AMERICA'S SBDC VIRGINIA MASON

POWERED BY SBA U.S. Small Business Administration

Hello and Welcome !

Please call me…

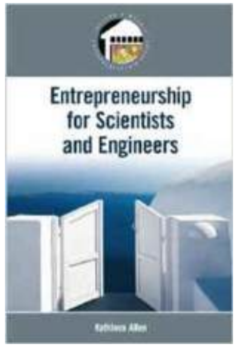
"Coach S."

GrowthWheel® CERTIFIED PROFESSIONAL

Mason Enterprise Center, Fairfax, VA

Today's Webinar Topic: ***Value Proposition Design (V.P.D.)***

GrowthWheel® CERTIFIED BUSINESS ADVISOR

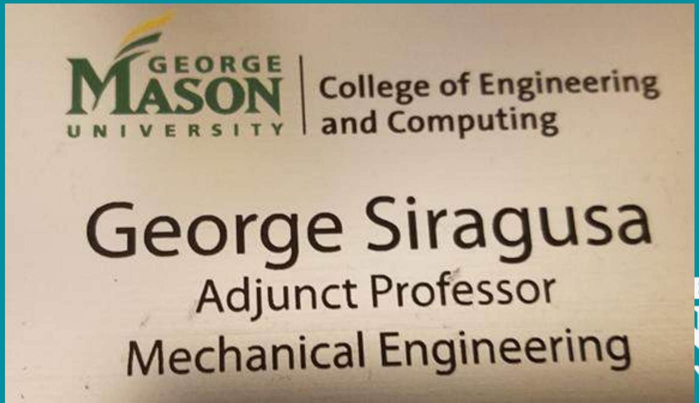


VOLGENAU SCHOOL MASON ENGINEERING

Senior Business Adviser SBDC
Growth Wheel Int'l Cert. Biz Adviser
Adjunct Professor @ GMU's School of Engineering
GMU Mentor in Residence

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

- **Retired U.S. Navy Captain**
- **BS Engineering U. S. Naval Academy**
- **Masters CMU**
- **Former Executive, ExxonMobil**
- **Kellogg, Thunderbird Schools**
- **Lean Process GBelt**
- **Published**



Value Proposition Design (VPD):
A "Calibration Point" for any business venture at any stage of their business maturity

Lets Thank our Community Sponsors!

PRINCE WILLIAM ECONOMIC DEVELOPMENT

PRINCE WILLIAM CHAMBER OF COMMERCE

Manassas HISTORIC HEART. MODERN BEAT.

FAIRFAX CITY ECONOMIC DEVELOPMENT

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AMERICA'S SBDC VIRGINIA MASON

GEORGE MASON UNIVERSITY

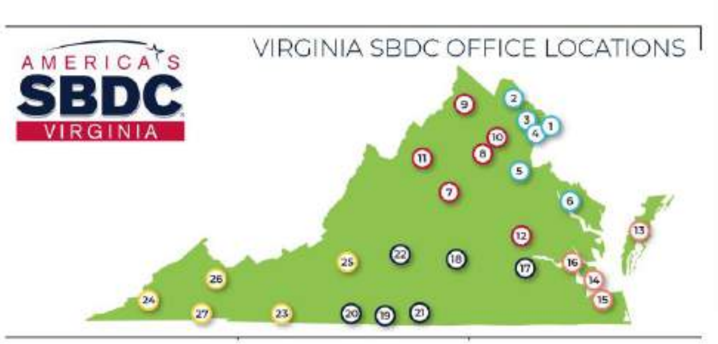
CENTERFUSE work... your way

"Funded in part through a Cooperative Agreement with the U.S. Small Business Administration and GO VIRGINIA, a state-funded initiative administered by the Virginia Department of Housing and Community Development (DHCD) that strengthens and diversifies Virginia's economy and fosters the creation of higher wage jobs in strategic industries."

FYI: Small Business Development Centers

No Cost 1-on-1 Business Counseling !

- over 1000 Centers Nation-Wide
- 27 Virginia SBDC Centers
- Guidance, Coaching, Resources, Educationn, Access to Capital and more!



[George Mason SBDC](#)

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Mason SBDC "How To" Webinars

https://masonsbdc.org/workshops/

- *Anatomy of a Typical Small Business Entrepreneurial Journey*
- *Legal & Admin Steps to Starting a Business*
- ***Value Proposition Design***
- *Small Business Financing*
- *Preparing your Business Briefing / Narrative / Pitch*
- *Marketing 101*
- *Government Contracting 101*
- *Digital Marketing – SEO and Social Media Marketing*
- *Accounting, Budgeting, Financial Management;*
- *Performance Management – Guide to Key Performance Indicators / Biz Dashboards*
- *Business Operations:*
  - *Taxes, HR, Legal, Real Estate,*
  - *Management, Leadership*
- *Cyber Security for Small Business*

[Find events | U.S. Small Business Administration (sba.gov)]

4031 University Dr. #100, Fairfax, VA 22030 | https://masonsbdc.org | (703) 261-4105 | Help@masonsbdc.org

Funded through a cooperative agreement with the U.S. Small Business Administration and George Mason University. All opinions, conclusions or recommendations are those of the author(s) and do not necessarily reflect the views of the SBA.

George Siragusa
Senior
Business
Adviser

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

Seeking our ***NO-COST*** Business Assistance?

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10306 Eaton Place
Suite 180
Fairfax, VA 22030
(703) 261-4105

Our Website:

www.masonsbdc.org

- **Resources:** **https://www.virginiasbd.org/**
- **Contacts:** help@masonsbdc.org or (703) 261-4105
- **1:1 Counseling:** https://clients.virginiasbdc.org/reg.aspx?mode=counsel&center=46110&subloc
- **Workshops:** https://masonsbdc.org/workshops/

Welcome pre-Venture Startup Companies!

Hello Early Stage Companies !

Welcome Growth Companies!

Good Day to our Mature Businesses!

Value Proposition Design

NOTE:

At nearly any point in the maturity of any business, ***<u>Startup, Pre-Venture, Growth and even Maturity</u>***, it is advisable to pause and seek clarity about ***<u>the value</u>*** you believe your business hypothesis might be creating in the marketplace.

It is advisable to review the ***V**alue **P**roposition **D**esign (VPD)* webinar video and presentation ***at this link:*** https://myemail-api.constantcontact.com/Mason-SBDC-Follow-Up-Building-Your-Value-Proposition-Design-May-15th-2024.html?soid=1102549439320&aid=GOY_Qnd5A1g.

Typical scenarios where today's topic may be applicable

AMERICA'S SBDC VIRGINIA MASON

Welcome pre-Venture Startup Companies!

Hello Early Stage Companies !

Welcome Growth Companies!

Good Day to our Mature Businesses!

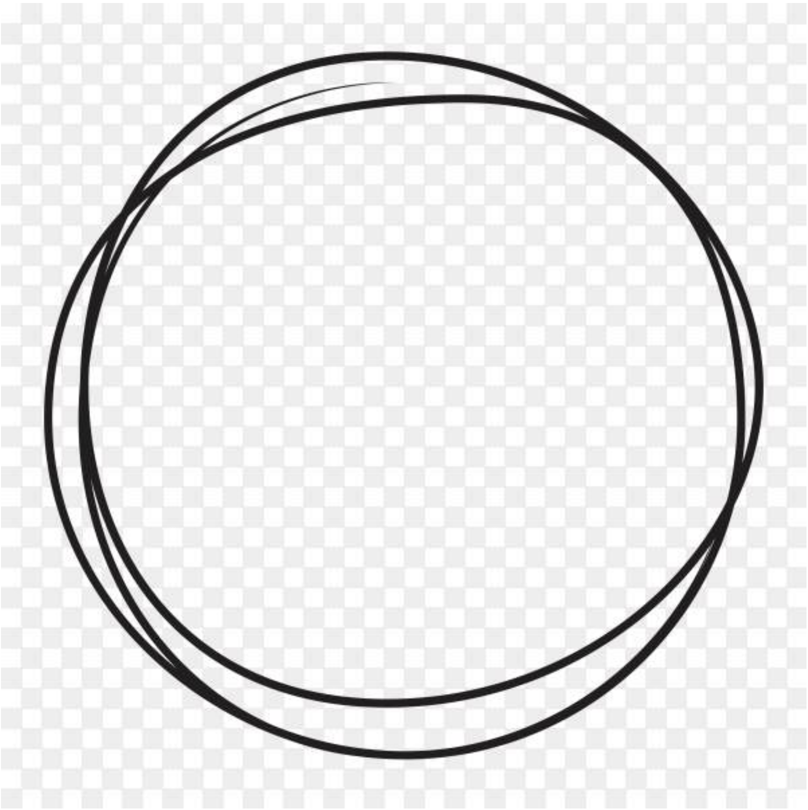
Is my biz idea viable?

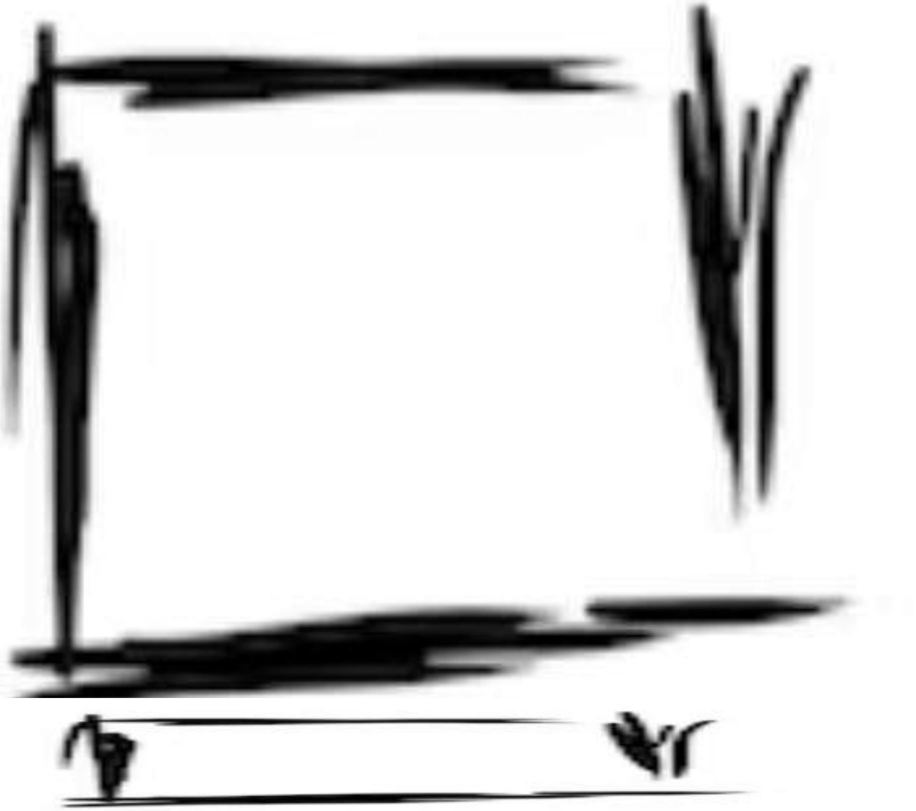
Who is my Customer?

Is my idea Scalable?

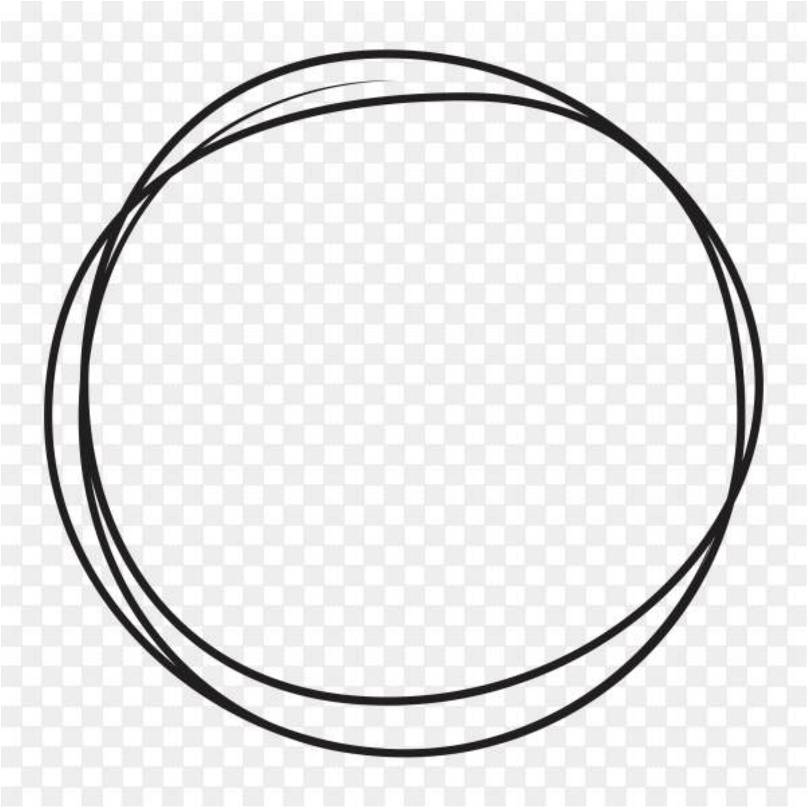
How am I differentiated?

This is a “story” of the *“CIRCLE”* and the *“SQUARE”*





This is a "story" of the *"CIRCLE"* and the *"SQUARE"*

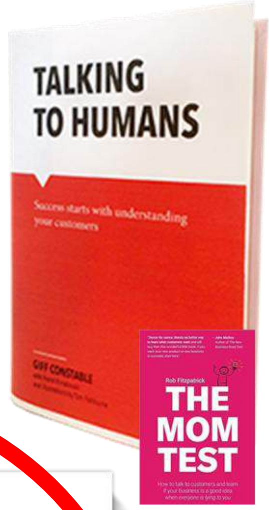


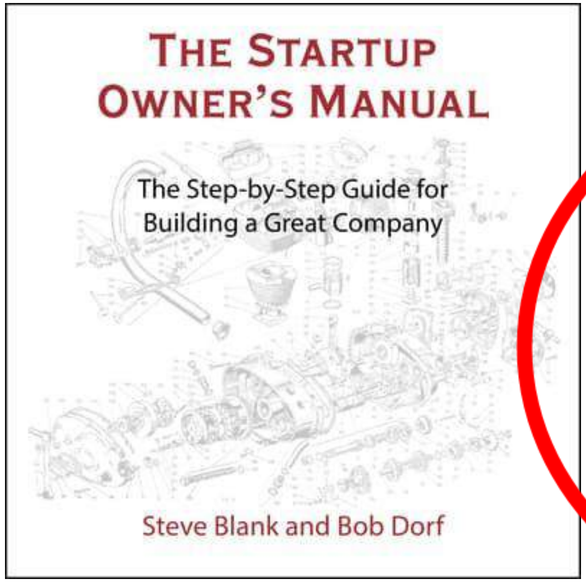
Simple but ***POWERFUL*** framework!

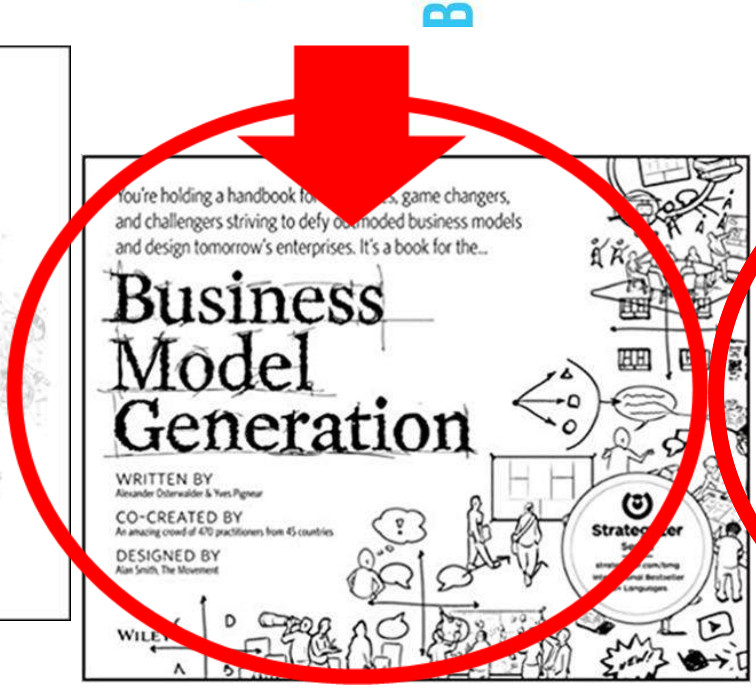
Both the BMC and VPD concepts, as taught by George Siragusa helped to focus our efforts in my business startup. It is fundemental to any new business and foundational for rising business entrepreneurs. You all are in good hands!

Mason SBDC Client Feedback

For context, there is a body of work and frameworks that help shape business success – at any level of maturity







"Coach S" - A Friendly Workshop Mindset Challenge:

...please consider applying

<u>just 1 tip</u>

you may learn today

to your business – *tomorrow!*

Today's Learning Objectives:

Upon completion of this workshop you should be able to:

- ❑ …be introduced to <u>or</u> ***review the principles surrounding the foundational value of the Value Proposition Design*** (VPD) to your business – ***the <u>"Circle"</u> and the <u>"Square"</u> !***

- ❑ …be able to list, describe then communicate those attributes, features and benefits that are the **most appealing** (needed and wanted) to the target market/customer segment(s)

- ❑ …review lessons learned from real world clients and cases using the VPD framework

- ❑ …understand how key elements of the ***VPD can offer fresh perspectives*** to help inform actions you can take that may lead to continuous improvement and further growth

- ❑ …begin to see the ***connection between the VPD, message mapping and your marketing strategy & tactics***

- ❑ Learning Objective #1: Upon completion of this module, you will…

  "be introduced to <u>or</u> refresh your knowledge of the principles surrounding the foundational importance of the Value Proposition Design (VPD) to your business."

A Value Proposition Perspective

"Value proposition is ***essential*** ***for achieving*** ***business success***."

It is an ***iterative process that*** emphasizes creating **M**inimal **V**iable **P**roducts (MVPs), conducting ***swift market testing,*** and ***rapid refinements*** based on real-world feedback

Your company's Value Proposition is a ***framework*** that explains **what** ***benefit your business provides, for whom, and how to do that uniquely well versus substitutes***.

.

Source: Clive Keyte at Intrafocus Limited

[Value Proposition - A Comprehensive Guide - Intrafocus]

A Value Proposition Perspective

The *clarity that VPD can bring you*, aids in focusing and learning exactly who are your intended targeted customers, helps assess competition, ask you to differentiate your products or services, and reminds you to create, communicate, deliver and extract value to remain relevant in a dynamic marketplace.

Source: Clive Keyte at Intrafocus Limited

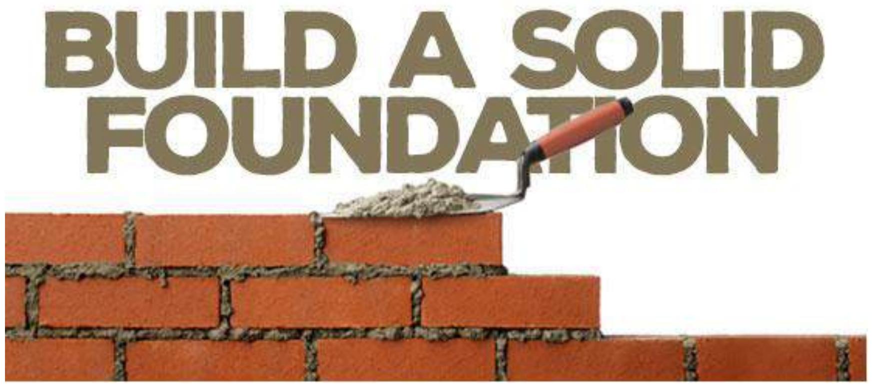
[Value Proposition - A Comprehensive Guide - Intrafocus]

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.

With the help of the VPD framework, our Mason SBDC team helps founders validate early-stage ideas, de-risk opportunities, and build successful foundations.



Have you identified a problem?
VPD can help you zero in on a problem worth solving.

Have you validated the need?
No business plan survives first customers. VPD can guide a structured customer discovery process, transforming hypotheses into demonstrated customer needs through primary research with end users.

Is your “MVP1” a good problem solution fit?
Finding product-market fit is a challenge for any startup journey. VPD can help you quickly explore and test a range of mission-aligned MVPs with target customers, increasing the odds for success

Do you have the right team?
All great startups require the efforts of world-class teammates and collaborators. VPD and the SBDC can help.

Have you identified your first set of customers?
To really test, iterate on, and scale an idea, you need customers. VPD helps you focus on that first set of customers, ensuring you’re set up for success.

Introducing a "Typical" Entrepreneurial Journey Map

1 Develop the Vision / Find a Mentor
Proficiency 1 2 3 4 5

2 Crystalize your Hypothesis using the BMC / Value Proposition Design
Proficiency 1 2 3 4 5

3 Conduct Customer Segmentation / Identify the persona of your early adopter intended targeted customers / sub segments
Proficiency 1 2 3 4 5

4 Draft your Minimal Viable Product or Service that you intend to offer/sell to the marketplace
Proficiency 1 2 3 4 5

5 Establish/buy a domain name then consider creating a legal entity
Proficiency 1 2 3 4 5

6 Think through your Go to Market approach: B:B, B:C, B:G then map the stakeholder ecosystem, partner organizations, customer types and competition; register with SAM.gov if applicable
Proficiency 1 2 3 4 5

7 Identify the first 10 intended targeted customers / early adopters by NAICS codes, title, name, POC for discovery and sales
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8 Establish the partnering, sales structure you will use; identify required retail space, warehouse, manufacturing, office space if relevant
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Vision, Startup, Legal Entity Choices, Value Proposition Design, Customer Segmentation, Eco System Stakeholder Mapping, Competitive Analysis

24 Prepare for growth, hyper growth, scaling and / or exiting or negotiating the sale of the business ; succession planning; plans for sale, or exit
Proficiency 1 2 3 4 5

23 Ensure business is HR compliant; ensure business has the appropriate set of Cybersecurity measures for compliance; set up self audit schedule
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22 Begin using the structure, approach, frequency of stewardship and key performance metric reporting frequency using the metrics that matter; make business course corrections based on data insights
Proficiency 1 2 3 4 5

21 Develop Business Imperatives for a two year outlook; develop a suite of the fewest correct, simple metrics, conduct stewardship and reporting on regular frequency to track progress .
Proficiency 1 2 3 4 5

Strategic Imperatives, Metrics, Cybersecurity

Self Assessed Proficiency – From Subject Matter Expert to Needing Mentorship

5 = Excellent (We do this regularly, systematically, and with continuous improvement)

4 =Good (We do this regularly and systematically)

3 =Average (We have some skills in this area)

2 =Poor (We do this irregularly and in an ad hoc manner)

1 =Nonexistent (We do not have these skills at all)

Customer Discovery, Validating the Hypothesis, Early Adopter

9 Launch Customer Discovery Process ; ask "is Intellectual Property" relevant? List / assess discovery lessons learned
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Developing the Business Plan "pitch" Narrative, Financial Projections (Rev. / Cost), Risk, Funding the Business Stages of Marketing Maturity, Business Development, Sales, Operations , Scaling

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"Typical" Roadmap

4 Broad "themes"

24 Work Blocks or "Action" Elements

Self - Assessment "Proficiency Rating"

VPD includes Work Blocks/Action Items 1 through 10…and beyond!

Supporting No Cost Webinars:

[Workshops & Events - Mason SBDC]

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Strategic Imperatives, Metrics, Cybersecurity

Anatomy of Small Business Entrepreneurial Journey
Legal & Admin Steps to Starting a Business
Value Proposition Design and Message Mapping
Government Contracting 101

Small Business Financing
Preparing your Business Briefing / Narrative / Pitch
Marketing 101
Digital Marketing – SEO and Social Media Marketing
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Performance Management – Guide to Key Performance Indicators / Biz Dashboards
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Cyber Security for Small Business

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Strategic Imperatives, Metrics, Cybersecurity

Mapping the Entrepreneurial Road Ahead - the Anatomy of a Typical Entrepreneur's Journey Forward

Sept 18

10am to noon

Register

AMERICA'S SBDC VIRGINIA MASON

The Anatomy of a "Typical" Small Business Entrepreneurial Journey
and Hindsight of 8 Lessons Learned

A step by step, *"Birds Eye View"*, of a typical "Path Forward"
Discussion with
George Siragusa,
Senior Business Adviser
Mason Small Business Development Center

Developing the Business Plan "pitch" Narrative, Financial Projections (Rev. / Cost), Risk, Funding the Business Stages of Marketing Maturity, Business Development, Sales, Operations , Scaling

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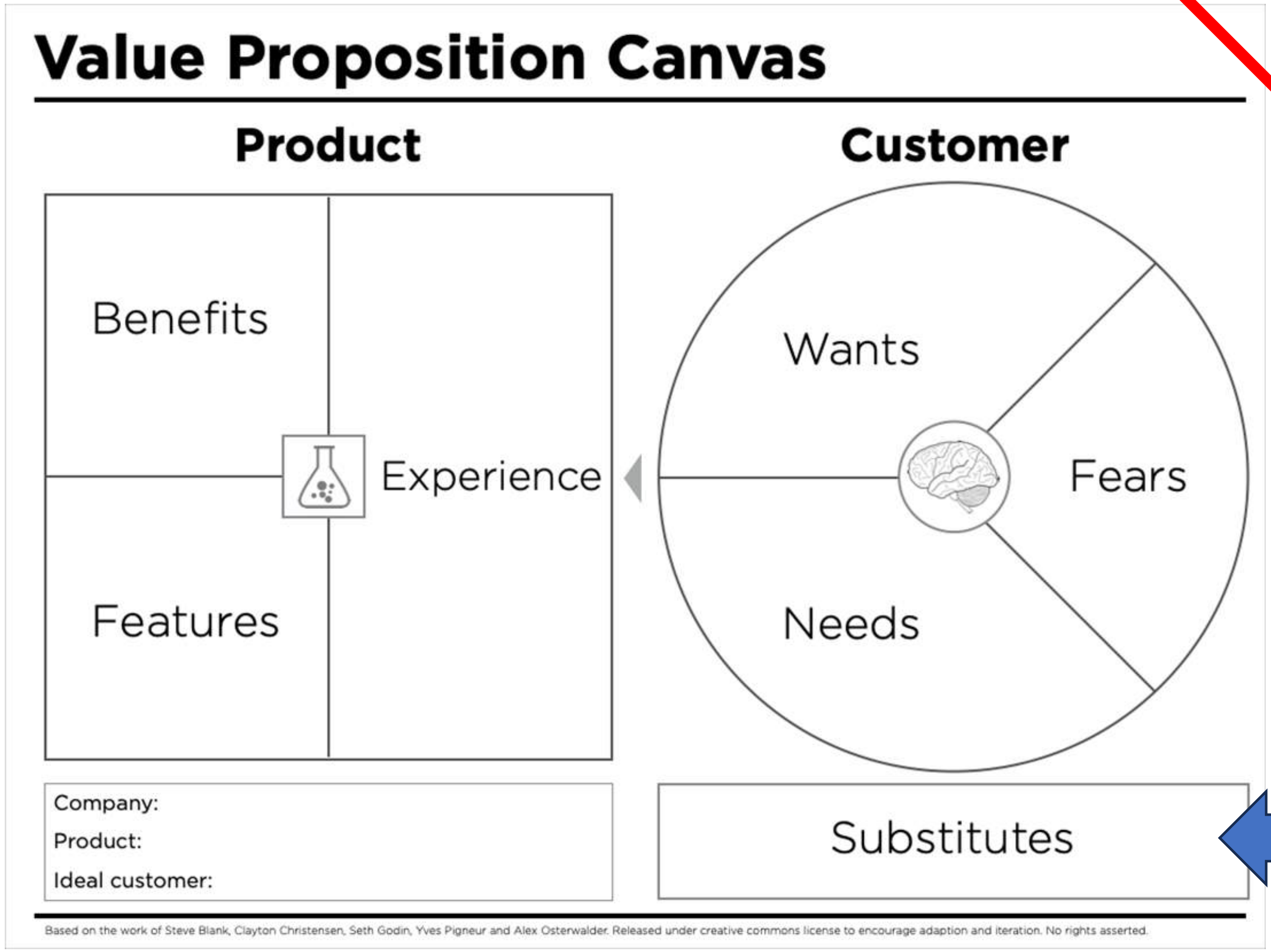
Self - Assessment "Proficiency Rating"

Step # 2 In the Entrepreneurial Journey

Did you complete the <u>V</u>alue <u>P</u>roposition <u>D</u>esign and worksheet ?



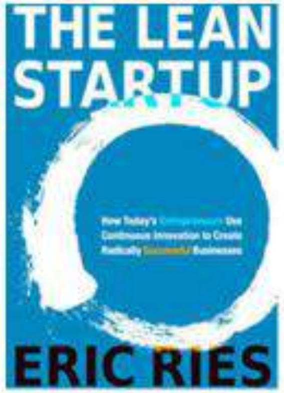
Did you conduct a thorough side by side comparison of the substitutes, the competition?

"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."



