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OCI Lab
Open Collective
Intelligence Lab

Lab 2: Define your solution and your project value proposition

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Agenda

- Overview of the Lean Startup methodology
- Hypotheses
- Value Proposition
- Value Proposition Canvas

Objectives

- Learn how to set hypotheses
- Be able to sketch a set of hypotheses
- Identify your USP/ Value Proposition
- Learn how to use value proposition canvas

WHAT IS A STARTUP?

STARTUP DEFINED

Steve Blank's definition of a start-up is "*a startup is a temporary organization used **to search for a repeatable and scalable business model.***" (Steve Blank, 2013)

According to Eric Ries, a startup is "*a human institution designed to deliver a new product or service under conditions of **extreme uncertainty.***" (Eric Ries, 2011).

Source: Blank, S. (2013). *The four steps to the epiphany*. K & S Ranch.

Ries, E. (2011). *The lean startup: How today's entrepreneurs use continuous innovation to create radically successful businesses*. Crown Books.

TOP 10

STARTUP MISTAKES



Avoiding #1 remains the top priority



LEAN STARTUP

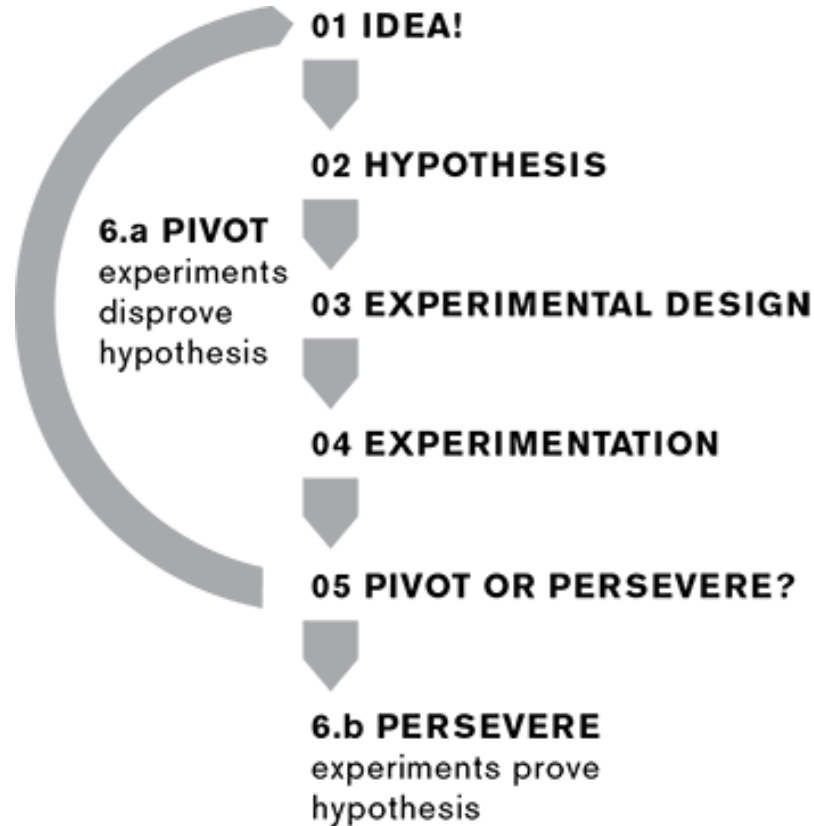
Lean startup is a rigorous process for iterating from Plan A to a plan that works. (Ash Maurya)

In other words it's a scientific method to design business models and products and iterate around them developing new products.

This methodology aims to shorten product development cycles and rapidly discover if a proposed business model is viable based on validated learning.

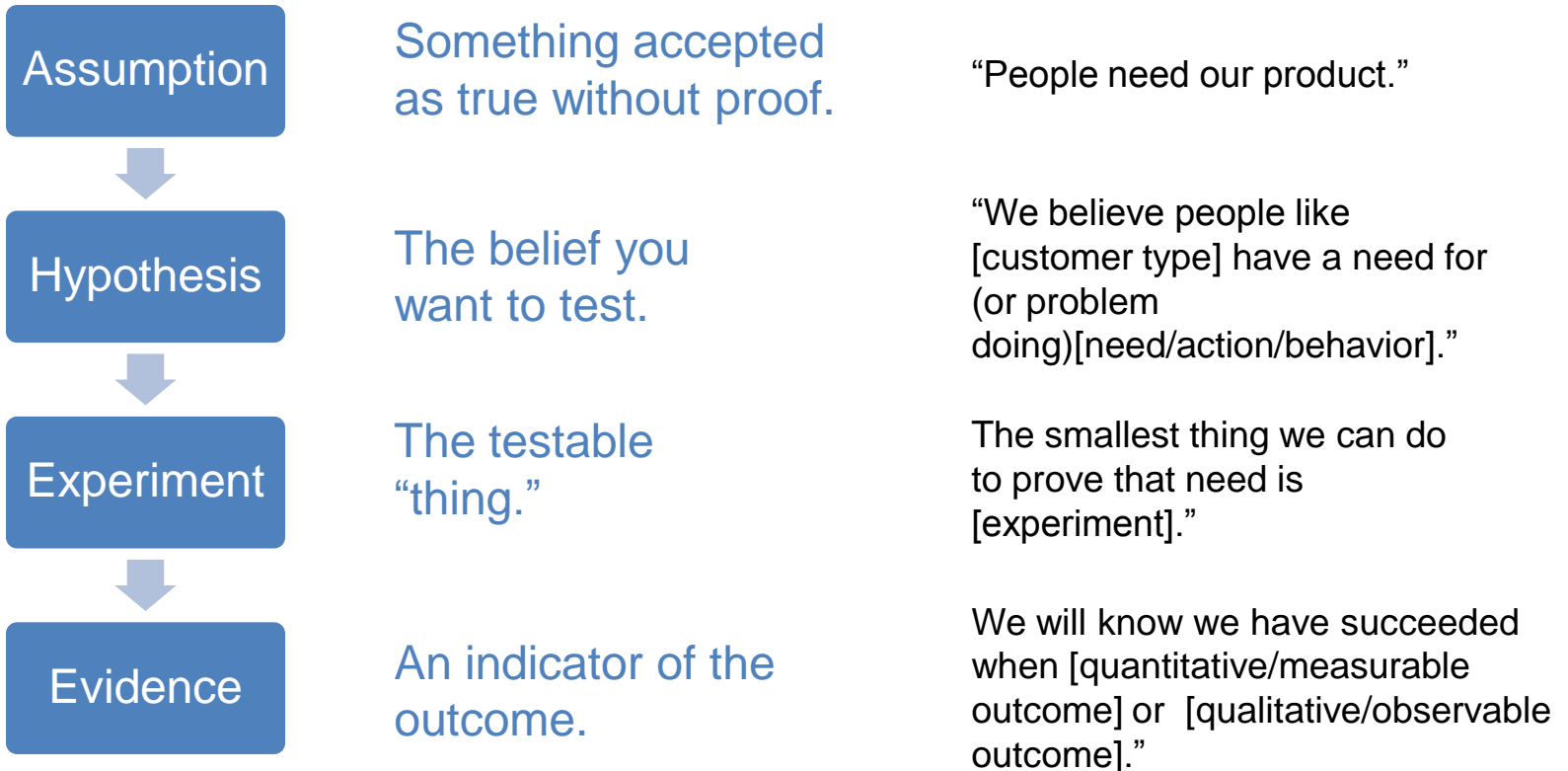
**If “Plan A”
didn't work, the
alphabet has 25
more letters!
Stay cool.**

