# Module 1. The value proposition and the problem-solution fit

## Unit 1.1 Main ideas

In the previous course, we dealt with Osterwalder, Pigneur, Bernarda y Smith (2015), who propose to focus on two specific elements in the business model and to use a Canvas´simplification focused on value proposition and the market segment. In this first **Canvas value proposition,** we will only work on hypotheses and suppositions about what can affect the customer. For the version dealt with in this text, we have more certainties, as we have previously validated some hypotheses by the tools used in other modules, like the observation of one day in the life of a customer and the interviews with him/her.

When subjecting hypothesis to different validation levels, is obtained what was learned with Ries (2013), his Lean Startup method, and the validated learning concept. This is the experiential process that allows gaining real, provable, and believable knowledge of the targeted market, and said knowledge will lead the strategy followed.

This validated learning or knowledge allows for confirmation or discard of initial hypotheses, persevering on the correct ones, and pivoting on the incorrect ones by experimentation. Therefore, the Lean Startup´s goal, together with tools seen, is not only to introduce innovative projects to the market but also reduce its risks (ideation, construction, and presentation) by having tested all hypotheses experientially.

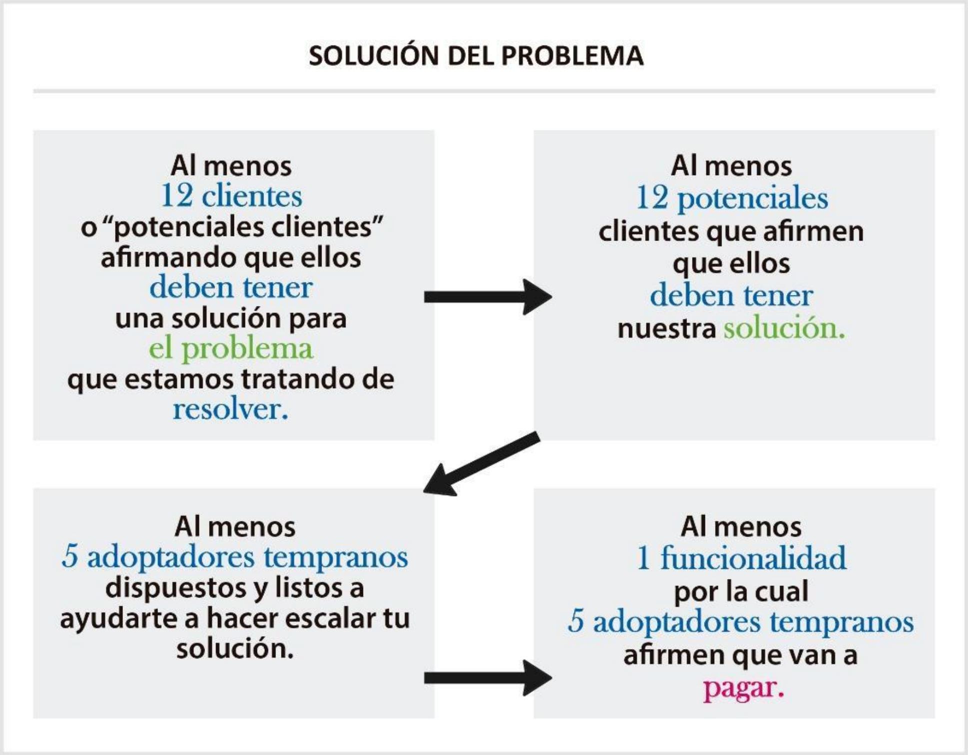
It is important to understand that in the startup's first stages, all these methodologies focus on the problem-solution fit, which is the solution proposition adapted to the problem detected. That is, the validation that there is a main and critical problem that the customer wants to solve and the subsequent development of a solution in response to that difficulty. In the **Canvas value proposition**, this represents the relation between the value proposition (what is being created) and the market segment (the customer and its problem).

This way, the problem-solution fit is the initial step. If mistakes are made in this stage, problems will likely arise when attracting customers in later stages of the project; this means that the customer´s most critical problem was not solved or that the best solution was not found. Consequently, all tests made about hypotheses and suppositions must be useful for ensuring that a solution for the customer's problem was found.

