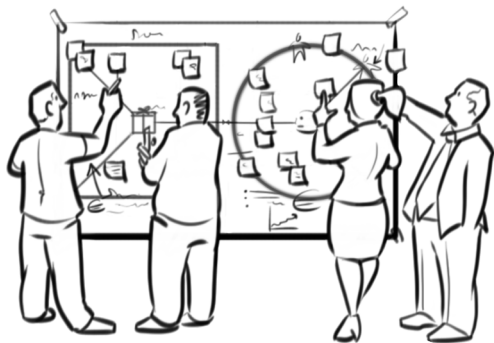


The Value Proposition Canvas

Instruction Manual



The Value Proposition Canvas is a plug-in tool to the Business Model Canvas. It allows you to describe your Value Propositions and the target Customer Segments in more detail and evaluate the “fit” between the value you intend to create and the expectations your customers have.

You can use this map before, during and after developing an in-depth knowledge of your customers. If you use it before, it will highlight what you need to learn about customers and test about value propositions. If you use it after, it will help you analyze and evaluate “fit”.

The Value Proposition Canvas can be applied to new and existing value propositions and customer segments alike. In both cases it will help you structure your thinking and make your ideas more tangible.

Materials

Value Proposition Canvas Poster:

Ideally in B1 format

(707mm x 1000mm or 27.83in x 39.37in)

Medium sized Stattys in green, orange, and yellow:

See stattys.com for refills

Thick markers:

Keep your ideas rough

Strategyzer.com, the Business Model Toolbox for iPad, or a Camera:

To capture and share the results sketched out on your Canvas

Ground Rules

Don't write on the map:

By using Stattys to describe your thoughts you will be able to move things around, onto as well as off the map. This is a very dynamic exercise and your value proposition as well as your customer understanding will change and evolve.

One idea per Statty:

Don't make bullet points on Stattys. For instance, use two Stattys to describe two different elements your customers value, like a lower price and better

performance. This will allow you to play around with the elements of your value proposition and modify things when you learn from talking to customers.

Instructions

Start with customer jobs:

Start sketching out your map by describing what jobs a specific customer of yours is trying to get done. Create a Statty in the Customer Job(s) box for every major and ancillary job you intend to help your customer get done.

Add pains and gains:

Create a Statty in the Pains box for every pain your customer experiences or could experience before, during, and after getting the job done. Create a Statty in the Gains box for every benefit your customer expects, desires or would be surprised by.

Describe your products and services:

List all the products and services your value proposition is built around by creating a Statty for each element in the Products & Services box.

Outline how you intend to create value:

Describe how your products and services create value by either killing customer pains or creating customer gains. Create a sticky note for each element in the Pain Relievers or Gain Creators box respectively.

Best Practices



Colour coding:

Using different colours for the different elements can help you “read” the map more quickly. You can use yellow Stattys in the Customer Job(s) and Products & Services box, orange Stattys in the Pains box, and green Stattys in the remaining boxes, since they are all related to value creation.



Visuals & words:

Combining images and words to describe the elements of your map is more powerful than just using words. Our brain processes images quicker than words. Hence, images will allow viewers of your map more rapidly grasp the big picture.



Customer Knowledge:

Bring in people who are in frequent contact with the customers you are targeting and thus have deep customer knowledge.

Frequently Committed Mistakes



Trying to alleviate every pain and target every gain:

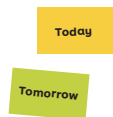
Mediocre or bad value propositions try to address every customer pain and gain they have identified and then often fail to deliver.

Great value propositions often focus on a limited number of pain relievers and gain creators and then deliver on those exceptionally well.



Mixing present and future:

Make sure you clearly distinguish between presently existing and future ideas. Mixing them can be confusing. You can easily distinguish between the two by using colour coding or by using separate maps.



One map per Value Proposition:

You shouldn't try to sketch out several value propositions and customer segments on the same map. Focus on one value proposition for a specific customer segment on a single map. Make a new map for a different Value Proposition.



Intellectual masturbation:

A great Value Proposition with a great “fit” on paper is just an untested fantasy. Use the Value Proposition Canvas as a starting point to get out of the building and investigate your assumptions. Ask yourself if you really understand which jobs are important to customers and what the related pains and gains are. Test if your assumptions about how your products and services will relieve pains and create gains are valid.