LEAN STARTUP METHODOLOGY

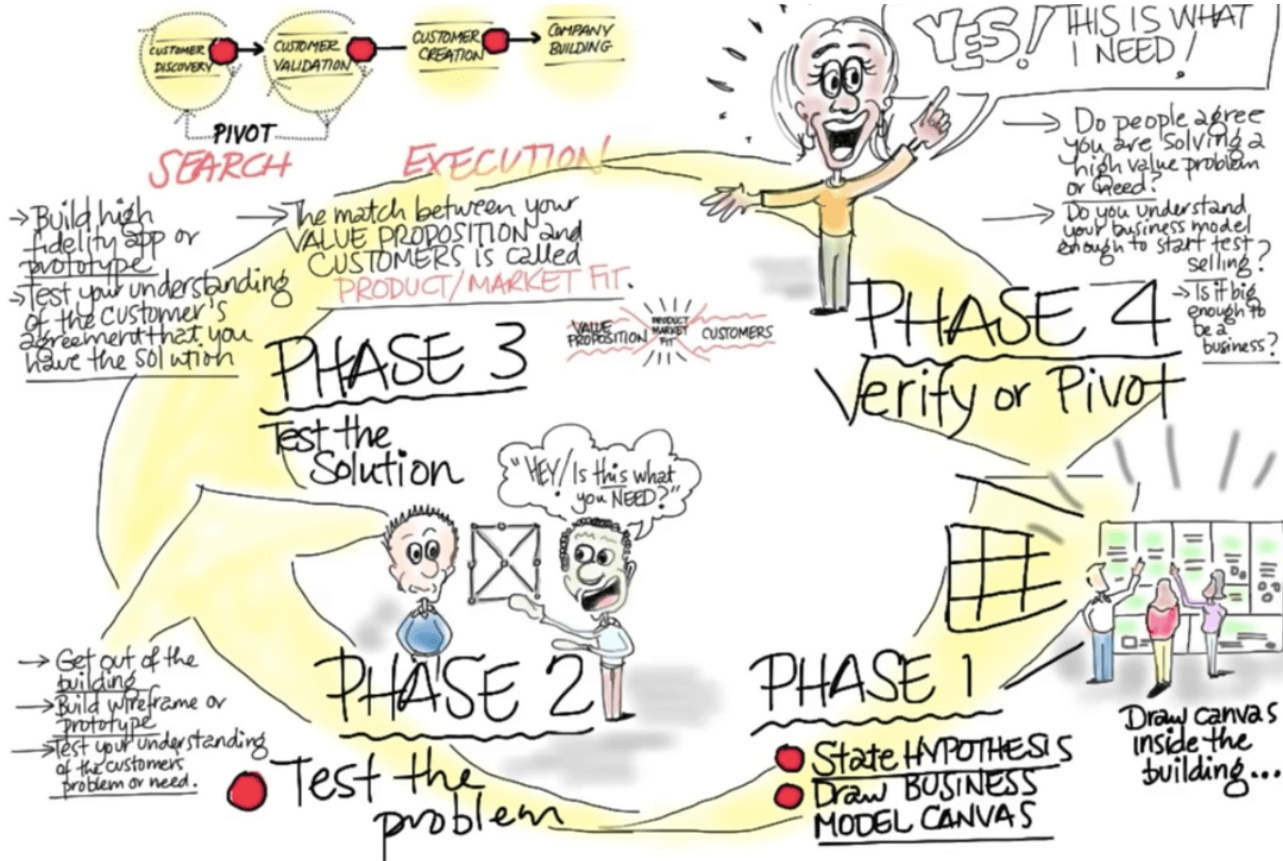


LEAN LEARNING

A 4 STEPS PROCESS



LEAN LEARNING: CUSTOMER DISCOVERY AND VALIDATION PHASES



WHY DO YOU NEED A HYPOTHESIS

The first step is to form a hypothesis that defines both the problem and the solution you are proposing.

