



Day 3

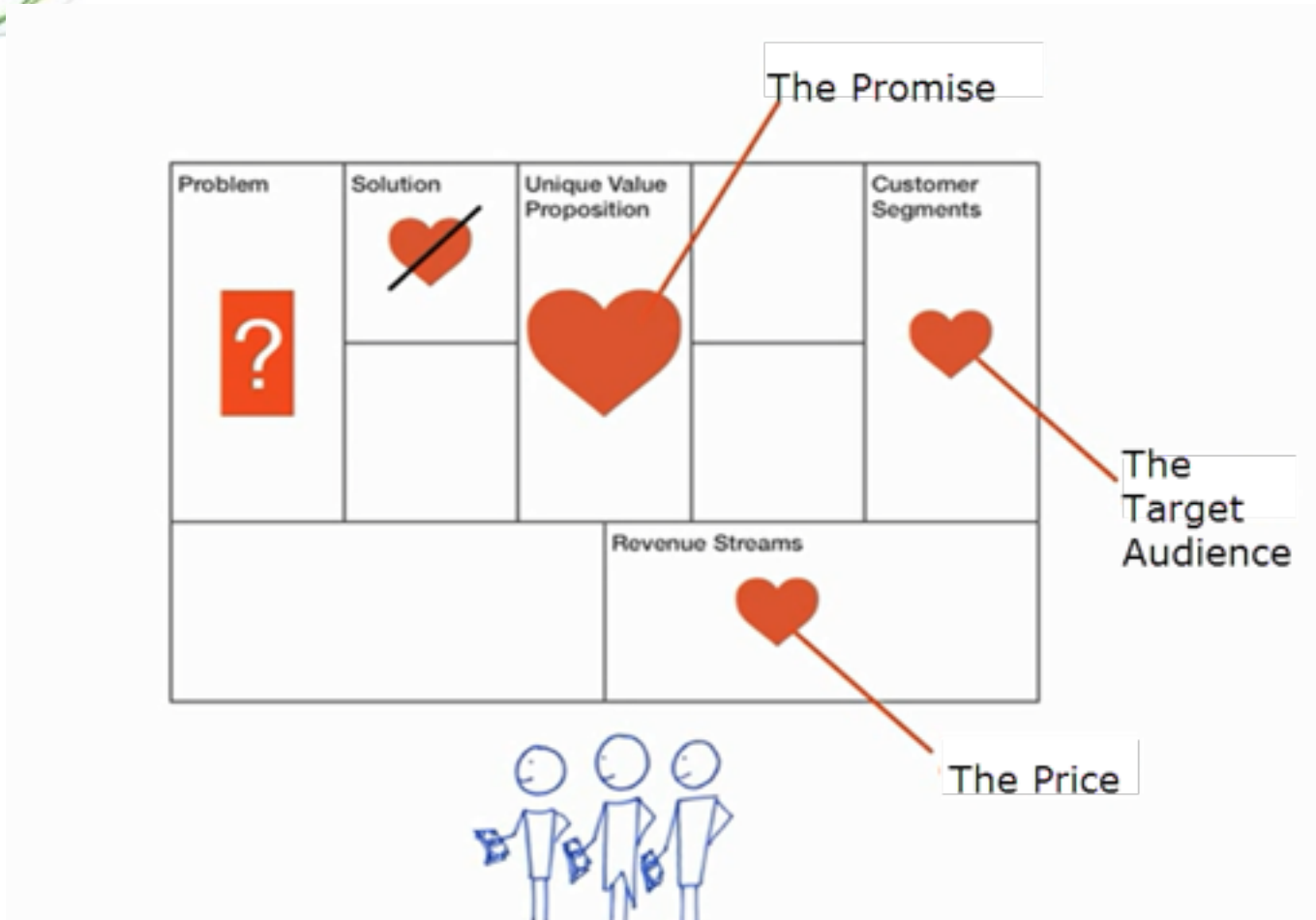
The Competition



Digging Deeper: Honing your Value Proposition



Customers are buying your proposition, not your solution



Your value proposition is what grabs their attention



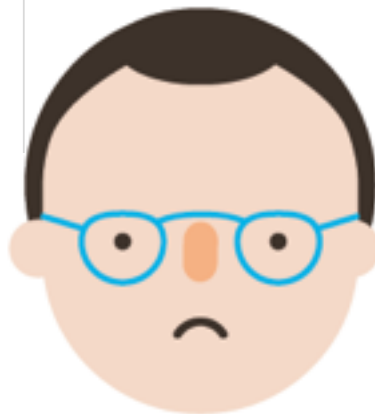
Qualities of a Good Value Proposition



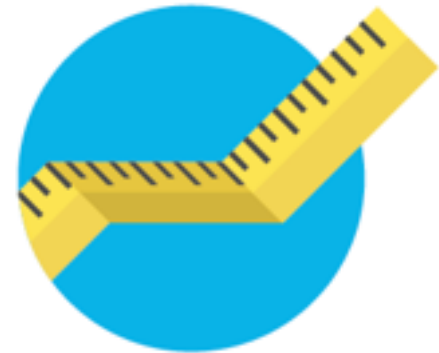
Target few jobs, pains, and gains, but do so extremely well



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



Focus on unsatisfied jobs, unresolved pains, and unrealized gains




Align with how customers measure success



Value Proposition Design

1. Write down the service you want to offer the customer
2. Next – try to express why that will relieve the customer's **pain**
3. Next – try to express how they will use it
4. Prioritise – all your ideas are not all equal
5. Why should they believe it works?
 - de-risk the proposition for the customer

Example: M-KOPA



IN KENYA

5 million off grid homes spend \$1 billion on Kerosene lighting in a Year or about \$200 each



A solar system worth **US \$200** would be a better alternative, but the upfront cost is too high.



With M-KOPA Solar, customers can deposit just **US \$35** to take a high quality system home.



Then make daily top ups via their mobile phone at any time. The cost is less than kerosene.



