

Interreg

CENTRAL EUROPE



STIMULART

European Union
European Regional
Development Fund

TAKING
COOPERATION
FORWARD

-  2. Partner meeting, 6th November 2019, Vittorio Veneto
-  **Training Material for Thematic Group 2: Local culture-based creativity and skills: Development & marketing of local culture based CC products**
-  STIMULART I RUNI I Olaf Kranz

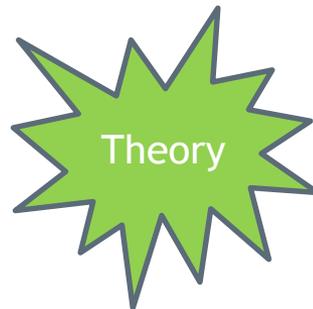
OUTLINE

1. Introduction

2. CCI reloaded

3. Effectuation

4. Value
Proposition
Design



1. INTRODUCTION



1.1 Project framework

- WP T1: Capacity building of Project Partners and CCI stakeholders
- Output O.T.1.1: Practical Training for members of the 2 Thematic Groups in Vittorio Veneto
- Deliverable D.T 1.4.1 Preparation of training material of the Practical Training for THGs
- Deliverable D.T 1.4.4 Implementation of Practical Training for THGs
- Train the trainer approach
- Follow up: Output O.T1.2 - Training for Local Stakeholders at each location



1. INTRODUCTION



1.2 Preparation of training material

- Research
 - Supply side: Interviews with experts in city management for CCI (THG1) & trainers and experts for entrepreneurship in CCI (THG2)
 - Demand side: Interviews with the appointed THG1&2 members
 - Demand identified in GAP analysis & during field research visits
- Results
 - Different demands in different cities due to different stages in development & local eco systems
 - Search for a common denominator
- Good practices in local governance of CCI
- Adaptation of good practices in entrepreneurship education to the specific requirements in CCI
- Constraints: 3 x 1½ h Workshops → highly selective, priorities



1. INTRODUCTION

1.3 Target group - municipality employees: potential economic coaches for CCI actors

| City | Name | Email | Phone |
|-----------------|--------------------------|---|---|
| Amberg | Ina Bogner | Ina.bogner@amberg.de | +499621 10 1274 |
| Jászberény | Béla Bakos | bela.bakos@brentex.hu | |
| Jászberény | Péter Kovács | kovacs.peter@jaszkerulet.h u | |
| Kamnik | Sinan Mihelčič | sinanmihelcic@gmail.com | |
| Naumburg | Stefan Simon | simon.naumburg@web.de | +4934456598994 |
| Vittorio Veneto | MARIA CRISTINA SCALET | | |
| Vittorio Veneto | STEFANIA BIZ | | |

Admin



1. INTRODUCTION



1.4 Topics covered

- CCI reloaded: What is so special about CCI?
- Effectuation: A proven path to how to become an entrepreneur in CCI?
- Value proposition: How to get the start right?



2. CCI RELOADED: CHARACTERISTICS

2.1 CCI - defined

- Department of Culture, Media and Sport (DCMS) defined creative industries as

"those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (2nd CI Mapping Document, 2001)

