

Assess Product-Market Fit

Superpower 2

Building an agile
value proposition

Why is this valuable?

Startup solutions generally start out based on a founder's hunch, and, in the early days, most of the strategic planning and management of the business happens in the founders' heads. However, as the team grows to include dedicated members in key roles such as product development, marketing, operations, and customer support, and as sources of information about customer needs, product usage, costs, and customer behaviors multiply, founders need to organize their thoughts and test their ideas more methodically.

Keeping a growing team on the same page, especially as hypotheses and insights about product traction and value proposition evolve almost daily, can be a challenge, especially at the point when it may still be premature to implement hierarchy and organizational processes.

However, team complexity and dynamism is only part of the issue. As data reveals new information about early users, validates or invalidates your proposed value proposition, and informs product iterations, founders need to find a way to update their own thinking and assumptions based on this data, to improve the business. This is critical, but can also be very difficult, as founders generally start with strong feelings about the type of customer their product would serve and how those customers would use or feel about the product. It can be hard to incorporate new information that challenges these feelings.

It's important to maintain a careful balance between staying committed to the original vision and also being open enough to incorporate new information, especially about customer needs and experiences, and evidence from early efforts at achieving product-market fit.

Coming together as a team to form a consensus on the company's vision, the product's proposed value proposition, and important growth milestones, based on evidence, are critical to achieving product-market fit and accounting for increased business complexity. A team that is misaligned and pulling in different directions will find it difficult to achieve traction and growth. Your value proposition is not a once and done strategy, so you need to keep refining and iterating it, informed by the data. Startup teams that don't come together often to improve on their value prop find themselves continuing with business as usual, even when the product is not working.

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What tool(s)

can you use to improve,
and how should you use them?

Strategyzer's value proposition canvas is a useful tool that can provide a conceptual structure to define, and refine the value proposition over time. The canvas enables startups to build a strong foundation for identifying additional value propositions and testing proposed solutions against the firm's core value proposition. This helps founders ensure that the business is continually getting smarter and sharper, thereby making progress toward product-market fit.

The leadership team should periodically engage with this canvas in order to revisit critical assumptions and hypotheses (that need to be tested/confirmed) about the proposed value proposition. Once drafted, the canvas should be discussed in depth with the team, likely in a workshop format, in order to get everyone's thinking in the mix.

The value proposition canvas provides a comprehensive snapshot of your target customers' jobs (what they're trying to get done), the pain points associated with their jobs, and the gains (the benefits) they might experience from using your product. This will provide a better sense of what value your product offers and whether it might be a pain killer, vitamin or candy. The canvas may also show where there is room for improvement or reveal what may be going wrong.

This framework helps articulate what your product needs to do in order to solve a problem for your target customer and is especially valuable for teams performing user research, customer support and product development tasks.

How much will it cost?

It is helpful to go through the canvas with an external consultant who can reflect back your statements and thoughts and highlight any inconsistencies. With a skilled facilitator, the whole exercise should only take a few hours. Once you have done a thorough job the first time, you can repeat it as a team without a facilitator. In that case, it can be helpful to ensure that someone is tasked with pushing the team to distinguish between facts and assumptions.

When should you use the tool(s)?

The canvas can be useful at many stages: as you are developing an idea, as you test an MVP, or as you think about adding features, partnerships, or additional products. Doing this exercise regularly can really help your team understand exactly what is going to appeal to users and what they will find difficult, and how you can work towards profitability. More specifically, if you find you have a low retention rate, chances are customers aren't finding enough value in your product to stick around—this would be a good time to go back to the drawing board and revisit your value proposition.

What kind of expertise is needed to fully leverage the tool(s)?

No additional expertise is needed beyond the skills your team already likely has. We recommend that subsequent iterations of the canvases be made along with the wider team and not just the leadership team.



Completing a Value Proposition Canvas and Problem Validation Tests

Getting started:

The Value Proposition Canvas

The Value Proposition Design book by Strategyzer has all you need to know about this tool. [This video](#) explains the canvas and the process for filling it out. Below, we outline the key steps.

1. There are two sides to the canvas - the customer profile and the product value map. The first step is to fill out the customer profile. Here, you illustrate three aspects about your target customers:

a. Jobs: Describe what job your target customers are trying to get done. It 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.

b. Pains: Describe the negative emotions, undesired costs and situations, or risks that your customers experience before, during, and after getting the job done. Rank each pain according to the intensity it represents for your customers, from very intense to very light. For each pain, indicate how often it occurs.

c. Gains: Describe the benefits of using a product that your customers expect, desire or would be surprised by. This includes functional utility, social gains, positive emotions, and cost savings. Rank each gain according to its relevance to your customers. Is it substantial or is it insignificant? For each gain, indicate how often it occurs.

2. Next, complete the product value map. Here, you illustrate three elements of your solution:

a. Products & services: List all the products and services your value proposition is built around. What products and services do you offer that help your customers get a functional, social, or emotional job done, or satisfy basic needs? Rank all products and services according to their importance to your customers.

