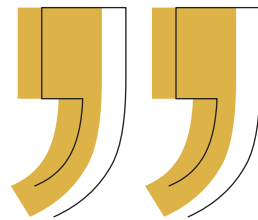


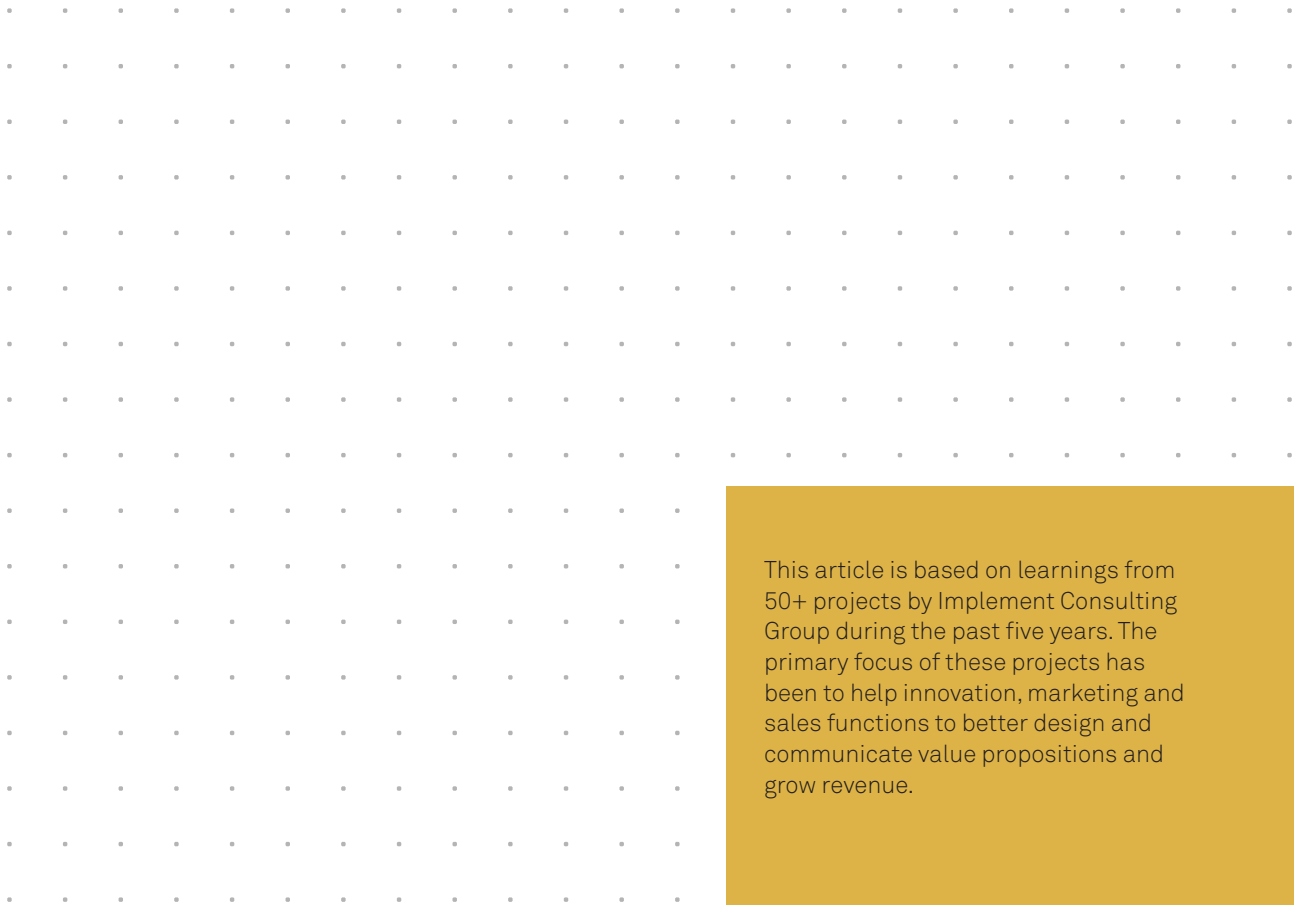
# VALUE PROPOSITION PLAYBOOK

# What is a value proposition ?

It is the answer to the fundamental question:



Why should I, as a customer, buy your product or service?"