Without a hypothesis, there is nothing to test. It's the "North Star"/compass of your interview later on.

When sketching your hypothesis, you have to make some assumptions about your idea; such as:

- The problem you addressed is actually a problem
- The solution you propose will actually solve the problem
- The market you plan to target has this problem
- The market you plan to target will be willing to pay for your solution

CHARACTERISTICS OF A GOOD HYPOTHESIS

- Must be testable
- It helps you learn something about your market or business you did not know
- It is clear, focused and short: Only one variable; Numeric measures; Measures important behavior(s)
- It is not speculative, using words like “like to” or “interested in”, instead it is actionable
- It has three parts: the belief, the target market and the measurement.

EXAMPLES OF HYPOTHESIS TEAMPLATES

A *[Specific Person]* makes a *[Decision/Behavior]* because of a *[Quantified Metric]*.

I believe *[target market]* will *[do this action / use this solution]* for *[this reason]*.

We believe people like *[customer type]* have a need for (or problem doing) *[need/action/behavior]*.

EXAMPLES OF GOOD OR BAD HYPOTHESES

We believe [Mothers] don't want their children to get [bug bites]



EXAMPLES OF GOOD OR BAD HYPOTHESES

We believe busy people like [Businessmen] have a need for 24-hours convenient laundry delivery service to help them [solve the inconvenience and large time commitment of maintaining clean laundry].



EXAMPLES OF GOOD OR BAD HYPOTHESES

“I believe that Middle East based investors will read at least one article per week on “Entreprises Magazine” because they have a growing interest in the Tunisian ecosystem.”



EXAMPLES OF GOOD OR BAD HYPOTHESES

Our product will decrease [the risk of repeat remediation on high risk double span bridges by 57%], this is something that [the head of budget assessment at the Army Corps of Engineers] will be interested in



CREATE A HYPOTHETICAL CUSTOMER PERSONA


A good way to lay out a number of these hypotheses is to create a hypothetical customer persona (that is, a profile of who you think is the ideal customer for your business).

Be specific—give this person a name, an age, a career, hobbies, interests, perspectives, and even quotes regarding your industry.

BLANK PERSONA TEMPLATE

| | |
|---------------------------------------|--|
| <p>1</p> <p>Sketch and name</p> | <p>2</p> <p>Behavioral demographic information</p> |
| <p>3</p> <p>Pain points and needs</p> | <p>4</p> <p>Potential solutions</p> |

EXAMPLE OF COMPLETED PERSONA TEMPLATE

| | | |
|---|---|--|
|  | <p>SUSAN 32 NYC "WORKING MOM"</p> | <ul style="list-style-type: none">• MARRIED• 2 KIDS, AGE 5 & 9• WORKS LONG DAYS AS A LAWYER• HUSBAND WORKS @ HOME• VALUES TIME w/ FAMILY |
| <p><u>NEEDS</u></p> <ul style="list-style-type: none">• DOESN'T KNOW WHAT HER KIDS DO @ SCHOOL• TOO BUSY TO HELP w/ HW• NO COMMUNICATION w/ TEACHER | <p><u>SERVE BY</u></p> <ul style="list-style-type: none">• ENABLE GOOD CONVERSATION w/ KIDS• MAKE IT EASY TO REACH THE TEACHER | |

VALUE PROPOSITION

Value propositions describe the benefits your customer derive from your product/service

WHAT = PRODUCT

HOW = FEATURES

WHY = VALUE PROPOSITION





JUST DO IT.

