

Value Propositions

John Collins

CIMIT COO

jcollins@partners.org

What is a value proposition?

A value proposition is a ***promise*** of value to be delivered and ***reason*** why a potential customer should buy from you.

It...

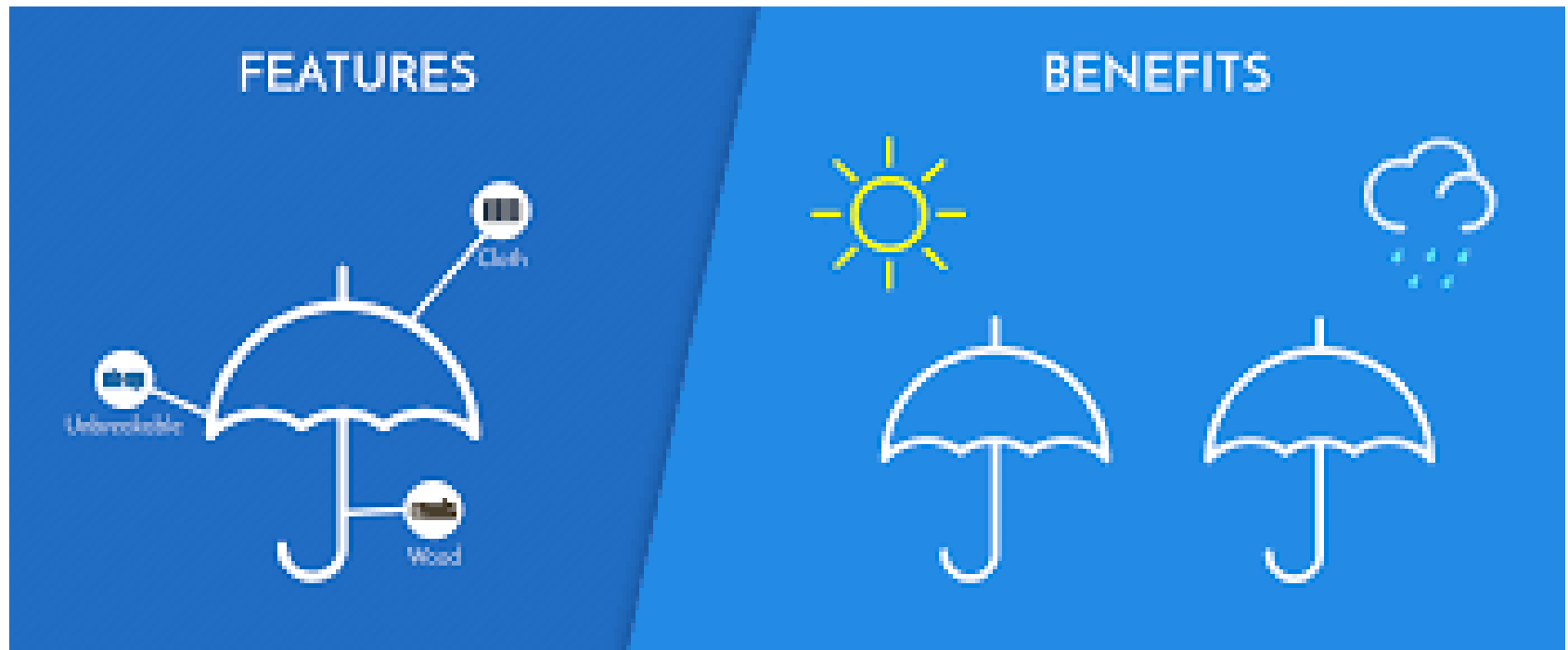
- Explains how your solution addresses **customers' needs** - solving problems or improving their situation (relevancy),
- Delivers specific **benefits** (quantified value),
- Tells the customer why they should **buy from you** and not from the competition (unique differentiation).

What is a value proposition?

