

# 10 Steps to a Killer Value Proposition

*with*

**Prof. Cynthia Franklin**

Director, Entrepreneurship

NYU Stern W.R. Berkley Innovation Lab

Step 1 |

**Put passion<sup>^</sup>aside.**

*For your idea*

A close-up photograph of a person's hands holding a small, square gift box wrapped in gold paper with a red ribbon tied in a bow. The background is a soft, out-of-focus white. The text is overlaid on the bottom left of the image.

**Step 2 |  
Keep the value proposition  
front & center.**

# Value

something of importance,  
providing usefulness or benefit.

# Value Proposition

how you will delight customers in a way that's clearly surprising and superior to the status quo.

Product is not the biggest risk startups face; it's **market risk**. The risk that not enough people will buy or adopt.












# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

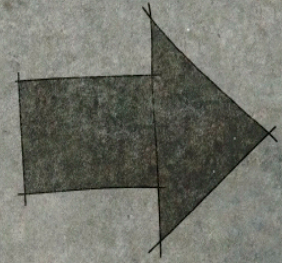
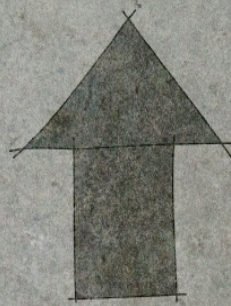
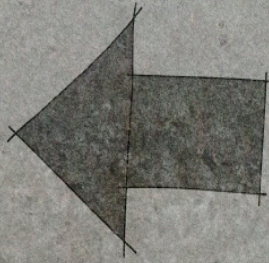
Key Partners 	Key Activities 	Value Propositions  <p>What payoff is your customer expecting?</p>	Customer Relationships 	Customer Segments  <p>Who will care?</p>
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		



DESIGNED BY: Business Model Foundry AG  
The makers of Business Model Generation and Strategyzer

This work is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License. To view a copy of this license, visit: <http://creativecommons.org/licenses/by-sa/3.0/> or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California, 94105, USA.





Begin

Step 3 |

**Be willing to go where the  
evidence leads.**





# STREET FARE

# Street Fare

## GPS Tracking for Food Trucks

Craving A Food Truck?  
Find Your Next  
Meal With  
**STREETS**

Streets is a mobile food truck app that brings you access to your favorite eats, whenever and wherever you like. Find your favorite eats or discover new trucks; it is up to you!

*Get Early Access To Streets!*

e-mail address	
first name	last name
GO	



Pivot #1:

To be **Seamless**  
for Food Trucks

# Street Fare Augmented Booking System

## For Customers

Craving A Food Truck?  
Find Your Next  
Meal With  
STREATS


Streats is a mobile food truck app that brings you access to your favorite eats, whenever and wherever you like. Find your favorite eats or discover new trucks; it is up to you!

Get Early Access To Streets!

GO



## For Truck Owners

STREATS

Sign In Account | Appointment

Conveniently book and confirm your appointments and classes online. Please fill in the required fields and click on "Book Now"

Service  Staff  Date  Personal

Select Service

- 1345 Avenue of The Americas  
Duration : 5:00 hr  
\$100.00
- Street Fair - 13th and 4th Avenue  
Duration : 5:00 hr  
\$200.00

Cancellation Policy: Please notify us atleast 24 hours in advance if you need to cancel this appointment.



Pivot #2:

To be **Groupon**  
for Food Trucks

# Research & More Research

## Primary:

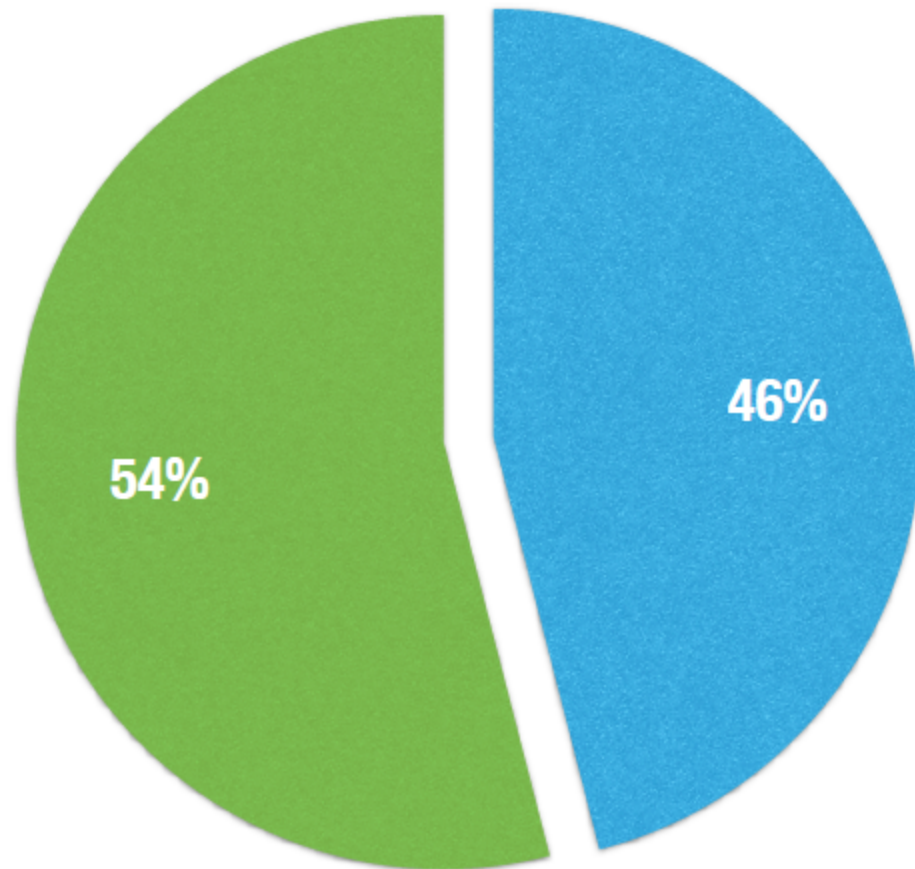
- David Weber
  - NYFTA
- Helena Tubis
  - Vendy Awards
- Sean Banksini –
  - Street Vendor Project
- Cindy VandenBosch
  - Turnstile Tours
- Eight Food Truck Owners
  - Coolhaus, Wafels and Dinges, Mud, Domo Taco, etc.

## Secondary:

- Food Truck Handbook
  - NYFTA
- Peddling Upwards
  - Street Vendor Project
- Patty's Tacos vs. NYPD
  - Court Case

# Street Fare

## Results of Customer Discovery - Trucks



**“... biggest challenge is dealing with city restrictions”**





# Street Fare

## Identifying the Pain



# Street Fare

## Results of Customer Discovery

### Bureaucracy:

**“Vending in NYC is extremely difficult because of the scarcity in parking, a recent interpretation of a law on the books since 1965 that makes it illegal to vend from metered parking, rigorous requirements for mobile food vending licenses for the people who work on trucks and carts and a cap on the number of permits for street vending units.”**

**– David Weber, NY Food Truck Association**



# Street Fare

## Identifying the Pain



**\$1,000** Fine

**X**

**6.4** Fines a year on average

---

**= \$6,400**

# Street Fare

## Results of Customer Discovery

**“Absolutely - in many cases the retail income is an important part of the overall building cash flow. The key to successful development is to maximize revenue by making sure all vacant space is income producing in one way or another.”**

**“It is a great amenity to the tenants and also draws other people to ‘see’ your building so it is a marketing tool as well as a potential revenue producers.”**

**– Sam Rosenberg, CFO, Fisher Brothers Real Estate Group**





Step 4 |

**Don't Underestimate the  
Power of the Status Quo**

johncusack camerondiaz catherinekeener  
**BEING JOHN MALKOVICH**



Step 5 |

Ever want to be someone else?  
Now you can.

**Get inside your customer's head.**

**Payoff** refers to the objectives customers achieve when they use or buy your product.

**Aspirations** are desired  
outcomes and benefits.



**Frustrations** are anything that annoy your customer before, during or after trying to achieve an objective.



# Payoff/Objective: New Jeans

## Aspirations

Sales

Get dressed faster

Spouse stops nagging

Social outlet

Good selection

Get more dates

Feel more confident

Retail therapy

Look good

Near other stores

## Frustrations

Snippy clerks

Trying on clothes

Lugging items

Intimidat'g to shop

Clothes too expensive

Not style confident

Mind-numbing selection

Can't find what I want

Sloppy racks

Takes too much time

Hate malls

Don't know size

Long lines

# Payoff/Objective: New Jeans

## Aspirations

Sales

Get dressed faster

Spouse stops nagging

Social outlet

Good selection

Get more dates

Feel more confident

Retail therapy

Look good

Near other stores

## Frustrations

Snippy clerks

Trying on clothes

Lugging items

Intimidat'g to shop

Clothes too expensive

Not style confident

Mind-numbing selection

Can't find what I want

Sloppy racks

Takes too much time

Hate malls

Don't know size

Long lines

# Payoff/Objective: New Jeans

## Aspirations

Must Have

Sales

Near other stores

Spouse stops nagging

Feel more confident

Look good

Good selection

Nice to Have

## Frustrations

Big Annoyance

Can't find what I want

Sloppy racks

Takes too much time

Lugging items

Don't know size

Long lines

Small Bother

Step 6 |

**Assess how well your value prop aligns with your customer's objectives.**

HOINTER









CLASSIC

ADD SIZE



SCAN

Verizon 10:30 AM 95%

### CART

RECENTLY DISCARDED

X	LEVI MADE & CRAFTED GREENLAKE REGULAR STRAIGHT	SIZE 30	\$170	ADD SIZES
X	LEVI MADE & CRAFTED GREENLAKE REGULAR STRAIGHT	SIZE 32	\$170	ADD SIZES

