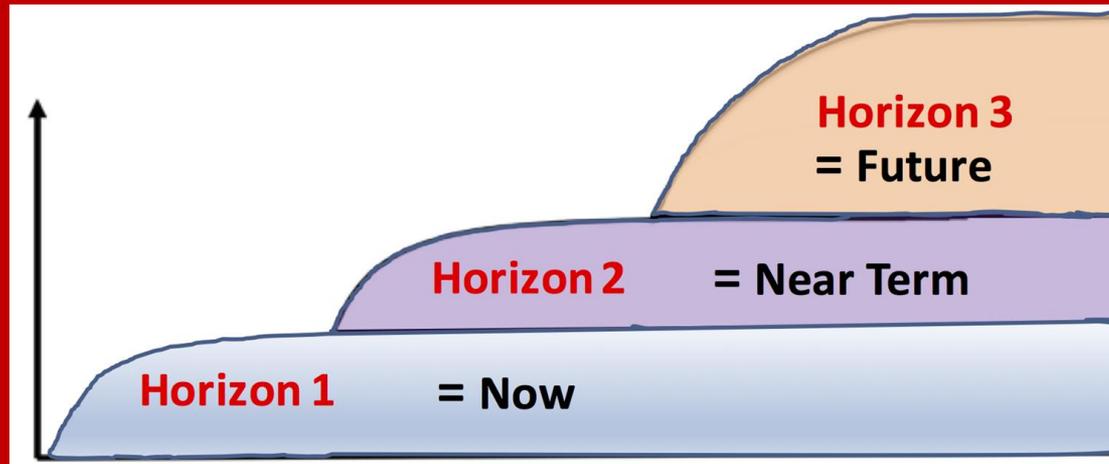


# Homework (for Raleigh)

Lay out your strategy using the 3 Horizon Innovation Model



Answer the key leadership questions at each level

# Leadership questions: Horizon 1

Source: The Alchemy of Growth

- Are our **core businesses generating sufficient earnings** to allow us to invest in growth?
- Do we have a **strong performance orientation** to push profits higher in the next few years?
- Is our **cost structure competitive** with that of the rest of the industry?
- Has **operating performance** been stable?
- Has **market share** grown or been stable?
- Are we **reasonably well protected** from new competitors, technologies or regulations that could change the rules of the game?

# Leadership questions: Horizon 2

Source: The Alchemy of Growth

- Do we have any **new businesses capable of creating as much economic value** as the current core businesses?
- Are these **new businesses gaining momentum** in the marketplace?
- Are we prepared to make **substantial investments** to accelerate their growth?
- Is there **mounting investor confidence** in these businesses?
- Are the new businesses attracting **entrepreneurial talent** to our organization?

# Leadership questions: Horizon 3

Source: The Alchemy of Growth

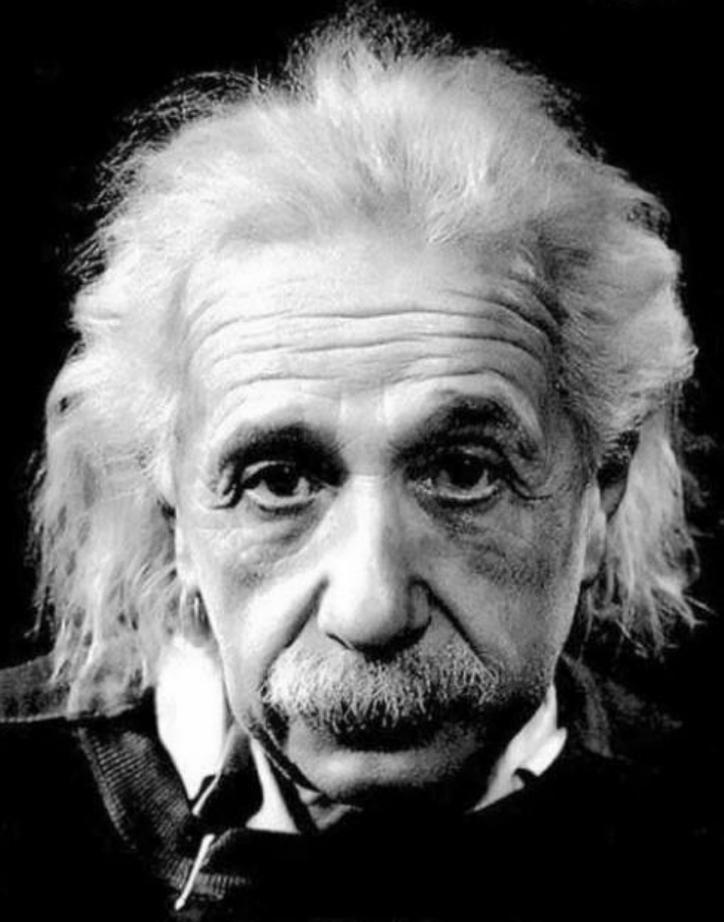
- Does our leadership team set aside time to think about **growth opportunities and industry evolution**?
- Have we developed a rich **portfolio of options** for reinventing existing businesses and creating new ones?
- Are these ideas **very different** from those on the list last year? Three years ago? Five years ago?
- Are we developing effective ways to turn these **ideas into new businesses**?
- Have the **ideas been made tangible** in concrete, measurable first steps?