A TAGLINE OR A MOTTO

A MISSION STATEMENT



Our Vision
is the *Care.*

Our Mission is the *Care.*

FLORIDA CANCER
SPECIALISTS
& Research Institute

000051

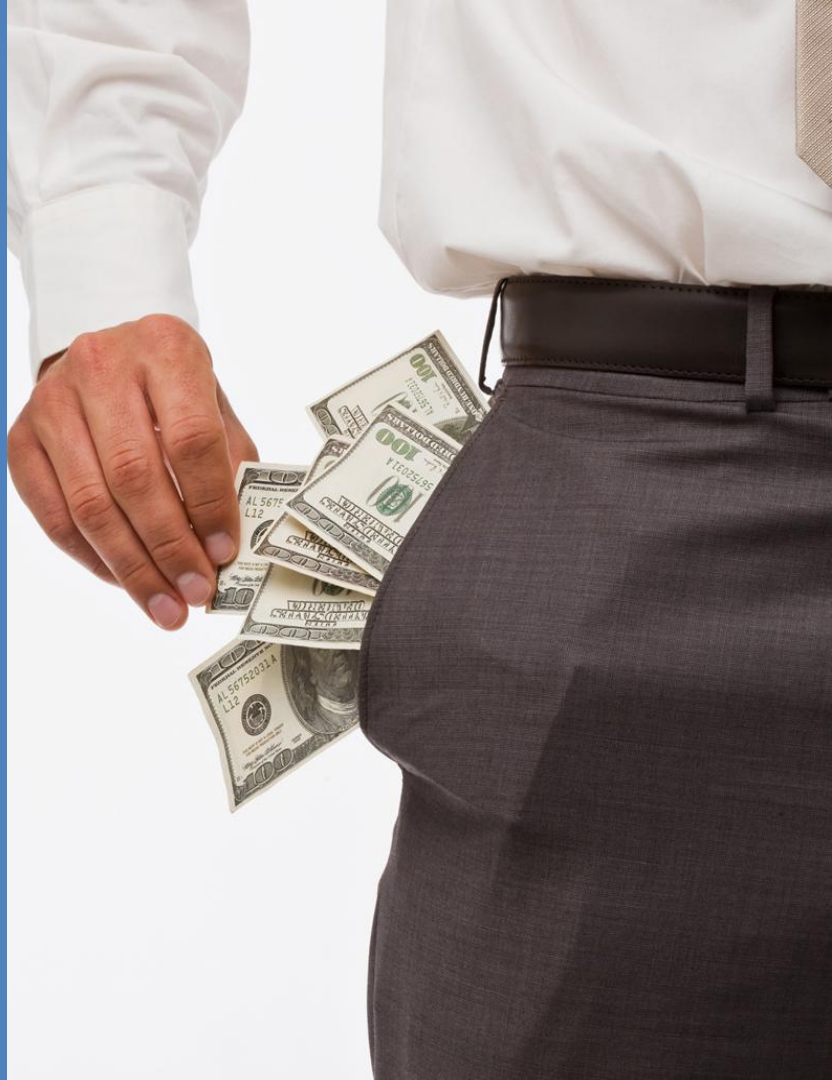
CLEAR CHANNEL

The billboard features a large red prohibition sign (a circle with a diagonal slash) overlaid on the text. The text on the billboard is partially obscured by this sign. The billboard is mounted on a structure with a red base and a black pole. The background is a clear blue sky.

PAINKILLERS



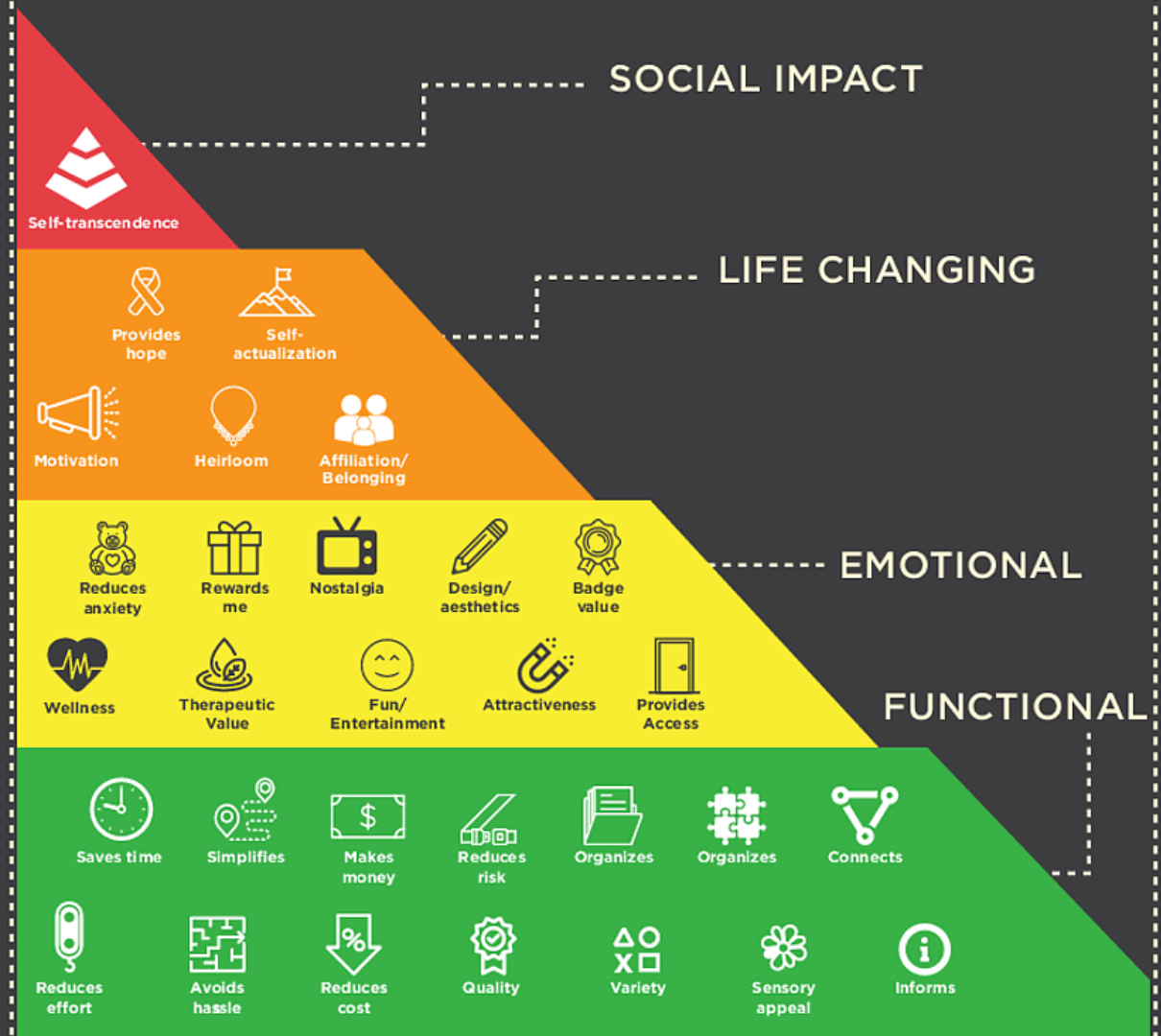
GAIN CREATORS



THE VALUE PYRAMID

Products and services deliver fundamental elements of value that address 4 kinds of needs:

- Functional
- Emotional
- Life changing
- Social impact



CHARACTERISTICS OF A GOOD VALUE PROPOSITION



QUANTITATIVE



RELEVANT



SPECIFIC



TESTABLE

BEST PRACTICES TO SET AN EFFECTIVE VALUE PROPOSITION

Value propositions are :

- From the user's perspective
- Relevant to customers
- Not a solution description
- Not a list of features
- Not a slogan
- Not a sales speech

VALUE PROPOSITION COMMON MISTAKES

1. Words ending in “-er” lack specificity
2. Mistaking technical improvement for value
3. Describing feature/product rather than value (Value propositions are the reasons people buy. Product’s features and functions make it possible)
4. It’s a “nice to have” instead of a “must have”
5. Not enough customers care / Low priority

TEMPLATES FOR WRITING VALUE PROPOSITIONS

Steve Blank's XYZ

Template : *“We help X do Y doing Z”.*

Example: We help non-technical marketers discover return on investment in social media by turning engagement metrics into revenue metrics.

