

articles

This download is one of a series on new ideas in strategy, based on the book by =mc Directors Bernard Ross & Clare Segal - The Strategy Workout (Financial Times/Pearson, Autumn 2015). To find out more about how you might use the model [contact Bernard Ross](#).

Find out about =mc's other [Big Ideas in Strategy](#)

Defining your value proposition

A couple of years ago we were delighted to be asked by UNICEF International to help them develop a case for support. The more we got into the work the more we realised that they were great at making a case for helping kids worldwide, but not so good at distinguishing themselves from the many other great agencies like Plan, Care, ActionAid, World Vision and Save who share that vision. We worked on the case but built into it was what we call a value proposition (VP).

A value proposition is a way of encapsulating what your unique offer is. It goes beyond a simple slogan to explore how an agency – whether commercial or charity – adds value to a customer, donor, beneficiary or service user. A value proposition can cover a whole company, a team or even an offering – a service or product.

Value propositions are common parlance now in the business world where competition is fierce and explicit. They are essential in the world of venture capital where your venture capitalist will ask you to make sure your elevator pitch starts with this. We've adapted a VC model below to provoke your thinking.

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But until recently they have been less common in the charity and public sector. Maybe because of a reluctance to acknowledge the increasingly fierce competition for wallet share and mind share among supporters. That's starting to change. And this download should help you develop your own value proposition.

We've consciously chosen to use a number of commercial examples as well as not for profit ones. Partly since they are more readily understood sometimes – but also because many charities we've worked with like to guard their VP like the Coca Cola secret. (So can you work out what UNICEF's VP is?)

What is a VP?

Ironically it's easier to say what a VP is not than what it is. So it's not a slogan or strapline.

So this is not a value proposition: *L'Oreal. Because you're worth it.* And nor is this *Domestos: kills 99% of all known germs fast.*

A value proposition is a bit more complicated and follows a specific logic explored below.

Why is it important in charities?

Value propositions are important to charities for a number of reasons:

- Donors are increasingly exploring why they should support you rather than another similar cause – whether it's in the WATSAN, child development, poverty reduction, environmental, educational or health field. (So why NSPCC versus Bernardos?)
- If you don't have a VP then this may be a rationale to explore why you should merge and in that way add value – at least by economies of scale. (So in the UK two large breast cancer charities recently merged to achieve this result.)
- In an international dimension 'disintermediation' is increasingly a key issue. So many governmental and institutional donors are investing directly in projects 'on the ground.' They are questioning how much value an INGO adds in return for an overhead of 15% or more.

A value proposition helps address these internal and external issues.

Six Questions to answer in your VP

There are many ways to define a value proposition. In our experience a good way to shape and organise one is to consider the following six elements.

1. This value proposition is aimed at...	Who are the target users - supporters, donors, customers and services users?
2. ...who are dissatisfied with...	Who is their current alternative provider (if any) for this broad area?
3. The offering we want to provide is...	What is your proposed offering (service or product)?
4. That provides this specific benefit...	What is the key <i>benefit or payoff</i> that your offering provides?
5. And solves this specific challenge...	What is the key <i>problem solving capability</i> your offering provides?
6. We are unlike others you might compare us to...	Who might your target market compare you to and how would you distinguish yourself?

So you might like to try answering this for, say, UBER, the fast growing taxi service. What's *your* version of their value proposition?

1. The UBER value proposition is for...
2. Who are dissatisfied with...
3. The offering is...
4. That provides this benefit...
5. And solves this challenge ...
6. We are unlike...