*The problem-solution fit leads to the definition of the problem to be solved, for whom it will be solved and how it will be done, and to the insistence in relation with the customer.*

In short, the problem-solution fit leads to the definition of the problem to be solved, for whom it will be solved and how it will be done. The suggestion is that if we are not sure about the problem-solution fit, we should not work out a solution, because we can lose time and money. The best thing is to focus on learning more about customer´s problems or needs. In order to check if the fit is achieved, leansteps suggests the following conditions:

**Figure 1: Problem-solution fit**




Source: [Untitled image about problem-solution fit], s. f., https://bit.ly/2Cgq7jm

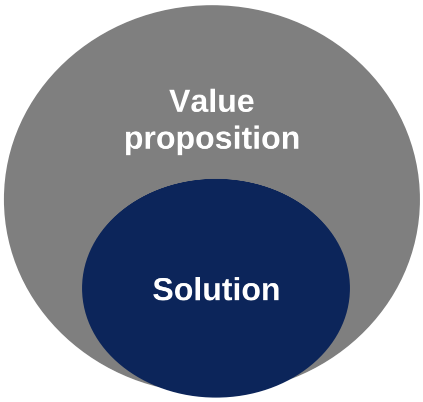
Translation of the figure

| SOLUCIÓN DEL PROBLEMA | PROBLEM SOLUTION |
|---|---|
| Al menos 12 clientes o "potenciales clientes" afirmando que ellos deben tener una solución para el problema que estamos tratando de resolver. | At least 12 customers or "potential customers" confirm that they must have a solution for the problem we are trying to solve. |
| Al menos 12 potenciales clientes que afirman que ellos deben tener nuestra solución | At least 12 potential customers confirm they must have our solution. |

| | |
|---|---|
| Al menos 5 adoptadores tempranos dispuestos y listos a ayudarte a hacer escalar tu solución | At least 5 early adopters eager and ready to help you to climb to a solution. |
| Al menos 1 funcionalidad por la cual 5 adoptadores tempranos afirmen que van a pagar | At least 1 functionality by which 5 early adopters confirm they are going to pay. |

Now then, in this **Canvas value proposition,** think about what you consider a problem solution and value proposition. Are value proposition and solution the same? The answer is no. Value proposition (VP from now on) has the qualities and goodness of the solution that is suggested, that is, it is the essential part of the solution. But, sometimes, it could happen that the solution is not the appropriate one because it does not meet the adequate benefits for the customer. This situation shows how relevant it is to define both, VP and the solution together, in order to be able to validate them.

**Figure 2: Relation between value proposition and solution**




Source: own creation

The solution is inside the value proposition, that is, the value proposition includes the solution, but they are not necessarily the same. This happens because, in many cases, besides being a product or a service, the value proposition can include aspects related to price, quality, customer service, etc.

*The solution is inside the value proposition, but they are not necessarily the same.*

As an example, imagine that a customer needs to monitor the mechanical effort of his/her players during training and competition, and the solution he/she is proposed is a wearable that allows taking metrics, such as distance covered, number of accelerations, decelerations, etc; all of them are relevant for physical trainers. In solution definition certain characteristics can be added, for example: that it is quick, that is esthetically attractive and appealing, that it has different connectivity options. However, characteristics in VP will be different because it defines if its value will be in being time savers, offering social status (which is later revealed on the product characteristics), security, money-saving, etc. This way, it is clear that a VP hypothesis definition helps to build a better solution, a more complete one, but it will not be the solution in itself.

So, what would be a value proposition? Macías (2012) considers that "VP materializes the company´s strategy for each customer segment, describing the unique combination of product, price, service, and image" (http://bit.ly/definicionPV).

*It is in VP where you must find the company´s differentiation in relation to its competence.*

On this matter, it is in VP where we must find the company´s differentiation in relation to its competence, or what it expects to make better than others when offering a solution for customers' problems and needs. What will make a startup successful or not will be the fit between what the customer needs and what is being developed to fix it.

