VALUE

How to Create Things Customers Want

Derived from: *Value Proposition Design* by Osterwalder, Pigneur, Bernarda and Smith
How to Create Things Customers Want

SPEED RAP
Value Proposition Design focuses on both the qualities of your product and service AND what your customers really want. Your goal is to relieve the pain and create the gains that your customers value the most. Then, share this to them simply and clearly.

YOUR CHALLENGE
Create something your customers want. Either something brand new or reposition an existing product or service. Follow our 10 steps.

THE BIG IDEA
Hiding away whilst you create your next big thing could be a big mistake. How will you know if your customers want it when you’re done? Value Proposition Design helps you turn your good ideas into success stories.
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Book Rapper helps you grow your business in three ways - One, Personal subscriptions for personal learning. Two, Branded copies to share with your clients. And, three, Innovation Sessions to discuss and apply these big ideas to your business.

THE BOOK RAPPER

Geoff McDonald is a former architect who no longer designs buildings. Through Book Rapper Geoff translates the big ideas from important business books into fuel for innovation. Know what's going on to grow your business faster and easier.

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BOOK RAPPER

Book Rapper issues are not direct summaries. We take what we consider to be the most important ideas from the book. We then re-write and re-design these key ideas so you can easily digest them in about 30 minutes. We also make it clear how you can take decisive action to benefit from these insights. In some parts we follow the book closely and in others we add our own models and interpretations. Given the Book Rapper issue is much smaller than the book we may not cover each chapter. If you want more details than what’s in this issue, we suggest you ‘buy the book.’
RAP1: Business Models

Your Value Proposition is WHAT you offer your customers and your Business Model is HOW you deliver it.

This is the second book by the same group of authors. The first is on business models. And, two of the key elements of the Business Model Canvas are expanded in this second book on Value Propositions. And, the good news is... we’ve also rapped the first book as ‘The Business Model Game’.

### Business Model Canvas

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### Value Proposition Canvas

- **Value Map**
  - Gain Creators
  - Pain Relievers
  - Products & Services

- **Customer Profile**
  - Gains
  - Pains
  - Customer Jobs
Rap 2: Six Things

The value proposition canvas consists of two parts: the customer profile that helps you understand what your customers want and your value map which describes how you can help the customer. When they fit together, magic happens...

**Value Map**

- **Gain Creators**
- **Products & Services**
- **Pain Relievers**

**Customer Profile**

- **Gains**
- **Customer Jobs**
- **Pains**
RAP3: Customer Jobs

Customers Jobs are the tasks they are wanting to get done. For instance, you might be reading this because you want to sell more products and services. The key to understanding what jobs you are fulfilling is to put yourself in your customers’ shoes and ask: what are they trying to achieve? Here we discuss three main types of customer jobs...

1 FUNCTIONAL JOBS - when a specific task is undertaken to solve a specific problem. For instance, mow the lawn, drill a hole, lose weight, design a house.

2 SOCIAL JOBS - when your customers want to look good, gain power or boost their status. These jobs enhance how your customers want to be perceived socially by others. For example, be seen as credible or knowledgable, look smart or be trendy.

3 EMOTIONAL JOBS - when your customers want to feel a particular way. For example, they want peace of mind around their investments, feel confident about their performance or secure in their job prospects.

QUESTIONS

1. What specific problem is your customer wanting to solve? And, how can this be achieved?
2. How does your customer want to be perceived by others? And, what would need to happen for this to occur?
3. How does your customer want to feel? And, what do they need to feel this way?
RAP4: Customer Pains

Customer Pains are the things we don’t want. These might be overall outcomes, roadblocks that stop us along the way or potential risks that might derail our efforts. Here we discuss three types of customer pains...

1 UNDESIRABLE - What are the end results that your customers don’t want? These might be functional problems (it doesn’t work, it doesn’t work well or I don’t like the side effects). They might be emotional (this is too hard or I feel bad when I do this). Or they might have undesirable characteristics (the learning curve is too big or it’s boring running on the treadmill).

2 OBSTACLES - What stops you from reaching your outcome or slows down your progress? For instance, it takes too long, costs too much or requires too much effort.

3 RISKS - What could go wrong? And, what consequences would occur if it did? Eg: I could lose money, waste time or look a fool in front of my colleagues.

QUESTIONS

1 What are the current problems that your customers are facing? Be specific. Define cost in $$$ figures, quantify time and effort. Capture the emotional angst in the exact words of your customers.

2 What gets in the road or slows progress? Map the journey of your customer and notice the hurdles they must overcome.

3 What could go wrong? And, what’s the cost in money, time, trust and technical terms?
RAP5: Customer Gains

Customers Gains are the outcomes and benefits we want. They may be functional gains, financial, emotional or social. Here we discuss the four types of customer gains...

1 REQUIRED - What is essential and must work? A car that starts, a smart phone that makes calls, a key that unlocks...

2 EXPECTED - What would we generally think would work? We expect Apple products to work straight out of the box, steak knives to cut easily, a certain level of readability in a book...

3 DESIRED - Our desires go beyond what we expect. These are the things we'd love to have happen... A remote control that is easy to use, a recipe that tastes as good as the picture looks, a piece of clothing that retains its colour wash after wash...

4 UNEXPECTED - Some gains are not something we have ever thought of and are glad someone else has. The Apple iPhone when it was first released was a revelation about how phones could be.

