Six Steps to Crafting Effective Value Propositions
Six Steps to Crafting Effective Value Propositions

Anna Whiting, ITSMA

ITSMA has developed a six-step process to create outstanding value propositions. What makes ITSMA’s process different is the emphasis on research.

Key takeaways
Value propositions are built from the outside in. Start with the identified target audience, not the offer.

Value propositions must express why your products, services, and/or solutions are better than the competition’s.

Using a template will ensure that all elements of a good value proposition are present.

Value propositions are most compelling when benefits are quantified.

Ask your best customers and salespeople to assess the value propositions. Emphasize the need for candor.

Marketing and sales must work together to develop client-specific and even individual-specific value propositions.
The most successful value proposition starts with a customer’s business issue, in their words and from their perspective. It describes a solution to their issue, the unique benefit and value your solution provides, and the outcome or what they should expect by implementing your offering. Value propositions should be simple, clear, easy to absorb, adaptable to specific clients or segments, and credible, backed up by proof points.

Articulating the true differentiation and quantifying the value must be part of the value proposition process. Deep research is critical to creating propositions, to truly understanding target market needs and differentiators, and obtaining sales perceptions to make necessary changes.

That may sound like a lot, but ITSMA firmly believes that following a step-by-step process will make it less daunting and will be worth all of the hard work.

Step 1. Understand the market and clients

The best value propositions entice the target audience to want to learn more about the product, service, or solution. To do this well, services providers must concentrate more on knowing their clients:

- Conduct primary and secondary research, concentrating on knowing your clients better. Develop market segment profiles and personas representing the key roles targeted within those segments.
- Market segment profiles should address the social, political, economic, technological, and competitive forces within the operating environment.
- Personas would include demographics, psychographics, technology usage, brand relationships, goals, and product, service, or solutions usage.
- Convene in a workshop with a cross-functional team that has a balance of client-facing, technology-focused, and creative skills to craft the actual value propositions.
- Craft the actual value propositions in template form, then transform them into storytelling prose backed by proof points.

Step 2. Determine your true differentiators

To be successful, value propositions must express why the company’s products, services, or solutions are superior to the competition’s. What makes the company’s offer unique?

1. Examine your business. Where have you been successful? Which offers have sold in the past and why? From which segments and clients does your business come? What is driving your purchases?
2. Analyze the competitive landscape. Who are your competitors? How are they positioned? What do they offer? What are their value propositions, key differentiators, and strengths and weaknesses?
3. Construct a strengths, weaknesses, opportunities, and threats (SWOT) analysis for the company and each major competitor.
Six Steps to Crafting Effective Value Propositions


5. Present this information during a workshop, and actively engage participants in building and refining SWOT analyses. Also look at differentiators to really notice if yours are unique.

Step 3. Articulate unique value based on customer need

Every company should have a template to help marketing and sales perform this task. ITSMA has created a simple template to be used to produce value propositions. To use it:

1. Fill in the blanks on the template.
2. Write the story in prose, eliminating clichés, fillers, and jargon and adapting it for the intended use.

A Proven Value Proposition Template

<table>
<thead>
<tr>
<th>Strategic Core Message:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is your target audience?</td>
</tr>
<tr>
<td>What are their needs or problems?</td>
</tr>
<tr>
<td>What will your services do for them?</td>
</tr>
<tr>
<td>How are your offerings unique (in terms of client perception)?</td>
</tr>
<tr>
<td>How can you prove and quantify the benefits?</td>
</tr>
<tr>
<td>Why should they prefer your offerings over the competitions?</td>
</tr>
</tbody>
</table>

Your value proposition is:

For (target segment) our (offering name) (primary functions/benefits). By selecting our (offering name), you will experience (description of experience). This offering will support your (cost reduction/revenue growth/profit growth) objectives by... Unlike (competition), we (primary differentiator).
Six Steps to Crafting Effective Value Propositions

Step 4. Quantify value

Value propositions are most compelling when the target audience can see what they are getting for the price paid. As buyers move through the buying process, their needs for quantifying the benefits increase. At the same time, the company learns more about the client’s specific needs and can hone value propositions to address specific client needs.

Create more specific and qualitative and quantitative value propositions with numbers backed by proof. Qualitative benefits might include improved efficiency, headcount, turnaround time, and higher satisfaction, while quantitative benefits might include profitable revenue and actual value creation. All benefits should be underpinned with real-life testimonials, success stories, and references.

Step 5. Elicit feedback, then revise

Now the value propositions are ready for testing, validation, and revision. It is important to get feedback from representative samples of business segments and geographies. Multiple geographies are important because of language and cultural sensitivities. Make sure you:

- Have your best clients assess the value propositions.
- Validate value propositions with your sales force.
- Test, revise, and test again through a series of conversations and more formal research approaches.

Step 6. Collaborate with sales to communicate value propositions

Lacking tools and a formal, structured approach to tailor value propositions, too many salespeople reinvent the wheel, resulting in inconsistent messages and low sales productivity. Marketing must partner with sales to develop client-specific value propositions. That partnership takes three forms:

- **Training.** Marketing must train sales on the value propositions and provide tools and templates to help customize them.
- **Tools.** Develop interactive sales tools that guide the selling process, enabling salespeople to engage in conversations with clients based on the clients’ challenges.
- **Account-Based Marketing (ABM).** With ABM, marketing and sales collaborate to create a strategic account plan and marketing plan that treat the client like a market of one.