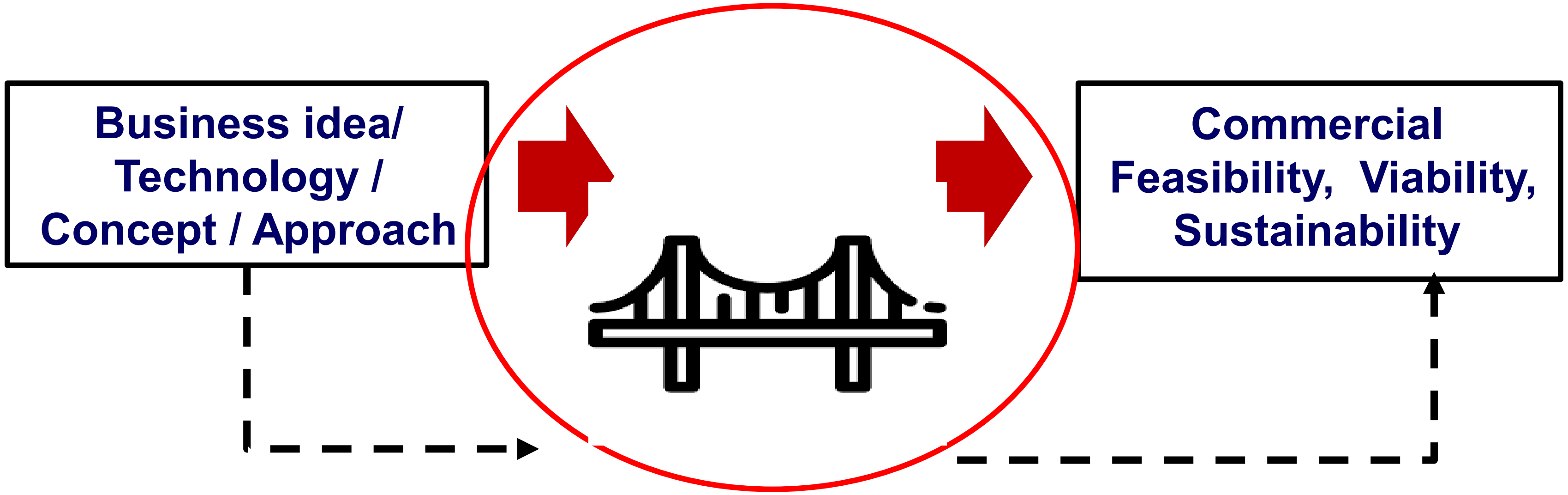
"Lean" refers to the process intended to :

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

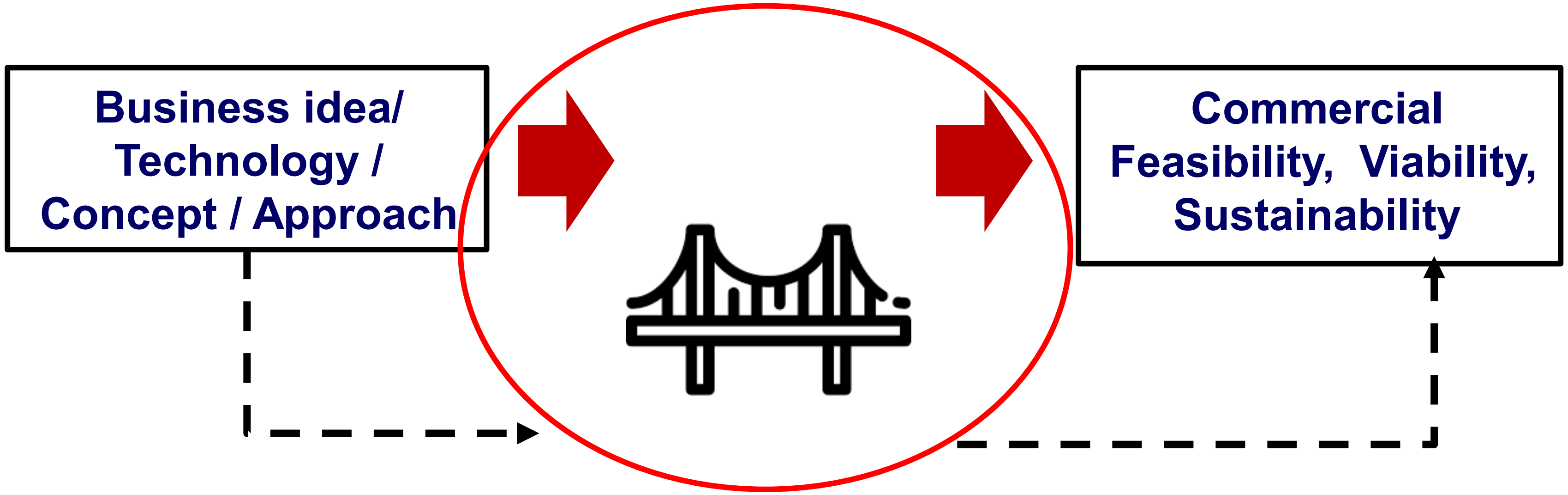
Principles grew out of the "Lean" thinking because, regrettably, > 70% of Businesses (and Start-ups) fail within 2-3 years.

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

278 of the biggest, costliest startup failures of all time (cbinsights.com)



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!

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

What are the Modern frameworks and tools available to help better ensure we ***Create, Communicate, Deliver,*** and ***Capture Value?...***

…to ensure we get across the valley of death?

9 Companies That Failed to Adapt to Disruption and Paid the Ultimate Price

Introducing *The Business Model Canvas (BMC)*
Our modern tool to guide the business journey forward

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

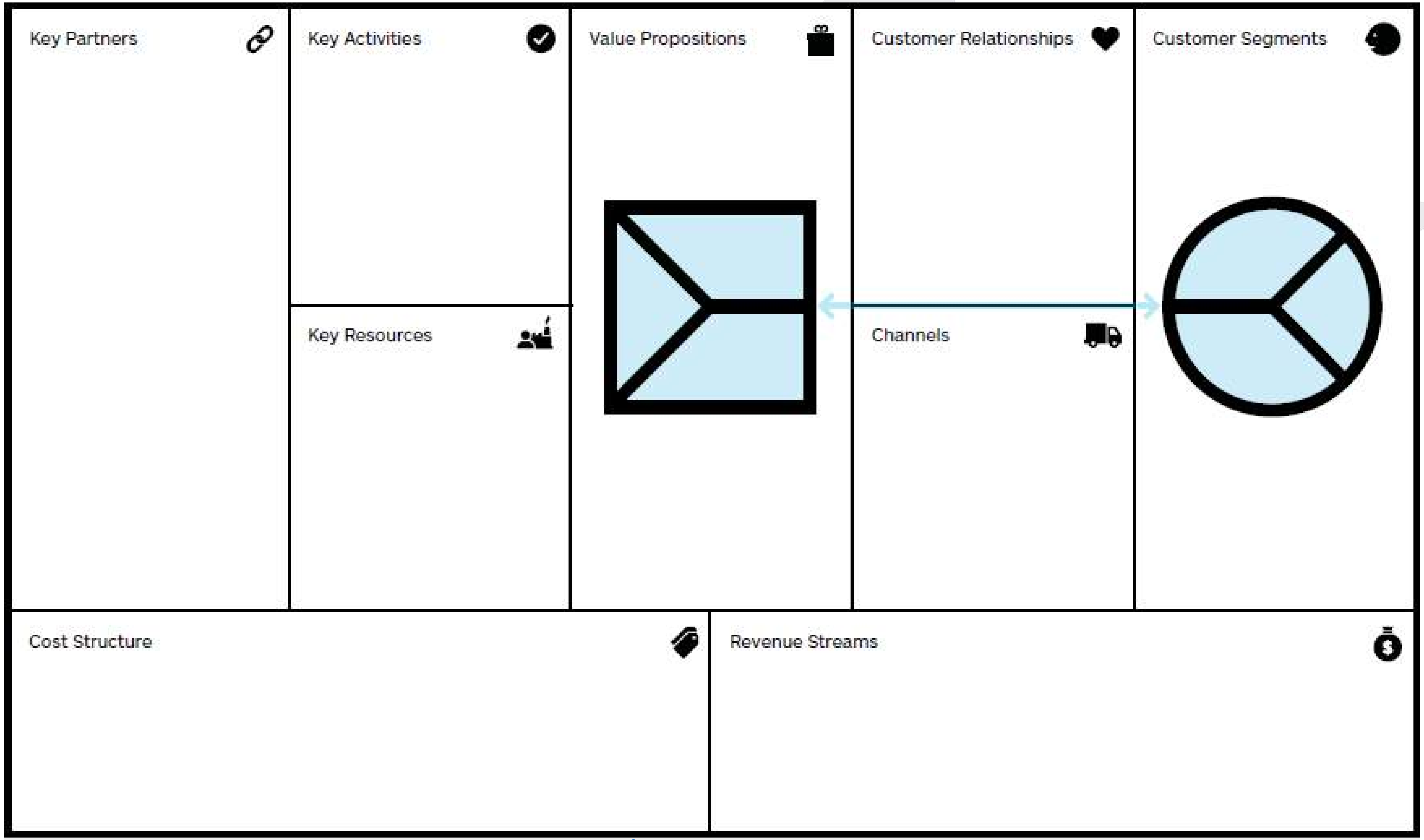
It is a ***strategic management and lean template*** for developing new (or documenting existing) **business models.**

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



Strategyzer | Corporate Innovation Strategy, Tools & Training

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

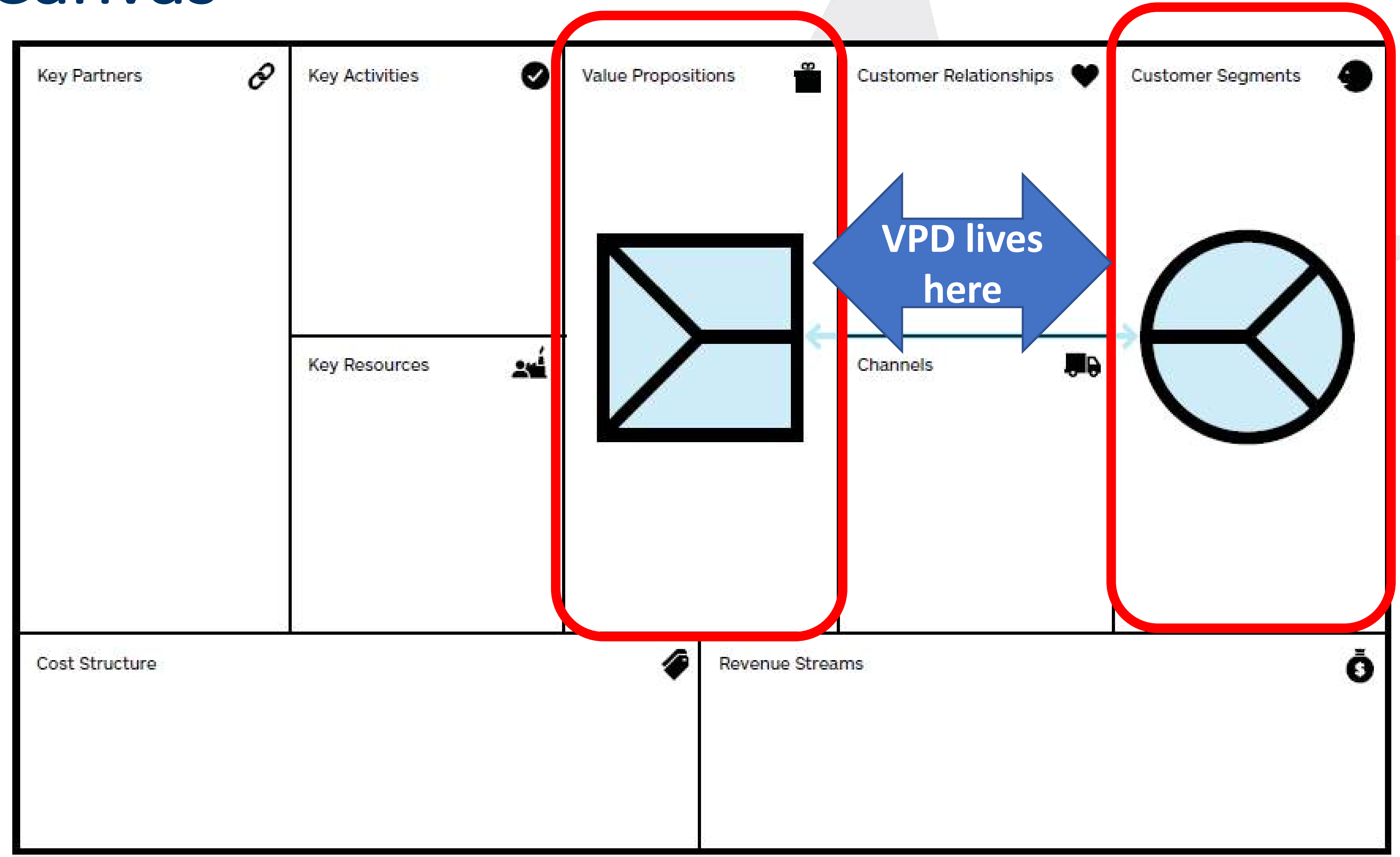
It is a ***strategic management and lean template*** for developing new (or documenting existing) **business models.**

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

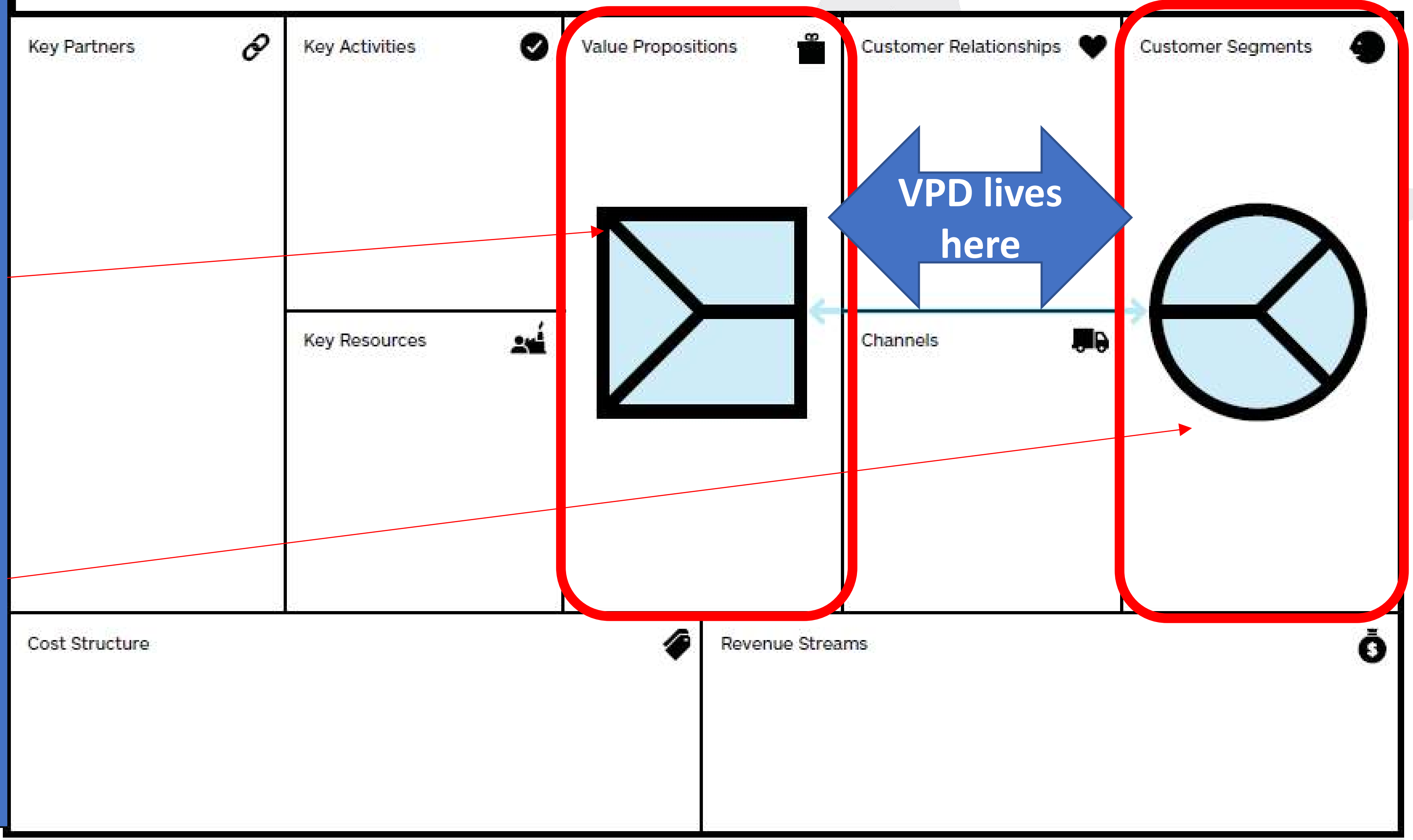
It creates **common language** and a **shared understanding** around the firms' business approach.

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

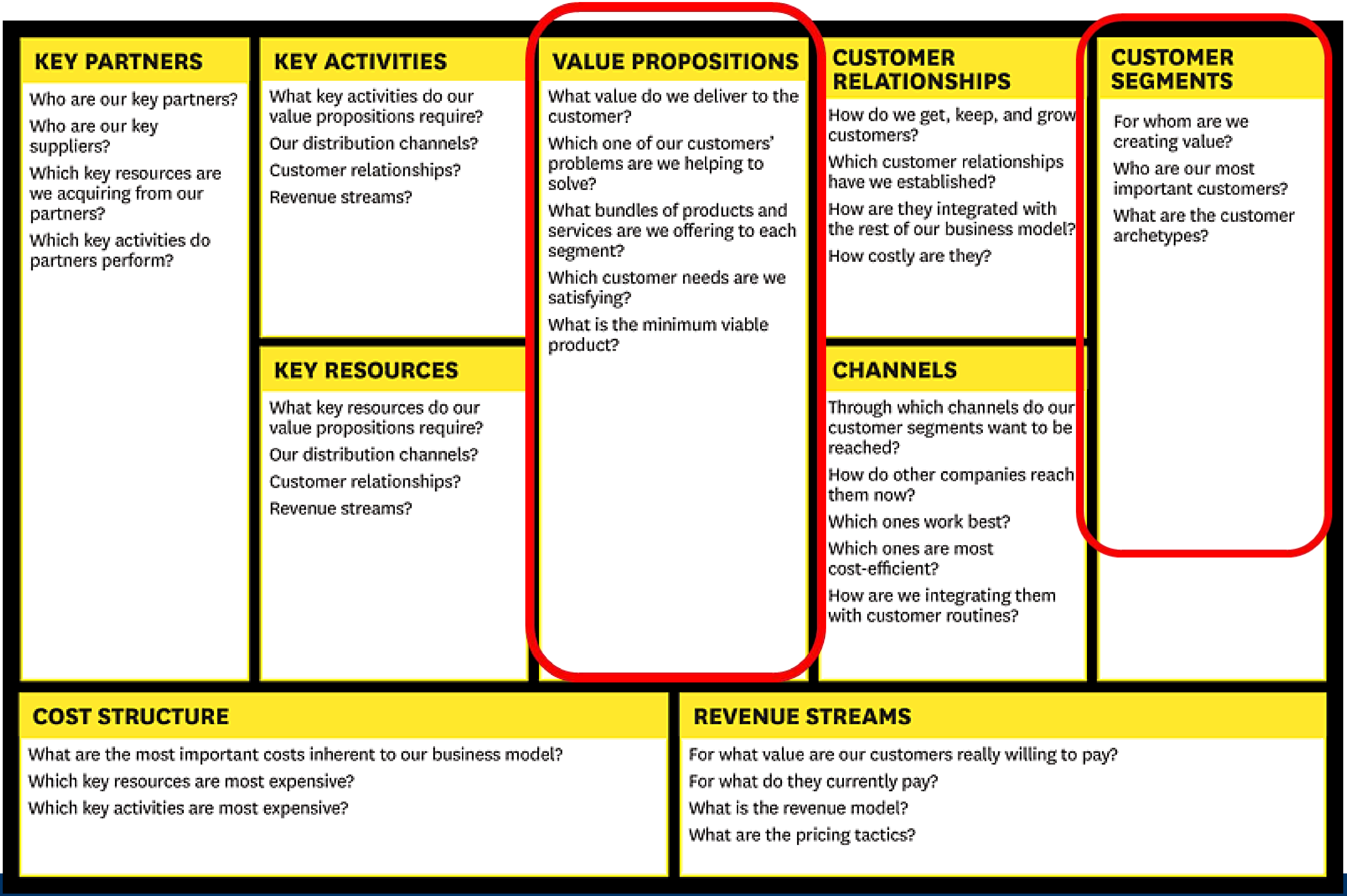
Source: en.wikipedia.org



NOTE:
You do not have a sustainable business unless you have a product/service ***offering*** (square) that creates real value that a ***specific client or customer*** (circle) will pay for.



Illustrative only



Basic Questions asked by the Business Model Canvas (BMC) specific to the Value Proposition Design (VPD)

Illustrative only

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

Source: https://bstrategyhub.com/netflix-business-model-how-does-netflix-make-money/

SPACE X BUSINESS MODEL CANVAS

More canvas at vizologi.com

KEY PARTNERS

SpaceX raised $1 billion in funding from Google and Fidelity

Investors group of Draper Fisher Jurvetson

Founders Fund

Valor Equity Partners and Capricorn

Industry Communities

Suppliers

8

KEY ACTIVITIES

SpaceX designs

Manufactures and launches advanced rockets and spacecraft

R&D

Launch missions

6

KEY RESOURCES

Physical assets

Human Resource

Expertise

Financial Resources (NASA awarded the company a commercial Orbital Transportation Services (COTS) contract in 2006). Intellectual Property

"low cost proposal"

7

VALUE PROPOSITIONS

To revolutionize space technology

With the ultimate goal of enabling people to live on other planets

To improve the cost and reliability of access to space by a factor of ten

Reusable launch systems

2

CUSTOMER RELATIONSHIPS

Direct interaction

Maintaining support: continual interaction with individual representative

Long-term contracts

4

CHANNELS

Space X offices

Launch Facilities

Development Facilities

Supplier Locations

CUSTOMER SEGMENTS

NASA

US Government

Defense

Commercial

People with high purchasing power (in the future)

SpaceX additionally has contracts with other public and private space concerns including Asia Satellite Telecommunications and Loral Space & Communications unit Space Systems/Loral

Illustrative Only

COST STRUCTURE

Employee salaries (small teams, Compared to similar space launch companies, Is part of cost reduction)

Falcon 9 and Dragon developments

Launch missions

Economies of scale

9

REVENUE STREAMS

Licensing technology

Commercial cargo contracts

Commercial crew contracts

Low cost space travel tickets (in the future)

5

canvas provided by vizologi.com

Source: https://vizologi.com/business-strategy-canvas/space-x-business-model-canvas/

Actual GovCon Professional Services Client

ABC TECHNOLOGY 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

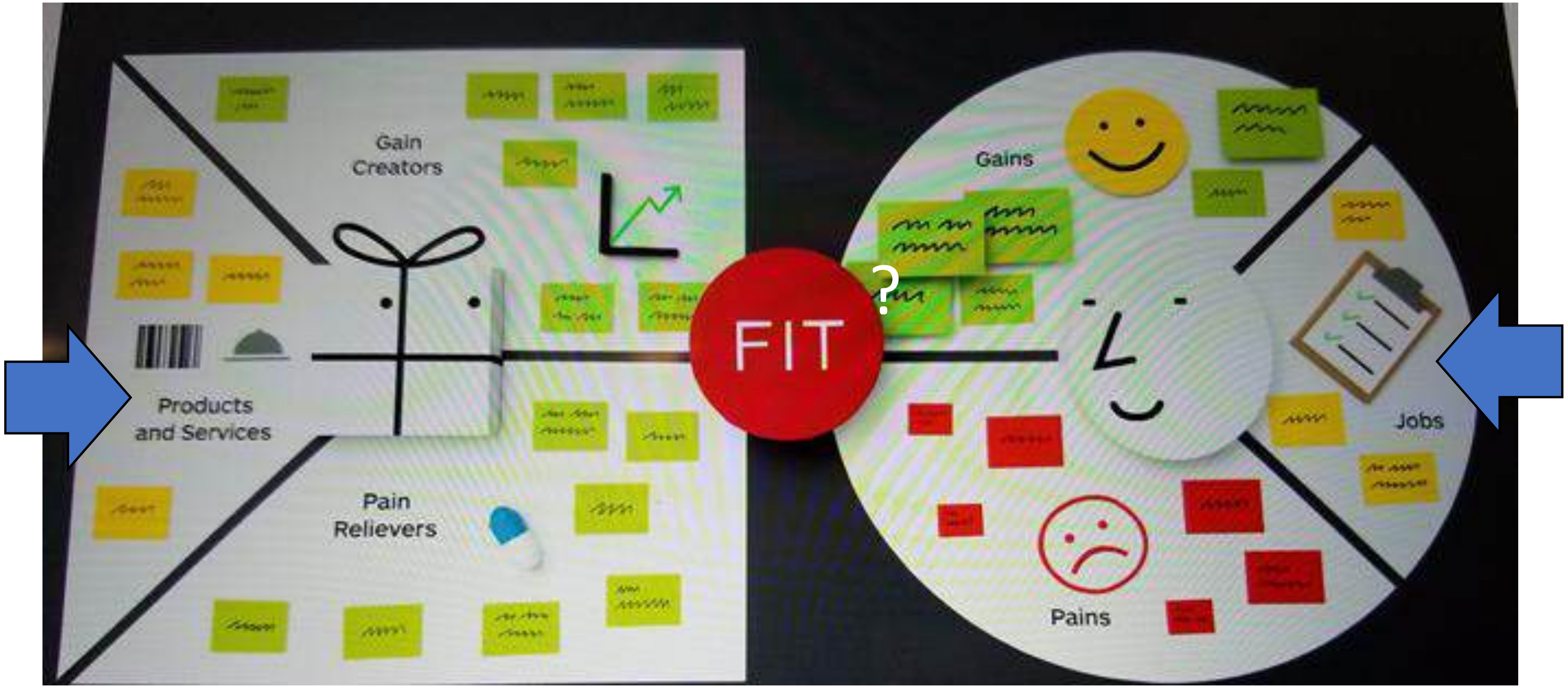
Revenue Streams

Direct contracts with Federal Civilian and Defense Agencies

Subcontracts with partner contractors

Illustrative Only

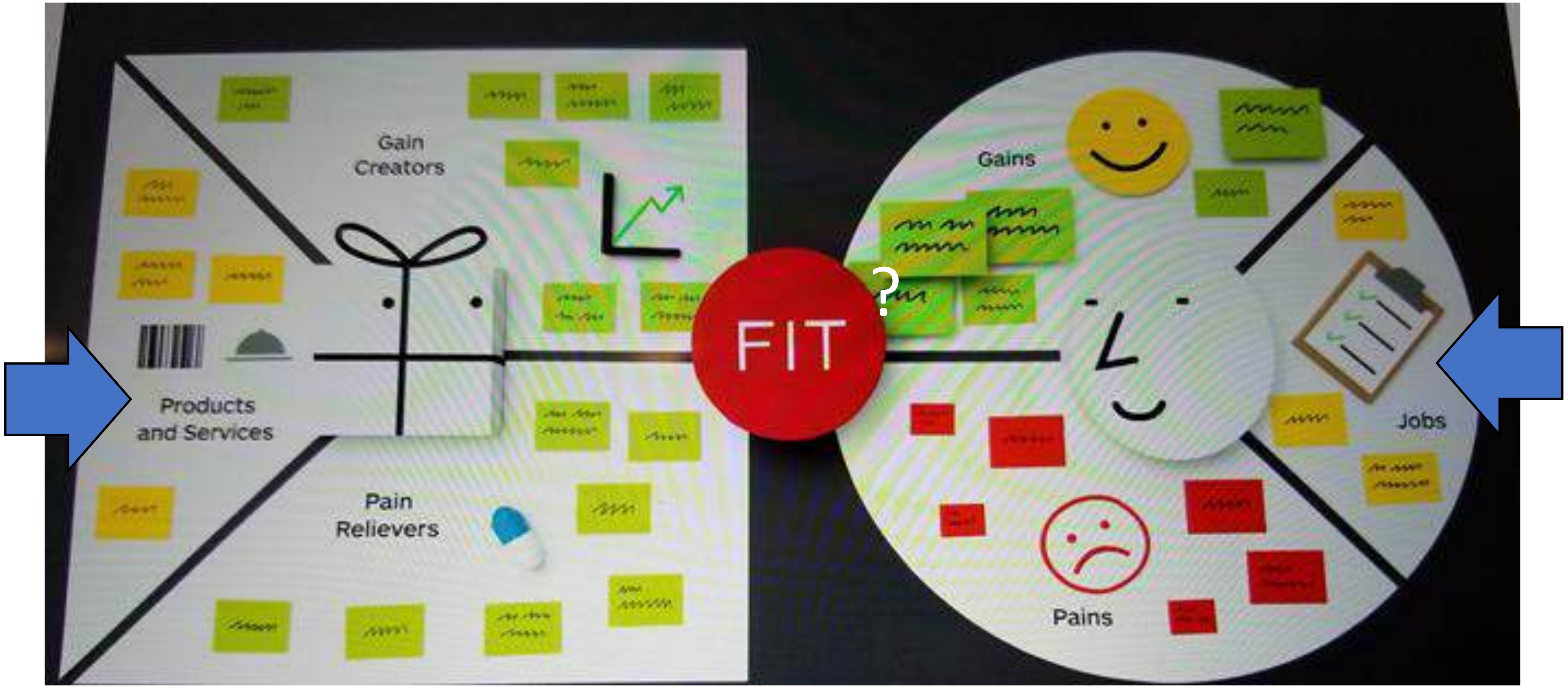
VPD *frames* your *"hypothesis"*…and *clarifies* the *Problem* ➔ *Solution* ➔ *Fit!*



VPD *frames* your *"hypothesis"*…and *clarifies* the ***Problem*** ➔ ***Solution*** ➔ ***Fit!***

Important Questions to *survive* "1st contact with the marketplace":

"What (specific) Problem are you solving, with what unique solution, with what Offering and for Whom (specific Customer Segment)?"   …and have you created any value?

