

# What is the value proposition?

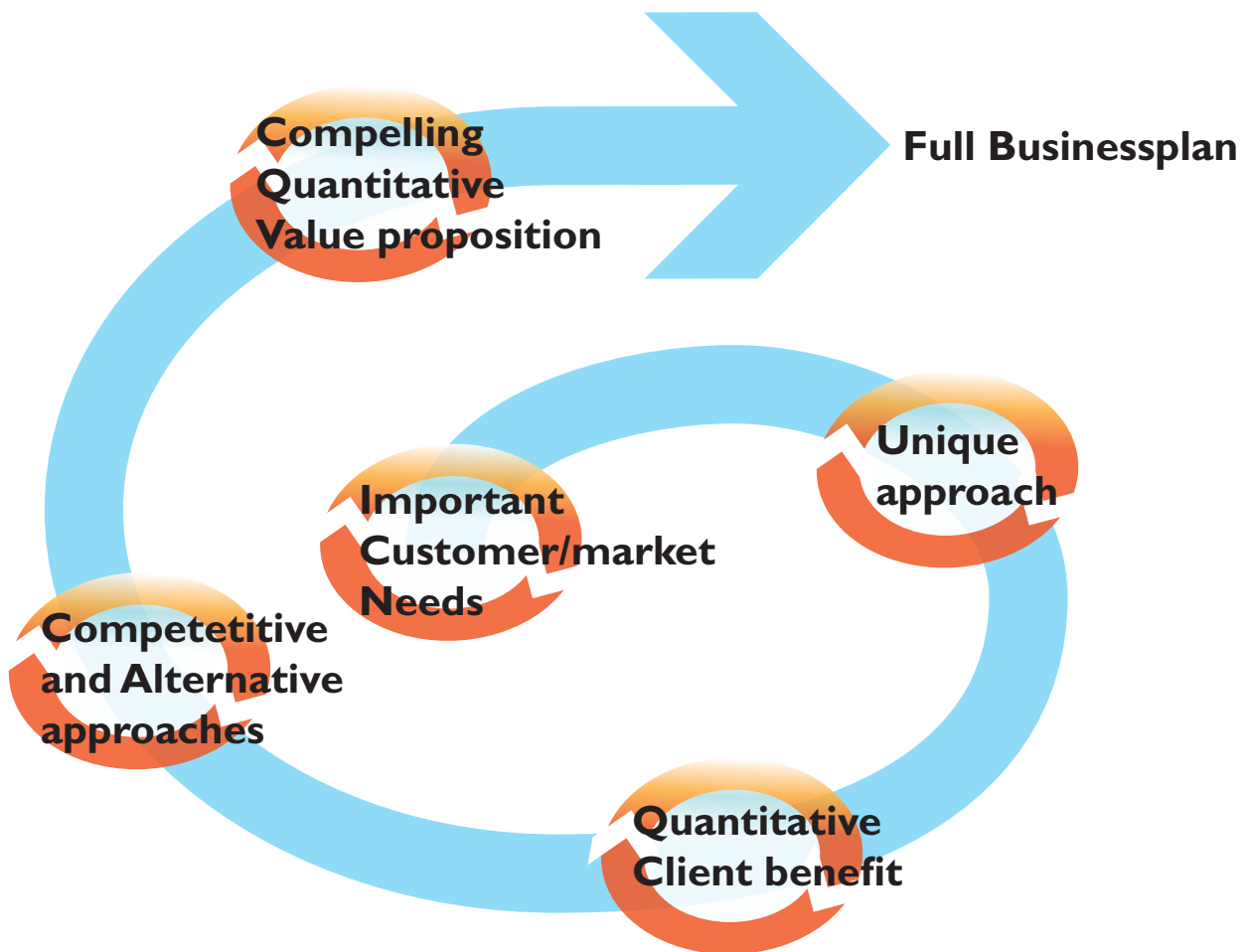
A methodology to develop a quantitative value proposition  
– the first step in value creation.

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Important customer

**N**needs  
**A**pproach  
**B**enefits/cost  
**C**ompetition



# Starting to Create a Value Proposition

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Write down what you know and start talking to colleagues

First steps

Write it down: don't worry, it won't be right at first  
Start with the basics: NABC  
Pass it around to your colleagues to collect input  
Get out of your office: listen to prospective customers, partners and friends; spend a "day in the life of a customer"  
Capture and synthesize all ideas to improve your NABC  
As appropriate, protect your ideas with a nondisclosure agreement

Constant improvement:  
iterate, iterate, iterate

Don't fall in love with your first idea  
Use pictures, simulations and images; build multiple mock-ups  
Do it fast and repeat often!

Test of a Value Proposition

Compelling answer to the question: "Why will we win?"  
Applies to all clients



The end goal is a compelling, quantitative  
Value Proposition that is easy to remember

# Improving Your Value Proposition: Be Quantitative

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Qualitative statements are **not** persuasive

Need	<p><b>Not</b> The market is growing fast</p> <p><i>Rather</i> Our market segment is \$2B per year and growing at 20% per year</p>
Approach	<p><b>Not</b> The ROI is excellent</p> <p><i>Rather</i> We have created a one-step process that replaces the current two-step process with the same quality</p>
Benefits	<p><b>Not</b> The ROI is excellent</p> <p><i>Rather</i> Our one-step process reduces our cost by 50% and results in an expected ROI of 50% per year with a profit of \$30M in Year 3</p>
Competition	<p><b>Not</b> We are better than our competitors</p> <p><i>Rather</i> Our competitor is Evergreen Corporation, which uses the current two-step process. We own the IP for our new process</p>