This article is based on learnings from 50+ projects by Implement Consulting Group during the past five years. The primary focus of these projects has been to help innovation, marketing and sales functions to better design and communicate value propositions and grow revenue.

# A strong value proposition is a key driver for growth

Over the past five years, we have seen that strong differentiated value propositions can be a key driver of growth. We have had the privilege of being involved in 50+ projects focusing on developing and implementing high-impact differentiated value propositions for global clients. Here are some of the results.

## Double the win rate

Global shipping segment leader doubled their win rate on tender bids, going from 23% to a 45% win rate since project launch.

## USD 40M increase in EBIT in the course of 9 months

Global shipping company changed their sales conversations and were able to offer premium rate (USD 60 above competition), which resulted in an increase in EBIT of USD 40M during the first 9 months.

## 12% increase in sales volume

Nordic logistics company increased package volume by +12% (4,000,000 packages).

## Win rate increase of 8 percentage points in new business

Leading European express and transport company increased win rate on new business with 8 percentage points by defining 9 industry value propositions in key segments.

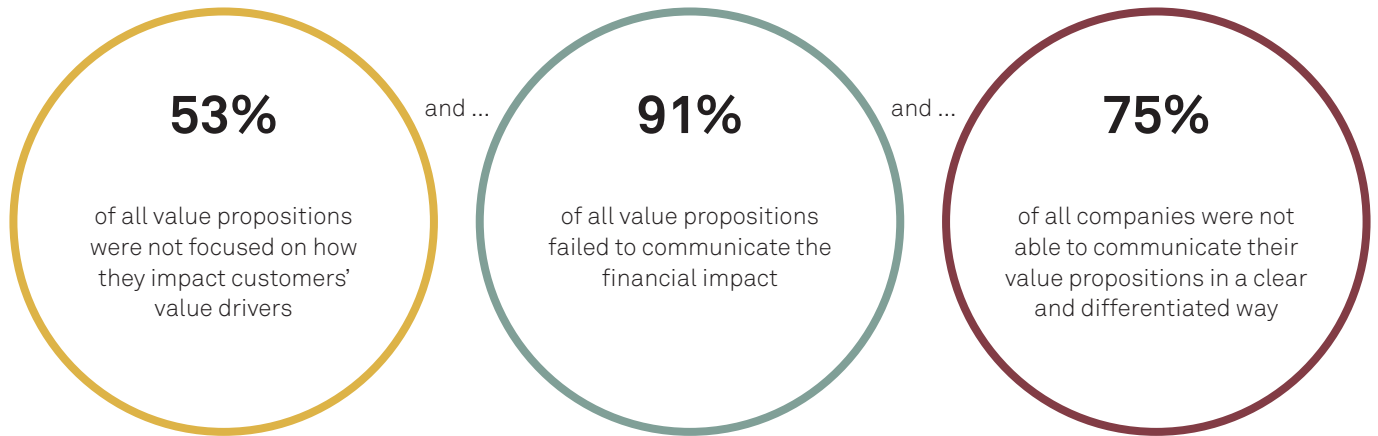
## We like to share

In this playbook, we have gathered our key learnings, concepts, tools, viewpoints and recommendations on **how you successfully create strong value propositions with measurable business impact.**