TEMPLATES FOR WRITING VALUE PROPOSITIONS

Geoff Moore's Value Positioning Statement

Template: For _____ (target customer) who _____
(statement of the need or opportunity) our (product/service name) is
_____ (product category) that (statement of benefit) _____
.

Example: For non-technical marketers who struggle to find return on investment in social media our product is a web-based analytics software that translates engagement metrics into actionable revenue metrics.

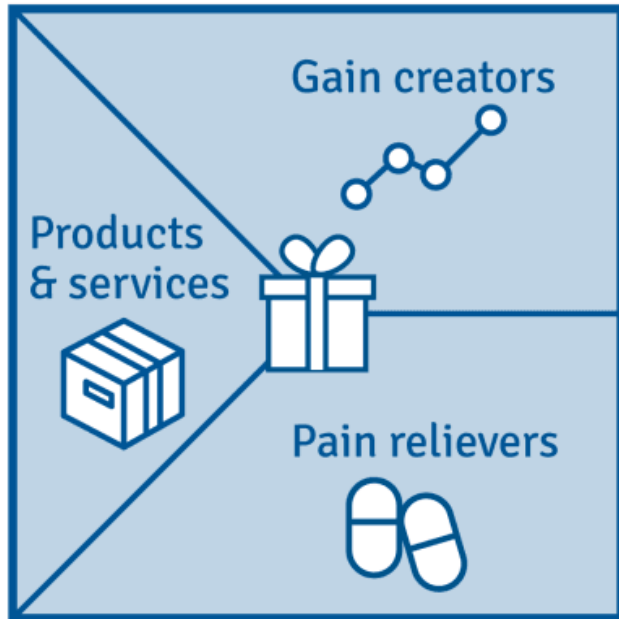
WHY A CANVAS?

A canvas helps you design, test, and build your company's value proposition in a more structured way.

