

## VALUE PROPOSITIONS – REVISITED

Lack of clarity in business around what value they offer their clients or what's important to clients can be fatal. It has been so refreshing to recently read the 37Signals Rework book . Here is a company that has been a raging success by focusing on keeping their applications simple – under doing their competitors on functionality.

To often we lose sight of our most important stakeholders our customers are we focusing on what is important to them.

Yes yet another post on value proposition from me – the last one was **No Value Proposition = No Business**, this simple concept is still not understood. I still come across too many business people who are confused between technology, features and Value Propositions (VP).

**Value:** quantified worth or success factor, equivalent worth in money

**Proposition:** the act of offering or suggesting something

**Technologists in particular, get fooled by their early adopters purchasing on technology and new.**

You need to remember this is a small group of people and will not make you rich. (read "Crossing the Chasm" – by Geoffrey Moore)

The buying decision by your customer is complex – but there is always a mix of emotion and logic. In tough times clear value propositions dominate over emotion. My take is if you have a clear value proposition your business does not need to be sexy to win sales.

To illustrate the point here are the value propositions and thoughts I went through on some recent purchasing decisions for my business:

**Product: Learning Source Training Logistics** - Booking System VP: \$129 per month is cheaper than hiring support staff to manage venues, registrations and last-minute course communications.

The per registration fee is directly related to my success.

**Product: Xero Accounting:** \$50 per month is cheaper than wasting my time with bank reconciliation and checking bank balances via my banks proprietary web site. Automated processing is quicker than that on MYOB. Saving me 4 hours every month.

Note: the reason I shifted GMC from MYOB (which BTW I think is a better technical product) is because they wanted to charge me for a software upgrade for new GST rate (a feature I just expected to work). The business values were miss aligned with mine.

Interesting my guess is many business owners are still paying for bookkeeper's that could easily be replaced with Xero plus business owner devoting 30 mins a day to staying in touch with their business finances.

**Product: Apple mac air:** value proposition: its starts instantly – but most importantly it's sexy.

**Product: 50 G Drop Box:** \$100 per year – fear of loss of data was the final VP that tipped me. My server lives my house – a break in forced me to consider what if I lost all my data. It was the only thing not replaceable in my house. \$100 appeared as an insignificant cost. The convenience is great – but note it was fear that closed the deal.

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