

# Value Propositions:

*How to define your unique value  
to customers*

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**CONFAB**

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*devoted to improving organizational performance*

# Agenda

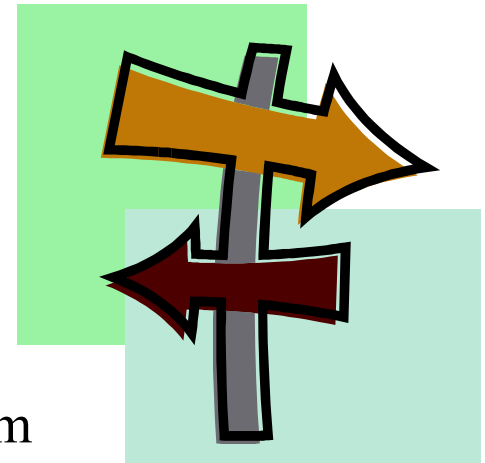
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- ◆ **What is a value proposition?**
- ◆ **How does it fit into a strategic framework?**
- ◆ **How do you develop a value proposition?**
- ◆ **How does a crisp value proposition contribute to implementation of strategy?**

# Value Proposition

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- ◆ **Describes the context in which intangible assets are transformed into tangible outcomes/results.**
- ◆ **Defines what differentiates you from your competition**
  - What are your discriminators?
  - What unique value do you provide to your customers?
- ◆ **Serves as the foundation for strategy!**
  - Strategy describes how value is created from intangible assets.

