

Value creation  
and value  
proposition



# Clean Heat Accelerator

12<sup>th</sup> August 2024

# Agenda

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- Intro to Value Creation and Value Proposition
- Speaker – Mark Simmers
- Value proposition canvas

# Value propositions meet customer needs

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A **customer need** is a need that motivates a customer to purchase a product or service. The three types of customer needs are the functional, social and emotional

Customer needs drive value proposition development 😊

Value proposition creates customer need

A **value proposition** is a concise statement of the benefits that a company is delivering to customers who buy its products or services....*and of the costs they will incur (not all financial)*

# Which proposition fits better?

Each letter is a feature or benefit

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## Customer needs – in order of importance

- A (e.g. reliability)
- B (e.g. efficiency)
- C (e.g. design)

## Proposition 1 benefits in order of magnitude

- A
- F
- G

## Proposition 2 benefits in order of magnitude

- C
- N
- A

# Which proposition fits better?

Each letter is a feature or benefit



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## Customer needs – in order of importance

- A : 70%
- B: 20%
- C: 10%

## Proposition 1 benefits in order of magnitude

- A (delivers strongly on A)
- F
- G

## Proposition 2 benefits in order of magnitude

- C (delivers strongly on C)
- N
- A (delivers weakly on A)

# Value proposition example



*"There has to be more to furniture than this"*



# Where is the furniture from?

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tor



# Value proposition - IKEA

*Just add blood, sweat and tears*



Discussion point  
How would you describe IKEAs value proposition?  
What are all the benefits and all the costs?



# Value Proposition: IKEA



## Example: IKEA – “A Swedish design, home furnishing take-away”

### *Benefits (not all product benefits)*

- ?
- ?
- ?
- ?

### *Costs (not all financial costs)*

- ?
- ?
- ?
- ?

These two elements are at the heart of the value proposition canvas model we will be using



# Value Proposition: IKEA

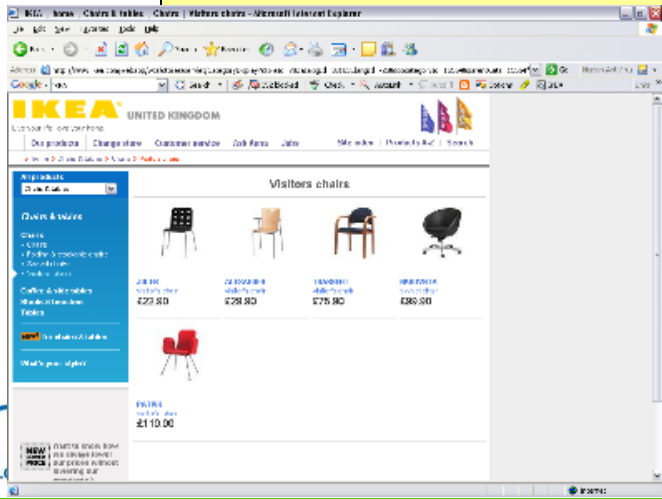


## Example: IKEA – “A Swedish design, home furnishing take-away”

- Benefits**
- Scandinavian designed furniture
  - Immediate availability
  - On-site car park
  - Cheap lunch
  - Child care

- Costs**
- Low prices
  - DIY-delivery
  - Self assembly:
    - Including self injury and blood pressure increases leading to shortened personal relationships
  - Short life-span furniture:
    - Also cannot be dis-assembled/re-assembled
  - Additional “good value” items bought while walking around the store

These two elements are at the heart of the value proposition canvas model we will be using



# What's the proposition here?

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# The Tesla X has benefits and costs

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## Benefits

Amazing acceleration

Low depreciation

No congestion charge

Road tax low

“Green Glow”

No green compromise (has A/C, airbags, electric windows etc)

## Costs

More expensive to buy

Range limits and charging time/location issues

Bigger carbon footprint to make than a normal car?

Potential costs of new batteries?