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Produced by: stattys.com

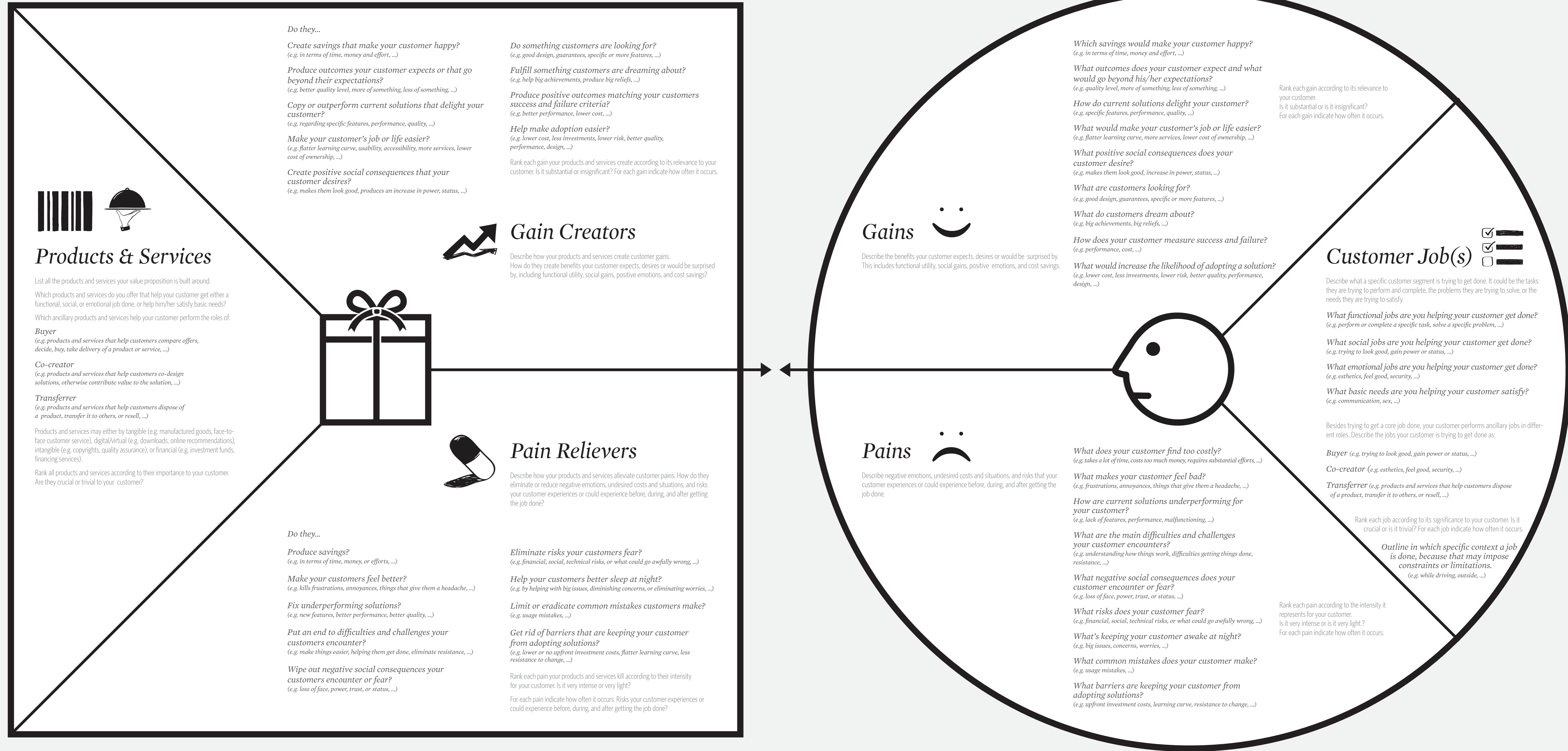
The Value Proposition Canvas

Designed for:

Designed by:

On: Day Month Year

Iteration: No.