Embedded GSM technology activates the system remotely when credits are bought.



And after 12 months, they own the system outright, have a positive credit score and can upgrade for more power.



M-KOPA Derisked their customer proposition by offering:

- 2 year warranty
- Device can be returned and \$35 deposit refunded at any time.



Group Question

What are the barriers to entry in convincing a customer to buy health insurance?

How could that purchase be “de-risked”?



Your customers are the judge, jury, and executioner of your value proposition. They will be merciless if you don't find fit!



Tools – “5 Whys” test

Ask yourself “why is this a problem” 5 times, to really try to understand the customer’s root pains & motivation to try your proposition

Sharing photos and videos is hard

1. WHY is this a problem

It’s time-consuming.

2. WHY is this a problem

There are lots of baby pictures.

3. WHY is this a problem

Organizing and uploading takes time.

4. WHY is this a problem

Parents have no free time.

5. WHY is this a problem

There is lots of external demand from family.



Tools – The Product Box



Design a cardboard box (prototype packaging) or Product Brochure that would help a customer buy this product/service:

- 1) Key Marketing messages
- 2) Main features
- 3) Key benefits they would expect



Tools: The Elevator Pitch

Our _____
Products and Services

help(s) _____
Customer Segment

who want to

jobs to be done

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

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

(unlike _____)
competing value proposition



Iterate...

Try some Value Proposition tools to hone your customer idea

Think about your pricing, incentives, and de-risking the proposition for the customer a bit more



Turning your idea into a Business

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Terminology

Customer vs User

Value Proposition

Product vs Service

Innovation

Business Model

Business Plan

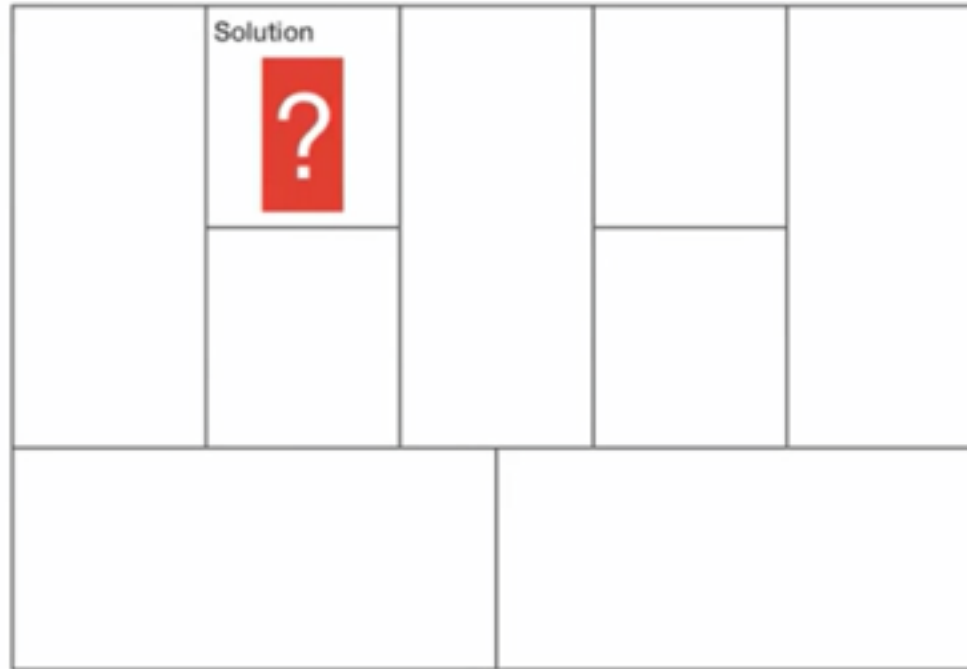
Metrics & KPIs

Risk, Assumptions and Uncertainty

Critical Success Factors,
Key Activities



What is the product?



Your “solution” is **NOT** the product



What is the product?



Your **business model** is the product

The Largest phone companies own no telco infrastructure
(Skype, WeChat)

Most popular media owner creates no content (Facebook)

Worlds largest movie house owns no cinemas (Netflix)

World's largest taxi company owns no taxis (Uber)

Largest Software Vendors don't write apps (Apple & Google)

Worlds most valuable retailer has no inventory (Alibaba)

Largest Accommodation provider owns no real estate
(AirBnB)