Life span not proven

Proposition:

Guilt free motoring with prestige (and some “Iron Man” glamour)

# Value Proposition: Your own business



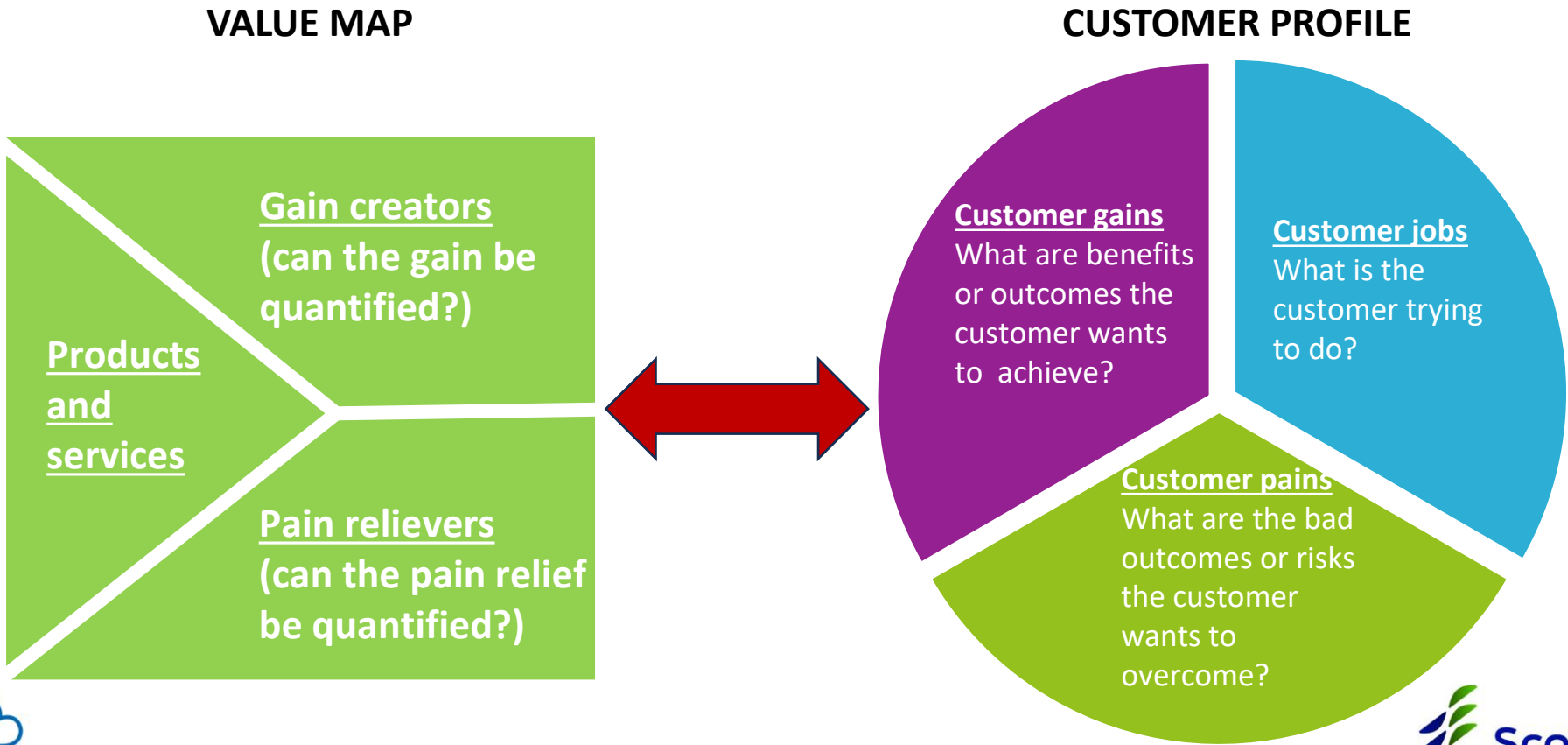
Value Proposition Canvas	
<b><i>Benefits (not all product benefits)</i></b> <ul style="list-style-type: none"><li>• ?</li><li>• ?</li><li>• ?</li><li>• ?</li></ul>	<b><i>Costs (not all financial costs)</i></b> <ul style="list-style-type: none"><li>• ?</li><li>• ?</li><li>• ?</li><li>• ?</li></ul>

These two elements are at the heart of the value proposition canvas model we will be using



# Value Proposition Canvas

Creates a bridge between your customer profile and the value you can create for them



