

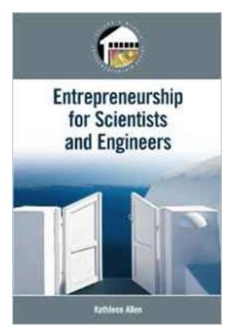


Hello !

Please call me...

“Coach S.”

Today's Topic: Value Proposition Design (VPD)



**Senior Business Adviser SBDC
Growth Wheel Int'l Cert. Biz Adviser**

**Adjunct Professor @
GMU's School of Engineering**

**Mentor @ 3 NoVA Tech Accelerators;
Entrepreneur, Investor
Co-Founder Marketing Strategy Firm**

**Former Executive, ExxonMobil;
Retired U.S. Navy Captain;
BS Engineering U. S. Naval Academy
Masters CMU**

**AED @ Kellogg School of Business ,
Thunderbird Executive Leadership**

George Siragusa
Sr. Business Advisor
Mason Small Business
Development Center



Hello Startup Companies!

Hello new Venture Companies !

Hello Mature Businesses!





Value Proposition Design (VPD):

**A “Calibration Point”
for Any Business Venture**



Fortune 5 Executive;
C-Suite Business,
Strategy, Financials,
Process Disciplines



EXXON Mobil



Lean Six Sigma

**Fusing together “street-wise” startup culture
with the perspectives of
process disciplines and proven leadership**



<https://www.linkedin.com/in/georgesiragusa/>

Small Business Co-Founder;
Lean Start-up Principles; SBDC
Venture Mentoring for > 200
businesses



Innovation & Entrepreneurship



GEORGE MASON UNIVERSITY

Mason Enterprise Center



STARTUP MENTORING

Unique Blend
of Diverse,
Relevant
Perspectives

IN LINE

MARKETING PARTNERS

CMU
CENTRAL MICHIGAN UNIVERSITY



WAKE FOREST UNIVERSITY
SCHOOL of BUSINESS

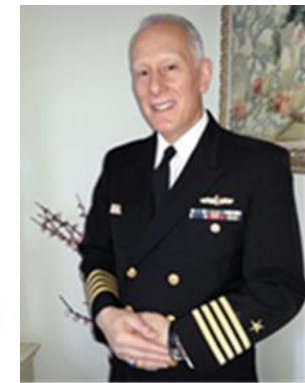


THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT



- How Adults Learn
- Professional Development
- Professional Seminars
- Coaching

- Ethics
- High Performance Team Building
- Essential Qualities of Executive Leadership



Small Business Development Centers

- over 1000 Centers Nation-Wide
- 27 Virginia SBDC Centers

Visit <https://americassbdc.org/>



U.S. Small Business
Administration



Examples of Mason SBDC “Services-at-a-Glance”

Mason Small Business Development Center

Guidance: to turn your
ideas into an
enterprise

Aim: positively impact
for our regional
economy!



Workers Quit Jobs in Drove To Become Their Own Bosses

Seeking flexibility, employees are discovering their inner entrepreneur

By Josh Mitchell and Kathryn Dill

The pandemic has unleashed a historic burst in entrepreneurship and self-employment. Hundreds of thousands of Americans are striking out on their own as consultants, retailers and small-business owners.

The move helps explain the ongoing shake-up in the world of work, with more people looking for flexibility, anxious about covid exposure, upset about vaccine mandates or simply disenchanted with pre-pandemic office life. It is also aggravating labor shortages in some industries and adding pressure on companies to revamp their employment policies.

The number of unincorporated self-employed workers has risen by 500,000 since

the start of the pandemic, Labor Department data show, to 9.44 million. That is the highest total since the financial-crisis year 2008, except for this summer.

The total amounts to an increase of 6% in the self-employed, while the overall U.S. employment total remains nearly 3% lower than before the pandemic.

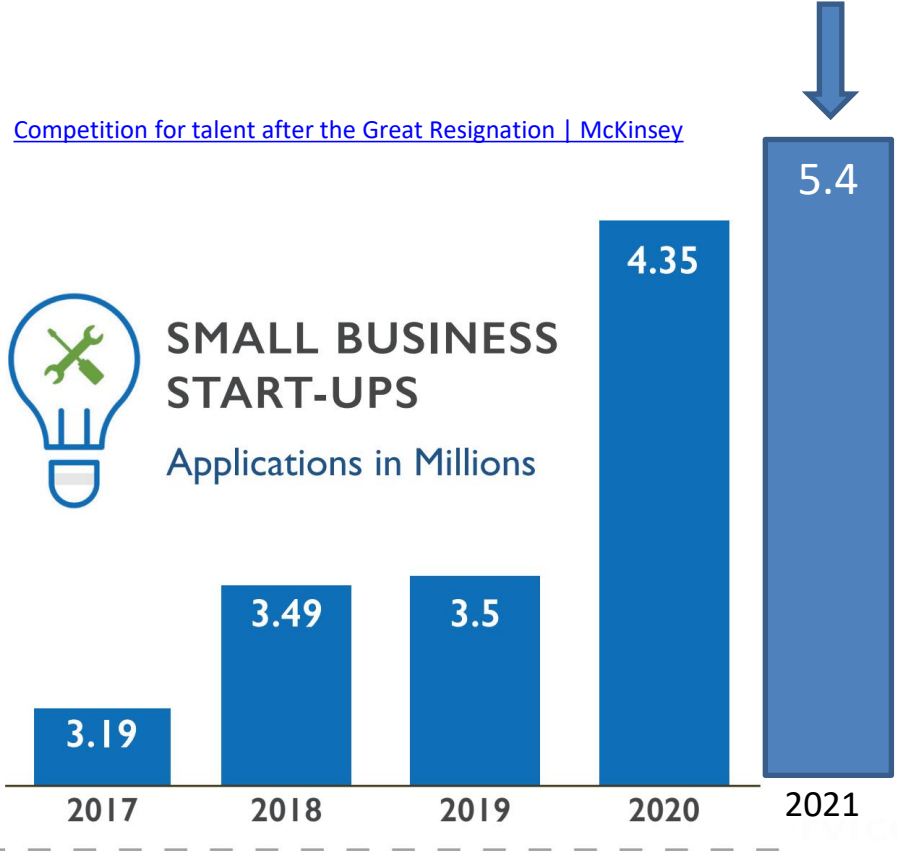
Entrepreneurs applied for federal tax-identification numbers to register 4.54 million new businesses from January through October this year, up 56% from the same period of 2019, Census Bureau data show.

That was the largest number on records that date back to 2004. Two-thirds were for businesses that aren't expected to hire employees.

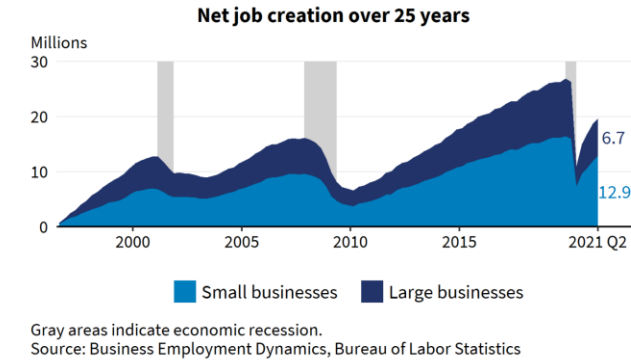
Please turn to page A14

Among people who quit work without a new job in hand, close to half (47%) chose to return to the workforce — but only 29% went back to a traditional, full-time job. 18% of people either found a new role with reduced hours through temporary, gig or part-time work or decided to start their own business. Over the course of the pandemic, new business applications grew by more than 30%, with almost 5.4 million new applications in 2021!

Competition for talent after the Great Resignation | McKinsey



Small businesses have accounted for 2 out of every 3 jobs added in the past 25 years



Small businesses create majority of employment growth

Large businesses, those with 500 or more employees, also had big employment declines during the recession. However, their recovery was more limited. During the first two quarters of 2020, employment by large businesses fell by 6.8 million. In the four quarters following the recession, employment by large businesses rose by 3.1 million, offsetting 46 percent of the decline. Despite the jobs lost during the recession, large businesses generated 6.7 million net new jobs over the past 25 years.

During the same period, small businesses generated 12.9 million net new jobs, meaning small businesses have accounted for 66 percent of employment growth over the last 25 years.

SBDC Services / Economic Impact

- **One-on-one confidential business counseling**
- Small group training seminars
- Conferences, workshops, **seminar series (like today)**
- Resource referral to local, state, federal and private sources



JOBS

SALES GROWTH

CAPITAL INVESTMENT

NEW BUSINESS STARTS

M
e
t
r
i
c
s

FY 2021 Mason SBDC Impact Summary



8,188 Unique Customers

- \$163,168,879 Capital Funding Formation
 - \$48,390,455 in CARES Money
- 651 business starts
- 34,479 Jobs Supported
- 5.29 Average counseling hours per client

The capital includes :

- 956 Loans
- \$82M in loans
 - \$22M in PPP
 - \$13M EIDL
- \$13M SVOG
- \$19.6M RRF
- \$10M PPP forgiveness
- \$17M grants

Perspectives on Common Covid-Related Client Issues and Challenges

- *EIDL / PPP Loan application assistance / questions*
- *EIDL / PPP Loan forgiveness guidance*
- *Other Grants and Loan Programs*



- ***Value Proposition Design (VPD)***
- *Building Business Metrics, Dashboards; Establishing periodic business performance reporting*
- *Financial Guidance – Cost Cutting and Survival*
- *Re-Opening Guidelines*
- *Clients' Business Strategies revisited ; growing / transforming*
- *Pivoting / Innovation*
 - *Product Line Extensions*
 - *Abandoning Brick and Mortar and Going Digital*
- *...and telling their "STORY" to bankers, investors, prospective customers, etc. for capital*

George Mason University Small Business Development Center "No Cost" 1:1 Business Counseling



HELLO
my name is

"Coach S."



HERES HOW WE CAN HELP



STARTING A
NEW BUSINESS



FINANCING YOUR
BUSINESS



MARKETING



STATE AND FEDERA
CONTRACTS



LICENSING



ACCOUNTING AND
CASH FLOW



SPECIALTY
PROGRAMS



GROWING YOUR
BUSINESS



No Cost 1-on-1 Business Counseling !



Want to take your business to the next level ?
George Mason Enterprise Centers' Small
Business Development (SBDC) services.

Wide Range of Business Assistance:

- Lean Startup Principles
- Market Sizing / Segmentation
- Strategic & Tactical Marketing
- Financial Modeling / Investor Prep.
- Pricing / Customer Acquisition
- ...and many more valued services.

Spread the word. We want to
help grow your business !

How:

Register at masonsbdc.org

Contact:

help@masonsbdc.org; (703) 277-7747 SBDC CenterFuse



Made possible
by our Sponsors:





George Siragusa
Senior
Business
Adviser

[https://www.linkedin.com/
in/georgesiragusa/](https://www.linkedin.com/in/georgesiragusa/)

Thank you
For Seeking our
Assistance !

Mason SBDC
4031 University Drive, Suite 100
Fairfax, VA 22030
(703) 261- 4105

help@masonsbdc.org

Resources at:

<https://www.masonsbdc.org/>

<https://www.virginiasbdc.org/>

<https://youtu.be/uTC6OKD2opo>



“Lean” Business Fundamentals:

Business Model Canvas (BMC) and Building your Value Proposition Design (VPD)



...the solid foundation on which your firm can succeed !



Today's Learning Objectives:

Upon completion of this workshop you should be able to:

- ☐ ...become familiar with the relevance of Lean Principles to businesses of every maturity
- ☐ ...recognize the criticality of the Value Proposition Design (VPD) to your business
- ☐ ...become familiar with the 8 steps to building / refining a VPD for your business
- ☐ ...illustrate how the VPD can inform your communication / marketing strategy & tactics
- ☐ ...and...answer some of your specific questions along the way!



“Coach S.” Friendly Workshop Challenge? :

...please consider applying

just 1 tip

you may learn today

to your business – *tomorrow!*

VPD as an assessment, growth, calibration tool

- **New Business?**

- What is the starting point to “test” the strength and specificity of my initial business idea and its entry point into the market; what is my “MVP1” ; what is my product-market fit.

- **Growth Business?**

- How is my Value Proposition, my current market offer, supporting my growth strategies and tactics? What are my next MVP2, MVP3, etc. (expanded products and services)

- **Mature Business?**

- What is the relevance of my current products and services) suite? What dynamics in the market may have changed? Does my offering or communications need to change?

VPD is relevant and can be an enabler to help:

- ✓ check to ensure you are a **subject matter expert** in all things in your domain space
- ✓ refine the **way you communicate the value** that your company **creates** and **delivers**
- ✓ ensure you have given thought toward your company's specific **points of differentiation**
- ✓ **aid in aligning your capabilities** to contract and market requirements
- ✓ **see and consider potential changes** to the way the marketplace and the government **perceives/sees the value of your business**

The VPD forms a rock solid business foundational platform.



The VPD forms a rock solid business foundational platform.

It is a framework to better position and align your capabilities to your customers' needs.

It helps you create real value...which attracts buyers.

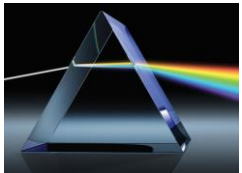


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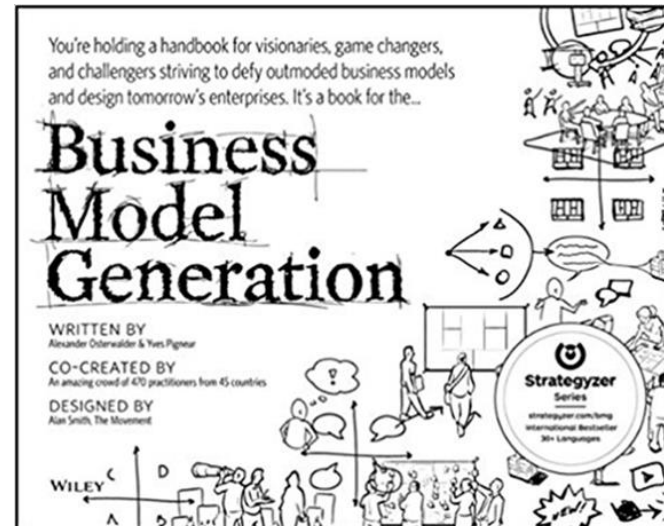
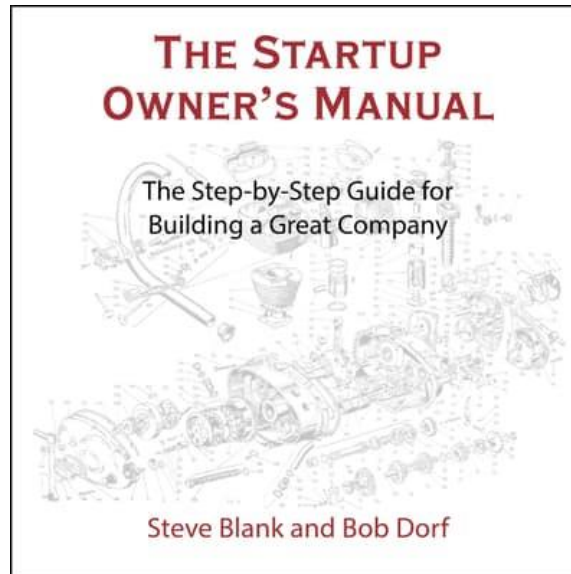
It helps you create real value...which attracts buyers.

VPD is a lens, ***a framework*** through which you can create a focused messaging strategy intended to effectively create, package, communicate, deliver and extract the value you have worked so hard to create for your business!



“Lean Principles”
Value Proposition Design (VPD)
Background
Context
Definitions

There is a body of work that helps shape business success – at any level of maturity



"Lean" Principles : Our Foundational starting point



BENEFITS OF THE LEAN STARTUP

Be more innovative.
Stop wasting people's time.
Be more successful.



Twitter

"Lean Startup isn't about being cheap [but is about] being less wasteful and still doing things that are big."

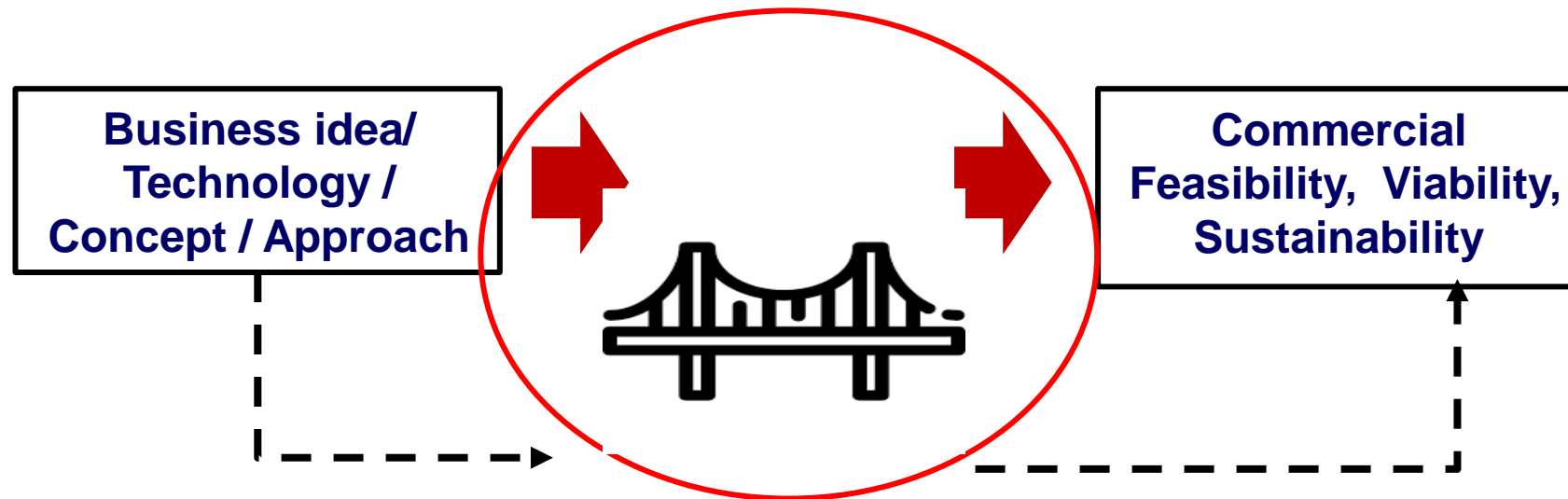


"Lean" refers to the process intended to :

- shorten product and service development cycles
- rapidly discover if a proposed business model is viable through validation and experimentation.

Principles grew out of the “Lean” thinking because, regrettably, > 70% of Businesses (and Start-ups) fail within 2-3 years.