The value proposition is NOT

- A slogan or a catch phrase:
 - e.g. L'Oréal. Because we're worth it.
- A positioning statement:
 - e.g. America's #1 Bandage Brand. Heals the wound fast, heals the hurt faster.
- A description of features
 - e.g. The scalpel with the sharpest blade

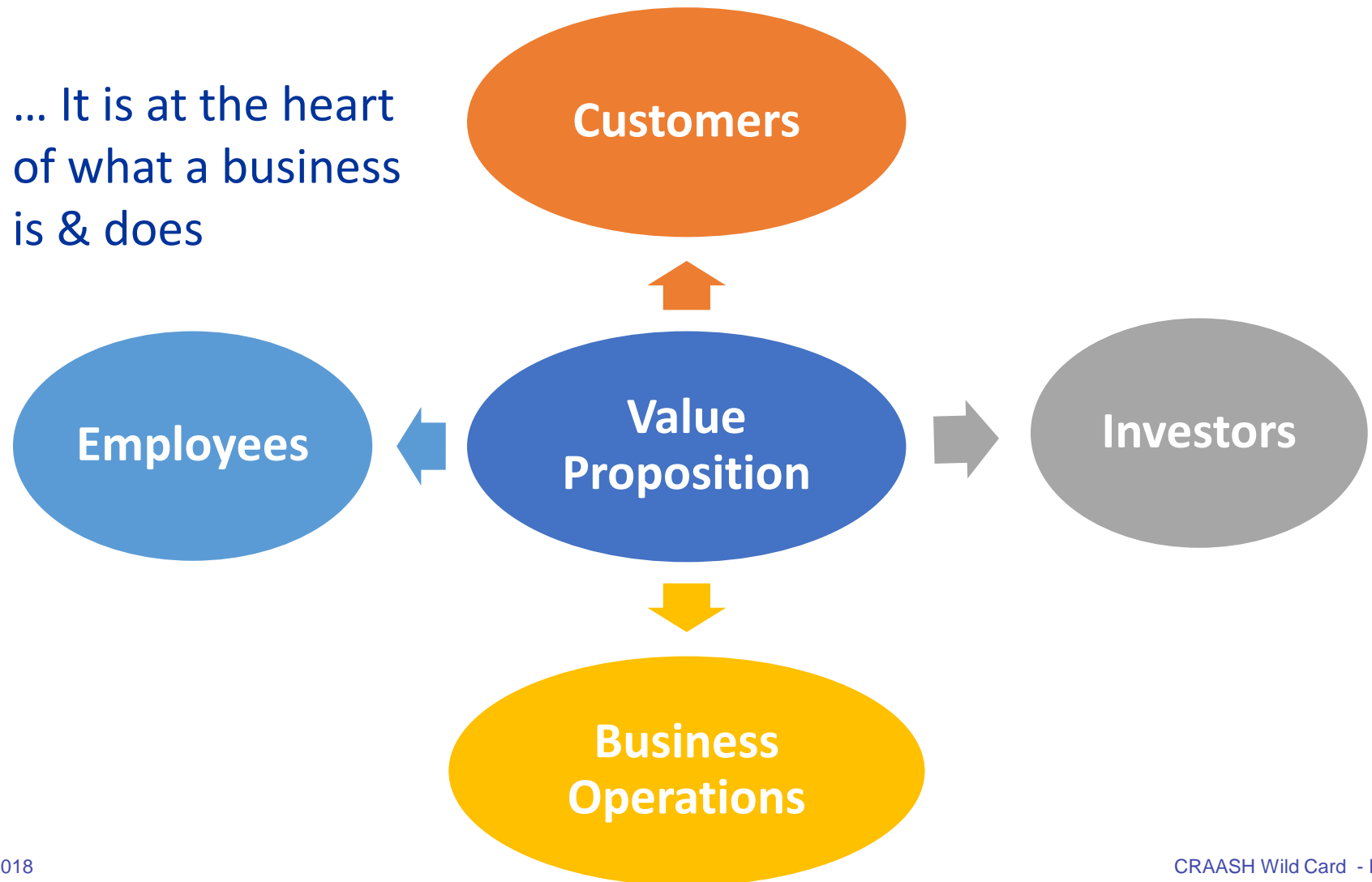
Features ≠ Value or Benefits



Don't fall into this trap ...

The Value Proposition ...

... It is at the heart
of what a business
is & does



The Business Model Canvas

A simple way to see an entire business model in one page.