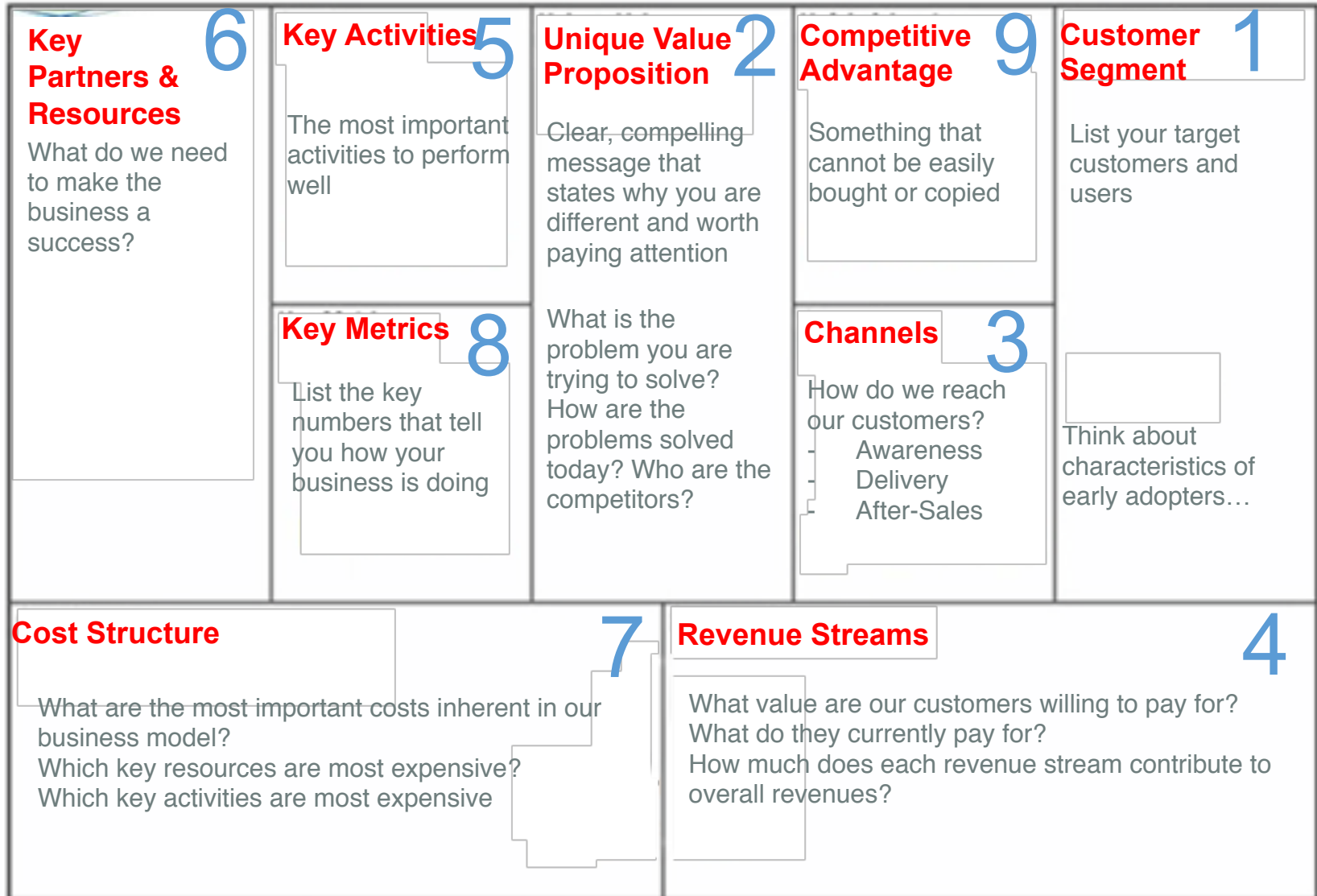


What is a business model?

“A business model describes the rationale of how an organisation creates, delivers and captures value”



Introducing the Business Model Canvas





How does this help?

It creates something short to get started:

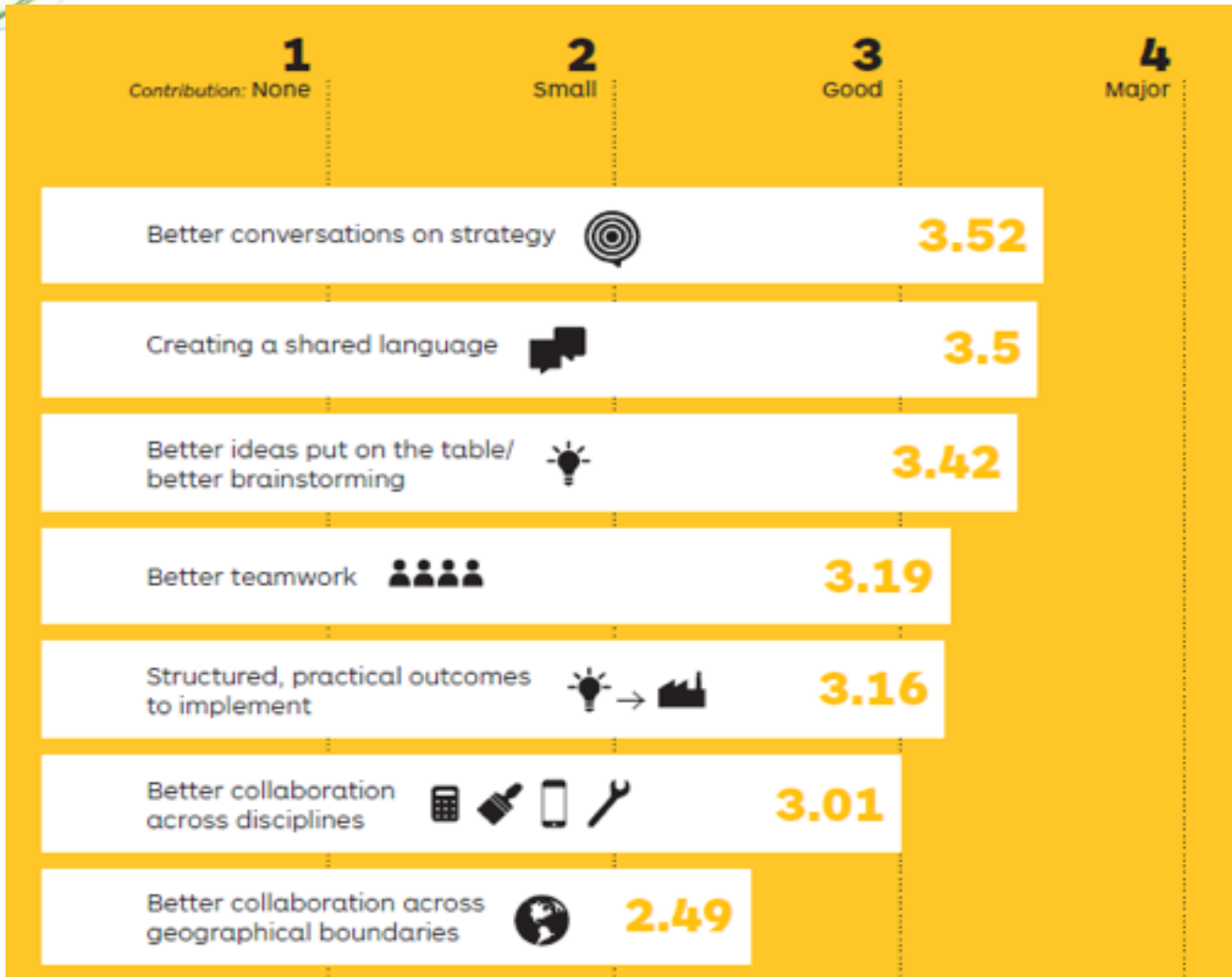
- captures critical assumptions
- without this overall view, temptation is a lot of focus on the solution
- Allows you to formulate an implementation strategy
- Gets you to think about financial elements



Don't rush up the pyramid!!