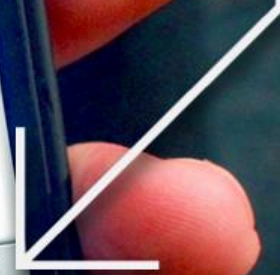
LEVI MADE & CRAFTED \$170 INFO

List-price-\$188 8% OFF

CHOOSE FROM SIZES

28 29 30 31 32

SCAN ROOM #2 MORE



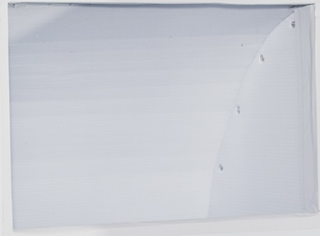
NEW SIZE?      NEED ALTERATIONS?      FINISHED?





USE YOUR APP      WE OFFER FREE ALTERATIONS  
KEEP YOUR PANTS ON, AND HEAD TO THE ALTERATION STATION

TAKE ITEMS TO THE CHECKOUT!



FINISHED?      NEED ALTERATIONS?      NEW SIZE?





TAKE ITEMS TO THE CHECKOUT!      WE OFFER FREE ALTERATIONS  
KEEP YOUR PANTS ON, AND HEAD TO THE ALTERATION STATION

USE YOUR APP





Understanding what  
customers are willing to do  
**without** is just as important  
as knowing what they want.



# Step 6A |

**Understand the different types of benefits derived by customers.**

# Functional Benefits

Save time | Save money | Make money | Comfort | Convenience |  
Ease of use | Quality | Compliance

# Social Benefits

Status | Belonging | Community | Entertainment | Aesthetics |  
Style | Admiration |

# Emotional Benefits

Safety | Security | Peace of mind | Personal fulfillment | Social good





*“Just get me from point A to point B.”*



*“I’m powerful. I’m in control. I’m successful.  
Eat your heart out world!”*



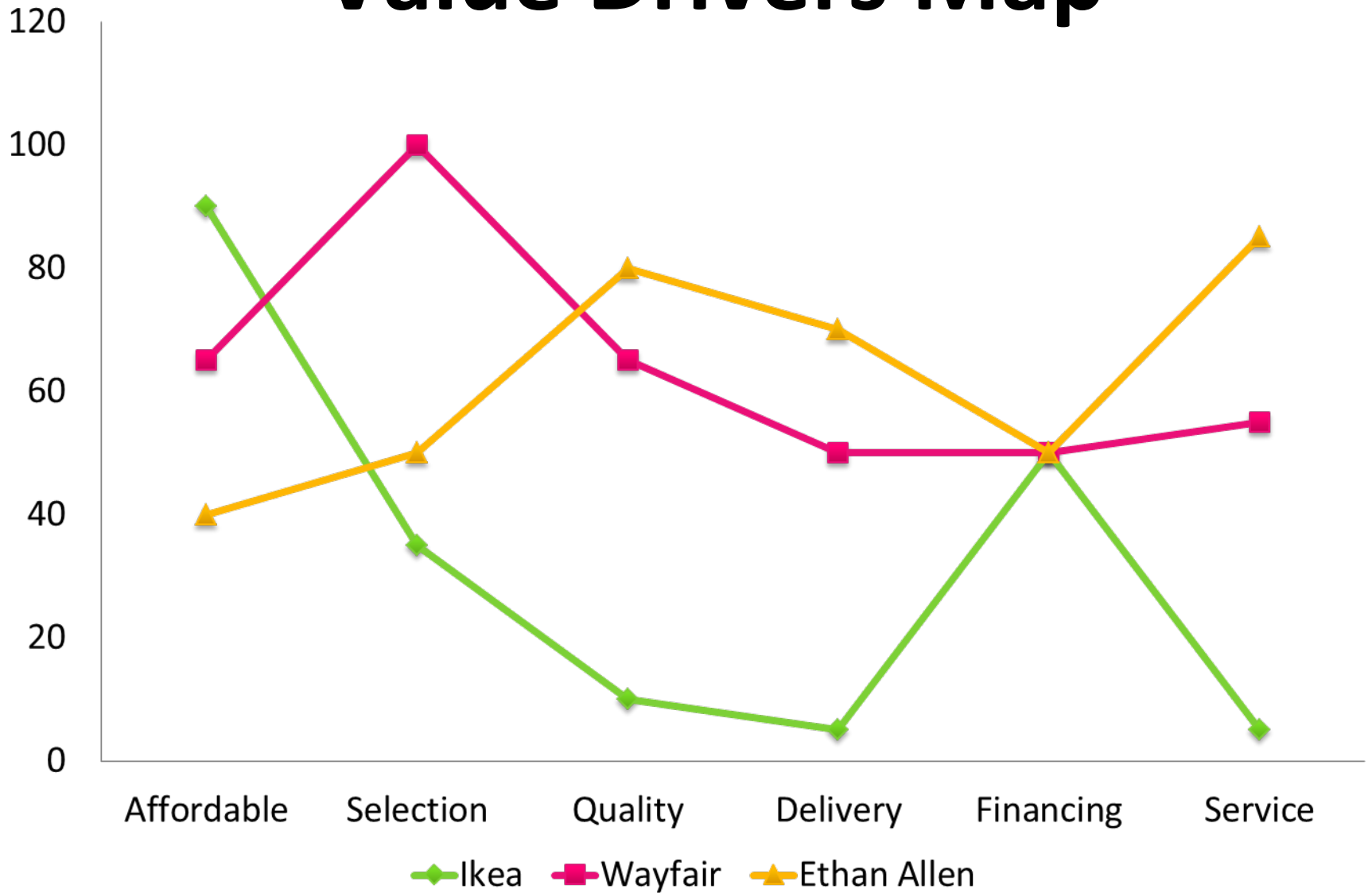
*“Hello, world! How about a great, big hug?”*