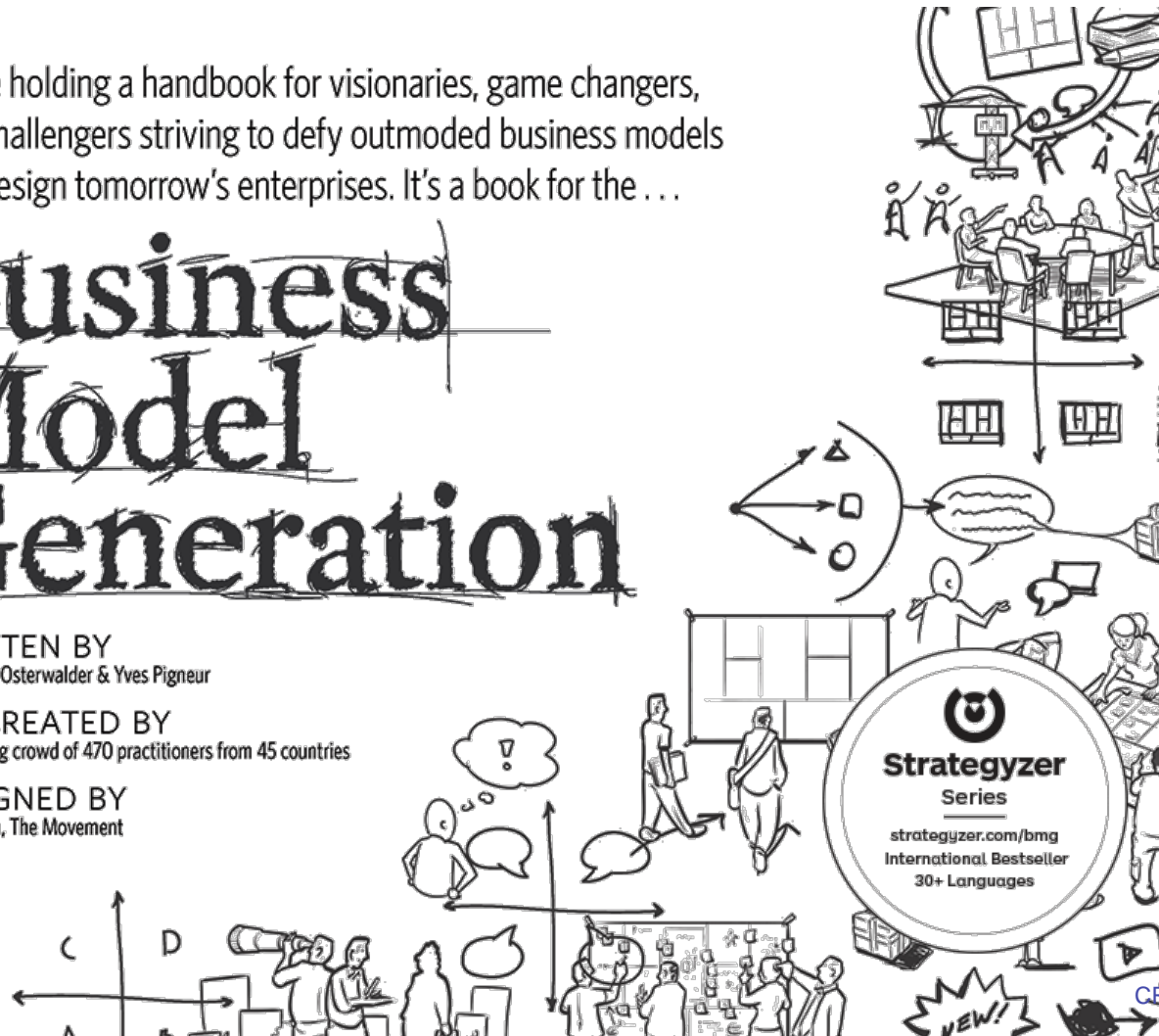
You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the . . .