A Language for Strategy and Innovation



The Voice of the User

Users see value in the Canvas for a myriad of reasons.
A Few Direct Quotes...

The Canvas has helped me to describe many ideas that — without it — would be very difficult to do.

Managers have sometimes forgotten to gamble with ideas... BMG helps me to reduce this problem!

Finding out how we ourselves could be disrupted.

It made sense!

Great way of clarifying ideas and challenging assumptions.

Simplicity; even my mother could understand it.

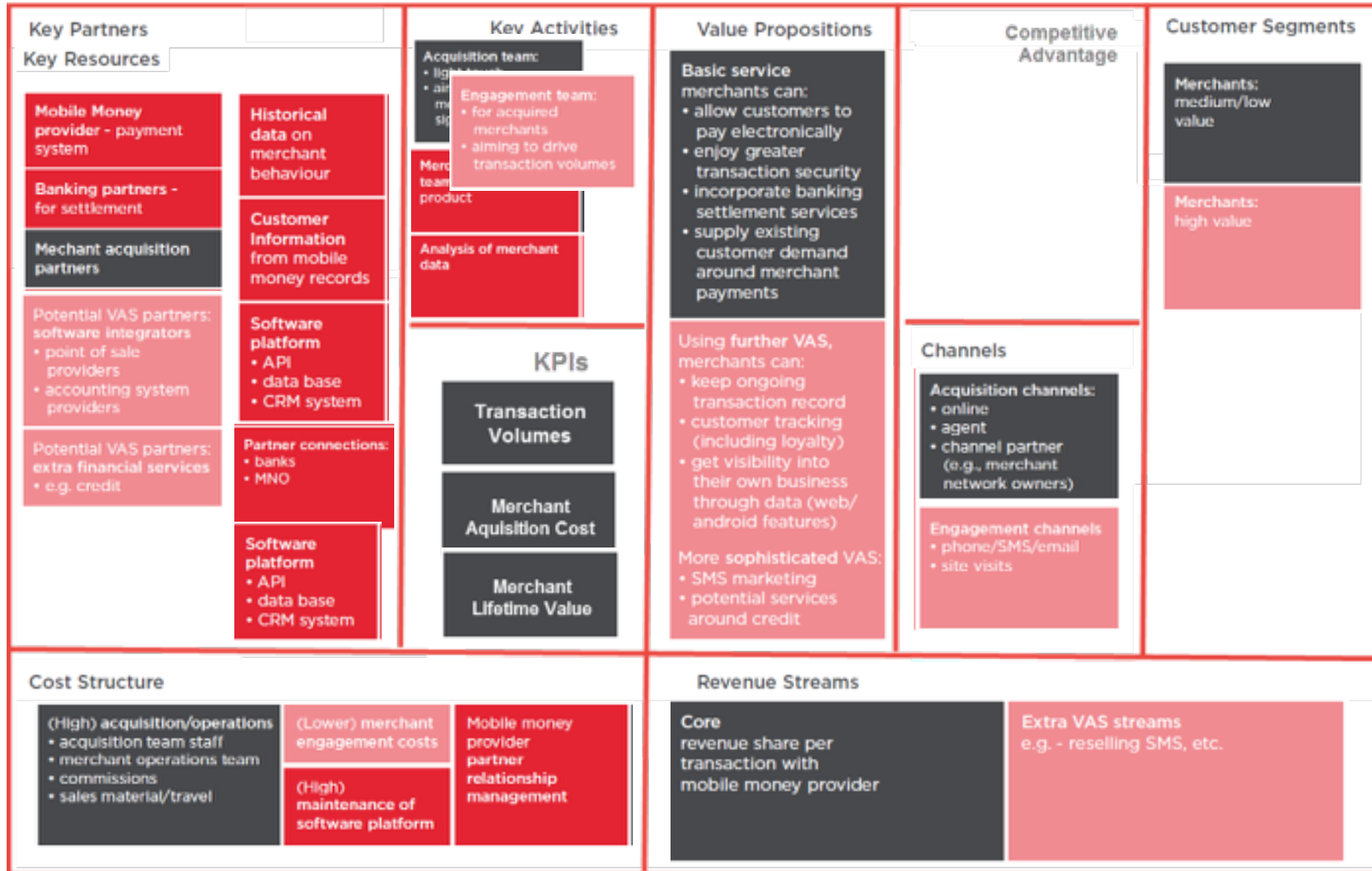
The book has had a major influence on how we discuss the strategic side of business today.

Helps business leaders quickly see their business on one page.

Better communication to decision makers. It clarifies complexity.

The application of Design Thinking is a superior way of strategizing.

Case Study: Kopo Kopo



Dark grey represents aspects of the model relating to serving merchants in the lower value segment and light red represents serving higher value merchants



Have a go...