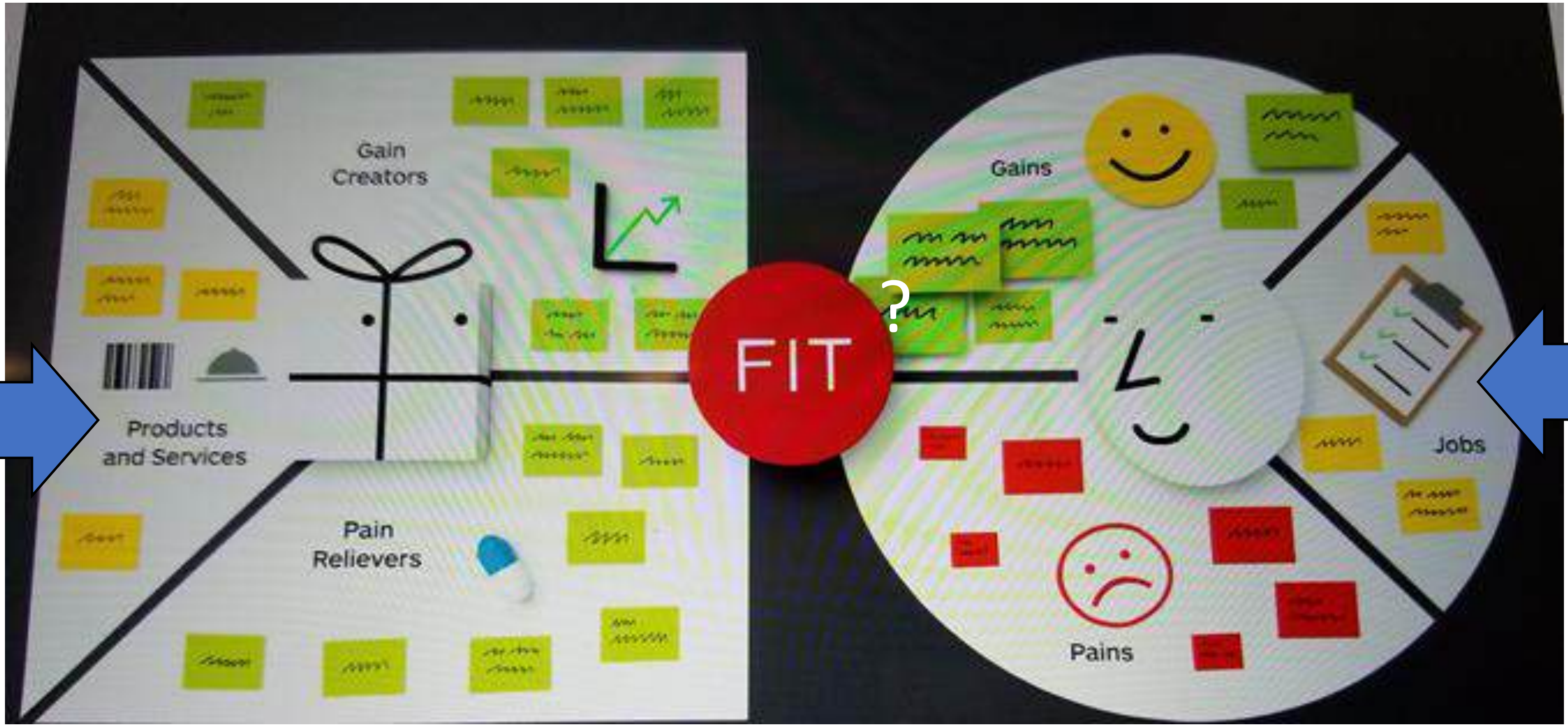


VPD ***frames*** your ***"hypothesis"***…and ***clarifies*** the ***Problem → Solution → Fit!***

Important Questions to ensure "1st contact with the marketplace":

"What (specific) Problem are you solving, with what unique solution, with what Offering and for Whom (specific Customer Segment)?"   …and have you created any value?

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 vs competition?

What are your tangible benefits?

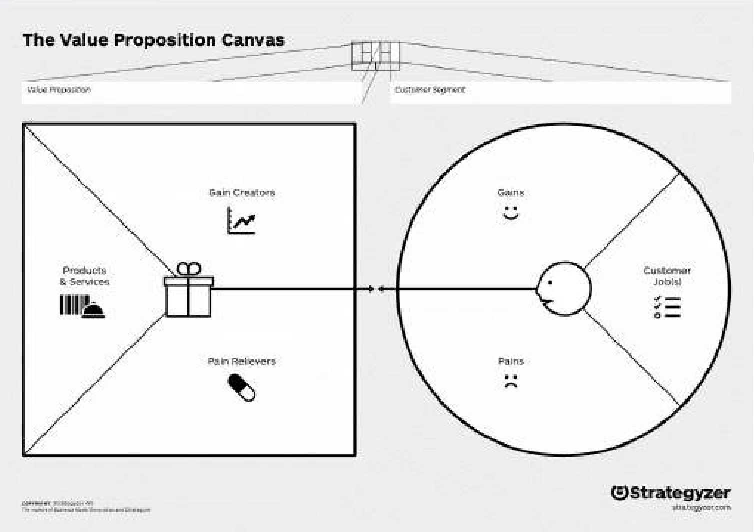
*"A sound **V**alue **P**roposition **D**esign is more likely to lead to the creation of a successful product or service business."*

"The "build it and they will come" product or service development is a myth. ***You need to TEST your value proposition hypothesis… …before you spend a great deal of resources" !***

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

"Creating real value attracts buyers."

We can’t overstate importance of *VP Design*



❑Learning Objective #2: Upon completion of this module, you will…

“…understand how key elements of the VPD can offer fresh perspectives to help inform actions you can take that may lead to continuous improvement and further growth.”

At the most fundamental level, it is periodically prudent to “revisit” your VPD and gauge its capability to:

1) ***Create Value…that attracts buyers***
2) ***Communicate Value…to raise awareness***
3) ***Deliver Value…using the right channels***
4) ***Capture Value…with the right price***

More specifically, VPD can help inform, assess and (re)confirm, that in your business:

- nothing has significantly changed regarding the ***demographics or needs of your intended and targeted customer sector, segment and sub-segment***(s)

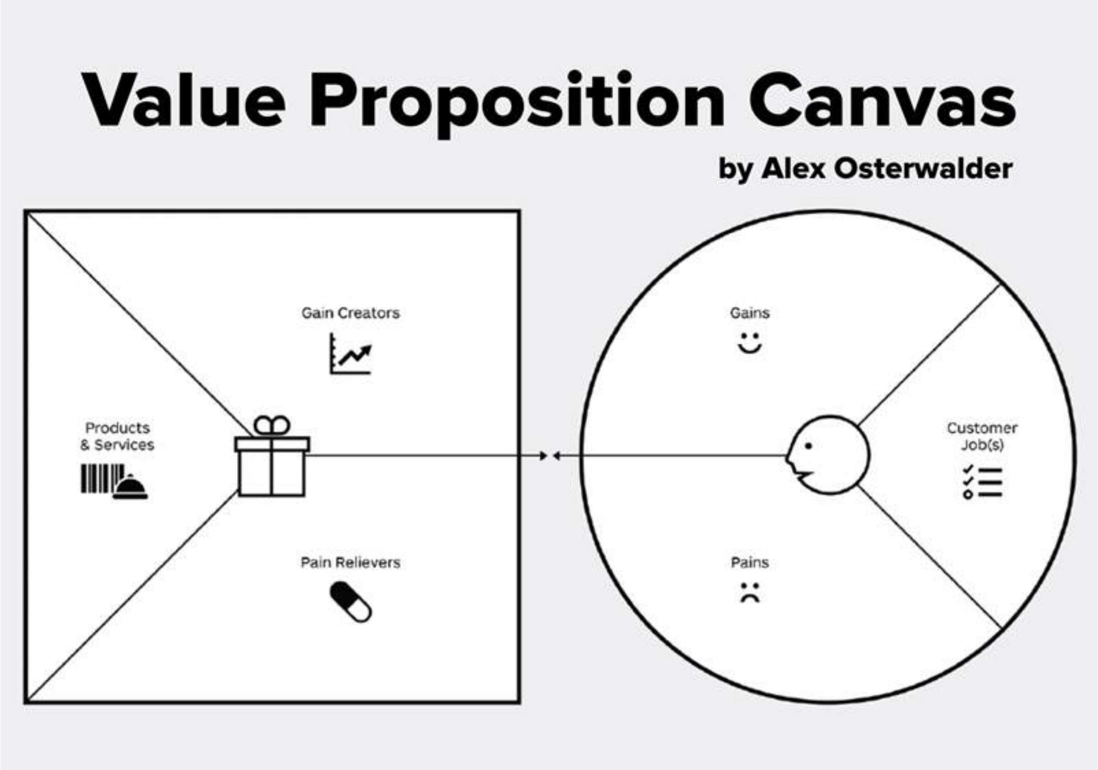
- changes in ***existing industry, market dynamics or new competitive forces*** are not impacting your customer acquisition, retention or market share

To understand how our VPD can offer us insights and perspectives, we will:

1) unpack its elements…

…while at the same time…

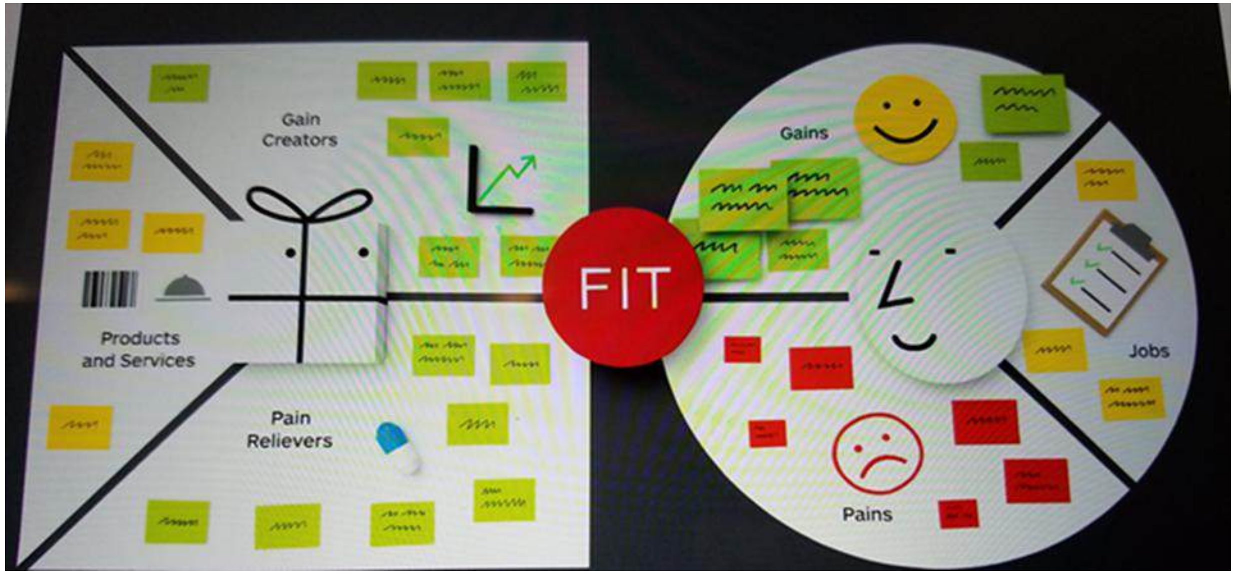
2) …look at those VPD elements (to identify perspectives and methods) ***through the lens of an actual client use-case / case study***



Think ***"CIRCLE"*** or intended *targeted Customer Segment/Sub Segment*

Think ***"SQUARE"*** or your *product / service offer* aligned with the Intended targeted customer needs

Value Proposition Design



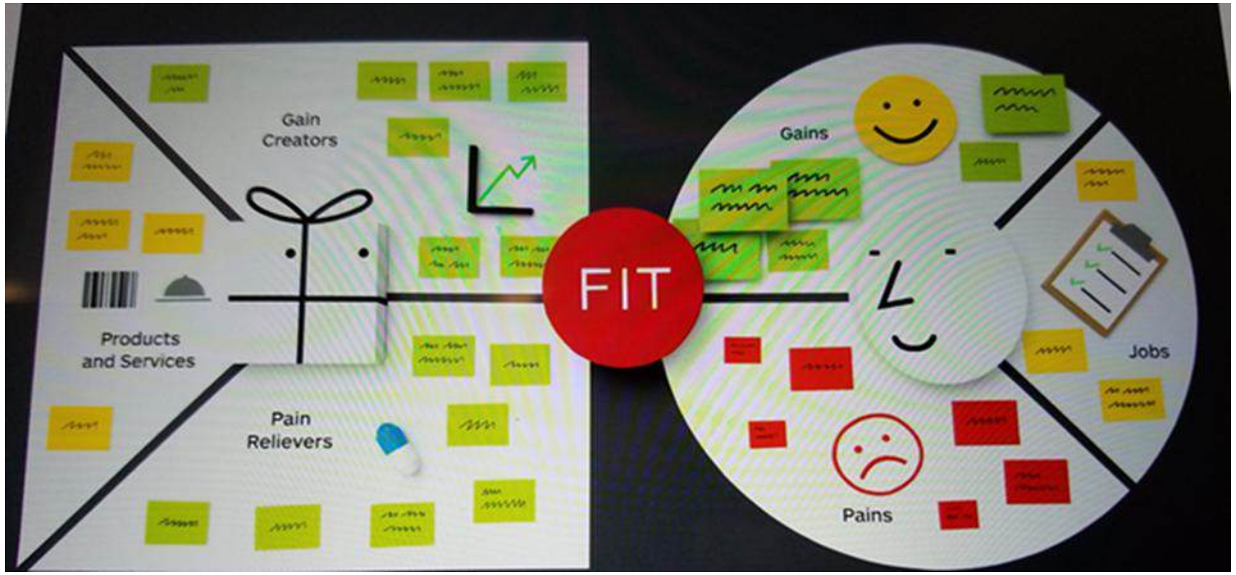
Introducing our VPD client case study:

Weathervane Coffee

Coffee with Soul

NOTE:
MSBDC has written Permission from Weathervane Coffee's CEO and Founder to share his business briefing elements

Value Proposition Statement



Value Proposition

WeatherVane coffee is a *specialty coffee roaster for coffee lovers.*

We offer *customers who care about their coffee* an inviting, convieient location, that sources, roast, and brews specialty coffee in a way which brings the soul back into coffee.

Specifically, we use only premium coffees that have been *carefully curated at the source*, and then *artisanally roasted,* quality controlled, and ultimately brewed by us to perfection.

The coffee is *fresh, exquisite, incredibly enjoyable*, *subtly complex*--a uniquely *memorable experience.*

Weathervane
Coffee

Value Proposition

WeatherVane coffee is a *specialty coffee roaster for coffee lovers.*

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The coffee is *fresh, exquisite, incredibly enjoyable*, *subtly complex*--a uniquely *memorable experience.*

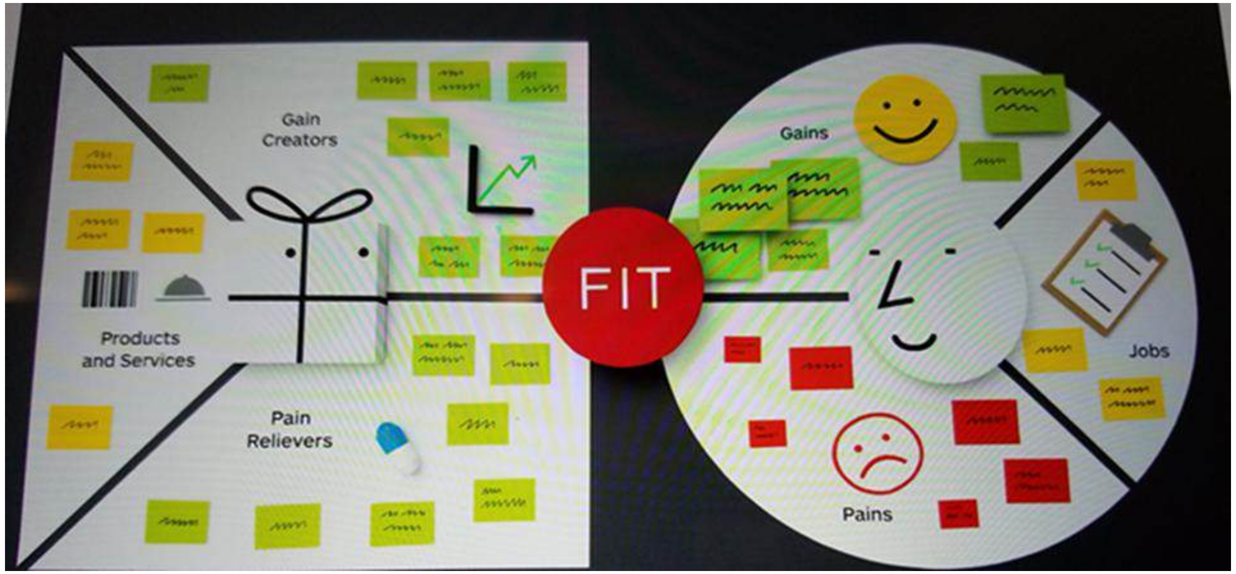
Next, we will “unpack” VPD

and take a closer look at Weathervane through the lens of the VPD elements

Think ***"CIRCLE"*** or intended *targeted Customer Segment/Sub Segment*

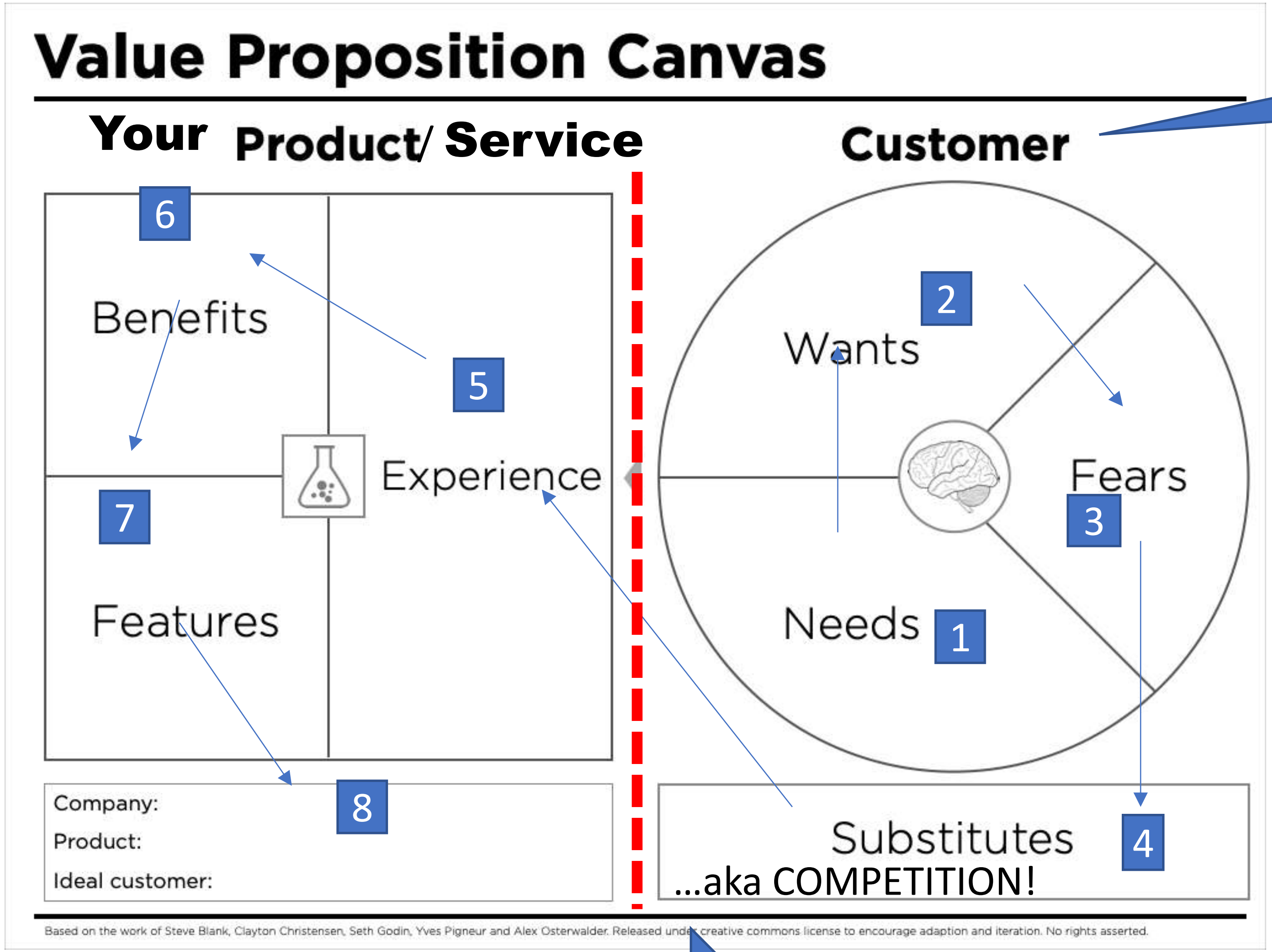
Think ***"SQUARE"*** or your *product / service offer* aligned with the Intended targeted customer needs

Value Proposition Design



REMINDER:

VPD has us start on the Customer Side …steps 1-4



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

Fears

WHAT ARE THE RISKS OF SWITCHING TO YOUR PRODUCT?

1.	
2.	
3.	

Needs

WHAT ARE THE RATIONAL DRIVERS OF PURCHASE?

1.	
2.	
3.	

WHAT ARE THE HIDDEN NEEDS?

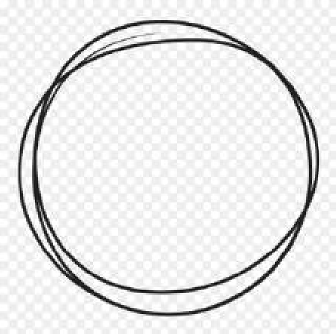
1.	
2.	
3.	

Wants

WHAT ARE THE EMOTIONAL DRIVERS OF PURCHASE?

1.	
2.	
3.	

Starting on the intended targeted *customer side* of the VPD, (the “circle”)…



…Q: what did we learn from Weathervane’s VPD?

…and…

…Q: from what sources did he get his statistics, his insights, sufficient to build or assess his VPD hypothesis?

Paul, the Founder of Weathervane became a "**S**ubject **M**atter **E**xpert"

Business leaders should aspire to become and remain ***S**ubject* ***M**atter* ***E**xperts* (SME) in their ecosystem.

There is "homework" required to **create**, ***communicate*** and ***deliver*** and **extract value** through your *Value Proposition Design* (VPD)

Ensures you can continue to monetize the value you worked so hard to create!

Want to be a ***S***ubject ***M***atter ***E***xpert in all things related to your business ecosystem?

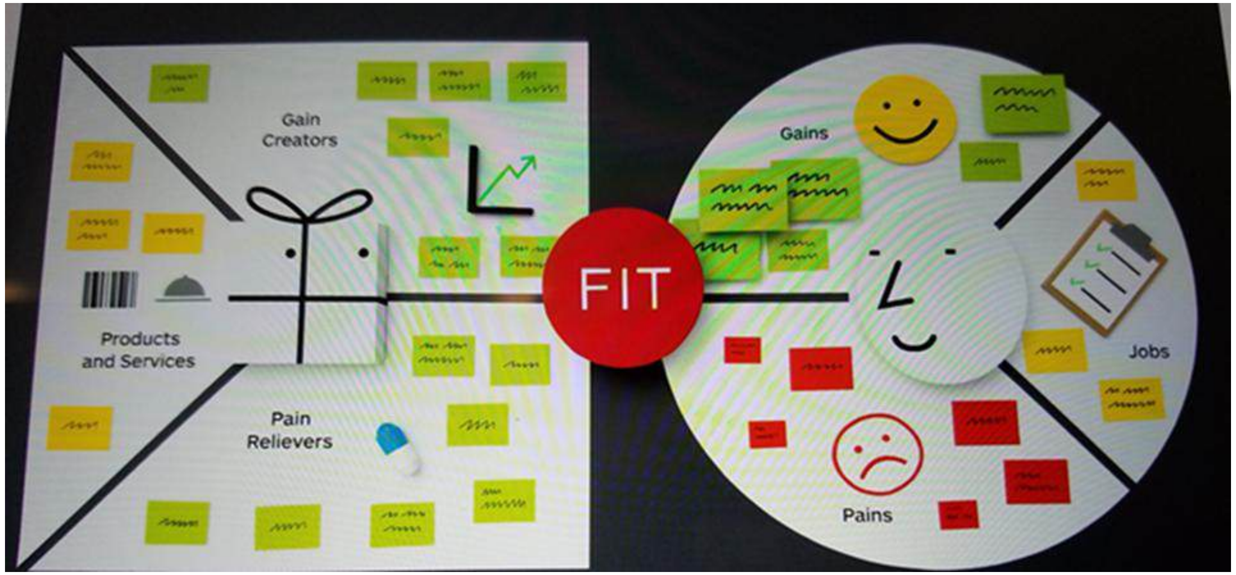
NOTE:

Shown below is **only one of the many sources we have included in the backup** pages of this briefing which will help you with benchmark, customer and competitive data and analysis.

- https://www.sba.gov/business-guide/plan-your-business/market-research-competitive-analysis#section-header-4

Focus	Goal	Reference
General business statistics	Find statistics on industries, business conditions.	NAICS, USA.gov Statistics, U.S. Census Business Builder
Consumer statistics	Gain info on potential customers, consumer markets.	Consumer Credit Data, Consumer Product Safety
Demographics	Segment the population for targeting customers.	U.S. Census Bureau, Bureau of Labor Statistics
Economic indicators	Know unemployment rates, loans granted and more.	Consumer Price Index, Bureau of Economic Analysis
Employment statistics	Dig deeper into employment trends for your market.	Employment and Unemployment Statistics
Income statistics	Pay your employees fair rates based on earnings data.	Earnings by Occupation and Education, Income Statistics

VPD
Customer Segment Dynamics



Specialty Coffee in the US

- Specialty coffee house sector generated $26.3B (2018);
  - expected to grow to $85B (2025); 18% YoY growth rate
- Strong growth rate & profitability:
  - Drive towards higher quality good
  - Drive to individualize and curated shopping experience
  - Drive to more community based businesses
- For context, a typical medium volume Starbucks:
  - 75-150 transactions per hour
  - $3,000-$5,000 in daily deposits

Sources:
-Statista
-Alegra World Coffee Portal
-Daily Coffee News

-Marketing Week
-Specialty Coffee Association

-Personal conversations with employees & managers

Societal Trends Towards Specialty Coffee

Away from commodity coffee and towards specialty coffee

- Drive to higher quality
- Drive to individualized preferences and personalized shopping
- Specialty coffee accounts for the majority of the industry growth

Away from chains and towards community based businesses

- 43% surveyed state that they tend to go the closest coffee shop
- 32% state that they would prefer to not go to a chain coffee shop

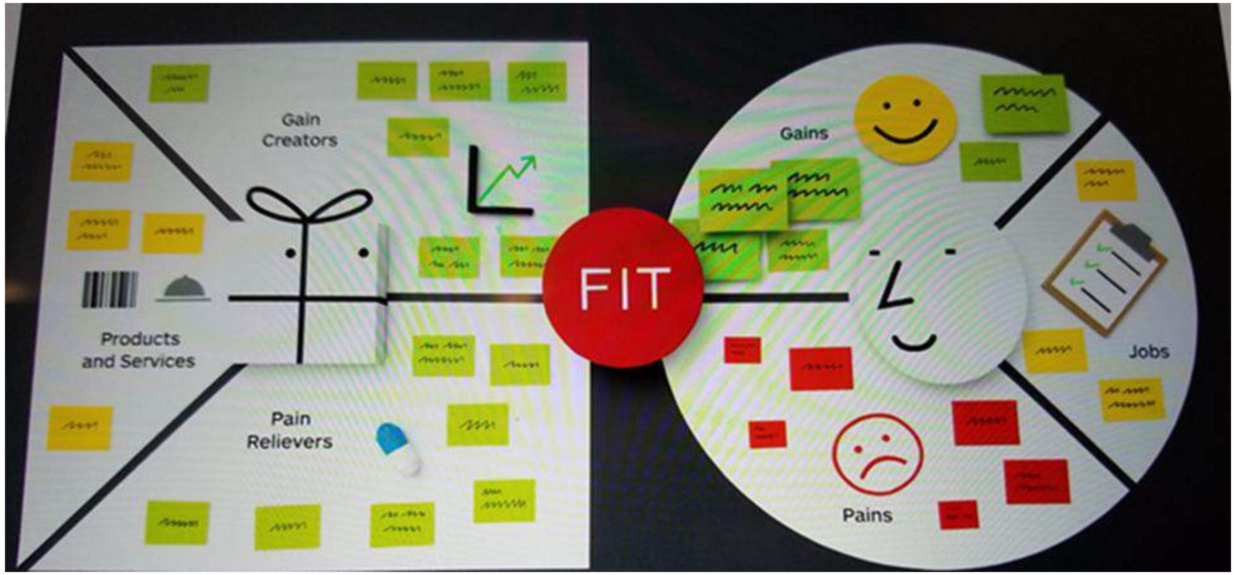
Sources:

-Marketing Week
-Specialty Coffee Association

-Harvard Business Review
-McKinsey & Co

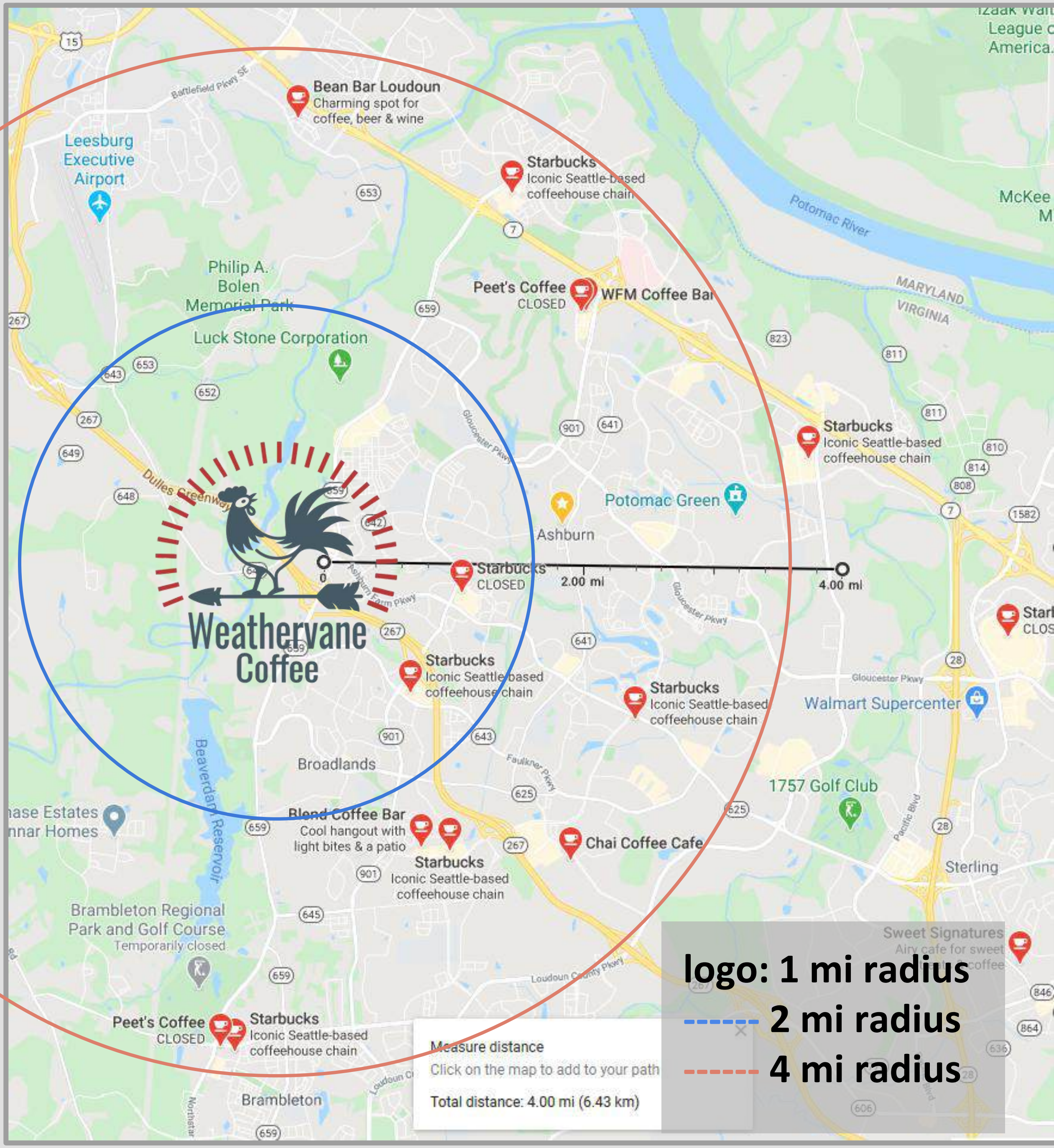
VPD
Customer Segment

The
Problem



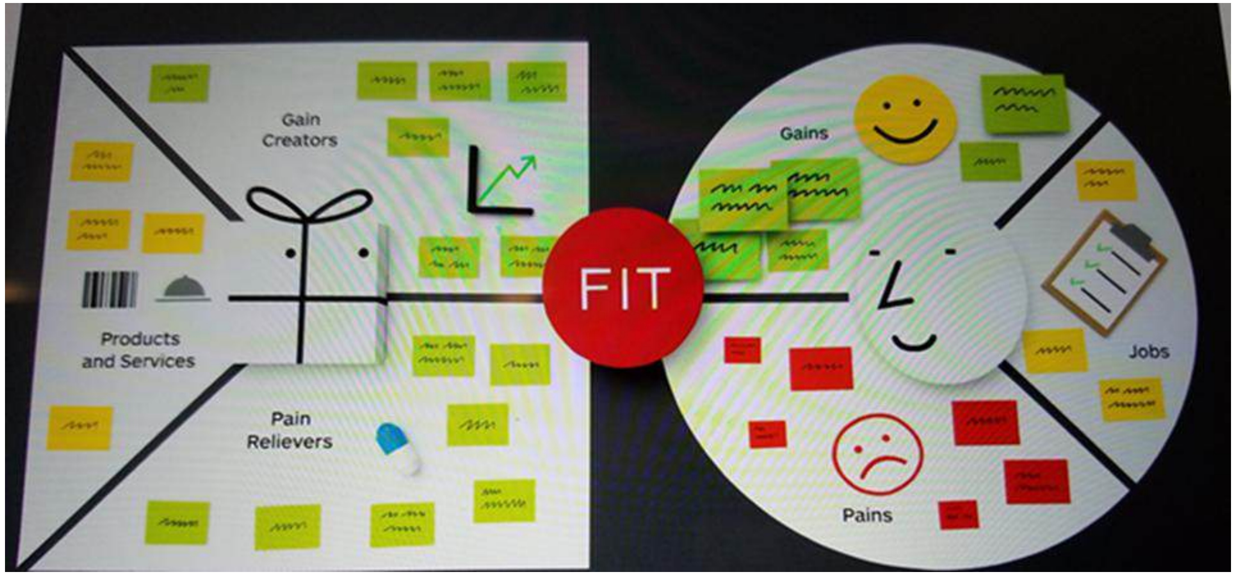
Location, Location, Location

- *Coffee Dessert*
  - 1 mi radius: ZERO coffee shops
  - 3 mi radius: Five coffee shops (3 Starbucks*)
- High Demand
  - 1 mi radius: 13K residents, Avg. Income $190K
  - 3 mi radius: 81K residents, Avg. Income $176K
- High Growth
  - Immediate Neighborhood development
  - Extensive new residential & business construction

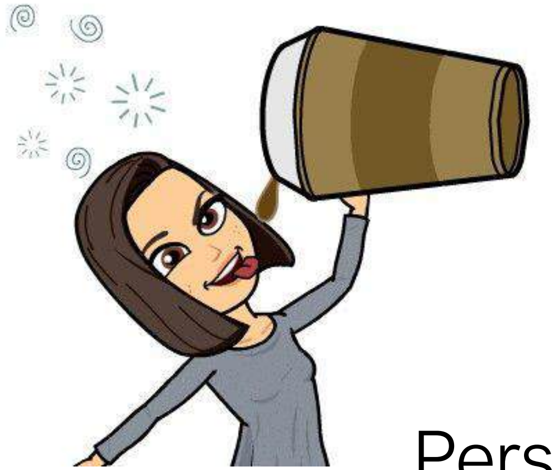


VPD
Customer Segment
Persona, Avatar,

Ficticious “Perfect Customer”



What did Weathervane's coffee drinkers…
want,
need,
fear ?

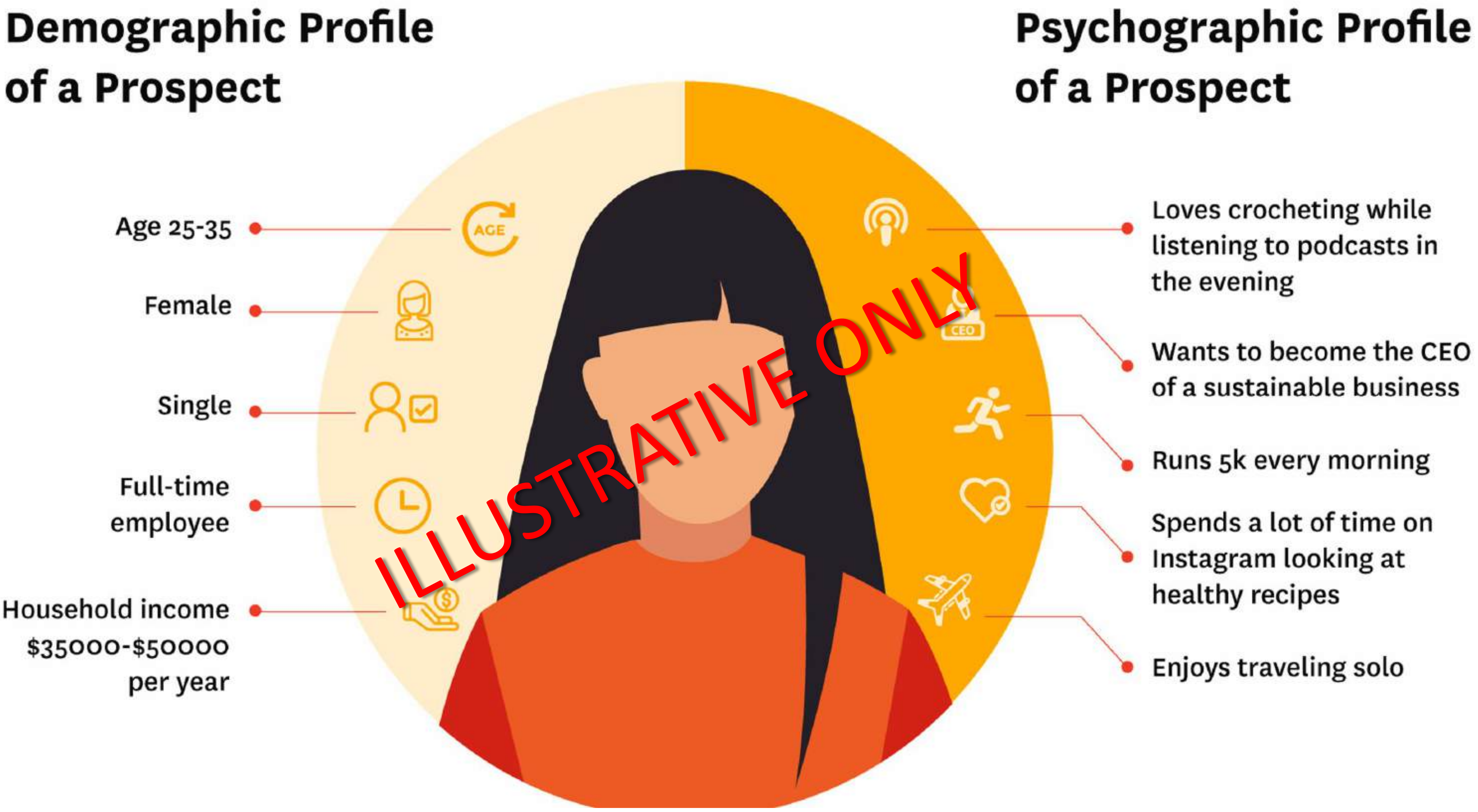


Persona of your Intended Targeted Customers???

???

???

Example Persona



Good Questions

- ✓ **What** did your customers do?
- ✓ **When** did they do it for the last time?
- ✓ **Why** did they do it?
  What problems were/are to solve?
- ✓ **What else** did they try?
- ✓ **Why didn't** they try potential other options?
- ✓ What **frustrations** do they feel possibly?

Wrong Questions

- ✗ **Do you think this idea is good?** – That's the worst question you can ask. The reason for this can be found in the main problem discussed at the beginning.
- ✗ **How much would you pay for XY?** – The known problem applies to this question too. If you want to find out whether your customer would buy your product, you can offer them Early Access with a discount or some other incentive, if they pay a little amount of the price in advance. The goal of this "experiment" isn't selling but getting the customer into a buying mindset that feels as real as possible to them.

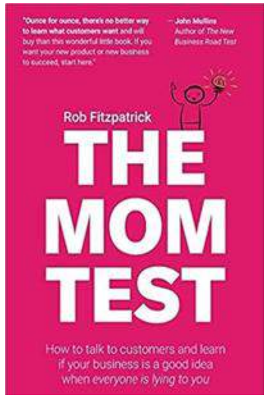
Possible questions:

- Explain your workflow to me.
- Did you have problems with XY in the last time?
- Did you try to approach those problems?
- If yes: What solutions did you try?
  - Did they work? What did you like about them?
  - If they didn't work out: Why not?
  - If no: Why haven't you looked any further for solutions?

Mistakes to avoid

- **Empty compliments** – Those are a warning signal during the conversation. Direct the conversation away from you and back to the customer.
- **Pitches or hints on your product** – Those must be avoided, because the conversation isn't about you or your product.

During the Customer and Marketplace Discovery Phase, ask good questions



EXAMPLE Process related questions to ask during discovery?

- Tell me about your journey from first thought to the adoption of your current solution/provider?
- Please speak to the specific issues / challenges, risks that drove you towards your current solution/provider?
- Where do you go to learn about ________?
- What were your expectations related to your current supplier or solution provider when they pitched their solution to you?
- What were some of constraints that may have limited you to make all the progress you wanted to make?
- What has been your experience with your current solution provider? $ROI? CX Satisfaction?
- If you had a magic wand, what 2 things would you change about your current solution or provider?

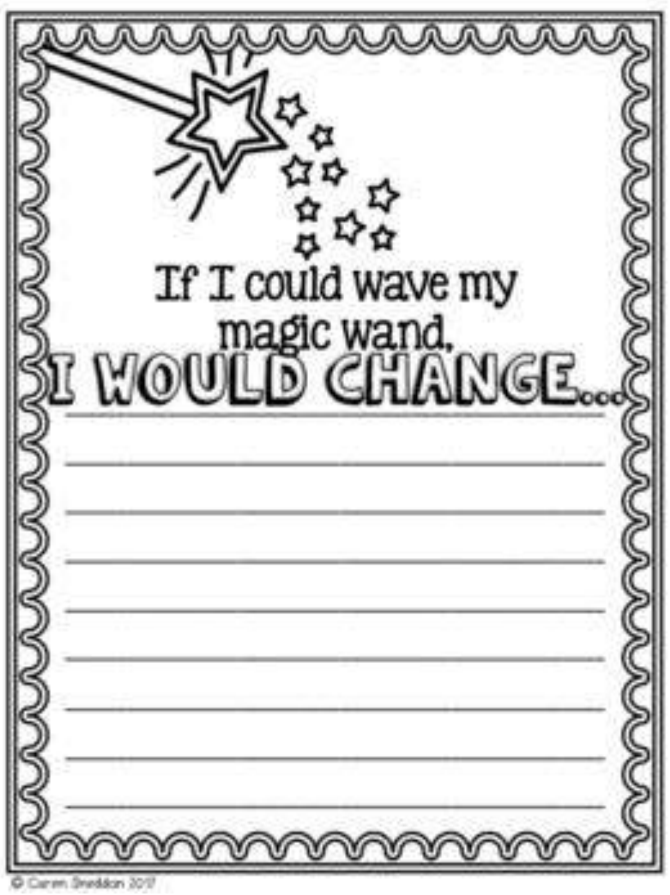
https://www.talkingtohumans.com/

Consider these 2 books on Amazon or Kindle

Talk to 30 people in the proposed "EcoSystem" !

If pressed for time, you can ask:

"If you had a magic wand and could change, fix or improve one thing about your current product, service, process, service provider or anything related to your business, aside from price, what would that one thing be?"



What else did Weathervane Learn about his potential intended and targeted coffee drinkers?

Demographics

- Fact based
- "Ground-Truthed" in reality
- Supports the problem-solution-fit

- 80+ tenants at the Ashburn Collective Co-Working
- 230 Luxury apartment Units
- 650 Luxury townhouses
- Multiple businesses & offices in the immediate area (80)
- Greater Region (5 mi radius)

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
Total Population	9,686	72,158	170,457
2010 Population	7,582	58,955	124,808
2024 Population	10,972	81,385	194,341
Employees	2,340	13,958	49,755
Total Businesses	292	1,421	4,602
Average Household Income	$189,016	$176,128	$165,316
Median Household Income	$166,300	$150,265	$139,923
Total Consumer Spending	$129.72M	$969.4M	$2.2B
Median Age	35.3	35.4	36
Households	2,921	23,520	57,370
Percent College Degree or Above	34%	35%	34%
Average Housing Unit Value	$601,751	$591,692	$580,635

COLLECTION STREET	CROSS STREET	TRAFFIC VOL	YEAR
Belmont Ridge Rd	Ashburn Farm Pkwy, NE	18,245	2018
Ashburn Farm Pkwy	Sycolin Rd, NW	8,778	2018
Ashburn Farm Pkwy	Farmingdale Dr, SE	8,300	2016
Ashburn Farm Pkwy	Gardengate Cir, SE	11,154	2018

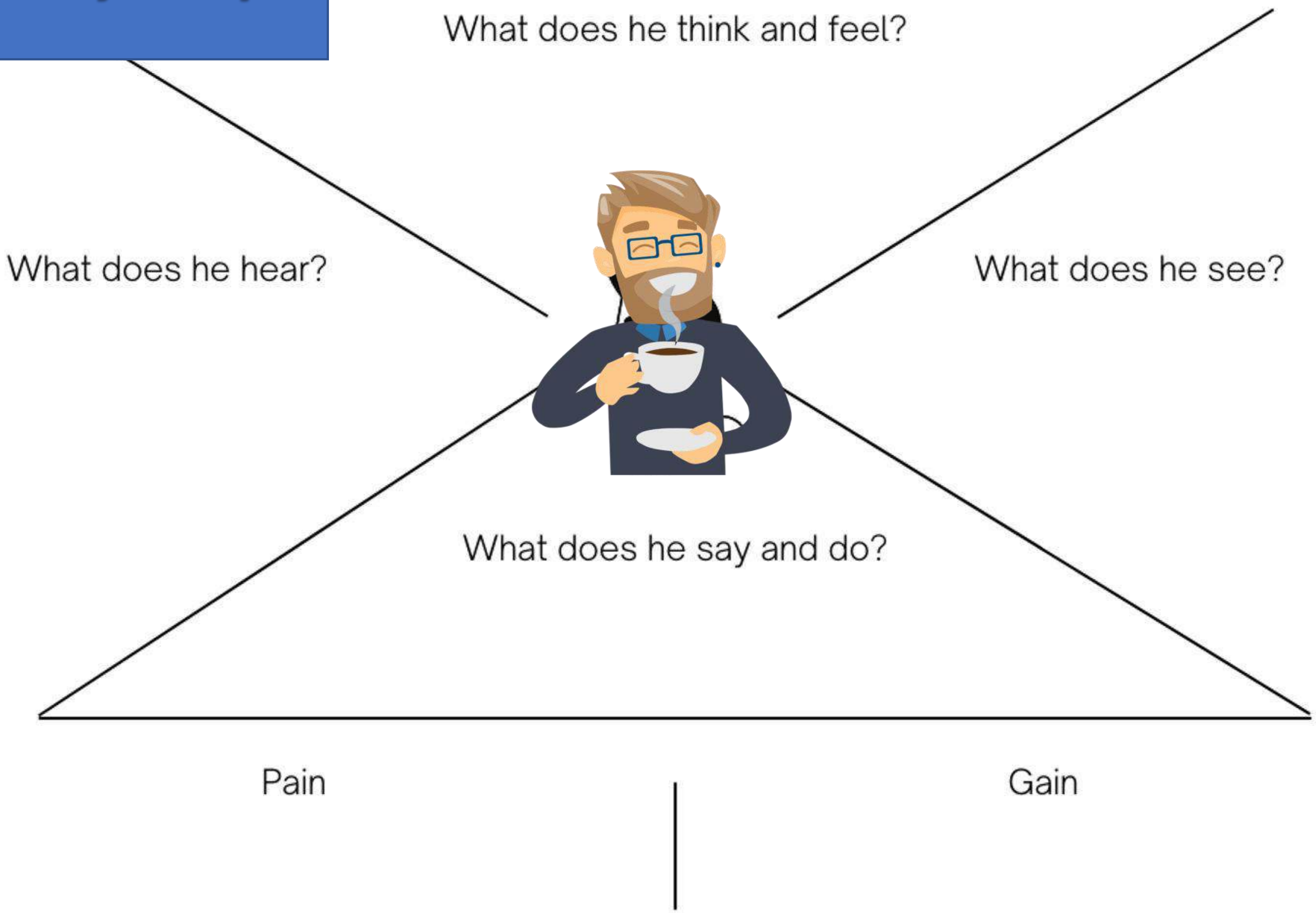
Weathervane's "Fictitious" Customer "Avatar"

Name: John
Age: 41
Occupation: Government Contractor
Residence: High-rise apartment in Reston
Income: $88k - $150K/yr
Interests: Dining, traveling, and fitness

John is a busy professional who values convenience, great experiences and quality. He enjoys starting his day with a cup of high-quality coffee from a local shop within 2 miles of his apartment. He works long hours. He's willing to pay a premium daily for the convenience and quality of curated coffee in the morning

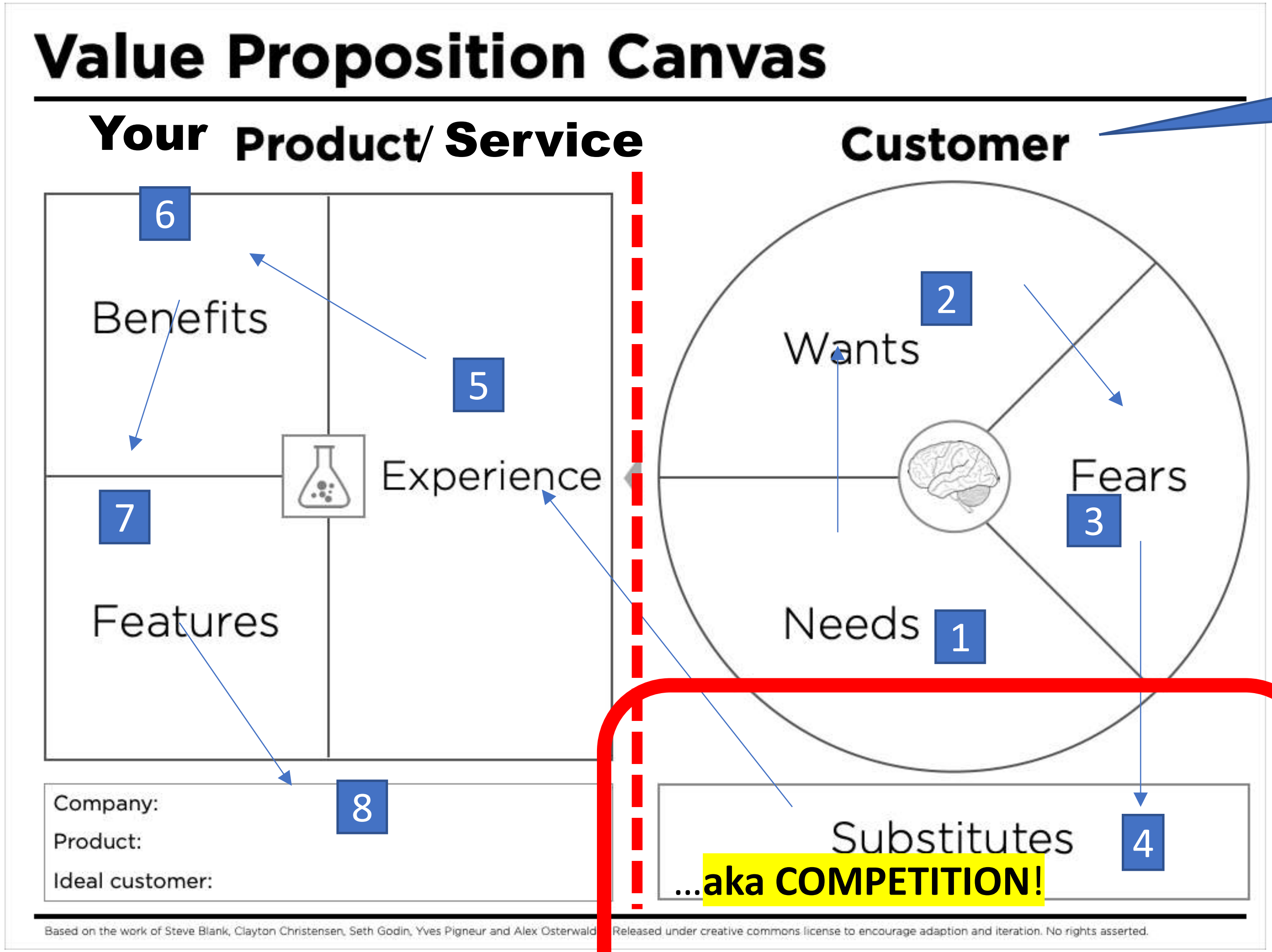
Empathy Map

Name:



REMINDER:

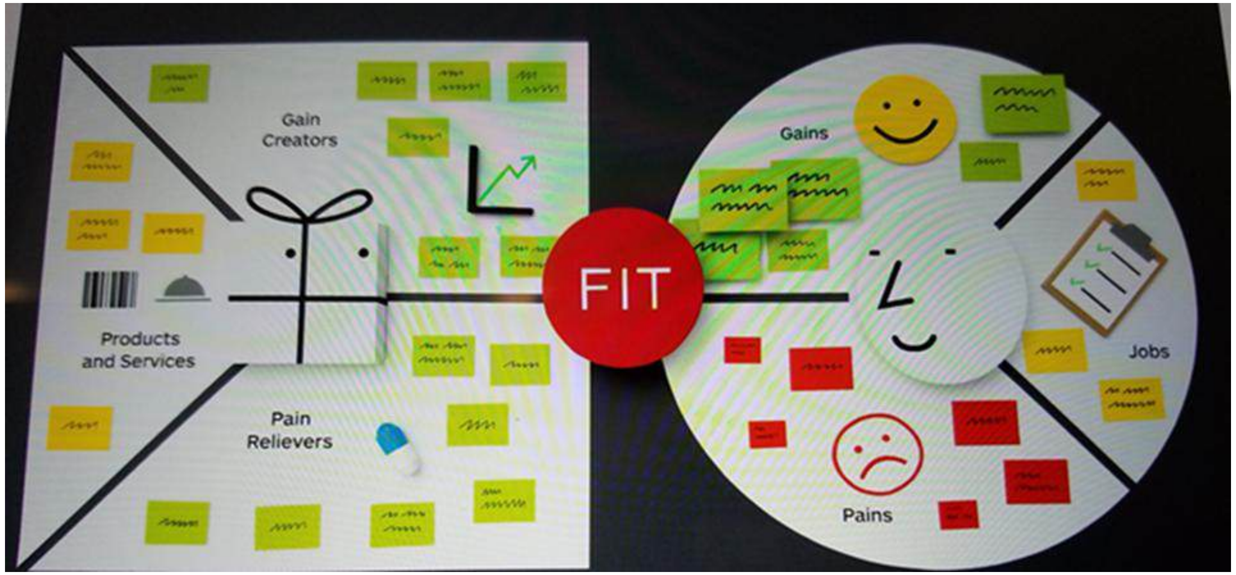
VPD has us start on the Customer Side ...steps 1-4



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

VPD
Customer Segment

Substitutes, Competiton



Competitive Comparative Matrix Insights Exercise Template

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

Competitior 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

TIP: "Your Ai Agents can help Compile the matrix!"

Collect Facts → Look for Patterns → Identify Trends → Look for Insights → Identify Implications → Understand Consequences → Discuss Options → Make Choices / Path → Take Action/Execute

Competition

Direct:

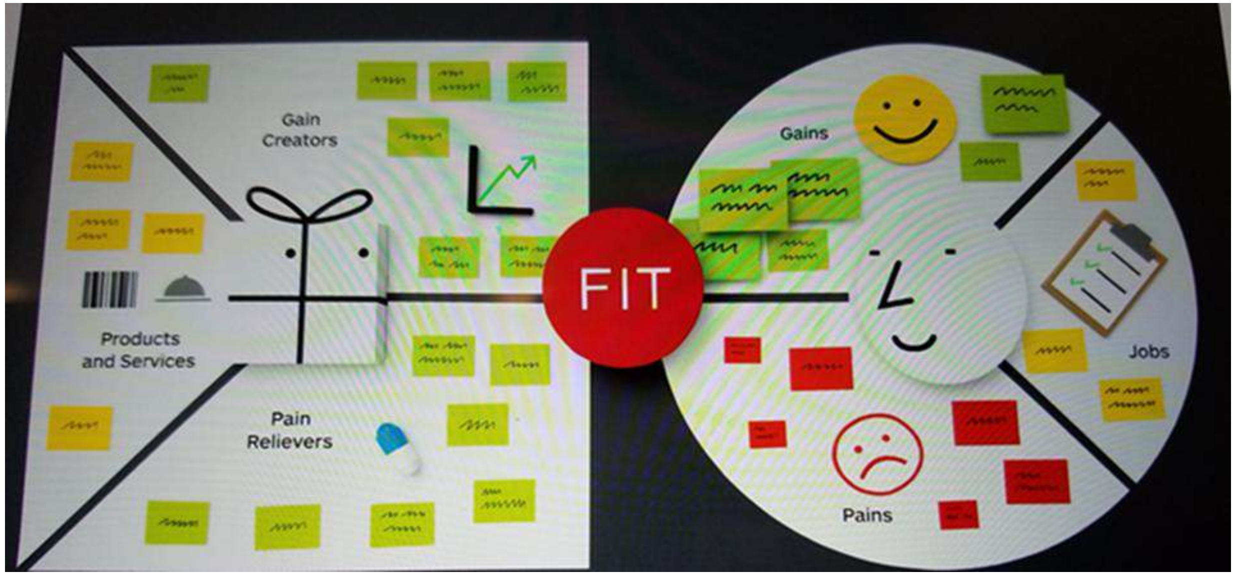
- Weird Bros. Coffee; Herndon, VA (12 mi)
- Caffe Amouri, Vienna; VA (20 mi)

Indirect:

- Starbucks (x2); Ashburn, VA (1.5 mi)*
- Brew LoCo; Ashburn, VA (3.7 mi)
- Blend Coffee Bar; Ashburn, VA (4 mi)
- Chai Coffee & Cafe, Ashburn, VA (4.3 mi)

VPD
Customer Segment

Ground Truths



Baseline Revenue Model

ILLUSTRATIVE ONLY

Category, AVERAGES	Coffee Shop	Beer & Wine	Roasted Coffee	Totals
Transactions per Hour	16	8	--	
Customers per Day	200	32	18	
Food Conversion	25%	25%	--	
Daily Revenue	$849	$514	$250	**$1,613**
Monthly Revenue	$25,465	$15,422	$7,507	**$48,394**
Yearly Revenue	$305,579	$185,064	$90,082	**$580,725**

3-Year Revenue Estimates

Key Notes & Assumptions:

- Year 1 will start at 50% capacity; operating in the red for 5 months
- 48% growth overall in YR2
- 24% growth overall in YR3
- Increase our Farmers Market presence

Baseline Revenue Model

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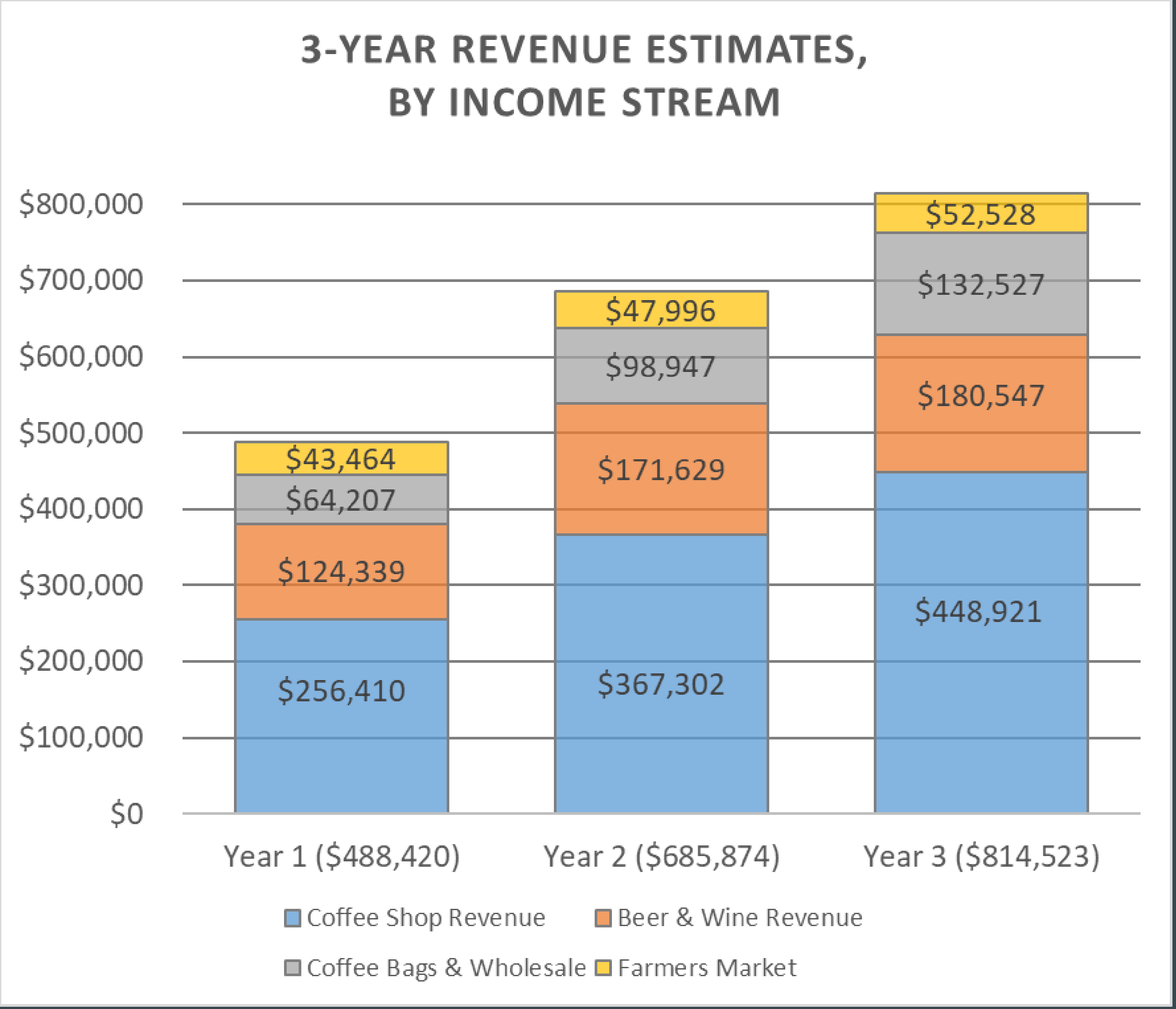


Moving now to the products and services (offering) side of the VPD, the “square”:

what did we learn from Weathervane about how they aligned and then differentiated their offer with what they learned from customers ?