Value Proposition

Create one for each Customer Segment in your Business Model

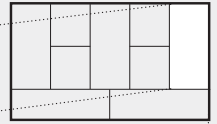
Customer Segment

www.businessmodelgeneration.com

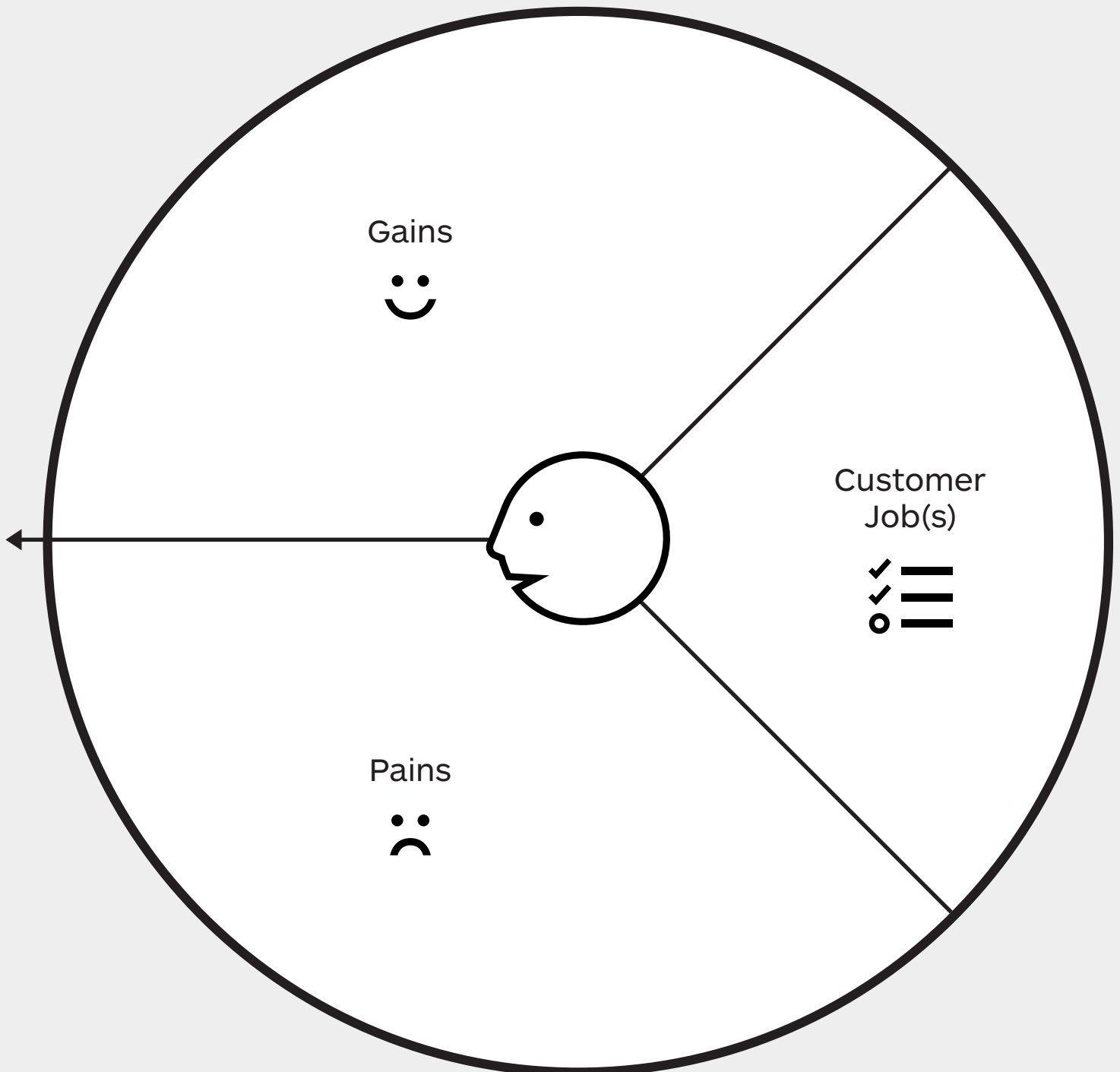


Use in Conjunction with the Business Model Canvas

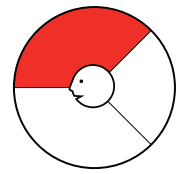
The Value Proposition Canvas



Customer (Segment)
Profile:



Customer Gains



Trigger Questions

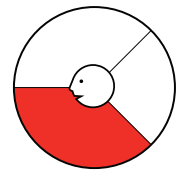
Gains describe the outcomes and benefits your customers want. Some gains are required, expected, or desired by customers, and some would surprise them.

Gains include functional utility, social gains, positive emotions, and cost savings.

Use the following trigger questions to help you think of different potential customer gains:

- 1.** Which savings would make your customers happy? Which savings in terms of time, money, and effort would they value?
- 2.** What quality levels do they expect, and what would they wish for more or less of?
- 3.** How do current value propositions delight your customers? Which specific features do they enjoy? What performance and quality do they expect?
- 4.** What would make your customers' jobs or lives easier? Could there be a flatter learning curve, more services, or lower costs of ownership?
- 5.** What positive social consequences do your customers desire? What makes them look good? What increases their power or their status?
- 6.** What are customers looking for most? Are they searching for good design, guarantees, specific or more features?
- 7.** What do customers dream about? What do they aspire to achieve, or what would be a big relief to them?
- 8.** How do your customers measure success and failure? How do they gauge performance or cost?
- 9.** What would increase your customers' likelihood of adopting a value proposition? Do they desire lower cost, less investment, lower risk, or better quality?

Customer Pains



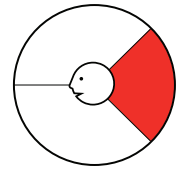
Trigger Questions

Pains describe anything that annoys your customers before, during, and after trying to get a job done or simply prevents them from getting a job done. Pains also describe risks, that is, potential bad outcomes, related to getting a job done badly or not at all.

Use the following trigger questions to help you think of different potential customer pains:

- 1.** How do your customers define too costly? Takes a lot of time, costs too much money, or requires substantial efforts?
- 2.** What makes your customers feel bad? What are their frustrations, annoyances, or things that give them a headache?
- 3.** How are current value propositions under performing for your customers? Which features are they missing? Are there performance issues that annoy them or malfunctions they cite?
- 4.** What are the main difficulties and challenges your customers encounter? Do they understand how things work, have difficulties getting certain things done, or resist particular jobs for specific reasons?
- 5.** What negative social consequences do your customers encounter or fear? Are they afraid of a loss of face, power, trust, or status?
- 6.** What risks do your customers fear? Are they afraid of financial, social, or technical risks, or are they asking themselves what could go wrong?
- 7.** What's keeping your customers awake at night? What are their big issues, concerns, and worries?
- 8.** What common mistakes do your customers make? Are they using a solution the wrong way?
- 9.** What barriers are keeping your customers from adopting a value proposition? Are there upfront investment costs, a steep learning curve, or other obstacles preventing adoption?

Customer Jobs



Trigger Questions

Jobs describe the things your customers are trying to get done in their work or in their life. A customer job could be the tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy.

Use the following trigger questions to help you think of different potential customer jobs:

- 1.** What is the one thing that your customer couldn't live without accomplishing? What are the stepping stones that could help your customer achieve this key job?
- 2.** What are the different contexts that your customers might be in? How do their activities and goals change depending on these different contexts?
- 3.** What does your customer need to accomplish that involves interaction with others?
- 4.** What tasks are your customers trying to perform in their work or personal life? What functional problems are your customers trying to solve?
- 5.** Are there problems that you think customers have that they may not even be aware of?
- 6.** What emotional needs are your customers trying to satisfy? What jobs, if completed, would give the user a sense of self-satisfaction?
- 7.** How does your customer want to be perceived by others? What can your customer do to help themselves be perceived this way?
- 8.** How does your customer want to feel? What does your customer need to do to feel this way?
- 9.** Track your customer's interaction with a product or service throughout its lifespan. What supporting jobs surface throughout this life cycle? Does the user switch roles throughout this process?

Pull: Job Selection

Imagine your customers are chief information officers (CIOs) and you have to understand which jobs matter most to them. Do this exercise to prioritize their jobs or apply it to one of your own customer profiles.

OBJECTIVE

Identify high-value customer jobs that you could focus on

OUTCOME

Ranking of customer jobs from your perspective



- Does failing the job lead to extreme pains?
- Does failing the job lead to missing out on essential gains?



- Can you feel the pain?
- Can you see the gain?



- Are there unresolved pains?
- Are there unrealized gains?



- Are there many with this job, pain, or gain?
- Are there few willing to pay a lot?



Focus on the highest value jobs and related pains and gains.

Scoring Scale:

• (Low) to ••••• (High)

Jobs	Important	Tangible	Unsatisfied	Lucrative	High-Value jobs
→					
→					
→					
→					
→					
→					
→					
→					
→					
→					

Written by Alex Osterwalder, Yves Pigneur, Greg Bernarda, Alan Smith
Designed by Trish Papadakos

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A Day in the Life Worksheet



Dive deep into your (potential) customers' worlds to gain insights about their jobs, pains, and gains. What customers do on a daily basis in their real settings often differs from what they believe they do or what they will tell you in an interview, survey, or focus group.