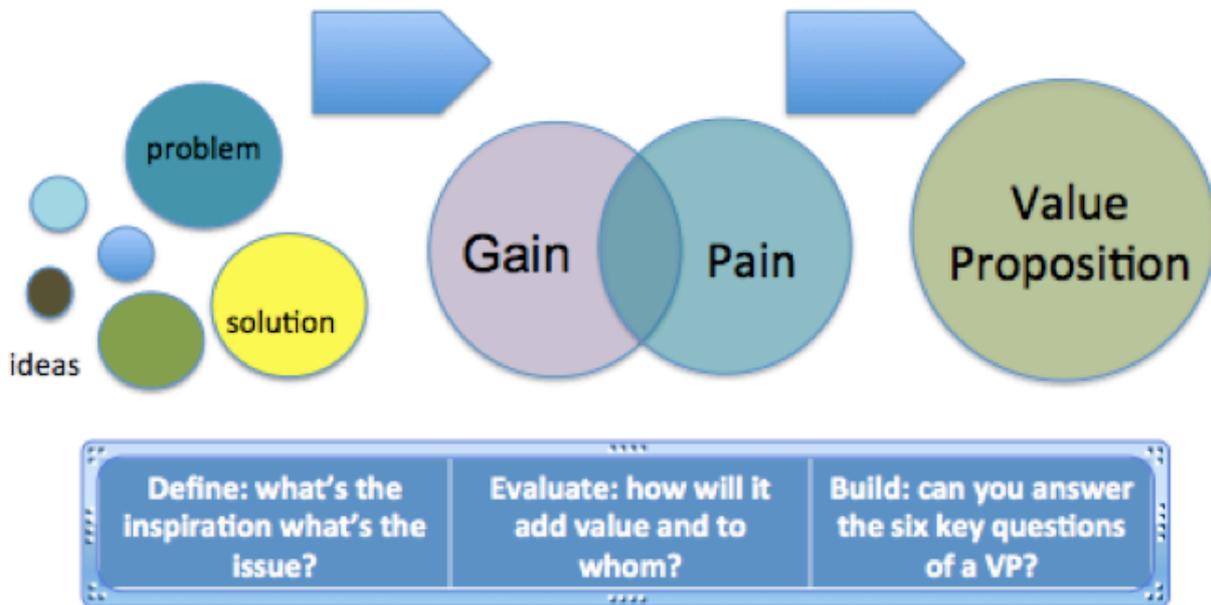
(See the end of this download for my answer* Compare it to yours.)

How to come up with an *innovative* value proposition?

You may realise that your current offerings are very much 'me too.' So for example the child sponsorship mechanic is very much a 'me too' one with say World Vision, SoS, Plan and Action Aid among others. All of these agencies have been for some time exploring how to come up with a new proposition. It's not easy. Or in the same way you may want to set up a new food franchise or a hotel chain. How do you come up with a brand new proposition?

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One framework to do this is to see it as part of an innovation process consisting of three elements.



Define	Evaluate	Build
<p>At this starting point you may simply have an <i>idea</i>, can spot a <i>problem</i> or even be looking for a <i>solution</i>. You can begin with any of these. But they are linked. You need to ask yourself at the end, what problem does that idea solve?</p>	<p>You may have a great idea but it only really becomes a quantifiable value proposition when it:</p> <ul style="list-style-type: none"> • delivers some significant gains to the beneficiary • reduces some specific and important pains to the the beneficiary 	<p>If you've got this far you now have the beginnings of a value proposition. To be sure you have one you should be able to answer the six questions in the section above. You may want to use the blac(k) and white framework to 'value' it.</p>

How do I know if my value proposition has real value?

So great that you have a new idea. But will it have *enough* value to really take off?

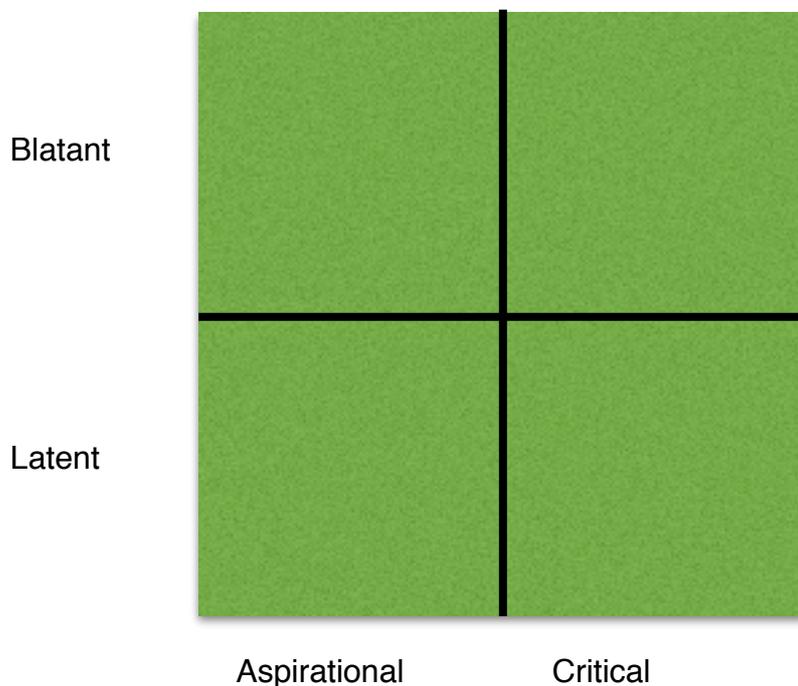
Below is a framework to help you decide if your value proposition has an obvious and immediate value. There are actually two frameworks here: blac(k) and white. (Sorry for the pun.) And we mostly deal with the blac(k) one.