# Agenda

## **The Value Proposition Designer (SP8)**

# Learning Objectives

1. Understand the different groups of people, or organizations, the organization aims to reach and serve.
2. A Business Model will often define several Customer Segments.
3. Organizations must make conscious decisions on which Customer Segments to serve and which Segments to ignore.
4. Only then can a Business Model be designed around a strong understanding of customer's needs.
5. To be effective, Customer Segments must be Measurable, Marketable, and Meaningful.

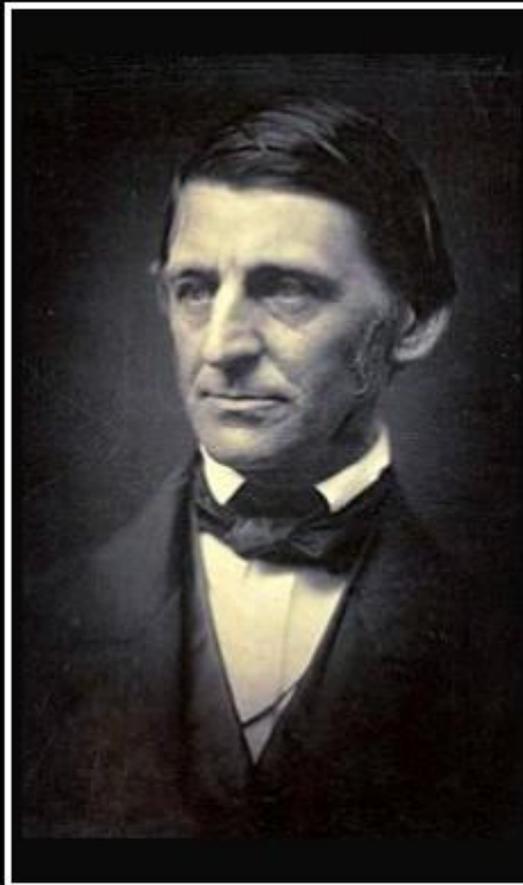


Insanity- Doing the same thing over and over again and expecting different results.

-Albert Einstein

But in today's business world...

Doing the **same thing** over and over  
and expecting the  
**SAME results**  
is insanity!

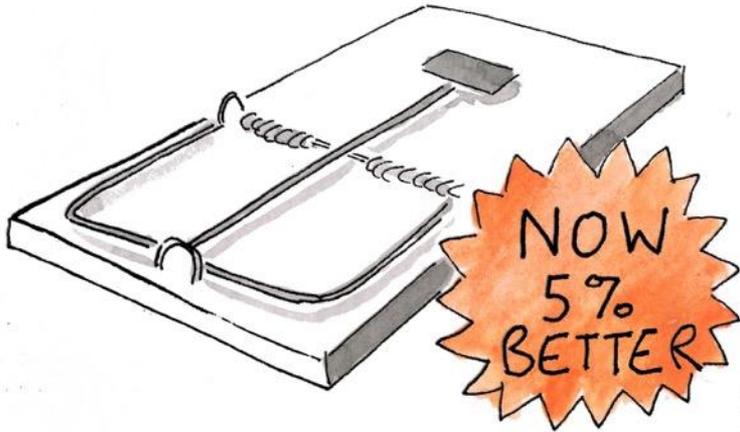


Build a better mousetrap and the world will beat a path to your door.

(Ralph Waldo Emerson)

[izquotes.com](http://izquotes.com)

# A BETTER MOUSETRAP



NOW THAT WE'VE BUILT IT,  
LET'S SIT TIGHT AND  
WAIT FOR THE WORLD TO  
BEAT A PATH TO OUR DOOR.