Business Model Generation

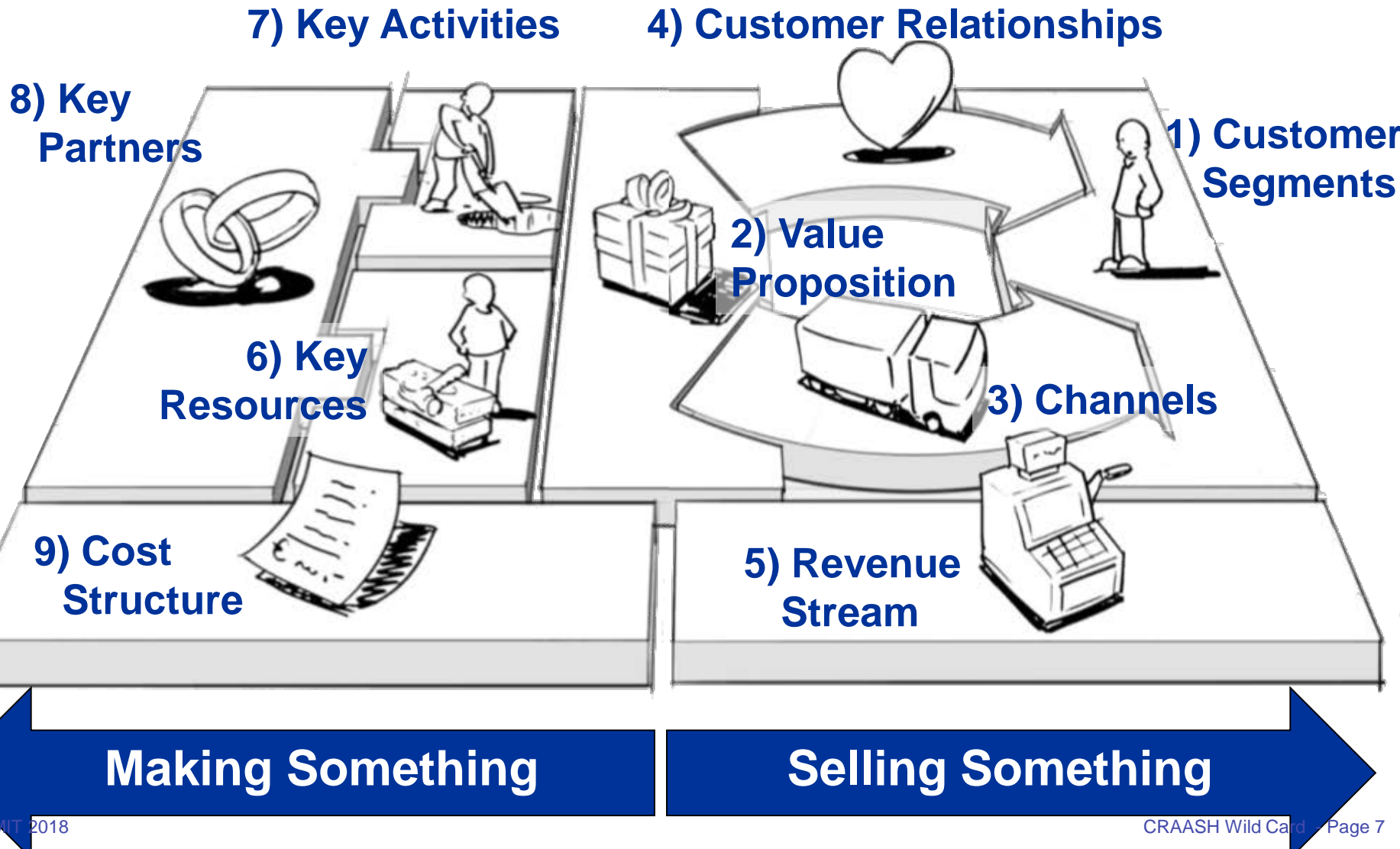
WRITTEN BY
Alexander Osterwalder & Yves Pigneur

CO-CREATED BY
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY
Alan Smith, The Movement