Not all benefits will  
be equally important  
to all customers.

What are your points  
of parity?

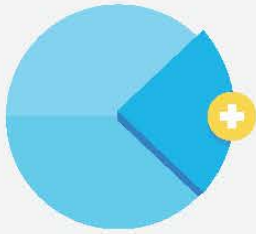
What will be your points  
of differentiation?

# Value Drivers Map



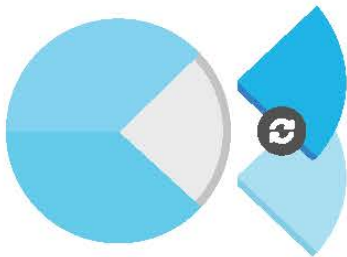
# 6 Ways to Innovate on Delighting Customers

Can you...



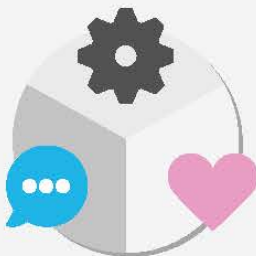
## Address more jobs?

Address a more complete set of jobs, including related and ancillary jobs.



## Switch to a more important job?

Help customers do a job that is different from what most value propositions currently focus on.



## Go beyond functional jobs?

Look beyond functional jobs and create new value by fulfilling important social and emotional jobs.

# 6 Ways to Innovate on Delighting Customers



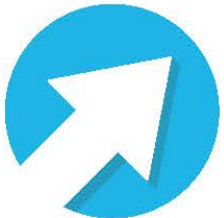
## Help a lot more customers get a job done?

Help more people do a job that was otherwise too complex or too expensive.