QUESTIONS

1 What are the things you save your customer? Consider time, money and effort. And, in what ways do you expand their capabilities? Boost expertise, social status or influence.

2 What level of quality do your customers expect? Consider service, ease of use, design qualities or longevity.

3 What else might your customers want? Consider cheaper, more choice, training videos or guarantees.

4 What do your customers dream about? What would be their fantasy or ideal solution?
RAP6: Products and Services

Now, we turn the tables to look at what you do. What are the products and services you offer to your customers? Here we consider four types of products and the difference between profitable and supporting products and services.

1 PHYSICAL - The products you can see and touch. And, maybe you can hear and hold in your hand.

2 INTANGIBLE - Any service you offer is an intangible thing. Plus, consider your intellectual property, business processes for delivering value (eg training videos or customer service) and social networks (eg mailing list).

3 DIGITAL - Products that are supplied online or electronically. For instance, music downloads, ebooks or online training programs.

4 FINANCIAL - Products that enable purchases to happen such as credit or insurance.

PROFITABLE AND SUPPORTING

Profitable products and services are the ones you sell to make money. They’re easy to spot because they’ll have a price tag on them.

Supporting products and services help your customers in particular ways without a price tag. Your website blog may not earn you direct money and what you publish here supports, enhances and promotes the sale of your other products and services. It’s worth considering your supporting products and services to see how they also address your customer pain points.
RAP7: Pain Relievers

Pain Relievers are how we soothe the customers concerns. This might be to eliminate them completely, reduce their impact or allow them to avoid dealing with them. Here we consider how you can relieve the pain of your customers...

1 ELIMINATE - Sometimes we just want problems to go away. Take away my headache. Save my time by completing my income tax for me. Automate my work so I don’t have to think about that thing anymore.

2 REDUCE - Some pains are not going away so they need to be managed. Here we want to merely reduce their impact. Pay a deposit or a low monthly payment so you can reduce the cash flow impact of a major purchase. Offer a guarantee so I can reduce the uncertainty of my buying decision. Hire a personal trainer so I can have more energy at work.

3 AVOID - Some pains we don’t want to face at all. A web designer could include web hosting in their service so clients don’t have to deal with that issue. Losing face by presenting badly at a conference can be avoided by having a coach to help you prepare.

You don’t need to solve all your customers pains, simply focus on a few that you soothe very well.

QUESTIONS

1 What would your customers like to stop doing?
2 What would your customers like to do less often? Fix, resolve or minimise the impact from?
3 What would your customers like to avoid altogether?
4 What would your customers like to save? Time, money, effort?
RAP8: Gain Creators

Gain Creators are how you add benefit to your customers. They reflect their wants, desires and expectations. Again, these might be functional, social, emotional and financial. Here we consider four ways you can help your customers gain from working with you.

1 SAVE - Money, time and energy are scarce resources. Help me save them! Save me the time learning how to use my new camera by offering a free course. Save me money by making it easy for me to compare similar products and services.

2 GROW - What are the things that your customers are building? Are they growing a garden, a business or a new hairstyle?

3 ACHIEVE - What specific outcomes do your customers want to achieve? Do you want to be happy, fit, wealthy? Find a partner, a new job or an old friend?

4 OVERCOME - We all have our challenges. Which ones do your customers badly want to overcome? And, when they do, what will be the result? When you're no longer overweight you might fit into that old dress. When you learn to cook you might have more confidence to invite friends over for dinner.

QUESTIONS

1. What does your customer most want to save? Is it time, money or effort?
2. What does your customer want to grow, build and enhance?
3. What specifically does your customer want to achieve and fulfil?
4. What challenge does your customer want to overcome? And, what will be the result and outcome of this?
RAP9: How to Guide

We’ve outlined the core concepts and now to put them into action. Your goal is to match your product and service offer to your customers’ pains and gains. Follow our 10 steps to create something your customers really want.

1. **Select the Customer Segment**
   Focus on one segment at a time

2. **Identify Customer Jobs**

3. **Identify Customer Pains**

4. **Identify Customer Gains**

5. **Prioritize Jobs, Pains, Gains**
   Rank your responses based on relevance, importance and severity.

6. **List your Products and Services**

7. **List your Pain Relievers**

8. **List your Gain Creators**

9. **Prioritize Pains and Gains**
   Rank them based on the importance to your customer

10. **Test for Customer Fit**
    Ask real people if your Value Proposition fits their needs. Find out:
    - Are you addressing essential customer gains?
    - Are you addressing the extreme customer pains?
    - What are the best ways to do this?
CEO of Your Life shares about Ikea and their marketing approach to the Customer Job.

COMMUNICATE VALUE
The Long Tale shows you how to engage your customers with your Value Proposition using stories.

BUSINESS MODELS
The Business Model Game shows how your Value Proposition fits into your overall business.

GAIN CREATORS
Ideal Growth presents brand ideals that could be the ultimate gain creators for your customers.

CUSTOMER JOB
CEO of Your Life shares about Ikea and their marketing approach to the Customer Job.

Value Proposition Design by Osterwalder, Pigneur, Bernarda and Smith
We've only covered the core principles in this RAP. There's a whole section on how to apply this in your organisation that we haven't touched.

BUY THE BOOK!
Value Proposition Design by Osterwalder, Pigneur, Bernarda and Smith

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