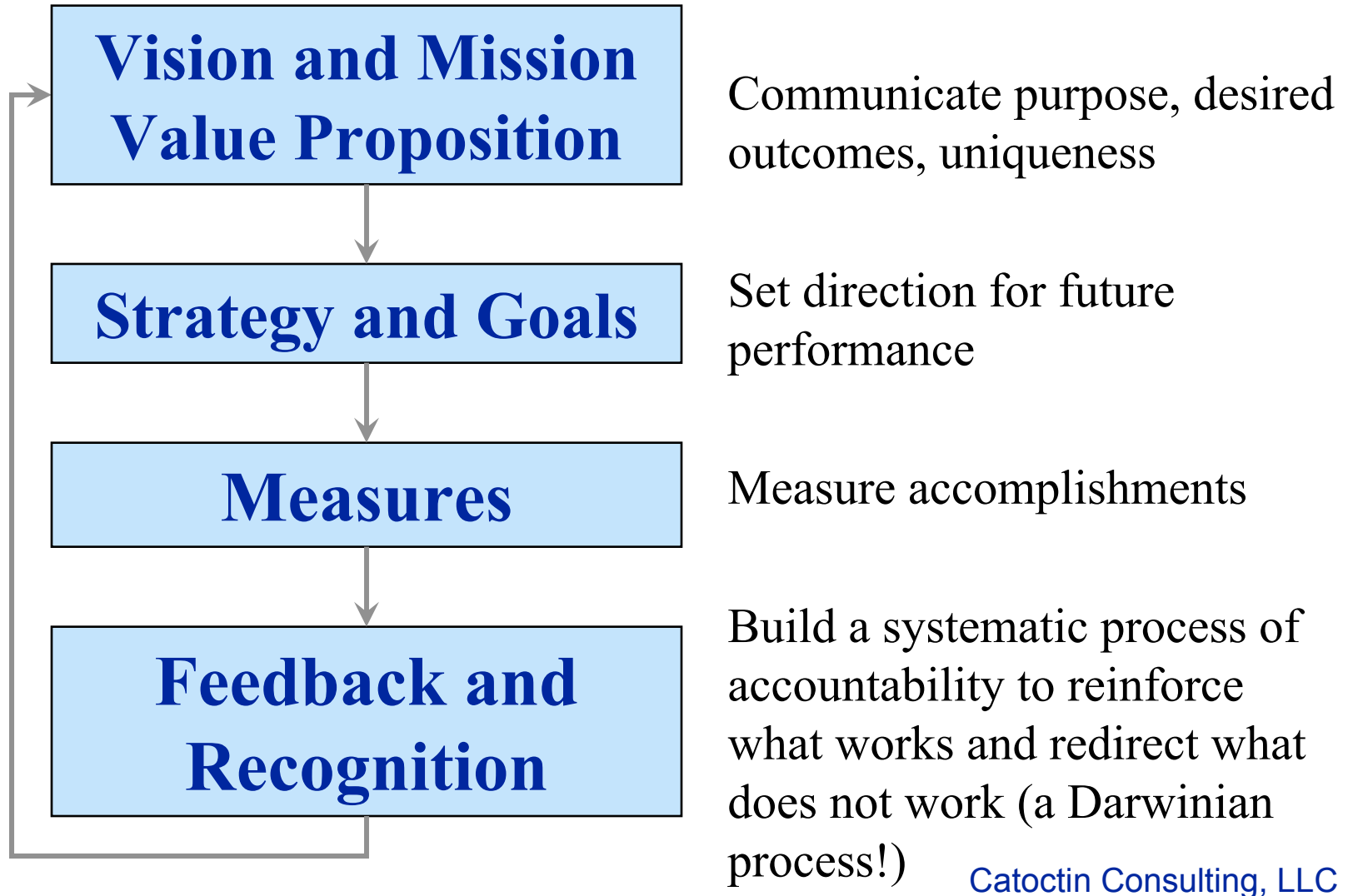


# Barriers to Strategy Implementation

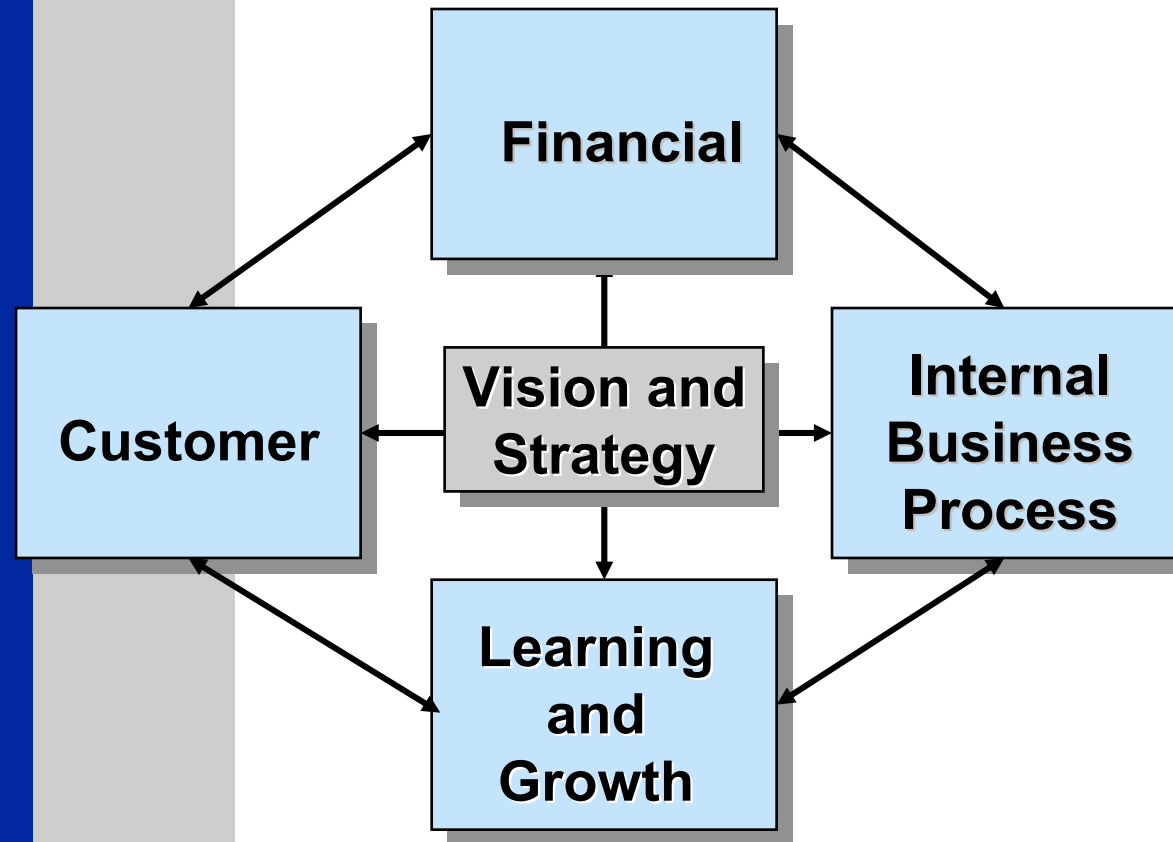


# Performance Management

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# Balanced Scorecard



- A holistic management system tied to business objectives
- Began with focus on linking performance measurement
- Evolved to focus on strategy
- Provides framework to translate strategy into actionable initiatives