To the ultimate extent, some basic questions will be helpful to question the value proposition and think about whether it is well outlined and fulfills customers´ needs; after a lot of research, this might be well known.  Among them, we can highlight the following:

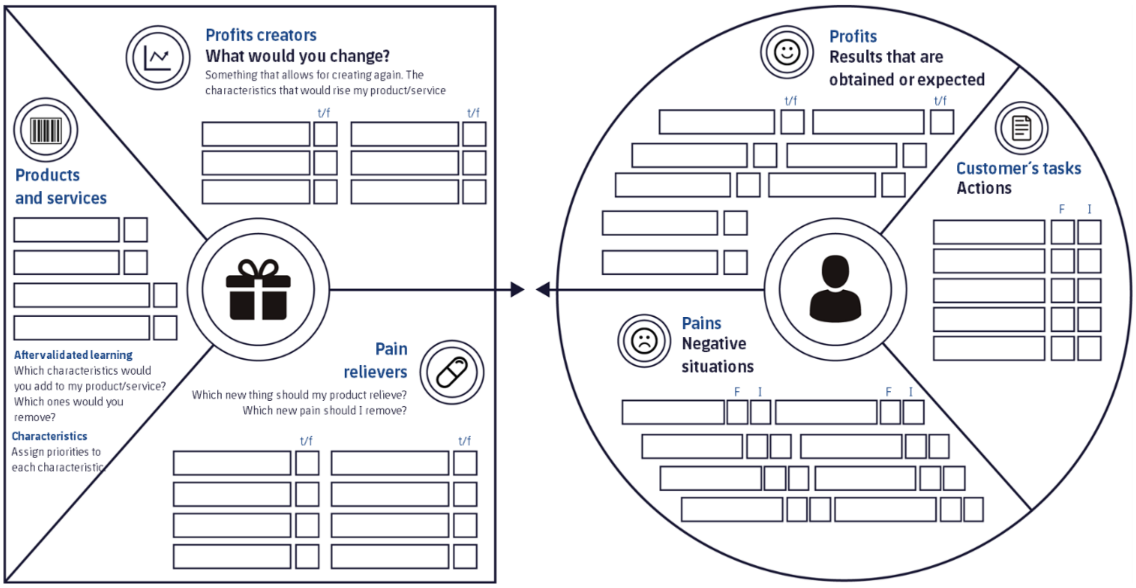
- What kind of products are offered or what kind of services are provided? And, on whom are these products targeted?
- What is offered to the market and which are its characteristics?
- Which are the problems that are solved? To whom are they solved and why?
- Which benefits are being created for customers?
- How do customers perceive VP?
- Are there any other companies that offer the value for the same price or a smaller price?
- How do competitors take care of customers?
- Could other customers' needs to be satisfied with resources or could VP be complemented through partnerships?

With the definition of the customer, the newly acquired information, the validated hypotheses, and all recently addressed recommendations, the value proposition in a new canvas in **Canvas value proposition** should be redefined. This reorganization for the new and validated information helps to have a clear notion of what is going to be offered to the customer to solve his/her problem or need.

**Figure 3: Example of Canvas value proposition after getting to know the customer.**

## CANVAS VALUE PROPOSITION

With the new information and knowledge about your customer, complete the canvas value proposition again




Source: own creation

At this stage, with the information obtained by observing one day in the life of a customer and by designing an empathy map, we already have the necessary data about the customer to validate that part of the circle (customer segment) and respond to aspects related to the frequency and the intensity of the tasks they carry out. The same is done with the pain points: Which are the most intense? Which are the most frequent? Which pain points are the most important? In the profits section, we are going to validate if profits that were believed the customer made when performing said activities are true or false.

Later, with the collected information and with what was completed about the value proposition, in the left chart we should proceed to validate with "true" or "false" if these pain points relievers and the proposed profits creators coincide with the circle and the customers' needs and situation. This way, we can make progress in the value proposition validation.

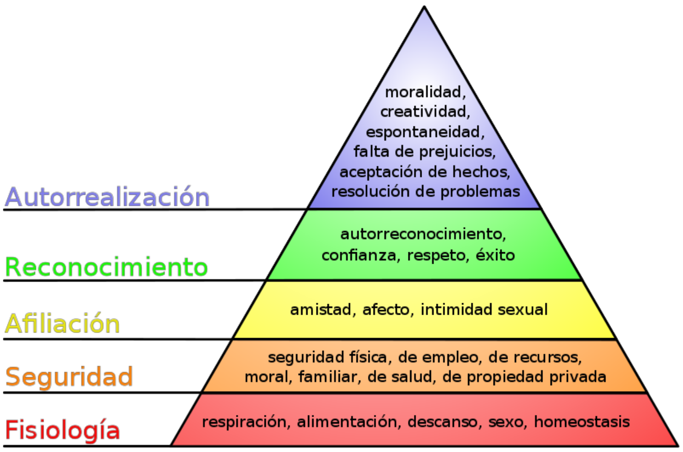
# Unit 1.2 Pain Points

Paint points are the situations that make customers feel uncomfortable, annoyed, or uncertain. It is necessary to analyze them to create a value proposition that could be interesting for customers. If the problem and those pain points are identified and known, an accurate solution is closer.