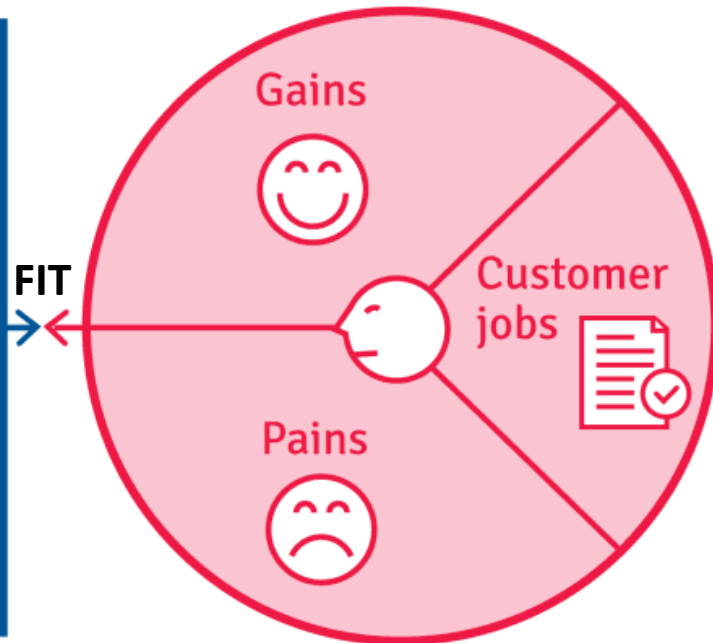


VALUE PROPOSITION CANVAS COMPONENTS

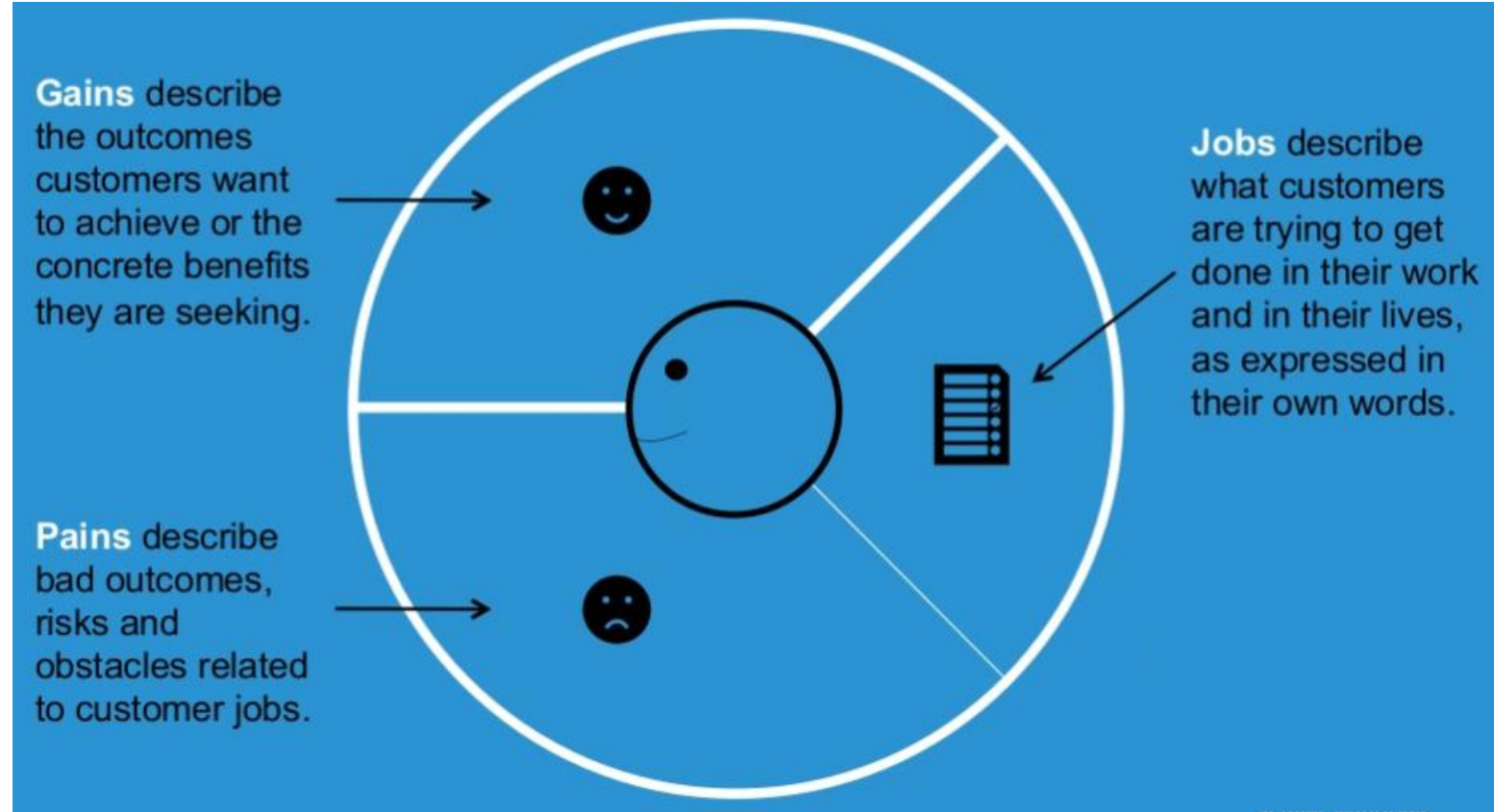
Value Proposition



Customer Profile

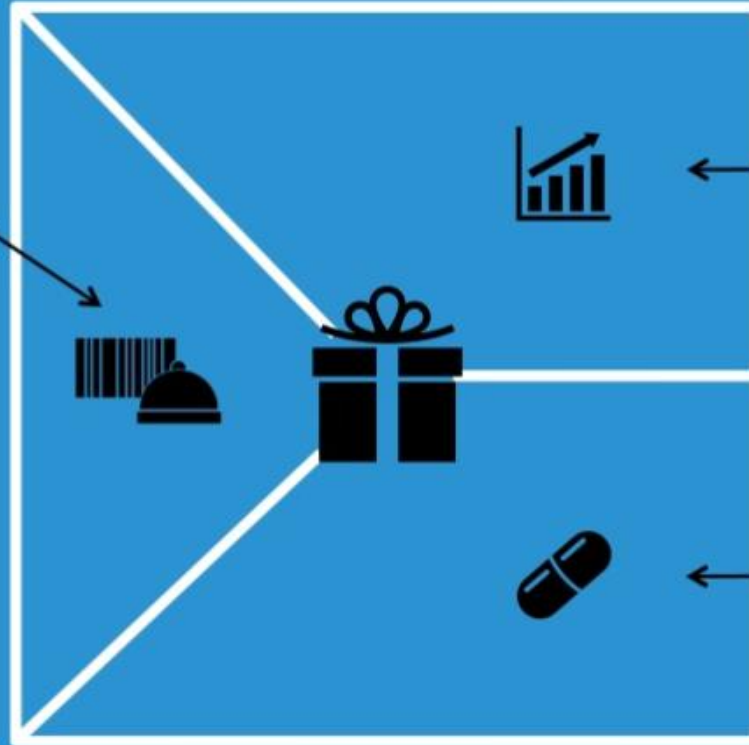


CUSTOMER PROFILE



VALUE MAP

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

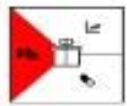


Gain Creators describe how your products and services create customer gains

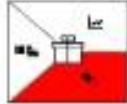
Pain Relievers describe how your products and services alleviate customer pains

HOW TO USE THE VPC?