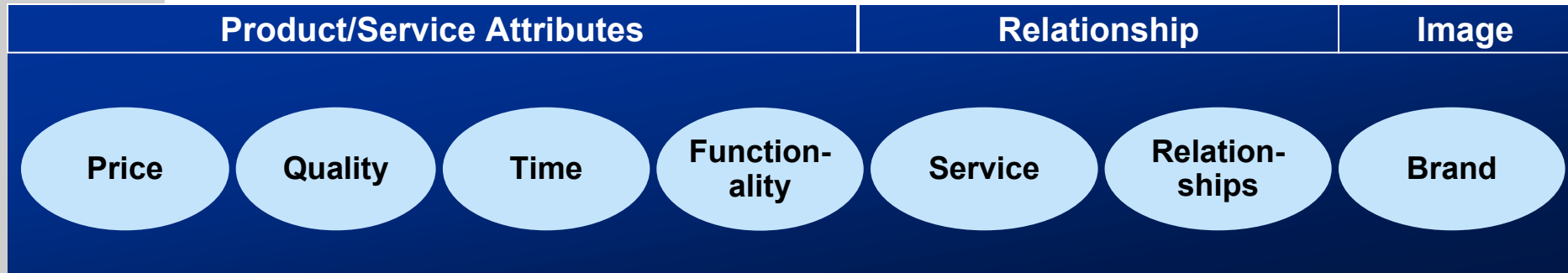
# Evolution of Balanced Scorecard

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- ◆ **1990 - Nolan Norton Institute study**
  - David Norton, study leader
  - Robert Kaplan, academic consultant from Harvard
- ◆ **Harvard Business Review articles**
  - Jan-Feb 1992 - balanced performance measures
  - Sep-Oct 1993 - tie to strategic goals and objectives
  - Jan-Feb 1996 - strategic management system
- ◆ **Books, consulting, website**

# Value proposition elements

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**Value = Product / Service Attributes + Relationship + Image**

# Sample value propositions

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**The Division of the Fire Marshal provides essential regulatory services for the NIH community to: (a) ensure a fire-safe environment for employees, visitors and patients; and (b) optimize research productivity by minimizing the potential for increased fire-safety repair and improvement costs and downtime due to fires involving NIH property, animals, and research data.**

**Rolling Lemons provides old-fashioned summer atmosphere on the spot.**

# Sample value propositions

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**Walmart provides everything you need, at a low price, in just about every town.**

**Ben and Jerry's enables its customers to feel good about eating ice cream.**

**Nordstroms ....**

# Develop a value proposition

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- ◆ **Select a company**
  - ◆ **Brainstorm its attributes**
  - ◆ **Cull out/set aside the “hows”**
  - ◆ **Select the most important**
  - ◆ **Draft the value proposition**