OBJECTIVE

Understand your customer's world in more detail

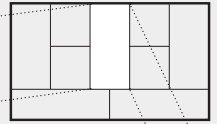
OUTCOME

Map of your customer's day

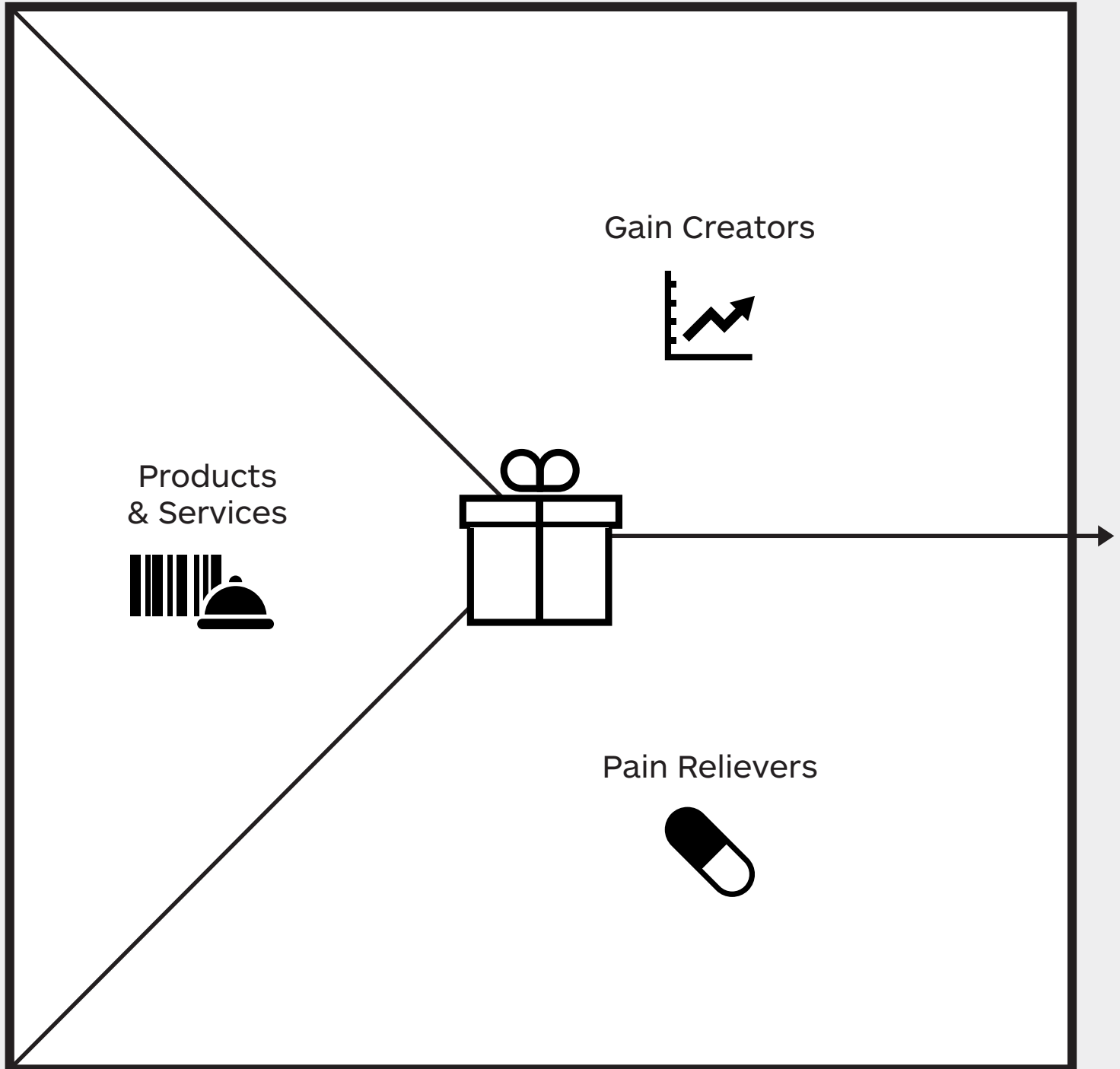
Capture the most important jobs, pains, and gains of the customer you shadowed

Time	Activity (what I see)		Notes (what I think)
			
			
			
			
			
			
			
			
			
			

The Value Proposition Canvas

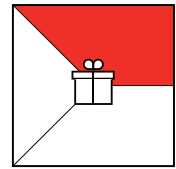


Value (Proposition)
Map:



Gain Creators

Trigger Questions



Gain Creators describe how your products and services create customer gains. They explicitly outline how you intend to produce outcomes and benefits that your customer expects, desires, or would be surprised by, including functional utility, social gains, positive emotions, and cost savings.

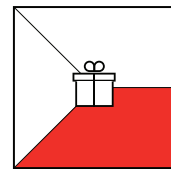
Use the following trigger questions to ask yourself:

Could your products and services...

- 1.** ... create savings that please your customers? In terms of time, money, and effort.
- 2.** ... produce outcomes your customers expect or that exceed their expectations? By offering quality levels, more of something, or less of something.
- 3.** ... outperform current value propositions and delight your customers? Regarding specific features, performance, or quality.
- 4.** ... make your customers' work or life easier? Via better usability, accessibility, more services, or lower cost of ownership.
- 5.** ... create positive social consequences? By making them look good or producing an increase in power or status.
- 6.** ... do something specific that customers are looking for? In terms of good design, guarantees, or specific or more features.
- 7.** ... fulfill a desire customers dream about? By helping them achieve their aspirations or getting relief from a hardship?
- 8.** ... produce positive outcomes matching your customers' success and failure criteria? In terms of better performance or lower cost.
- 9.** ... help make adoption easier? Through lower cost, fewer investments, lower risk, better quality, improved performance, or better design.