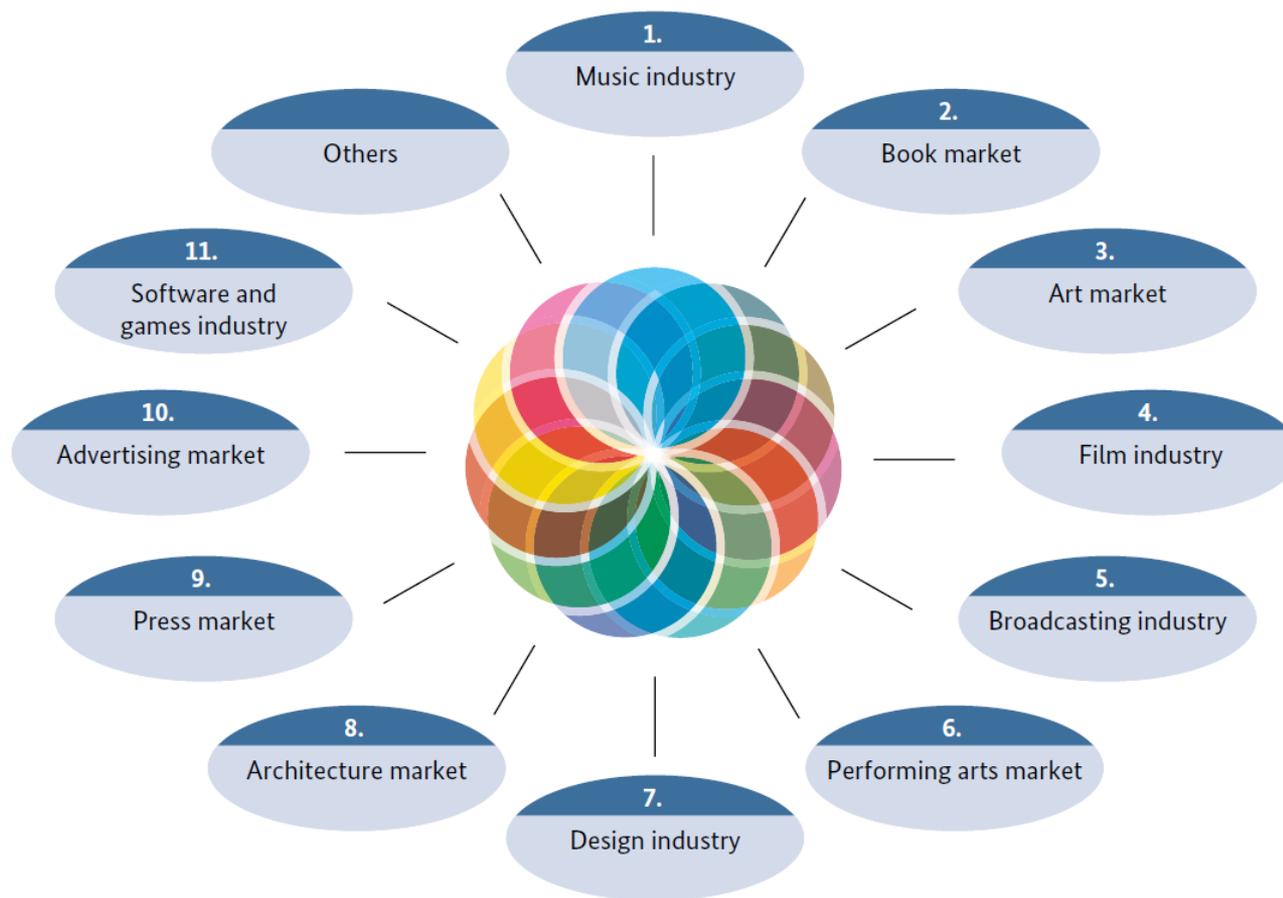
in different products and services markets

→ Generate revenue and earn their profits from the creative skills of their workforce (and the generation of intellectual property)



2. CCI RELOADED: CHARACTERISTICS

Figure 1.1: The submarkets of the cultural and creative industries



Source: Federal Ministry for Economic Affairs and Energy, 2018 Cultural and Creative Industries Monitoring Report, 4



2. CCI RELOADED: CHARACTERISTICS

Theory

2.2 Cultural Products & Services

- What have those heterogeneous markets and industries in common?