**Product/Service Attributes**

**Relationship**

**Image**

**Price**

**Quality**

**Time**

**Function-  
ality**

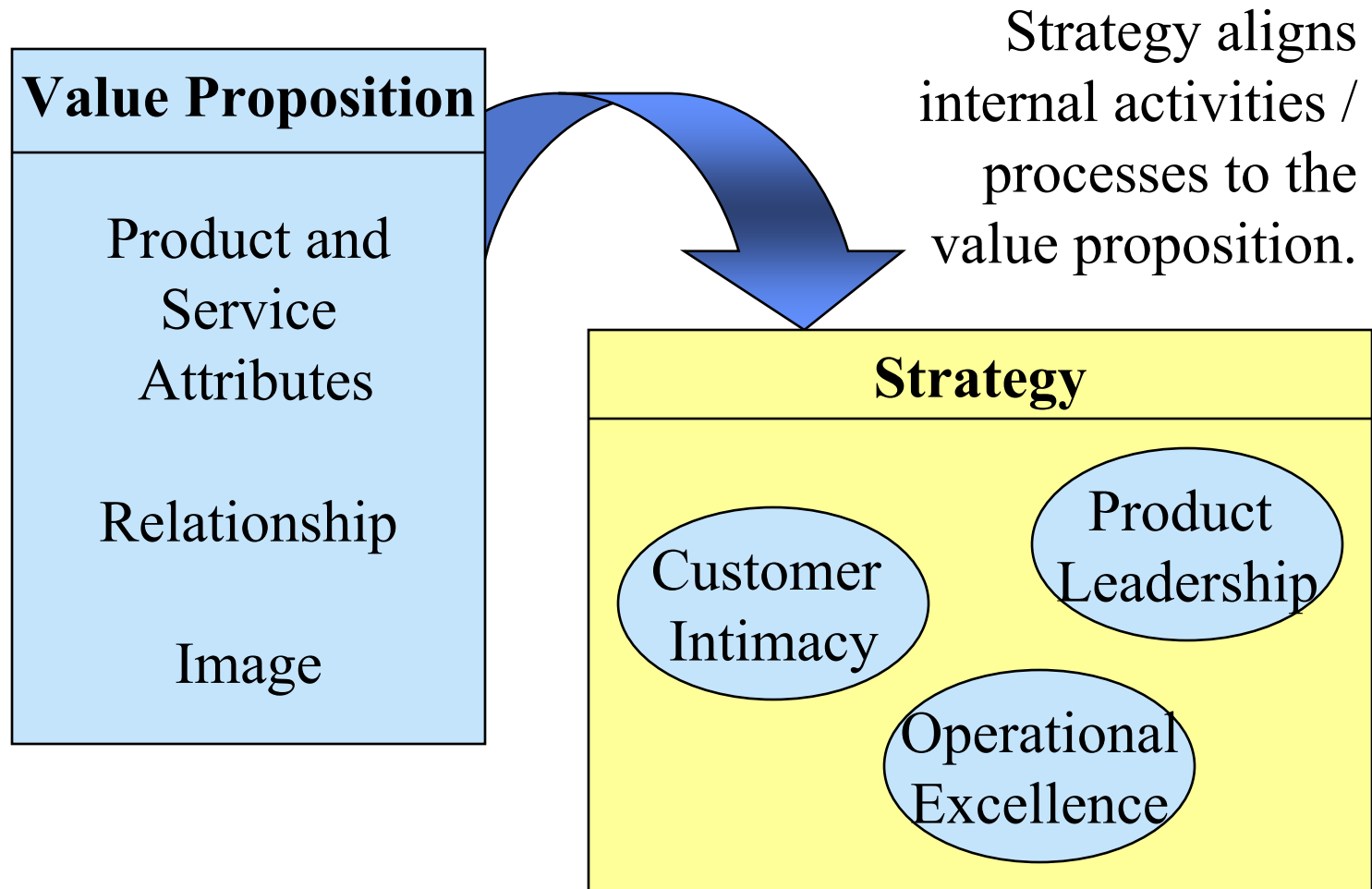
**Service**

**Relation-  
ships**

**Brand**

# Moving to strategy

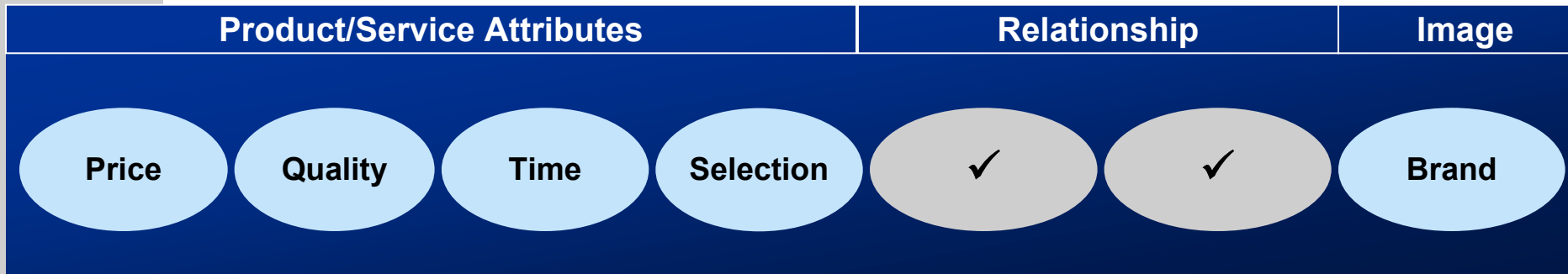
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# Building the strategy