## Get a job done incrementally better?

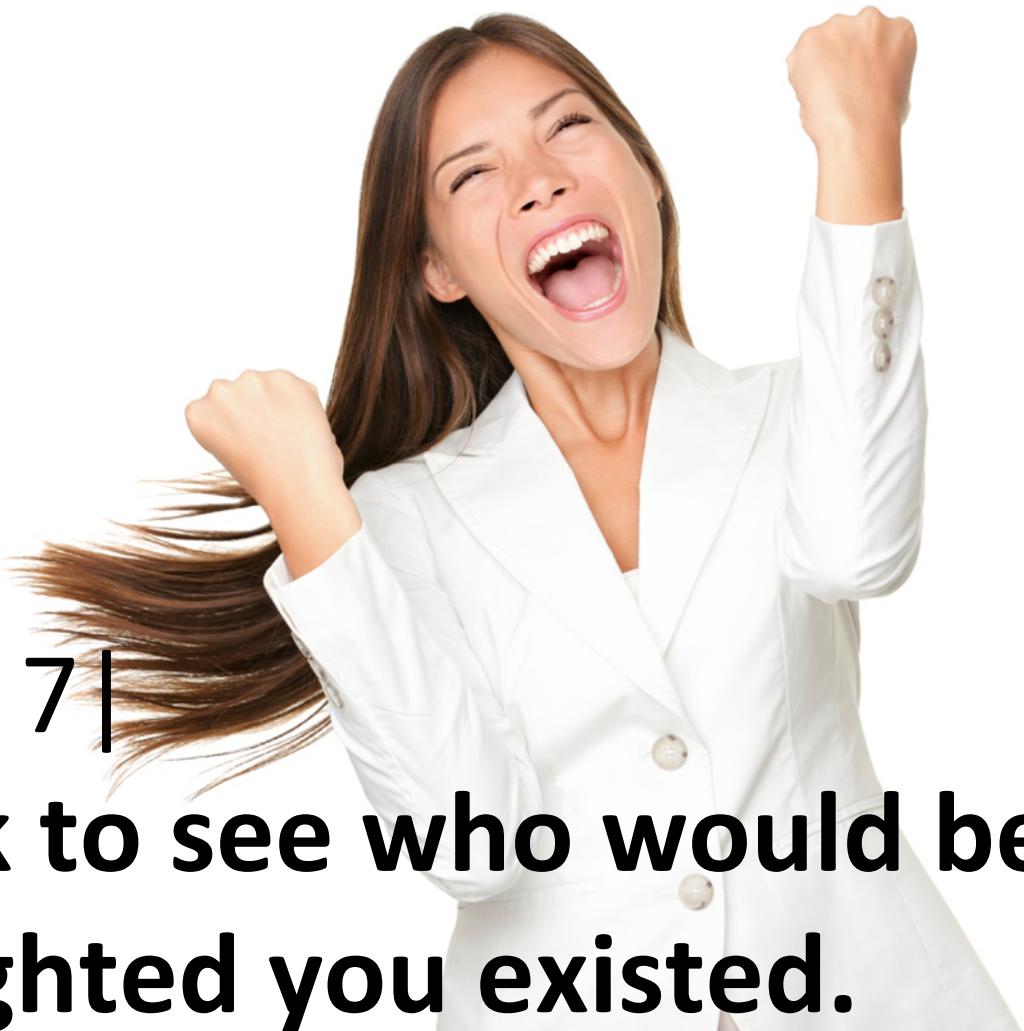
Help customers better do a job by making a series of microimprovements to an existing value proposition.



## Help a customer get a job done radically better?

This is the stuff of new market creation, when a new value proposition dramatically outperforms older ways of helping a customer get a job done.



A woman with long brown hair, wearing a white blazer, is shown from the chest up. She has her mouth wide open in a joyful shout or laugh, and her eyes are squinted. Her arms are raised in a celebratory gesture, with her fists clenched. Her hair is blowing in the wind, suggesting movement and excitement. The background is plain white.

**Step 7 |  
Look to see who would be most  
delighted you existed.**

# Evolution of an Ideal Customer

Has a need.



# Evolution of an Ideal Customer

Knows they have  
a need.



# Evolution of an Ideal Customer

Actively searching  
for a better way.



# Evolution of an Ideal Customer

Hacked together a solution.



# Evolution of an Ideal Customer

Hacked together a  
solution.



# Evolution of an Ideal Customer

Willing and able to  
pay for a better way.



# Evolution of an Ideal Customer

Willing and able to pay  
for a better way.

Has a need.



Knows they have a  
need.



Actively searching for  
a better way.



Hacked together a  
solution.



© 2011 GSI







Step 8 |

**Keep listening and learning.**



From the book *Talking to Humans*

Doesn't mean asking  
customers what they think  
of your idea.

Doesn't mean asking  
customers what they want  
and building that.

# Opening Questions

- Tell me about the last time you \_\_\_\_\_.
- Share with me a story about \_\_\_\_\_.
- Describe a typical day.

**Purpose:** Invites them to talk **expansively** about the topic. Gives them the freedom to **bring up issues** most important to them. Tends to relax the interviewee.

# Deeper Dive

- If you could change one thing about \_\_\_\_\_, what would it be?
- When it comes to \_\_\_\_\_ what keeps you up at night?
- What do you like most/least about \_\_\_\_\_?

**Purpose:** Encourages **elaboration**. Leads to **clarification** and **additional details**.

# Do They *Really, Really* Care

- How often have you \_\_\_\_\_?
- When was the last time you experienced \_\_\_\_\_?
- What steps have you taken to address this need?
- How happy are you with existing options?
- How much is \_\_\_\_\_ costing you?
- What are you spending for \_\_\_\_\_?

