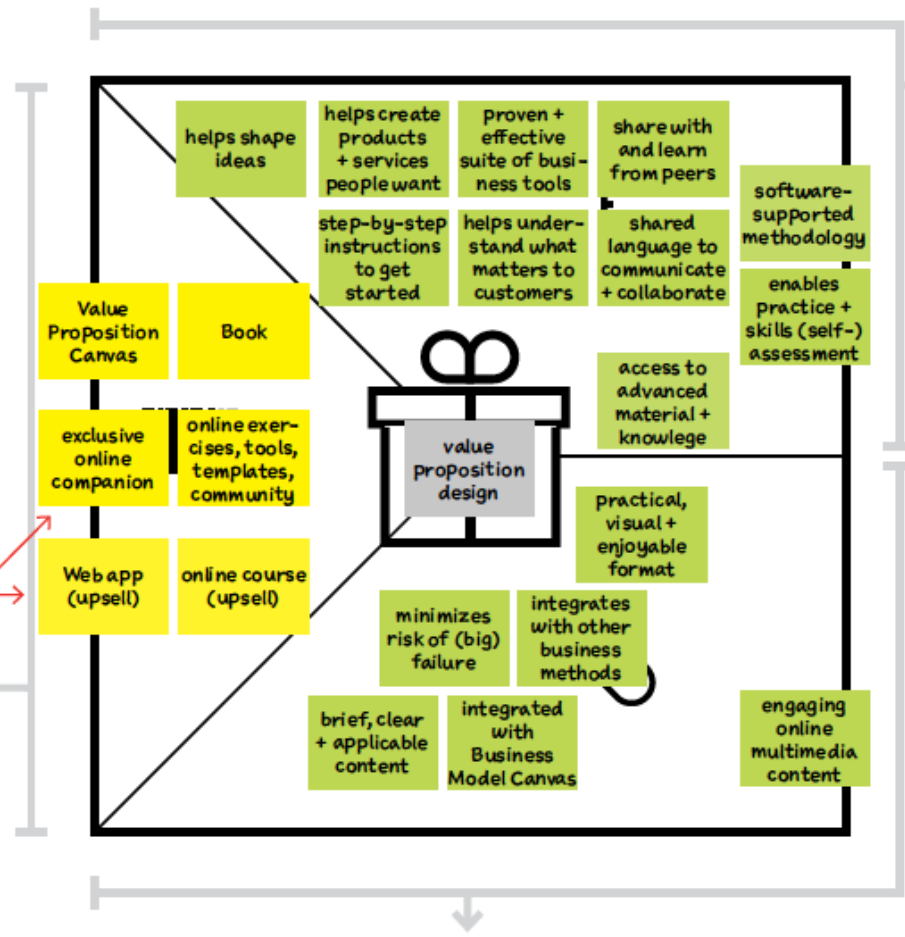
Pains vs. Gains

When you get started with the customer profile, you might simply put the same ideas in pains and gains as opposites of each other. For example, if one of the customers' jobs to be done is "earn more money," you might start by adding "salary increase to gains" and "salary decrease" to pains. Here's a better way to do it:

- Find out precisely how much more money the customer expects to earn so it feels like a gain and investigate what decrease would feel like a pain.
- In the pains, add the barriers that prevent or make it difficult to get a job done. In our example the pain might be "my employer doesn't give raises."
- In the pains, add the risks related to not getting the job done. In our example the pain could be "might not be able to afford my child's future college tuition."

Mapping the Value Proposition of Value Proposition Design

Remarkable value propositions focus on jobs, pains, and gains that matter to customers and achieve those exceedingly well. Again, you should not try to address all customer pains and gains. Focus on those that will make a difference for your customer.



It's okay to aggregate several value propositions into one.

"Naked" list of the products and services that your value proposition builds on to target a specific customer segment.

Gain creators highlight how exactly your products and services help customers achieve gains. Each gain creator addresses at least one or more pains or gains. Don't add products or services here.

Formal Map of how we believe the products and services around this book create value for customers

Pain relievers outline how exactly your products and services kill customer pains. Each pain reliever addresses at least one or more pains or gains. Don't add products or services here.



Products and Services

- This is simply a list of what you offer. Think of it as all the items your customers can see in your shop window — metaphorically speaking.
 - Physical/tangible Goods, such as manufactured products.
 - Intangible Products such as copyrights or services such as after-sales assistance.
 - Digital Products such as music downloads or services such as online recommendations.
 - Financial Products such as investment funds and insurances or services such as the financing of a purchase.

- Relevance

Pain Relievers

- Pain relievers describe how exactly your products and services alleviate specific customer pains.
 - They explicitly outline how you intend to eliminate or reduce some of the things that annoy your customers before, during, or after they are trying to complete a job or that prevent them from doing so.
 - Great value propositions focus on pains that matter to customers, in particular extreme pains.
 - You don't need to come up with a pain reliever for every pain you've identified in the customer profile — no value proposition can do this.
 - Great value propositions often focus only on few pains that they alleviate extremely well.

Pain Relievers

Ask yourself: Could your products and services...