Source*: <https://medium.com/swlh/why-90-of-startups-fail-and-what-to-do-about-it-b0af17b65059>

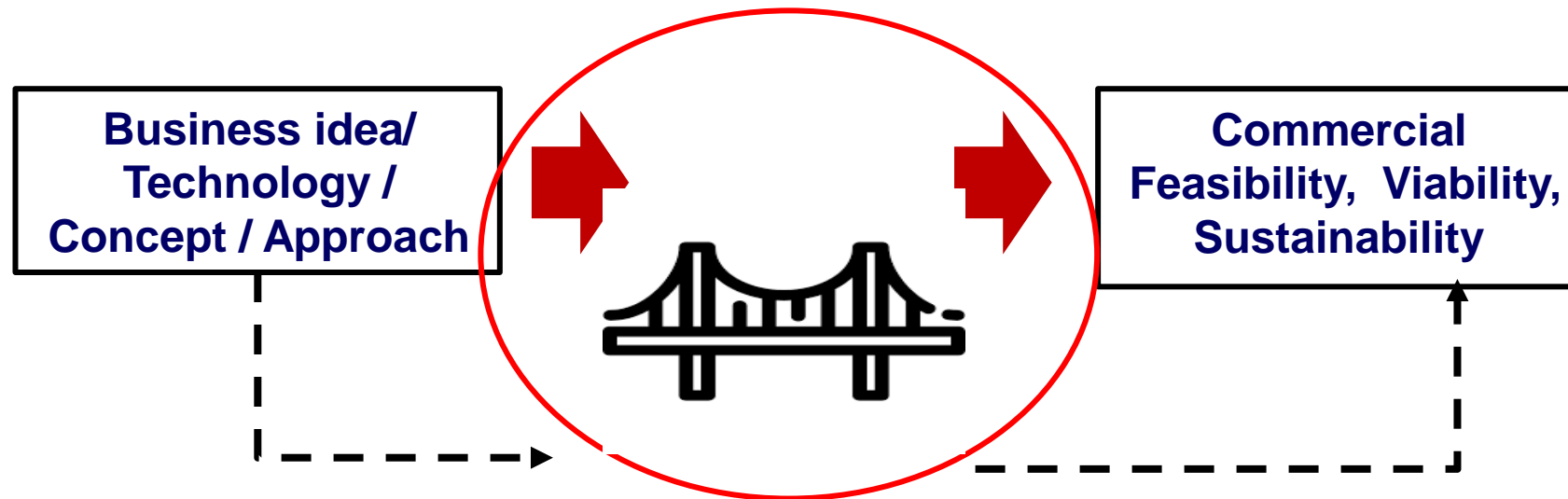


(Bureau of Labor Statistics):

- 20% fail in the first year of operation
- 45% fail in the first 5 years
- 65% fail in the first 10 years
- 25% survive 15 or more years

**Principles grew out of the “Lean” thinking because, regrettably,
> 70% of Businesses (and Start-ups) fail within 2-3 years.**

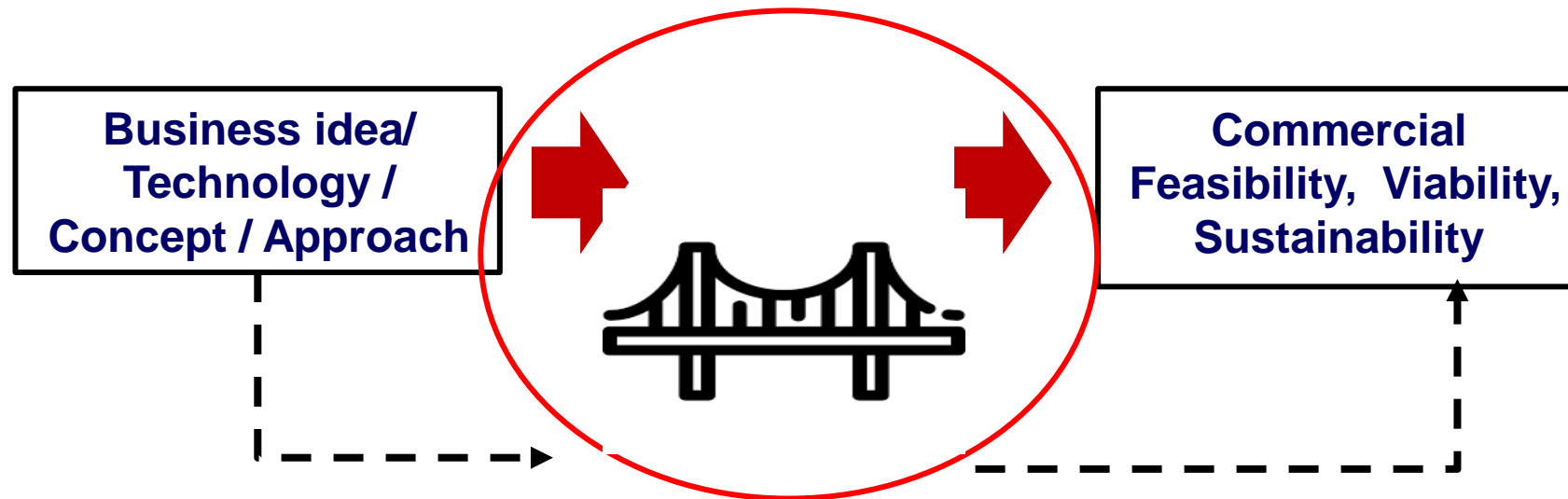
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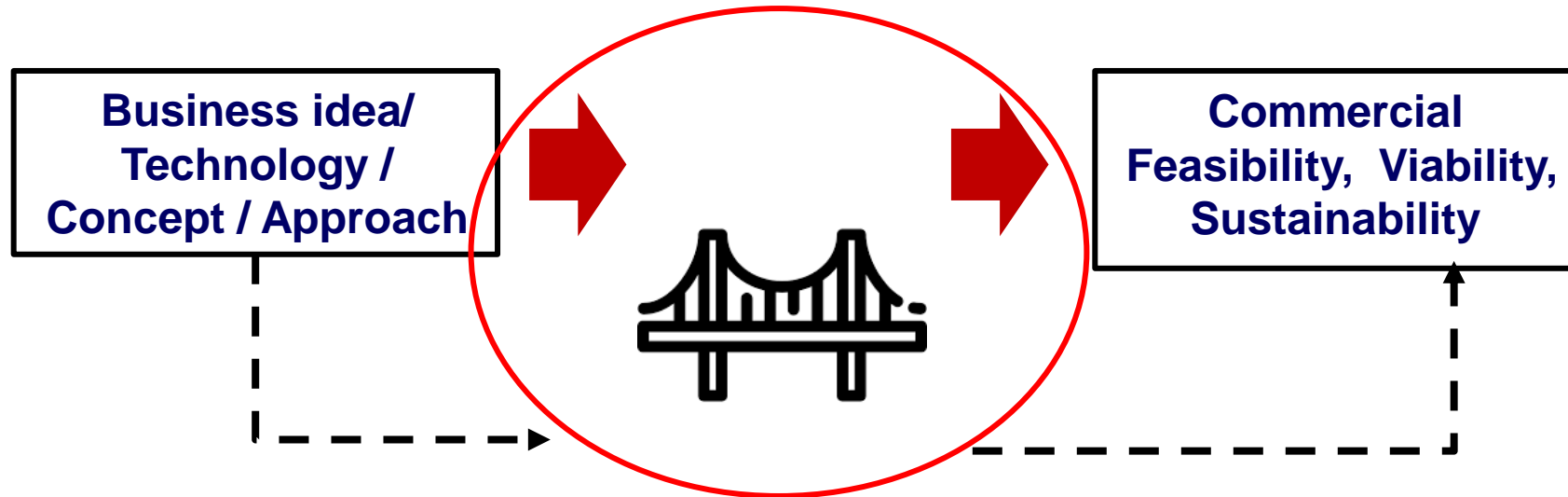
There are a variety of factors for failure...

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**There are a variety of factors for failure...but,
at a Fundamental Core Level,
there is a *common and cautionary lesson learned.***



Business must aspire to

***1)Create, 2)Communicate, 3)Deliver,
and 4)Capture (Market) Value...***

...to ensure we get across the valley of death!

Your business capability,
idea/concept, technology,
innovation product, service

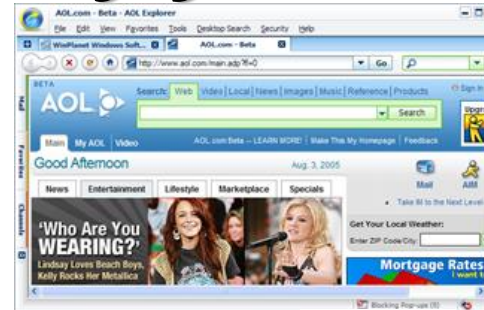
**Flawed
Business
Models**

**Commercial
Feasibility,
Profitability, Viability**

Failed to Create, Communicate, Deliver, Capture Market Value

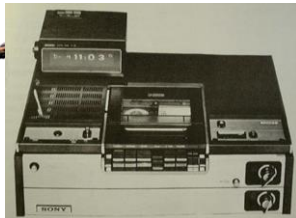


“The Business Valley of Death”

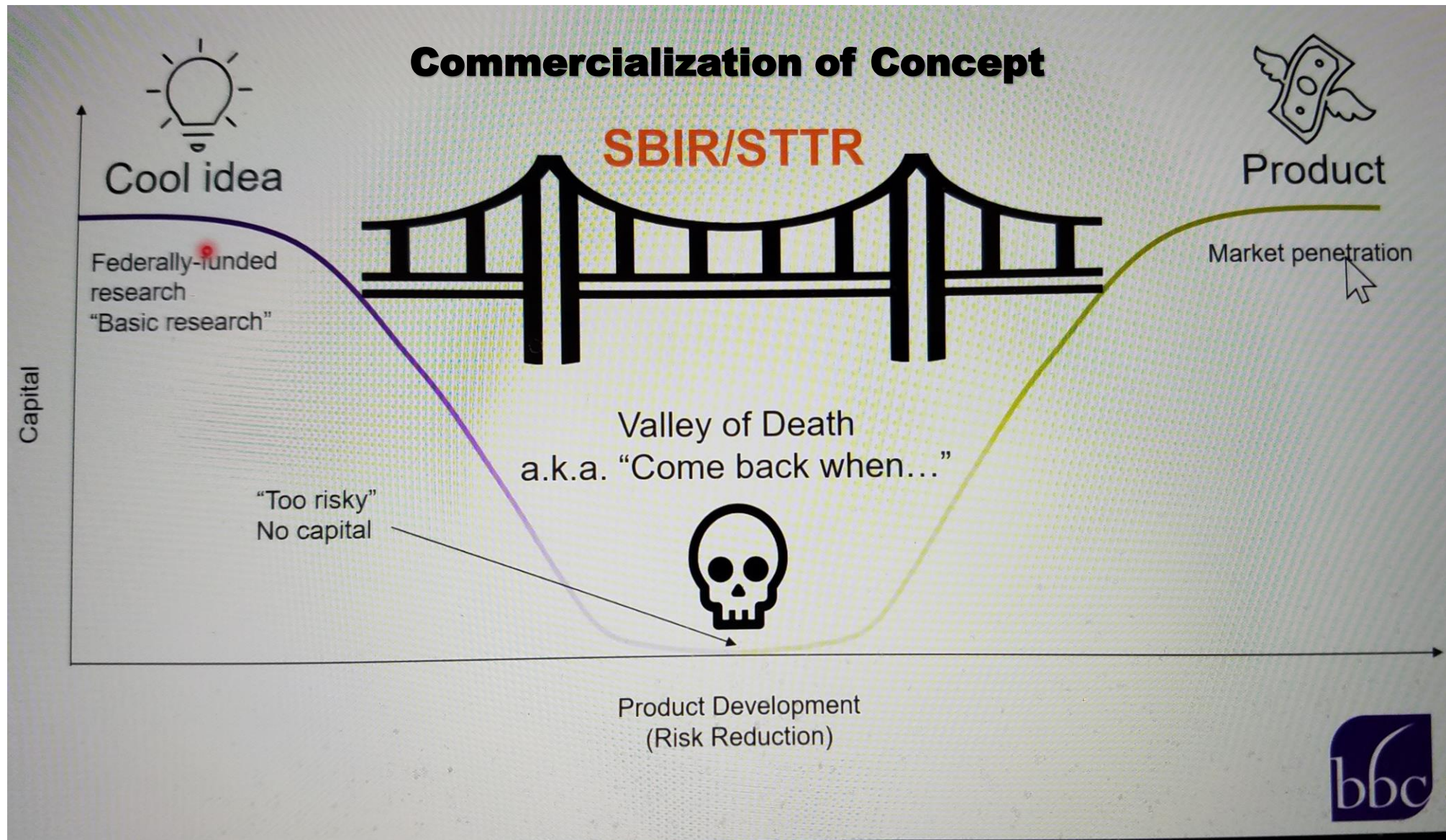


SEARS

NOKIA 



The U.S. Government's rendition of the Valley of Death !



What tools are available to help you *Create, Communicate, Deliver, and Capture Value?...*

...to ensure we get across the valley of death?



Introducing *The Business Model Canvas (BMC)*!

The 20 Minute Business Plan:
Business Model Canvas Made Easy
(alexandercowan.com)

Our modern tool to guide the business journey forward

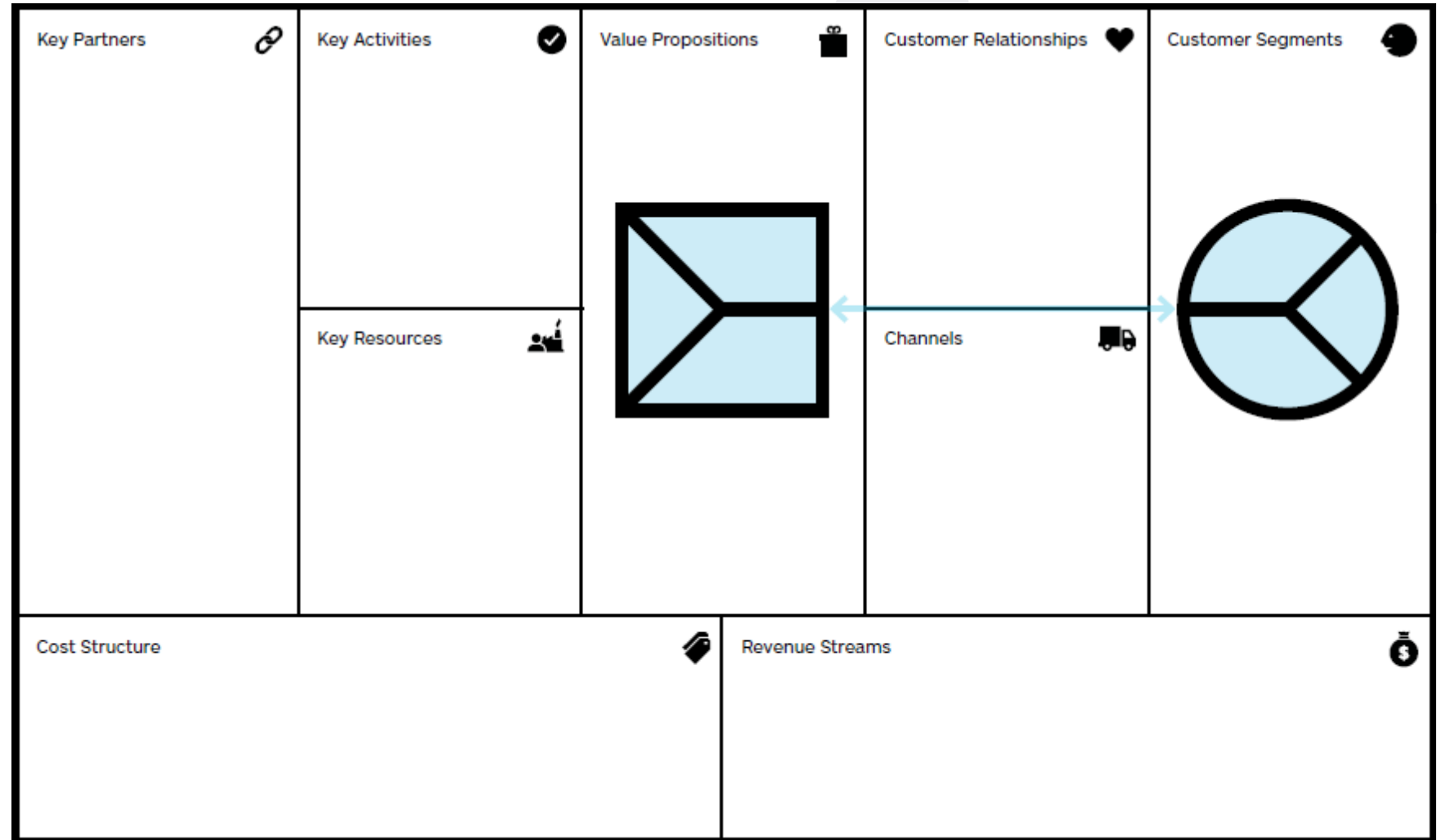
It is a **strategic management and lean template** for developing new (or documenting existing) **business models**.

It is a **simplified visual map** having 9 elements describing a firm's product's / service **value proposition**, relationships, customers, and financials.

It creates **common language** and a **shared understanding** around the firms' business approach.

It is an **alignment tool** that helps firms **manage highly inter-related activities**.

[Source: en.wikipedia.org](http://en.wikipedia.org)



Our Value Proposition Design (VPD) is at the heart of the Business Model Canvas

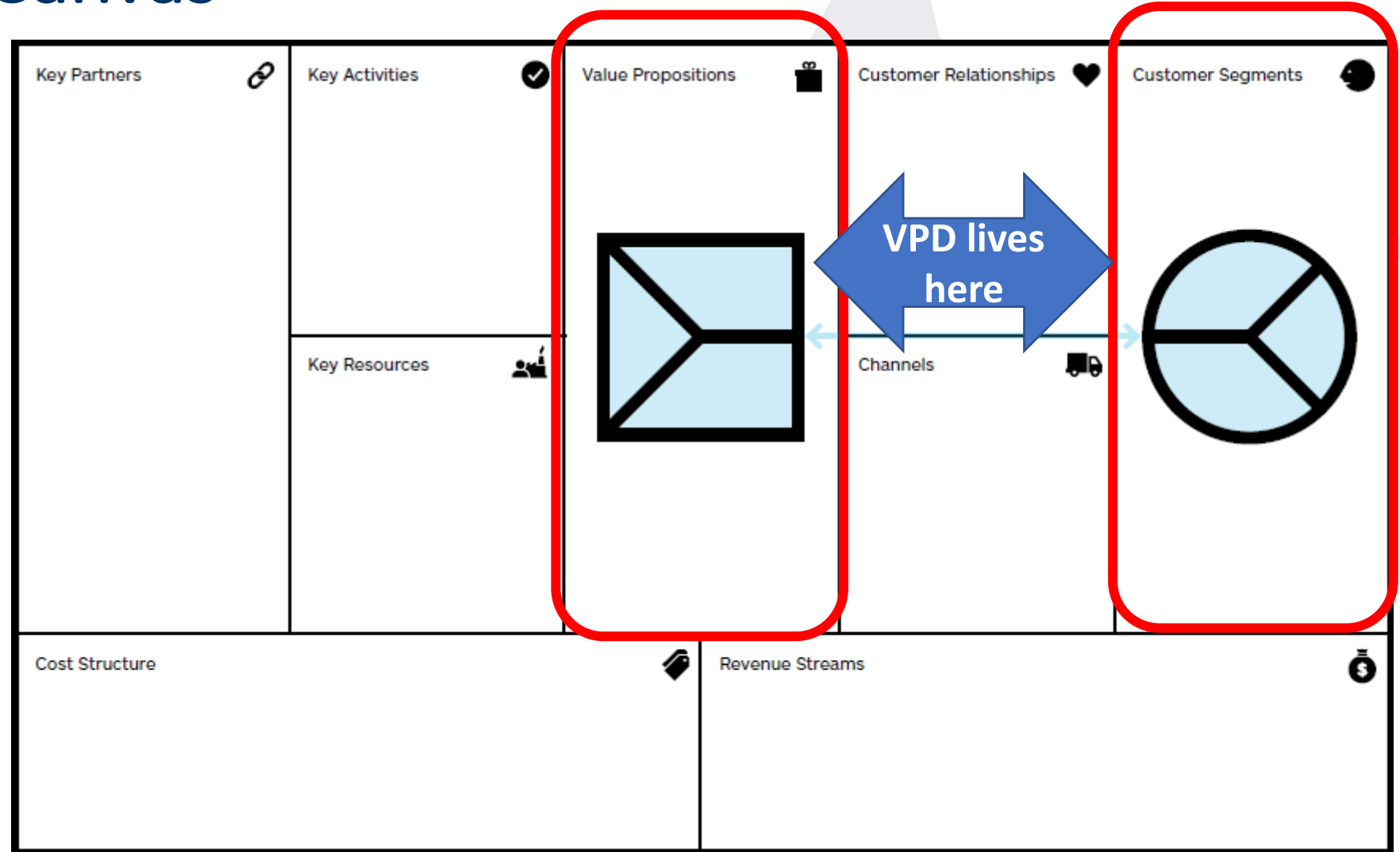
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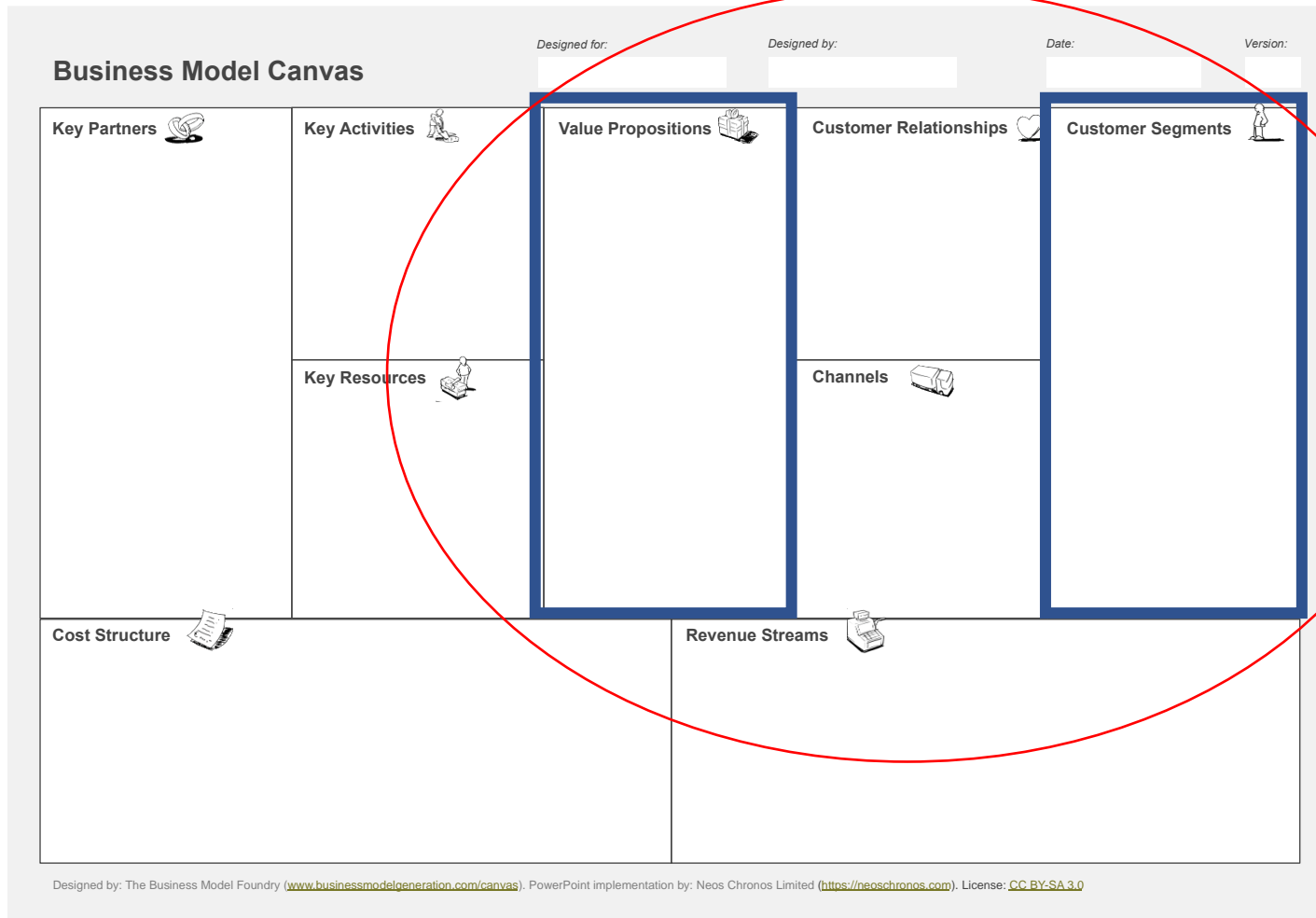
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[Source: en.wikipedia.org](https://en.wikipedia.org)