**Purpose:** Measures **intensity and frequency**. Provides insight into **receptivity and propensity to buy**.



# Customer Interviews:

## Do's & Don'ts







Whatever you do, don't ask if they like your idea!

# What to Listen For

What constraints are holding them back?

- Problem is not perceived as one
- Limited resources (time, budget, manpower)
- Cultural or social expectations
- Lack of awareness it can be fixed.

Are there adjacent or intervening factors?

*(remember Street Fare and the parking issue.)*

Step 9 |  
**Work on articulating your  
value prop.**

# Value Proposition Template

For ( the target customer)

Who (specific needs, demands, buying criteria etc.)

We provide (solution name / brand description)

That ( specifies benefits and business values to clients)

Unlike (the competition/alternatives)

Who ( provide solution, features, functions, benefits)

We (better approach, solution, functions, benefits)

That (offers a better customer experience)



# Value Proposition Template

For **budget-conscious young adults and young families.**

Who **want contemporary home furnishings**

We provide **moderately-priced, ready-to-assemble items.**

That **can be carried home in the same day.**

Unlike other furniture retailers

Who **have merchandise at much higher price points,  
often long delivery lead times and less stylish.**

# Value Proposition Template

For **fashion-conscious men**

Who **don't like to shop**

We provide **an automated shopping experience**

That **allows customers to quickly find desired items, try on more outfits in less time and easily checkout**

Unlike **other clothing stores**

Who **are plagued by long lines and over crowded selling floors.**

# Value Proposition Template

For **young men**.

Who **don't like to shop**.

We provide **an automated shopping experience**

That **allows customers to quickly find desired items, try on more outfits in less time and easily checkout.**

Unlike other clothing stores

Who **are plagued by long lines and over crowded selling floors.**

# Value Proposition Template

For ( the target customer)

Who (specific needs, demands, buying criteria etc.)

We provide (solution name / brand description)

That ( specifies benefits and business values to clients)

Unlike (the competition/alternatives)

Who ( provide solution, features, functions, benefits)

We (better approach, solution, functions, benefits)

That (offers a better customer experience)

# 10 Traits of Great Value Props



Focus on the jobs, pains,  
and gains that matter  
most to customers



Focus on unsatisfied jobs,  
unresolved pains, and  
unrealized gains

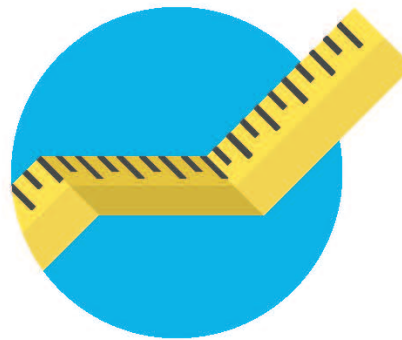


Target few jobs, pains,  
and gains, but do so  
extremely well

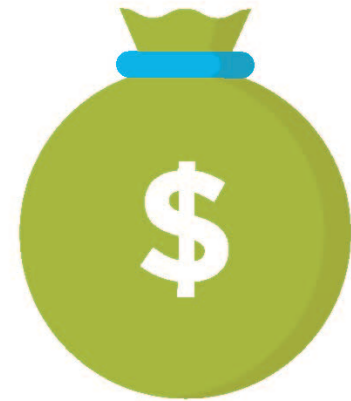
# 10 Traits of Great Value Props



Go beyond functional jobs  
and address emotional and  
social jobs

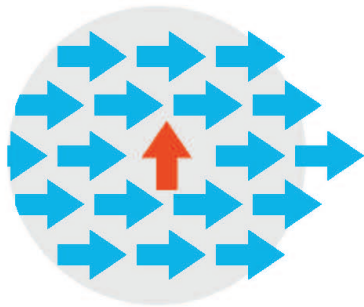


Align with how customers  
measure success



Focus on jobs, pains, and  
gains that a lot of people  
have or that some will pay  
a lot of money for

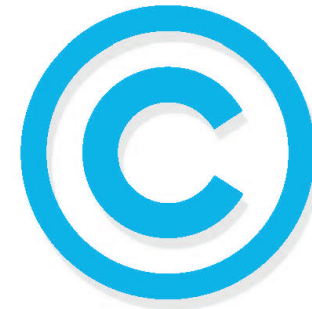
# 10 Traits of Great Value Props



**Differentiate from competition on jobs, pains, and gains that customers care about**



**Outperform competition substantially on at least one dimension**

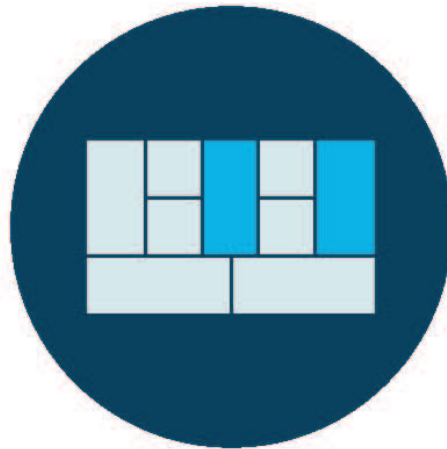


**Are difficult to copy**

• Alex Osterwalder, Yves Pigneur, Greg Bernarda, Alan Smith Designed by Trish Papadakos • Copyright Strategyzer AG The makers of Business Model Generation and Strategyzer