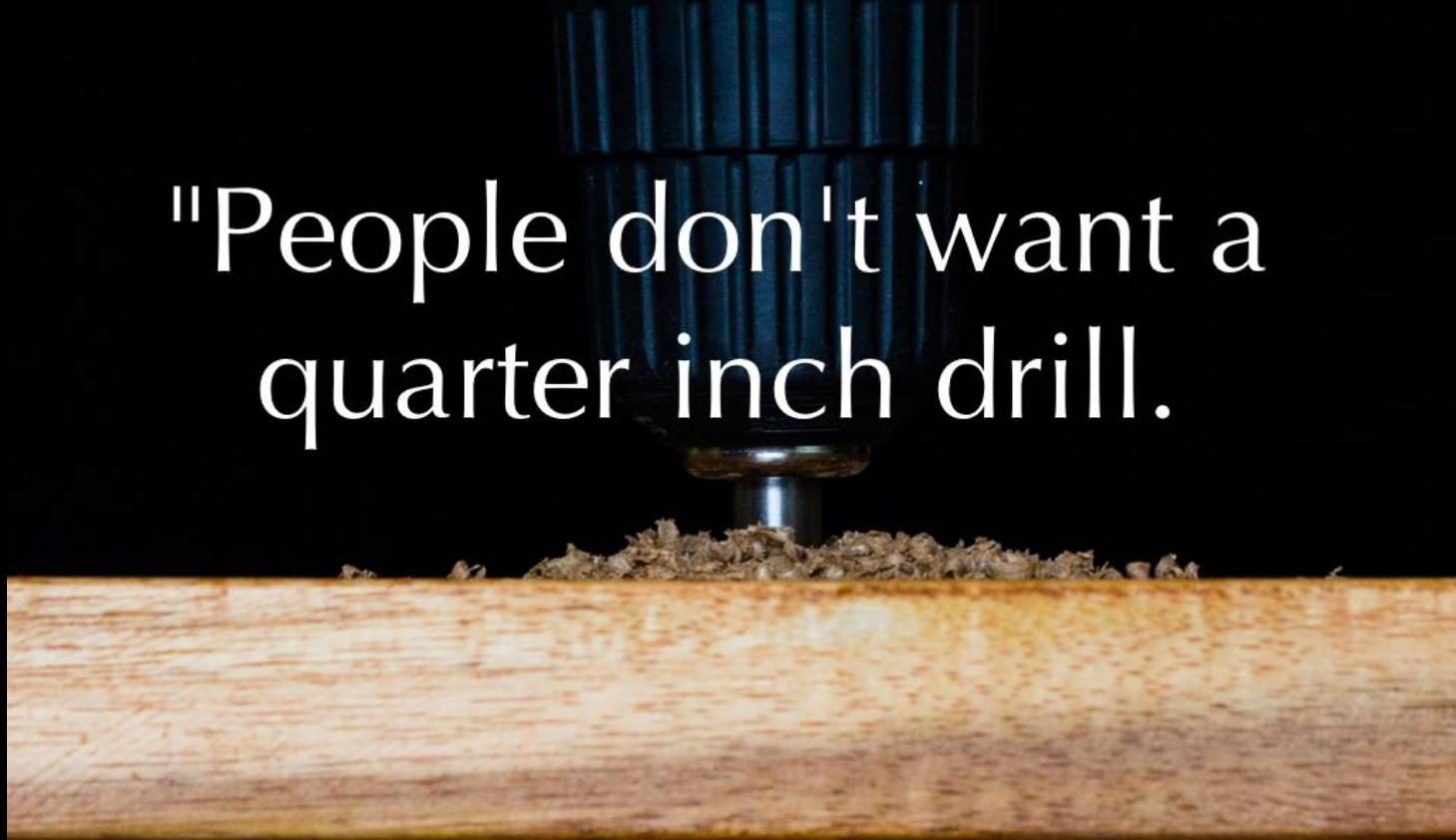
# Key Insight

**Customers are people or companies that have “jobs” to do.**

**They “hire” people – and products or services – to do those jobs.**

**Job-  
to-  
be-  
done**

"People don't want a  
quarter inch drill.



They want a quarter inch  
hole."

*- Ted Levitt*

1. Who is it for?
2. Why will they buy it?
3. Why will they buy it from you?

The Value Proposition Canvas  
will help answer them.

# Devise offerings that help:

	Existing Customers	New Customers
New Jobs	Customers get <b>more jobs</b> done – often ancillary or related jobs	<b>New customers do a new job</b> - no product exists
Existing Jobs	Customers get a <b>job done better</b>	<b>New customers</b> do a job that others are already doing





2.99

Low prices  
Kroger Cranberry Juice Cocktail  
1.99

Low price  
10 for \$10

1.99

BLACK PEPPER COARSE GROUND \$2.99

WIC  
2.49

Sale price  
2.99

Sale price  
2.99



Rutabagas  
Product Of Canada  
99¢  
LB

Eggplant  
\$1.49

Apple Top Variety  
99¢

Baby Eggplant  
\$3.99

Product USA  
Squash  
\$1.49  
LB



MADE WITH  
TASTY CRUNCH

# Customer inputs

- What *jobs* are they doing?
- What *outcomes* do they want?
- What *constraints* exist?

