

Developing a Value Creation Hypothesis and Compelling New Venture Narrative

To develop a successful entrepreneurial venture, you need to develop a viable model for creating, delivering and capturing value from a new idea. Ultimately, creating value involves developing a new product or service that offers unique, previously unavailable benefits to a distinct group (or segment) of customers. This worksheet walks you thru the elements involved in developing an overarching value creation hypothesis. It also provides a framework for the development of a compelling narrative (or pitch) for your new venture.

The best way to complete the worksheet is to start with an in-depth exploration of each value creation component and then focus on the most consequential and compelling aspect of each component.

Value Creation Component	Most Consequential and Compelling Aspect
1. What problem are you solving? (Provide a detailed description of the unmet need, market gap, unrealized gain, etc. that you aim to solve from the perspective of your customers. Be sure to consider the type and magnitude of the pain customers experience as a result of the problem.) * see “typology of problems” plug in	1A. Summarize/describe the pain in one sentence.
2. Who has the problem? (Provide a detailed description of the distinct group of people for whom the problem is most painful. Be sure to include an estimate of how many people have the problem.)	2A. Briefly describe a specific person who has the problem and its adverse impact on their well-being. (This can be a real world example/anecdote or a prototypical or archetypal representation of a specific person).
3. How are people solving the problem today? (Describe the full set of existing alternatives to your proposed solution, including both products/services that are available in the marketplace and any homemade solutions that customers are using to meet their needs.)	3A. Describe the best existing alternative (In other words, what do you expect to be your toughest competition? Describe it in a single sentence that highlights both its biggest strength[s] and its greatest shortcoming[s].)

<p>4. How are you going to solve the problem? (Provide a detailed description of the solution you're envisioning. Be sure to highlight the features of your solution that will differentiate it vis-à-vis existing solutions.)</p>	<p>4A. Give your solution a name and describe its most compelling, differentiating features (maximum of 3) in a single sentence.</p>
<p>5. Why will customers prefer your solution over existing alternatives? (Describe the unique and most highly valued benefits that customers will gain when they choose your solution. These benefits should result from your solution's differentiating features.)</p>	<p>5A. Summarize the unique value your customers will receive from your solution in one compelling sentence.</p>
<p>6. Why you? (In other words, what means can you leverage to bring your solution to life? Provide a detailed description of who you are, what you know, who you know and what resources you can use or readily attain to put your ideas into action).</p>	<p>6A. Identify up to 3 elements of your team's means that make you uniquely qualified to pursue the solution.</p>

Typology of Problems

Creating value through entrepreneurship involves solving customer problems, which can take many different forms. This plug in lists and defines several distinct forms of customer problems to provide you with a vocabulary for describing the nature of your problem(s). It also helps you to quantify the pains associated with the problem(s) and the potential gain(s) that customers will realize if you are successful in creating value from a new idea.

Problem types (or points of pain experienced by prospective customers/beneficiaries):

- Unmet need: an essential or necessary want for which no marketplace solution is available
- Gap in the market: one or more desirable benefits that are not currently offered by available products/services
- Job to do (or do better): a function or task that customers seek to hire a product or service to do
- Marketplace dissatisfaction: a persistent lack of satisfaction with currently available products/services
- Frustration, annoyance: a negative feeling or psychological state
- Inefficiency: a persistent failure to achieve maximum productivity or make the best use of time and other resources
- Unmet desire: a persistent want for a particular type of positive experience, feeling or psychological state

What type of problem are you seeking to solve? Describe the problem in as much detail as possible.

Painful Consequences

Use the table below to indicate which type(s) of consequence(s) would-be customers experience as a result of the problem you've identified. Then, describe each relevant consequence and attempt to quantify its magnitude. Doing so will help you to "sell the pain" during a pitch. It will also help you to determine how much and what types of value your solution has the potential to create for customers.

Type of Pain (check all that apply)	Description of the Pain	Magnitude/Amount of Pain
<input type="checkbox"/> Financial		
<input type="checkbox"/> Time/convenience/efficiency		
<input type="checkbox"/> Functional (job not getting done)		
<input type="checkbox"/> Physical health		
<input type="checkbox"/> Emotional/psychological health		
<input type="checkbox"/> Social/symbolic		
<input type="checkbox"/> Moral/values-based		

Transfer your work from this plug in to element 1 on your value creation worksheet.