Common Pitfalls

- marketing to everyone
- problems are not specific enough
- a weak unique value proposition
- no significant path to customers
- no monetizable customer painpoint
- falling in love with YOUR solution, getting too specific too soon
- not clearly defining your success metrics
- no competitive advantage story



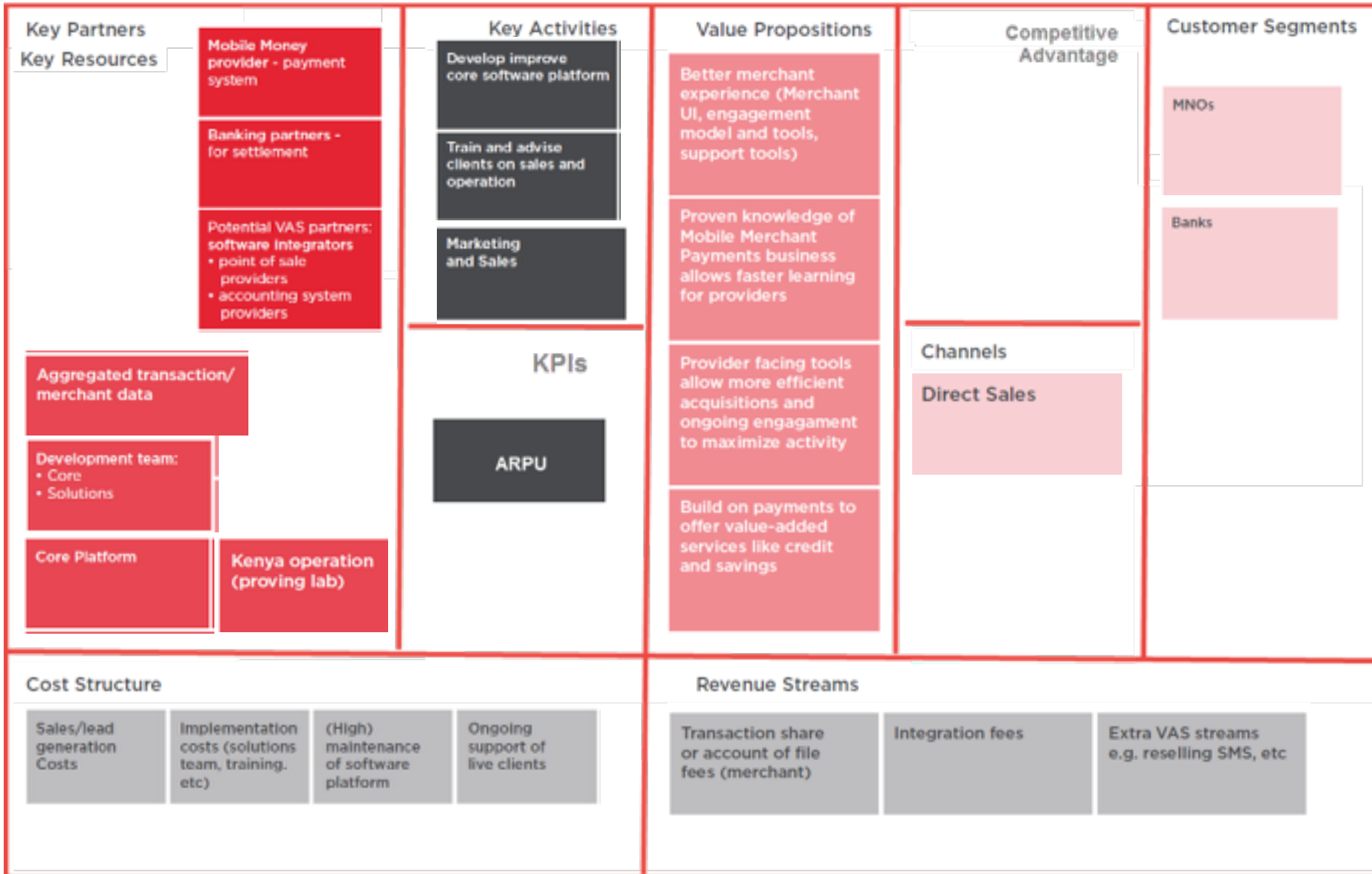
Digging Deeper: Pitching to Partners



The Canvas is a framework for thinking about Partner Pitches too

- The value proposition to a partner will be different to that for a customer
- To get partners onboard, it is important to be able to tell a coherent story around the Value Proposition to THEM.
- Often this will need you to think deeper about revenue and cost modelling

Pitching Kopo Kopo to a Service Provider





Group Question

Agents are essential partners in many services.

What are the barriers to entry in convincing an agent to join your service?



The ROI forms part of the Value Proposition

Example: a small grocery store trading 24 days per month:

| Monthly Sales & Revenue | Airtime | Groceries | Mobile Banking Cash In |
|-------------------------|---------|-----------|---------------------------|
|-------------------------|---------|-----------|---------------------------|

It is improbable that the agent in this model would offer DFS

Note that cost of e-money [bank deposits, clearing time, replenishment by customer withdrawal, etc] has not been factored in this model so the net agent return will be rather lower than shown



Planning your Project



3 Stages of Business Development



Do I have a problem worth solving?



Have I built something people want?



How do I accelerate growth?