VPD is the key to the Business Model Canvas (BMC)

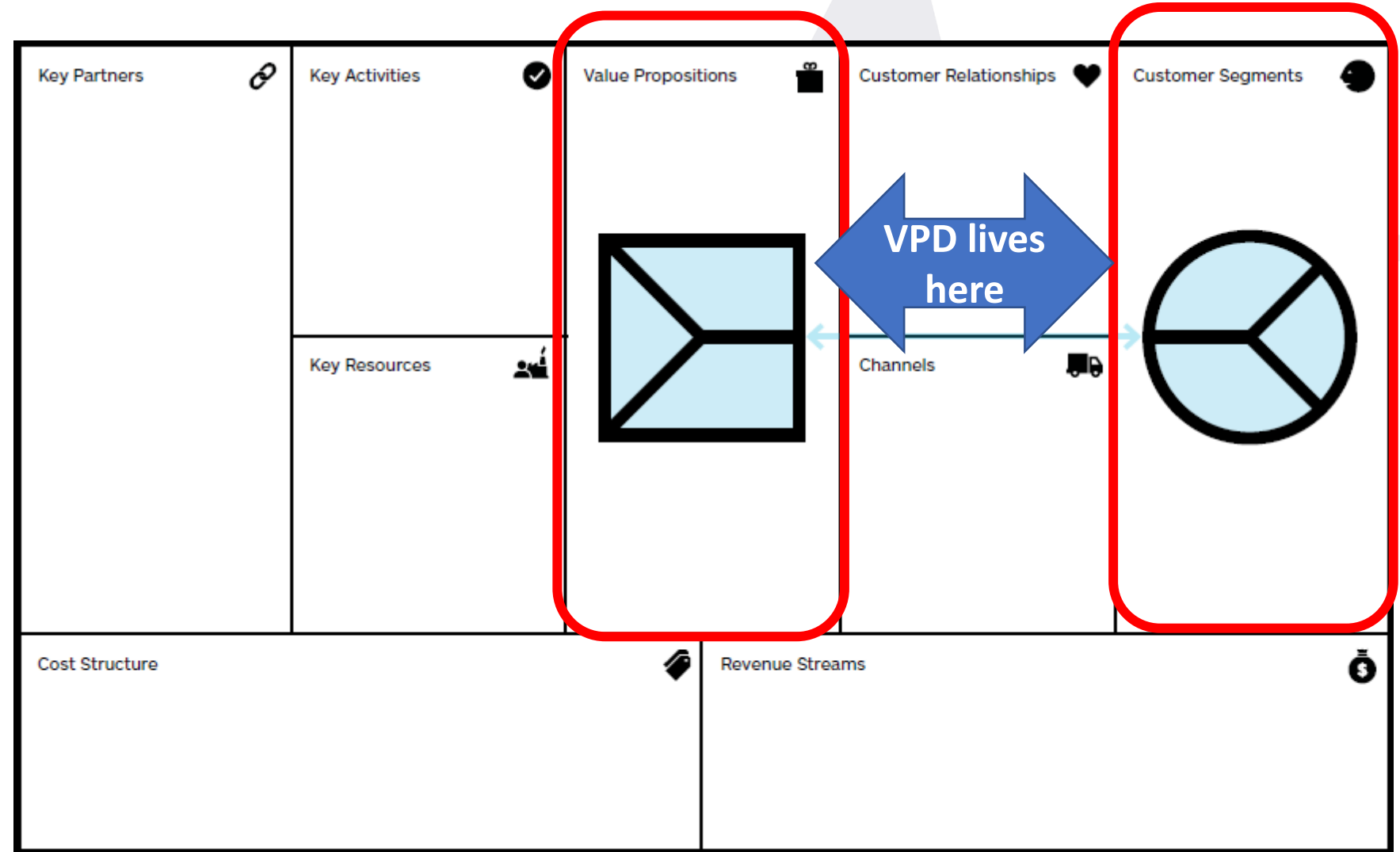


These two elements of the Business Model Canvas taken together are called the ***Value Proposition Canvas ...or Value Proposition Design (VPD)***

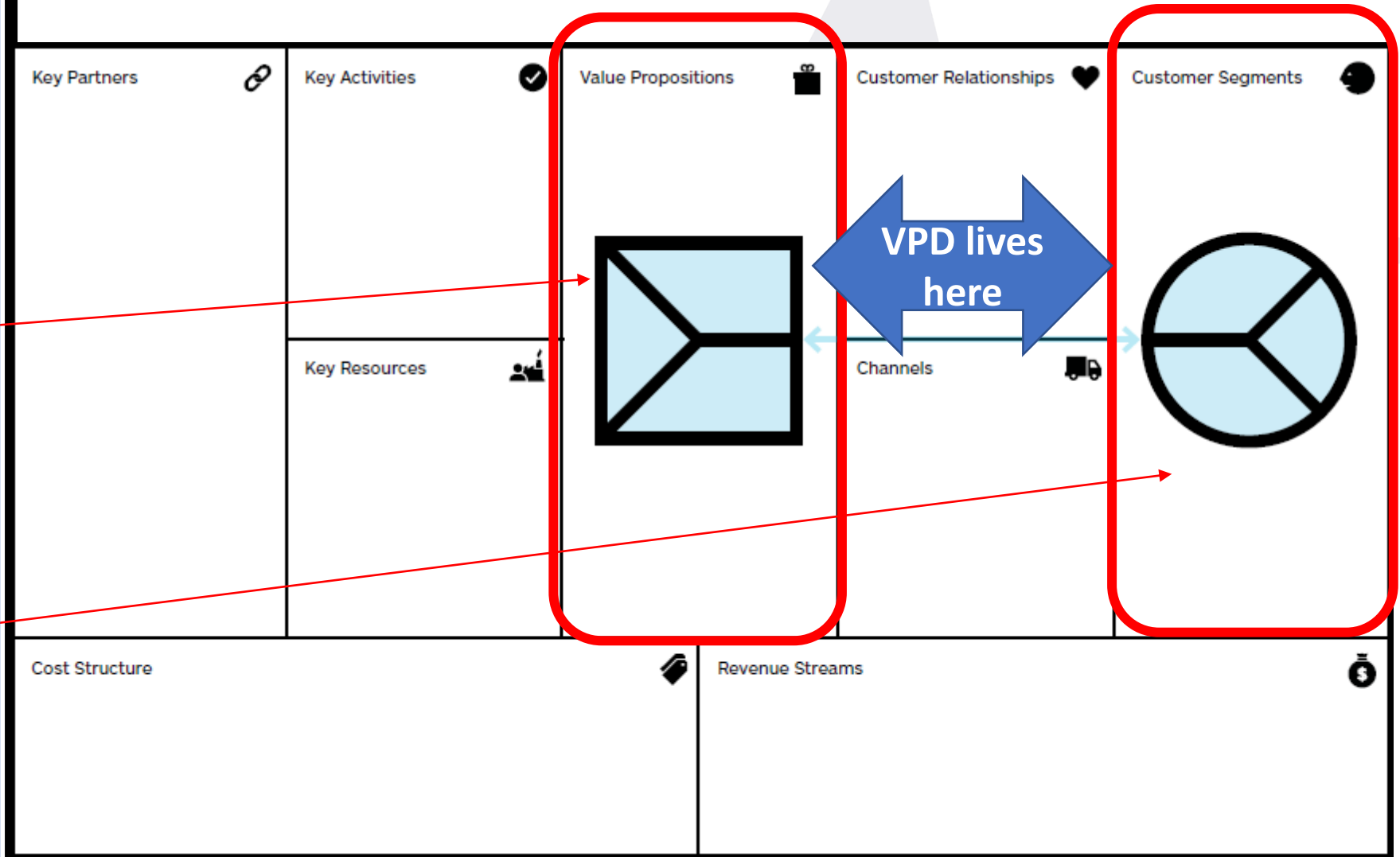
*Value
Proposition
Canvas ...*

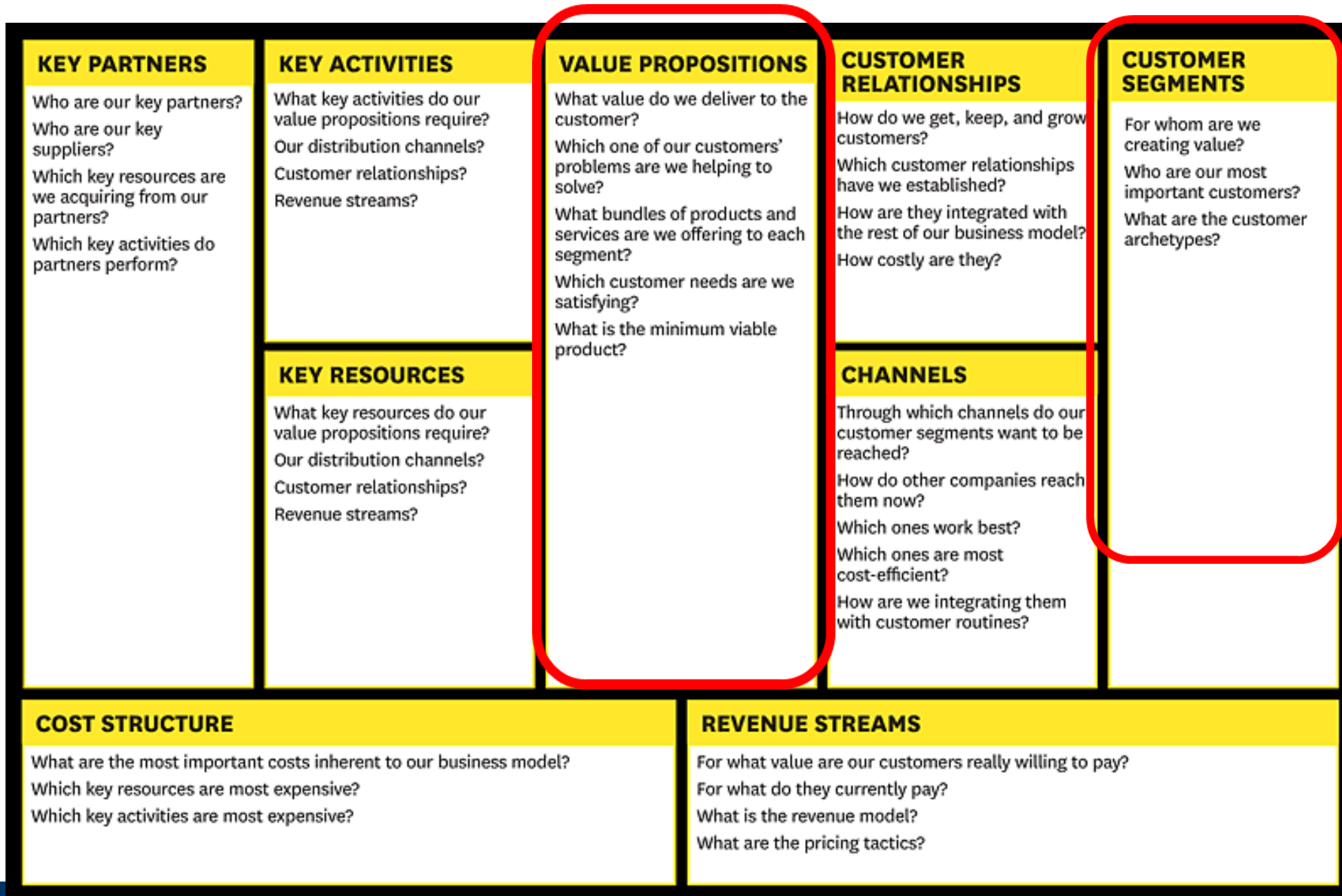
...or...

*Value Proposition
Design (VPD)*



NOTE: You will not have a sustainable business unless you have an offering (i.e. the square) aligned with a specific client or customer (i.e. the circle)!





Basic Questions asked by the Business Model Canvas specific to the VPD

BUSINESS MODEL CANVAS **NETFLIX**

Key Partners



- Alliances with Smart TV companies
- alliance with gaming industry
- TV network companies
- Google and Amazon

Key Activities



- Hire and retain
- Maintain and expand
- Produce, acquire and license
- Develop its pricing strategy
- retain current customer base

Key Resources



- Software developers
- Recommendation system (algorithm)

Value Propositions



- Users can stream 24-7, minus the ads
- View shows & movies in high-definition
- Stream content conveniently anywhere
- unlimited access to TV shows and movies
- Netflix's original
- New signups can avail a 30-day free trial
- cancel at any time
- Receive algorithmic recommendation
- Avoid commercials ads

Customer Relationships



- Self-Setup Made Easy
- Exceptional Customer Experience
- Online Live Chat Services
- Social media
- Netflix gift Cards

Channels



- Online streaming through the website
- Streaming on TV Apps and Gaming consoles
- Mail delivery for DVDs

Customer Segments



- interested in watching movies, TV shows and documentaries
- content for children and adults

Cost Structure



- Major purchasing rights establishment (TV shows and movies)
- Cost of producing movies
- Cost for recommendations, R&D and artificial intelligence
- Subscription maintenance cost
- DVDs and mail-related shipping costs

Revenue Streams



- Monthly subscription plans
 - Basic
 - Standard
 - Premium



Business Strategy Hub

Illustrative Client Example Only

BUSINESS MODEL CANVAS

Key Partners

Small Business Administration (SBA)

Small Business Development Center at George Mason U.

Procurement Technical Assistance Center (PTAC)

Akiak Native Community

Federal IT Contractor Partners (Potential Subs and Primes)

Agency Small Business Advocate Offices

ACT-IAC (American Council for Technology – Industry Advisory

Key Activities

Provide IT Consulting Services

Provide IT Management Support Services

Provide IT Delivery Teams

Manage IT operations

Win Federal Contracts

Federal IT marketing

Key Resources

IT Subject Matter Experts, Developers, Coaches

IT Portfolio, Product, Program, Project, Acquisition Managers

IT operations staff

Acquisition and Business Development

Value Propositions

As an 8(a) Tribal Owned IT Business and trusted federal partner, we offer a low risk, fast-path to agile development, lean operations, and digital transformation

Our Mission is simple: use revenue from federal contracts to build and sustain a brighter economic future for the indigenous people of the Akiak Native Community tribe in remote Alaska.

Customer Relationships

Designated SBA Contracting Office

Noncompetitive SBA 8(a) IT contracts with Federal Government agencies

SBA 8(a) IT Prime and Sub Contractor Partners

Channels

Business Development Staff

Website - Awareness

Widely available Federal contracts

Partner efforts – as a subcontractor

SBA 8(a) program

Customer Segments

Federal Civilian Agencies

Defense Agencies

Initial target of agile pioneers and early adopters with greater than 15% 8a Contracting

- DOT (Trans)
- GSA
- DOC
- DOA
- DHS
- DOT (Treas)

Cost Structure

Low fixed costs for core business

Variable costs fluctuate to meet contractual needs

Revenue Streams

Direct contracts with Federal Civilian and Defense Agencies

Subcontracts with partner contractors

The VPD assesses the “alignment” of your *Problem* ➡ *Solution* ➡ *Fit!*



The VPD assesses the “alignment ”of your **Problem ➡ Solution ➡ Fit!**

Important Question:

“What (specific) Problem are you solving, with what unique solution, with what Offering and for Whom (specific Customer Segment)?”



The VPD assesses the “alignment” of your **Problem → Solution → Fit!**

Important Questions:

“What (specific) Problem are you solving, with what unique solution, with what Offering and for Whom (specific Customer Segment)?”

What are your specific products or services ...and... what value do those create that someone would be willing to pay for?