Many times, the reasons why people buy certain products or services might be emotional, which makes customers buy things spontaneously, without making a critical and rational analysis about the product or service they are about to get. This happens because the reasons why someone gets a solution do not necessarily have to do with what is seen at first sight.

In cases of pain and need, we do not refer to clear issues, nor material needs. Precisely, feelings and intangible or underlying things are what define people´s intense pain points, and this is something interesting to attack. On this matter, choosing a brand rather than another does not always have to do with the product´s characteristics, but rather with the image that it projects, with an unnoticeable desire. In relation to Maslow´s pyramid theory, people´s needs are divided into five groups:

**Figure 4: Maslow pyramid**




Source: [Untitled image about Maslow pyramid], 2007, https://bit.ly/3fR3LCO

Translation of the figure

| | |
|---|---|
| Autorrealización | Self-actualization |
| Reconocimiento | Esteem |
| Afiliación | Love/Belonging |
| Seguridad | Safety |
| Fisiología | Physiological |

| | |
|---|---|
| Moralidad, creatividad, espontaneidad, falta de prejuicios, aceptación de hechos, resolución de problemas | Morality, creativity, spontaneity, lack of prejudices, facts acceptance, problems resolution |
| Autorreconocimiento, confianza, respeto, éxito | Self-appreciation, confidence, respect, success |
| Amistad, afecto, intimidad sexual | Friendship, affection, sexual intimacy |
| Seguridad física, de empleo, de recursos, moral, familiar, de salud, de propiedad privada | Physical, job, resources, moral, family, health, private property security |
| Respiración, alimentación, descanso, sexo, homeostasis | Breathing, diet, rest, sex, homeostasis |

In general, it happens that these needs´ natural priorities change in relation to the context. In relation to this, it is essential to identify which are the current customer or the potential customer´s pain points, to be able to go deeper on these pains and develop a solution.

To search for these pain points, we should think from the customer´s perspective and have empathy, an exercise that can be done with different tools. Once these pains or uncomfortable situations for the customer have been clearly identified, it is the moment to focus on developing remedies or solutions.

However, it is necessary to know not only what bothers the customer the most. It is also essential to find out when at which moment it is more urgent to solve this pain. The consideration of this data is vital at the moment of working towards a solution. "It is almost always easier to sell a solution to intense pain, rather than solving something less acute. If you've ever had to call a locksmith or a plumber in an emergency, you'll understand this point almost intuitively" (Burgstone y Murphy, 2012, https://bit.ly/33KEWpP).

We have already dealt with some tools to get to know customers or users more deeply. But at this point, talking directly to them could be also useful. To do that, we should take the following into account:

- More than giving a sales and presentation monologue, we should foster a conversation, we should talk to the customer. The only necessary thing is to be predisposed to active listening and to get involved in what the customer express, understand him/her, and ask him/her open questions that would not influence his/her answers. (Suster,2013).

- We neither have to wait for a solution from the customer. If what the customer says is really a problem or a pain, it will be easier for them to talk about it when we want to find a solution and they might get involved in it.

Erin Myers (s. f.) shares a series of non-intruding questions that promote an open conversation with the customer and they are useful to make a plan for the meetings. Some of them are:

- What is the biggest challenge you face currently?
- What happens if that problem, need, or pain is not controlled?
- What have stopped you from relieving this pain until now?
- What do you think should be included in the solution to that problem?

> *To identify pain points, it is important to ask customers once and again in different ways until finding the real answers that are not on the surface and that we need to discover.*

It is important to ask customers once and again in different ways to find the real answers that are not on the surface and that we need to discover. Following Cesar Piqueras (2014), these can be taken as examples:

- "Would you like your team to be more motivated? (Closed)
- What would you like to achieve with your team? (Open) This question does not impose a restriction.
- Are you motivated? (Closed) This question is not an invitation to go deeper.
- To what extent are you motivated? (Open)" (Piqueras, 2014, https://bit.ly/3ivNOne).

