

## Worksheet 2.1.2: Value Proposition

### Background

A Value Proposition is a brief argument for a product. It can be (but does not have to be) in the style of an advertising slogan. It presents the customer value and/or customer benefits of a product (but not product features!) and summarizes in a few words what is special about the product.

One famous example of a value proposition was created by Apple in 2001 for the new iPod: *One thousand songs in your pocket*. With just six words both the iPod's large memory capacity and its compact dimensions are presented – but using an image that visualizes these customer benefits rather than simply quoting product specifications behind them. (*5 Gigabytes memory and 4.02 x 2.43 x 0.78 inches in size* would not have worked so well as a Value Proposition!)

Value propositions are often used in product advertising. Although this day might still be far away for starting founders, formulating a value proposition is a useful exercise, because it helps them to gain clarity about their future product.

## Exercise 1: Review Your Customer Value and Customer Benefits

The starting point for formulating a value proposition are the Customer Value (Chapter 1.3 *Solution Concept*) and Customer Benefits (Chapter 2.1 *Customer Benefits*) of your planned product. The value proposition should only mention the strongest and most convincing of them. If you have identified your Core Benefit, then you should include it in your Value Proposition.

Your value proposition can present the value or benefits explicitly by name (*fast, simple*) or implicitly (*the bank safe for your most valuable data*).

- ✍ Review the Customer Value and Customer Benefits that you identified from Chapters 1.3 and 2.1, respectively. Select up to three of the most important of them (one of them will be your Core Benefit).

## Exercise 2: Formulate a First Draft

The following checklist contains ten established formats for Value Propositions:

- The solved problem.  
Example: *Never lose money again when your customers fail to pay you.*
- The new desirable situation or opportunity.  
Example: *Carry your complete music collection in your pocket.*

- The analogy.  
Example: *The bank safe for your most valuable data*
- What your customers always dreamed of having.  
Example (Netflix): *Watch TV shows & movies anytime, anywhere.*
- The tripartite motto.  
Example (GoToWebinar): *Tell your story. Reach more people. Grow your business.*
- Superlative customer value for a customer's task.  
Example (ZenPayroll): *The easiest way to pay your employees.*
- Exceptional performance.  
Example (Picplum): *Send photos to your loved ones in seconds.*
- Aladdin's magic lamp.  
Example (Scribd): *Read like you own every book in the world.*
- Eliminate a negative from a customer's task.  
Example (Unbounce): *Build landing pages and A/B tests without IT.*
- The user manual.  
Example (Uber): *Tap the app. Get a ride.*

Of course, you can also combine elements from different formats or create a format of own, if none of the examples appeals to you.

 Using your chosen format, write a first draft of your Value Proposition.

### Exercise 3: Evaluate Your Draft

The following checklist contains five criteria for evaluating a Value Proposition.

- **Concise.** The reader gets the message at first glance.
- **Attractive.** The benefits are clear and attractive to prospective customers.
- **Unique.** The promise is not offered by any of the alternatives.
- **Specific.** The value proposition makes a concrete claim for the product in question.
- **Memorable.** The Value Proposition sticks in the mind.

The better your text matches these criteria, the more convincing it will be to your target audience.

 Use the checklist to evaluate and optimize your draft Value Proposition.

## Last Words

Your Value Proposition determines in part the Key Features of your product (Chapter 2.3 *Key Features*), since the product has to deliver the promise you have made to your customers.

The Value Proposition can also often be found in the Positioning Statement (Chapter 3.4 *Positioning*). (People also often confuse the two.)

Your Value Proposition is still a draft – not just because you might later want to improve it, but also because you have to validate that works with your target audience. You will probably need several attempts before you have found a solution that works for both you and your potential customers.

There is a simple test for Value Propositions which is that a potential customer can explain it to you to your own satisfaction.

## Link

- Worksheet 2.1.2 at [founders-playbook.de](https://founders-playbook.de/plausibility/customer-benefit/):  
[founders-playbook.de/plausibility/customer-benefit/](https://founders-playbook.de/plausibility/customer-benefit/)