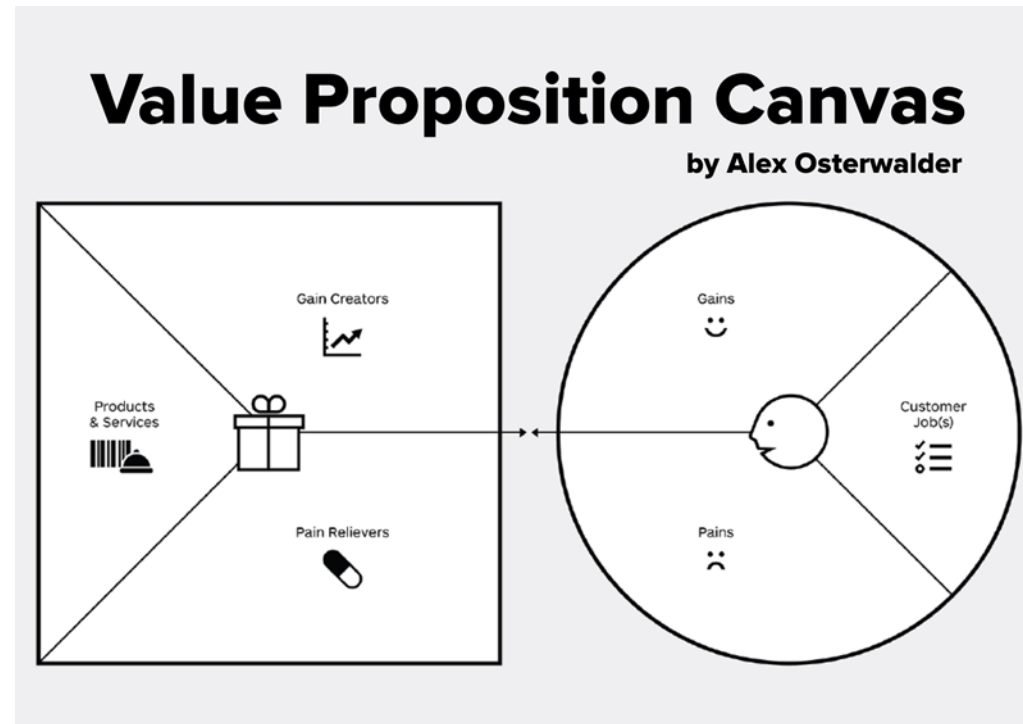
What are the “problem” customer have?

What “pain points” do you remove for the customer?

How are you differentiated?

What are your tangible benefits?

What are the benefits of building then assessing the strength of your “VPD” for your business ?



"A sound Value Proposition Design or Value Innovation Design, is more likely to lead to the creation of a successful product or service business."

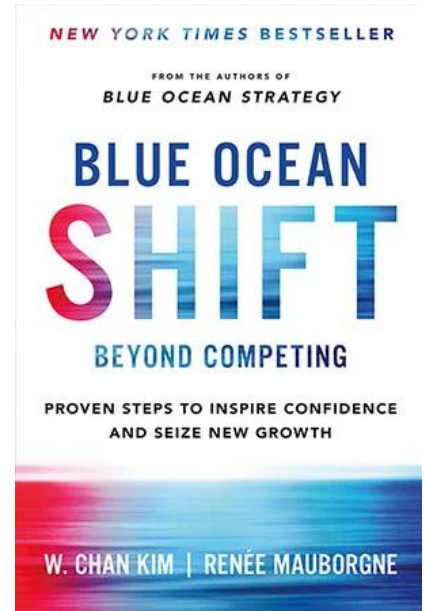
The "build it and they will come" product or service development is a myth.

"Creating real value attracts buyers."

Interesting technology, new product or professional service introductions, or even the empty promise of innovation, ***not backed up by real value creation, may make a marketing splash but is unlikely to serve as the foundation of a strong, sustainable product or service offering.***

Don't be fooled. Technology is oftentimes catalytic to value creation – the technology enables the creation of value – but the technology itself is not the value.

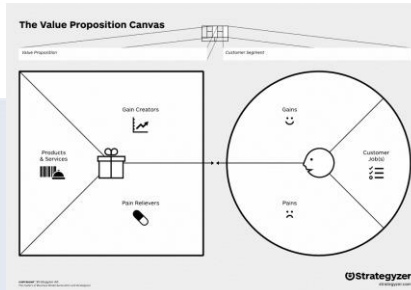
"And more "stuff" in an offering, which comes with more cost, does not always equate to more value - - and more often the opposite is true."



We can't overstate importance of *VP Design*

10 Characteristics of a Great Value Proposition

- 1 Is embedded in a great business model
- 2 Focuses on what matters most to the customers
- 3 Focuses on unresolved pains
- 4 Target few jobs, pains, and gains but extremely well
- 5 Goes beyond functional jobs and address emotional & social jobs
- 6 Align with how customers measure success
- 7 Focuses on jobs, pains and gains that people will pay a lot of money for
- 8 Differentiate from competition
- 9 Outperform competition substantially on at least one dimension
- 10 It is difficult to copy



We can't overstate importance of *VP Design*

10 Characteristics of a Great Value Proposition

1 Is embedded in a great business model



2 Focuses on what matters most to the customers



3 Focuses on unresolved pains



4 Target few jobs, pains, and gains but extremely well



5 Goes beyond functional jobs and address emotional & social jobs



6 Align with how customers measure success



7 Focuses on jobs, pains and gains that people will pay a lot of money for



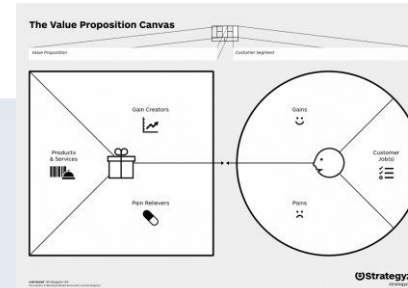
8 Differentiate from competition



9 Outperform competition substantially on at least one dimension



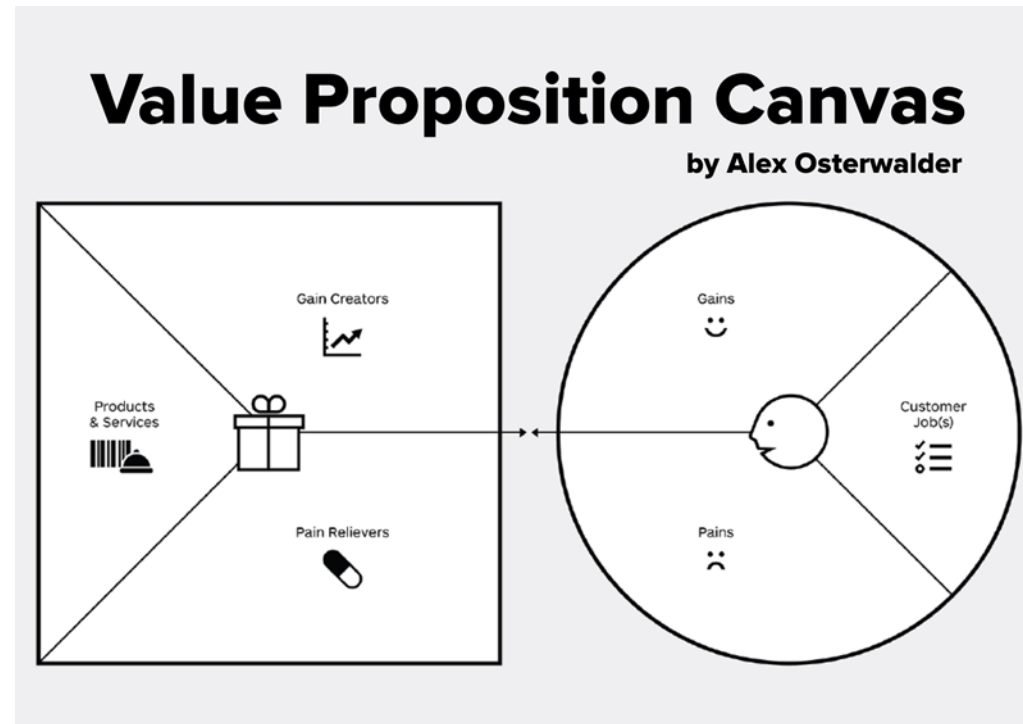
10 It is difficult to copy



Informs strategy and tactics

- Competitive Incumbent strengths & gaps
- Subtle differences in what the customer wants and needs
- A very strong, aligned Capabilities Statement
- Your Business Briefing / pitch; message maps
- Your Marketing Strategy Brand Positioning
- Web Site Elements
- Organic Search Tags
- ...and more

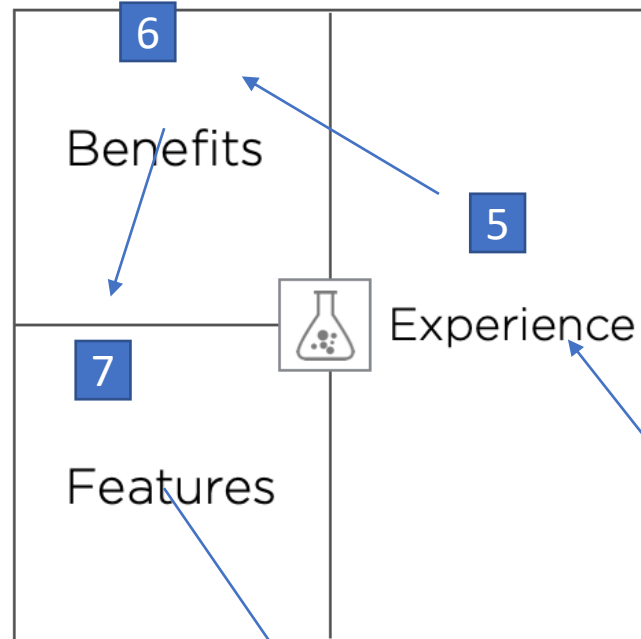
There is a structured methodology (8 steps) to build the “VPD” for your business.



Start on the Customer Side
...steps 1-4

Value Proposition Canvas

Your Product/ Service



Company:
Product:
Ideal customer:

8

Customer



Value Proposition
Design starts with a
focus on :
customer jobs to be
done, needs, and
available substitutes.

VPD continues by examining the level of *alignment between your (hopefully) differentiated market offering and your segmented, targeted client/customers' needs*

Move to your Offering Side.

...steps 5-8

Synthesize your findings and align it with your products/ service offering

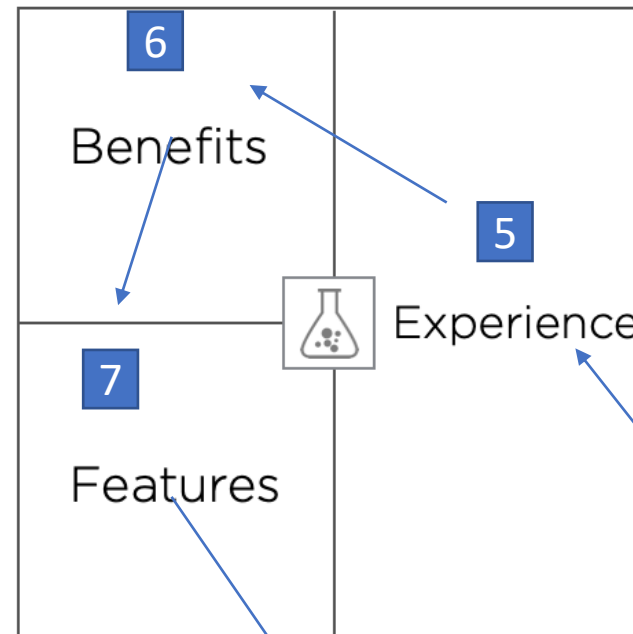


Your Product /
Services Offer/ Cap
Statement / Website

Benefits
Features
Points of
Differentiation

Value Proposition Canvas

Your Product/ Service



Company:
Product:
Ideal customer:

8

Customer



Substitutes

Let us take a closer look step by step

It begins with a commitment to become a “Domain Space Expert”

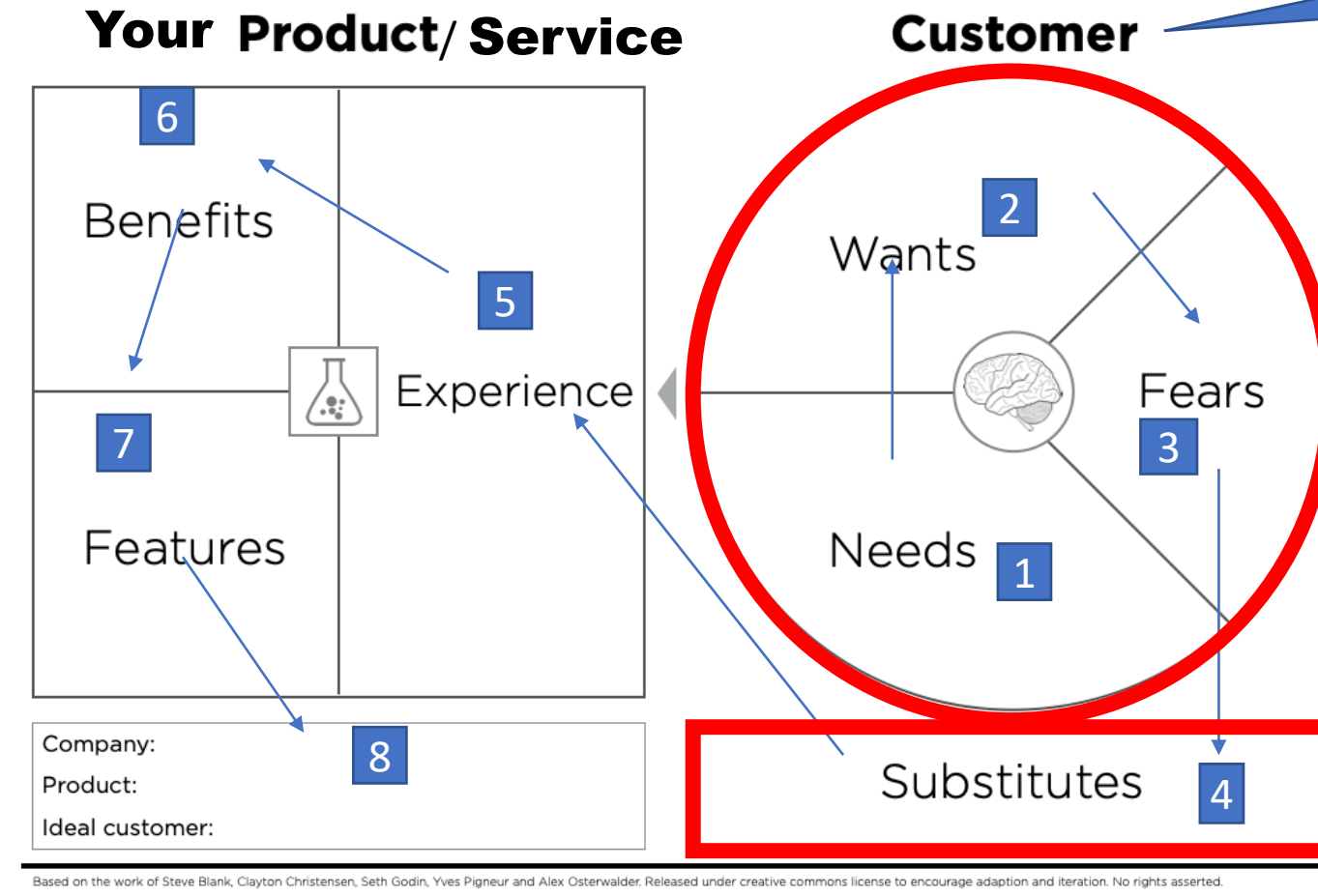
Business leader should aspire to become a **Subject Matter Expert (SME).**

There is some “homework” required to **design**, **communicate** and **deliver** a successful *Value Proposition Design* (VPD) that is well aligned with customer needs...



...which in turn enables you to monetize your value!

Value Proposition Canvas



Value Proposition Design starts with a *focus on : customer jobs to be done, needs, and available substitutes...*

...competitors, incumbents



Do You Really

KNOW YOUR
CUSTOMER



?

- ☐ what domain space, industry sector, segment they are in?
- ☐ how big in US Dollars is the market for the products and services sold into this domain or industry sector or segment?
- ☐ what is the “persona” / personality of the customer/client in this sector/segment?
- ☐ who are these customer / clients by title and function inside their organization?
- ☐ who specifically in the organization, by name, has the (budget) authority to make purchasing decisions?
- ☐ what is their budget for these products or services they seek?
- ☐ what specific solutions do they seek from the marketplace?
- ☐ from which supplier(s) do they purchase those products or services now?
- ☐ how many competitive suppliers are there in this ecosystem, industry sector/segment?
- ☐ what are their fears if they can not find solutions to their problems?
- ☐ what benefits do they perceived as valued?
- ☐ where do they go to learn about products and services?
- ☐and.....more





Put Yourself In Their Shoes

Whether you are in operations, sales, marketing, or even the HQ suite, **one of your primary jobs** (and primary goals) is ***to attract more buyers***.

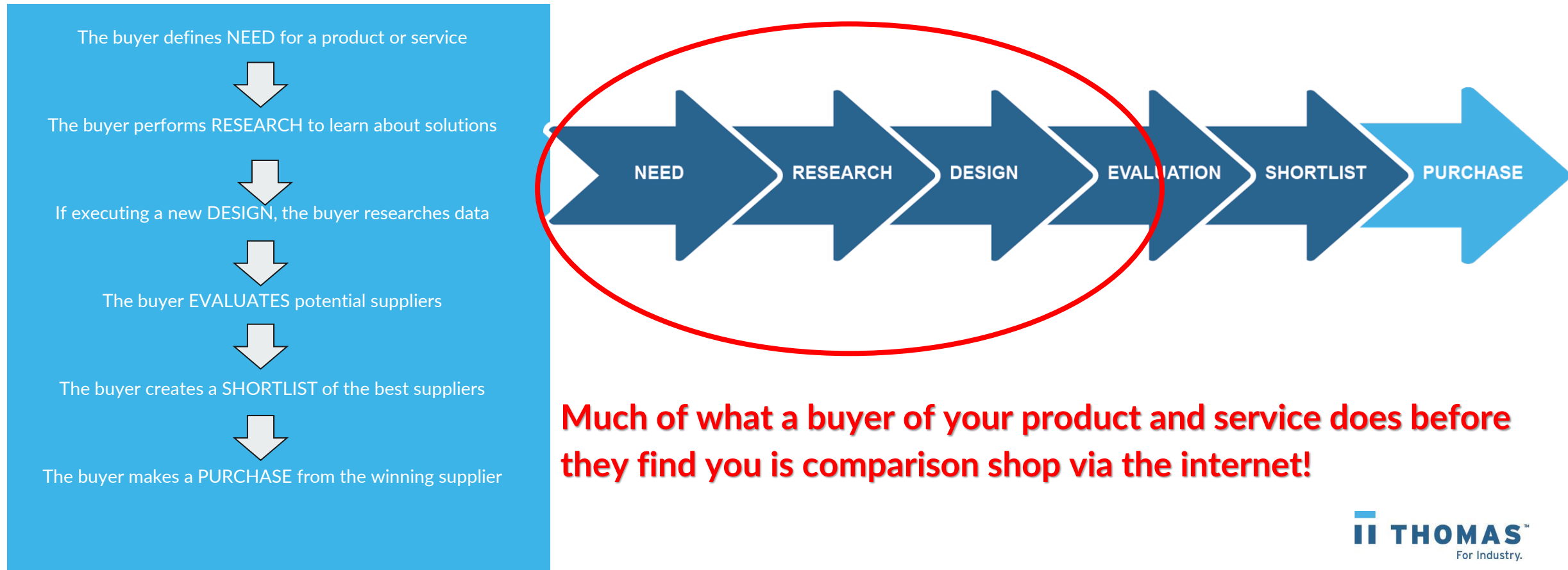
But what about them? What jobs do those buyers have to do, and what goals would they like to accomplish? What pain points would they like to remove?

Answering these questions is essential ***if you want to stand out amongst a sea of competitors and position yourself as a trusted partner*** and supplier of choice.

A Lot Goes Into Being A Customer/Buyer



It may seem like a simple question — they buy products and services. At a high level, their process looks like this:





?