Desirability

Viability

Sustainability

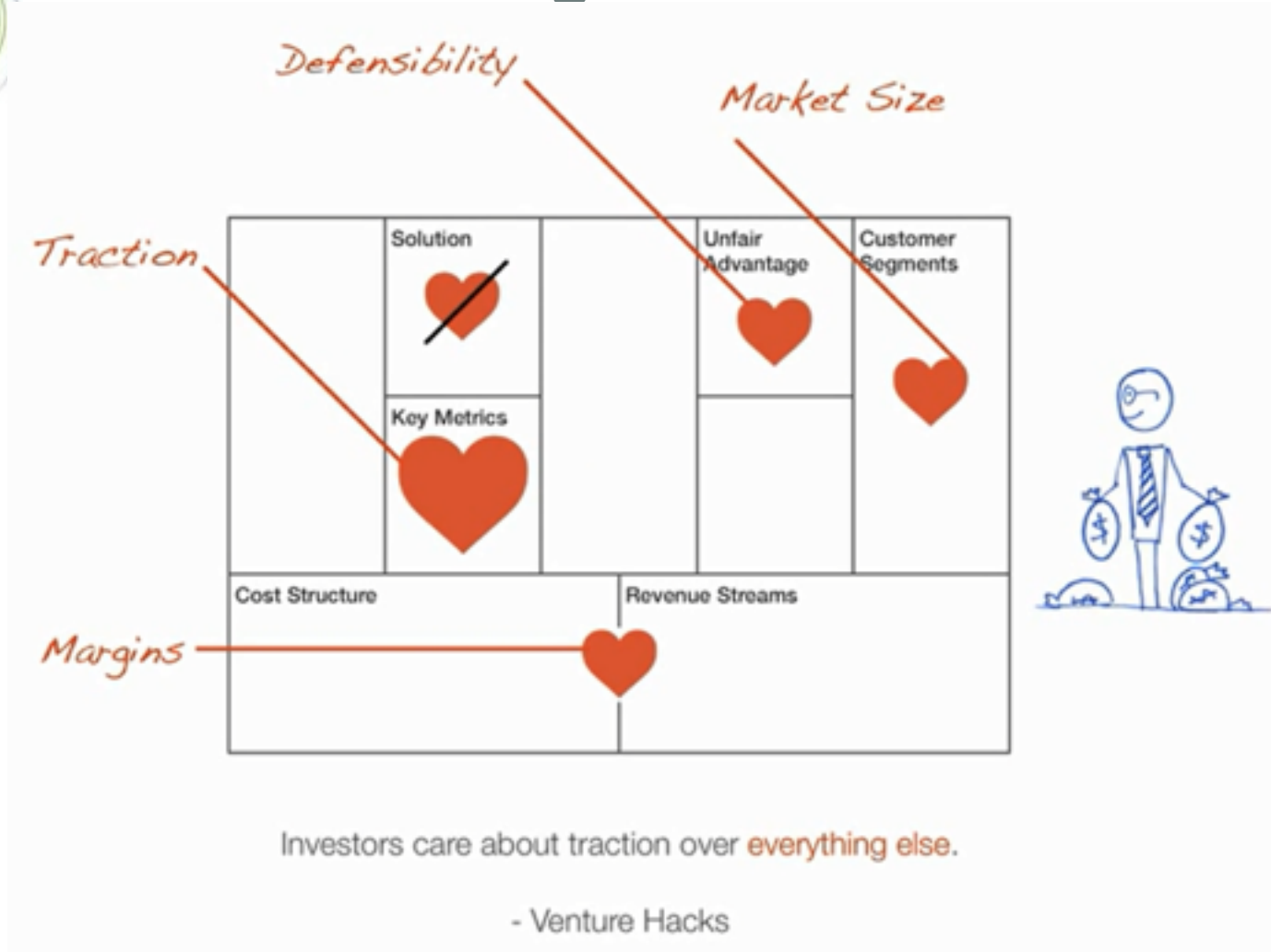


Experiment

A controlled test of a critical business question to refine the offering.



What makes a good business?



That you are actively reducing uncertainty



An Alternative Perspective: Risk Mapping

3 types of risk:

- 1) **Product Risk:** Getting the product right, including resources you need to build it, and pricing it correctly
- 2) **Customer Risk:** building a scalable path to customers
- 3) **Market Risk:** Building a viable Business
 - Existing Alternatives - your true competition today
 - Margins for viability of your model
 - Metrics, for measuring traction
 - Competitive advantage story, to defend your business in the future



Prioritise: Define what's most uncertain.

1. Product-Solution

Fit Who's the first customer?

Why do they decide to try?

Can people operate it?

2. Product-Market Fit

How do people learn about it?

How much will people pay?

Is the market big enough?

3. Sustainability

Can we build it cheaply?

Are our partners capable?

Is the ROI worth pursuing?



Brainstorming exercise to triage uncertainties

- Write your top 10 on a post-it note

- What am I sceptical about?
- What feels like a big assumption?
- Did my testing make me rethink?

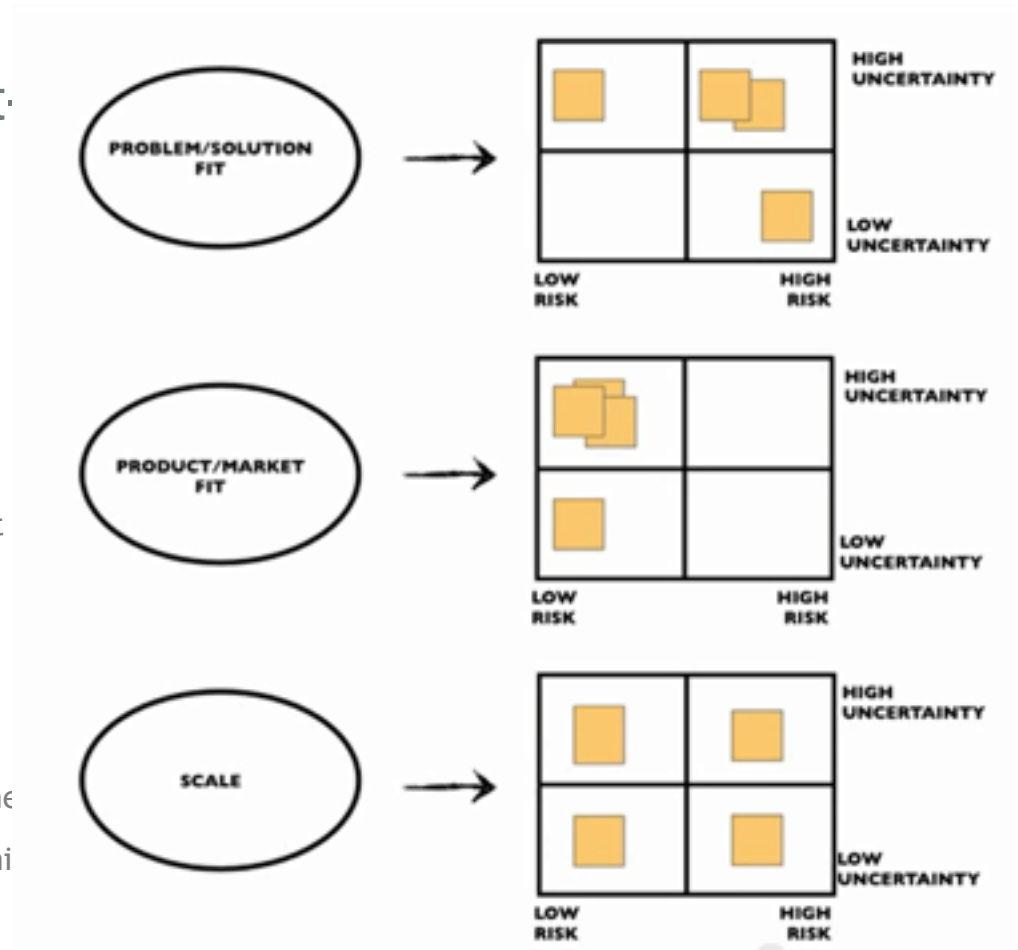
- First: triage by when they will matter in your development stages:

- When will the risk have the greatest impact it comes true?
- stick them on the round bubble

- Next you place each in the quadrant on the right hand side:

- First based on HOW LIKELY the risk will come true
- Second based on the impact of the risk coming true

- Design your iterative experiments to tackle the right ones first.





Group Question:

What about uncertainties/risks
you don't know you don't know?



Using Data to test our thinking



Group Question

What's the difference between Data and Insight?

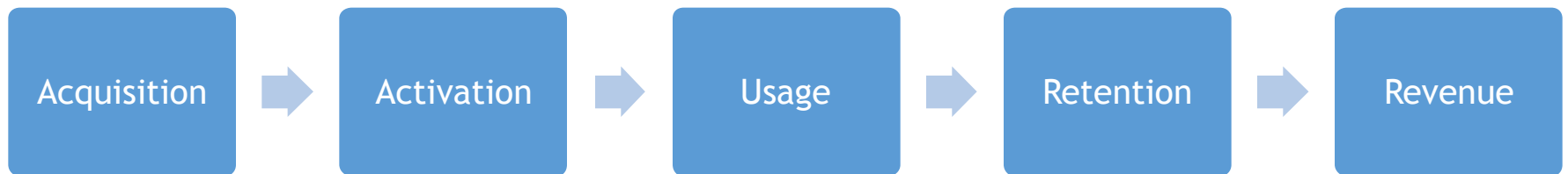
How do we define success?

What makes a good metric for your project?



Exercise:

What makes good metrics for a health insurance service?



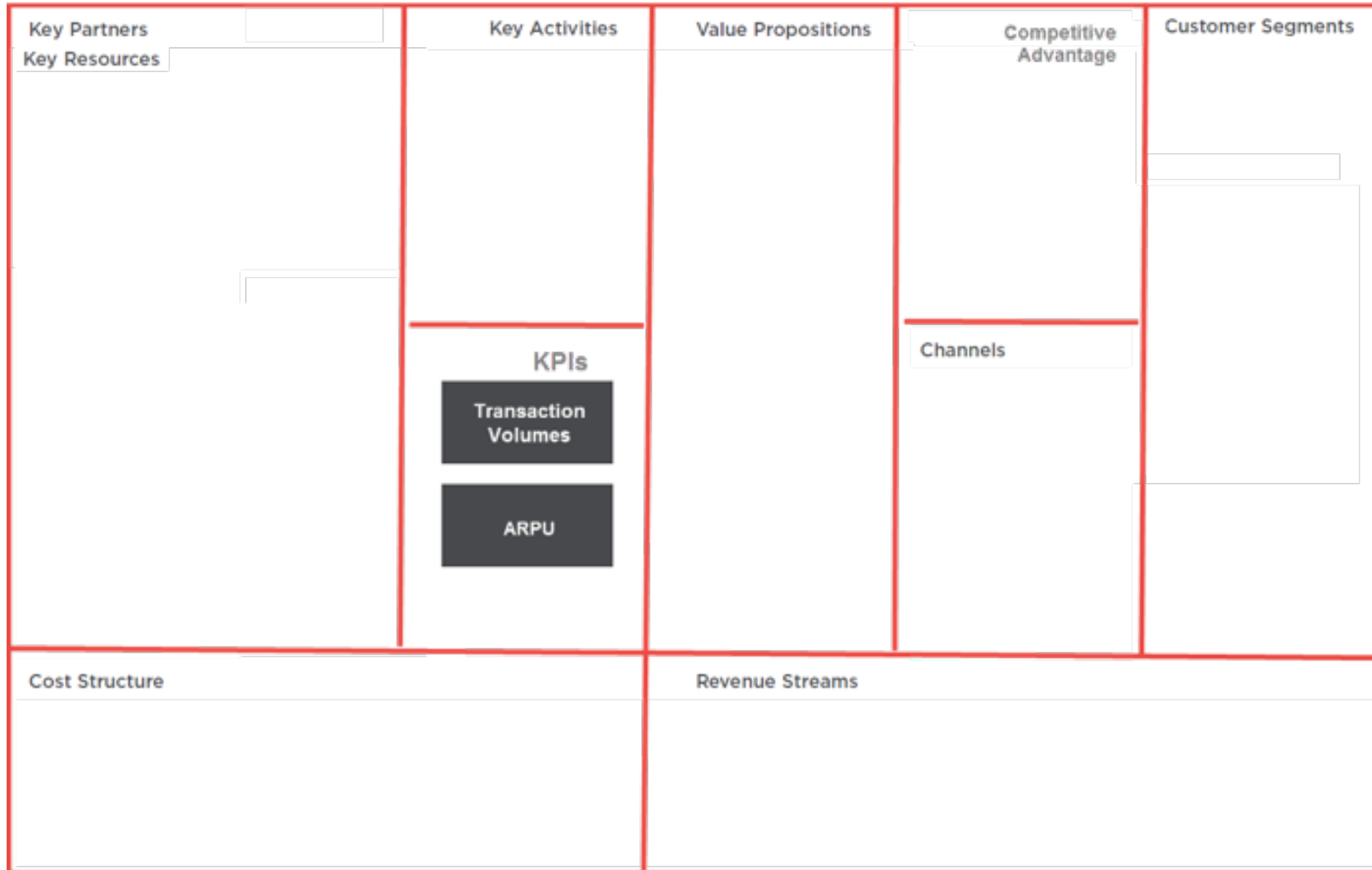


Setting the wrong KPIs

“Initially, Kopo Kopo found that some of the salesforce were misleading merchants as to the nature of the service to which they were signing up **in order to hit targets**, which led to **low activity numbers and displeased merchants**.