- produce savings? In terms of time, money, or efforts.
- make your customers feel better? By killing frustrations, annoyances, and other things that give customers a headache.
- fix underperforming solutions? By introducing new features, better performance, or enhanced quality.
- put an end to difficulties and challenges your customers encounter? By making things easier or eliminating obstacles.
- wipe out negative social consequences your customers encounter or fear? In terms of loss of face or lost power, trust, or status.
- eliminate risks your customers fear? In terms of financial, social, technical risks, or things that could potentially go wrong.
- help your customers better sleep at night? By addressing significant issues, diminishing concerns, or eliminating worries.
- limit or eradicate common mistakes customers make? By helping them use a solution the right way.
- eliminate barriers that are keeping your customer from adopting value propositions? Introducing lower or no upfront investment costs, a flatter learning curve, or eliminating other obstacles preventing adoption.

Gain Creators

- Gain Creators describe how your products and services create customer gains.
 - They explicitly outline how you intend to produce outcomes and benefits that your customer expects, desires, or would be surprised by, including functional utility, social gains, positive emotions, and cost savings.
 - As with pain relievers, gain creators don't need to address every gain identified in the customer profile.
 - Focus on those that are relevant to customers and where your products and services can make a difference.

Gain Creators

Ask yourself: Could your products and services...

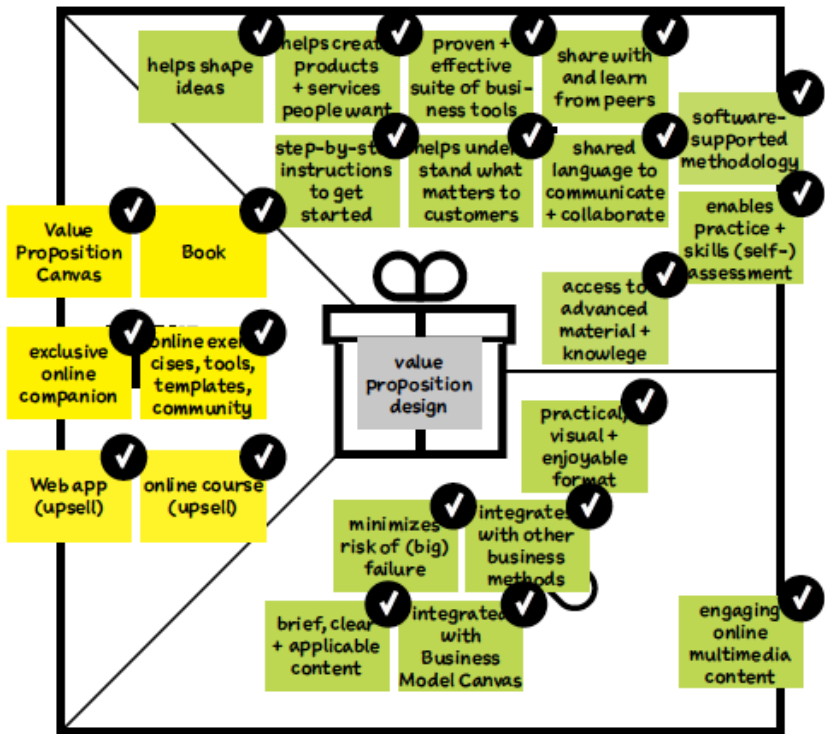
- create savings that please your customers? In terms of time, money, and effort.
- produce outcomes your customers expect or that exceed their expectations? By offering quality levels, more of something, or less of something.
- outperform current value propositions and delight your customers? Regarding specific features, performance, or quality.
- make your customers' work or life easier? Via better usability, accessibility, more services, or lower cost of ownership.
- create positive social consequences? By making them look good or producing an increase in power or status.
- do something specific that customers are looking for? In terms of good design, guarantees, or specific or more features.
- fulfill a desire customers dream about? By helping them achieve their aspirations or getting relief from a hardship?
- produce positive outcomes matching your customers' success and failure criteria? In terms of better performance or lower cost.

Common Mistakes

- List all your products and services rather than just those targeted at a specific segment.
- Add products and services to the pain reliever and gain creator fields.
- Offer pain relievers and gain creators that have nothing to do with the pains and gains in the customer profile.
- Make the unrealistic attempt to address all customer pains and gains.

