



Lecture 11 Value Proposition Revisited, Personas and Competitors



Today's Agenda

- Daily Scrum
- Elevator Pitch Contest Debrief
- Value Proposition Review
- Pitch Deck Continued
- Individual Office Hours Signup
- Key Takeaways



Let's Scrum!

- Take a minute to reflect...
 - What have you done since yesterday?
 - What are you planning to do today?
 - Any impediments/stumbling blocks?
 - What else are you thinking about?



Today's Agenda

- Daily Scrum
- Elevator Pitch Contest Debrief
- Value Proposition Review
- Pitch Deck Continued
- Individual Office Hours Signup
- Key Takeaways



Elevator Pitch Contest Debrief

- For each person:
 - How did it feel (as a spectator or presenter)?
 - How did you feel about our judges?
- For each team:
 - What feedback did you get about your business?
 - Will this change your focus? How?
 - How can we help you get to the next level?



Feedback from Judges

- Revenue model
 Who's paying you?
- Market size
- Go-to-market strategy
- Are you really solving a problem?
- Show them that you want it
- Ask for more feedback; put yourself out there!



Today's Agenda

- Daily Scrum
- Elevator Pitch Contest Debrief
- Value Proposition Review
- Pitch Deck Continued
- Individual Office Hours Signup
- Key Takeaways



What is a Value Proposition?

- Why would my target customer find my product compelling and buy it?
- What kind and how much value does it create for him or her?



How to Define Value?

- 1. Define your target customer
- 2. Have a clearly defined persona (more on this next)
- 3. Understand who can provide the money
- Quantify what the person with the money cares about, i.e. the benefits your product provides
 - What problem are you solving? What is it worth to them?



What is a Persona?

- Not just be a factual description of the buyer
- Social and emotional factors
 - What incents them
 - Their priorities
 - What they fear
 - What industry groups they belong to
 - Other factors that will influence the purchase and adoption of your product

<u>Meeting the needs of your persona = meeting</u> <u>the needs of your market</u>



Remember Vlad?





Class Activity: Define Vlad

Tell us your company's value proposition in 3 slides or less. Include the following:

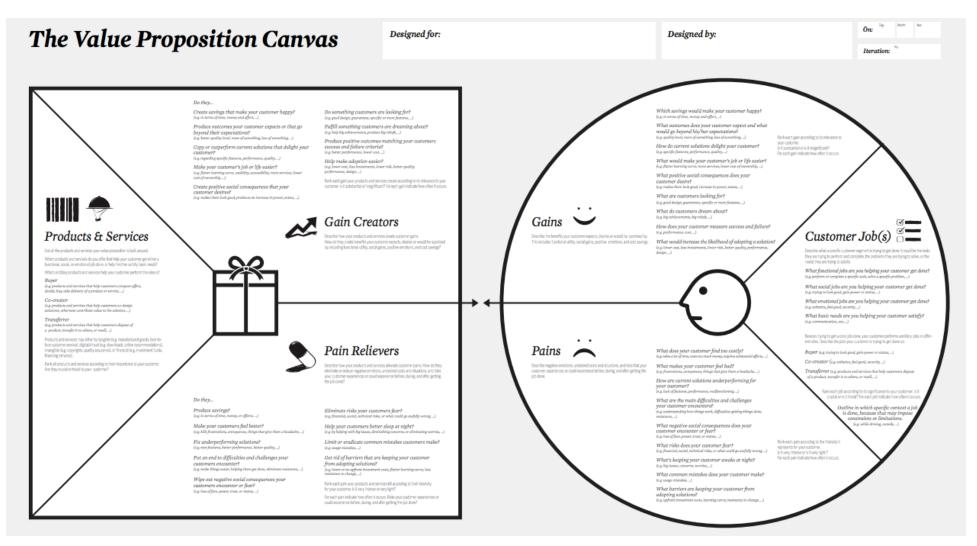
- Vividly describe your persona and his/her "as-is-state" today, pain point or great opportunity
- 2. Describe what your solution offers and the future possible state of the target user
- 3. Can you quantify the difference in a key metric?
- 4. How many Vlad's are our there?