Putting It All Together

Now that you've outlined the elements involved in creating value for a defined segment of customers, let's use your worksheet responses to develop a compelling value creation hypothesis and new venture concept narrative. The hypothesis provides a starting point for gathering customer discovery evidence. The narrative provides the basis for sharing your idea with others to solicit their feedback and begin to enlist them (and their means) in your new venture pursuits.

Value Creation Hypothesis:

Use your responses from the value creation worksheet to fill in the blanks - [fill me in]. Then revise your wording, as needed, to create a one-sentence value creation hypothesis. (HINT: You will know you have developed a strong value creation hypothesis sentence if it provides a compelling a description **what** you are pursuing with your venture and **why** you are pursuing it).

“[Name of proposed solution – from 4A] offers [summary of unique value – from 5A] to people like [brief summary of who has the problem – from 2 or 2A] who experience [summary/description of the pain – 1A].”

New Venture Concept Narrative:

You can also use your responses from the value creation worksheet to develop a seamless and compelling narrative for your entrepreneurial venture. As the prompts below indicate, you have several different ways to consider drawing the audience into your narrative. Thereafter, the basic structure for a compelling new venture narrative generally consists of six elements that collectively tell the story of what you are pursuing and why other people should care: (1) highlight the problem, (2) describe who has it and the pain it causes, (3) explain how you plan to solve the problem, (4) differentiate your solution as offering unique value relative to existing alternatives, (5) note why you are your team can be expected to successfully bring your planned solution to life, and (6) make an ask to add to your available means.

Sequential Elements of a New Venture Narrative	Corresponding Narrative (Built from your worksheet responses)
Element 0: Audience draw in/engagement There are several ways to draw the audience into your narrative including: (a) share a startling and relevant statistic, (b) highlight relevant news/third party reports about the pain, (c) ask a thought provoking question, (d) note existing alternatives and their shared limitations, (e) offer a profound quote, (f) share a personal anecdote, or (g) introduce a real or archetypal customer who has the pain that you are seeking to alleviate.	2A or content related to your problem and the people who have it
Element 1: Describe and sell the pain You need to give the audience a reason to care about your new venture. In general, the best way to do this is to sell the pain. One easy way to do describe and sell the pain is to start with the sentence you developed for 1A. Then, as the time/space available for sharing your narrative allows, you can add the most pertinent details from 1.	1A

<p>Element 2: Build audience empathy for those who have the pain</p> <p>To build audience empathy you need to make the customers who are in pain relatable to your audience. In other words, your audience needs to get to know the people you're trying to benefit and be able to envision friends and family members as would-be customers. There are two basic ways to do this. First, if you did not use it to draw the audience in, you can describe a specific person (real or an archetype) using your response to 2A; then, tell us how many people are in the addressable market that share the person's characteristics and pain from 2. Second, you can tell us how many people have the pain you are seeking to address – from 2 – and then tell us about them in a manner akin to how you might introduce a friend to someone you want to like him/her.</p>	<p>2A and 2</p>
<p>Element 3: Describe your solution</p> <p>Once we understand the pain and relate to the people who have it, it's time to let us know how you're going to alleviate the pain with a novel solution. Your description from 4A can be used for this purpose. You should also consider adding a visual illustration of your solution.</p>	<p>4A</p>
<p>Element 4: Differentiate your solution and describe its unique value</p> <p>This is perhaps the trickiest and the most important element of your narrative. To establish a reference for comparison, briefly note the number of competitors you face – from 3 – and describe your toughest competitor – from 3A. Then contrast the value your solution will provide – from 5A – with that offered by your toughest competitor. Reiterating the differentiating features of your solution – from 4A – that are most responsible for creating your solution's unique value will help you to clearly illustrate how your solution is different from existing alternatives and offers unique value.</p>	<p>3, 3A, 5A and 4A</p>
<p>Element 5: Sell the team</p> <p>If you ask most venture investors to choose between a good team with a great idea or a great team with a good idea, they'll pick the great team every time. In other words, investors invest in people, not ideas. Therefore, it is critical that you succeed in selling your teams' collective means – what you know, what you know how to do, who you know, and the resources you can access/leverage – as part of your new venture narrative. Use your responses from 6A to sell your team.</p>	

Element 6: Make an Ask

Each time you share your narrative with others you have an opportunity to make an ask that might result in an increase in your entrepreneurship means. This ask can be in the form of a statement (e.g., “what would really help us to move this idea forward would be...”) or a question (for example, “would you be able to help us by...?”). Remember, the person you are talking to might not be able to help you directly, but maybe they know somebody...or know somebody who knows somebody...who can help you in pursuing the creation, delivery and capture of value from your new idea(s).