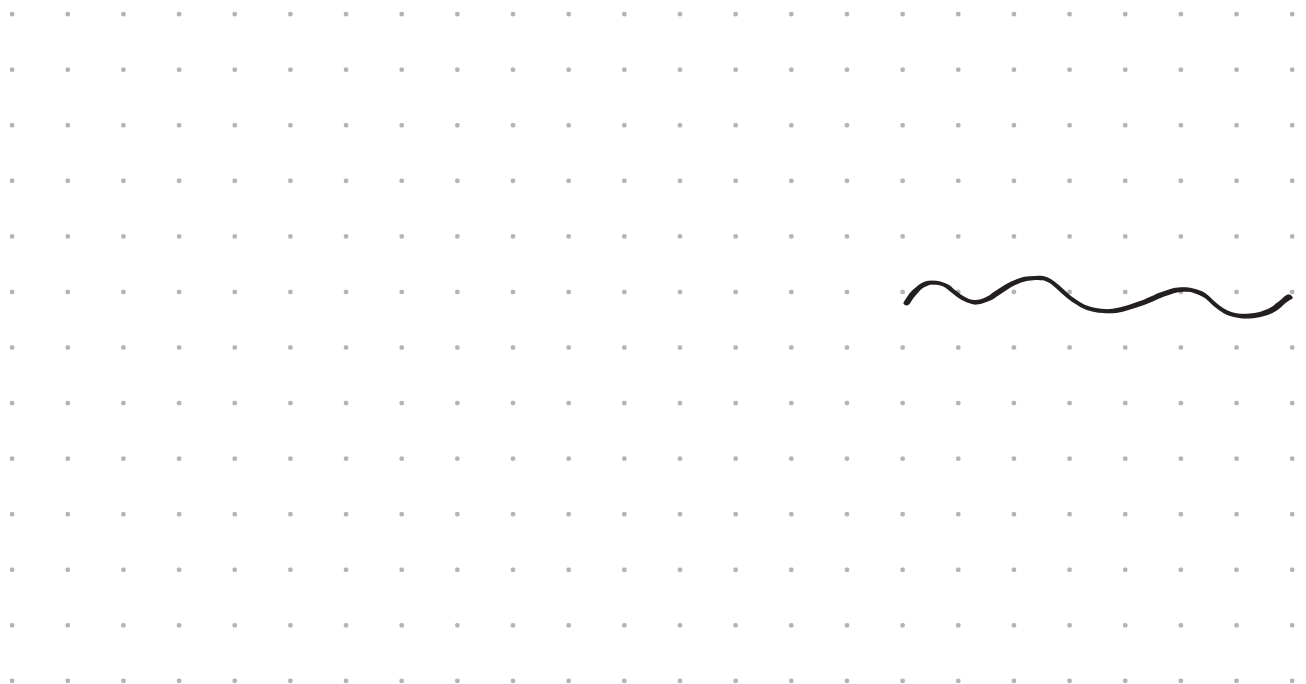


# Most companies still fail to leverage the full potential of their value propositions

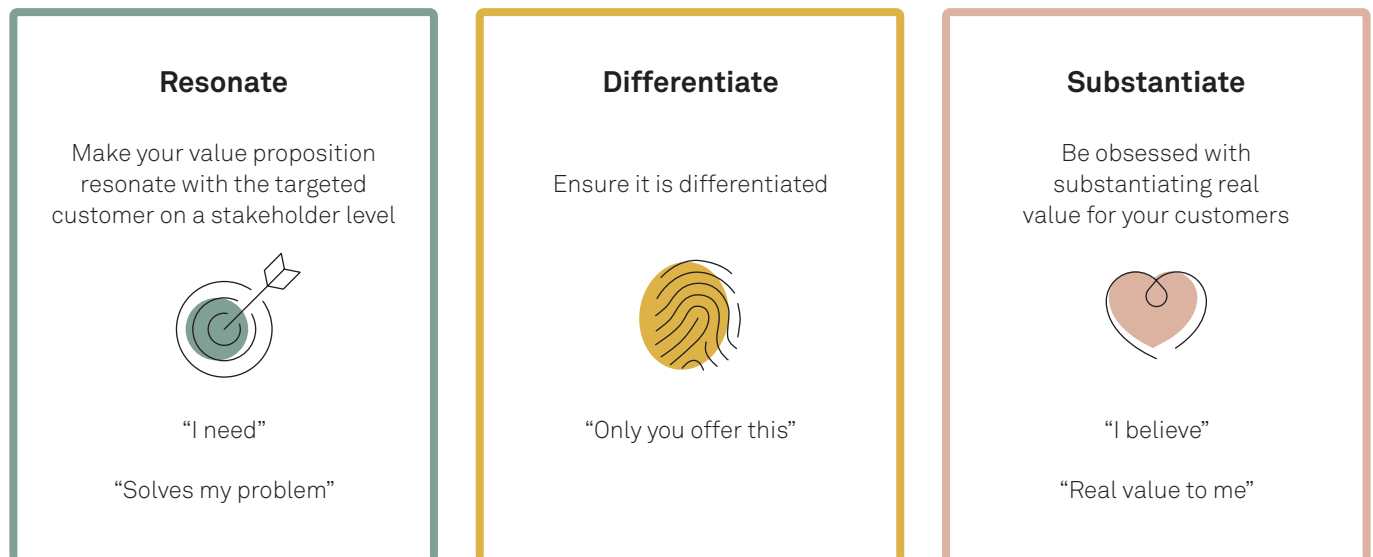
In a Northern European study, we investigated how B2B companies work with value propositions. Here, we found a couple of interesting facts:



Implement Northern European study 2016

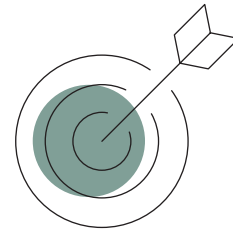


We have identified three key levers to be obsessed with when designing superior value propositions ...