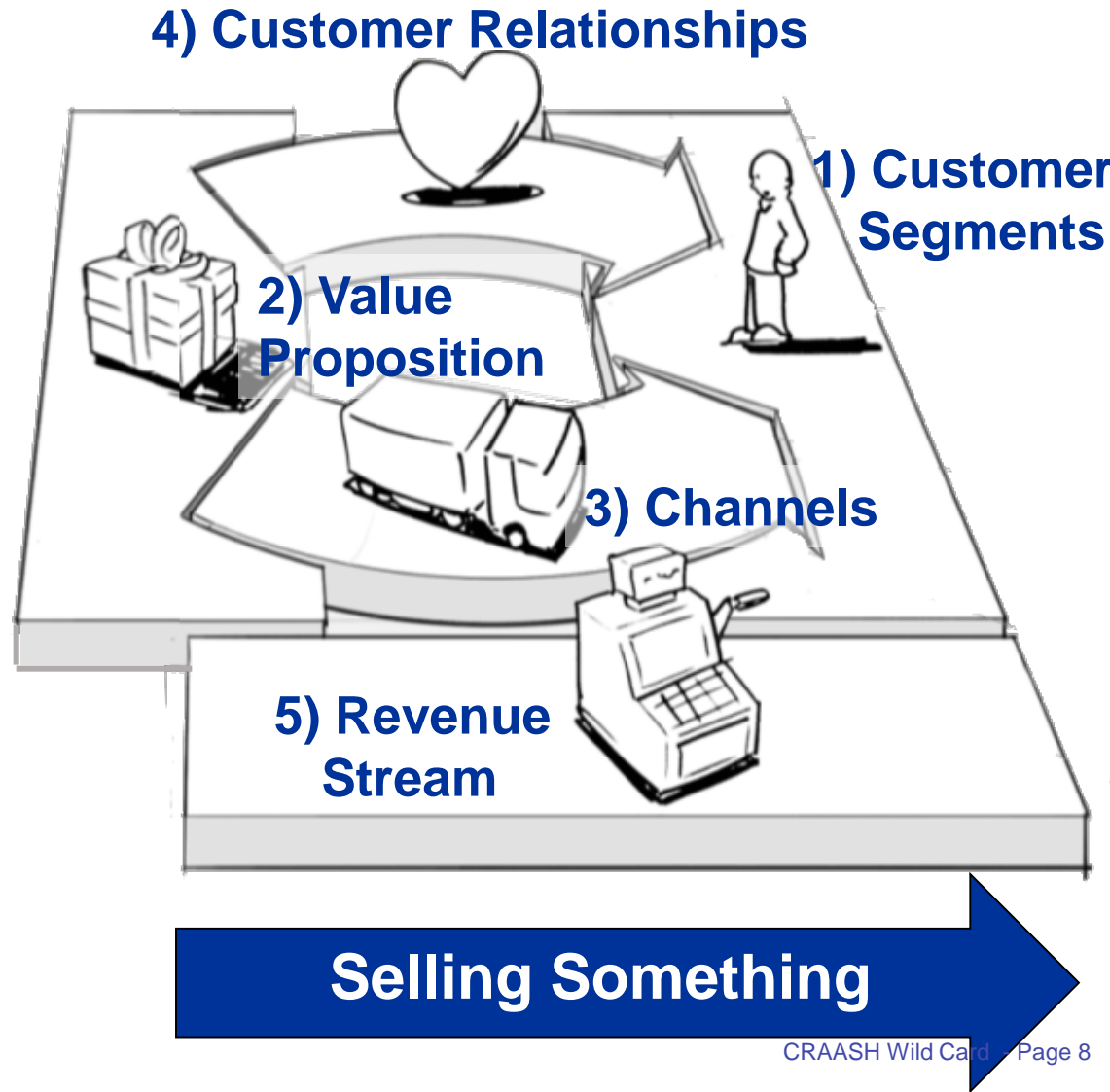
The Business Model Canvas ...



