

## THE VALUE PROPOSITION - THE ING.BS1.VAL MODEL BASED ON THE BLUE OCEAN STRATEGY<sup>1</sup>

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**Abstract.** The Value Proposition is the heart of any Marketing Strategy., because it guides the company towards the Clients influencing strongly the formulation of Corporate and Business Strategy. InG.Bs1.val is a Management Model inserted into an office software program that incorporates Strategic Marketing concepts and a particular measurement scheme. This one helps the analysis of a specific situation to support the design of a Value Proposition for a Product or Service, in a given market segment, in a given time, individually and collectively, on professional, academic and corporate exercises and, finally, helping in design of the Corporate Marketing Strategy. The model uses CmapTools and other resources to facilitate the understanding of the academic methodology and provides exercises supporting documentation and a demo of the software, for understanding and evaluating the model.

### 1 Introduction. The Value Proposition: A Strategic Approach

The strategy requires considering the philosophical, ideological and functional company values, together with the social economic reality and their relevancies to the organization, for short, middle and long term. To tackle the issue from this perspective, it is useful to define the organization principles: mission, vision, values and style. The Mission is the *raison d'être* of an organization - something like its genetic code. The Vision describes a desired result, expected in future. The Values are what guide the entity as a whole: human, professional, social, geo-political values, and so on. Style is the organization's own particular way of thinking and acting.

An innovative and bold vision can be more easily converted into reality if it's accompanied by a Strategic Approach based on a particular Client-focused Value Proposition. If a company neglects defining their Value proposition, it will find that its strategies are not working because there is no clarity about what their Clients want or how the Company's strategy differs from its competitors.<sup>2</sup>

The Value Proposition is the heart of the Marketing Strategy because it guides the company towards the Clients, influencing strongly the Company's Corporate and Business Strategy formulation.

### 2 The InG.Bs1.val Model

InG.Bs1.val is a Management Model. The model incorporates concepts of Strategic Marketing, as well as a methodology for conducting a measurement in an analysis exercise for a specific situation, in order to design, pragmatically and quickly, the Value Proposition for a product or service in ONE (segment of) market, in A given time.

The Value Proposition is designed by focusing clients, face to the main competitors, in terms of functional and emotional components, arising from the purchase or use of the product or service, isolating them by features, and underlying benefits, to define the Value Elements of the product or service. The Value Elements are then measured in an empirical way, from different perspectives based on the numeric scale of the model.

The exercise is conducted in three sessions, each one with four steps. In numerical and graphical forms, the model presents the "Value Profiles" of the Product or Service, in real scenarios, challenged versus key competitors and the company's strategic priority. The graphic analysis of the Value Elements facilitates the understanding and re-valuation of the exercise. The judicious assessment of all profiles facilitates the identification of benefits that are representative and overt for clients. The analyst can translate them, element by element, in promises and action initiatives. Finally he or she assesses the reasons that the client has to believe in the Product or Service and/or the company, defining the "dramatic difference" in the market, to summarize the new value proposition for the Product or Service. The following charts show the help and control windows, as selected windows from sessions 1, 2 and 3.

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<sup>1</sup> W. Chan Kim and R. Mauborgne. 2004

<sup>2</sup> Robert S. Kaplan, David Norton. 1996

**IngCBst - PARAMETERS. CONTROL WINDOW**

THE MODEL | HELP | THE EXERCISE | SESSION 1 | SESSION 2 | SESSION 3 | CONTROL

Company: LA Company  
General Manager (CEO): EL GERENTE  
Project Leader: EL LIDER  
Analyst: THE ANALYST  
Position: THE ANALYST  
eMail:  
Telephone:

Business Unit: BEAUTY SERVICES  
Product or Service: BEAUTY STORES  
Market (segment): MEDIUM & HIGH CLASS

Competitor No. 1: PINK BEAUTY PARLOR  
Competitor No. 2: OSCAR ZAPATA BEAUTY STORES  
Competitor No. 3: THE PROFESSIONAL STYLISTS

Initial date: 24-Nov-07  
Close date:

Pop Ups

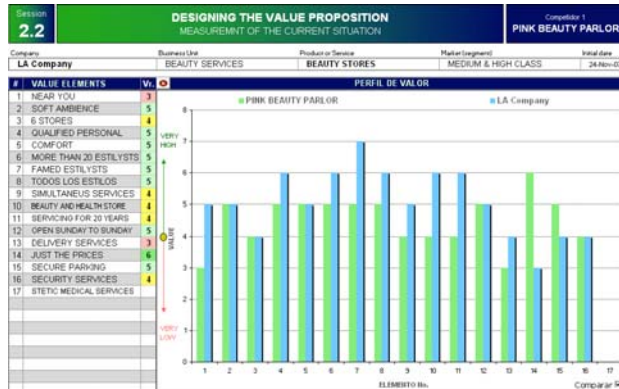
\* Mandatory Information

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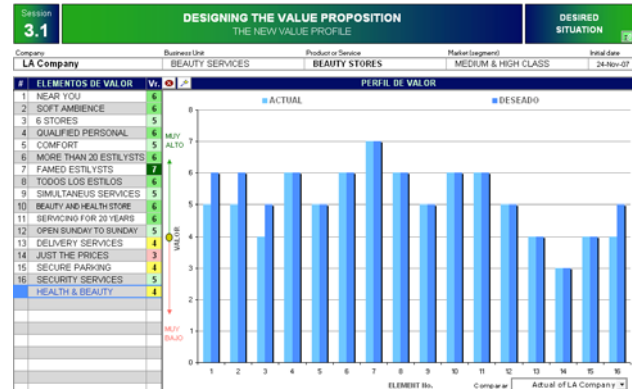
Help and Control Window

Sesión 1.2 DESIGNING THE VALUE PROPOSITION STRATEGIC CONCEPTS					ORDERING THE VALUE ELEMENTS
Company	Business Unit	Product or Service	Market (segment)	Initial date	
LA Company	BEAUTY SERVICES	BEAUTY STORES	MEDIUM & HIGH CLASS	24-Nov-07	
#	FEATURE	BENEFITS	OVERT BENEFIT	REASONING	1.2 VALUE ELEMENTS
1	Location	Puede caminar y hacer ejercicio o en taxi, menor costo, menor tiempo, entorno agradable y seguro.	Facilidad de acceso	Centros Comerciales Unimart, Andino, Plaza, Vanda, Oroville	NEAR YOU 3
2	Decorating	Ambiente agradable, sensación de bienestar	Ambiente gratis y cómodo	Decoración y ambientación por Dickens Cartos	SOFT AMBIENCE 4
3	No. of stores	Fácil acceso desde cualquier lugar	Grasa de su casa o trabajo	6 Sucursales estratégicamente ubicadas	6 STORES 3
4	Recognition	Atención personalizada, amabilidad de recepcionistas, menor tiempo en el servicio	Recepción amable y personalizada	Recepcionistas calificadas con grado universitario	QUALIFIED PERSONAL 6
5	Furniture	Comodidad en la sala de espera y en el lugar de servicio. Espacios amplios y refinados	Comodidad durante la espera y el servicio	Muebles by Clases Otos, Silla Francesa	COMFORT 4
6	No. of Stylists	Múltiples equipos de atención y de ventas	Más de 20 estilistas a su servicio	El mejor equipo de estilistas profesionales de la ciudad	MORE THAN 20 ESTYLISTS 5
7	Stylist Recognition	Estilistas profesionales y reconocidos en el medio, con premios y clientes demandados	El grupo de estilistas más calificado y reconocido de la ciudad	Estilistas campeones en concursos internacionales y participantes en el mundo nacional de belleza	FAMED ESTYLISTS 7

Session 1.3 Value Elements. Strategic Importance



Session 2.3 Measurement of the situation face to Real Competitor 2




Session 3.1 Desired Situation. Creating an Ocean Blue.



Session 3.2 Chart Analysis for one Value Element

Sesión 3.3 DESIGNING THE VALUE PROPOSITION THE FINALS EXERCISES					PLAN DE ACCIÓN PROMESAS
Company	Business Unit	Product or Service	Market (segment)		
LA Company	BEAUTY SERVICES	BEAUTY STORES	MEDIUM & HIGH CLASS		
#	VALUE ELEMENTS	VALUE	PROMISES	OBSERVATIONS	
		Actual	New	GAP	
1	NEAR YOU	5	6	1	A new store next year
2	SOFT AMBIENCE	5	6	1	Refurnished downtown store
3	6 STORES	4	5	1	A new store in 2008
4	QUALIFIED PERSONAL	6	6	0	4 formal training programs next year
5	COMFORT	5	5	0	

Session 3.4 Promises and Initiatives.