Help from Business Model Generation: http://www.businessmodelgeneration.com/downloads/

value_proposition_canvas.pdf

ΜΙΤΘΑΙΤΙ





Value Proposition Presentations

- Things to think about:
 - What other problems might "Vlad" have?
 - Do you know "Vlad"? Make an introduction!
 - Is this solution valuable?



Today's Agenda

- Daily Scrum
- Elevator Pitch Contest Debrief
- Value Proposition Review
- Pitch Deck Continued
- Individual Office Hours Signup
- Key Takeaways



#1: Define Yourself!

Who are you? What do you do? Why does it matter?





#2: Know Your Customers

- Clearly identify your target customers
- Group your potential customers
 - Students, Business Professionals, Farmers etc
- Why do this?
 - Potential for customization
 - Guidance for price setting
 - Targeted advertising





#3: Determine the Market Size

- Based on the customer profile and the market segment determine the total market size
- This is called the <u>Total Addressable Market</u> (TAM) – i.e. this is the maximum number of customers or dollars your product can acquire
- TAM is a key factor of a business plan



#4: Possible Pricing Schemes

- Free (but not for everyone...)
- Flat price for everyone
 - What is the price of alternatives?
 - What is your customer's Willingness to Pay (WTP)?
- "Freemium"
 - Free for basic version
 - Charge to unlock other capabilities or to get another version
- Cost-based pricing vs. Price-based costing
 - <u>Cost-based pricing</u>: Determining the cost of a product, choosing a desired profit margin, and generating a sales price
 - <u>Price-based costing</u>: Choosing a desired sales price and costing out production to meet that sales price with a desired profit margin

More on pricing techniques later this week...



#5: What is the Competition?

- <u>Do your homework</u>. There is a competitor out there, somewhere. **Investors will ask**.
- Things to consider:
 - What are the alternatives to the service your product is delivering?
 - What else is out there? How accessible is it?
 - How is your product different?
 - Functionality
 - Quality
 - Price
 - Accessibility



Competitive Advantage

- Choosing your competition
 - Who do you want to compete with?
 - Why? How are they strong? Weak?
 - How is your product/service more appealing to customers? Why would they choose you?



Competitive Advantage

- Competitors have many advantages:
 - Existing customer base, and have tested the product
 - Financial resources and revenue streams
 - Existing infrastructure
- But you have:
 - Clean slate
 - Get closer to the customer and can see the problems that exist with established products
 - Can see from a new innovative perspective



Competitive Advantage

- Analyzing your competition
 - How long have they been in business?
 - What is their stated vision and mission?
 - What are their revenues?
 - What is their annual growth?
 - Who do they have key partnerships with?
 - How are they financed? Who are their investors?
 - What is their target market? What geographic location?
 - What are the advantages of their product?
 - What do customers think of them?
 - What is the web traffic on their website?
 - What patents do they hold?
 - What is their key competitive advantage?



Homework Assignment #9: Individual Exercise

- 1. List a group of your top competitors. If you cannot find any within Indonesia, find a similar international company.
 - If you say you have NO competition, there is no market!
- 2. How do you group them (e.g. geography, size, focus)?
- 3. If you were YOUR competitor, how would you compete with you? List 5 weakness of your own business model, or places of improvement.
- 4. What creates value for your target customers? What is your major criteria to make your product better (i.e. price, quality, quantity, reputation, service)?
- 5. Best way to start is looking at customer, not your competitors.