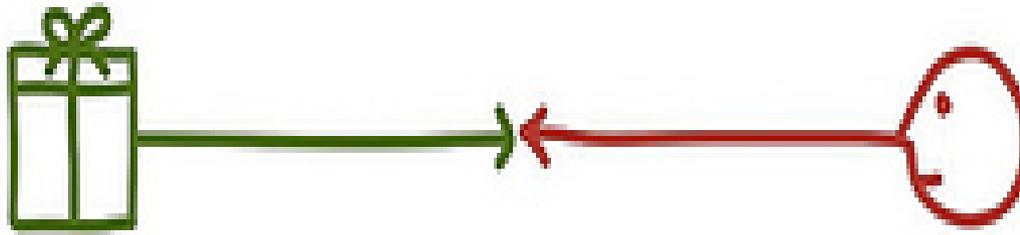
# Jobs-to-be-Done

Powerful tool for market segmentation

Powerful way to understand product/service function and customer behavior

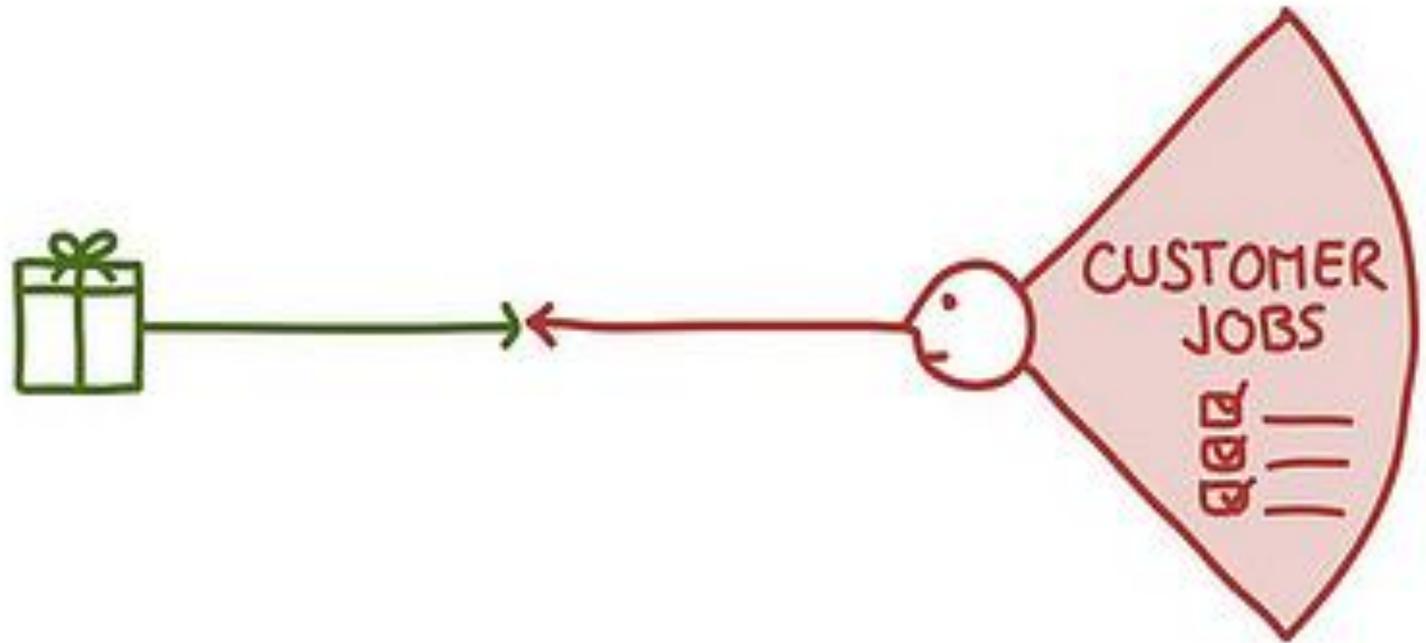
Basis of strategy formulation

Application:  
The Value Proposition Designer



We will first characterize the customer (the “who”), then characterize the value proposition around the offer (the “why”).

Source of diagrams: [flickr.com/photos/osterwalder/](https://www.flickr.com/photos/osterwalder/)



Jobs describe the things your customers are trying to get done in their work or their life.

A customer job could be the tasks they are trying to perform or complete, the problems they are trying to solve, or the needs they are trying to satisfy.

## Functional Jobs

Complete a specific task or solve a specific problem

## Social Jobs

Look good or gain power or status. These jobs describe how customers want to be seen by others

## Personal/emotional Jobs

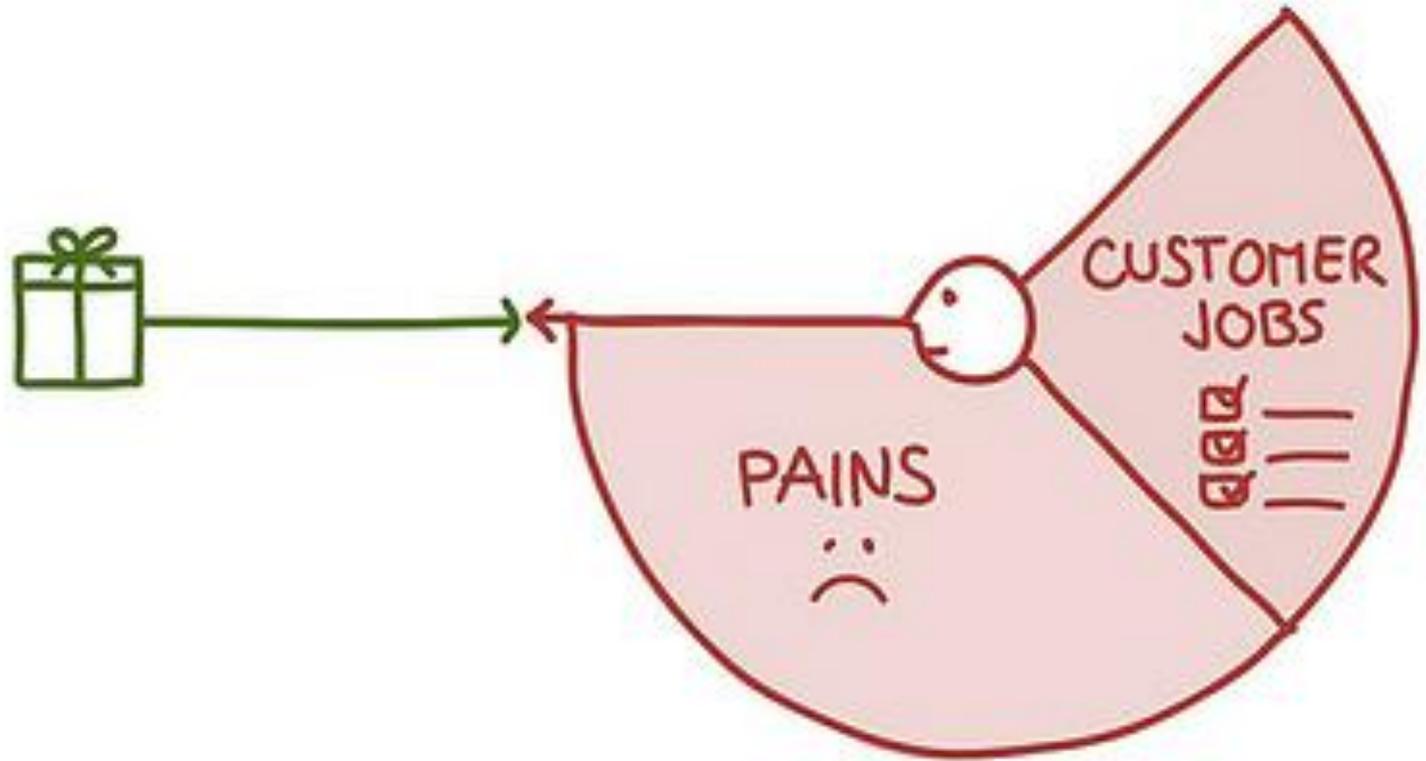
Customers seek a specific emotional state, such as feeling good or secure