➔ Producing cultural goods and services

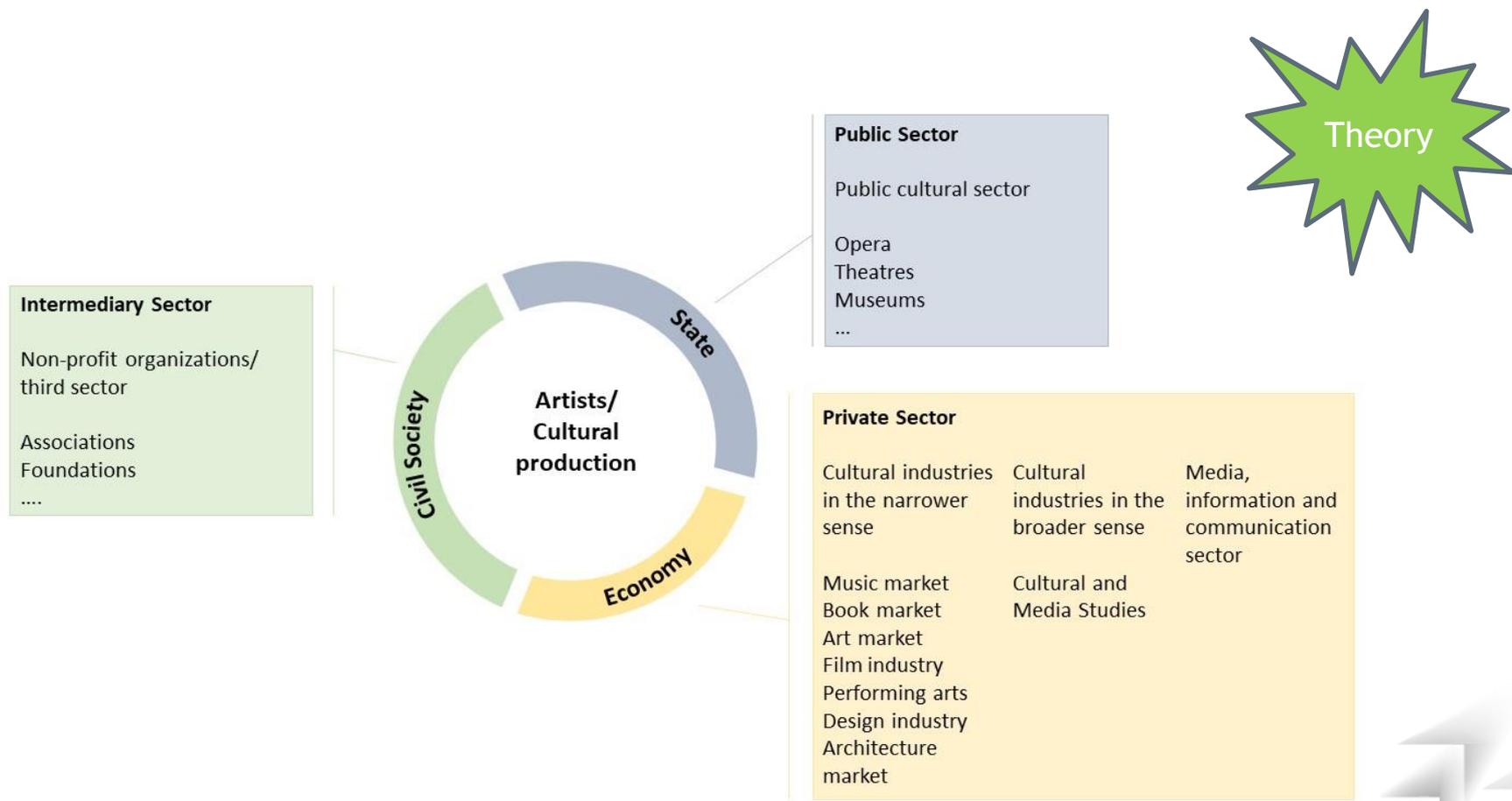
" 'nonmaterial' goods directed at a public of consumers, for whom they generally serve an esthetic or expressive, rather than a clearly utilitarian function" (Hirsch 1972, p. 641)

- “cultural”, “symbolic”, “expressive”, “artistic”, “entertainment” value
- Not purely practical, performance oriented, technical, utilitarian or economical
- Cultural Products and Services
 - are intangible
 - are beautiful and meaningful
 - communicate ‘cultural value’
 - communicate ‘social position’ (social status, identity, subculture)
 - have the power to change the way how we see and interpret the world, society, and ourselves



2. CCI RELOADED: CHARACTERISTICS

2.2 Cultural Products & Services - 3-sector-model

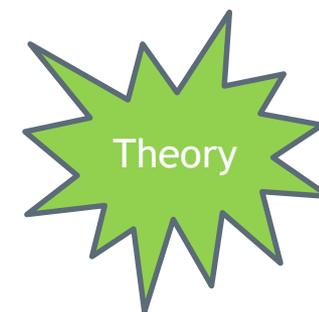


2. CCI RELOADED: CHARACTERISTICS

2.3 Cultural Products & Services - its major issue

- How to determine the value of cultural products and services?