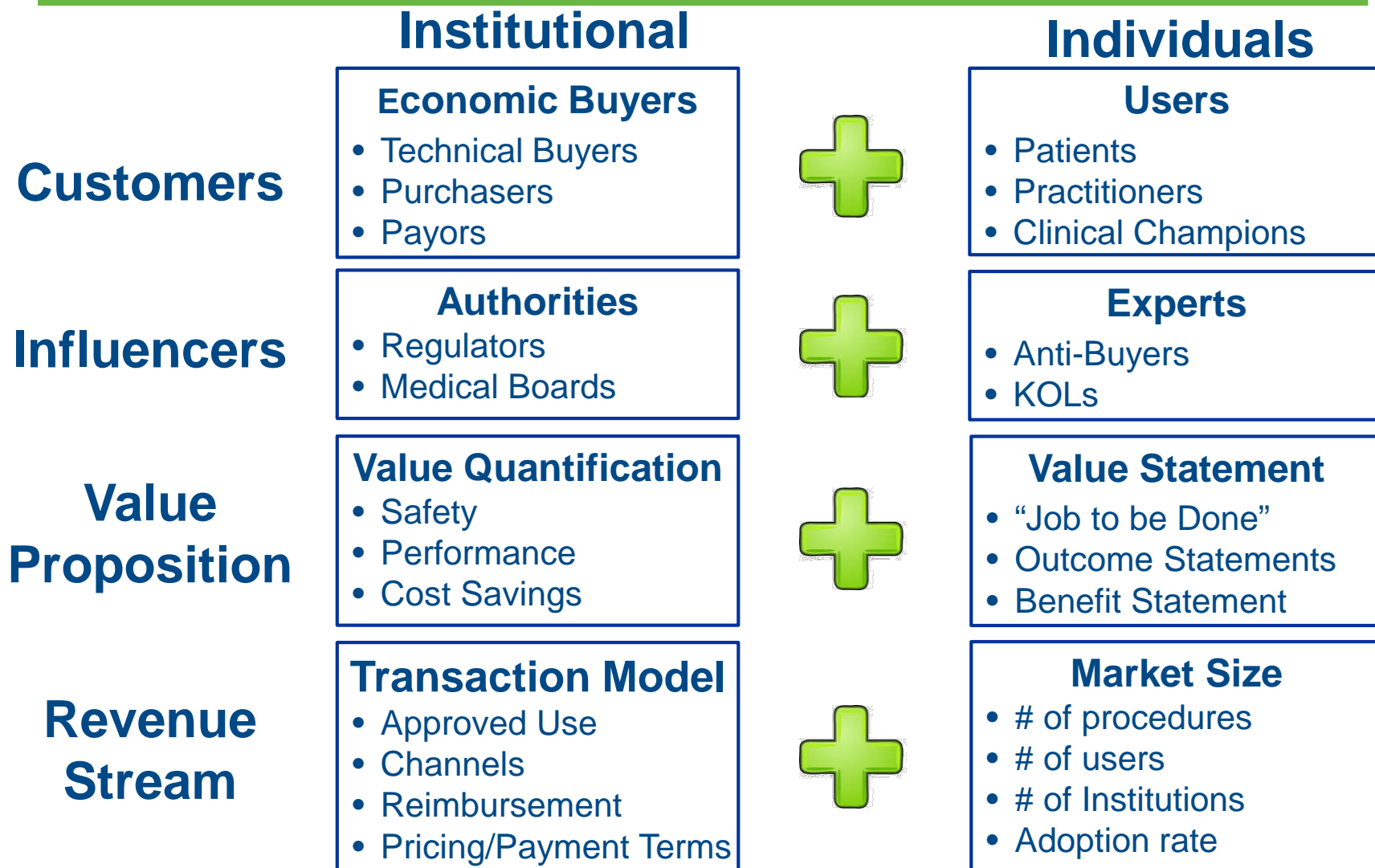
The Business Model Canvas ...

What are the issues applying this selling model in healthcare?