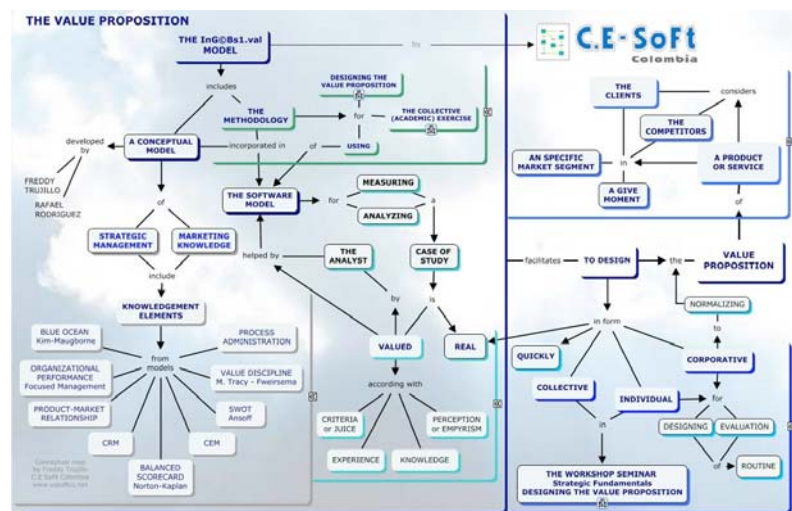
Sesión 3		DESIGNING THE VALUE PROPOSITION THE FINALS EXERCISES				NUEVA PROPUESTA DE VALOR		
Company			Business Unit		Product or Service	Market (segment)		
LA Company			BEAUTY SERVICES		BEAUTY STORES	MEDIUM & HIGH CLASS		
#	VALUE ELEMENTS		VALUE		3.3			
			Actual	New	GAP	PROMISES		
							OBSERVATIONS	
3.4 FUNDAMENTALS OF THE NEW VALUE PROPOSITION								
OVERT BENEFIT			The most qualified stylist group in city					
REASON TO BELIEVE			Tej best organized beauty company. 20 years of tradition					
DRAMATIC DIFFERENCE			Walter Market, Miss USA official stylist					
ANOTHER FEATURES OF THE VALUE PROPOSITION			THE SERVICE VALUE PROPOSITION OF PRODUCT.. THE EXPERIENCE VALUE PROPOSITION FOR CLIENTS					
THE NEW VALUE PROPOSITION FOR PRODUCT OR SERVICE			A su nivel y cerca de usted, una Company de peluqueria experimentada y organizado, con un equipo de estilistas reconocidos nacional e internacionalmente.					
Facilitator			Close date		General Manager		Project Leader	Analyst
EL FACILITADOR					EL GERENTE		EL LIDER	THE ANALYST

Session 3.4 New Value Proposition

The exercises can be individual or collective. Collective Exercise has an academic, theoretical and practical, approach. The Facilitator has available tools to promote the program and to drive and control the Team Strategic Design Exercise, helped with software. After the introductory session, he or she provides a copy of software to all participants, with data, so they perform the rest of the exercise on an individual basis. The Value Proposition is consolidated based on the individual exercises, which are processed with software, and on the discussion of case with participants.