- Aesthetic value: subjective, emotional judgement
- Artist: fame, reputation rating (on the market)
- Country: where is it sold
- Competitive-dynamic value: auctions
- Asset value (speculation on value appreciation)
- Status value
- Social and cultural value



➔ High level of uncertainty, how people will react towards new cultural products

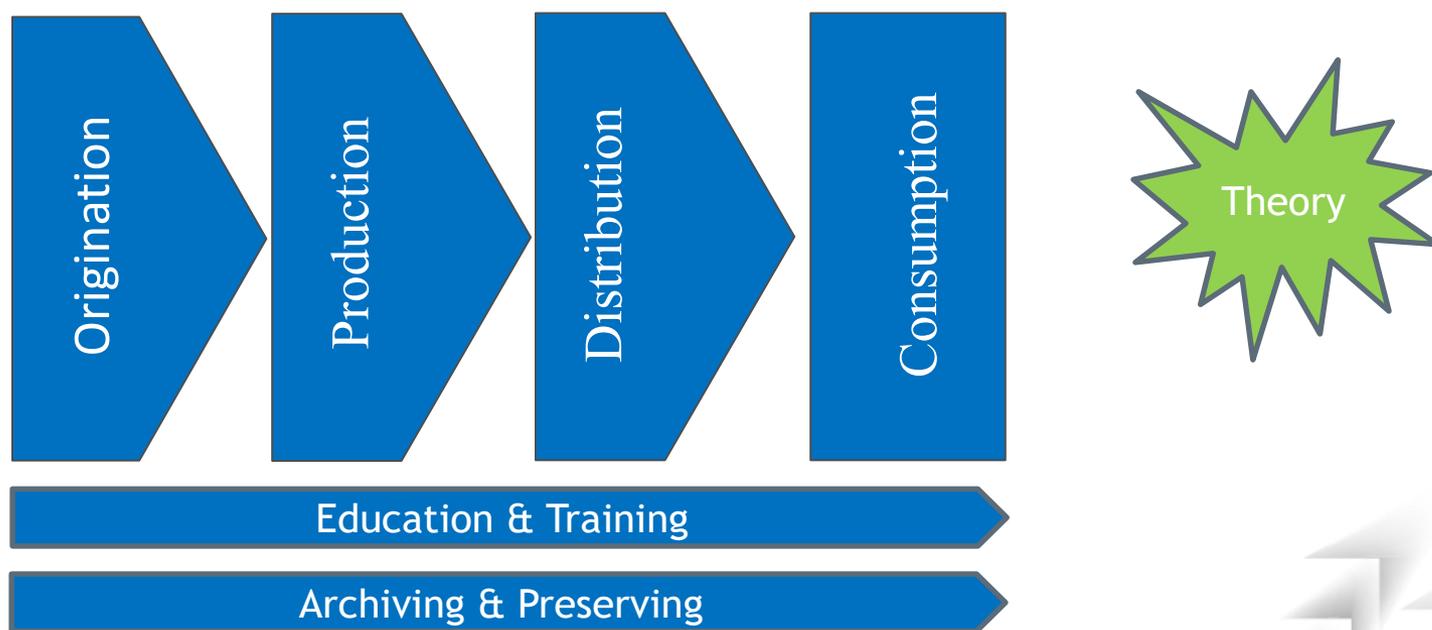