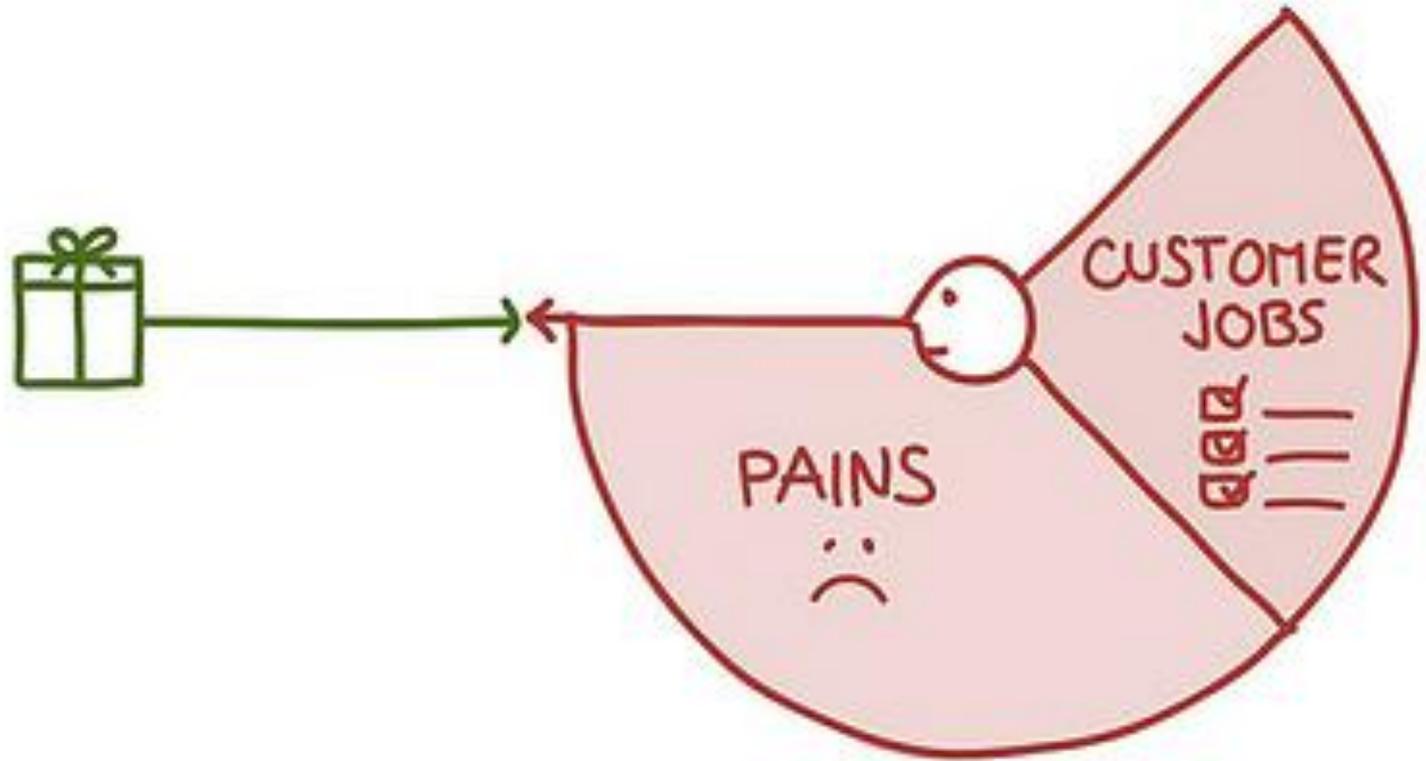
**ROLEX**



What “jobs” do the  
Brown’s customers have?



“[N]egative emotions, undesired costs and situations, and risks [the] customer experiences or could experience before, during, and after getting the job done.”



Pains describe anything that annoys your customers before, during, and after trying to get a job done (or simply prevents them entirely).