... let's go through them one by one





# Lever 1: Make your value proposition resonate with the targeted customer and stakeholder level

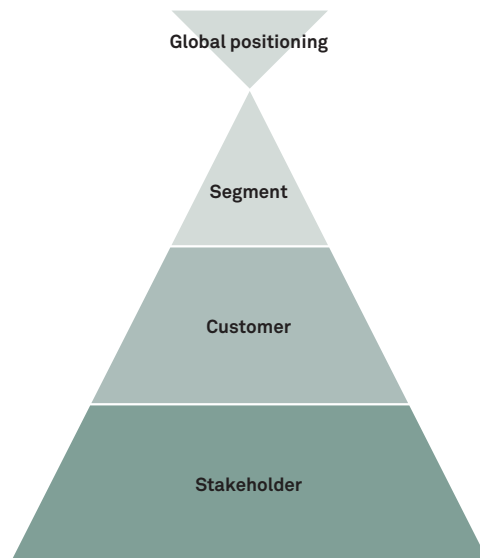
- The foundation for designing a superior value proposition that resonates is to have a deep understanding of your customers’ current and future pains, gains and their “jobs to be done”. Deep customer insight requires understanding of not only the customer journey of your customers – but also the customer journey of your customers’ customers. **Only by understanding our customers’ customers, can we really understand the potential pains and gains of our customers and thereby how we become a preferred partner.**
- The first step in designing value propositions is to identify and choose who you create value for today

and who you potentially want to create value for. What are the prioritised segments, and who are the customers and stakeholders we have chosen to prioritise – our “where to play” choices. We need to formulate value propositions at all three levels (see fig.1), but it is important to start at the “right” level. The question is therefore: how do you choose the right level?

- Choosing the right level of value propositions depends on your business model. If you have distinct segments with very different needs, it makes sense to focus on segment value propositions. If the main differences in needs are across stakeholders, it often makes sense

to start at stakeholder level. Another perspective is to focus on where the major business opportunities are. By focusing on the major business opportunities, we ensure faster impact, which builds momentum and learnings for your further value proposition work.

- If the biggest opportunity is to become more relevant at stakeholder level, you need to prioritise the key stakeholders in focus. In this context, a stakeholder is most often someone with a functional role with responsibility in the buying process and/or usage process of your offering in the customer’s organisation.



**Global positioning** is how we define our mission and overall promise to our markets and customers.

A **segment value proposition** is a statement of the value (%) we believe we can deliver in **improvement** to certain customer segments.

A **customer value proposition** is a proven and fact-based **value** that a specific customer will receive from using our offering.

A **stakeholder value proposition** is an explicit benefit that the specific stakeholder will receive (**KPIs, value or other benefits**) in relation to the job/task that they are trying to complete.

Figure 1 Value propositions exist at different levels – down to stakeholder level

## Lever 2: Ensure it is differentiated



For a value proposition to be differentiated, it needs to be perceived as unique when compared to competitors' offerings.

- When we work with pinpointing where existing offerings or potential new offerings can stand out from competition, we typically separate between six areas of differentiation. See fig. 2.
- The end goal is to create sustainable differentiation either through a unique offering in any one of the six areas or through a combination of value propositions across the six areas. Typically, it is the mix that makes it difficult for competitors to copy.
- When we set out to identify where existing offerings really differentiate

or how potential new offerings can be differentiated, we focus on one value proposition at a time. We find that this drives impact, as time from development to implementation is shorter.

- Before we get to implementation, there is, however, still a few essentials to get right.
- To ensure that the value proposition will stand out as different from competitors' offerings when hitting the market, you need to test and validate it with customers as well as non-customers. The key questions to answer here are:
  1. Do your customers believe that your offering will solve the particular challenge/job it is intended to solve?
  2. Do your customers think they can get the same value from a competitor?

- In our experience, the best way to test value propositions is to bring prototypes to key stakeholders and have a conversation about how your offering will bring them value. To facilitate a fruitful conversation, it is key to bring clearly articulated value proposition statements along with the most important assumptions to test. The more strongly articulated the value propositions are, e.g. through a physical or digital prototype, the better feedback you get from customers in terms of whether it will solve the challenge and whether it is differentiated.