…and…

…how his value proposition key messages flow naturally into his message map and his marketing strategy and execution.

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

VPD has the Offering Side.

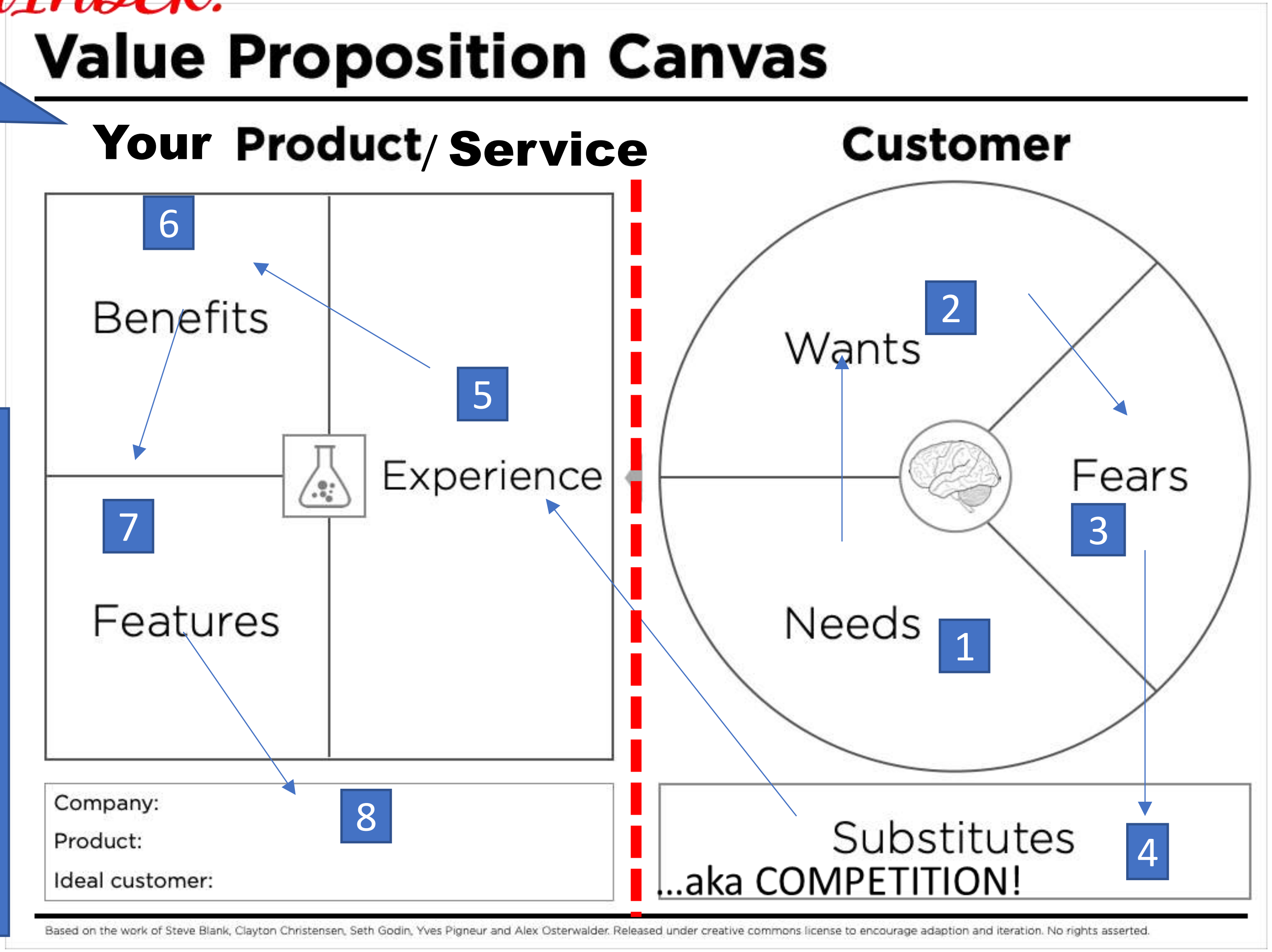
…steps 5-8

Synthesize your targeted customer discovery align it with your products/ service offering

Your Product / Services Offer/ Cap Statement / Your Website

Benefits
Features
Points of Differentiation

REMINDER:



Experience

WHAT DOES IT FEEL LIKE TO USE YOUR PRODUCT?

1.	
2.	
3.	

Benefits

WHAT DOES YOUR PRODUCT DO?

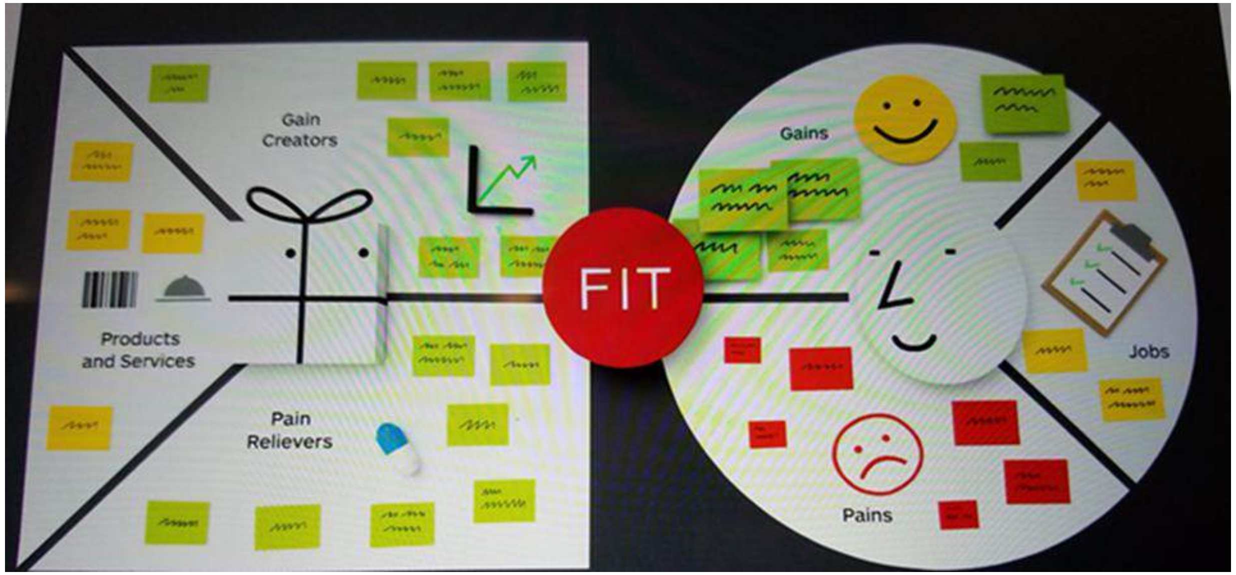
1.	
2.	
3.	

Features

HOW DOES YOUR PRODUCT WORK?

1.	
2.	
3.	

VPD
Product / Service Offering



Do You ***Really*** ?

Points of Differentiation, your "secret sauce" your unique value in the Marketplace?

A company can outperform rivals only if it can establish a difference that it can preserve.

Michael E. Porter

Source: [Harvard Business Review: What Is Strategy? (hbr.org)]

The Value Proposition Design asks:
"How (<u>specifically and measurably</u>) is your product or service <u>as good as</u> the next best available (or incumbent) alternative?"

<u>Typical Points of Parity</u>

- ❑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 (<u>specifically and measurably</u>) is your product or service capabilities / offering, <u>better than</u> the next best available (or incumbent) alternative?"

Potential Points of Differentiation

- ❑ Company/Brand is seen as Strategic, Innovative
  - ❑ Leader, among the best
- ❑ Product / Service is:
  - ❑ low risk, high convenience, environmentally friendly, simple to use
- ❑ Strategic Mission aligns well with client
  - ❑ Shared values, attributes, outlooks
- ❑ Management Team is credible, believable
- ❑ Organization has capacity, competency
- ❑ Offering Benefits are tangible, quantifiable
- ❑ Brand is Professional with market presence

Strategic Competitive Advantage

Captive & built in market base

- Co-Located in the coworking space
- Attached to The Heights luxury apartments
- Already have a strong local following

More than just coffee:

- Food: breakfast, lunch, small plates
- Beer and wine
- Outdoor seating

In-House coffee roasting:

- Lower COGS
- Curated, diverse, & seasonal coffee line-up
- Unique customer experience

Wholesale coffee markets

- Coffee supplier for other shops
- Local grocery stores

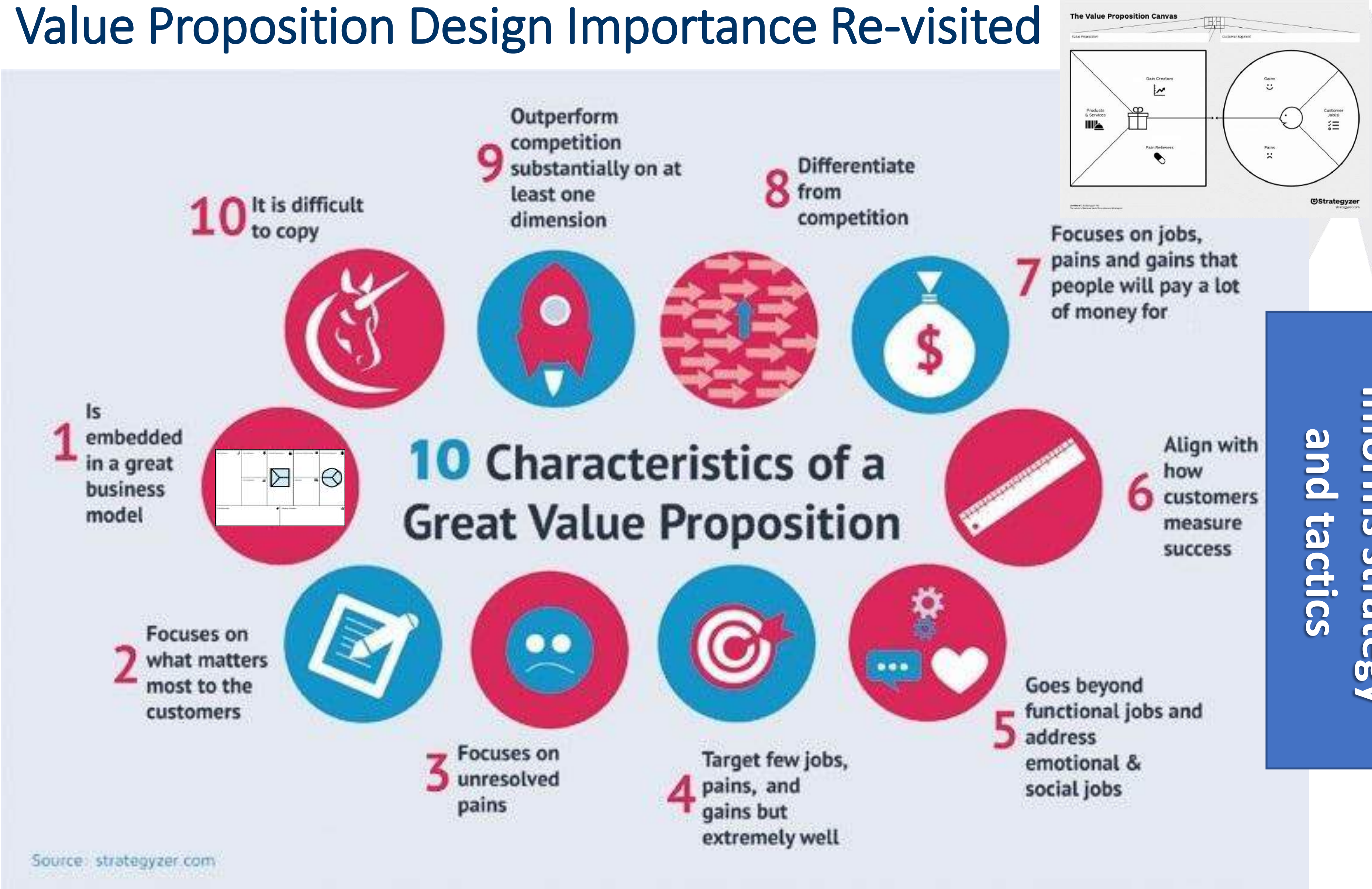
Weathervane Coffee

✓Learning Objective #3: Upon completion of this module, you will…

"… …see the connection between the VPD, message mapping and your marketing strategy & tactics

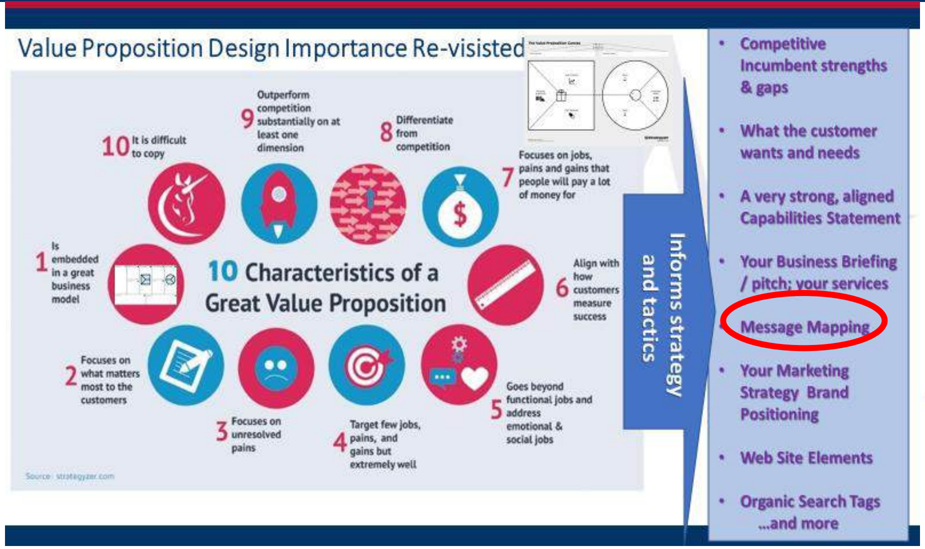
Let see how what we learn in building out our value proposition, flows logically into (our case study clients’) 1) message mapping, his 2) Go To Market Strategy and ultimately his 3) Marketing Content Creation and Execution.

Value Proposition Design Importance Re-visited

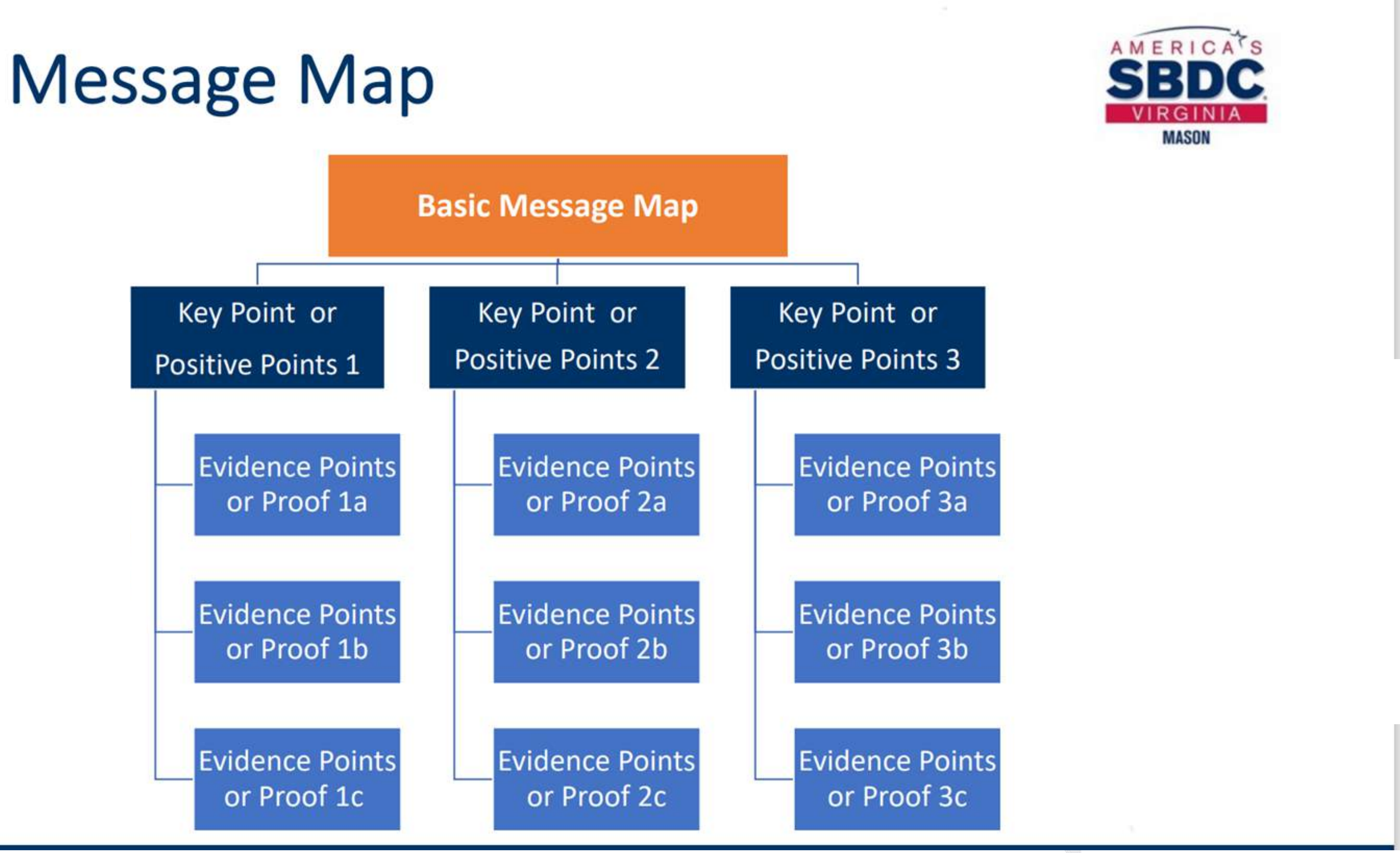


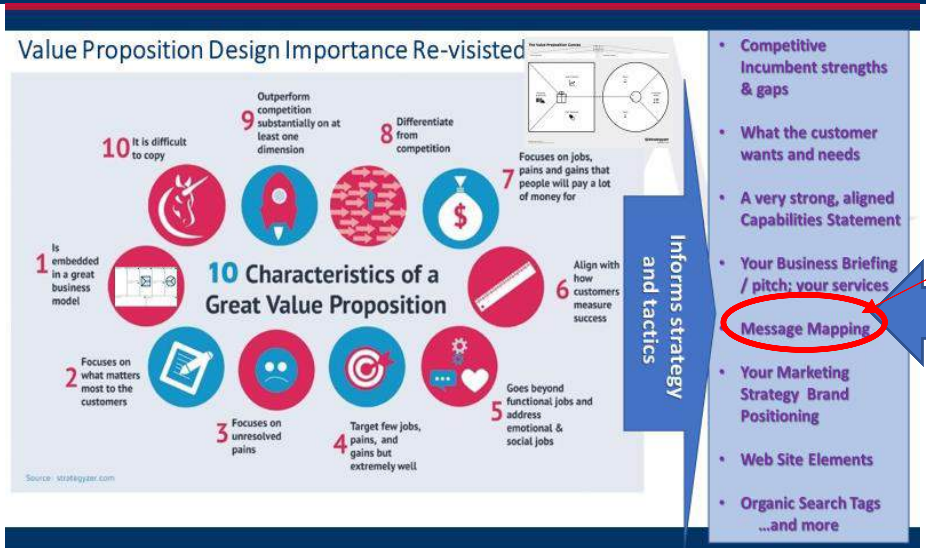
Informs strategy and tactics

- 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

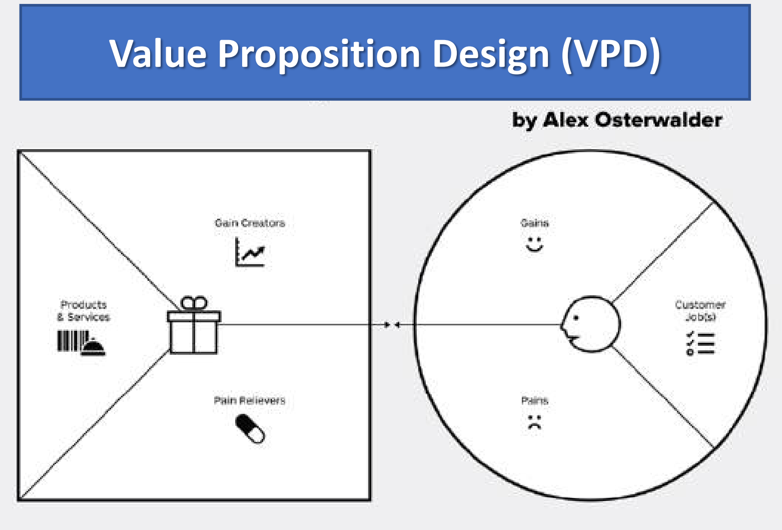


Message mapping is a strategic and tactical framework that enables building and then "activating" your brand. It is critical to attracting and retaining your intended targeted audience.





How VPD, Message Mapping and Marketing Plans are interrelated



Marketing content, can website, blogs, videos, posts, pictures, etc.), designed to support the 3 pillars.

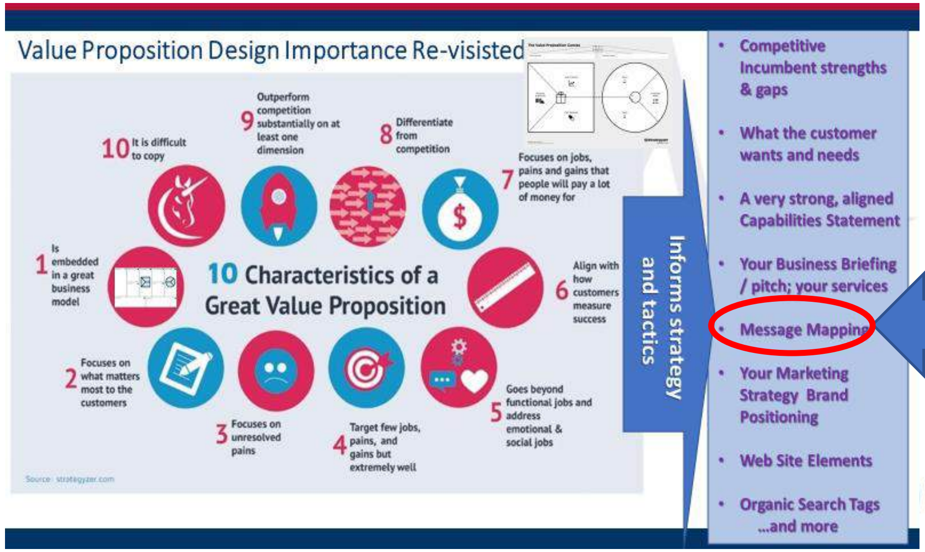
Basic Message Map

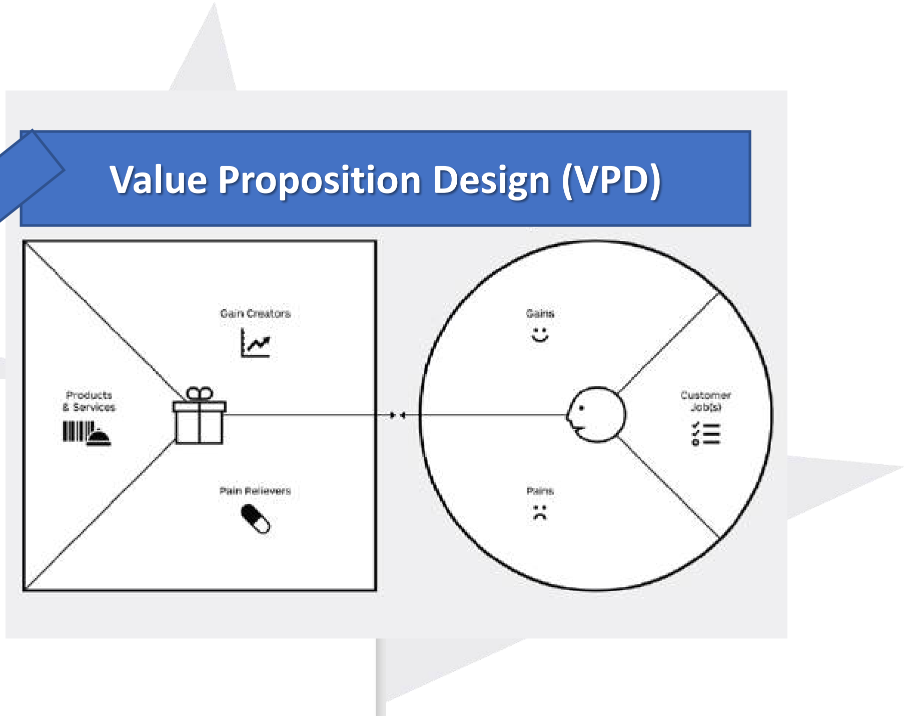
Key Point or Positive Points 1	Key Point or Positive Points 2	Key Point or Positive Points 3
Evidence Points or Proof 1a	Evidence Points or Proof 2a	Evidence Points or Proof 3a
Evidence Points or Proof 1b	Evidence Points or Proof 2b	Evidence Points or Proof 3b
Evidence Points or Proof 1c	Evidence Points or Proof 2c	Evidence Points or Proof 3c

Content is developed into *"themes"*, then deployed via social media "channels", paths to market, as part of a tactical marketing execution plan.