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## Operational Excellence Strategy



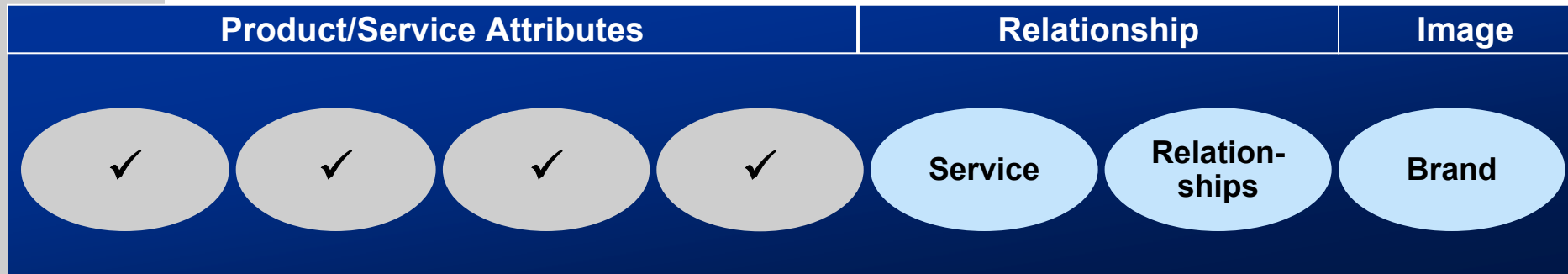
Quality and selection  
at great prices, easily available

Smart  
shopper

# Building the strategy

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## Customer Intimacy Strategy



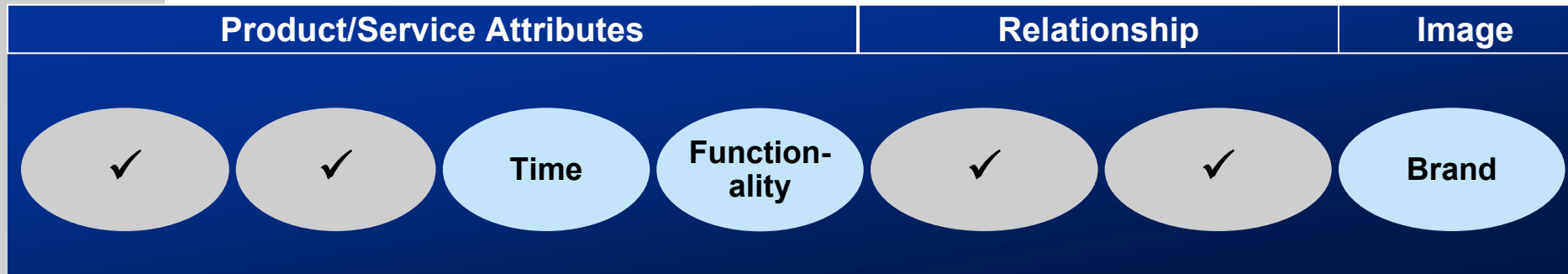
Personal service and long term relationships

Trusted brand

# Building the strategy

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## Product Leadership Strategy



Unique products and services  
New, leading edge

Known as  
the best

# Discussion

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- ◆ **What is your strategy?**
- ◆ **What organizations exemplify each strategy?**

# Creating a Strategy Focused Organization

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Per Norton and Kaplan:



# Creating a results focused organization

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## Practical reality:

- ◆ **If you don't know where you are going, strategy won't get you there.**
- ◆ **The value proposition defines the destination.**
  - Establishes clarity
  - Serves as foundation for communication
  - Precursor to strategy

# Resources

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- ◆ **Kaplan and Norton Books, Harvard Business School Press**
  - The Balanced Scorecard, 1996
  - The Strategy-Focused Organization, 2001
  - Strategy Maps, 2004
  - Harvard Business Review on Measuring Corporate Performance, 1998, contains the three original Kaplan and Norton articles
- ◆ **[www.bscol.com](http://www.bscol.com)**