## Obstacles

These are things that prevent customers from even getting started with a job or that slow them down. (“I can’t afford any of the existing solutions”)

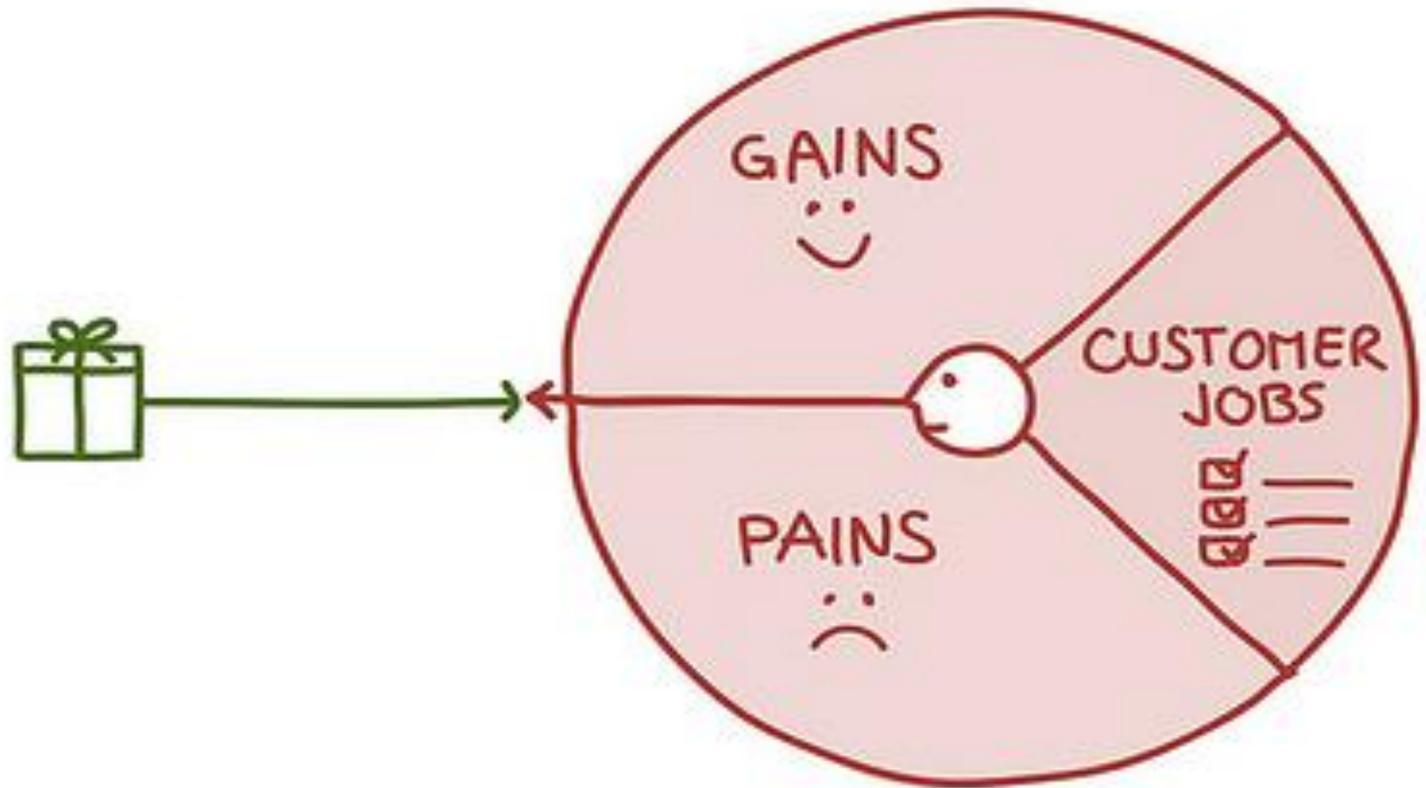
## Risks

What could go wrong and have important negative effects (“My short-term land rental contract might not be renewed.”)

## Undesired outcomes

Unintended consequences (“I focused on sweet potatoes and tobacco prices soared.”)

What “pains” do the  
Brown’s customers have?



Gains describe the outcomes and benefits your customers want. Some gains are required, expected or desired by customers, and some would surprise them.

## Required Gains

Gains without which a solution just won't work.

## Expected Gains

Relatively basic gains that we expect from a solution, even if it could work without them. (Apple products are expected to be well-designed and look good.)