Aim of Content Marketing:

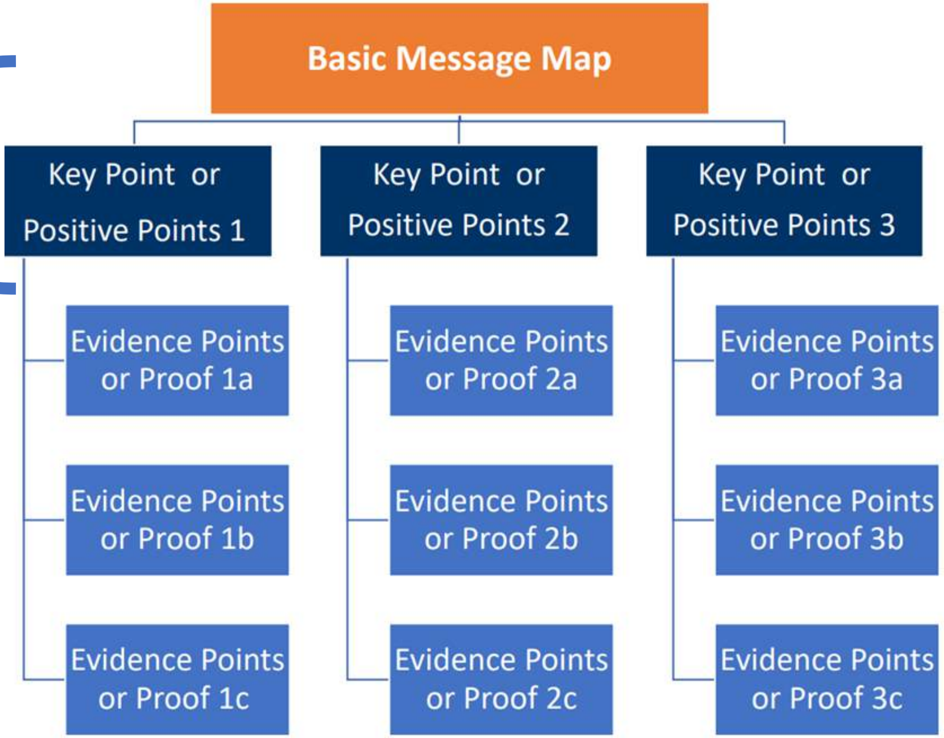
To Create and Distribute Original, Valuable, Educational, Relevant and Consistent marketing material, to become a trusted source in order to attract and retain an intended Targeted Audience.

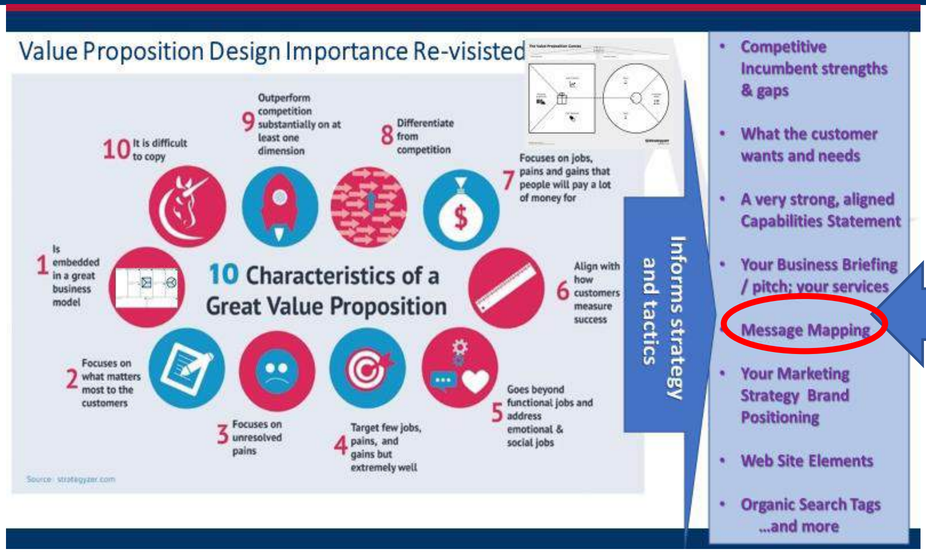


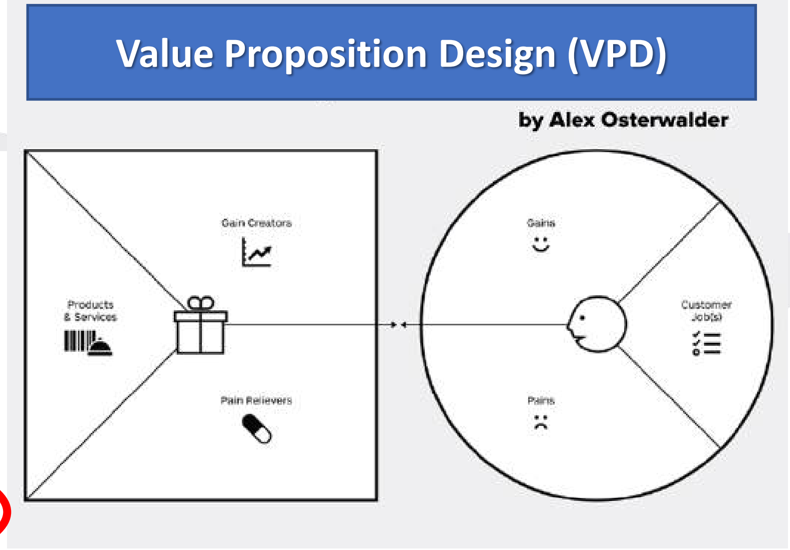


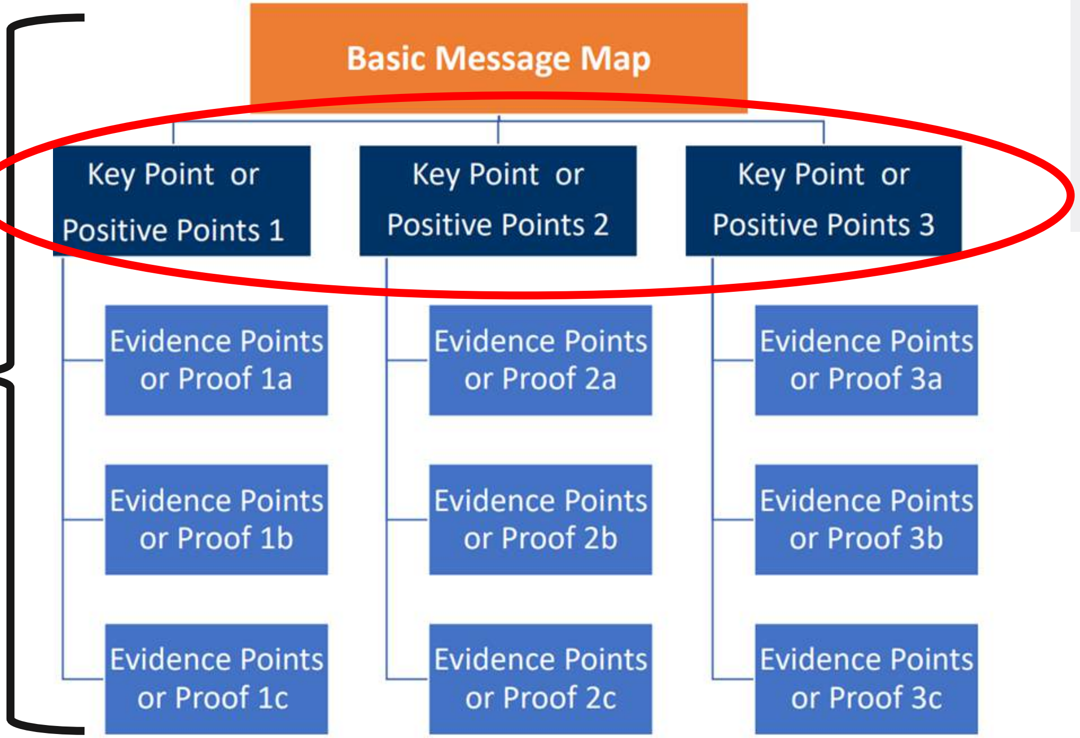
Start with Key elements, 3 "core" attributes, commitments, values you <u>always</u> want associated with your brand.

These "pillar" should flow naturally from your Value Proposition Design.







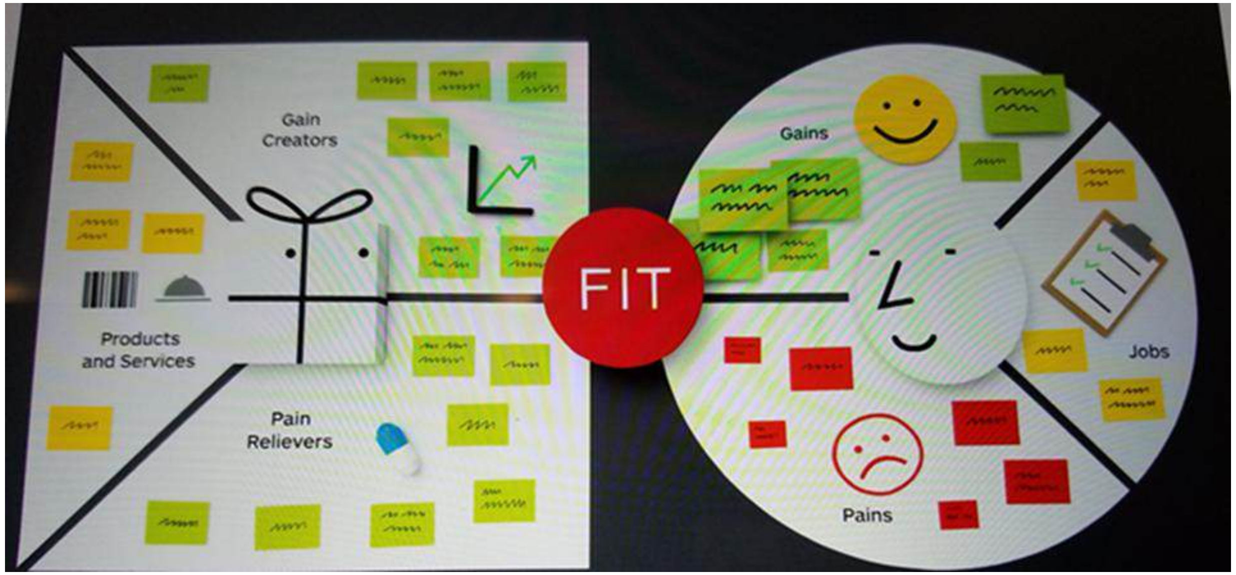


Those "3 pillars in your messaging mapping strategy" then becomes your "true north" for brand positioning, brand personality and brand identity .

The Pillars should be a "mix" of *both* rational and emotional elements, attributes, values, commitments, etc.

VPD
Product / Service Offering

Core Values,
Attributes,
Committments,
Promises
of the business



Value Proposition Revisited

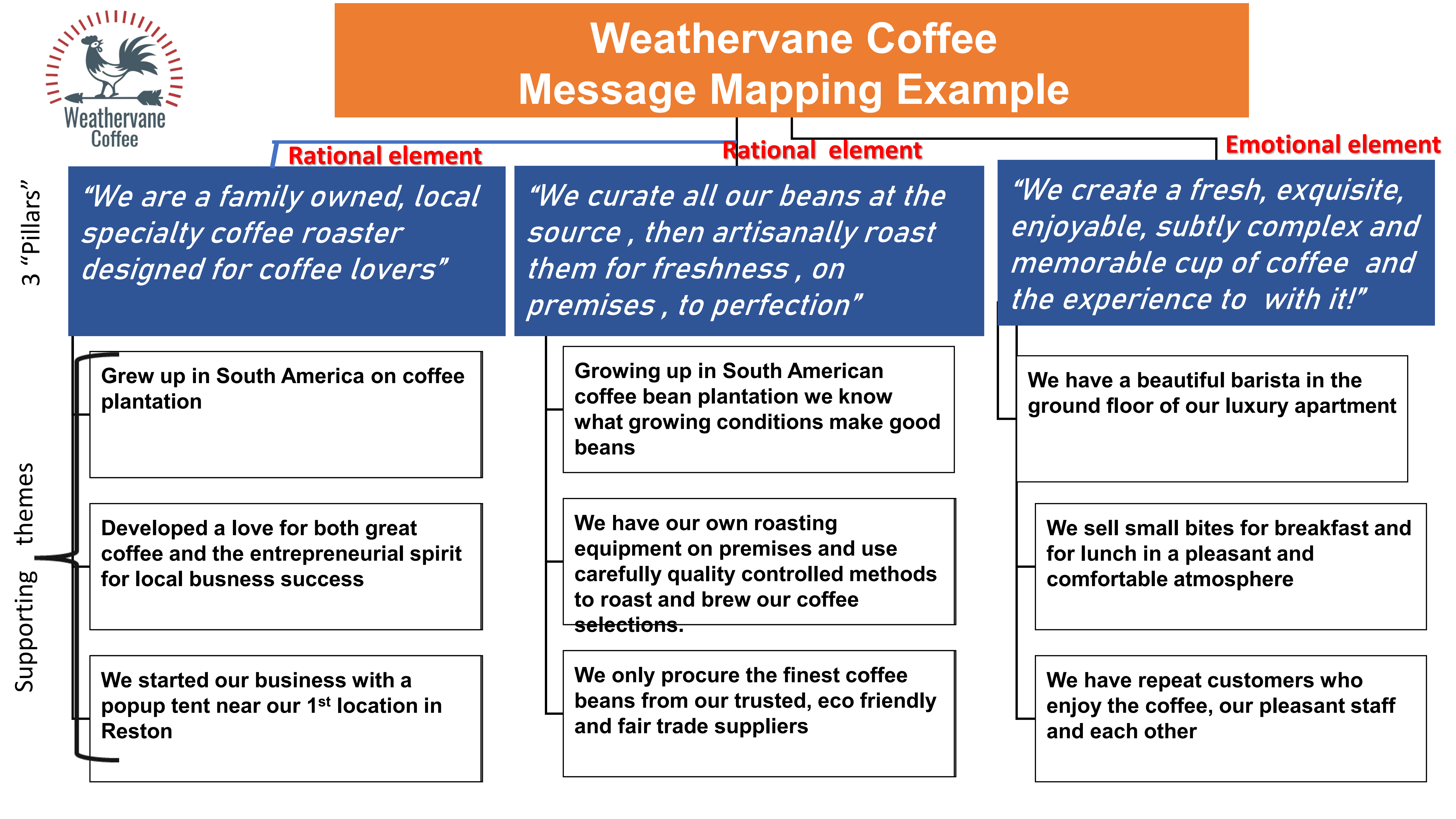
WeatherVane coffee is a *specialty coffee roaster for coffee lovers.*

We offer an inviting, convieient location and experience, that *sources, roast, and brews specialty coffee in a way which brings the soul to our coffee* for customers who care about their coffee

Specifically, we use only premium coffees that have been *carefully curated at the source*, and then *artisanally roasted,* quality controlled, and ultimately brewed by us to perfection.

The coffee is *fresh, exquisite, incredibly enjoyable*, *subtly complex*--a uniquely *memorable experience.*

Weathervane
Coffee


Weathervane Coffee
Weathervane Coffee
Message Mapping Example
Rational element
Rational element
Emotional element
3 "Pillars"
"We are a family owned, local specialty coffee roaster designed for coffee lovers"
"We curate all our beans at the source , then artisanally roast them for freshness , on premises , to perfection"
"We create a fresh, exquisite, enjoyable, subtly complex and memorable cup of coffee and the experience to with it!"
Supporting themes
Grew up in South America on coffee plantation
Developed a love for both great coffee and the entrepreneurial spirit for local busness success
We started our business with a popup tent near our 1st location in Reston
Growing up in South American coffee bean plantation we know what growing conditions make good beans
We have our own roasting equipment on premises and use carefully quality controlled methods to roast and brew our coffee selections.
We only procure the finest coffee beans from our trusted, eco friendly and fair trade suppliers
We have a beautiful barista in the ground floor of our luxury apartment
We sell small bites for breakfast and for lunch in a pleasant and comfortable atmosphere
We have repeat customers who enjoy the coffee, our pleasant staff and each other

3 Pillar Message Mapping Framework

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

Illustrative Only

3 Core Pillars The "True North"

21st Century Skills	Engaging Sensory	Activity Kit Subscription
Rational Element	*Emotional Element*	*Rational Element*

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

Themes for Content Development

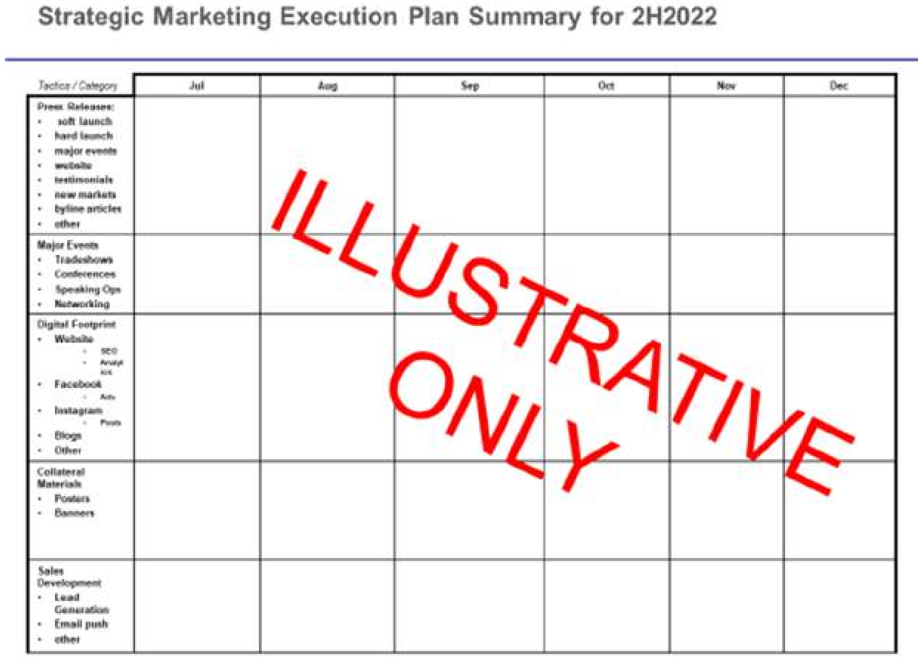
21st Century Skills	Engaging Sensory	Activity Kit Subscription
Vital skills for children to succeed regardless of the jobs of the future.	Sensory makes learning more fun and interesting, so children will learn without realizing it.	Hours of entertainment and skill-building in each box.
Recommended by 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.

Content Calendar Execution Plan

Month November: THEME 1.
Week 1: Theme 1 topic 1
Week 2: Theme 1 topic 2
Week 3: Theme 1 topic 3
Week 4: Theme 1 topic 4

Month December: THEME 2.
Week 1: Theme 2 topic 1
Week 2: Theme 2 topic 2
Week 3: Theme 2 topic 3
Week 4: Theme 2 topic 4

[What Is (Effective) Content Marketing? - YouTube]



Strategic Marketing Execution Plan Summary for 2H2022

Tactics / Category	Jul	Aug	Sep	Oct	Nov	Dec
Press Releases: • soft launch • hard launch • major events • website • testimonials • new markets • byline articles • other						
Major Events • Tradeshows • Conferences • Speaking Ops • Networking						
Digital Footprint • Website ◦ SEO ◦ Analytics • Facebook ◦ Ads • Instagram ◦ Posts • Blogs • Other						
Collateral Materials • Posters • Banners						
Sales Development • Lead Generation • Email push • other						

ILLUSTRATIVE ONLY

Month November: THEME 1-4
Week 1: theme 1 topic 1
Week 2: theme 2 topic 1
Week 3: theme 3 topic 1
Week 4: theme 4 topic 1

Month December: THEME 1-4
Week 1: theme 1 topic 2
Week 2: theme 2 topic 2
Week 3: theme 3 topic 2
Week 4: theme 4 topic 2

- 3 "Pillars are Strategic
- Supporting Element themes become your content
- Content Calendar aids in determining, directing, distributing
    - identifies channels
    - facilitates campaign timing execution

Strategic Marketing Execution Plan Summary

Your Marketing "Campaign" Calendar

Tactics / Category	Jul	Aug	Sep	Oct	Nov	Dec
Press Releases: • soft launch • hard launch • major events • website • testimonials • new markets • byline articles • other				Post to FB		
Major Events • Tradeshows • Conferences • Speaking Ops • Networking						
Digital Footprint • Website - SEO - Analytics • Facebook - Ads • Instagram - Posts • Blogs • Other		Video Blog on website				
Collateral Materials • Posters • Banners						
Sales Development • Lead Generation • Email push • other			1st Email Drip		2nd Email Drip	

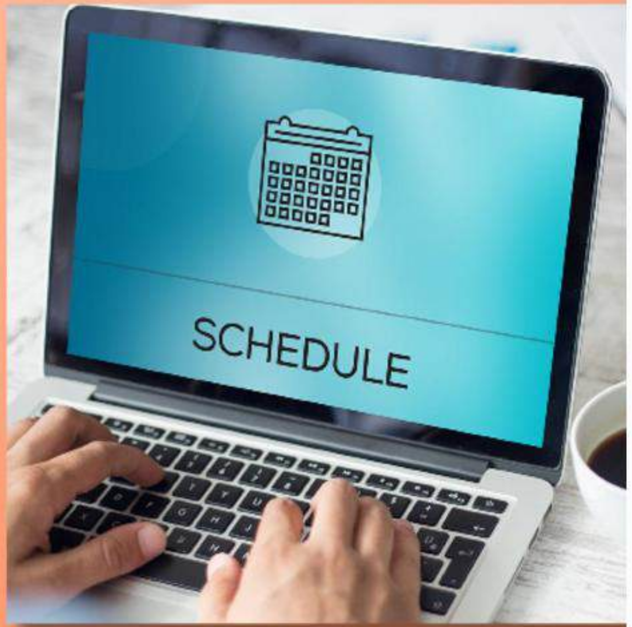
ILLUSTRATIVE ONLY

[Social Media Marketing and Management Dashboard - Hootsuite]

Block Your Time!

Calendar!

Create!



Schedule!

Golden State MARKETING

Message Mapping, flows from VPD, and is a *Precursor* exercise to Productive Digital Marketing Development

Focus on the client

Keep branding consistent

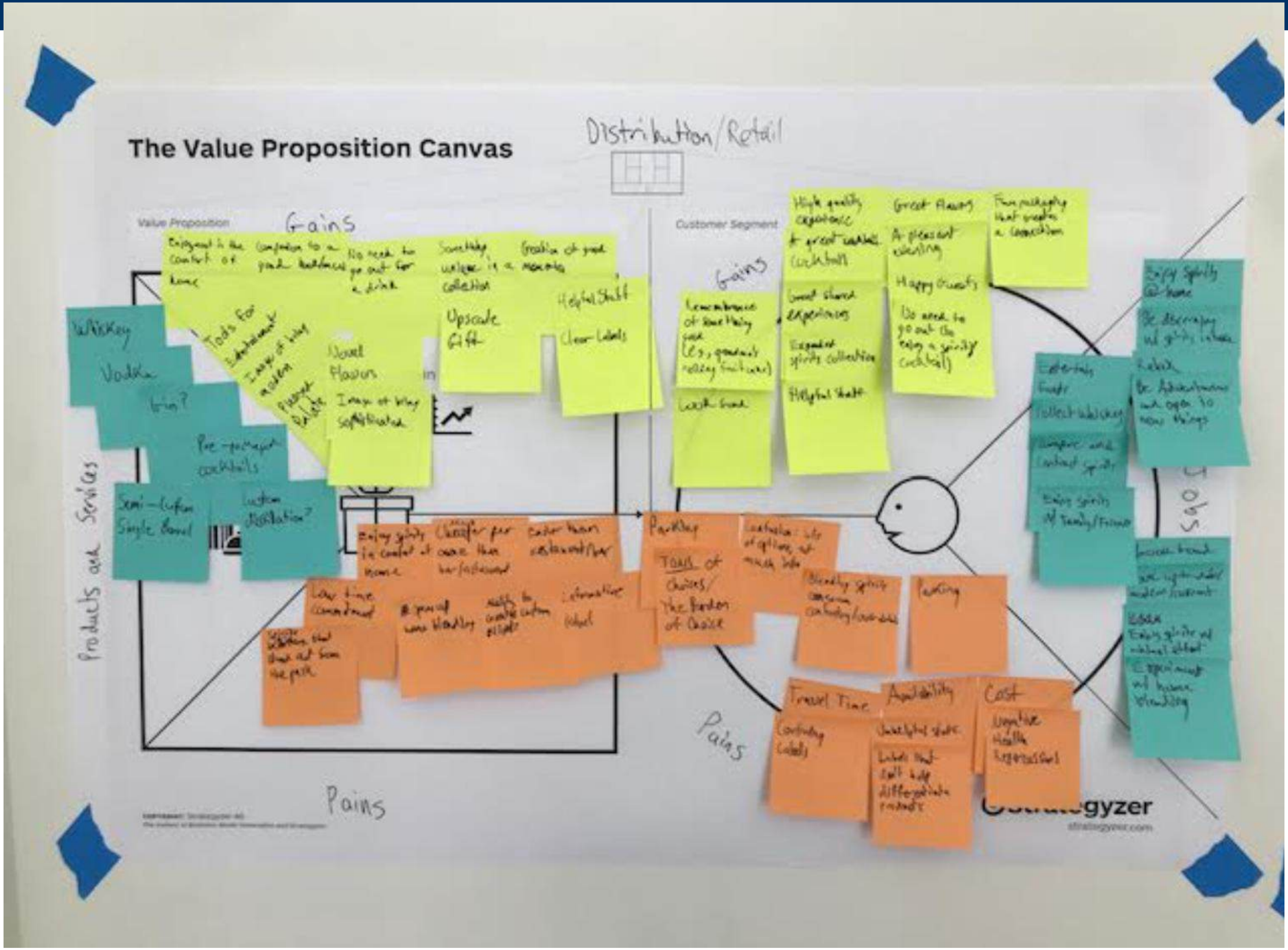
Make messaging simple

Be engaging

Be personal

What Is (Effective) Content Marketing? - YouTube

It is often worthwhile to revisit your VPD as your targeted customers' needs may have changed



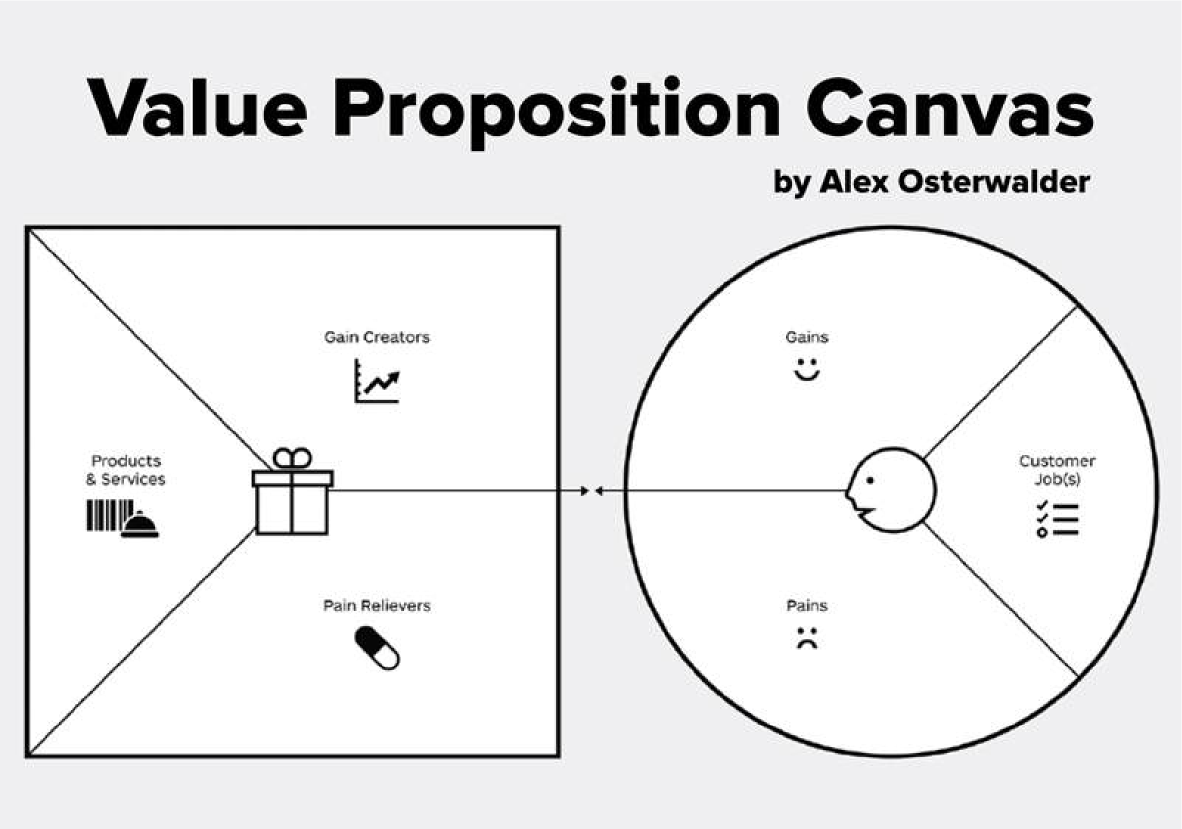
"VPD recalibration" has informed/enabled Venture / Mature Business to change/modify either or both of their:

- *targeting*
- *product or service offering*

NOTE:
<u>Examples</u> of actual MSBDC Client Case changes, based on VPD reassessments:

- ***Restaurant*** – new online takeout offering
- ***Interior Designer*** – new offer/ new growth segment
- ***D:C Retail Business*** – new B:B customer segment
- ***Custom Manufacturer*** – pivot to a *production* offering
- ***IT / WEB 3 Services*** – pivot to early adopter segment
- ***B:C Health & Beauty products*** - new B:B segment
- ***Holistic Health*** – niche segment of predisposed clients
- ***Matls. Science*** – pivot to architect to pre-approve product

Real World "lessons learned" from building, re-assessing (for an existing business), sound "VPD" hypotheses' with clients



1.Knowing Who (specifically) your intended targeted Customer is?

Competition

1.Knowing Who (specifically) your intended targeted Customer is?

Competition

Identifying with specificity, *which customer segment(s), sub segments*, *customers*, the *initial demand* for the *early stage, MVP* product/service offer will be coming from, how do they buy…and how do we (efficiently) find them and sell / market to them!

2.Understanding the Market Demand and Market Size for your offering

Competition

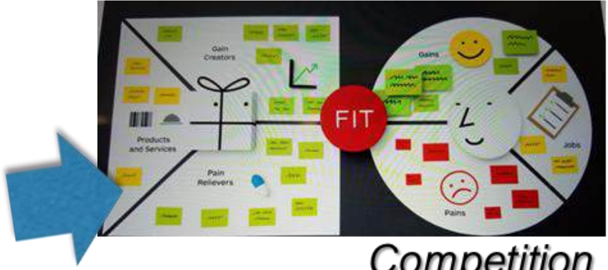
2.Understanding the Market Demand and Market Size for your offering

Competition

Understand, "ground-truth" and then reasonably estimate future local demand (i.e. in units, engagements, customers, traffic, $s, etc.), for the early stage (MVP) Minimal Viable Product or Service

How big is the accessible market for your product / service ?