It is important to pay attention to questions since a closed and appropriate question can provoke or confirm a decision or conclusion.

- "Will you do it?
- Will you tell your partner?" (Piqueras, 2014, https://bit.ly/31FA2Yy).

Likewise, open questions invite the customer to open his/her consciousness, to search inside it, and look for new solutions. On the other hand, it is also valid to consider that pain in a customer segment might already be eased by a value proposition. However, it is important to pay attention to tendencies and social and technological changes, since a controlled pain could generate other associated pains, which can become new business opportunities to take advantage of, while the entrepreneur is looking at those secondary needs. In a conclusion, it is important to remember that the purpose is to relieve customers′ pain points. In order to achieve this, we must not forget that the important thing is to deeply know which are the pain points they experience.

In order to finish the reading, you can look at the following article by Yolanda Iglesias about an in depth-interview, which includes important concepts and recommendations about this topic:

In the Design Thinking methodology, not only for the empathize stage but also for the testing one, it is important to obtain relevant information about the users to whom we are addressing.

There is a great variety of alternatives to get that information and we advocate for combining quantitative and qualitative research as long as possible, since both provide supplementary information: quantitative information tells us about what happens, while the qualitative tells us why that happens.

Today we will deal with qualitative research again. We have already explained how to make focus groups and today we will deal with the in-depth interview.

**What is an in-depth interview?**

For sure, we have all thought of either an interview like the ones found in magazines or blogs where a person brings the questions prepared beforehand and the other person answers or an interview situation in which a person brings very concrete questions with usually structured answers and the other person answers according to the options offered.

Well, an in-depth interview is none of them. This type of interview tries to make the interviewee feel comfortable to sincerely answer the questions; it is flexible, unstructured, and dynamic, that is, it can change during its development.

**What do we use the in-depth interview for?**

The in-depth interview, like any other qualitative research technique, has multiple applications. We could say that its goal is to get information about a person´s life, experience, situation, knowledge, interaction, or relation concerning an object/event/concrete topic, expressed with his/her own words and seen from his/her perspective.

The most important thing is that it tries to look like a conversation among peers, that is, it is informal and it is generally carried out in a friendly and relaxed environment where the interviewee would feel safe and calm. Here, the interviewer plays an essential role, since the quantity and quality of the information obtained depend on his/her skill. He/she should be careful, subtle, he/she should not conduct the interviewee, be patient, respect the silence and have the skill to get the critical points in the conversation and take full advantage of them to get truly relevant information for the project or research.

**When could we use the in-depth interview?**

As we have already expressed, this type of interview has multiple applications, however, it is recommended mainly when the following situations apply:

–The research goal is clear and defined and there is a hypothesis about the problem to be solved.

–There are time limits. Although it takes time, it is more attainable than other techniques like participant observation.

–Research depends on different scenarios and/or people. The in-depth interview as a qualitative technique is not based on quantity, but quality.

–The goal is to know a personal experience in depth.

**How to carry out an in-depth interview?**

The first step is to create the “script” for the interview. This script is divided into topics and each one, in turn, into prepared questions. It is about creating a hierarchy:

1) Central research topic

2) Research goals or sections (topics)

3) Concrete questions about these topics

As we said, questions should be like a normal conversation between two people which gets deeper as people talk about a certain topic, where the researcher gets more interested in all aspects, the reasons, the way to do things better, etc. That is what an in-depth interview is about, it is about having a script with some topics (they make reference to the general goal and specific ones) that are divided into questions prepared just as they would arise in a normal conversation and they could even appear in the same order they would arise naturally.

Because of this, the step before carrying out the interview is important. During script creation we should be able to place ourselves in the interview moment, trying to know the order in which topics and questions would arise, so our script is as natural as possible. However, we should be flexible during the interview; if a topic arises before expected, we should follow with it and when we are done we will continue with the rest. And if some topics never arise, it is not a problem. By the way...it is important to record the interview! For that purpose, we need to ask the interviewee for permission, that is why an environment of trust is essential.

The same thing that happens with the focus group, the moderator should be completely neutral and we should look for an adequate environment were to carry out the interview, trying to make the interviewee feel comfortable. Besides, duration should oscillate between 30 and 60 minutes; if it takes more, the interviewee could get tired and in less than 30 minutes it is difficult to get deep information about a topic. (Iglesias, n.d., https://bit.ly/3ON9PIe)

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