<table>
<thead>
<tr>
<th>WHAT?</th>
<th>WHY?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps identify and assess the benefits you are offering customers and how well your product meets their needs, wants and expectations. Clearly answers the questions: ‘What exactly are we offering customers? Why is it valuable to them?’</td>
<td>It forces you to look at your product or service from a customer standpoint so you can ensure that it matches their needs, wants and expectations. This helps you create effective marketing messages, align your team’s perception and communication of the product or service, and convince investors of its potential.</td>
</tr>
</tbody>
</table>
The worksheet consists of 6 blocks of questions. Use the first two to describe your target customers and competition. Then use the last four to create a number of value propositions. Try to get at least 5 value propositions. Then select 2 or 3 promising ones with the group.

**CUSTOMER: WHO ARE THE KEY BENEFICIARIES OF YOUR VALUE PROPOSITION?**
For whom would your product or service be the first choice? Describe your customer in terms of their attitude towards the product category, and their behavior, values or situation, (for example: include gender, occupation, income, place of residence, education, household size and/or composition).

**COMPETITION: WHO MAY BE OFFERING A SIMILAR VALUE PROPOSITION?**
Which alternative solutions are available on the market? Describe your direct competition (others with a similar product or service), indirect competition (others that fulfill the same function), or ‘share of wallet’ competition (different products that can use up the money that would be spent on yours).

**PROBLEM: WHAT IS THE PROBLEM YOUR ARE SOLVING FOR YOUR CUSTOMERS?**
Which need or expectation does the product or service fulfill for your customers? Are you helping them to:
- Satisfy a new set of needs?
- Improve the performance of a product or service?
- Afford something they now can’t?
- In some other way?

**BENEFITS: WHAT DO YOUR CUSTOMERS GAIN, AND WHAT MAKES THEM HAPPY?**
How does your product or service solve the ‘problem’ of your customers? Describe the functional benefit (what the product does) and emotional benefit (how the end-users feel, what it means to them). What is the core idea that links these two kinds of benefits?
REASONS TO BELIEVE: WHAT IS THE EVIDENCE THAT YOUR PRODUCT DELIVERS THESE BENEFITS?
Explain which benefit or need convinces customers of superior value. Does it save money or time? Outperform existing solutions? Make their job or life easier? Affect their reputations? Reduce fears? Limit negative social consequences? Make them feel better?

KEY STATEMENT: WHAT MAKES YOUR VALUE PROPOSITION THE MOST ATTRACTIVE FOR YOUR CUSTOMERS?
What is the most compelling reason for your customers to choose you above the competition? Describe which benefit or need convinces customers of superior value. Does it save money or time? Outperform existing solutions? Make their job or life easier? Affect their reputations? Reduce fears? Limit negative social consequences? Make them feel better? Does it make the world a better place? Condense this into a single statement that conveys the essence of the benefit.
Build your pitch using the following formula:

For… [ideal customer or investor] who [has this specific pain or problem] our [product name] is a [product category] that provides [this main benefit and reason to buy]. Unlike [the primary alternative or competitor] our product [has this unique selling proposition].
VALUE PROPOSITION

guidelines for consultants

Version 1.0

WHEN?

Use the tool at any point when you need to create a shared, deeper understanding of the product or service an enterprise is offering. This means not only to support sales or as a marketing exercise, but also to create or improve the overall design of the business model.
To ensure actionable results, keep these guidelines in mind:

1. **COLLECT AND STRUCTURE INFORMATION IN ADVANCE**
   If there is market intelligence available that is relevant for your client, prepare a presentation to provide information regarding the customer / product or service category. It works well to structure this information using the 4A’s of marketing (Affordability, Availability, Acceptability, Awareness).

2. **LIST THE CUSTOMER PROFILES FOR WHICH TO CREATE A VALUE PROPOSITION**
   Using market intelligence, identify different customer profiles. Discuss which customer profiles are most relevant for your product and market. If you do not have customer profiles and only have time to develop one or two Value Propositions, use the Customer Persona tool first.

3. **INCLUDE STAKEHOLDERS BEYOND THE ENTERPRISE**
   Emphasize that to ensure success, it is important that all parties involved - not just the people running the enterprise, but also their partners and local community - feel that they benefit.

4. **EMPHASIZE REAL ABILITY TO DELIVER BENEFITS**
   Without being negative about potential benefits, encourage participants to think critically about which benefits they can realistically deliver. Place emphasis on evidence, not enthusiasm.

5. **LEAVE TIME FOR FIRST-TIME USERS TO GET FAMILIAR WITH THE TOOL**
   First-time users will need to spend at least a half-hour to get acquainted with the tool. Include an extra half-hour in the workshop plan.
TIME
1 – 3 hours
It takes about one hour to fill in one worksheet for one group, excluding the half-hour first-time users will need to get acquainted with the tool. It is best to first generate a number of Value Propositions on different worksheets, either for different types of customer, or tapping into different customer insights. For example, you can make a Value Proposition towards urban customers where the key benefit is convenience, and towards rural customers where the key benefit is shelf life. Total time thus depends on the number of groups that can work in parallel, and number of Value Propositions you develop. We advise developing at least three or four.

MATERIALS
Large print, drawing or slide of the worksheet; pin board or whiteboard; workshop materials (markers, cards, lots of Post-its, etc.)
Give an overview of the tool and go through the elements one by one, highlighting questions that need to be addressed for each.
Keep a set of facilitator cards with the examples for each section of the canvas and use these to help participants understand what to fill in.

TEAM
You will need one facilitator and one or more people representing the main parts of the client enterprise. For larger groups: have people in smaller groups fill in each section and present the outcomes.

DOCUMENTATION
Use flip-overs to capture each element. If you are working in groups, let the groups present their work to the other groups.
Work with Post-its so you can add and remove elements easily.
FURTHER READING

Osterwalder, Alexander and Peigneur, Yves; Bernarda, Gregory; Smith, Alan (2014), Value Proposition Design: How to Create Products and Services Customers Want, Hoboken, New Jersey, USA: Wiley

Everyone deserves great design - [http://www.everyonedeservesgreatdesign.com/](http://www.everyonedeservesgreatdesign.com/)
VALUE PROPOSITION CANVAS

Helps identify and assess the benefits you’re offering customers and how well your product meets their needs and expectations.

Customer: Who are the key beneficiaries of your value proposition?

Problem: What is the problem you are solving for these customers?

Functional Benefit: What do they gain from your offer?

Reason to believe: What is the evidence that your proposition delivers on these benefits?

Key statement: What makes your value proposition the most attractive one for your customers?

Competition: Who may be offering a similar value proposition?

Emotional Benefit: Why are they happy with your offer?