3. Keeping your MVP* (proof of concept) Simple, Focused, Understandable



Competition

3. Keeping your MVP* (proof of concept) Simple, Focused, Understandable

Competition

*Ensure the range of the initial Minimal Viable Product or Service *(MVP) offering is not too broad.*

Ask yourself, it is multiple products or services being sold into multiple customer segments at the same time having multiple different personas.

If so, your initial offering to the marketplace may be too complex for your early stage MVP.

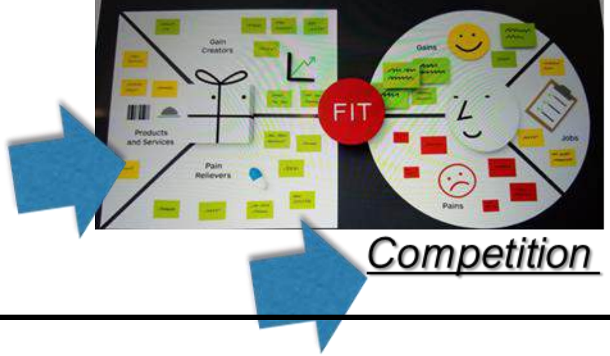
Multiple Features?
Multiple Geographies?
Layers of Customization?
Complex Supply Chain?
High COGs?
Lacks Synergy between Multiple Customer Segments?
Lacks Synergy in Manufacturing?
Complex Pricing Structures?
Complicated Logistics and Business Plan?

Q: Could a broader product line, or service offering be launched in "phases" into the marketplace?

4.Explaining how your *"SOLUTION"* to the problem is Different, Unique, Novel, Innovative, Beneficial..and needed.

Competition

4.Explaining how your *"SOLUTION"* to the problem is Different, Unique, Novel, Innovative, Beneficial..and needed.



Competition

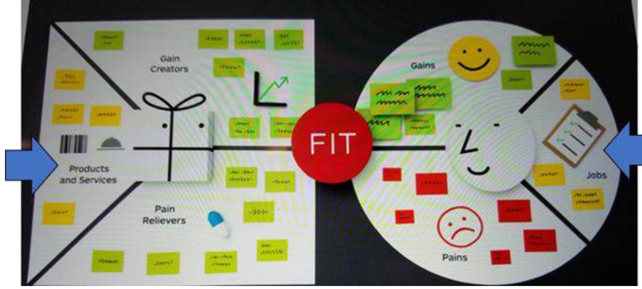
Understand how, specifically, the product/service offer is "as good as or better than" competition and brings tangible, quantifiable benefits to your customers

$$$s

Time

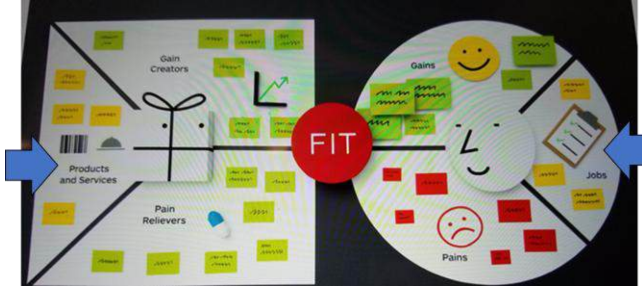
Cost Avoidance

5. Building the solution (product or service offering) on the basis of your Strengths



Problem…Solution…Fit

5. Building the solution (product or service offering) on the basis of your Strengths



Problem…Solution…Fit

How specifically does the initial MVP product/service offering play to founders' strength.

Is it within her/his area of specific capability, demonstrated competencies, or, very particular area of focus or expertise.

6. Using the power of the VPD Framework model ***BEFORE:***

> creating your legal entity

> building your website

> starting your business.

6. Using the power of the VPD Framework model ***BEFORE:***

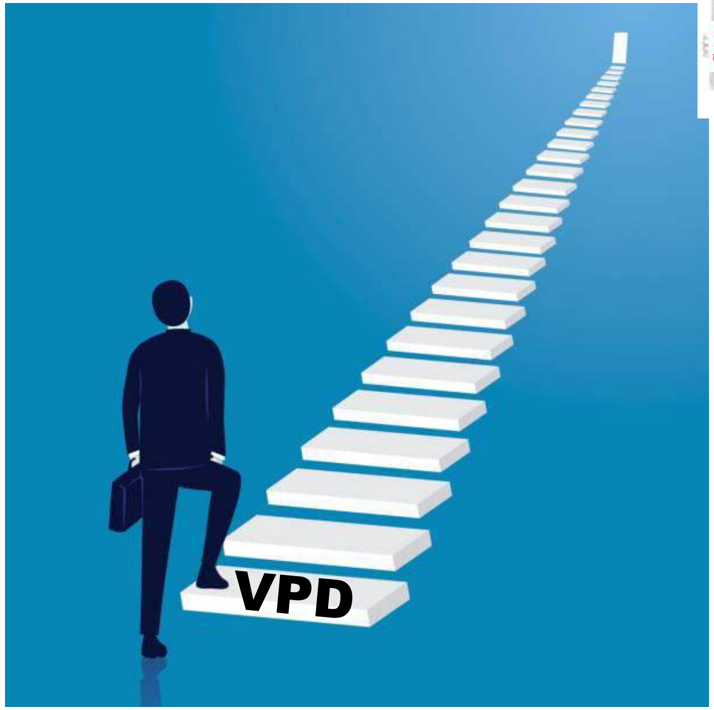
> creating your legal entity

> starting your business

> building a website

Coach/Mentor

VPD is a best in class, practical ***framework*** that clearly lays out the hypothesis, rationale and ***details of a path forward*** that helps describe ***how*** organizations intend to ***create***, deliver and capture ***value***.



7. Business leaders should aspire to become and remain Subject Matter Experts (SME) in their ecosystem.

7. Business leaders should aspire to become and remain Subject Matter Experts (SME)

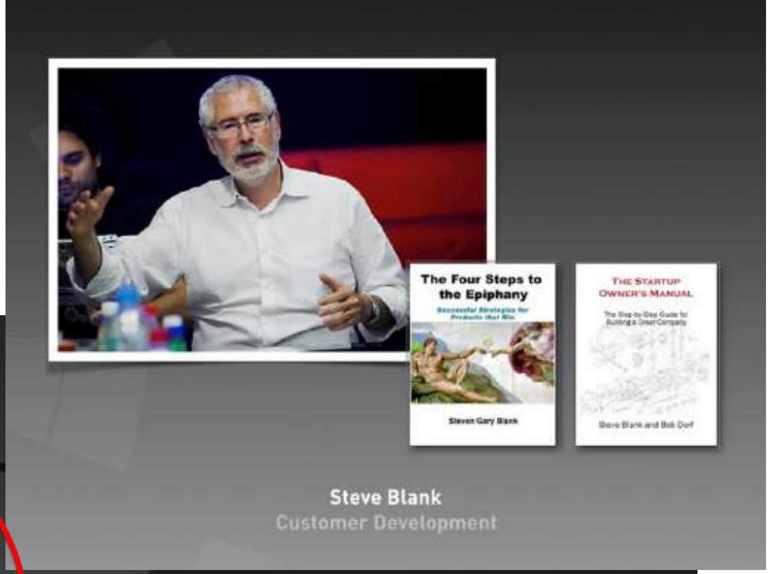
The marketplace is dynamic.

There is competition.

There is considerable "homework" required to continuously **create**, ***communicate*** and ***deliver*** and **extract value** to support your *Value Proposition Design* (VPD)

Ensures you can continue to monetize the value you worked so hard to create!

8. Get out…Build, Discover, Assess, Learn, Adjust, Pivot



8. Get out…Build, Discover, Assess, Learn, Adjust, Pivot

T H E 5 K E Y I N T E R V I E W Q U E S T I O N S

1. What's the hardest part about [problem context] ?

2. Can you tell me about the last time that happened?

3. Why was that hard?

4. What, if anything, have you done to solve that problem?

5. What don't you love about the solutions you've tried?

References on Lean Startup Customer Discovery:

1.**"Customer Discovery and Customer Validation in Lean Software Startups"** by Tuomas Tähti.

2.**"Customer Discovery Basics"** by Harvard Business School.

3.**"The Mom Test"** by Rob Fitzpatrick

4. **"Obviously Awesome"** by April Dunford.

Customer Discovery: What Do You Ask, with Justin Wilcox

SUMMARY

The VPD forms a rock solid business foundational platform.

VPD includes Work Blocks/Action Items 1 through 10…and beyond!

Supporting No Cost Webinars:

Workshops & Events - Mason SBDC

1. Develop the Vision / Find a Mentor — Proficiency 1 2 3 4 5
2. Crystalize your Hypothesis using the BMC / Value Proposition Design — Proficiency 1 2 3 4 5
3. Conduct Customer Segmentation / Identify the persona of your early adopter intended targeted customers / sub segments — Proficiency 1 2 3 4 5
4. Draft your Minimal Viable Product or Service that you intend to offer/sell to the marketplace — Proficiency 1 2 3 4 5
5. Establish/buy a domain name then consider creating a legal entity — Proficiency 1 2 3 4 5
6. Think through your Go to Market approach: B:B, B:C, B:G then map the stakeholder ecosystem, partner organizations, customer types and competition; register with SAM.gov if applicable — Proficiency 1 2 3 4 5
7. Identify the first 10 intended targeted customers / early adopters by NAICS codes, title, name, POC for discovery and sales — Proficiency 1 2 3 4 5
8. Establish the sales structure you will use; identify required retail space, warehouse, manufacturing, office space if relevant — Proficiency 1 2 3 4 5

Vision, Startup, Legal Entity Choices, Value Proposition Design, Customer Segmentation, Eco System Stakeholder Mapping, Competitive Analysis

9. Launch Customer Discovery Process ; ask "is Intellectual Property" relevant? List / assess discovery lessons learned — Proficiency 1 2 3 4 5
10. Using learnings from 10-30 discovery interviews/discussions, assess the need to "pivot" or stay the course toward your vision — Proficiency 1 2 3 4 5
11. Determine if licenses, certifications are needed/required; apply for appropriate SDBVOB, SWAM, 8a or other designations would be beneficial — Proficiency 1 2 3 4 5
12. Develop full cost stack budget estimates per unit being sold; develop rough 1st draft of year 1 revenue projections by month using projected pricing — Proficiency 1 2 3 4 5

Customer Discovery, Validating the Hypothesis, Early Adopter

13. Build/Refine Revenue Projections, COGs, Operating Expense Budget into 2 year cash flow spreadsheet; determine sales milestones — Proficiency 1 2 3 4 5
14. Develop a compelling business narrative; synthesize financial projections into modular pitch suitable for multiple business purposes, i.e. sales, raising capital; iterate, refine. — Proficiency 1 2 3 4 5
15. Create draft marketing plan based on master branding / positioning, product / service brand current and future product/service architecture; conduct message mapping exercise for social media content creation themes executed via editorial calendar execution plan — Proficiency 1 2 3 4 5
16. Refine then choose channels to market strategy; choose relevant channel design; plan to build and host website in accordance with pre-engineered templates and sound hosting platforms — Proficiency 1 2 3 4 5
17. Validate / Refine / Adjust pricing strategy and tactics; revise revenue forecasts accordingly; update 2 year cash flow spreadsheet; update pitch; establish basic book of business accounting — Proficiency 1 2 3 4 5
18. Determine need for access to capital, funding, and how it would be spent; explore grants if appropriate; reflect any loan repayment in cash flow; ref build cap table if relevant; update pitch — Proficiency 1 2 3 4 5
19. Identify, assess 5 elements of business risk and build risk mitigation steps for each as relevant; update pitch — Proficiency 1 2 3 4 5
20. Consider venture growth staffing needs; internships, training, onboarding; prioritize staffing for growth, i.e. business development, operations, etc. — Proficiency 1 2 3 4 5

Developing the Business Plan "pitch" Narrative, Financial Projections (Rev. / Cost), Risk, Funding the Business Stages of Marketing Maturity, Business Development, Sales, Operations , Scaling

21. Develop Business Imperatives for a two year outlook; develop a suite of the fewest correct, simple metrics, conduct stewardship and reporting on regular frequency to track progress . — Proficiency 1 2 3 4 5
22. Begin using the structure, approach, frequency of stewardship and key performance metric reporting frequency using the metrics that matter; make business course corrections based on data insights — Proficiency 1 2 3 4 5
23. Ensure business is HR compliant; ensure business has the appropriate set of Cybersecurity measures for compliance; set up self audit schedule — Proficiency 1 2 3 4 5
24. Prepare for growth, hyper growth, scaling and / or exiting or negotiating the sale of the business ; succession planning; plans for sale, or exit — Proficiency 1 2 3 4 5

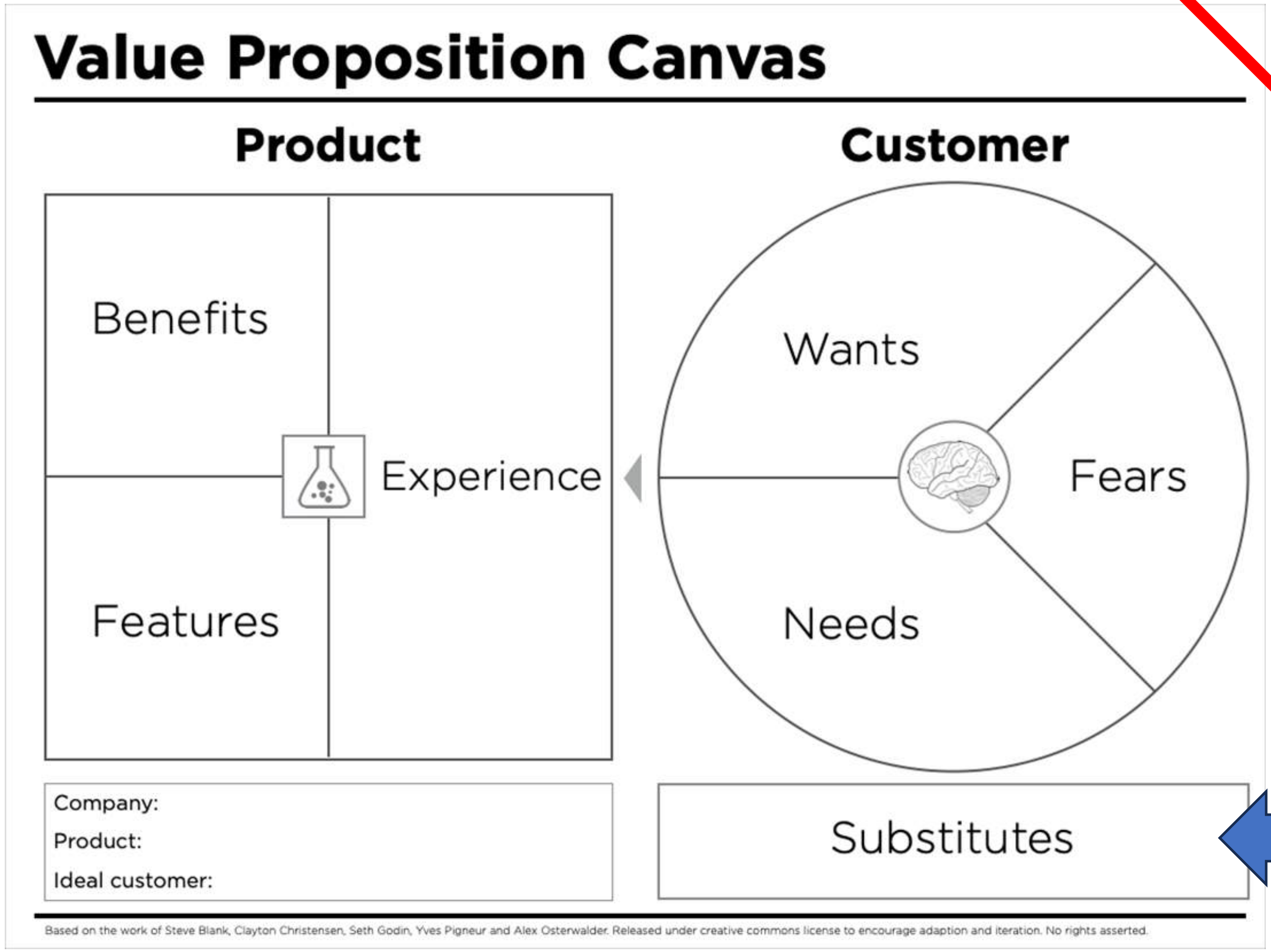
Strategic Imperatives, Metrics, Cybersecurity

Anatomy of Small Business Entrepreneurial Journey
Legal & Admin Steps to Starting a Business
Value Proposition Design and Message Mapping
Government Contracting 101

Small Business Financing
Preparing your Business Briefing / Narrative / Pitch
Marketing 101
Digital Marketing – SEO and Social Media Marketing
Accounting, Budgeting, Financial Management
Performance Management – Guide to Key Performance Indicators / Biz Dashboards
Business Operations: Taxes, HR, Legal, Real Estate, Management, Leadership
Cyber Security for Small Business

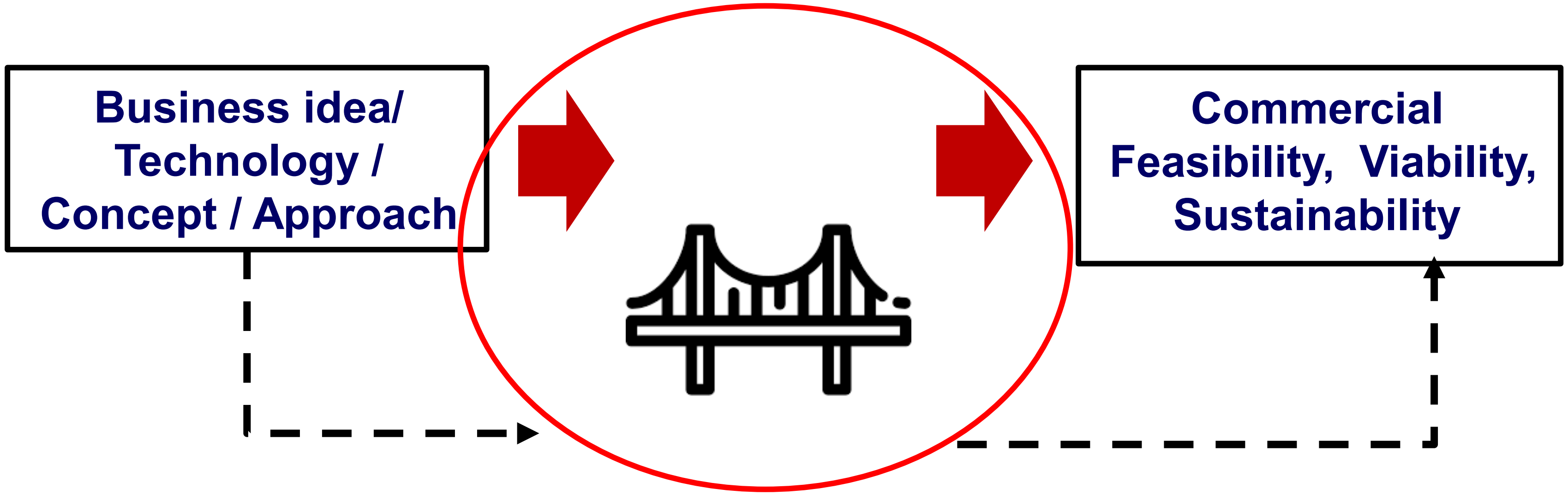
Step # 2 In the Entrepreneurial Journey

Did you complete the <u>Value</u> <u>Proposition</u> <u>Design</u> and worksheet ?



Did you conduct a thorough side by side comparison of the substitutes, the competition?

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



Business must aspire to

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

…to ensure we get across the valley of death!

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

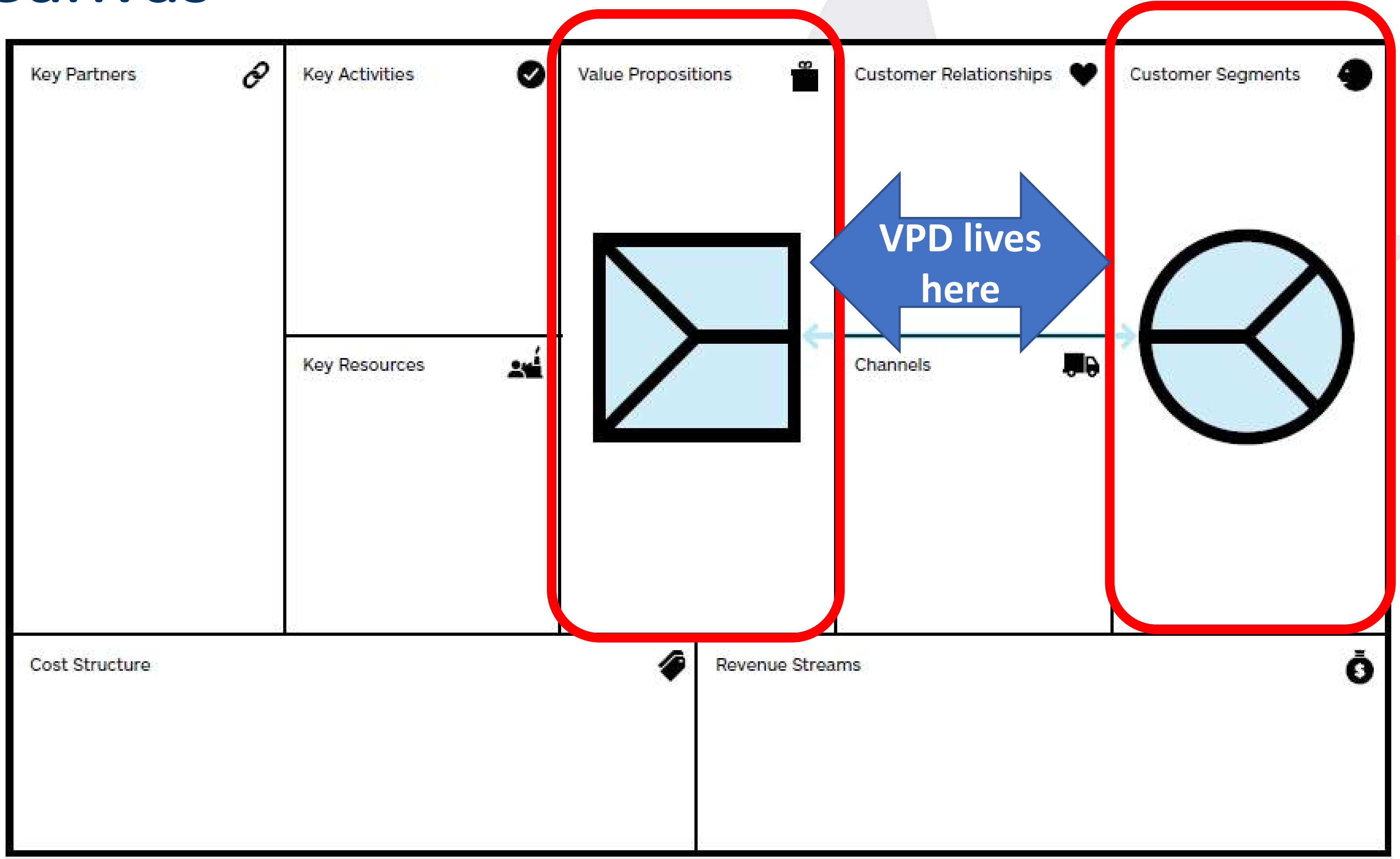
It is a ***strategic management and lean template*** for developing new (or documenting existing) **business models.**

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

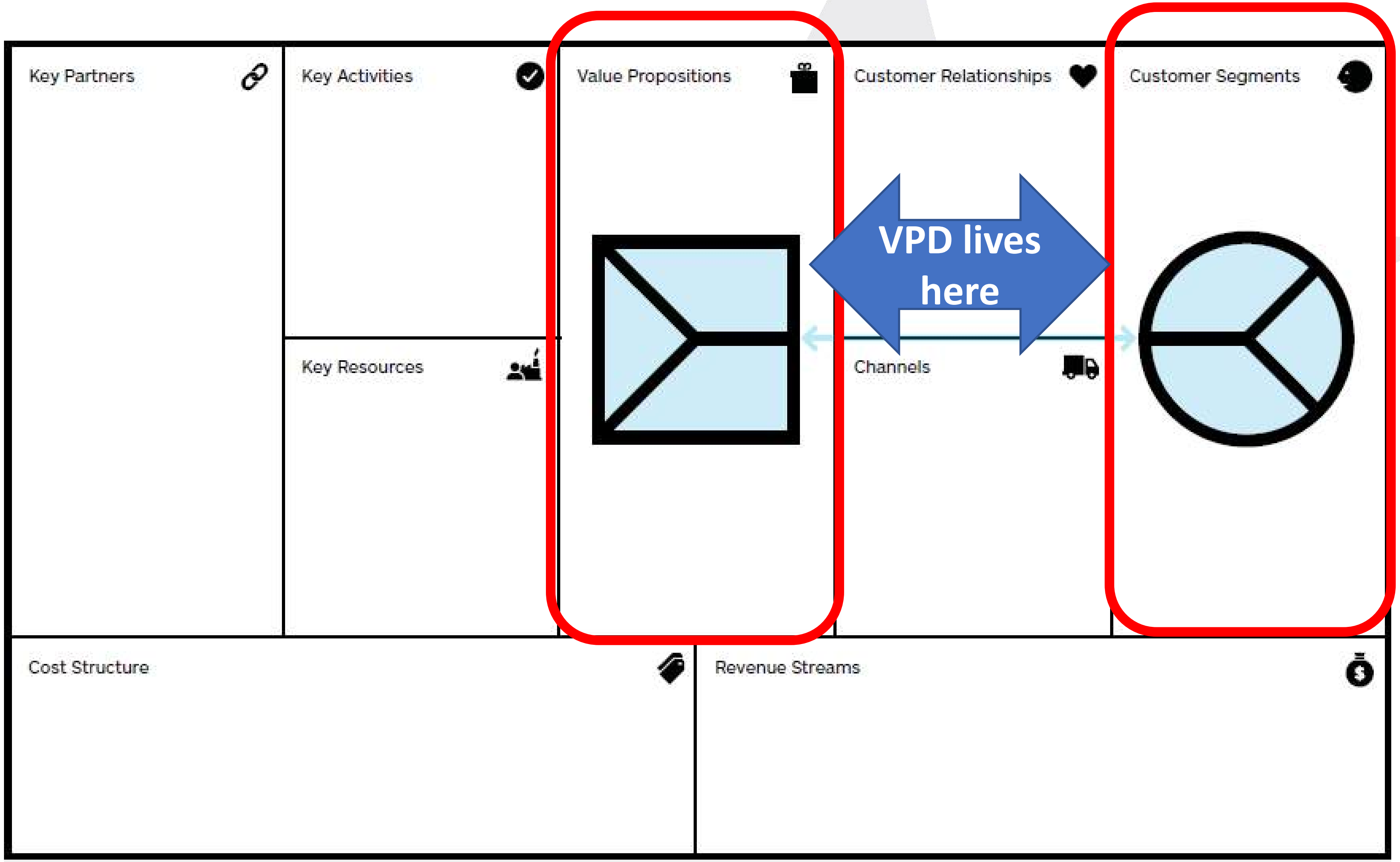
It creates **common language** and a **shared understanding** around the firms' business approach.