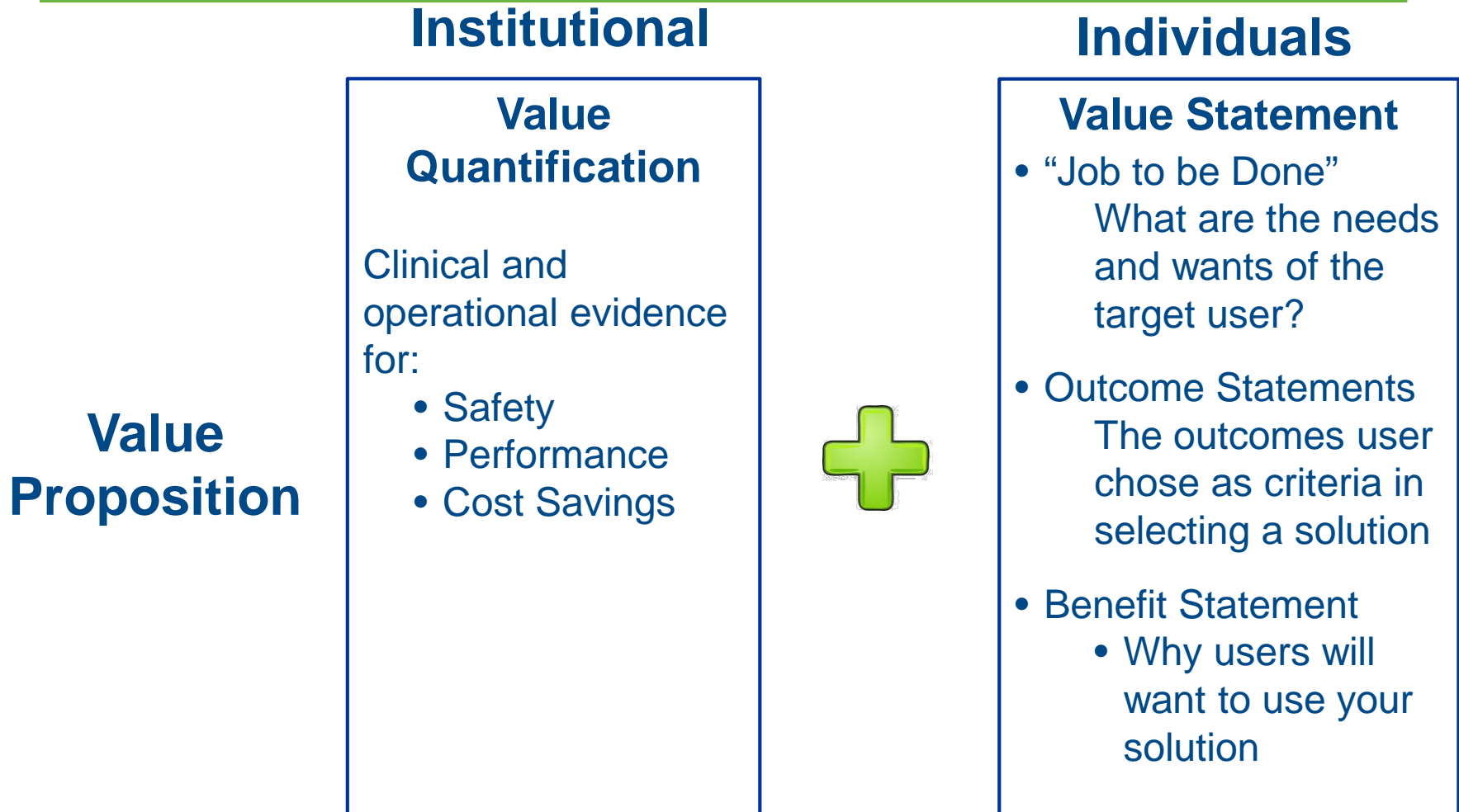
- What decisions do individuals make and why?
- What decisions are made by people representing institutions and why?
- Who controls where the solution can be used, for what purposes, and the price?
- What else?



Selling Something in Healthcare ...



Components of the Value Proposition



Customers & Influencers ...

Remember:

- Institutions do not buy things – people do!
 - Some for their own use (users)
 - Some on behalf of the organization (economic buyers)
- Influencers are very important in healthcare
 - Find out who they are and talk with them
 - Make sure you know who “loses” and is likely to be an anti-buyer
- Focus on engaging Clinical Champion (Lead Users)
 - Believe in and will advocate for your solution
 - Solves a big problem or creates a significant opportunity
 - Represents a “beachhead” market

Customer Segments:

Explore and assess differently if:

- Their needs require and justify a distinct offer
- They are reached through different Distribution Channels
- They require different types of relationships
- They have substantially different profitabilities
- They are willing to pay for different aspects of the offer



“Jobs to be Done” Statement: Action + object + context

Job-to-be-done statement

Verb	Object of the verb	Contextual modifier
Transport	me and my belongings	via the ground
Example of object of the verb		
for example, from my temporary work location to my hometown		

Source: “Giving Customers a Fair Hearing”, Anthony Ulwick; Lance Bettencourt, MIT SLOAN Management Review, Vol. 49, No.

- Listen and observe users to uncover JtbD
- Form hypotheses as to JtbD and test in interviews
- List and prioritize

Types of Jobs-to-be-Done

- **Main jobs to be done:** The functions that users want to achieve.
- **Related jobs to be done:** Other functions users want to accomplish in conjunction with the main jobs to be done.
- Within each of these two types of JTBDs, there are:
 - **Functional job aspects**—the practical and objective user requirements.
 - **Emotional job aspects**—the subjective user requirements related to feelings and perception.
- Finally, emotional job aspects are further broken down into:
 - **Personal dimension**—how the user feels about the solution.
 - **Social dimension**—how the user believes he or she is perceived by others while using the solution.

Mad Men Video ...



Outcomes Statement:

Desired-outcome statement

Direction of improvement	Unit of measure	Object of control
Minimize	jerking motion	of me and my belongings
Contextual clarifier	Example of object of control	
while riding a bus	for example, bumping up and down or jerking left or right	

- For the key need/JtbD establish the criteria users base decisions on which solution to hire or use.
- Don't assume – ask in your interviews

Benefit Statement:

Why is your solution better at delivering the Outcome than other ways to do the “job”

1. List the other ways people “get the job done”
 - Remember – Milkshakes compete with coffee!
2. Assess how your target solution compares
 - Strengths
 - Weaknesses
3. Summarize why users will prefer your (future) solution over the alternatives
 - Be honest
4. Consider how to change your proposed solution or target market
 - Address weaknesses
 - Utilize and align strengths with users

Pill Pack Example ...