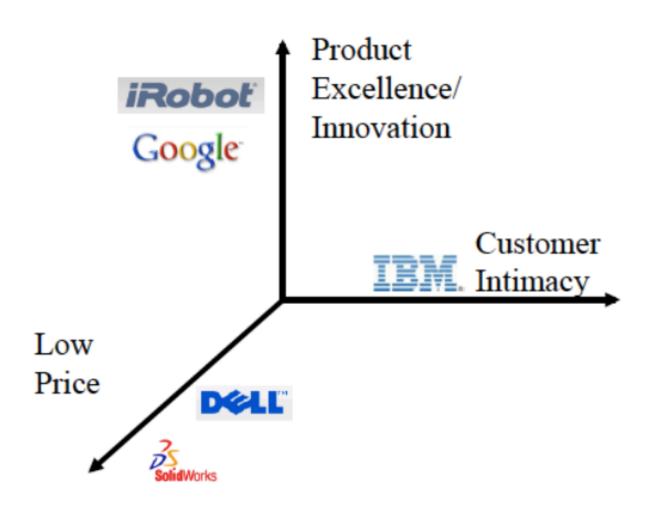


Group Exercise

- 1. Go to your team and compare notes.
- 2. In 1 slide, provide a visual representation of your company vs. your closest competitors.
- 3. Present!

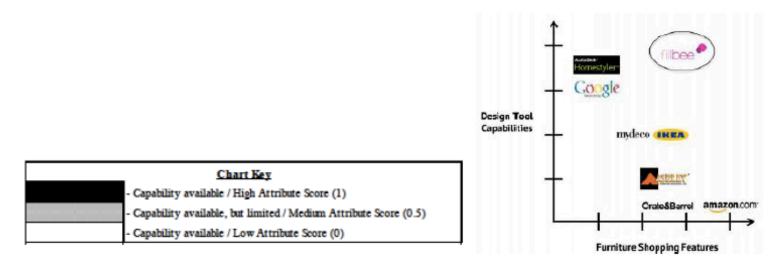


What does your customer value?





Group Exercise Example



	Design Tool Capabilities					Furniture Shopping Features				
-	Design Tool Capability (None/2D/3D)	Ease of Use of Design Tool	Multiple Options to Initiate Design	Collaboration Features (Designers / Social Networks)	Total Score	Furniture Shopping Available	Muttiple Furniture Retailers	Dynamic Furniture Suggestions	Scale / Reliability	Total Score
Furniture Manufacturers										
IKEA					2					2.5
Crate & Barrel					0					2.5
Ashley					1					2.5
Interior Design Websites / Tools										
MyDeco					2					2
Google Sketchup					3					1
AutoDesk HomeStyler					3.5					1
Online Retailers										
Amūzon					0					4
FillBee					4					3



Pitch Deck Review

- We've already accomplished a lot...
- ✓Problem definition
- ✓Solution description
- Market size
- ✓Customer definition
- ☑Competitor analysis and differentiation



Pitch Deck Review

What's left?

□Revenue model

- □Profitability analysis, financial forecasting
- □Customer acquisition/go-to-market strategy

□The ask

Some this week, some in our team sessions



Today's Agenda

- Daily Scrum
- Elevator Pitch Contest Debrief
- Value Proposition Review
- Pitch Deck Continued
- Individual Office Hours Signup
- Key Takeaways



Wrap Up and Review

- If we're going too quickly, it's ok, we know we are
- The goal of the steps is for you to gain an understanding for what you need to focus on as you look to make your idea a real business
- After the first 3 weeks of class, we will be spending the majority of the class time working individually with the teams



Office Hours Signup

- Each person will sign up for an individual 20-minute session with Lynn or Nicole
- Link will be posted on the AITI website
- Things to think about:
 - What is your favorite part of the class? The least favorite?
 - How is the workload? Are you enjoying it at least?
 - What can we do for you?



Today's Agenda

- Daily Scrum
- Elevator Pitch Contest Debrief
- Value Proposition Review
- Pitch Deck Continued
- Individual Office Hours Signup
- Key Takeaways



Key Takeaways

- <u>Value Proposition</u>: help your customer understand why and just how awesome you are.
- Remember Vlad (your <u>persona</u>). He/she will unlock your market.
- <u>A market without competitors is not a</u> <u>market</u>. Find them, figure them out, and beat them.





- Check your e-mail and Facebook for any additional announcements.
- Sign up for individual office hours.
- Questions?
- See you tomorrow!