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

Source: en.wikipedia.org



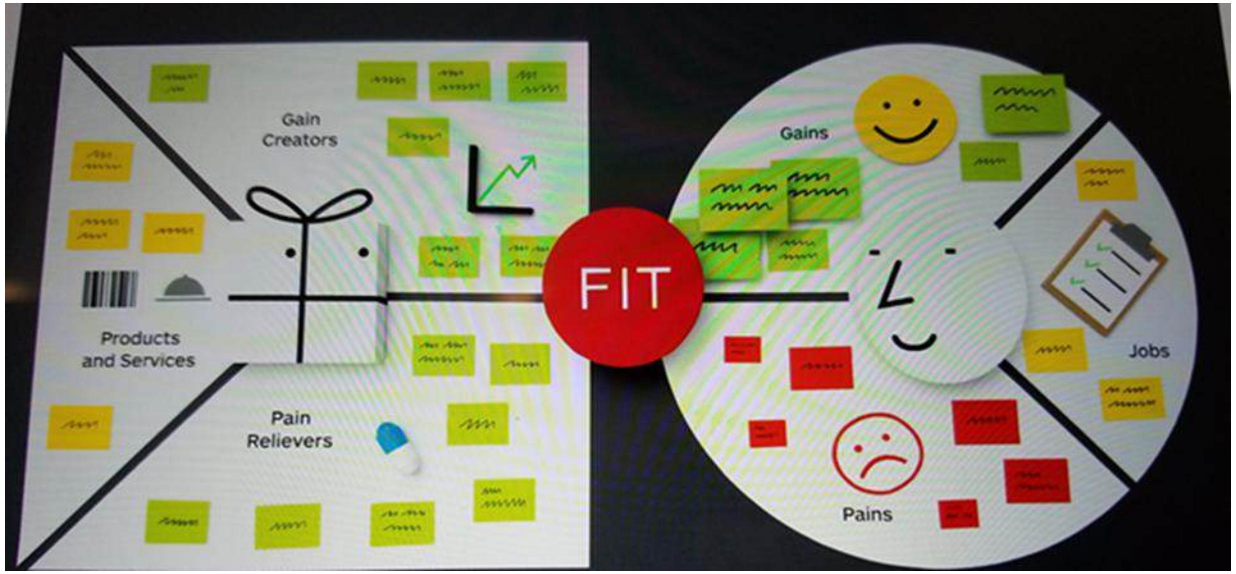
Remember VPD's "Circle" and "Square"



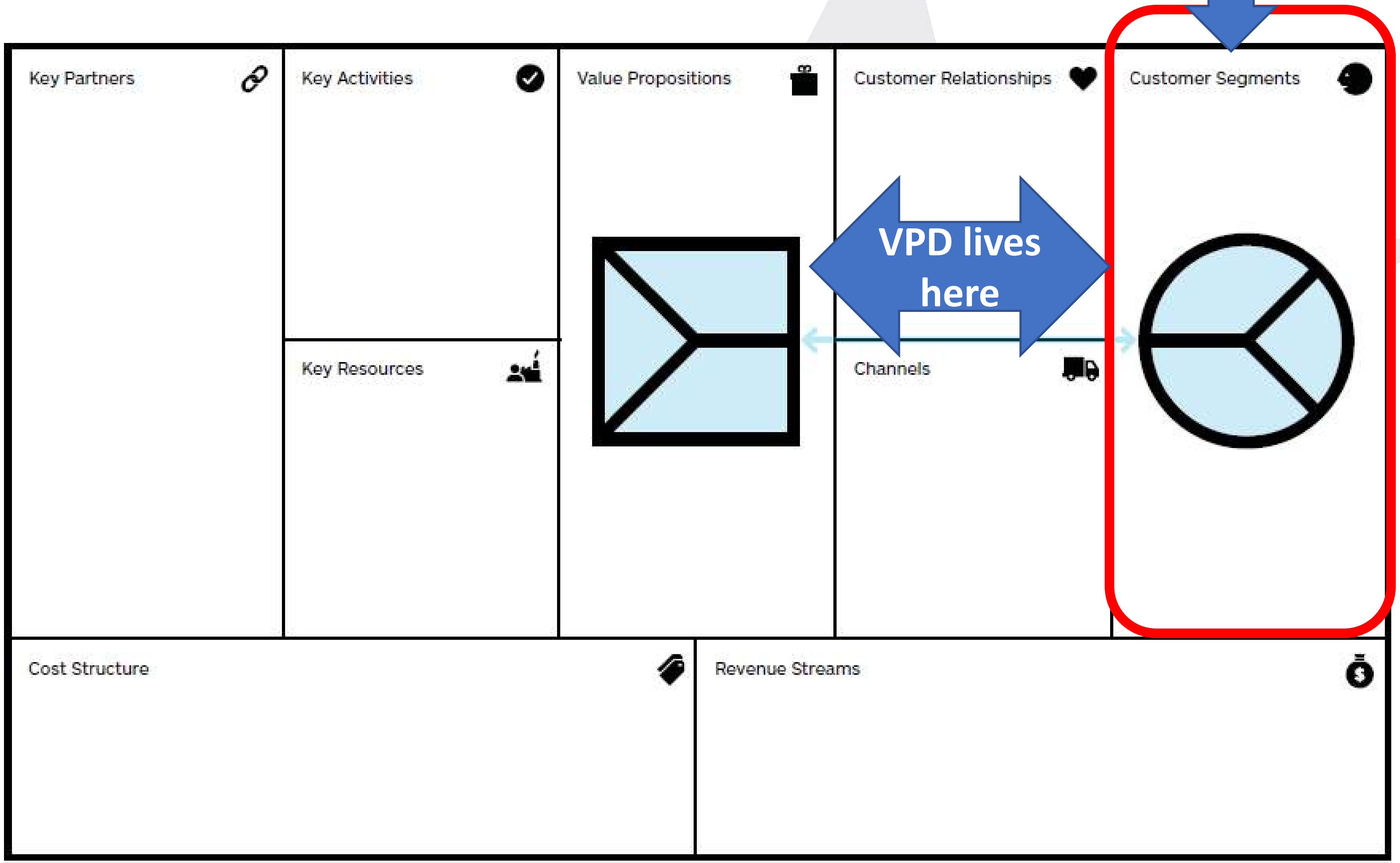
Again, think ***"CIRCLE"*** or intended *targeted Customer Segment/Sub Segment…and…*

…Think ***"SQUARE"*** or your *product / service offer* aligned with the Intended targeted customer needs

Value Proposition Design



Questions for the Circle



Do You ***Really***

?

Do You ***Really***

Government Customer

?

Do You ***Really***

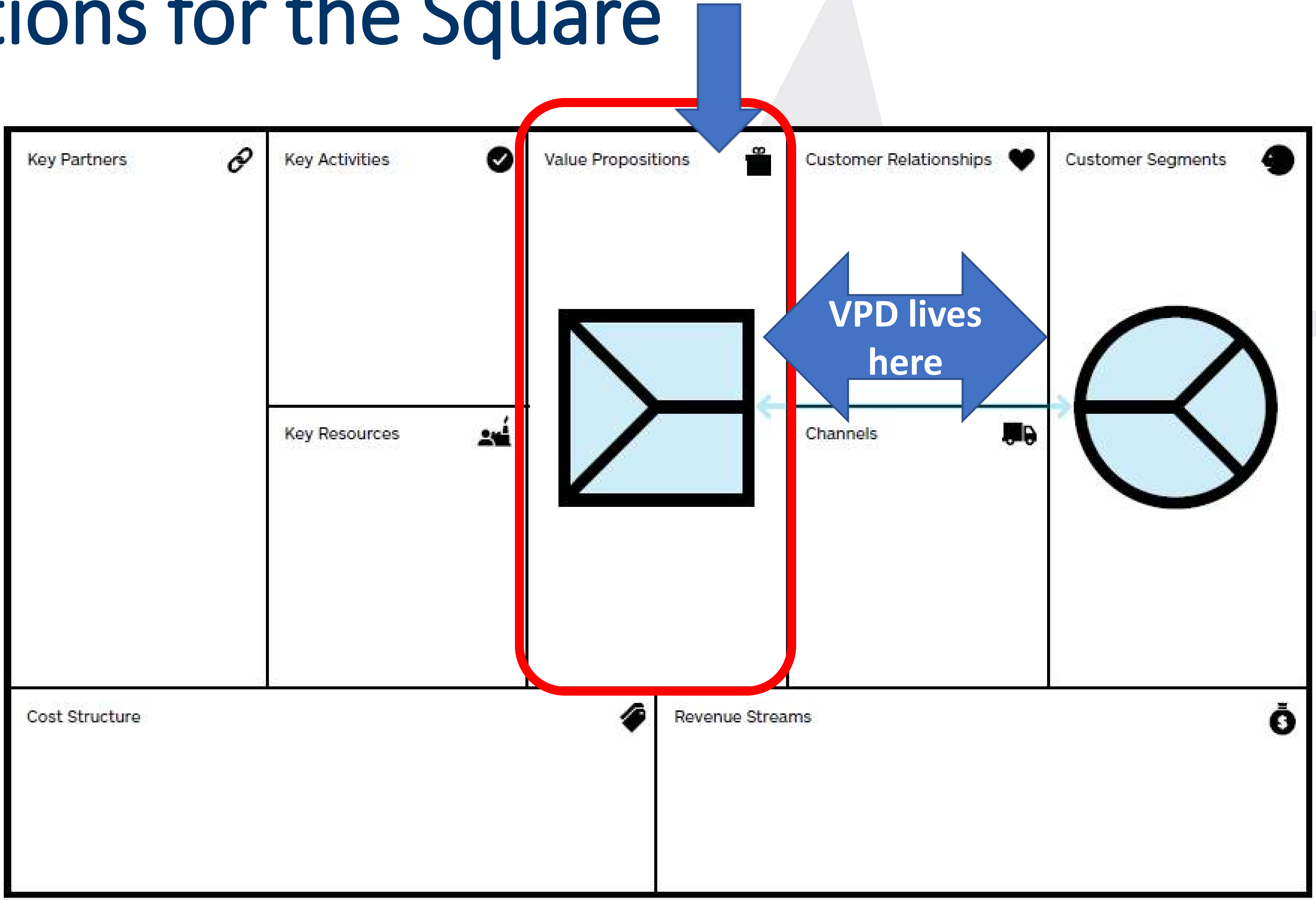
Segmentation ?

Do You ***Really***

Persona?

Do You ***<u>Really</u>***

Questions for the Square



Do You ***Really*** ?

Product / Service Alignment with what you learned during Customer Discovery

Do You ***Really***

Points of Differentiation, your "secret sauce" your unique value in the Marketplace?

Do You ***Really***

KNOW YOUR

?

Message Mapping and how it can flow into Website Design, Marketing Strategy and Tactical Execution

Today's Learning Objectives Revisited:

- ✓ …be introduced to <u>or</u> ***review the principles surrounding the foundational value of the Value Proposition Design*** (VPD) to your business

- ✓ ...understand how key elements of the ***VPD can offer fresh perspectives*** to help inform actions you can take that may lead to continuous improvement and further growth

- ✓ …see the ***connection between the VPD, message mapping and your marketing strategy & tactics***

- ✓ …get ***answers to some of your specific questions*** along the way!

Seeking our ***NO-COST*** Business Assistance?

George Siragusa
Senior Business Adviser
https://www.linkedin.com/in/georgesiragusa/

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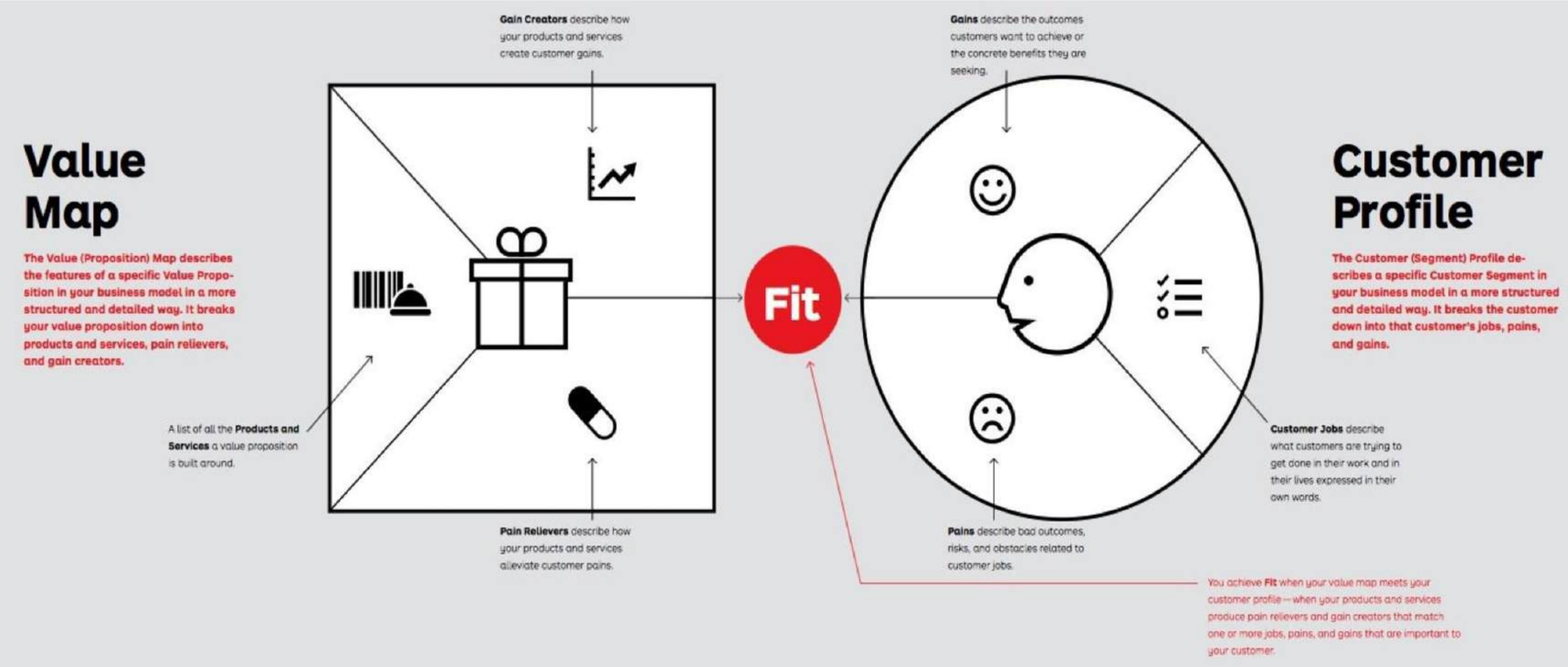
Our Website:

www.masonsbdc.org

- **Resources:** **https://www.virginiasbd.org/**
- **Contacts**: help@masonsbdc.org or (703) 261-4105
- **1:1 Counseling:** https://clients.virginiasbdc.org/reg.aspx?mode=counsel&center=46110&subloc
- **Workshops:** https://masonsbdc.org/workshops/

Lets open the Dialog. Questions?:

Backup Pages


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.
Gain Creators describe how your products and services create customer gains.
A list of all the Products and Services a value proposition is built around.
Pain Relievers describe how your products and services alleviate customer pains.
Fit
Gains describe the outcomes customers want to achieve or the concrete benefits they are seeking.
Pains describe bad outcomes, risks, and obstacles related to customer jobs.
Customer Jobs describe what customers are trying to get done in their work and in their lives expressed in their own words.
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 that customer's jobs, pains, and gains.
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 jobs, pains, and gains that are important to your customer.

Reading Recommendations

- Lean Business
  - BMC - https://a.co/d/aP183Zy
  - VPD - https://a.co/d/3XvVMCZ
- B2B & B2G Selling
  - The Challenger Sale - https://a.co/d/bY8Aqt3
  - The Challenger Customer - https://a.co/d/j7rJr3I
  - Customer Centric Selling - https://a.co/d/9PbzYok
- Prospecting & Assumption Validation
  - The Mom Test - https://a.co/d/4a4EUuQ
- B2C and SaaS
  - Product Led Growth - https://a.co/d/e4JhOCo
  - Predictable Revenue: Turn Your Business into a Sales Machine …. - https://a.co/d/iSuMxBA

Research Tools to Support
VPD
Customer and Competitive Data Search

VPD Resources

- What customers really want to buy - https://www.youtube.com/watch?v=tLojDcsHI-A&feature=youtu.be

- Developing a VPD (Subodh) - https://pwc.missionignitionva.org/2021/09/session-one-orientation/

- VPD by Coach George Siragusa - YouTube: https://www.youtube.com/watch?v=81LDOmSxhHE

- VPD workbook - https://docs.google.com/document/d/1zmGx6TYx0kJNEsrS_GtjhCwrd8WrTBSqKBORPdfiotc/edit?usp=sharing Read only. You will need to make a copy in your Google Drive to edit

VPD Research – Business Hypothesis Validation

- Determining Market Size
- Understanding Substitutes – A Competitive Analysis
- Building Prospect Lists for Customer Discovery
- Needs and Wants
- Keyword Search

Market Size – Nationwide or Local

- Consumer
  - US Census, IBIS World, Vertical IQ, BizMiner
- Business
  - A to Z Database, USA Spending, Google Maps, B2B Yellowpages
- US Statistics
  - USAFacts | Nonpartisan Government Data
- Frost and Sullivan
  - Online Store for Global Market Research Studies and Analysis - Frost & Sullivan

SBA Market Research Tools

- https://www.sba.gov/business-guide/plan-your-business/market-research-competitive-analysis#section-header-4

Focus	Goal	Reference
General business statistics	Find statistics on industries, business conditions.	NAICS, USA.gov Statistics, U.S. Census Business Builder
Consumer statistics	Gain info on potential customers, consumer markets.	Consumer Credit Data, Consumer Product Safety
Demographics	Segment the population for targeting customers.	U.S. Census Bureau, Bureau of Labor Statistics https://www.census.gov/en.html
Economic indicators	Know unemployment rates, loans granted and more.	Consumer Price Index, Bureau of Economic Analysis
Employment statistics	Dig deeper into employment trends for your market.	Employment and Unemployment Statistics
Income statistics	Pay your employees fair rates based on earnings data.	Earnings by Occupation and Education, Income Statistics

Use competitive analysis to find a market advantage

Competitive analysis helps you learn from businesses competing for your potential customers. This is key to defining a competitive edge that creates sustainable revenue.

Your competitive analysis should identify your competition by product line or service and market segment. Assess the following characteristics of the competitive landscape:

- Market share
- Strengths and weaknesses
- Your window of opportunity to enter the market
- The importance of your target market to your competitors
- Any barriers that may hinder you as you enter the market
- Indirect or secondary competitors who may impact your success

More Market Research Tools

General business statistics	Find statistics on industries, business conditions.	NAICS, USA.gov Statistics, U.S. Census Business Builder
Consumer statistics	Gain info on potential customers, consumer markets.	Consumer Credit Data, Consumer Product Safety
Demographics	Segment the population for targeting customers.	U.S. Census Bureau, Bureau of Labor Statistics
Economic indicators	Know unemployment rates, loans granted and more.	Consumer Price Index, Bureau of Economic Analysis
Employment statistics	Dig deeper into employment trends for your market.	Employment and Unemployment Statistics
Income statistics	Pay your employees fair rates based on earnings data.	Earnings by Occupation and Education, Income Statistics
Money and interest rates	Keep money by mastering exchange and interest rates.	Daily Interest Rates, Money Statistics via Federal Reserve
Production and sales statistics	Understand demand, costs and consumer spending.	Consumer Spending, Gross Domestic Product (GDP)
Trade statistics	Track indicators of sales and market performance.	Balance of Payments, USA Trade Online
Statistics of specific industries	Use a wealth of federal agency data on industries.	Statistics of U.S. Businesses

Competitive Analysis

- Google Key Word Search
- Associations – Gale Directory
- A to Z – NAICS Code, Location
- Company Insights   Owler
- SBA Small Business Dynamic Search
  - SBA - Dynamic Small Business Search
- Chamber/EDA Directories
- WhiteSparc Citation Search
- Statista
- Ibis World
  - List of Industries - United States | IBISWorld
  - US State Industry Reports in Virginia | IBISWorld

Customer Discovery Interview List

- Google Key Word Search
- A to Z – NAICS Code, Location
- LinkedIn
- Your Personal Networks
- Chambers/Networking Groups
- Trade Shows

Needs and Wants without Interviews

- Request for Proposals – Statement of Work
- Mission/Vision of Target Customers
- Amazon and other Product Review Sites
- Review Aggregators
- News Articles
- Buzzsumo
- Injury Database - Injury Facts - National Safety Council

Forecasting

- Hubspot Forecasting Guide
  - The Ultimate Guide to Forecasting.pdf (hubspot.com)

Key Words Research – Meta Tag mapping

- SEO Site Checkup on Competitor Sites and Key Word tool
- SEM Rush
- Google Search - FAQs
- Google/Facebook AdWords Planning Tools
- Ask Hussain

Miscellaneous Sources

- USAFacts | Nonpartisan Government Data
  - Data Sources | USAFacts
- Our World in Data
- Funding Opportunities (defensesbirsttr.mil)

Miscellaneous Sources

- Here are some products that you might find useful. (This is not a recommendation of any products just a listing. If you have others or favorites please let me know.)
- https://www.trustpilot.com/
- https://www.owler.com/
- https://www.g2crowd.com/
- https://www.trustradius.com
- https://birdeye.com/
- https://www.reputology.com
- https://reputationstacker.com
- https://www.reputation.com

Content Pillars

Content pillars are the key topics or themes that your brand's content will revolve around. They provide structure to your content strategy and ensure consistency in your messaging.

The 4 Main Types of Content

Educational Content:

This type of content seeks to inform and educate your audience. It's designed to provide value, build trust, and position your business as an expert in its field. Examples include how-to guides, FAQs, tutorials, and industry insights.

Inspirational Content:

This type of content aims to inspire your audience and create an emotional connection with your brand. It often includes success stories, motivational quotes, customer testimonials, and behind-the-scenes stories.

Interactive Content:

This content engages your audience in active participation. It's designed to boost engagement and foster a sense of community around your brand. Examples include quizzes, polls, contests, user-generated content, and Q&A sessions.

Promotional Content:

This type of content directly promotes your products or services. While it's important to not overuse this type of content (as it can come off as salesy), it's crucial for driving conversions. Examples include product spotlights, sales announcements, special offers, and case studies.

Golden State MARKETING

Content Pillar Examples For A Non-Profit

1. **Impact Stories**: Share stories that demonstrate the impact of your organization's work. This could include success stories, testimonials, or before-and-after scenarios.

2. **Educational Content**: Educate your audience about the issue your organization is addressing. This could include statistics, research, infographics, or articles about the issue.

3. **Volunteer Highlights**: Showcase the work of your volunteers. This could include volunteer profiles, stories of their experiences, or posts thanking them for their contributions.

4. **Donor Spotlights**: Highlight stories from donors or fundraisers, why they support your organization, and what giving means to them. This can encourage others to donate as well.

5. **Behind-the-Scenes**: Share what goes on behind the scenes at your organization. This could include posts about your team, the day-to-day operations, or how projects are managed.

6. **Events and Fundraisers**: Promote upcoming events or fundraising campaigns. Share photos and updates from past events as well to show the community and excitement around your organization.

7. **Advocacy and Activism**: Share content related to broader advocacy efforts related to your cause. This could include news updates, ways fo supporters to get involved, or resources for learning more.

8. **Community Engagement**: Highlight your organization's involvement in the local community, partnerships with other organizations, or community events.

Golden State MARKETING

Focus Wins!: Lessons Learned

1. Understanding, "*ground-truthing" then reasonably estimating future local* demand (i.e. in units, engagements, customers, traffic, $s, etc.), for the early stage (**M**VP) **M**inimal **V**iable **P**roduct or Service

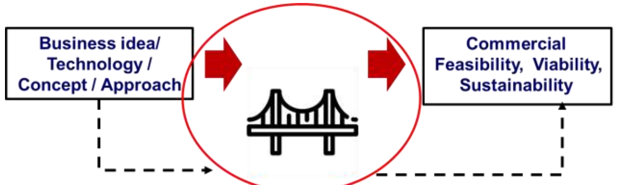
2. Identifying with specificity, ***which customer segment(s), sub segments***, ***customers***, the ***initial demand*** for the ***early stage, MVP*** product/service offer will be coming from and how do we reach them efficiently

3. Ensuring that the ***range of their initial MVP offering is not too broad ; asking,*** does it ***have multiple customer segments / personas*** and therefore may be ***too complex for your early stage MVP?***

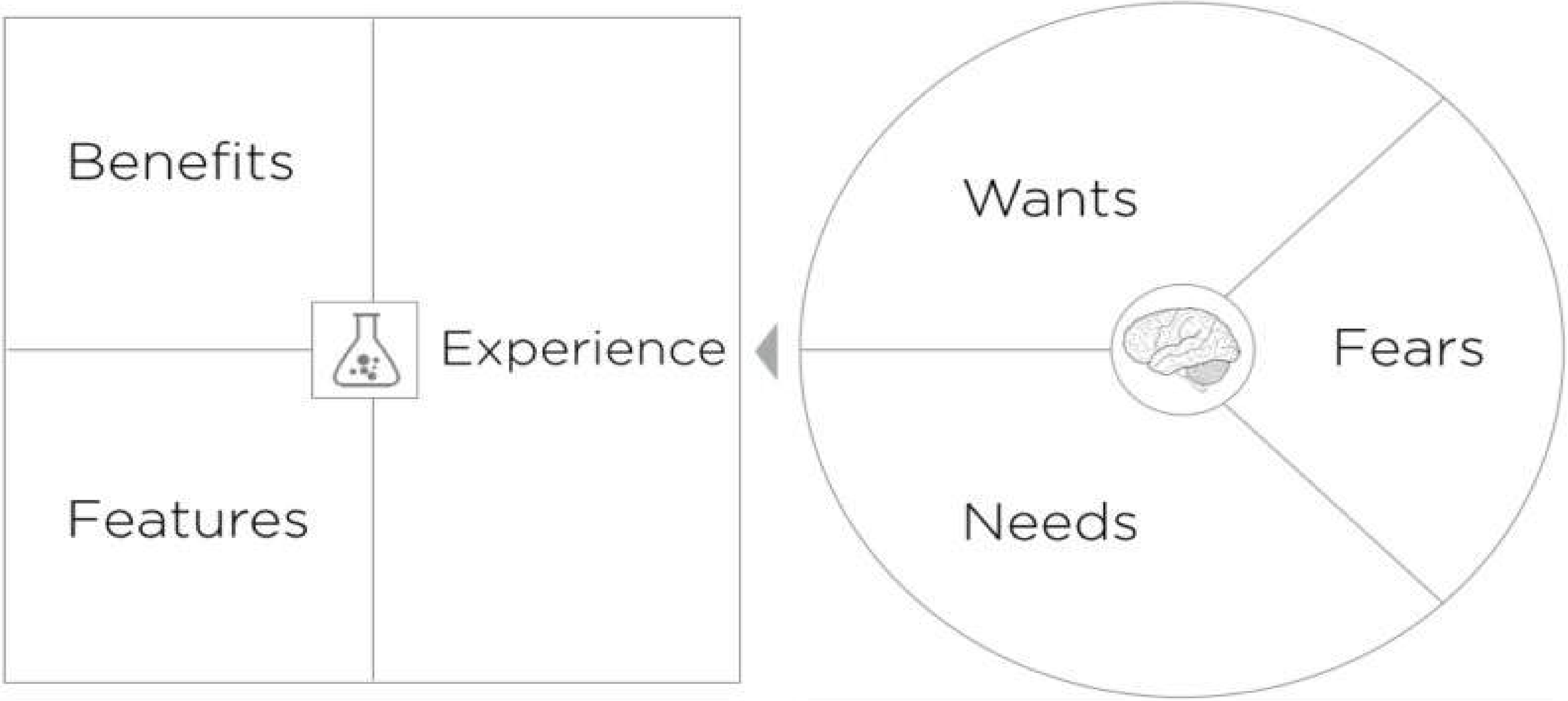
4. Understanding how, specifically, the product/service offer is ***"as good as or better than" competition***

5. ***How specifically*** does the ***initial*** MVP product/service ***offering play to founders' strength, area of specific capability, demonstrated competencies***

> 70% of Businesses (and Start-ups) fail within 2-3 years.



Product / Service **Customer**

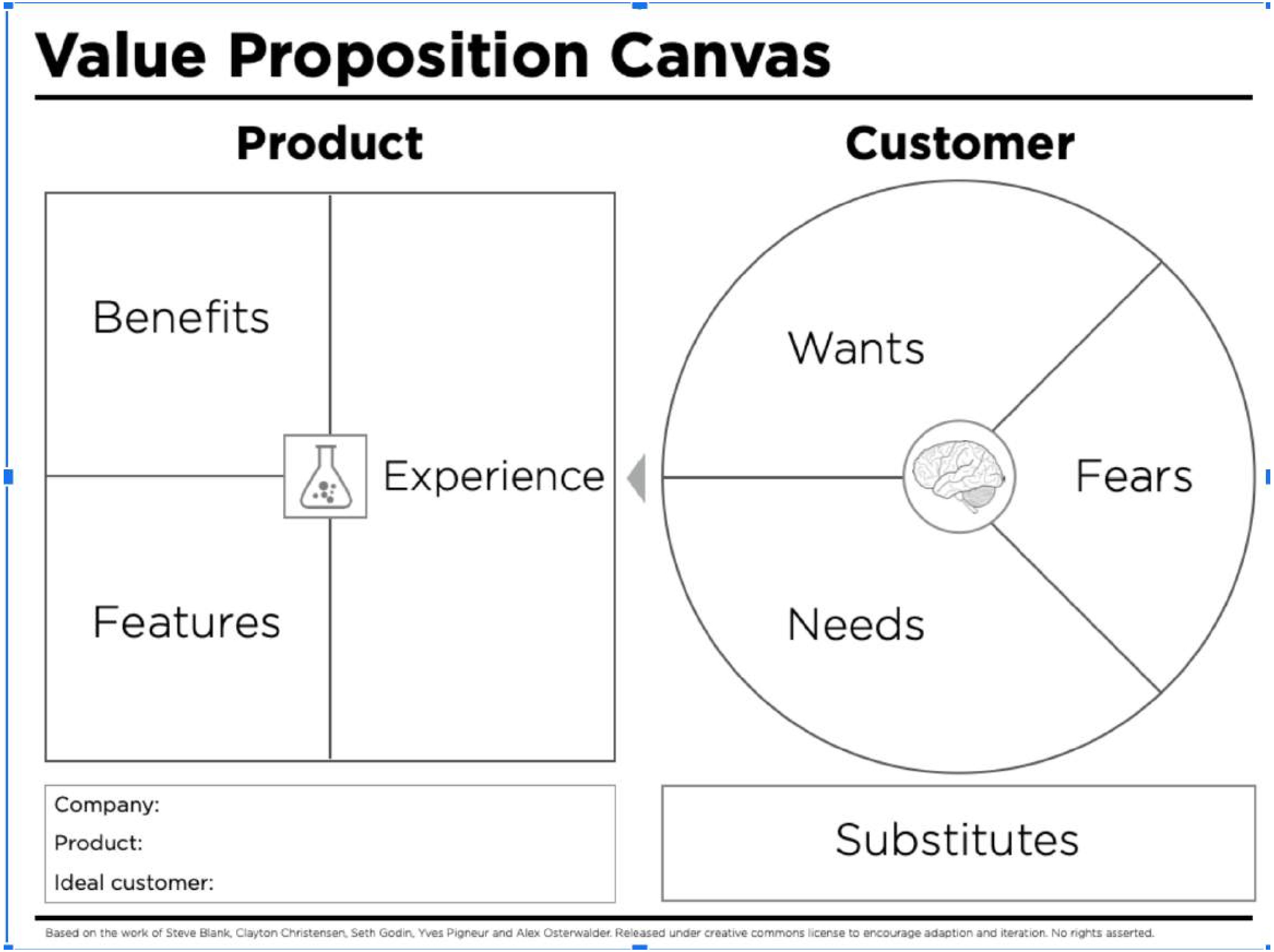


Company:

Product:

/Competition

Substitutes



The Lean Startup methodology is a testament to the startup world's innovative spirit.

The beauty of lean thinking is its emphasis on value. Traditional businesses can often become mired in processes that add little to no value for the end consumer.

In stark contrast, the Lean Startup methodology prioritizes customer value above all else, urging businesses to strip away the superfluous and focus on what truly matters.

It focuses on creating products or services under conditions of extreme uncertainty. At its core lies the mantra: Build, Measure, Learn.

This iterative process emphasizes creating minimal viable products (MVPs), swift market testing, and rapid refinements based on real-world feedback.

Source:
[7 Key Principles for Creative Strategy Development - Intrafocus]