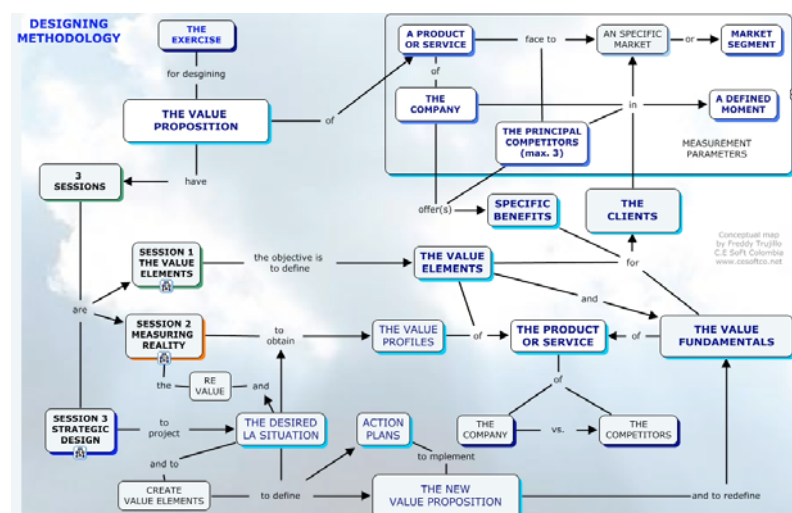
### 3 The Model In Concept Maps

The InG.Bs1.val academic program is structured in CmapTools (Cañas et al., 2004) and is supported by other resources to facilitate understanding of methodologies and exercises. The CmapTools model can be used to guide the academic program, obtain support documents and to understand and evaluate staffing software. The next concept map describes the model.



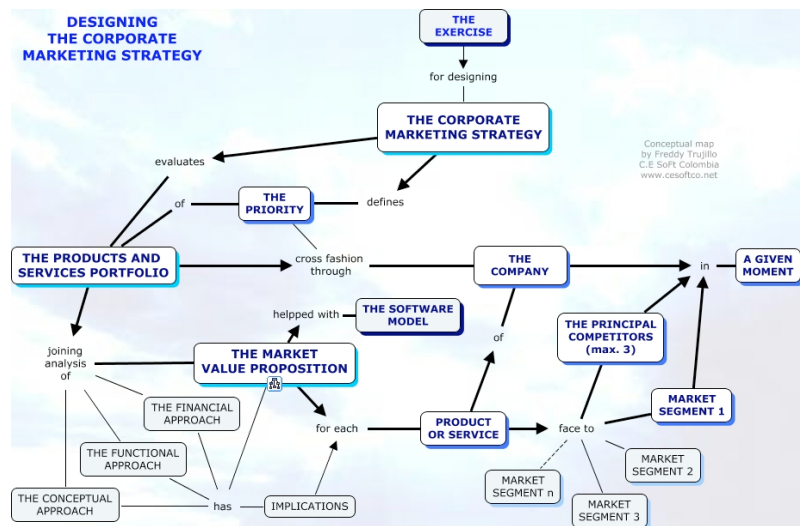
Root Map. THE VALUE PROPOSITION MODEL InG.Bs1.val.

The following concept map illustrates the design of a Value Proposition Exercise.



Design Exercise of Value Proposition for a Product or Service

The exercise, conducted in a linear and cross fashion through the organization, joining to analysis of conceptual, functional and financial implications, serves to define the priorities of the Products and Services Portfolio, and consequently, to design the Corporate Marketing Strategy. The next concept map shows this approach. Nine concept maps are used to assess methodology, step by step, the academic staffing scheme, the demo copy of software and support information of the Model. See <http://3cmc.cesoftco.net>



Designing the corporate marketing strategy concept map

#### 4 Summary

The strategy requires considering the philosophical, ideological, economic and functional values, as well as the current reality of the organization. An innovative and bold vision can be more easily converted into reality if it's accomplished in a Strategic Approach, based on a particular Client-focused Value Proposition, as well as on an efficient and well-aligned implementation process. InG.BsI.val is a Management Model incorporated into an office software program that includes concepts of Strategic Marketing and a measurement scheme to analyze a specific situation, to design a new Value Proposition for: a Product or Service, in a given market segment, in a given time, individually and collectively, on the professional, academic and corporate exercises. The academic model uses CmapTools and other resources to facilitate the understanding of methodology and exercises. Supporting documentation to evaluate the model and the exercise, are included with the demo software.

#### 5 Acknowledgements

My thanks to Rafael Rodriguez, who inspired this model when he requested me to create a template in a consulting exercise, participated in the conceptual discussion and in the reviewing process. Thanks also to my son Juan Pablo, who encouraged me to make this presentation, thanks to my daughter Diana, who always has shown to me her affection, trust and encouragement, even in despair moments, and thank you Barbara Bowen, who reviewed translation and texts, adding valuable feedback to this work.

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