White issues are unknown areas – if your idea is in a brand new area it’s hard to establish what the possibilities are. (In another framework these brand new areas are called Blue Ocean possibilities. To find out more about Blue Ocean and its complement Red Ocean see another **=mc Big Idea** download: [Does your Big Idea look Red or Blue?](#)). So an example of this ‘white’ value proposition/blue ocean idea might be, say, Body Shop when it first came out with ethical cosmetics model or Apple when it introduced the iPad. In the charity world the intro of Face-to-Face fundraising was such a white issue or even the ice bucket challenge with its power on social media.

Some of the greatest successes are here... and also some of the biggest failures... remember the Segway? (So value does not mean *enough* value.) for this you need the blac(k) complement.

Blac(k) is about establishing if your value proposition has real traction. It does if it meets one of four criteria. So, is it:

- **Blatant:** an obvious and immediate need?
- **Latent:** something that people will respond to once identified?
- **Aspirational:** something people might want but not a necessity?
- **Critical:** a necessity regardless of whether they want it or not?



A good **latent** example to build on is Uber. So until Uber came along no one really thought that there was a need for an app that would allow you to simply order a taxi on your iPhone. The taxi model worked. But as soon as you realise you can access a cab almost anywhere, *and* get a price for it, *and* pay for it without cash, *and* get a journey time estimate why would you ever stand in a taxi rank again?

Likewise in the charity world Kiva identified the latent desire for donors to feel like social investors. Its success was based on a sudden unleash of value for people who wanted to do more than simply donate.

Aspirational could be a service that you'd like to have. So a first or business class cabin in an aircraft might be aspirational to a bundled holiday proposition. You arrive there in 7 hours regardless of where you sit. But business 'feels' aspirational for holidaymakers.

You might in a charity setting aspire to be part of a high value club or group – for example a Director's Group at a theatre. Many charities offer special 'privileges' to higher value donors.

Critical might be the case if there's a certain regulatory framework that you have to fit into. Fitting in adds value. So in the UK recent legislation means a service to help you plan pension provision for employees is critical if you're an employer.

Ice bucket in some ways became a 'must do' proposition thanks to Facebook.

Blatant might be Evernote and its value proposition. The company set out to "help the world remember everything, communicate effectively and get things done." So they appealed to a need to have everything organised in one place.

In the charity world blatant might be an emergency appeal that you feel you have to take part in. The need is so obvious and direct it demands a response from you – or perhaps Comic Relief.

Consider your offering. Which category does it fit in? How much value does it really add? Do your donors feel they you add value?

My Uber answer:

1. The UBER value proposition is for people who want a low cost reliable taxi service on demand
2. Who are dissatisfied with conventional cabs – over priced metered ones or unreliable and ‘dodgy’ mini-cabs
3. The offering is an on demand reliable service at an affordable price available on your smartphone
4. That provides the benefit of enabling people to use cabs more easily and more readily
5. And solves this challenge of waiting, having cash, and worrying.
6. We are unlike regular cab firms and we work worldwide.

Further reading and resources

And if you're keen to know more about the thinking behind Uber here's a great little video. <http://www.web-strategist.com/blog/2014/02/12/ubers-business-model/>

And if you're keen to know more about the VC model of value proposition there are some great videos here <https://i-lab.harvard.edu>

About =mc

The Management Centre (=mc) is a global management consultancy whose shared mission is to transform the performance of ethical organisations.

We work across the fields of fundraising, management consultancy, and management training.

Our customers include many of the world's largest NGOs and INGOs including UNICEF, Amnesty International, Greenpeace, Oxfam, Medecins sans Frontieres, CARE, UNAIDS, and The Red Cross.

We have consultancy presence in Europe, USA, Australasia, South America and Asia.

To find out more about our work in the UK and internationally visit www.managementcentre.co.uk

To find out more about how we can help [contact Clare Segal](#), Director or call +44(0)20 7978 1516