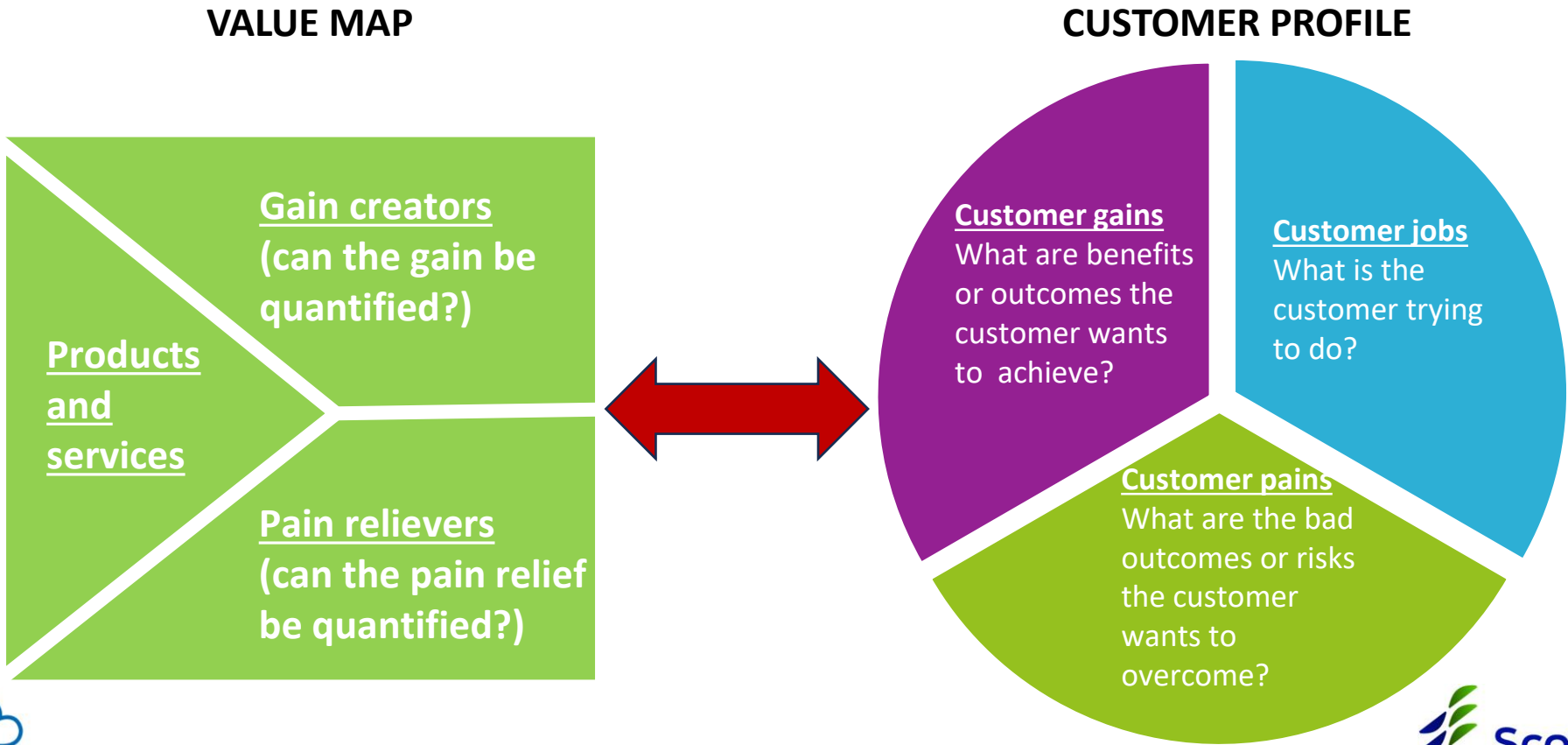
# Speaker – Mark Simmers, CEO Celtic Renewables

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# Value Proposition Canvas

Creates a bridge between your customer profile and the value you can create for them





# Use VPC for

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- Entering new market or customer segment
- Creating a new feature
- Testing product-market fit
- Define messaging
- Refine marketing strategy

# Customer Profile

## CUSTOMER PROFILE



Carry out Customer Discovery to understand...

- Jobs – what tasks can the customer complete with your product or service, what function do they perform?
- Pains -which customer problems does the customer have? What stops them getting their jobs done? What negative outcomes could they experience?
- Gains – What outcomes do customers want to achieve? What benefits are they looking for?  
Questions to think about