Therefore Kopo Kopo developed **specific tools** in the form of sales management and sales fraud management dashboards **to help monitor the consistency of marketing** across different channels.”

Case Study: Kopo Kopo





Keep Watching!



Dar - Full Agent Network





Dar - Full Agent Network



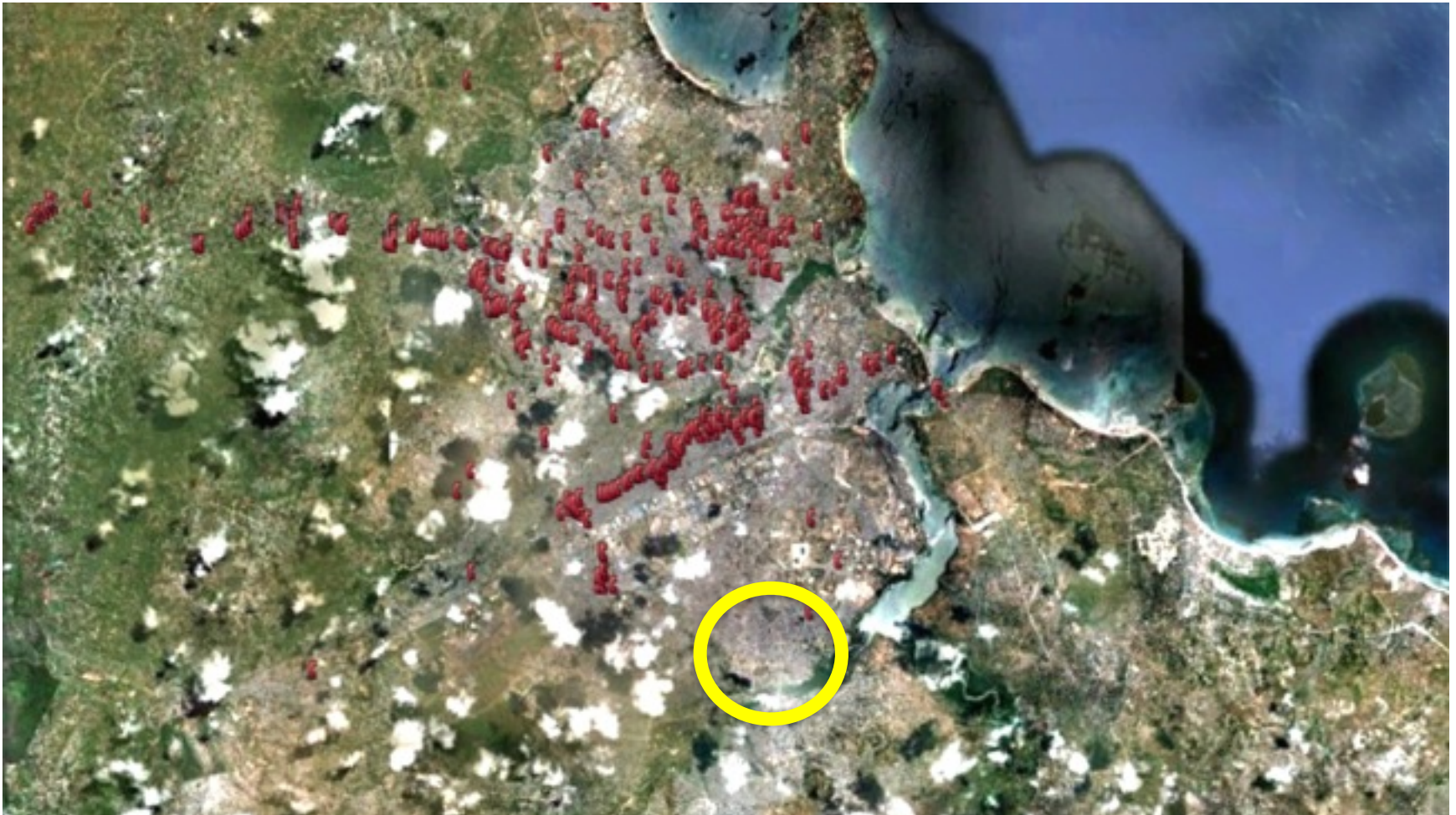


Agents doing 25 activities / day





Agents doing over 50 activities / day






Low income area





Better questions can be as valuable as new products

- 
- An aerial photograph of a densely populated urban area, likely a slum or informal settlement. The buildings are packed closely together, and the colors of the roofs are varied. A prominent yellow circle is drawn over a portion of the image, highlighting a specific area of interest. The circle is thick and bright yellow, contrasting sharply with the muted colors of the urban landscape.
- Why do we see agents but no transactions?
 - How does this affect our current investment in mobile money agents?
 - Can we find a way for existing products to more appropriate?
 - Can we develop a new product to better serve these customers?



Iterate...

Can you strengthen your business pitch this afternoon by looking again at your business model canvas and making it stronger?



Summary



Spreading BMC in a large organisation



Start Simple



Be Opportunistic



Invest



Make it Official

The integration of the Canvas in official company templates



Find Champion Users



Showcase Success



Create Risk-free Spaces for Learning and Experimentation



Get C-level Sponsorship



Bring the Canvas into the 'DNA' of your Organization



Why a pitch isn't a proposal...

- Keep It SIMPLE
- Tell a Story (demonstrate value)
- Provide KEY information
- Quantify where possible
- Don't be afraid of what you don't know
- Leave them wanting more



Make it easy for the room to understand by leading them through your story

Catch their attention!