Best Practices

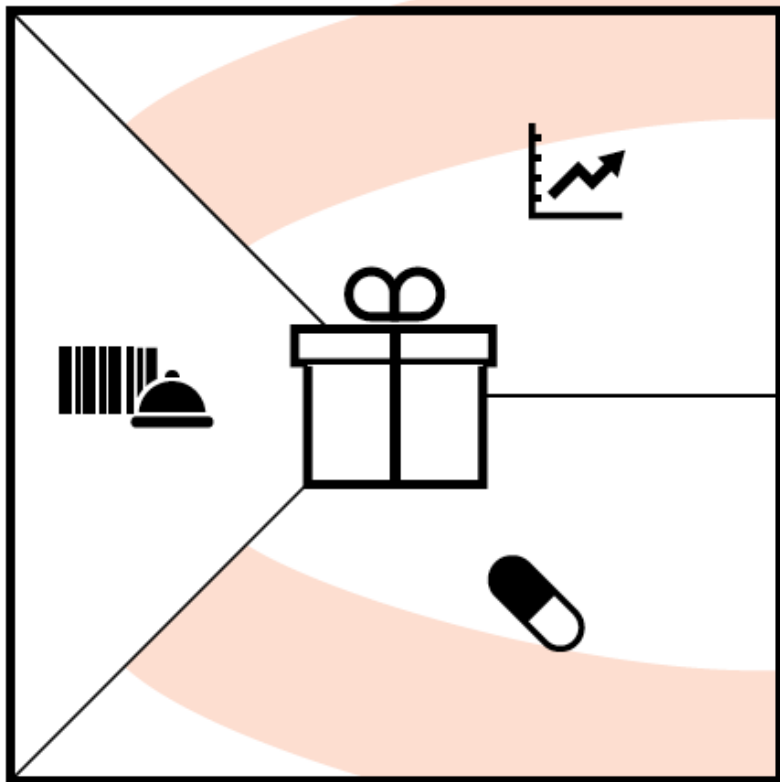
- Products and services create value only in relationship to a specific customer segment. List only the bundle of products and services that jointly form a value proposition for a specific customer segment.
- Pain relievers and gain creators are explanations or characteristics that make the value creation of your products and services explicit. Examples include “helps save time”, and “welldesigned.”
- Remember that products and services don’t create value in absolute terms. It is always relative to customers’ jobs, pains, and gains.
- Realize that great value propositions are about making choices regarding which jobs, pains, and gains to address and which to forgo. No value proposition addresses all of them. If your value map indicates so, it’s probably because you’re not honest about all the jobs, pains, and gains that should be in your customer profile.



Fit

- You achieve fit when customers get excited about your value proposition, which happens when you address important jobs, alleviate extreme pains, and create essential gains that customers care about.
- Fit is hard to find and maintain. Striving for fit is the essence of value proposition design.

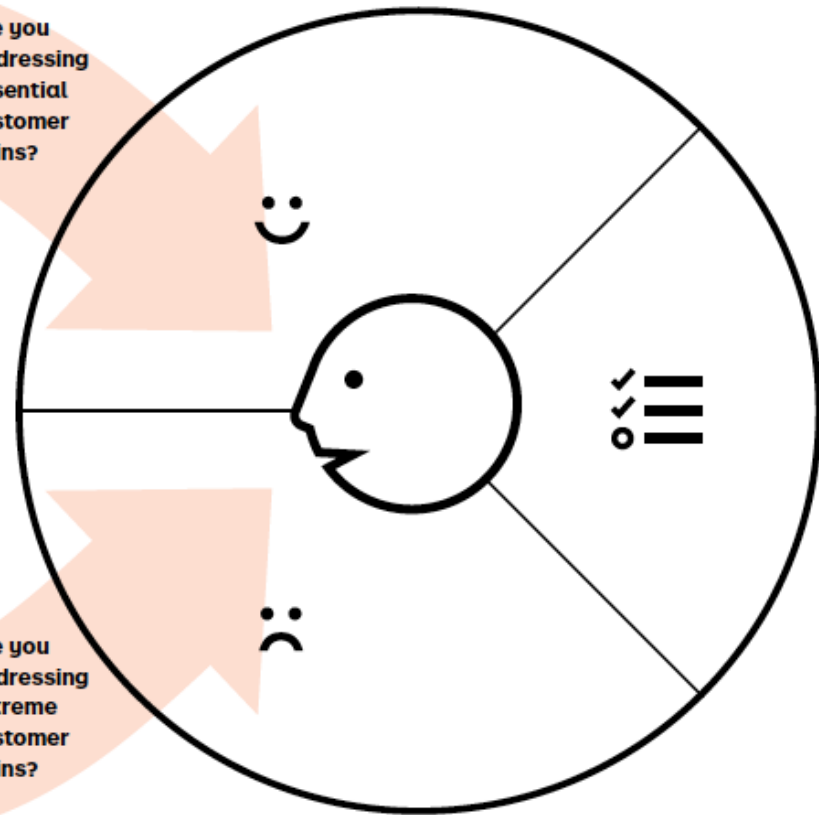
Customers expect and desire a lot from products and services, yet they also know they can't have it all. Focus on those gains that matter most to customers and make a difference.



Are you addressing essential customer gains?



Are you addressing extreme customer pains?



Customers have a lot of pains. No organization can reasonably address all of them. Focus on those headaches that matter most and are insufficiently addressed.

Test Card

Strategyzer

AdWords campaign

May 1, 2014

Natasha Hanshaw

2 weeks

STEP 1: HYPOTHESIS

We believe that businesspeople are looking for methods to help them design better value propositions.

Critical:



STEP 2: TEST

To verify that, we will launch a Google AdWords campaign around the search term "value proposition".

Test Cost:



Data Reliability:



STEP 3: METRIC

And measure how the advertising campaign performs in terms of clicks.

Time Required:



STEP 4: CRITERIA

We are right if if we can achieve a click-through rate (CTR) of at least 2 percent (number of clicks divided by total impressions of ad).

Τέλος Ενότητας