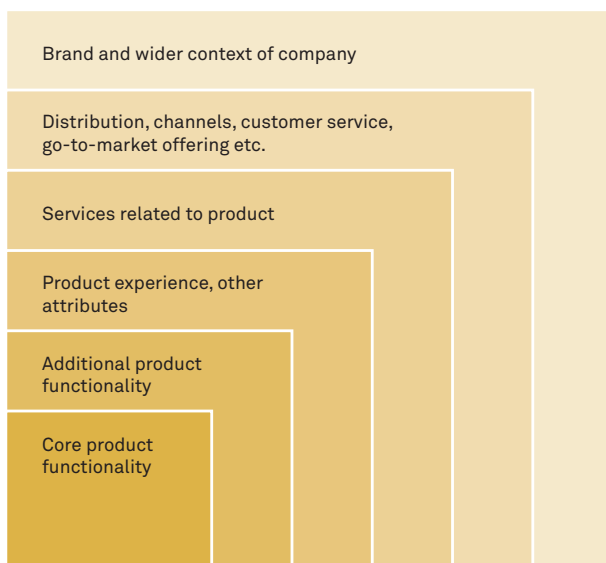
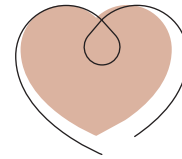


Figure 2 Differentiators can derive from a number of sources ranging from the core product to services and brand





## Lever 3: Be obsessed with substantiating real value

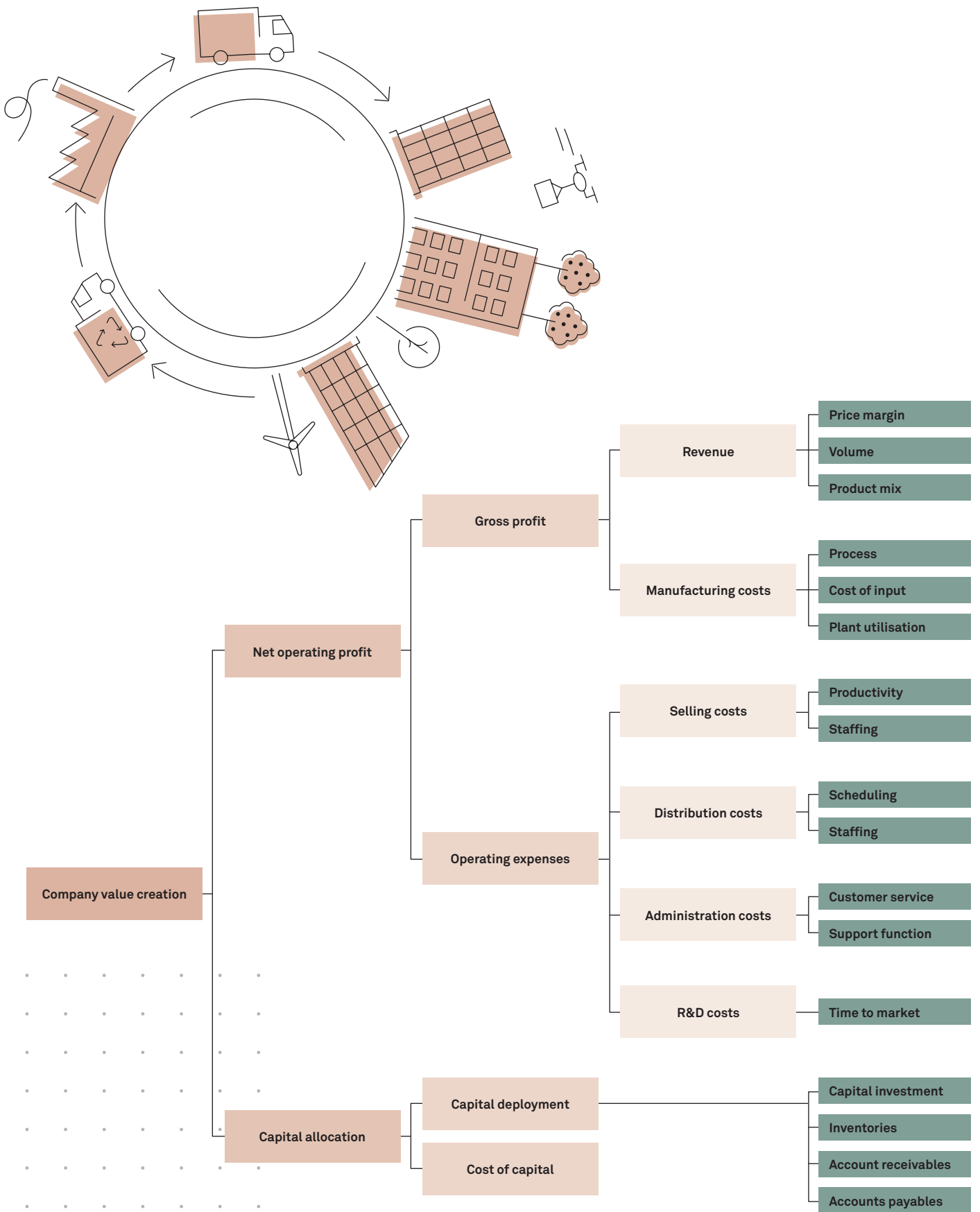
- In our experience, value propositions offering real measurable impact on a critical value driver for the targeted customer(s) or stakeholder(s) have the potential to significantly change the conversations you have with customers as well as generate the most powerful marketing communication.
- However, proving the value to the customers is not easy. **Companies that succeed in proving superior customer value are obsessed with identifying different ways to create value for their customers and/or stakeholders.** If your focus is segment or customer level, we suggest to start off with an overview such as fig. 3. If your focus is stakeholder level, we suggest to start off with an overview such as fig. 4.
- In a B2B context – applying to most of our 50+ projects – the best value drivers to focus on are typically reflected in the options in fig. 3 as well as the functional level in fig. 4.