[www.strategyzer.com/vpd](http://www.strategyzer.com/vpd)

# 10 Traits of Great Value Props



**Are embedded in great  
business models**





Step 10 |

**Run tests. Don't trust, verify.**

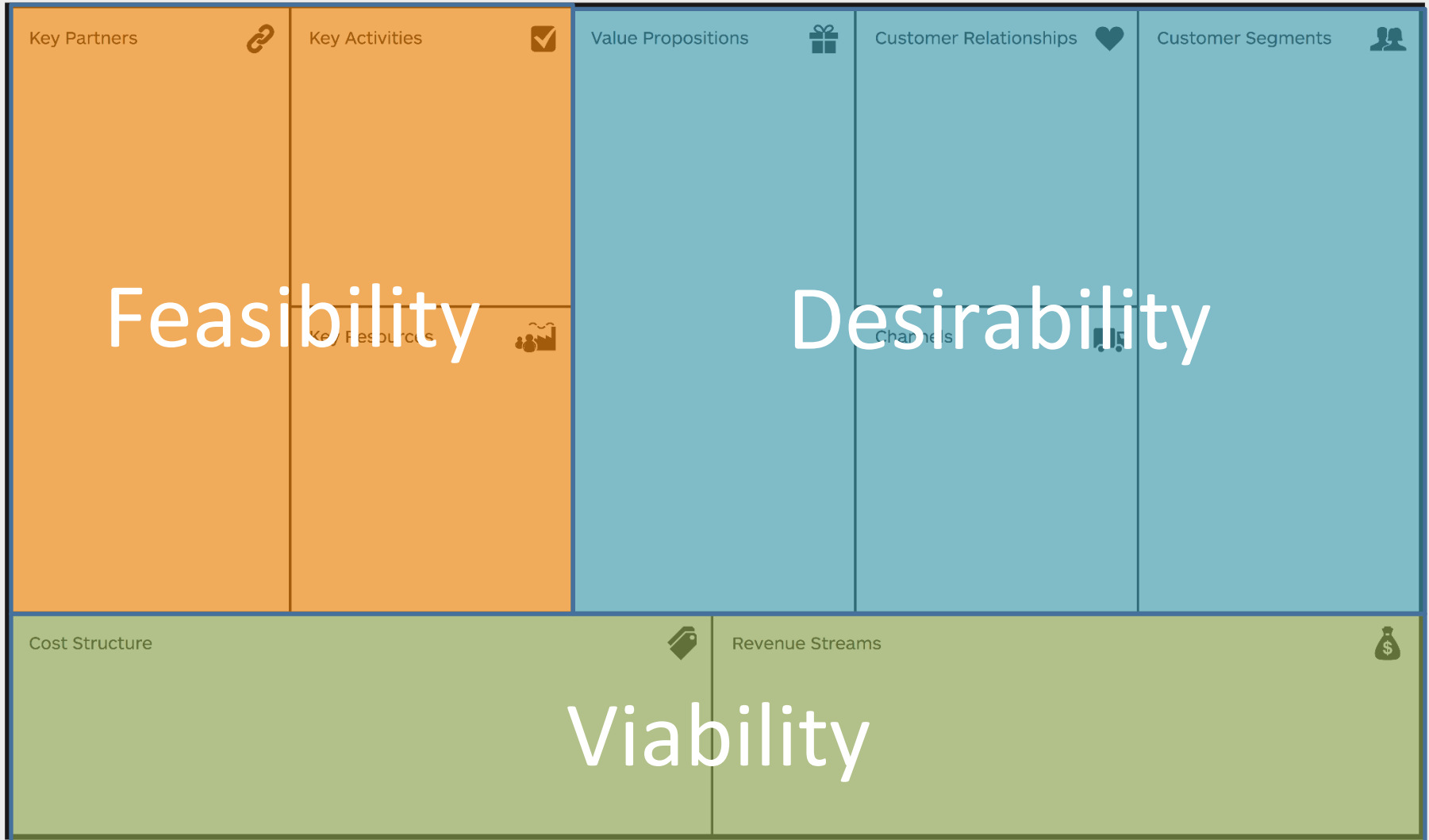
# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



DESIGNED BY: Business Model Foundry AG  
The makers of Business Model Generation and Strategyzer

This work is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License. To view a copy of this license, visit: <http://creativecommons.org/licenses/by-sa/3.0/> or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California, 94105, USA.

