INTRODUCTION

Assessing Opportunities & Value Proposition

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New Venture Timeline

Idea
- Concept
- R&D
- Prototype
- Patent
- First Product
- First Sales
- Market Established

Pre-seed
- Seed
- Start-up
- Expansion

Impact
- M&A
- IPO

Product / Technology, Market, Team / Execution & Legal / Regulatory Risks

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“New Venture 101”


Value

Product? Service? Both?

“Company”

Customer

Apply to both For-Profit and Non-Profit

- Costs

Profits

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Venture Development: 3 Parallel Tracks

Product – Market Fit
(Value Proposition & Value Chain Position)
Key Stakeholders Perspectives

- Investors & Financial Backers
- Customers
- Partners
- Employees
- Gov’t Agencies & Regulators
What Characterizes a Value Proposition?

Value propositions describe the WHAT you are providing, to WHOM you are providing it, and HOW it solves the customer’s problem

…and WHY it is better, faster and / or cheaper than competitive offerings (i.e., differentiated offering)
Value Proposition Mad Lib

We sell A {our product} to B {your customer: the person or entity who will pay you money}.*
Our customer has a problem and it is C {describe the problem}.
We solve this problem by D {describe how you solve their problem AND WITH WHAT DIFFERENTIATORS! }

* If you are not actually selling a product right now, speak as if you are. Most of you are not yet selling a product.
Exercise #1: Value Proposition Presentations

We sell **A** \{our product\} to **B** \{your customer: the person or entity who will pay you money\}.*

Our customer has a problem and it is **C** \{describe the problem\}.

We solve this problem by **D** \{describe how you solve their problem AND WITH WHAT DIFFERENTIATORS! \}

Are they **succinct** about their product?
Are they **specific** about who their customer is?
Are they **convincing** about the problem? And is this a problem for their customer…or is it some other problem?
Are they **addressing** the problem with their solution?
Do they **differentiate** their product ("faster, better, cheaper" etc.) and do they **quantify** those differentiators (25% cheaper, 10% faster etc.)?

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Market Positioning

• Who are your customers? End users?
• Who are your suppliers? Strategic partners?
• What is your position(s) in the industry value chain?
• How do you capture the optimum value from the value chain?
Customer Segments

• What kinds of customers do you serve?
• For whom are you fulfilling a need?
• Does the value proposition fit their needs?

Example: Flubber!!
Industry Dynamics

Value Chain

Firms in Other Industries Offering Substitute Products

Competitive pressures coming from the market attempts of outsiders to win buyers over to their products

Rivalry among Competing Sellers

Competitive pressures created by the maneuvers or rival sellers for better market position, increased sales and market share, and competitive advantage

Buyers

Competitive pressures stemming from buyer bargaining power

Potential New Entrants

Competitive pressures coming from the threat of entry of new rivals

Suppliers of Raw Materials, Parts, Components, or Other Resources Inputs

Competitive pressures stemming from supplier bargaining power
Value Chain: Automotive Industry

Raw Materials
- Rubber
- Oil
- Sand
- Iron Ore
- Cotton

Materials & Components
- Glass
- Steel
- Plastic
- Wire
- Fasteners
- Windows
- Tires
- Fabric

Sub-Systems
- Engine
  - Batteries
- Shocks
- Lights
- Navigation
- Entertainment
- Fuel Pump

Systems
- Electrical
  - Ignition
  - Braking
  - Transmission
  - Suspension
  - Information

Vehicle
- Ford
- GM
- Toyota
- BMW
- Tesla

Dealer
- OEM’s

Customer

Most companies

Tesla

Ford (circa 1920’s)

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