This is because of two things:  
1) Quantifying value is easier with economic value drivers, and  
2) it is typically faster for the front-line sales people to get comfortable with articulating value propositions focusing on economic value drivers, as they are focused on the tasks of the functional roles rather than the personal preferences and ambitions of the individuals behind the roles. They are unambiguous.

- Once you have identified the value driver(s) that is/are impacted by your value proposition, the next step is to collect data to substantiate the impact – which is often the most difficult part. It is rare for companies to have data readily available that proves a real economic value, and it can be a challenge to collect that data from customers. Nonetheless, this is the critical part to get right if you want to develop value propositions that are truly superior to competition.

- In our experience, the best approach here is to be pragmatic and focus on substantiating value for a few key customers. Select these customers based on the strength of your relationship and your expectation of data availability.
- To sum up, substantiating real value on the most important value driver(s) for your customers is the most critical part of making a value proposition superior to competition – especially in a B2B context, where most purchasing decisions are primarily made based on expected impact on a few functional key performance indicators.





Figure\_3 Typical value drivers on segment and customer level

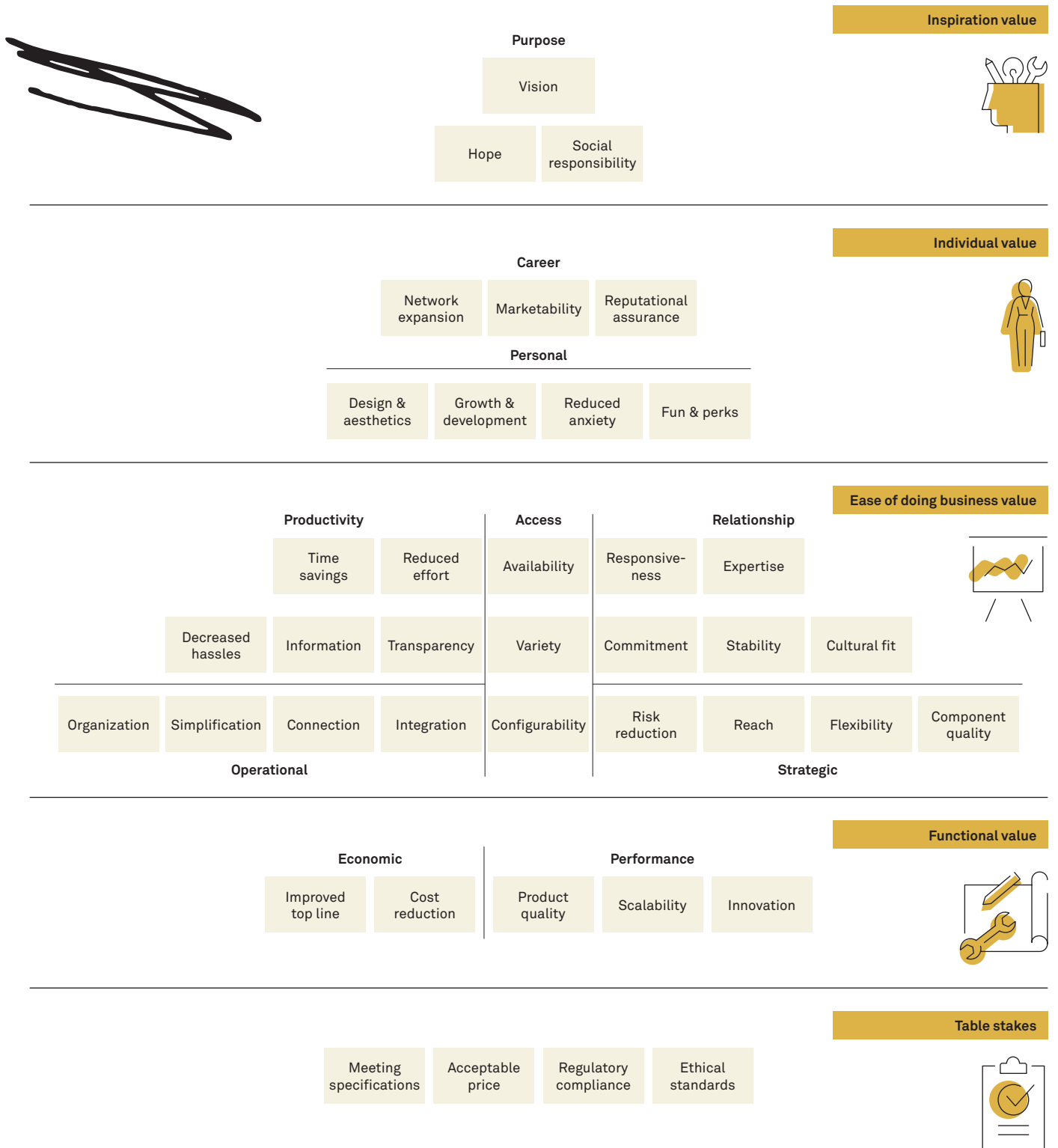


Figure 4 Typical value drivers on stakeholder level. Illustration based on the 'B2B elements of value' © copyright 2018 Bain & Company inc.



# The value proposition statement is the foundation for consistent and impactful value-based sales and marketing communication

Once you have ensured that your value proposition resonates with customers and differentiates from competition and that you have data to substantiate value, you can write out the value proposition statement.