Do You Really

KNOW YOUR

Government
Customer





DOE/NSA Sites



Legend
Operations Office Production/Design Site Safety Office Program Administration Laboratories Field Office Special Purpose Sites or Offices Service Business Center
as of Nov 2017
<http://smallbusiness.energy.gov>



Illustrative Only



What DOE Buys

Top 5 NAICS* Codes – Prime

- 562910 – Remediation Services
- 541611 – Administrative Management and General Management Consulting Services
- 541330 – Engineering Services
- 561210 – Facilities Support Services
- 541513 – Computer Facilities Management Services

Top 5 NAICS Codes – Subcontracting

- 541330 – Engineering Services
- 541990 – Professional Services
- 541715 – Research and Development in the Physical, Engineering, and Life Sciences
- 562910 – Remediation Services
- 611710 – Educational Services

* North American Industry Classification System Codes



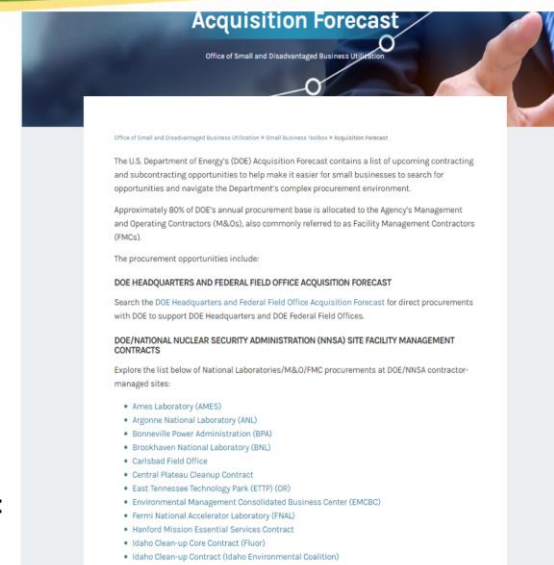
Acquisition Forecast Opportunities

DOE Headquarters and Federal Field Office Acquisition Forecast

<https://www.energy.gov/osdbu/acquisition-forecast>

- ❖ Provides list of headquarter **prime** forecast opportunities
- ❖ Provide hyperlinks to the various DOE laboratories for **subcontracting** opportunities. *(You must search each lab individually for its opportunities).*
- ❖ Supply Chain Management Center (SCMC):
<https://thescmcgroup.com/>

<http://smallbusiness.energy.gov>





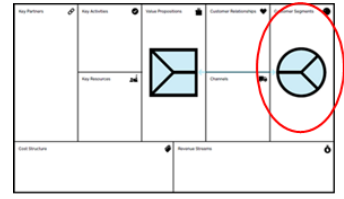
Do You Really

KNOW YOUR
CUSTOMER

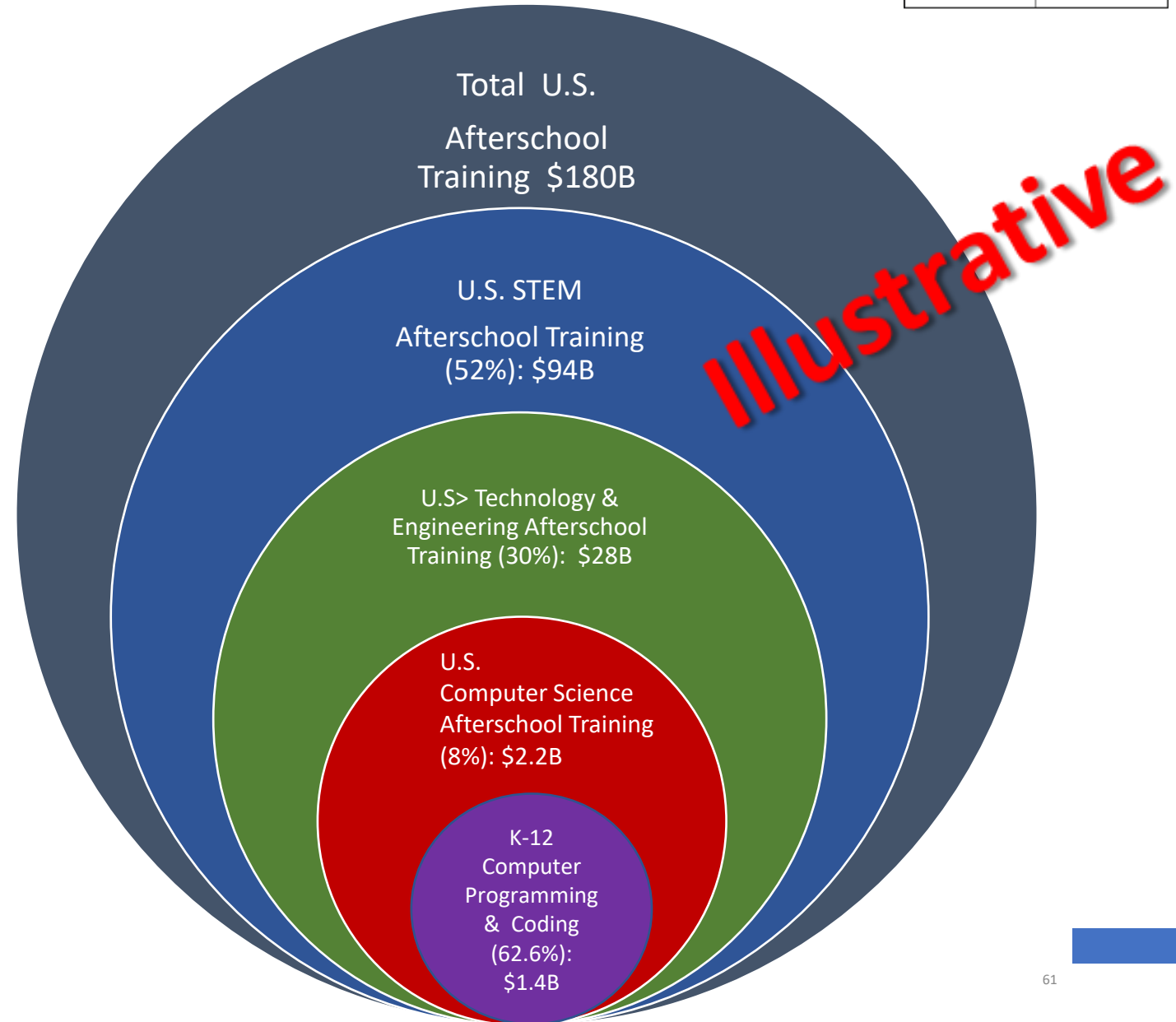


Segmentation ?

Customer Segmentation for An Afterschool Learning Company focused on Computer Coding



- *Students demand for afterschool training is about 30M **growing 14% Year on Year***
- **10.2 million of students K-12** participate in afterschool programs
- *19.4 million of students K-12 not currently in an afterschool program would be enrolled in a program if one was available to them*
- **Parents pay an average of an average of ~ \$450 per month** on afterschool programs
- Typical afterschool program serves an **area of about 250,000 residents**

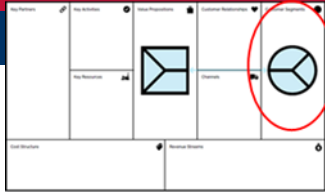
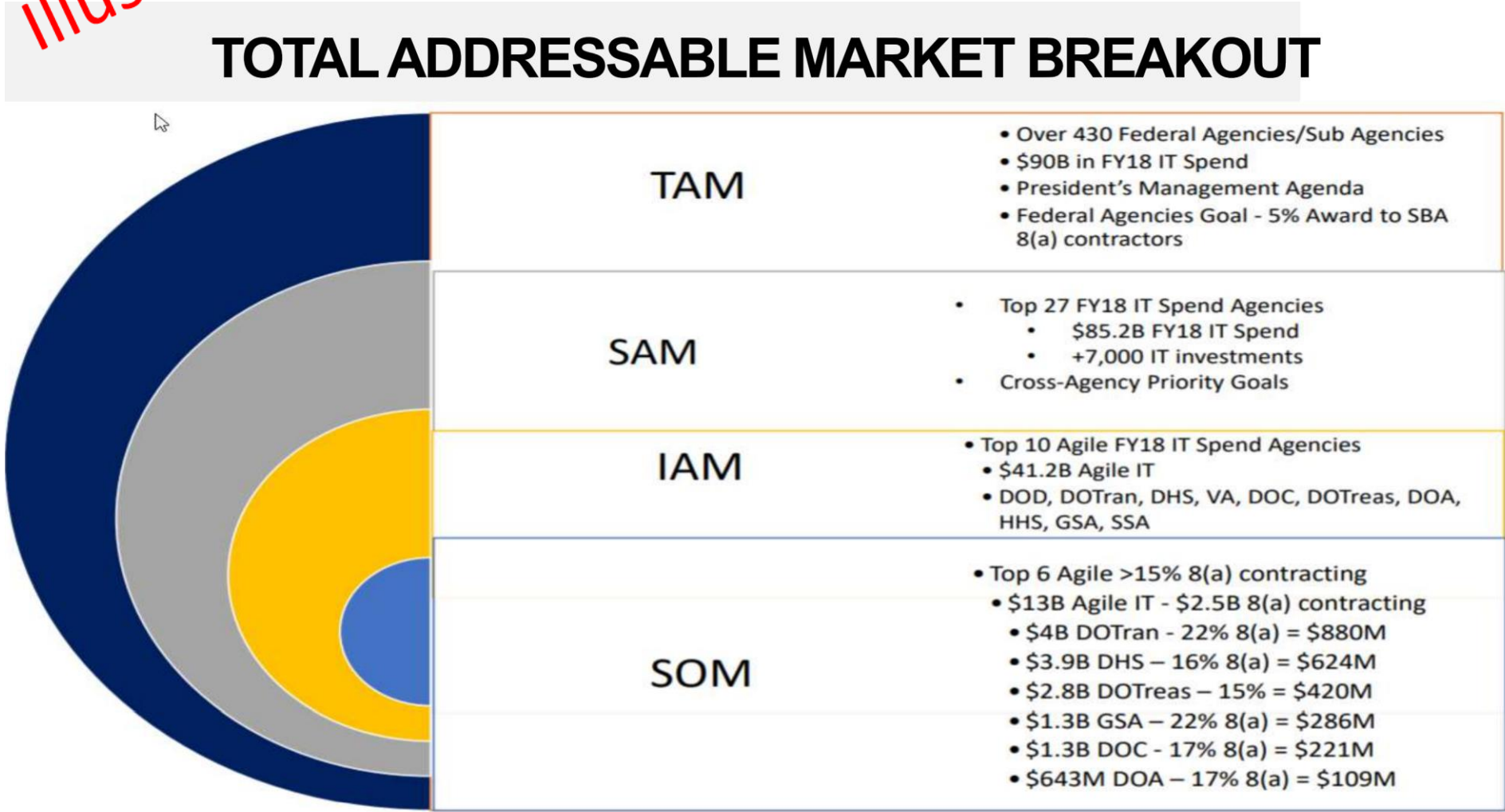


*Illustrative
Example Only:*

Customer
Segmentation:

Government
Agency
Spending
For
IT
Transformation

Illustrative Only





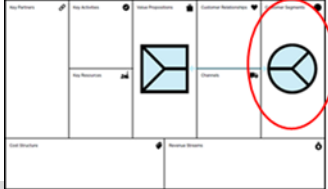
Do You Really

KNOW YOUR
CUSTOMER



Persona?

The BMC/VPD suggests you develop a customer “Persona”



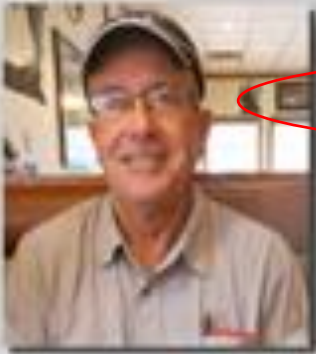
Demographics

Profile:


- 45 years old, male
- Oversees entire fleet operation
- 10-15 years experience in transportation industry; started as a driver
- Lives and works in a suburban location (along a trucking route) in the Midwest
- Considers trucking a lifetime career
- Has both technical expertise and project management skills
- Strong passion for his business - likes to be a part of legacy/history
- Grew with the company- worked his way up to manager

Company Profile:

- Small Medium Size Fleet between 100 and 200 trucks
- Uses multiple brands of OEMs for trucks; has direct relationships with OEMs across categories



Daniel
Heavy Duty Fleet Maintenance Manager
USA



Behaviors & Attitudes

- Highly loyal in all aspects of life; generally reluctant to change
- Driven by data when making important decisions
- Open to new technology and willing to try new things as long as others have seen proved benefits
- Treats other employees like family
- Very active on social platforms (e.g. LinkedIn), sharing information and seeking advice
- Reads or subscribes to industry publications to better understand new trends
- Has a strong local network of industry peers
- Eager to learn from larger fleets
- Likely to solely source motor oil from one supplier

Needs

- To maximize up time for vehicles in his fleet
- To maintain fleet efficiency by managing metrics like fuel economy and total cost of ownership
- To evaluate all key factors in maintaining vehicle efficiency (e.g. coolants, filters)
- To closely monitor the condition of his trucks
- To see value in any increased cost of supply
- Qualified and informed drivers to handle equipment properly
- Access to research conducted by the manufacturers for proof of product performance
- Strategic relationships with service center hubs
- Education on implications of regulatory changes (e.g. PC-11)

Bold = Future State

Illustrative Only

Do You Really

**KNOW YOUR
COMPETITORS**



How does your customer solve the problem today?



*What are the alternatives? Substitutes,
Solutions? Incumbent Suppliers / providers ?*

*Exactly who are
your direct and indirect competitors?*

*What are their strengths and weaknesses ?
What are the “gaps” in their market offering and
value proposition ?*

*What is their secret sauce/points of
differentiation?*

*What insights can you obtain from understanding
this ecosystem?*



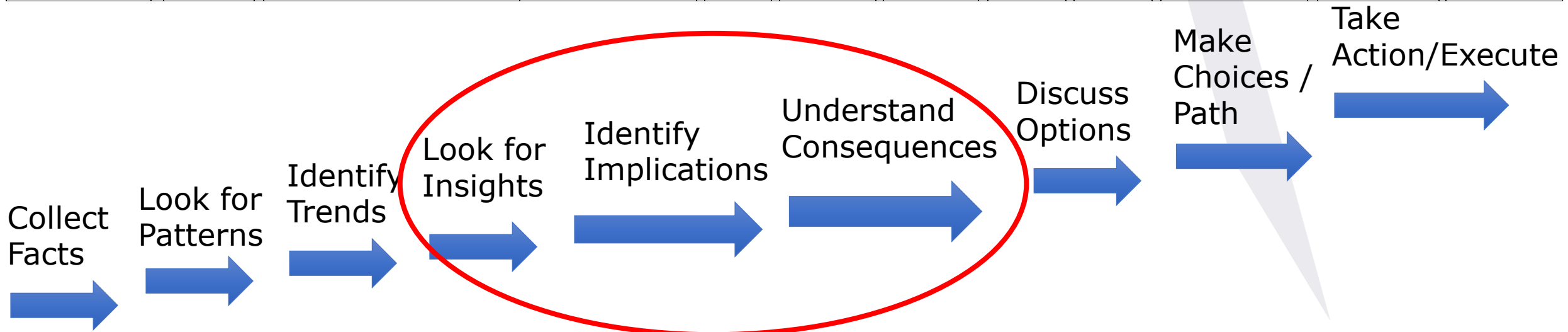
Competitive Comparative Matrix Insights Exercise Template

NOTE: Create in Excel; minimum of 5 competitors; modify columns as applicable



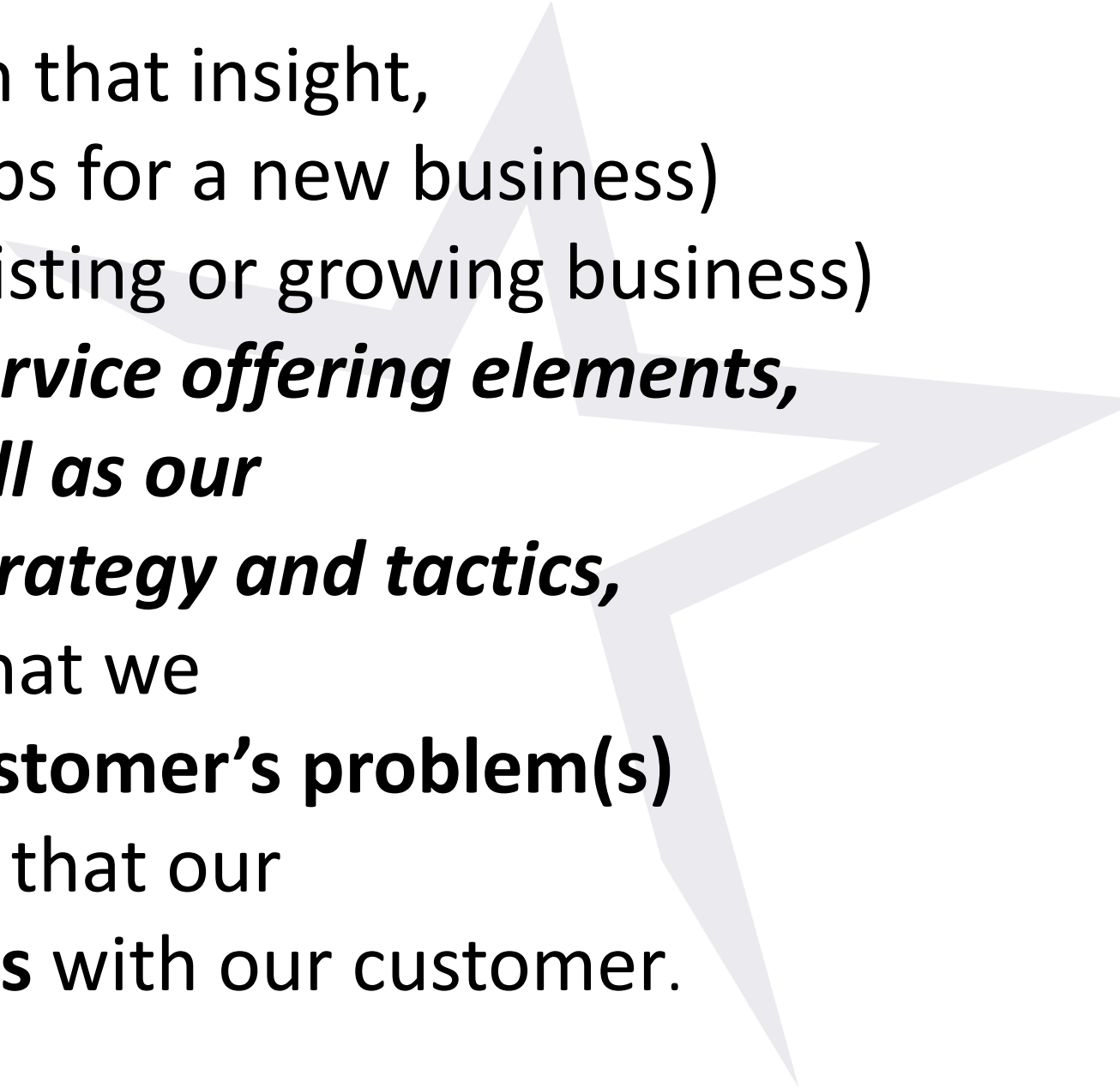
Competitor Businesses	Website URL Link	Industry/ Sector / Segment Competitor is in	Location Geographic Reach	Phone #	Est. Sales \$USD	Unique Branding	Feature #1	Benefit #1	Point(s) of Differentiation	Sell Through Channels?	Relevant Comments
Competitor # 1											
Competitor # 2											
Competitor # 3											
Competitor # 4											
Competitor # 5											

It is a Side by Side collection of facts, patterns, themes, etc. that lead to insights, implications and then actions