## Desired Gains

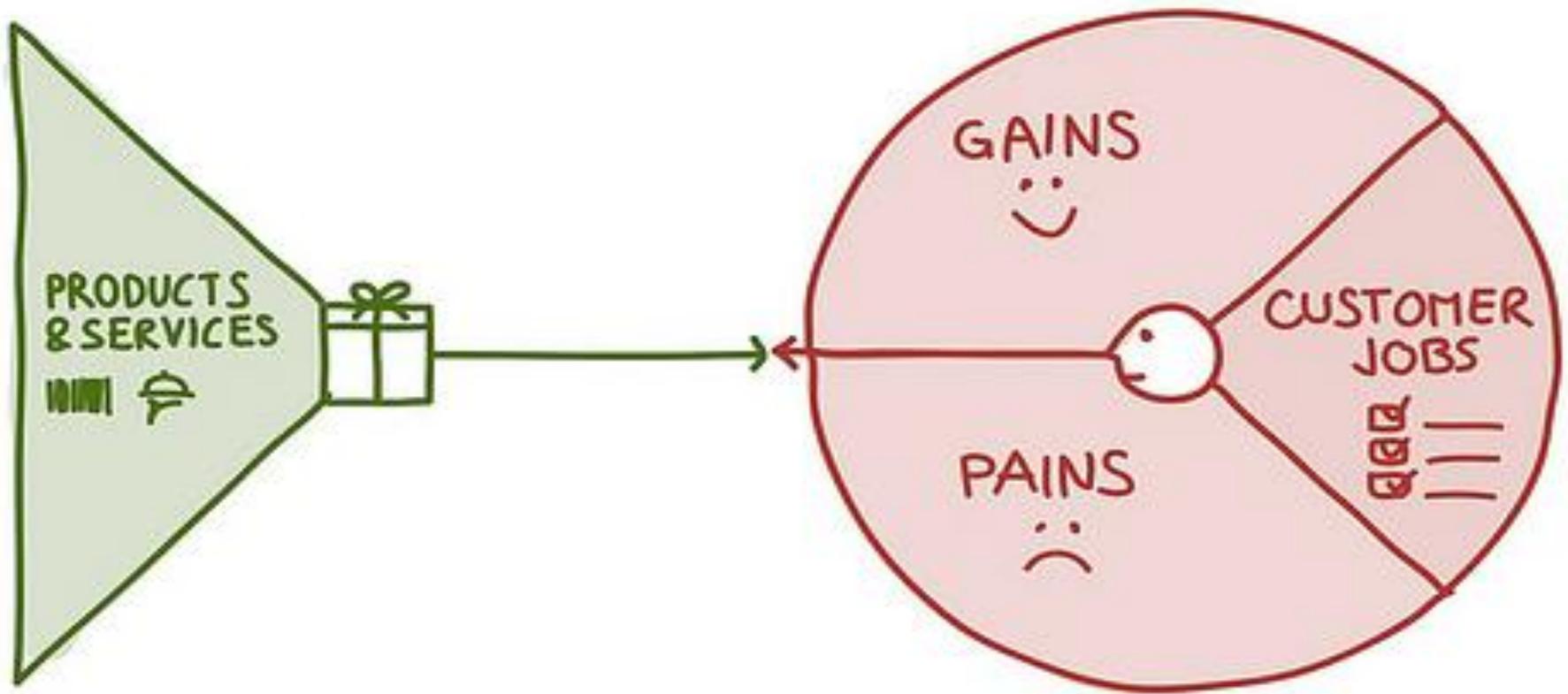
Gains that go beyond what we expect but would love to have. (We want those Apple products to be seamlessly integrated with our other devices.)

## Unexpected Gains

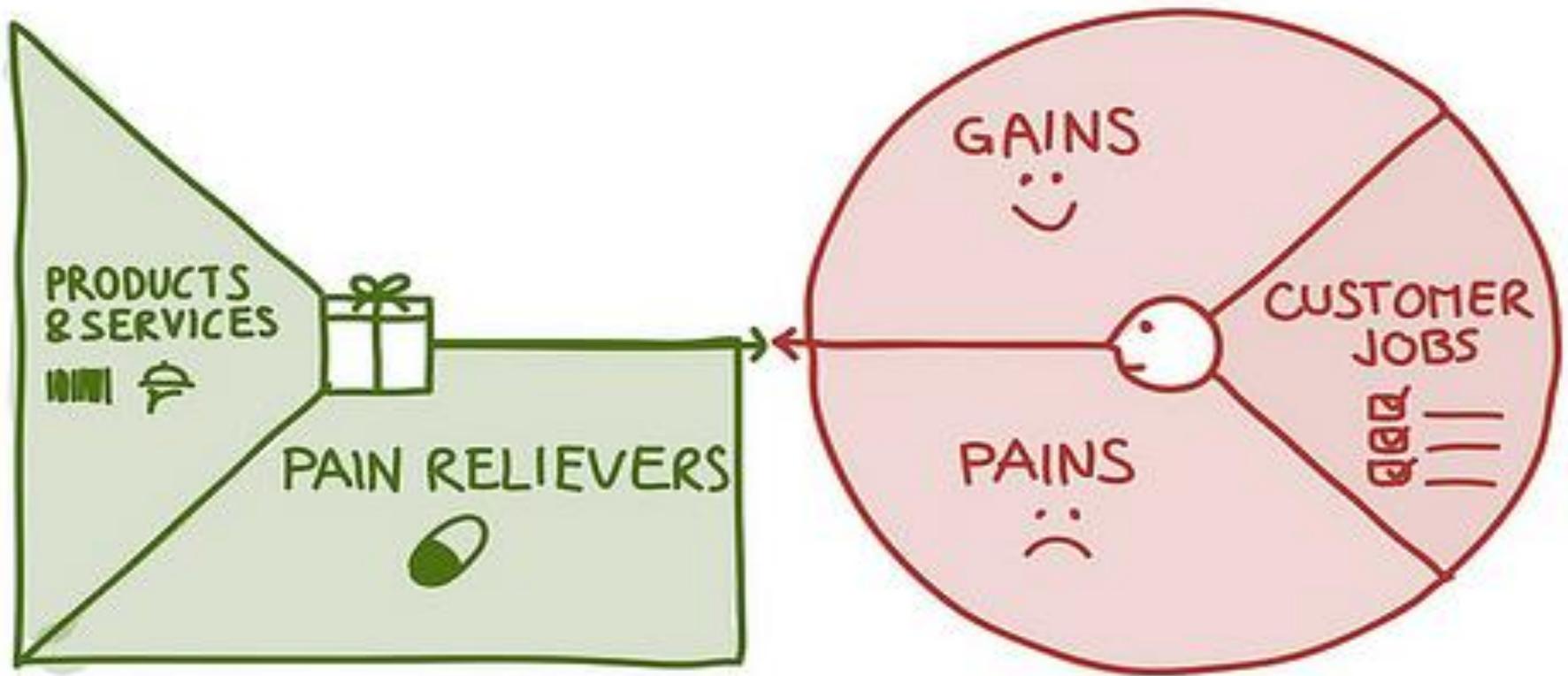
These are gains that go beyond customer expectations and desires. They wouldn't even come up with this if you asked them.