- The statement is in essence a simple sentence structure to effectively convey how the value proposition benefits your customers (the impact on their value driver), why it offers this value (your differentiator) and what data supports your claim (reference cases). See fig. 5.
- The strongest benefit of this statement structure is perhaps that it brings a lot of clarity and alignment around a few core value propositions that the commercial organisation can start to activate across channels.
- You can use the statement effectively in sales conversations. Also, you can use it as a guideline for development of marketing messages and for designing more elaborate sales conversations.

## The best way to get started is to start now

Until now, we have explained the process of designing superior value propositions as a linear three-step process. However, we have found that often the best approach is to start by writing out the value proposition statement(s) that reflect(s) the customer value that you provide with current offerings. This approach typically reveals critical gaps between the actual value offered and the perceived value by customers. It also enables a structured way to 1) improve existing offerings for fast impact and 2) identify opportunities for developing new offerings for long-term sustained impact.

The best way to get started is to start now, so go ahead and test the strength of your current value propositions.

## Test yourself



# Check the strength of your value propositions by using this simple but powerful positioning statement

We typically use this positioning statement as the first test of the strength of existing value propositions. In our experience, those who can clearly articulate their value propositions in a clear statement like this have the foundations in place to deliver – and communicate – superior customer value.



Figure 5 We typically find this to be the best formulation of a value proposition

# Do you want to deliver superior customer value and drive commercial impact?

To win in the market, you need to provide superior and customer-validated commercial value to your customers as well as effectively communicate it in your key sales and marketing channels.