Pain Relievers

Trigger Questions



Pain relievers describe how exactly your products and services alleviate specific customer pains. They explicitly outline how you intend to eliminate or reduce some of the things that annoy your customers before, during, or after they are trying to complete a job or that prevent them from doing so.

Use the following trigger questions to ask yourself:

Could your products and services...

- 1.** ... produce savings? In terms of time, money, or efforts.
- 2.** ... make your customers feel better? By killing frustrations, annoyances, and other things that give customers a headache.
- 3.** ... fix under-performing solutions? By introducing new features, better performance, or enhanced quality.
- 4.** ... put an end to difficulties and challenges your customers encounter? By making things easier or eliminating obstacles.
- 5.** ... wipe out negative social consequences your customers encounter or fear? In terms of loss of face or lost power, trust, or status.
- 6.** ... eliminate risks your customers fear? In terms of financial, social, technical risks, or things that could potentially go wrong.
- 7.** ... help your customers better sleep at night? By addressing significant issues, diminishing concerns, or eliminating worries.
- 8.** ... limit or eradicate common mistakes customers make? By helping them use a solution the right way.
- 9.** ... eliminate barriers that are keeping your customer from adopting value propositions? Introducing lower or no upfront investment costs, a flatter learning curve, or eliminating other obstacles preventing adoption.

10 Characteristics of Great Value Propositions



Use this checklist to design great value propositions or assess your own:

- Are embedded in great business models**
- Focus on few pain relievers and gain creators, but do those extremely well**
- Focus on jobs, pains, or gains that a large number of customers have or for which a small number is willing to pay a lot of money**
- Align with how customers measure success**
- Focus on the most significant jobs, most severe pains, and most relevant gains**
- Differentiate from competition in a meaningful way**
- Address functional, emotional and social jobs all together**
- Outperform competition substantially on at least one dimension**
- Are difficult to copy**
- Focus on unsatisfied jobs, pains, and gains**

Ad-Lib Value Proposition Template


Ad-libs are a great way to quickly shape alternative directions for your value proposition. They force you to pinpoint how exactly you are going to creating value. Prototype three to five different directions by filling out the blanks in the ad-lib below.


OBJECTIVE


Quickly shape potential value proposition directions



OUTCOME



Alternative prototypes in the form of “pitchable” sentences


Our _____
 *Products and Services*

help(s) _____
 *Customer Segment*

who want to _____
 *jobs to be done*

by _____ and _____
 *verb (e.g., reducing, avoiding)*  *and a customer pain*

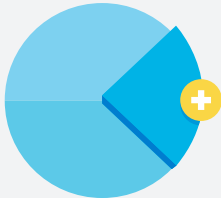
and _____ .
 *verb (e.g., increasing, enabling)*  *and a customer gain*

(unlike _____ **)**
 *competing value proposition*

Six Ways to Innovate from the Customer Profile

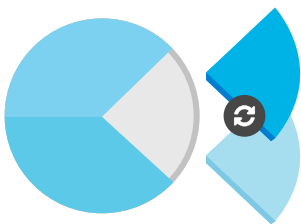
You've mapped your Customer Profile. What to do from here? Here are six ways to trigger your next Value Proposition move.

Can you...



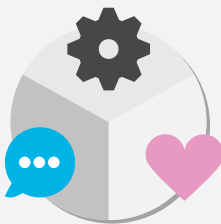
Address more jobs?

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.



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.

Written by Alex Osterwalder, Yves Pigneur, Greg Bernarda, Alan Smith
Designed by Trish Papadakos

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Test Name

Deadline

Assigned to

Duration

STEP 1: HYPOTHESIS

We believe that

Critical:



STEP 2: TEST

To verify that, we will

Test Cost:



Data Reliability:



STEP 3: METRIC

And measure

Time Required:



STEP 4: CRITERIA

We are right if

Learning Card

Insight Name

Date of Learning

Person Responsible

STEP 1: HYPOTHESIS

We believed that

STEP 2: OBSERVATION

We observed

Data Reliability:



STEP 3: LEARNINGS AND INSIGHTS

From that we learned that

Action Required:

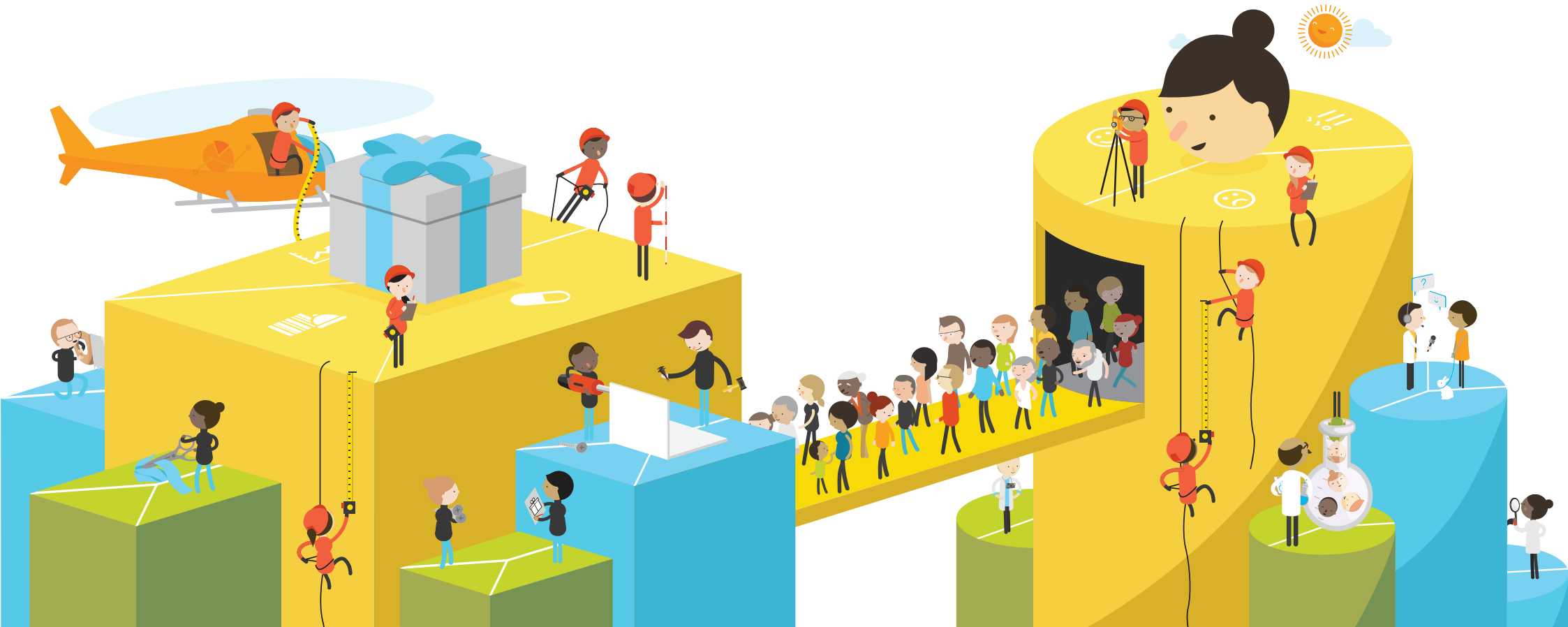


STEP 4: DECISIONS AND ACTIONS

Therefore, we will

Sell Your Colleagues on Value Proposition Design

Use slides from this deck to convince your team, colleagues, and leaders about the benefits of applying the tools and process of Value Proposition Design.



How to Adapt this Deck to your Needs

This series of slides presents 10 common organizational issues that can be improved with the methods and tools in Value Proposition Design.

Use the slides in your next presentation with your team, colleagues and leaders to highlight how the book can help your organization better design and test value propositions and business models.



1

Define the problem you are trying to solve



2

Pick the slides with the right arguments



3

Delete the other slides



4

Convince your team, colleagues, and leaders

We talk about value propositions and business models a lot without really getting tangible results.



We talk about value propositions and business models a lot without really getting tangible results.

Value Proposition Design provides a set of tools and processes to systematically design and test value propositions and produce results.



**Not everybody in our team
has a shared understanding
of what a good value
proposition actually is.**

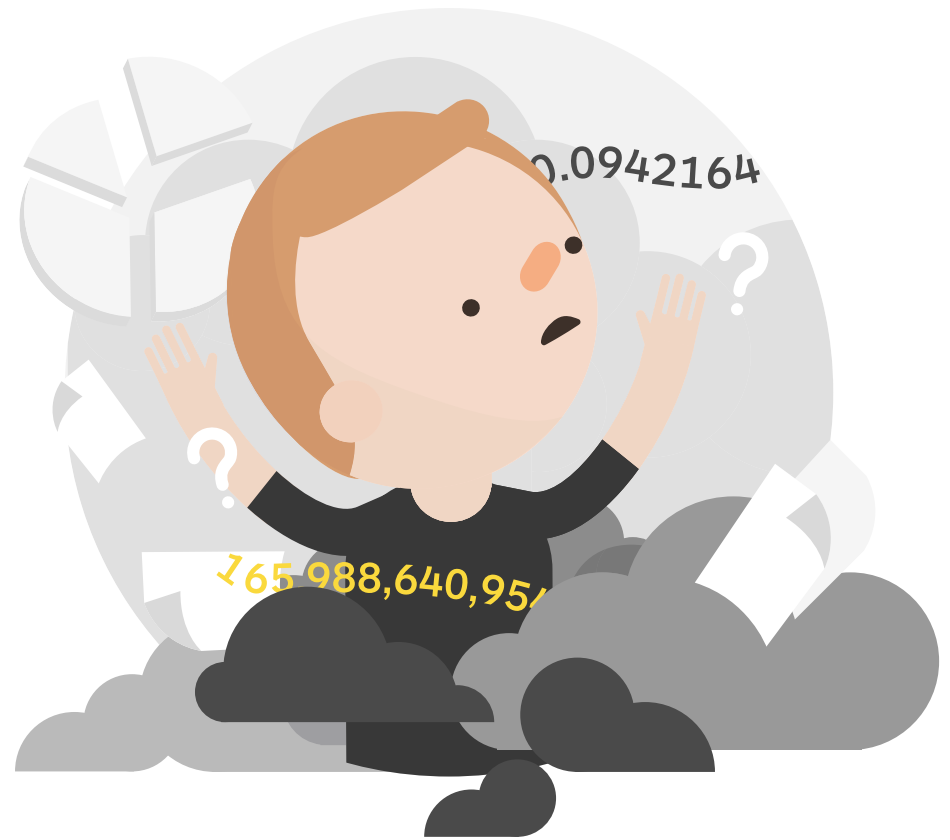


Not everybody in our team has a shared understanding of what a good value proposition actually is.

The Value Proposition Canvas is a tool that creates a simple and shared language to discuss value propositions across organizational boundaries.



We focus on products and features too much and not on how we create value for customers.



We focus on products and features too much and not on how we create value for customers.

The Value Proposition Canvas is a tool that forces us to highlight how our products and services create value for our customers.



We make presentation on value propositions and business models without being explicit on how we are creating value for our customers and our organization.



We make presentation on value propositions and business models without being explicit on how we are creating value for our customers and our organization.

The Value Proposition Canvas is a tool that makes explicit how our products and services create customer value.



Our product development process doesn't use a customer-focused methodology.