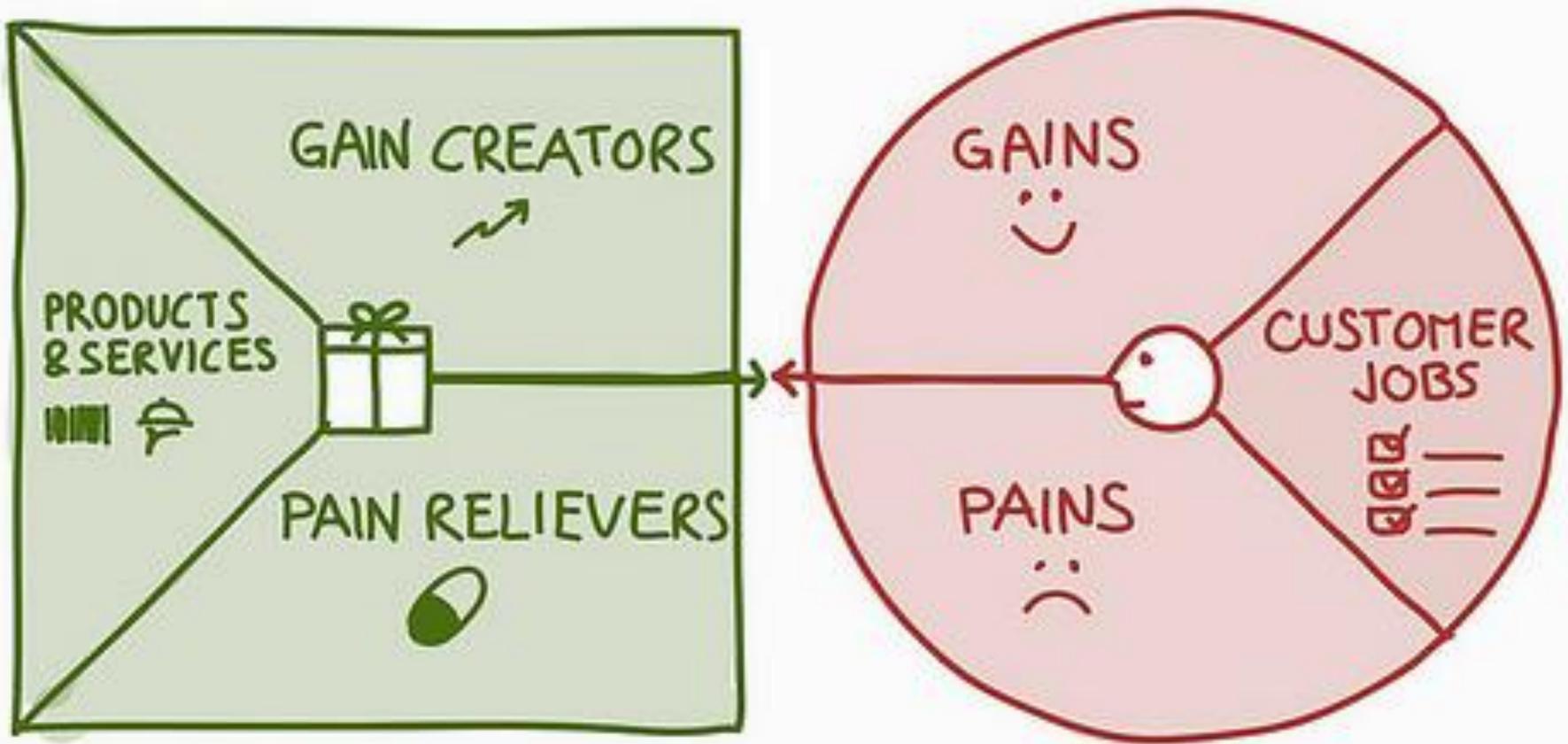
What “gains” do the  
Brown’s customers want?



What do you offer your customer to help them  
**get jobs done?**



What do you offer your customer to help them  
relieve pain?



What do you offer your customer to **create gains**?

## Big Question: What do customers want?

- On whom should we focus?
- What will they value (and what won't they)?
- How should we communicate with them?
  
- What should we develop?

# Customer Segments

**Common needs**

**Common behaviors**

**Common [fill in attribute]**

**Make a conscious decision to serve (or exclude)**

**Design your business model around the needs of each segment**

# Tests for separate segments

- 1. Do their needs require and justify a distinct offer?**
- 2. Are they reached through separate distribution channels?**
- 3. Do they require different types of relationships?**
- 4. Do they have substantially different profitabilities?**
- 5. Are they willing to pay for different aspects of the offer?**

## Key Questions:

- For whom are we creating value?
- Who are our most important customers?

## Examples:

- Mass Market (consumer electronics)
- Niche Market (specialty items)
- Segmented (financial services)
- Diversified (processors)
- Multi-sided markets (credit cards)

What are the Browns  
Customer Segment(s)?

What are the Browns  
Value Proposition(s)?

# Learning Objectives

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