Before you get started, you should ask yourself three key questions:

”” **Are we ready to become a value-driven organisation?”**

”” **Are we spending our resources in the right way to market and sell our offerings with highest possible impact?”**

”” **Are we developing future offerings that are based on customer-validated needs that are truly differentiated and that can be substantiated?”**

We know from experience that those who can answer “yes” to these questions will build even stronger customer relations and outperform the market.



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We aim to bridge analytical depth with a deep sense of what it takes to make things happen.

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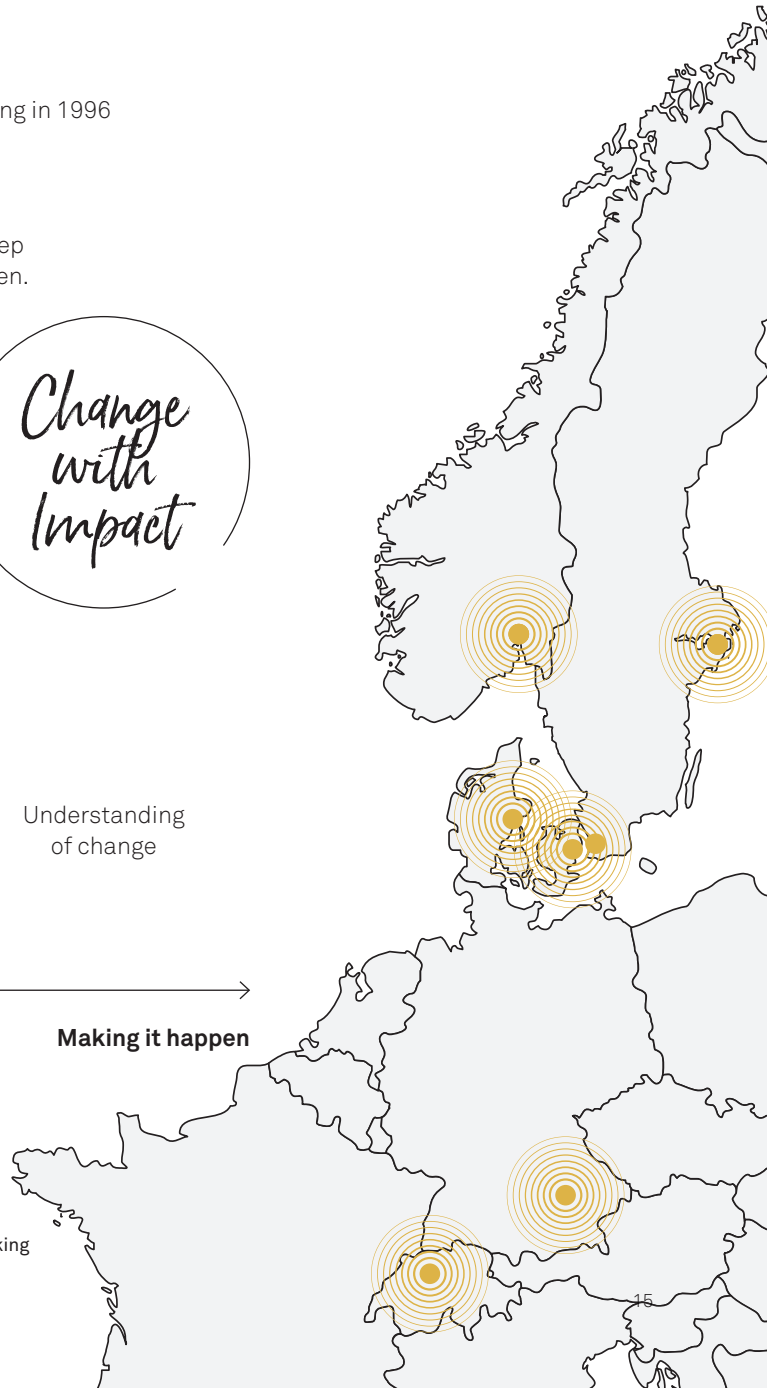
Analytical understanding

Change with Impact

Understanding of change

Making it happen

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## Contact

For more information please contact us by e-mail to [Differentiatetowin@implement.dk](mailto:Differentiatetowin@implement.dk) or directly to one of us:

**Anders Rehfeld**  
Implement Consulting Group  
+45 4138 0092  
[are@implement.dk](mailto:are@implement.dk)

**Frederik Ahm Krag**  
Implement Consulting Group  
+45 3085 8057  
[fak@implement.dk](mailto:fak@implement.dk)