VALUE PROPOSITION

Definition: A quantitative, easy-to-remember statement that summarizes the value of your offering.

VALUE PROPOSITION COMPONENTS
A way to explain your project

Important Customer Needs

Approach

Benefits per cost

Competition and alternatives
SHARED LANGUAGE FOR VALUE CREATION
Unfortunately, this is how most presentations look:

A

B

X

Too much time on technical approach

not enough time on customer needs

AN EVERYDAY EXAMPLE
We create value propositions naturally every day

I understand that you are hungry (Need)
Let's go to the SRI cafe (Approach)
instead of McDonald's (Competition)
because for the same price the SRI cafe has better food, it's quiet, and we can continue our discussion (Benefits/costs)

We naturally create Value Propositions in our everyday life
An SRI colleague developed a Value Proposition for his marriage proposal!
Remarkably useful in business environments, but rare!
The key is making the Value proposition CLEAR, CRISP and COMPELLING
Remember: Only your customer defines your value
THE ELEVATOR PITCH

WHAT DID I JUST DO?

Elevator Pitch

Hook

Value Proposition

Close

Hook examples (attention grabbers)
- "How many of you would like to increase your ROI by 25% within 6 months?"
- "You can see dramatic results with just three changes."
- "Why do drug dealers live with their mothers?"

Close examples (clear, actionable requests)
- "Can my team meet with you within two weeks to begin this journey?"
- "Will you set up a meeting with your Vice President to discuss this further?"
- "We want $50,000 to test our prototype and lower this project's risk"
INNOVATION PLANS
The blueprint for raising investments needed to get started

Extend & advance your NABC Value Proposition
- A world-class team
- Positioning to address an important unmet need
- Business model
- Unique, compelling competitive advantage
- Risk mitigation

Format
- Clear & concise: 10-20 slides or 2-4 pages
- Addressing all components is critical, not the order

CREATE INTEREST TO LEARN MORE

OPENING: - Hook
  - Short-summary of company purpose
  - The ask
    1. builds trust = transparent
    2. May not get to end of presentation so don't want

NEED:
- Important unmet need - "pain killers"
- Sense of urgency - why now?
- Market ecosystem - size, disruption
- Initial positioning - first customers, growth

In what market will you start?
INNOVATION PLAN APPROACH
Answer key questions and build excitement

APPROACH: Product and/or service definition
- Bring it to life – demo, story, sample
Go-to-market
- Reference customers or partners
Senior management & staffing
- Expertise to make it happen
Business Model
- How you make money

QUANTIFY MEANINGFUL VALUE

Benefits-
per-cost:
- Quantitative advantage & payback
- Customer value
- Investor benefits – ROI, growth, profit
- Staff, partner & other stakeholder value
POSITIONING TO MINIMIZE RISK

**Competition:** Competition now & future
- Comparison
- Able to perform significantly better
- Differentiated, unique & enabling

Barriers to entry
- IP, business model, partnerships
- You can own and protect

Risk mitigation plan
- Address issues of maximum risk
- Ability to react to external changes

CLEAR CONCLUSION TO MOVE FORWARD

Close: Summary
- The “ask”
- What happens next
- Next steps
THE POWER OF ITERATION
More iterations = dramatic improvement
Work on parts to improve the whole
Reduce risk

VALUE PROPOSITIONS VARY IN DETAIL
Hook
N
A
B
C
Value Proposition
Close
<60 seconds = elevator pitch
= executive summary
4-5 minutes = staff meeting update
= introduction
20 minutes = innovation plan
= funding request
= customer presentation
<table>
<thead>
<tr>
<th>Project Title:</th>
<th>Audience:</th>
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<tbody>
<tr>
<td>Customer:</td>
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**What's the opening?**

**HOOK**

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<table>
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<tr>
<th>What's the important quantitative, customer and market <strong>NEED</strong>?</th>
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<th>What's the specific quantitative <strong>APPROACH</strong> to satisfying that need?</th>
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<th>What are the quantitative <strong>BENEFITS PER COSTS</strong> from this approach?</th>
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<th>Who is the <strong>COMPETITION</strong> and what are the alternatives? Why are your Benefits-per-Costs superior?</th>
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**What action do you want taken?**

**CLOSE**
VALUE CREATION FORUM FEEDBACK ROLES

**Green hats**
- What was most valuable?
- What did you like and why?
- What should **not** change?
- What was most compelling for you?

**Red hats**
- What is missing?
- How could the value be improved?
- Where was value unclear or not compelling?
- What was not quantified?

**Eyes of the customer**
- What is missing in the proposition?
- How does this compare to my alternatives?
- What value does this bring to the customer?
- What changes would make this more compelling?

**White hats (funding source)**
- What would a funder need to hear?
- Is this investment ready? Why or why not?
- Is the opportunity big or important enough to warrant the investment?
- What changes would make an investment compelling?

**TEAM MEMBERS TAKE NOTES**
Feedback that Improves the Value Proposition
- Always start with things that you liked (green hat feedback)
- Use “and” – not “but” …
- Make “I” statements rather than “you” statements
- Be nice, don’t be nasty … some people think they show how smart they are by being nasty