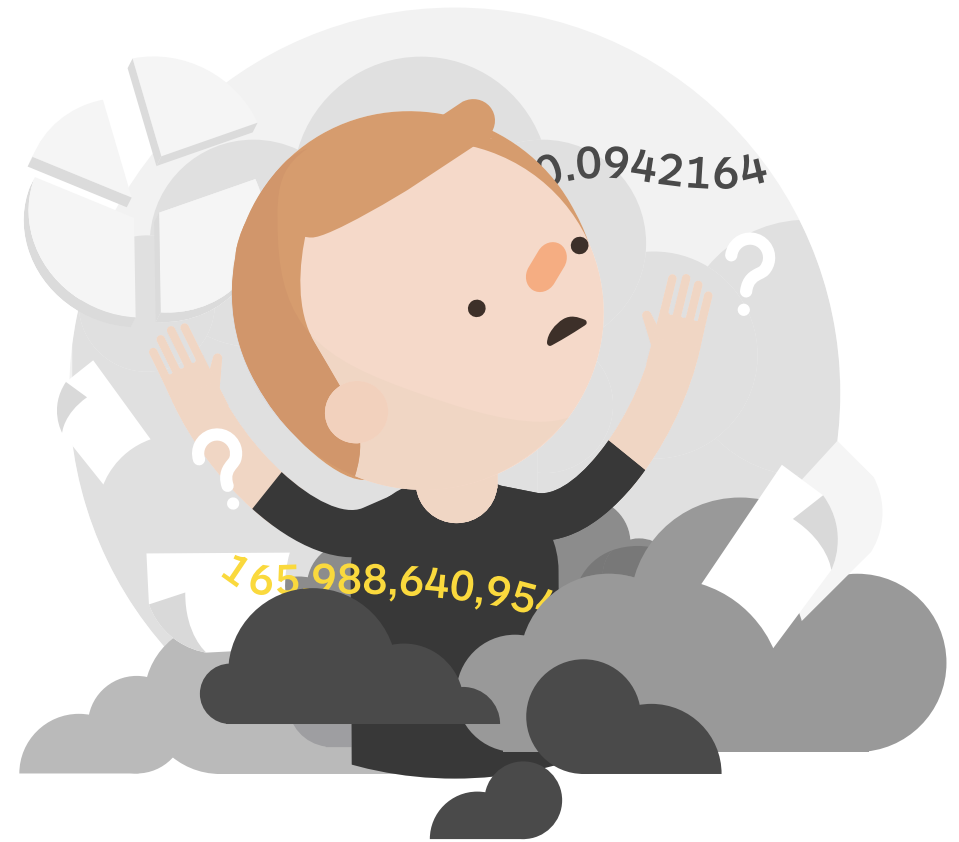


Our product development process doesn't use a customer-focused methodology.

Value Proposition Design is centered around customer value creation and gets you to rigorously test your ideas with customers before implementing them.



We don't have a methodology to track our progress during the development of new value propositions and business models.



We don't have a methodology to track our progress during the development of new value propositions and business models.

Value Proposition Design offers a proven methodology to design, test, manage and measure the development and improvement of value propositions and business models.



We invest a lot in research and development (R&D), but fail to invest in developing great value propositions and business models



We invest a lot in research and development (R&D), but fail to invest in developing great value propositions and business models

Value Proposition Design leverages our technology and product R&D by turning our ideas into great value propositions and business models.



**We often end up making
stuff nobody wants, despite
our good ideas and good
intentions.**

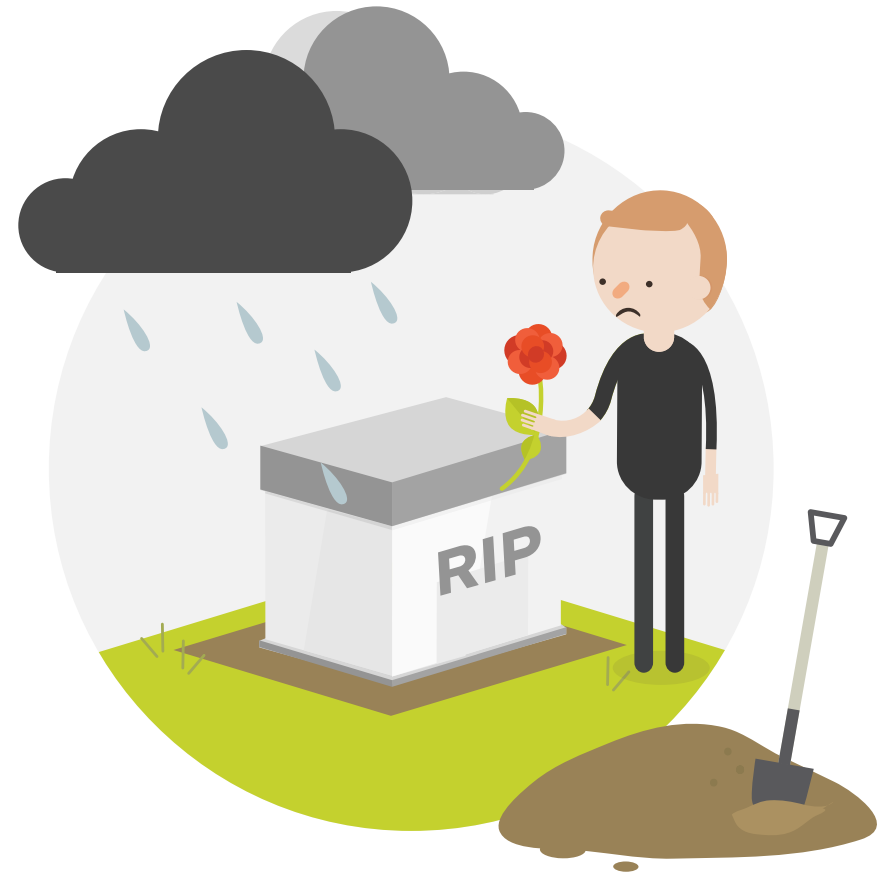


**We often end up making
stuff nobody wants, despite
our good ideas and good
intentions.**

*Value Proposition
Design eliminates the risk
of working on products and
services that don't matter
to customers.*



**We waste resources
because we don't test our
ideas, but write untested
business plans with
polished spread sheets
that turn out to be flops.**



**We waste resources
because we don't test our
ideas, but write untested
business plans with
polished spread sheets
that turn out to be flops.**

*With Value Proposition
Design we eliminate wasting
resources by testing our ideas
cheaply when uncertainty is
highest - at the beginning
of a project.*



Our product development, sales, and marketing are poorly aligned when it comes to developing new value propositions.