Find Gaps: Compare Best in Class Competitors' and Incumbents' Websites





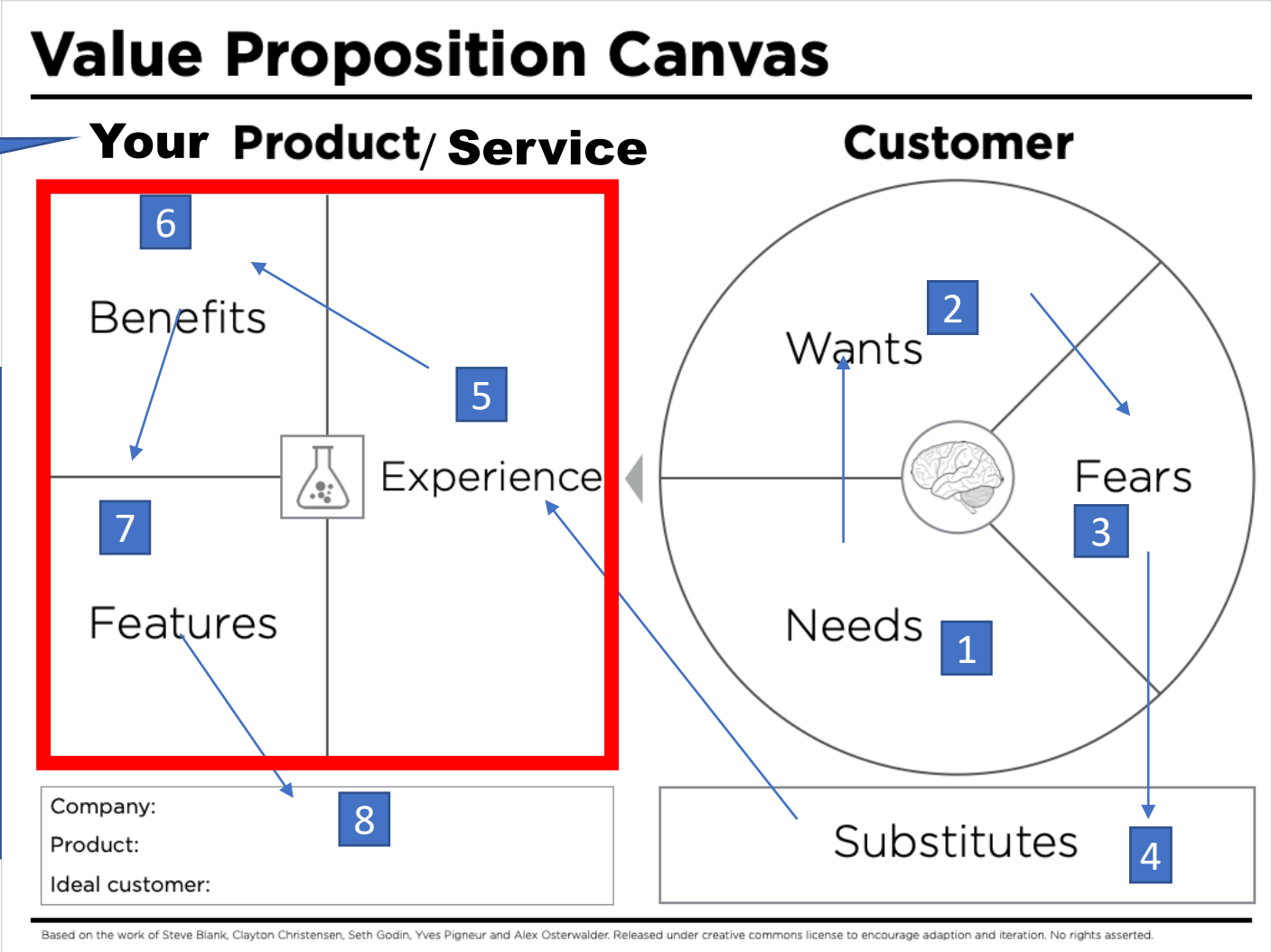
Armed with that insight,
lets **develop** (perhaps for a new business)
or **re-examine** (for an existing or growing business)
our own product or service offering elements,
as well as our
our marketing strategy and tactics,
so that we
really **solve the customer's problem(s)**
and so that our
narrative resonates with our customer.

VPD continues by examining the level of *alignment between your (hopefully) differentiated market offering and your segmented, targeted client/customers' needs*

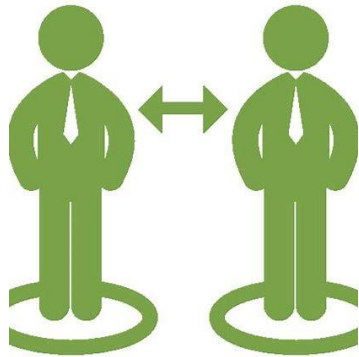
Move to your Offering Side.
...steps 5-8
Synthesize your findings and align it with your products/ service offering

Your Marketing Offer

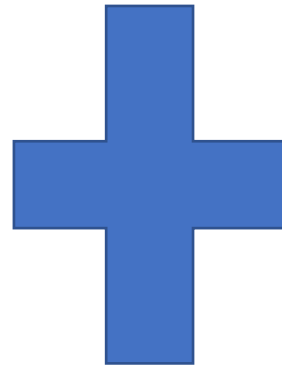
Benefits
Features
Points of
Differentiation



Value Proposition Design asks you to think about this equation:



Your Service / Product Points of Parity



*Your Service / Product / Business
Points of Differentiation*

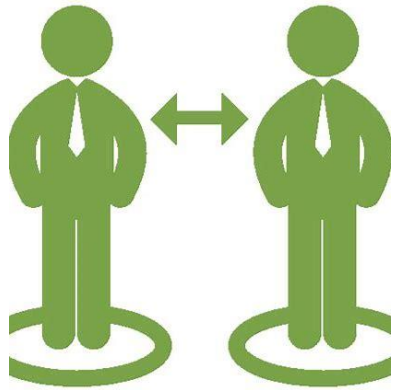
(communicated with clarity), equals...

...some level of tangible value created in the Mind of your Customers

Q: How can your businesses' perceived market value optimized?

The Value Proposition Design asks:

“How (specifically and measurably) is your product or service as good as the next best available (or incumbent) alternative?”



Typical Points of Parity

- ☐ Strict Compliance with all Requirements
- ☐ Cost Competitiveness; Priced Competitively
- ☐ Technical Capability
- ☐ Financially Sound
- ☐ Prior Experience with Customer is favorable
- ☐ Seen as “Easy to do business with”
- ☐ Favorable reviews

The Value Proposition Design also asks:
“How (specifically and measurably) is your product or service capabilities / offering, better than the next best available (or incumbent) alternative?”

Potential Points of Supplier Differentiation

- ☐ Seen as Strategic, Innovative, a Leader
- ☐ Strategic Mission aligns well with client
- ☐ Mgmt. Team is credible, believable
- ☐ Organization has capacity, competency
- ☐ Offering Benefits are tangible, quantifiable
- ☐ Brand is Professional with mkt presence

Why You? Why Now?



The VPD or canvas recommends developing a “Value Proposition Statement”...an “elevator speech” (i.e. a paragraph, 1-4 sentences, etc.) that *codifies and communicates the problem you are solving and the value you are trying to create.*

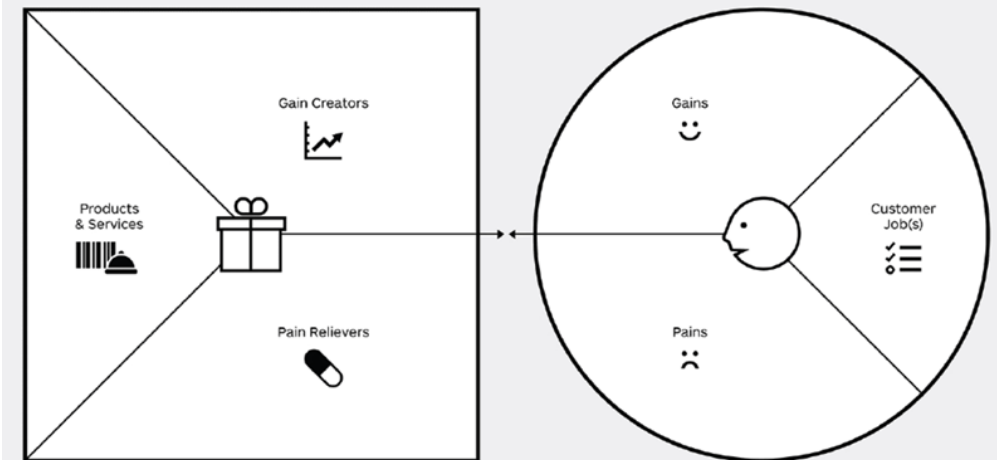
ELEVATOR SPEECHES

An **elevator speech** is a short, highly focused 30-second way of sharing your message. The name reflects the fact that an elevator speech can be delivered in the time span of an elevator ride (for example, thirty seconds and 100-150 words).



Value Proposition Canvas

by Alex Osterwalder



Use a “Word Frame” exercise to build your Value Prop Statement

Value Proposition for _____

- Our _____ offer
- help(s) _____
- who want to _____
- by _____
- and _____,
- enabling them to _____.

Methodology reference source: [Strategyzer](#)

XY Co. is an 8(a) Tribal Owned IT business and trusted US Government federal partner. We offer a low risk, fast path to agile development, lean operations and digital transformation.

“ABC Co is an agri-tech that sells convenient, scalable vertical farming units to ranchers. The stackable racks are optimized to harness the rapid growing power of the Duckweed plant in a sustainable and efficient manner. We provide ranchers nutritious, sustainable, scalable, less costly animal feedstock supplements.”

ABC Co. teaches K-12 students and adults computer coding skills in cloud computing, robotics, Artificial Intelligence, and Machine Learning, through a local neighborhood after school program, designed to make us competitive for the 21st century.

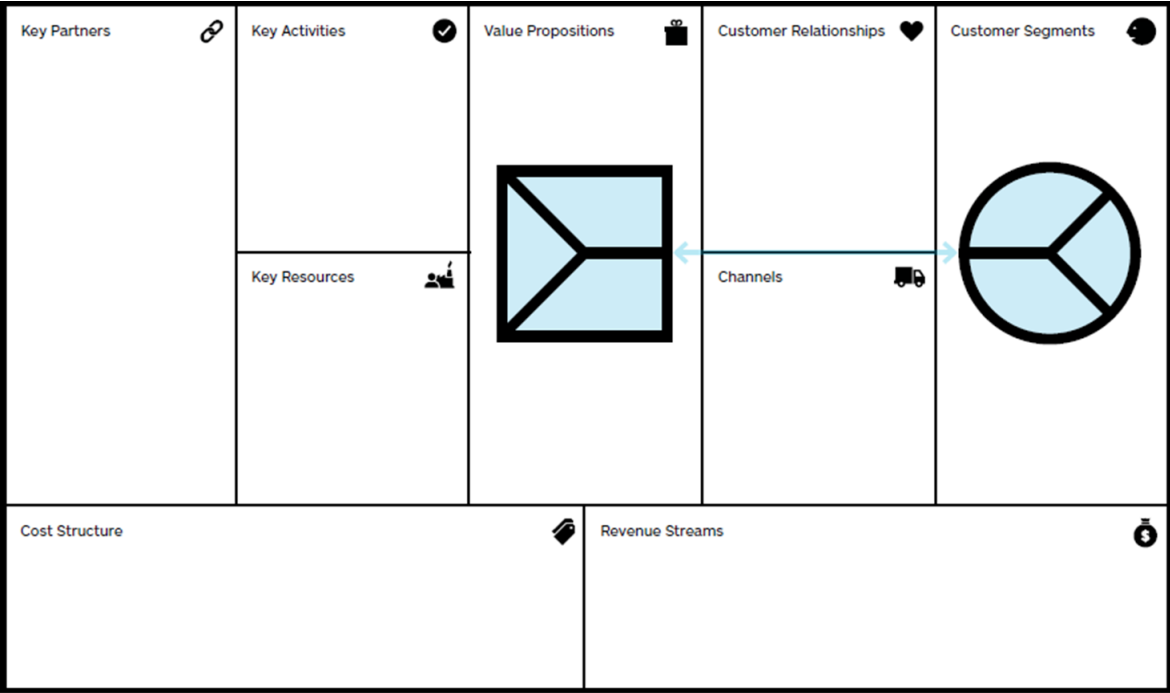
Value Proposition for _____

- Our _____ *offer*
- help(s) _____
- who want to _____
- by _____
- and _____,
- *enabling them to* _____.

Methodology reference source: [Strategyzer](#)

**Illustrative Value Proposition
Statement Examples**

1 Page Business Plan Summary can be a great supporting companion to the Business Model Canvas (BMC) with its VPD



Business Plan Summary

Management:
Ms. P, Consulting Director, is responsible for setting up teaming agreements with other consulting firms to ensure the availability of SMEs for our customers.

Ms. Doe, Coaching Director, is responsible for maintaining relationships with coaching firms or freelance coaches, ensuring that she has access to a variety of specialty coaching for the customer's implementation.

Mr. Doe leads the deployment of the Data Analytics capability in the customer's environment, provides technical support during the configuration phase, and ensures SLAs are met during the O&M phase.

Business Description:
ABC Company is an innovative integrative practice that brings together a multi-disciplinary team of senior professionals in consulting, coaching, and focused data analytics, around a single mission: Measurably improve an organization's performance by leveraging data analytics capabilities to implement the continuous monitoring and management of the organization's strategy execution. This mission is a focused response to an ongoing trend by OAG and OMB to tighten up on Federal Agencies' spending, encourage transparency and accountability, and enable data-driven decision-making.

Company Background:
The founder of ABC Company is a consultant with 20 years of experience in the federal workspace. Through her work assessing IT projects in multiple federal agencies, this consultant developed first-hand experience of their organizational inefficiencies and the disconnectedness between their strategy and the decisions made by its leadership. The lack of reliable information to support decisions combines with the challenges of organizational change to make course correction close to impossible. This consultant developed a solution that will effectively take GAO and OMB's efforts to correct course from the clouds (accountability, transparency) to reality (data-informed decisions).

Products/Services:
→ Consulting services in Business Analysis, Strategic Planning, Governance, Data Management, Process Improvement, Performance Management, and Training
→ Coaching services to include Personal, Business, Performance, Executive, and Leadership Coaching.
→ Data Analytics Capability across lifecycle: Configuration, Deployment, Operations, and Maintenance.

Technologies/Special Knowledge:
The ABC Company approach allows the consulting, coaching, and data analytics components to integrate into a coherent, tightly-scope "intervention". That engagement results in the delivery of an open-source data analytics capability and a documented methodology that works with our customer, allowing them to continue executing what we started together. We leave our customer with the tools they need to continue improving their performance. This MO is our competitive edge.

Target Markets:
Our typical customer is a government organization, that we may serve in a prime or subcontractor role. Our industry straddles professional services (consulting and coaching) and data analytics (information technology). We dynamically adapt to our customers' needs through teaming agreements with like-minded innovative companies, large and small. Also see Business Strategy.

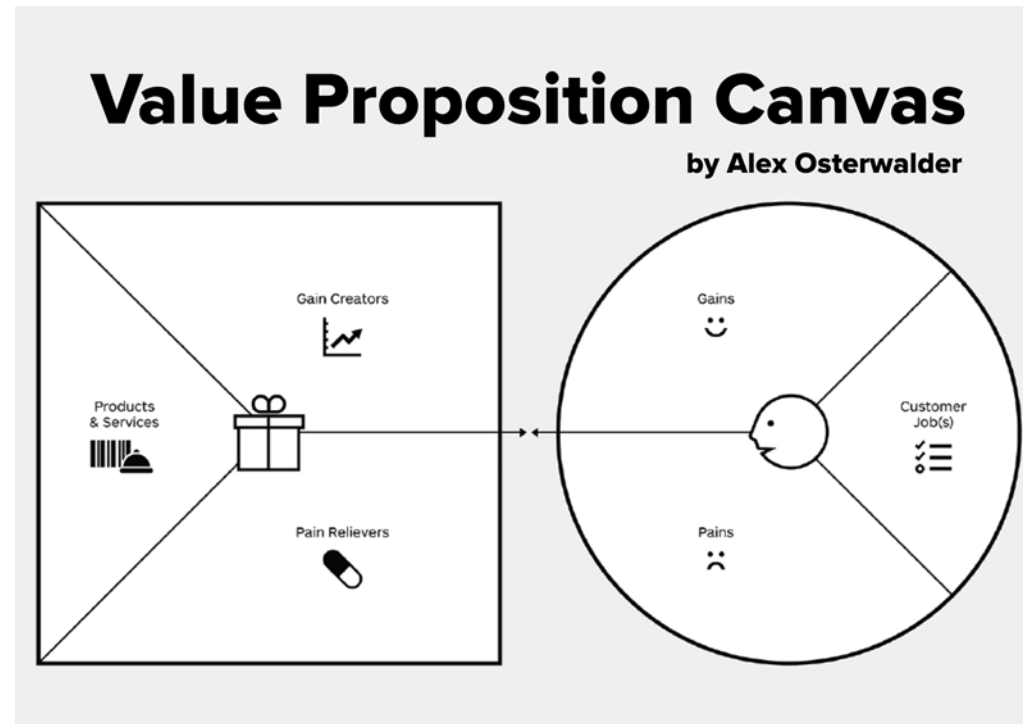
Distribution Channels:
Federal and state prime and sub-contracts; See strategy document.

Competition:
Companies that offer a combination of consulting, coaching, and analytics do exist: The Millenium Group (<http://www.mngi.net>)
Could the resistance (that I have witnessed) by federal organizations to implement solutions that provide transparency and track accountability be the biggest barrier to the successful entry of any business pretending to implement such solutions?
Transparency and accountability... Do we really want that? So, is there a demand? The GAO says there is. OMB says there is. And this consultant believes there is, and that the time is right. This is a big market!

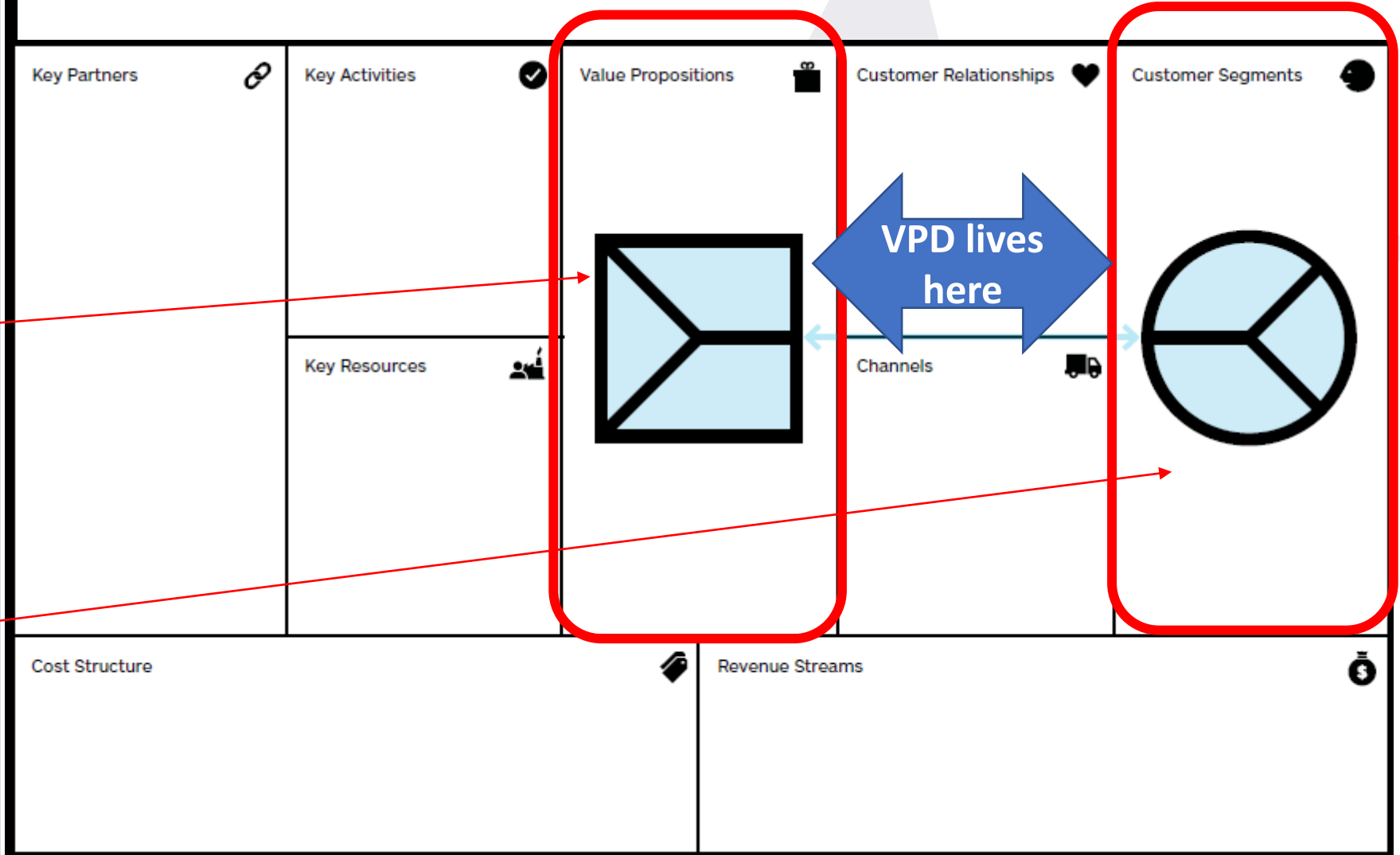
ABC Company
4815 Upland Drive
Phone: 703-123-6543 Fax:
E-mail: xyz@abccompany.com
Web Address: www.abc.com

Year	2017	2018 (jul-dec)	2019	2020	2021
Revenue	\$0	\$126,750	\$507,000	\$1,014,000	\$2,028,000
EBIT	\$0	\$3,900	\$31,600	\$31,200	\$62,400
Rationale*	Not in business	Half year, 1 FTpers.	2 FTpers.	4 FTpers.	8 FTpers.