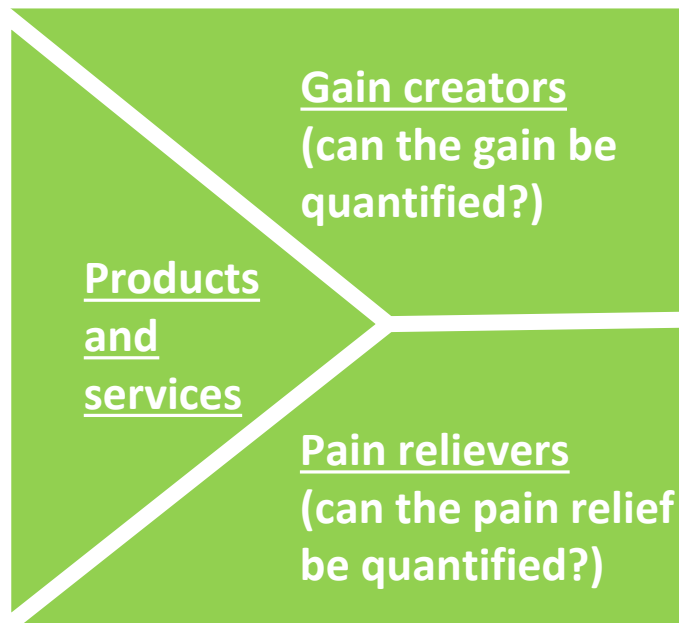
# Thinking about Customer Profile

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- Jobs – what tasks can the customer complete with your product or service, what function do they perform?
  - Think about the context
  - What else are they thinking about?
- Pains - which customer problems does the customer have? What stops them getting their jobs done? What negative outcomes could they experience? Questions to help think about pains:
  - What does your customer find too costly? (requires a lot of time or effort, costs too much money, it takes a lot of effort, etc.)
  - What makes him/her feel bad?
  - What are the current solutions that do not suit your customers?
  - What are the main challenges and problems your customer faces?
  - What negative social consequences does the customer face or fear to face? (Loss of reputation, credibility, trust, social status).
  - What risks does your customer fear? (financial, social, technical, etc.)
- Gains – What outcomes do customers want to achieve? What benefits are they looking for? Think about required minimum gains expected gains, desired gains, unexpected gains. Questions to think about
  - What makes your customer happy? (Time, money, efforts, etc.)
  - What quality levels do they expect?
  - What results does your customer expect, and what can surpass these expectations?
  - What would simplify the work or life of your customer? (More services, lower cost, new features, etc.)
  - What are they looking for? (A smart design, guarantees, specific features, etc.)

# Value map for your products and services

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- Products and services. List products, services, features. Focus on how these will help customers get their jobs done
- Pain relievers. Elements that remove a frustration for the customer. How ease pains relevant to customers, so those mentioned in customer profile.
- Gain creators. Elements that offer something new or improve user experience. Show how your product adds value to customers. How do they achieve their objectives?



# Thinking about the value map

- Products and services. List products, services, features. Focus on how these will help customers get their jobs done
- Pain relievers. Elements that remove a frustration for the customer. How ease pains relevant to customers, so those mentioned in customer profile.
  - Does it fix the defects of existing solutions?
  - Does it remove the difficulties or problems that your customer faces?
  - Does it reduce the risks that your clients are afraid of?
  - Does it limit or eradicate common mistakes?
- Gain creators. Elements that offer something new or improve user experience. Show how your product adds value to customers. How do they achieve their objectives?
  - Does your product/ service provide savings? (Regarding time, money, efforts, etc.)
  - Does it ensure the results that the customer expects?
  - Does it simplify the work or life of the customer?
  - Does it give something that your customer wants to get?
  - Does it give positive results that meet the criteria for success and failure of the customer?

# Homework

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Take VPC and prepare to pitch your proposition to others. Present both your VPC and a summary of your proposition

We will divide up so there are non-competing companies in smaller groups.

Think about:

- What evidence do you have from your customers?
- Can you prioritise?
- Can you quantify gains, or pain relievers, or at least be quite specific?
- How might the VPC influence your messaging?
- Does it identify gaps you need to fill in your products or services?
- What might customers be prepared to pay for?
- Think like a customer. Focus on what customers need most.

# Completing the VPC

1. Choose a customer segment. (Or more than one if you prefer)
2. Identify their jobs and **prioritise them** according to how important they are to your customer.
3. Identify pains and **prioritise them**.
4. Identify their gains and **prioritise them**.
5. **Pick the top 3-5 most important** pains and gains that relate to the most important jobs.
6. List all the benefits of your product or service.
7. List all pain relievers.
8. List of gain creators.
9. **Pick 3-5 of the gain creators and pain relievers, that make the biggest difference to your customer.**
10. Link the pain relievers, gain creators and product benefits to the pains, gains and jobs they solve.
11. Define how you're better than the competition.
12. Create a value proposition statement that is clear and free of jargon and that builds trust with your customers.
13. Test your value proposition(s) with your customers. (We will test it with each other)

Questions?

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