Our product development, sales, and marketing are poorly aligned when it comes to developing new value propositions.

The Value Proposition Canvas provides a shared language to align stakeholders across organizational boundaries.



How to create products and
services customers want.
Get started with...

Value Proposition Design

strategyzer.com/vpd

Written by
Alex Osterwalder
Yves Pigneur
Greg Bernarda
Alan Smith

Designed by
Trish Papadakos

WILEY



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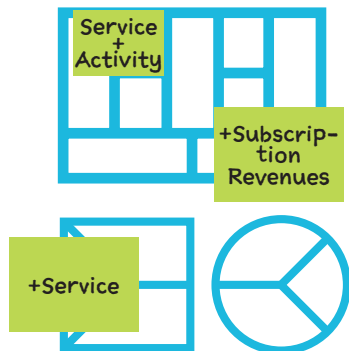
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Visit <http://bit.ly/SellVPDFeedback> and let us know what you think.

Spark Ideas with Design Constraints

Constraint Cards

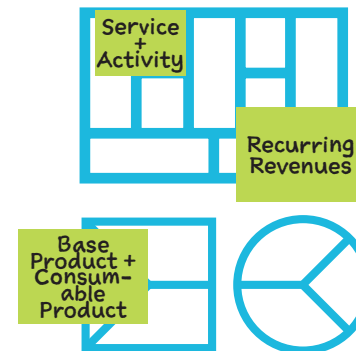
Use design constraints to force people to think about innovative value propositions embedded in great business models. We outline five constraints of businesses whose value proposition and business model you can copy into your own arena. Don't hesitate to come up with other ones.



HILTI Servitization

Constraint: Transform from selling a product-based value proposition to a service-based one that generates revenues from a subscription model.

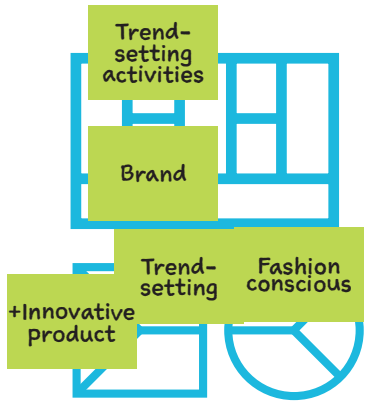
Hilti shifted from selling machine tools to builders to leasing fleet management services to managers at construction companies.



NESPRESSO Razor Blade

Constraint: Create a value proposition composed of a base product and a consumable product that generates recurring revenues.

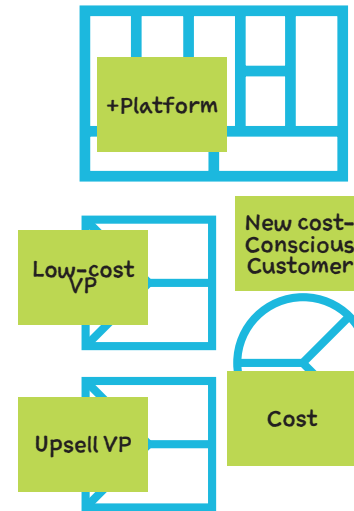
Nespresso transformed the sales of espresso from a transactional business to one with recurring revenues based on consumable pods for its espresso machine.



swatch® Trendsetter

Constraint: Transform a technology (innovation) into a fashionable trend.

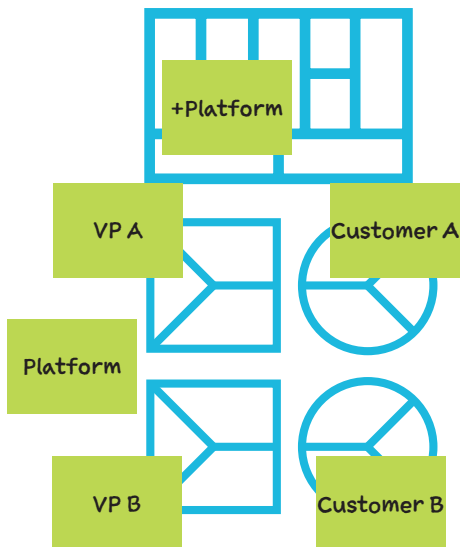
Swatch conquered the world by turning a plastic watch that could be made cheaply due to a reduced number of pieces and innovative production technology into a global fashion trend.




SOUTHWEST.COM Low-Cost

Constraint: Reduce the core value proposition to its basic features, target an unserved or underserved customer segment with a low price and sell everything else as an additional value proposition.

Southwest became the largest low-cost airline by stripping down the value proposition to its bare minimum, travel from point A to point B, and offering low prices. They opened up flying to a new segment.




airbnb Platform

Constraint: Build a platform model that connects several actors with a specific value proposition for each.

Airbnb made private homes around the world accessible to travelers by connecting them with people who seek to rent out their apartments short term.

Tips

- Assign different constraints to different working groups if you have the opportunity to do so. It allows you to explore alternatives in parallel.
- Use constraints that represent the challenges in your arena, such as free value propositions, decreasing margins, and so on.