Lets again summarize the 8 steps to build the “VPD” for your business.



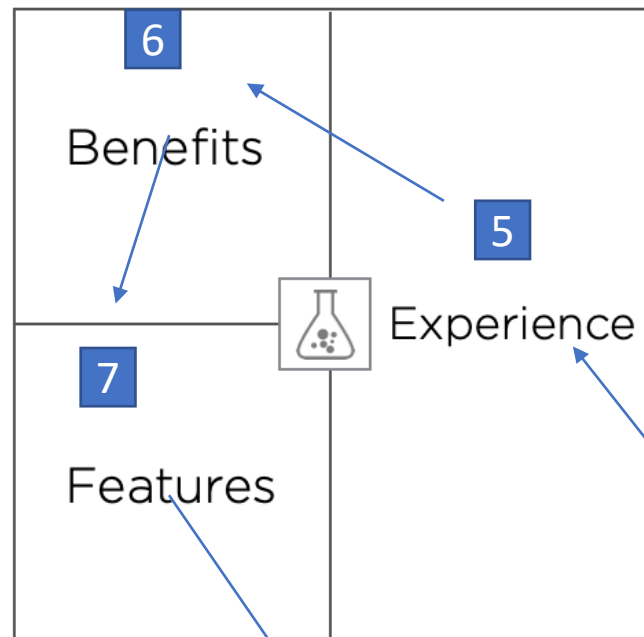
NOTE: You will not have a sustainable business unless you have an offering (i.e. the square) aligned with a specific client or customer (i.e. the circle)!



Start on the Customer Side
...steps 1-4

Value Proposition Canvas

Your Product/ Service



Company:
Product:
Ideal customer:

8

Customer



Value Proposition
Design starts with a
focus on :
customer jobs to be
done, needs, and
available substitutes.

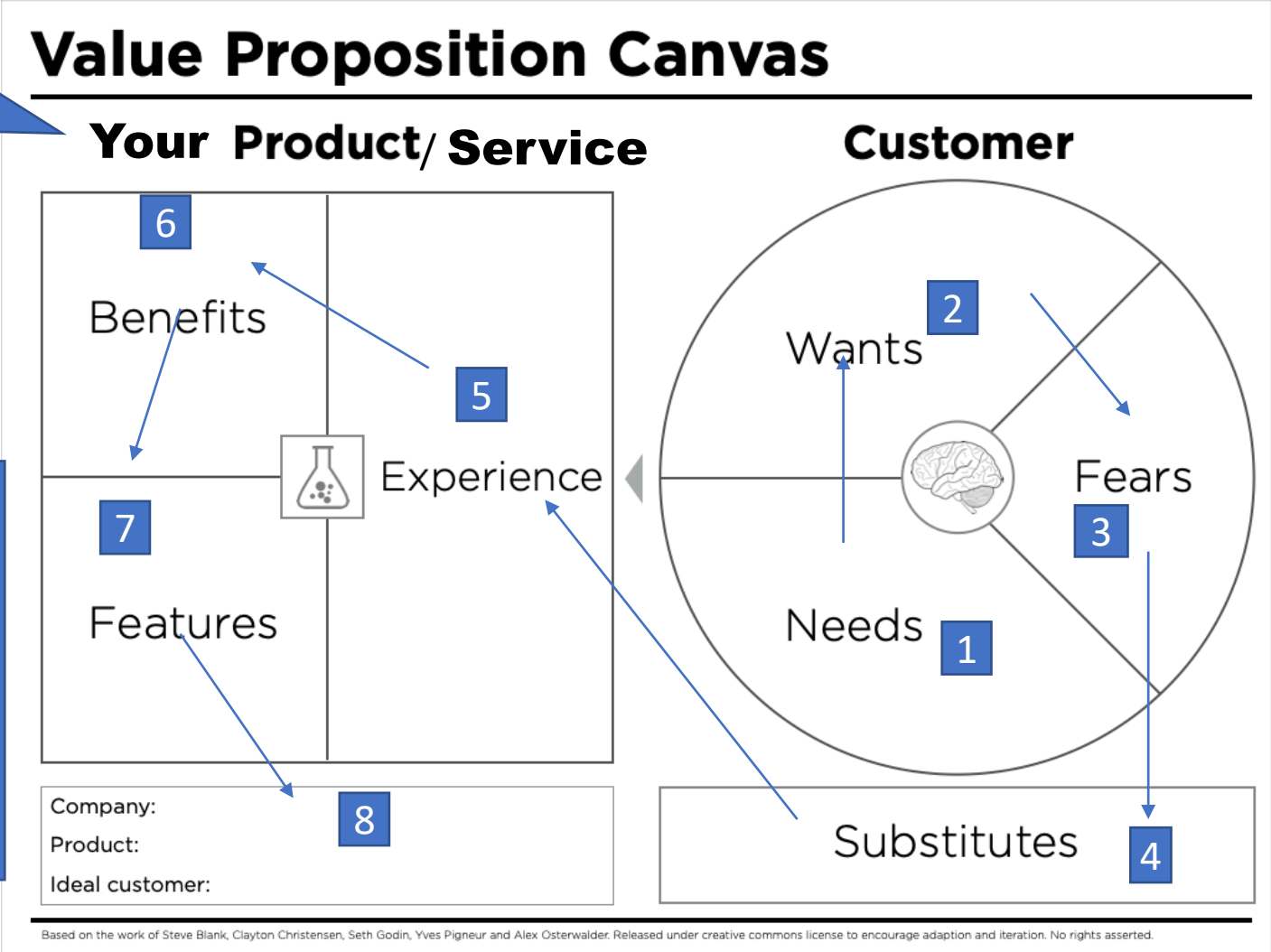
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...steps 5-8
Synthesize your findings and align it with your products/ service offering



Your Marketing Offer

Benefits
Features
Points of Differentiation



Value Proposition Design Importance Re-visited

10 Characteristics of a Great Value Proposition

1 Is embedded in a great business model



2 Focuses on what matters most to the customers



3 Focuses on unresolved pains



4 Target few jobs, pains, and gains but extremely well



5 Goes beyond functional jobs and address emotional & social jobs



6 Align with how customers measure success



7 Focuses on jobs, pains and gains that people will pay a lot of money for



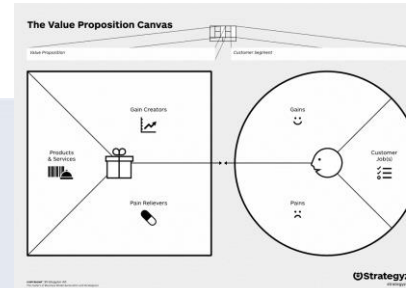
8 Differentiate from competition



9 Outperform competition substantially on at least one dimension



10 It is difficult to copy



Informs strategy and tactics

- Competitive Incumbent strengths & gaps
- What the customer wants and needs
- A very strong, aligned Capabilities Statement
- Your Business Briefing / pitch; your services
- Message Mapping
- Your Marketing Strategy Brand Positioning
- Web Site Elements
- Organic Search Tags ...and more

Value Proposition Design Importance Re-visited

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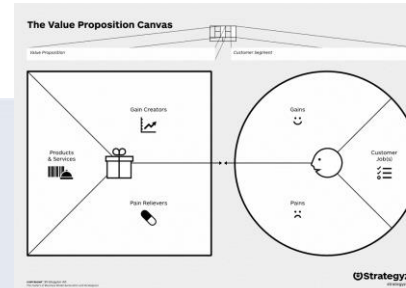
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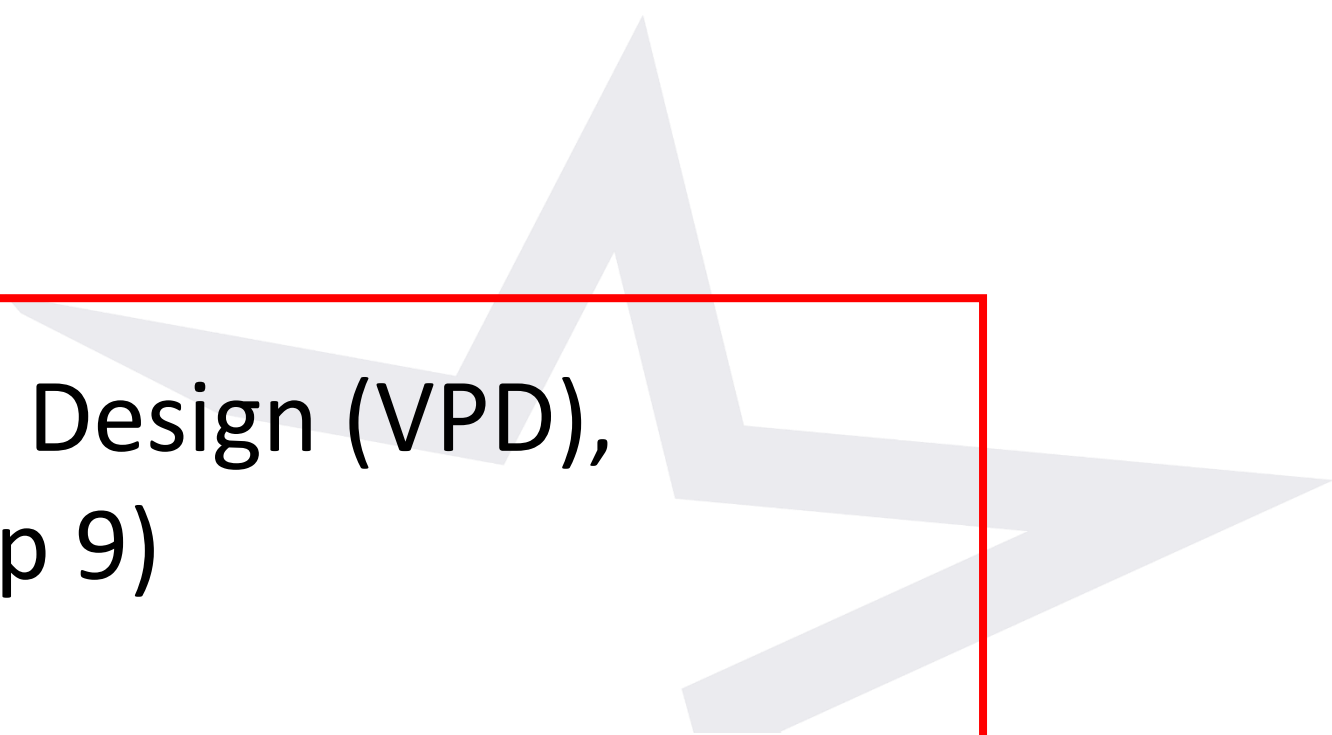


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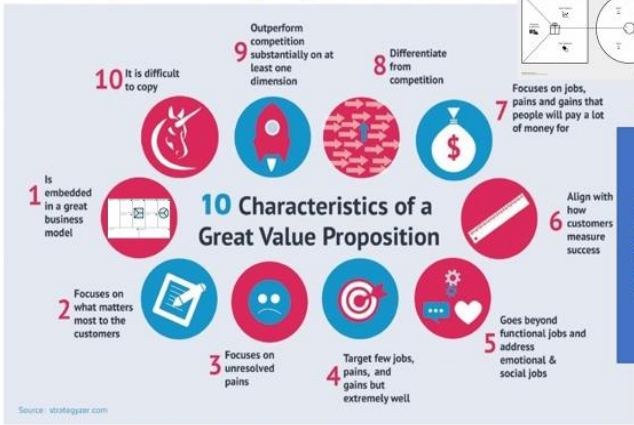
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How Value Proposition Design (VPD),
Message Mapping (step 9)
and
Marketing Plans (step 10)
are all interrelated

Value Proposition Design Importance Re-visited

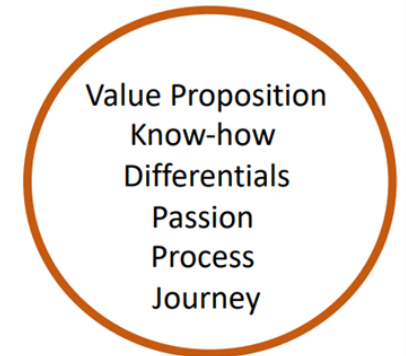
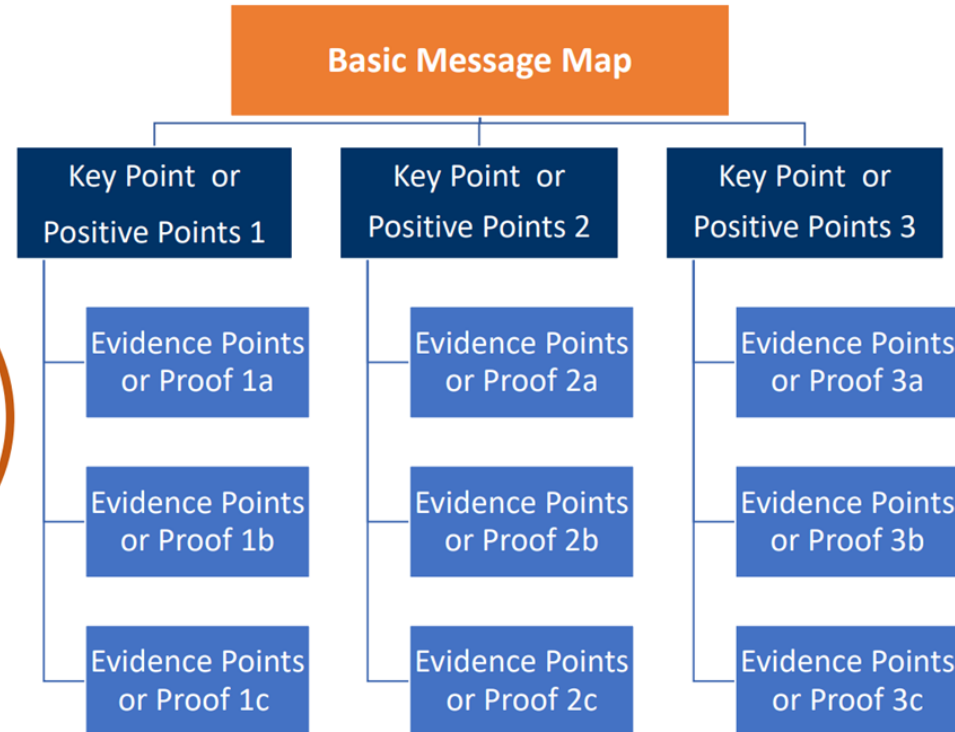
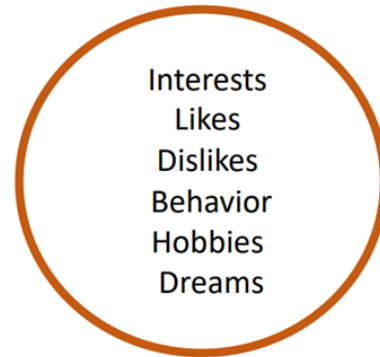


Inform strategy and tactics

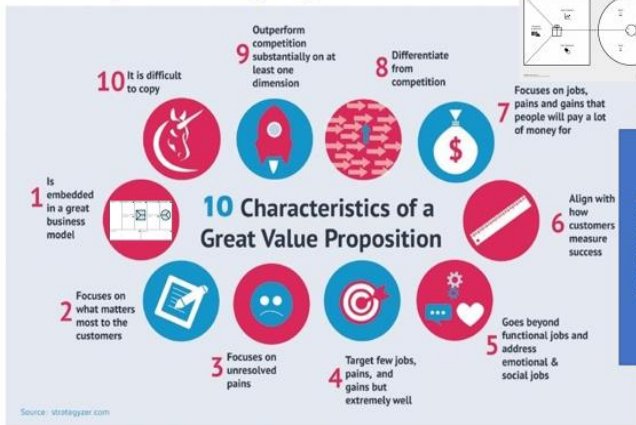
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- **Message Mapping**
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- Organic Search Tags ...and more

1.) Message mapping is a strategic and tactical framework that enables building and then “activating” your brand.

Message Map



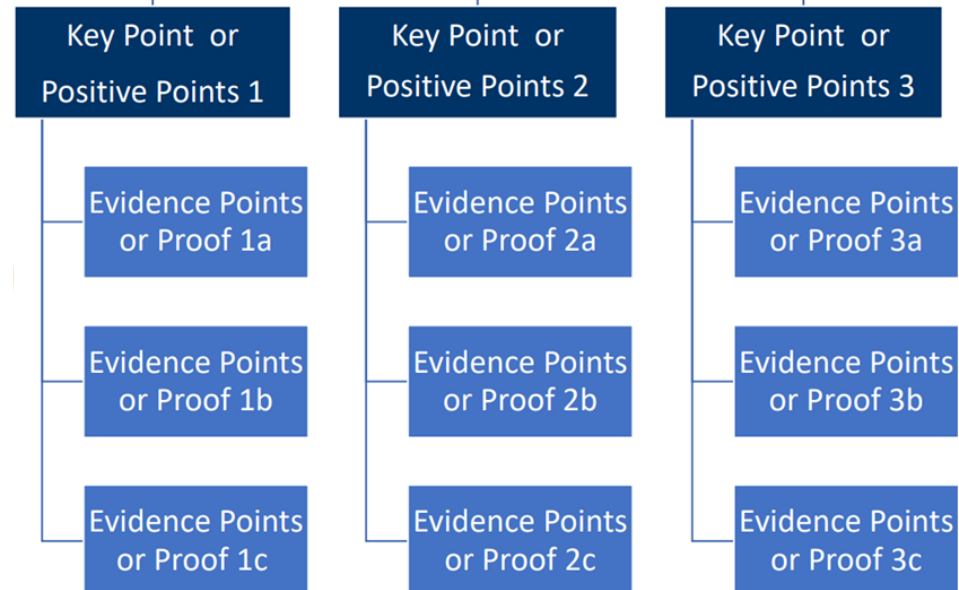
Value Proposition Design Importance Re-visited



Inform strategy and tactics

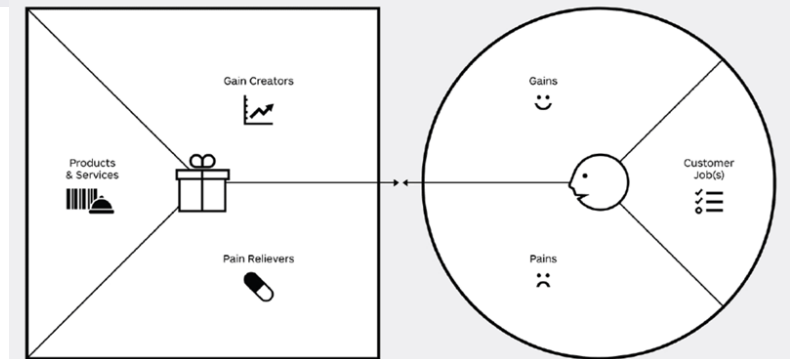
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Basic Message Map



Value Proposition Design (VPD)

by Alex Osterwalder



2.) Key elements of your message map should naturally “flow” in large part, directly from your Value Proposition Design.