PillPack cofounder, CEO and former member of the Forbes 30 Under 30 list T.J. Parker. (Forbes image)

Pill Pack: Customers & Value Prop

Institutions		People		Customers Influencers Value Prop
Economic Buyers		Users		
<ul style="list-style-type: none">• Technical Buyers• Purchasers• Payors		<ul style="list-style-type: none">• Patients• Practitioners• Clinical Champions		
Authorities		Influencers		
<ul style="list-style-type: none">• Regulators• Medical Boards		<ul style="list-style-type: none">• Anti-Buyers• KOLs		
Value Quantification		Value Statement		
<ul style="list-style-type: none">• Safety• Performance• Cost Savings		<ul style="list-style-type: none">• “Job to be Done”/Need• Outcome Statement(s)• Benefit Statement		

MIT 2018

CRAASH Wild Card - Page 1

Assignment



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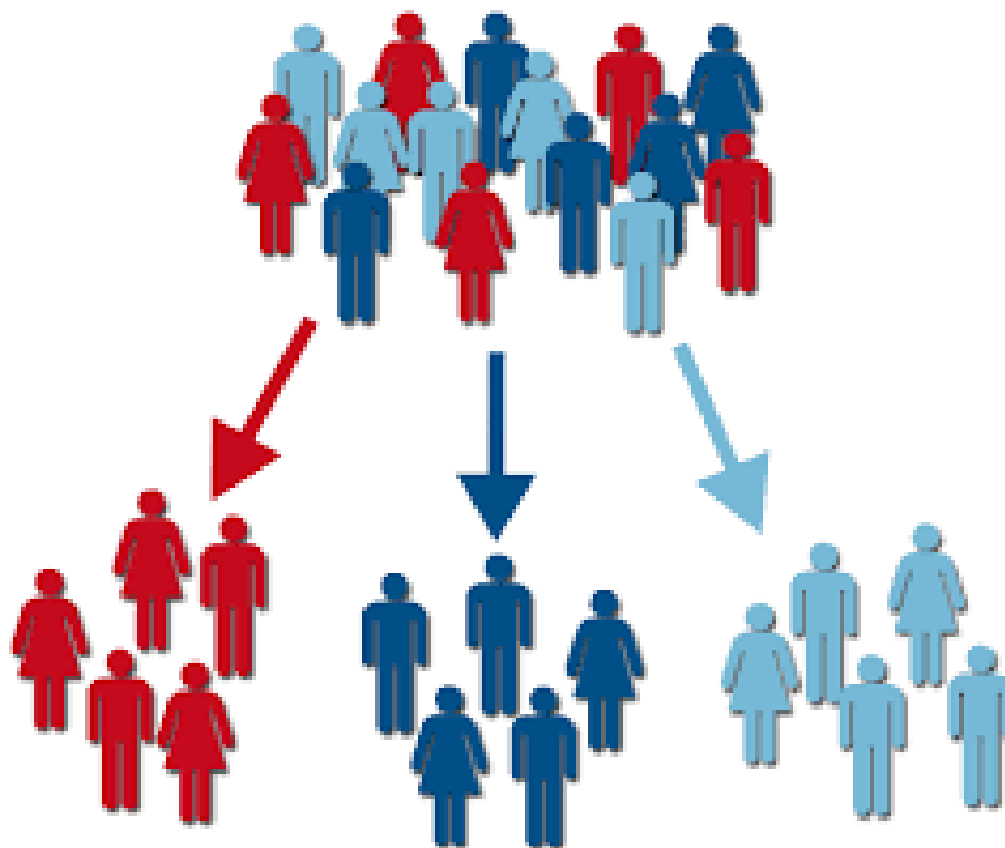
Page 2: Competitive Position

Alternative Solution	Our Weakness	Our Strength
Alternative 1		
Alternative 2		
...		
Summary:	Text	Text

Benefit Statement: Summarize why users will prefer your (future) solution over the alternatives -

Options

Segments:
Explore each
separately....



Thank You!

Questions?