Wrap-up Message

**Wash, rinse, and repeat.** A value proposition is not a one-shot deal. To maintain its relevancy, a value proposition must be reviewed and revised regularly.

Contact

For more information about crafting effective value propositions, contact Julie Schwartz at +1 781 862 8500, x112, or jschwartz@itsma.com.
Six Steps to Crafting Effective Value Propositions

Step 1: Understand the market and clients

Step 2: Determine your true differentiators

Step 3: Articulate unique value based on customer need

Step 4: Quantify value

Step 5: Elicit feedback, then revise

Step 6: Collaborate with sales to communicate value propositions

ITSMA has developed a six-step process to create superior value propositions. What makes ITSMA’s process different is the emphasis on research.

Continued»
Six Steps to Crafting Effective Value Propositions

Step 1 Understand the market and clients

Value propositions are built from the outside in. Start with the identified target audience, not the offer.

The best value propositions are based on a deep understanding of your target markets and buyers. Research your customers’ goals, attitudes, and skills, as well as the market environment.

Step 2 Determine your true differentiators

Value propositions must express why your products, services, and/or solutions are better than the competition’s.

What makes your company’s offer unique?

**Look at your business.**
What works? What sells? Why?
Who are your clients? Why are they buying?

**Look at the differences.**
Conduct a SWOT analysis (strengths, weaknesses, opportunities, threats) for you and each major competitor

**Look at your competitors.**
Who are they? What do they offer? What are their strengths and weaknesses?

**Look at your targets.**
Ask clients, prospects, and influencers what they think of you and your competitors. What makes you stand out in a crowd? What benefits do you offer?

Continued»
Step 3: Articulate unique value based on customer need

Using a template will ensure that all elements of a good value proposition are present.

1. Fill in the blanks on the template.
2. Write the story.
3. Eliminate jargon, clichés, and fillers.
4. Adapt for intended use (e.g., website, sales presentation, datasheet).

**Strategic Core Message**

<table>
<thead>
<tr>
<th>Who is your target audience?</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are their needs or problems?</td>
</tr>
<tr>
<td>What will your services do for them?</td>
</tr>
<tr>
<td>How are your offerings unique (in terms of client perception)?</td>
</tr>
<tr>
<td>How can you prove and quantify the benefits?</td>
</tr>
<tr>
<td>Why should they prefer your offerings over the competitions?</td>
</tr>
</tbody>
</table>

Your value proposition is:

For *(target segment)* our *(offering name)* *(primary functions/benefits)*. By selecting our *(offering name)*, you will experience *(description of experience)*. This offering will support your *(cost reduction/revenue growth/profit growth)* objectives by... Unlike *(competition)*, we *(primary differentiator)*.
Step 4: Quantify value

Value propositions are most compelling when benefits are quantified.

- Share the quantifiable benefits (saving money, increasing productivity, accessing capital, increasing revenue, creating revenue streams, etc.).
- As you learn more about the customer's specific needs, tailor the value propositions to address them.
- Underpin your claims with real-life testimonials, success stories, and references.

Examples
- Increase available capital
- Increase shareholder value
- Decrease time to revenue
- Reduce cost
- Increase customer satisfaction
- Decrease rework
- Decrease turnaround time
- Increase productivity

Step 5: Elicit feedback, then revise

Ask your best customers and salespeople to assess the value propositions. Emphasize the need for candor.

Questions to consider include:
- Is the value proposition clear?
- Would you want to learn more about this?
- Would this solution/offer be valuable to your business?
Collaborate with sales to communicate value propositions

Marketing and sales must work together to develop client-specific and even individual-specific value propositions.

The marketing and sales partnership should take 3 forms:

**Training.** Marketing must train sales and provide tools and templates to help customize value propositions for specific accounts and individuals.

**Tools.** Interactive tools enable sales to engage in conversations based on the customers’ challenges. ROI and TCO calculators help sales quantify the value.

**Account-Based Marketing (ABM).**

With ABM, marketing and sales collaborate to create a strategic account plan that treats the customer like a market of one.

Wash, Rinse, Repeat.

A value proposition is not a one-shot deal. To maintain its relevancy, a value proposition must be reviewed and revised regularly.

Learn more.

ITSMA

Julie Schwartz
Senior Vice President
Research and
Thought Leadership
jschwartz@itsma.com

www.itsma.com

ITSMA Marketing Tools provide guidelines, checklists, tips, and other applications to help improve marketing programs and organizations. They are available to ITSMA members as a benefit of membership. Suggestions for new tools are welcome; please send them to info@itsma.com.

Other Marketing Tools are available online (password required) at www.itsma.com/category/research/tool/.

TB047 © 2012 ITSMA. All rights reserved. Reproduction or forwarding of this document to others is prohibited.
Six Steps to Crafting Effective Value Propositions

For more information
Browse all ITSMA publications at http://www.itsma.com/research/.

About ITSMA
For more than 20 years, ITSMA has led the way in defining, building, and inspiring excellence in B2B marketing. With a dedicated focus on services and solutions for the connected economy, we provide our member community with insight, advice, and hands-on help to strengthen reputation, increase revenue, and deepen customer relationships. Learn more at www.itsma.com.

ITSMA Marketing Tools are available at no charge to anyone from an ITSMA member company and for sale to others. Learn more about the benefits of membership at www.itsma.com/membership/.