Value Proposition Design Importance Re-visited



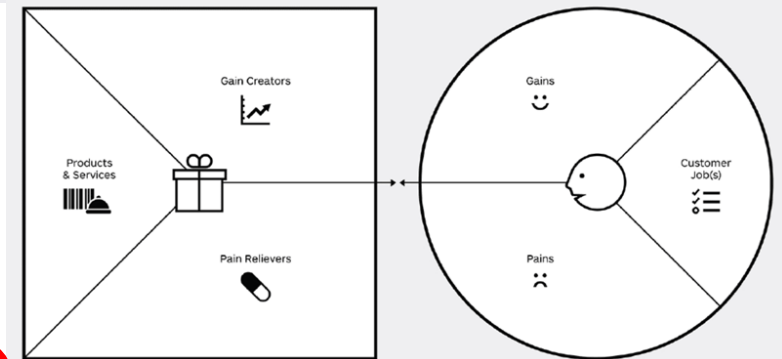
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VPD, Message Mapping and Marketing Plans are interrelated

Value Proposition Design (VPD)

by Alex Osterwalder



Basic Message Map

Key Point or Positive Points 1

Evidence Points or Proof 1a

Evidence Points or Proof 1b

Evidence Points or Proof 1c

Key Point or Positive Points 2

Evidence Points or Proof 2a

Evidence Points or Proof 2b

Evidence Points or Proof 2c

Key Point or Positive Points 3

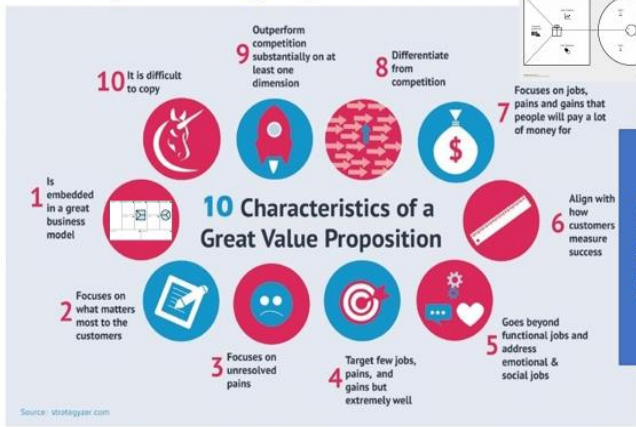
Evidence Points or Proof 3a

Evidence Points or Proof 3b

Evidence Points or Proof 3c

3.) The “3 pillar messaging mapping strategy” then becomes your “true north” for brand positioning, brand personality and brand identity .

Value Proposition Design Importance Re-visited



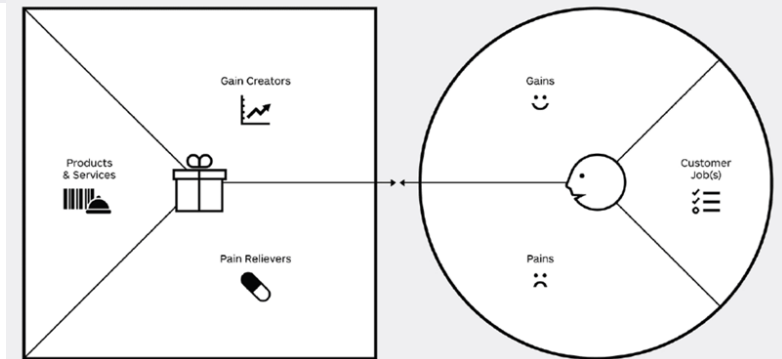
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VPD, Message Mapping and Marketing Plans are interrelated

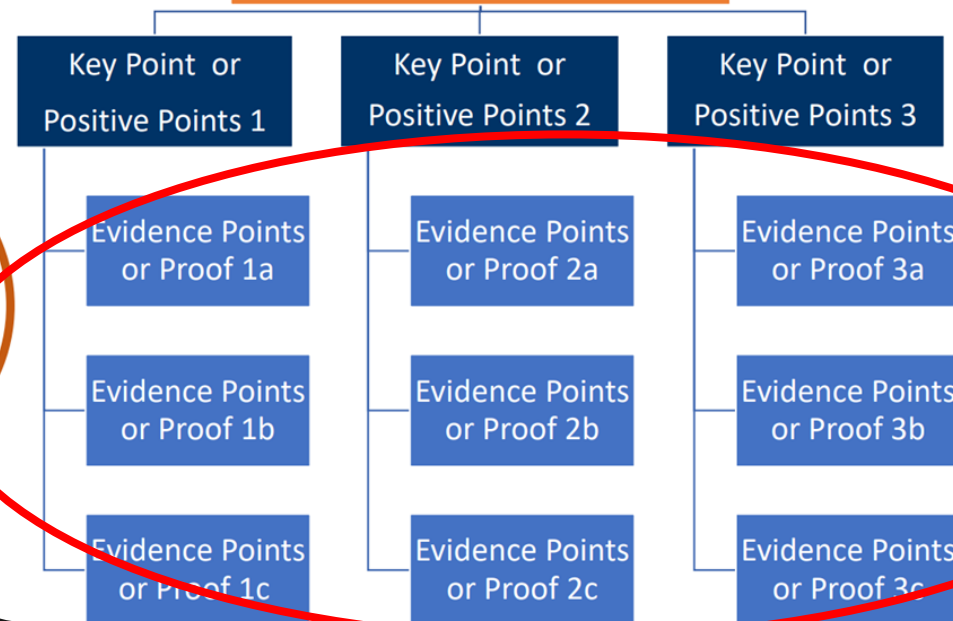
Value Proposition Design (VPD)

by Alex Osterwalder



Value Proposition
Know-how
Differentials
Passion
Process
Journey

Basic Message Map



4.) Your *content creation* (i.e. blogs, videos, posts, etc.), built around those 3 pillars or “*themes*”, is then deployed via social media “channels” or paths to market, as part of your tactical marketing plan.

Value Proposition Design Importance Re-visited



Inform strategy and tactics

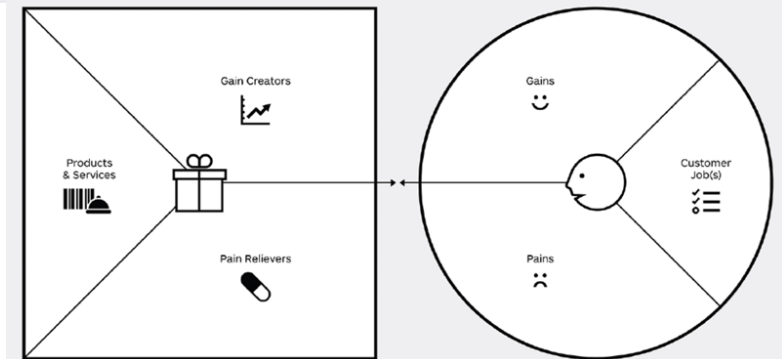
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1.) Message mapping is a strategic and tactical framework that enables building and then “activating” your brand.

VPD, Message Mapping and Marketing Plans are interrelated

Value Proposition Design (VPD)

by Alex Osterwalder



Basic Message Map

Key Point or Positive Points 1

Evidence Points or Proof 1a

Evidence Points or Proof 1b

Evidence Points or Proof 1c

Key Point or Positive Points 2

Evidence Points or Proof 2a

Evidence Points or Proof 2b

Evidence Points or Proof 2c

Key Point or Positive Points 3

Evidence Points or Proof 3a

Evidence Points or Proof 3b

Evidence Points or Proof 3c

3.) The “3 pillar messaging mapping strategy” then becomes your “true north” for brand positioning, brand personality and brand identity

4.) Your content creation (i.e. blogs, videos, posts, etc.), built around those 3 pillar “themes”, is then deployed via social media “channels” or paths to market, as part of your tactical marketing plan.

2.) Key elements of your message map should naturally “flow” in large part, directly from your Value Proposition Design.

3 Pillar Message Mapping Exercise

Client Example Context : Children's Activity Kit base on our Senses

Illustrative
Example

3 Core Pillars
"True North"

21st Century
Skills

Engaging
Sensory

Activity Kit
Subscription

Vital skills for children to
succeed regardless of the jobs
of the future.

Sensory makes learning more
fun and interesting, so children
will learn without realizing it.

Hours of entertainment and
skill-building in each box.

Recommended by educators
and business leaders.

Mindful children who are
more in tune with mind, body,
and their surroundings.

Perfect for working parents
with exciting new themes
delivered monthly.

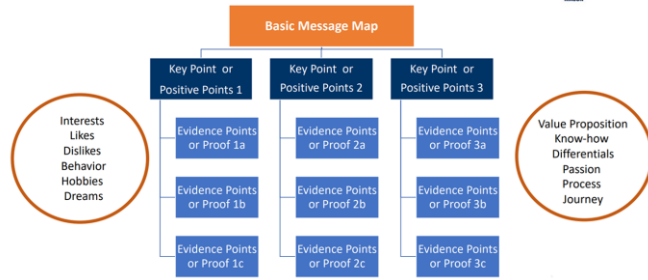
Children learn to Create,
Collaborate, Communicate,
and Think Critically.

Screen-free learning for
more engaged children.

Perfect for solo play as well
as family bonding.

Supporting
Messages
for each
core pillar;
opportunities
to blog, post,
create video,
other content

Your Message Map



- 3 “Pillars are Strategic
- Supporting Element themes are your content
- Content Calendar aids in determining:
 - channels
 - tactics, execution, timing for a “campaign” period

Strategic Marketing Execution Plan Summary for 2H2022

Tactics / Category	Jul	Aug	Sep	Oct	Nov	Dec
Press Releases: <ul style="list-style-type: none"> • soft launch • hard launch • major events • website • testimonials • new markets • byline articles • other 						
Major Events <ul style="list-style-type: none"> • Tradeshows • Conferences • Speaking Ops • Networking 						
Digital Footprint <ul style="list-style-type: none"> • Website <ul style="list-style-type: none"> • SEO • Analytics • Facebook <ul style="list-style-type: none"> • Ads • Instagram <ul style="list-style-type: none"> • Posts • Blogs • Other 						
Collateral Materials <ul style="list-style-type: none"> • Posters • Banners 						
Sales Development <ul style="list-style-type: none"> • Lead Generation • Email push • other 						

ILLUSTRATIVE ONLY

Value Proposition Design Importance Re-visited

10 Characteristics of a Great Value Proposition

1 Is embedded in a great business model



2 Focuses on what matters most to the customers



3 Focuses on unresolved pains



4 Target few jobs, pains, and gains but extremely well



5 Goes beyond functional jobs and address emotional & social jobs



6 Align with how customers measure success



7 Focuses on jobs, pains and gains that people will pay a lot of money for



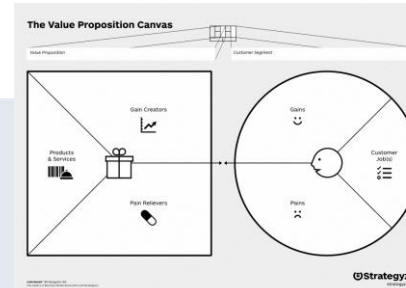
8 Differentiate from competition



9 Outperform competition substantially on at least one dimension



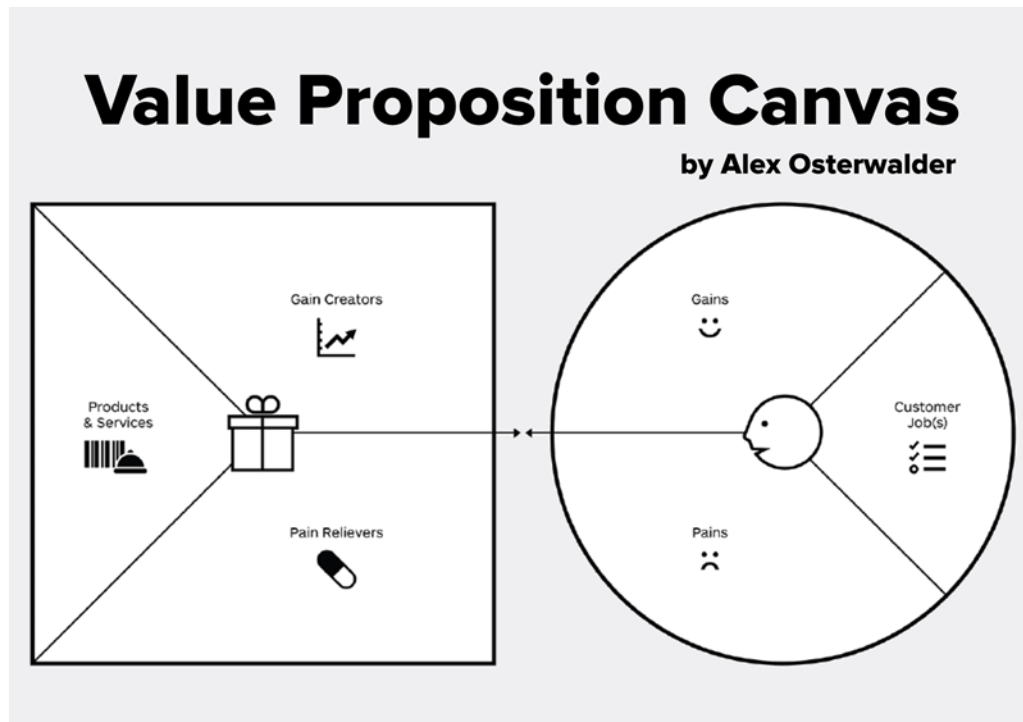
10 It is difficult to copy



Informs strategy and tactics

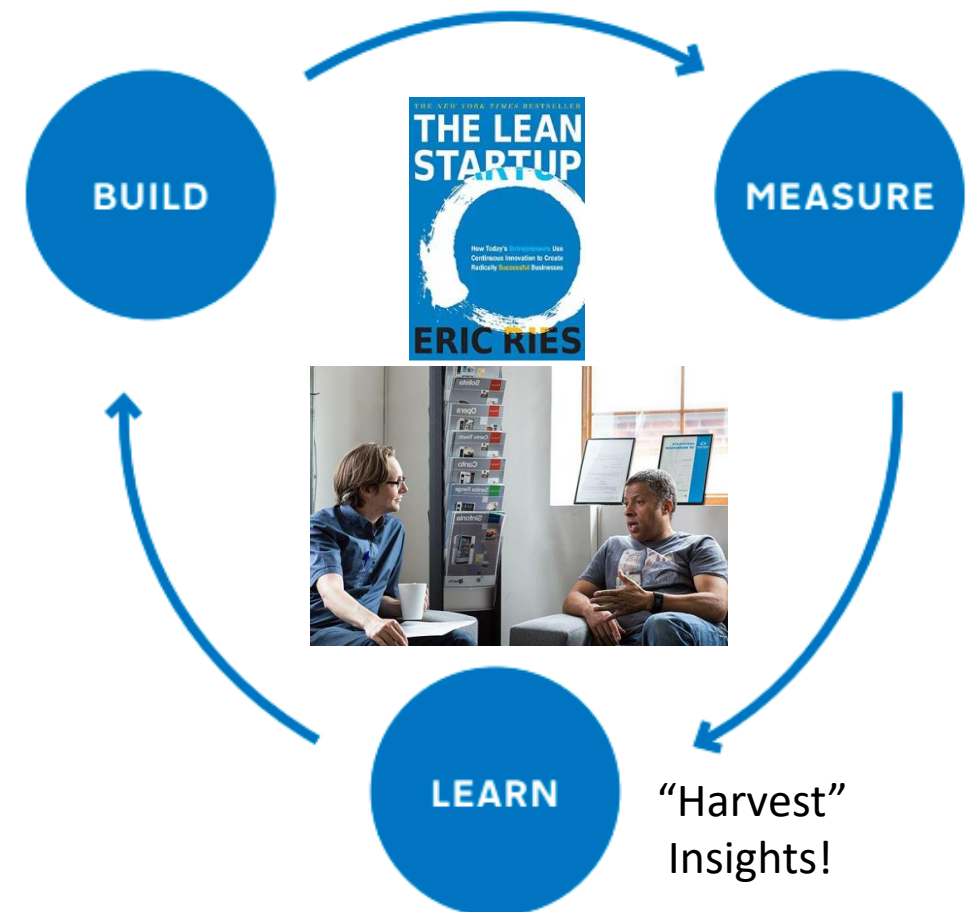
- Competitive Incumbent strengths & gaps
- What the customer wants and needs
- A very strong, aligned Capabilities Statement
- Your Business Briefing / pitch; your services
- Message Mapping
- Your Marketing Strategy Brand Positioning
- Web Site Elements
- Marketing plan strategy and execution

“Customer/Market Discovery” is the step following your VPD Development, Message Mapping, Content Calendar. The action?: *Talk to Customers. Test your Hypothesis. Seek Insights. Adjust (pivot).*




*MVP = Minimal Viable Product or Service/entry level or newly introduced product or service

Your
“VPD/VPC”
and its
“MVP” *



Today's Learning Objectives:

Upon completion of this workshop you now should:

- ✓ ...be familiar with the applicability of Lean Principles to businesses of every maturity level
 - ✓ ...understand the relevance of the Value Proposition Design (VPD) to your business
 - ✓ ...be familiar with the 7 steps to building / refining a VPD for your business
 - ✓ ...be able to see how the VPD can better align your offering with customer needs and inform your communication strategy
 - ✓ ...”test” the strength of your VPD through Customer Discovery
 - ✓ ...consider applying just 1 tip you may have learned today to your business !
- 

“Lean” Business Fundamentals:

Business Model Canvas (BMC) and Building your Value Proposition Design (VPD)



...the solid foundation on which your firm can succeed !



Lets open the Dialog. Questions?:



“Coaches’ Corner”





George Siragusa
Senior
Business
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Resources at:

<https://www.masonsbdc.org/>
<https://www.virginiasbdc.org/>

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Customer Discovery / Interview Record Template

_____ # of Interviews

“Typical” Key Hypothetical “Themes” to Explore with Questions in order to probe and draw out insights

Major hypothesis Theme #1: What is the Strength of my businesses Value Proposition ?

NOTE: We would state our value proposition statement here (this is not merely a description of the business but a statement that conveys what we do, why we do it, how it is different, how customers benefit ; A questions to ask:

Q1: From my value prop, can you recognize the value I am proposing to bring to the market

Major hypothesis theme #2: My initial proposed range of product(s) and Services are _____.

Q1: Are these valuable to you ? If so why ? if not why not ? (be specific please)

Major hypothesis theme #3: My points of differentiation vs competition are “X”, “Y” and “Z” (be specific here)

Q1: Do you feel these are unique and better than the next best alternative product(s) / services in the market now ?

If so why? If not why?

Q2: Who provides you with similar product(s) and services to the ones I am proposing :

Competitor A: _____ why do you like/use them ?

Competitor B: _____ why did you decide not to use them ?

Major hypothesis theme #4: Is my Business Model (how I make money) sound ?

Q1: We are proposing to sell our product(s) / Services.....(e.g. direct to consumers, direct to businesses, as a Subscription model, under an annual contract, etc. in the range of (\$_____ to \$_____) per unit, per month, etc. Based on the value proposition I described, what is your view on how well you recognize the value we would be bringing to the marketplace ...and what is your reaction to that model / our proposed business model and pricing ?

Major hypothesis theme #5: My proposed / best path to market is: Direct to Consumer? or Business to Business? How Specifically ?

Q1: What is your view on the best pathway to bring my proposed products and services to the market ?

NOTES:

- 1)Continue to brainstorm and then list the remaining major hypotheses you wish to test in the marketplace along with the questions needed to draw out insights
- 2) Test these hypotheses with 10 clients / customers; step back and from their insights, edit or modify your hypotheses and test with the second 10 clients.
- 3) Repeat this process until you have at least 30 clients / customers / distributors / influencers or others in the market eco-system and intended domain space