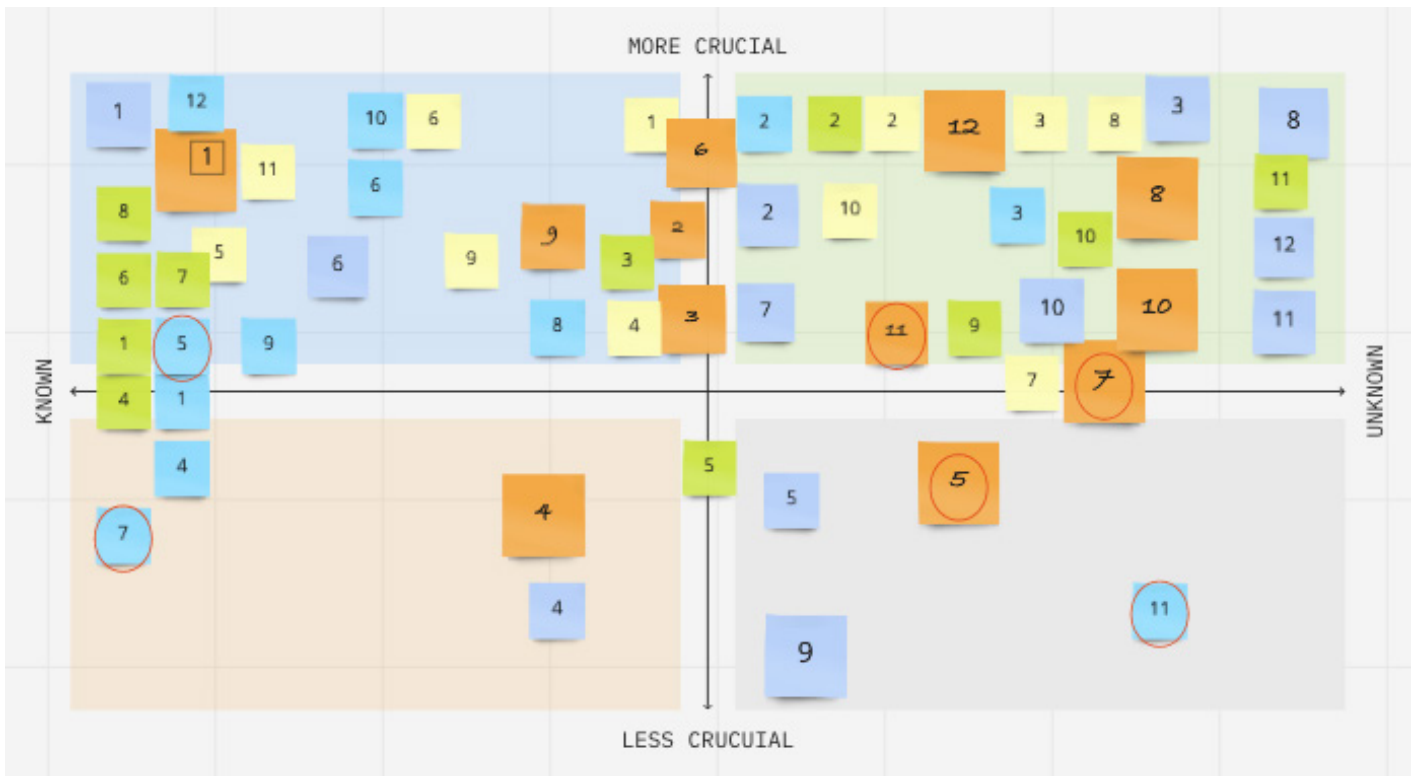
b. Pain relievers: Describe how your products and services alleviate customer pains. How do they eliminate or reduce negative emotions, undesired costs and situations, or risks your customers experience or could experience before, during, and after getting the job done?

c. Gain creators: Describe how your products and services create gains for your customers. How do they create benefits your customers expect, desire or would be surprised by, including functional utility, social gains, positive emotions, and cost savings?

3. Once this is complete, articulate the critical assumptions you have about your value proposition. These will be tested during the problem validation phase. Examples of critical assumptions might include:

- a. My target customer will be _____.
- b. The problem my customer wants to solve is _____.
- c. My customer's needs can be solved with _____.
- d. My customer can't solve this today because _____.
- e. The measurable change my customer wants to achieve is _____.
- f. My primary customer acquisition tactic will be _____.
- g. My earliest adopter will be _____.
- h. I will make money by _____.
- i. My primary competition will be _____.
- j. I will beat my competitors by _____.
- k. My biggest risk to financial viability is _____.
- l. What assumptions do I have that, if proven wrong, would cause this business to fail?

Get your team to do this separately, then plot their answers on a graph ranging from known to unknown, and more critical to less critical, to see how each of you thinks about the assumptions:



4. Finally, convert your most critical assumptions into a series of hypotheses that can be tested. The framework below can help you reframe assumptions as hypotheses:

a. IF we provide _____ (solution details), THEN _____% or _____ (a number) of our target customers WILL _____(what specific behavior will take place in response?)_____.

Case Studies

Destacame & Nomanini

How do you react when the basic value proposition of your startup is not delivering? Read how [Destacame](#) dealt with this issue.

How do you react when you've designed the ideal product for your end user, but your end user isn't the buyer? Read how [Nomanini](#) dealt with this issue.

Resources:

[UserTesting](#)

75% of companies think they're customer-centric, yet only 30% of their customers agree. UserTesting's Human Insight Platform provides Usability testing and research tools to improve your online customer experience.

[UserZoom](#)

Get the whole picture with UserZoom, an UX insights solution that can tell you what users think, track how they behave, and objectively measures user experience performance.

[Ask Your Target Market](#)

Ask Your Target Market is an Online Market Research solution that helps brands and agencies gain insights from their precise target markets.

[Qualaroo](#)

Qualaroo simplifies the process of collecting user feedback with surveys, giving you actionable UX Insights from your customers.

[SurveyMonkey](#)

SurveyMonkey is a popular survey platform offering a free online survey tool to capture the voices and opinions of the people who matter most to you.

[Join.me](#)

Join.me is a screen sharing, online meetings and team collaboration tool, ideal for user interviews.

[Screenleap](#)

Another screen sharing tool, Screenleap provides a fast, simple, and free way to share your screen instantly for online meetings, sales demos, and collaboration.

About Catalyst Fund

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