Value Map



1. List products & services



2. Outline pain relievers



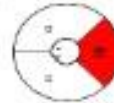
3. Outline gain creators



4. Rank by order of importance

Customer Profile

1. Select customer segment



2. Identify customer Jobs



3. Identify customer pains



4. Identify customer gains



5. Prioritize jobs, pains & gains

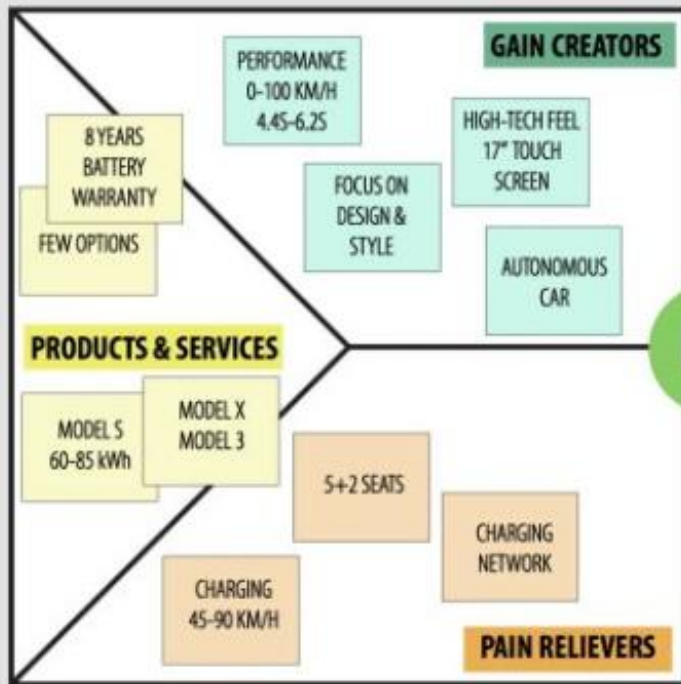
EXAMPLE

VALUE PROPOSITION CANVAS

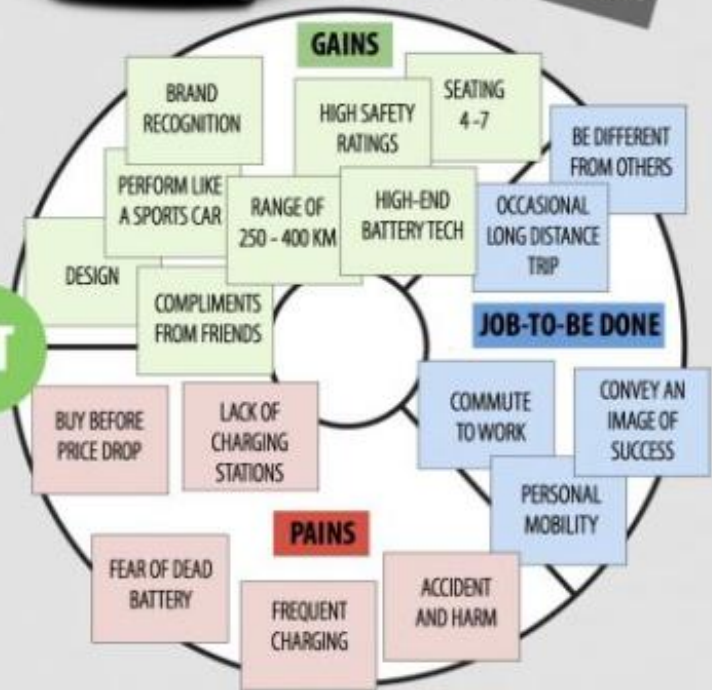
TESLA



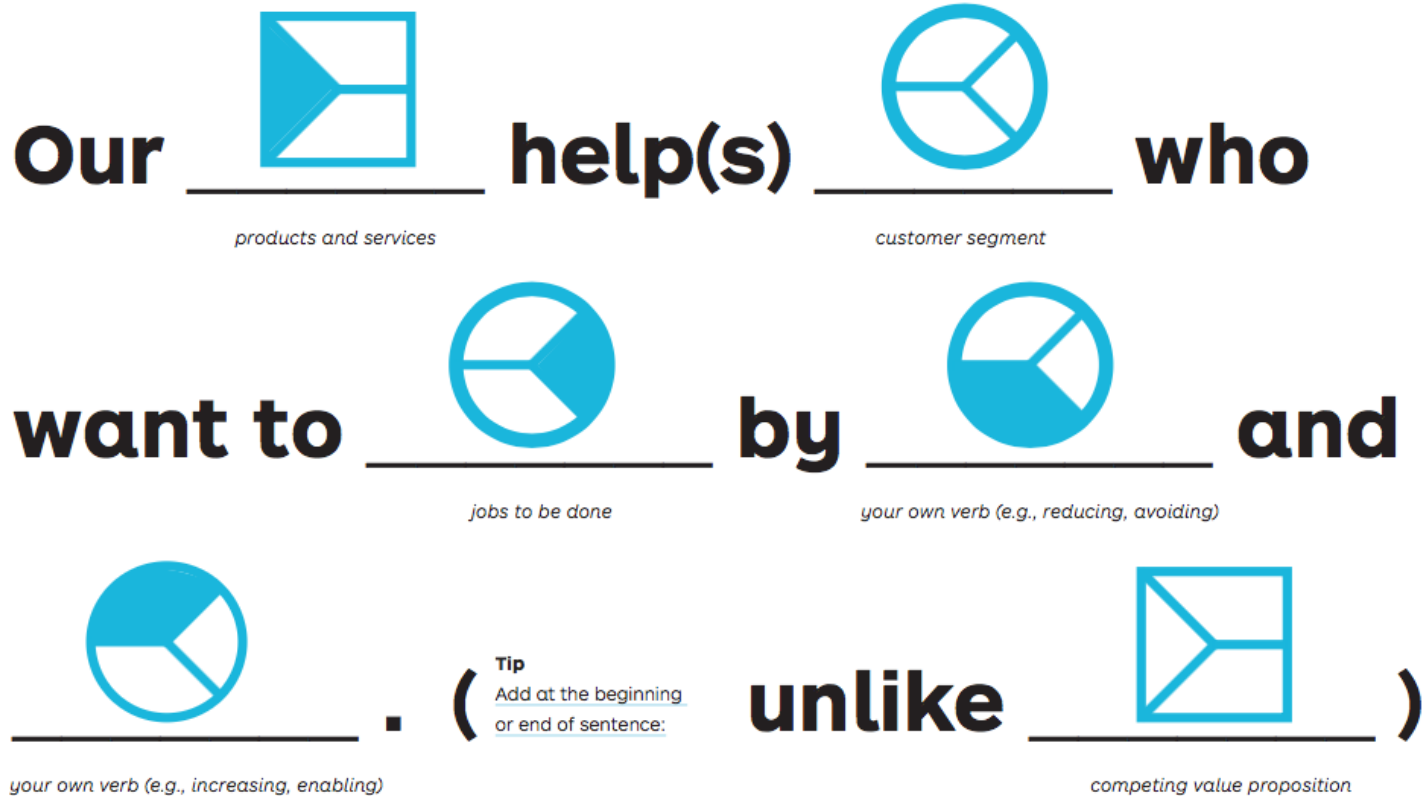
UPPER MIDDLE CLASS MALE \$100k+ INCOME



FIT



VALUE PROPOSITION AD-LIB TEMPLATE



Homework

1. Sketch 8-10 hypotheses with regard to the problem you are trying to solve
2. Devide your hypotheses into 2 piles:
 - Hypotheses that will kill the company in the next 6 months if we were wrong
 - Everything else
3. Sketch a persona
4. Create a value proposition canvas for your business idea
5. Prepare a value proposition Ad-lib