# Landing Page

A simple one or two page website that explains your value proposition and should include a call to action such as e-mail sign-up, or pre-order.

# Designed & Handcrafted in USA! Ellia Wang Geometry Handbags

by Ellia Wang

Home Updates **2** Backers **43** Comments **6**

Savannah, GA Accessories



Share **85** Tweet Embed

Remind me

Ellia Wang designs and hand-crafts women's accessories right

**43**

backers

**\$10,043**

pledged of \$15,000 goal

**28**

days to go

Back This Project

\$1 minimum pledge

This project will only be funded if at least \$15,000 is pledged by Sun, Nov 16 2014 11:35 PM EDT.



Project by

**Ellia Wang**  
Savannah, GA

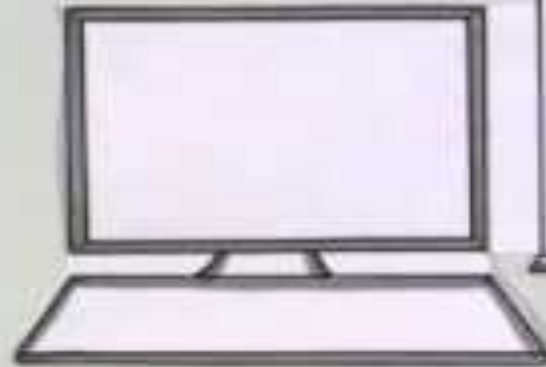
First created · **4 backed**

# Explainer Videos

In two-minutes or less, describe or demonstrate your value proposition.



**Dropbox**



# Email

Send a letter to a target group of people directing them to a landing page, making a special offer, requesting an interview or other call to action.

# Sample Letter of Introduction

Hi,

I'm studying the challenges of operating and scaling mentor networks in academic and corporate settings. Specifically, we're exploring what kind of tools administrators could use to more efficiently manage their programs while also enhancing the experience for both mentors and mentees.

As director of NYU's venture mentor network, your insights would be extremely valuable. Would you have 30 minutes next week to share your experiences in this area, either over coffee (my treat) or via a quick call? If you're amenable, I'm available next Monday and Wednesday after 3:00pm.

I look forward to hearing from you.



# Wizard of Oz

Deliver the value proposition manually behind the scenes without the customer being aware.



Recommended

Dining & Nightlife

Health & Beauty

Activities & Events

Fitness

Shop

Travel

More

### Yipit's Best



~~\$25~~ \$12

"The Hip Hop Nutcracker":  
With MC Kurtis Blow

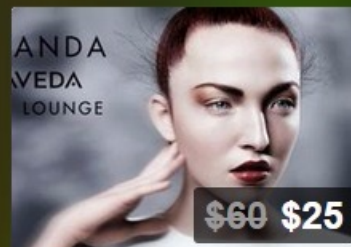
United Palace Theatre  
Upper Manhattan



~~\$18~~ \$10

Great Intimate Concerts at  
City Winery NY

City Winery  
Lower Manhattan



~~\$60~~ \$25

Women's or Men's  
Brazilian Wax or \$50 for

1000 purchases

Asanda Aveda Spa Lounge  
Lower Manhattan



~~\$20~~ \$13

Pizza and Burgers for  
Lunch, Dinner, or Takeout

1000 purchases

Big Nick's Burger and Pizza Joint  
Lincoln Square

### New For You



~~\$80~~ \$45

City Winery: Wine &  
Cheese Class, Dinner or

City Winery New York  
Manhattan



ZAGAT RATED

~~\$116~~ \$39

Bagatelle: Trendy  
Meatpacking Dining, Over

Bagatelle  
Lower Manhattan



~~\$52~~ \$32

\$32 -- Tio Pepe: West  
Village Spanish Brunch

Tio Pepe Restaurant  
Lower Manhattan



~~\$100~~ \$65

\$65 -- Zagat-Rated Tender  
Bar & Grill: \$100 to Spend

Tender Restaurant and Lounge at  
New York

View All Deals for You

# Happy Venturing!

Cynthia Franklin

Adjunct Professor of Entrepreneurship

Senior Associate Director, Berkley Entrepreneurship Center

New York University Stern School of Business

[Cynthia.franklin@stern.nyu.edu](mailto:Cynthia.franklin@stern.nyu.edu)

212.998.0055