Resources and material

HYPOTHESIS TEMPLATE

People like _____
(persona or sub-segment)

Have trouble with / need _____
(problem / need)

Which can be resolved by _____
(proposed solution)

We know we're right when _____
(KPI or business result)


Measured by _____
(qualitative or quantitative metric)

PERSONA TEMPLATE

PERSONA

/// USER PROFILE

Client Fitbit
Project Fitness Tracker
Date Jan 31 2018



DEMOGRAPHICS

Name Sean
Age 21 Gender Male
Status Single
Education College
Employment Student
Income 20-30k Location Urban

PSYCHOGRAPHICS

Trendy / Sporty / Social / Adventurous /
Outgoing / Conservative / Introvert /
Extrovert / Humanitarian / Environmentalist /
Energetic / Socially responsible

Other: _____

BEHAVIOURISTICS

Brand Loyal / Decision Maker / Point of Purchase

Purchase Frequency: _____

Bio (Shorthand)

self-conscious male college athlete

Needs/Frustrations

Track health activity

Motivations

Physiological / Safety / Belonging /
Esteem / Self-Actualization

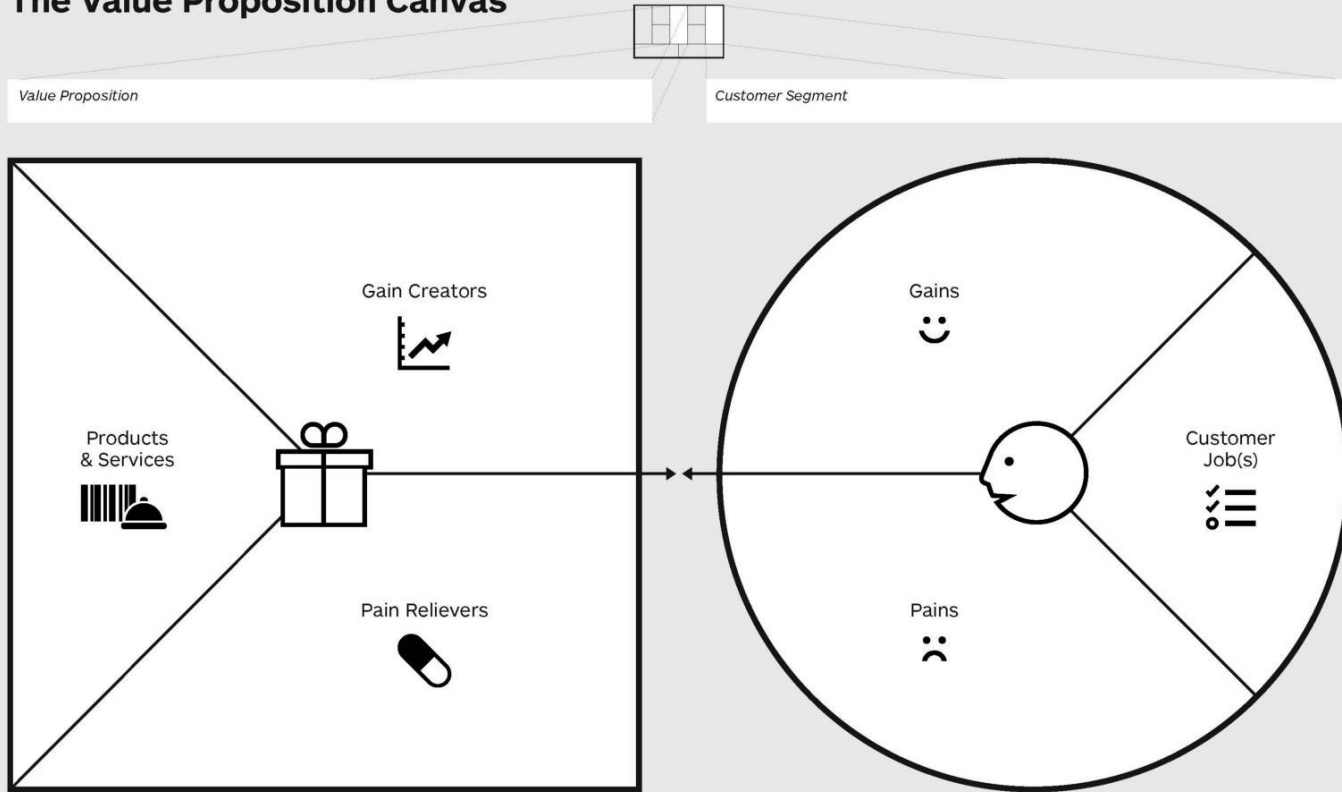
Brands

Adidas, Apple, Mazda

mark.anthony.ca

VALUE PROPOSITION CANVAS TEMPLATE

The Value Proposition Canvas



VALUE PROPOSITION AD-LIB TEMPLATE

Our  help(s)  who

products and services

customer segment

want to  by  and

jobs to be done

your own verb (e.g., reducing, avoiding)

 **•** (**Tip**
Add at the beginning
or end of sentence: **unlike** )

your own verb (e.g., increasing, enabling)

competing value proposition



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Thank you!

Q&A