➔ Undetermined in advance



2. CCI RELOADED: CHARACTERISTICS

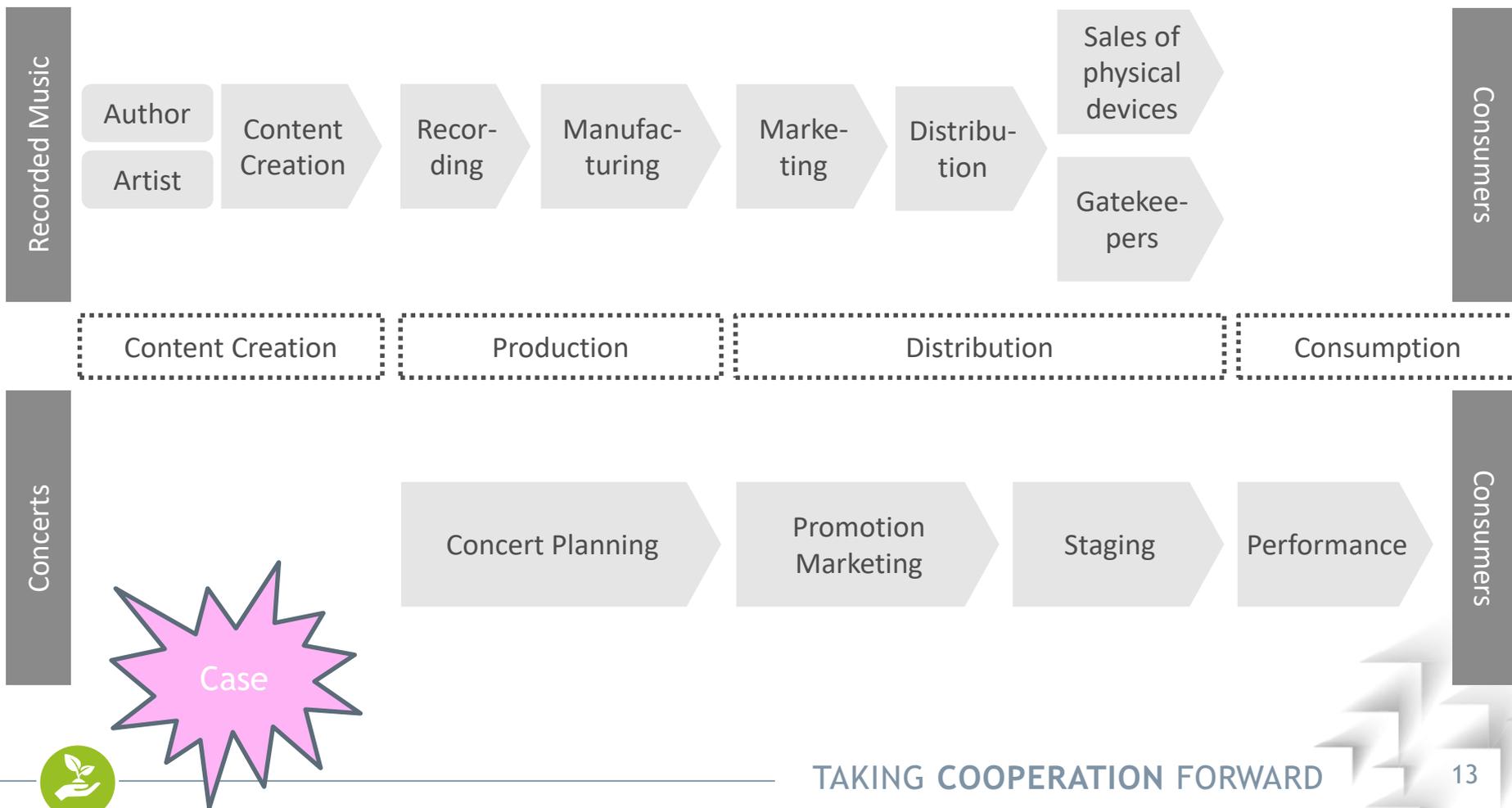
2.4 Individual creativity and collective production

- How is individual creativity mediated with willingness and ability to pay?
- Mediation of creatives with audiences by intermediaries, gatekeepers and distributors → "Humdrum Inputs" (Richard Caves 2003)



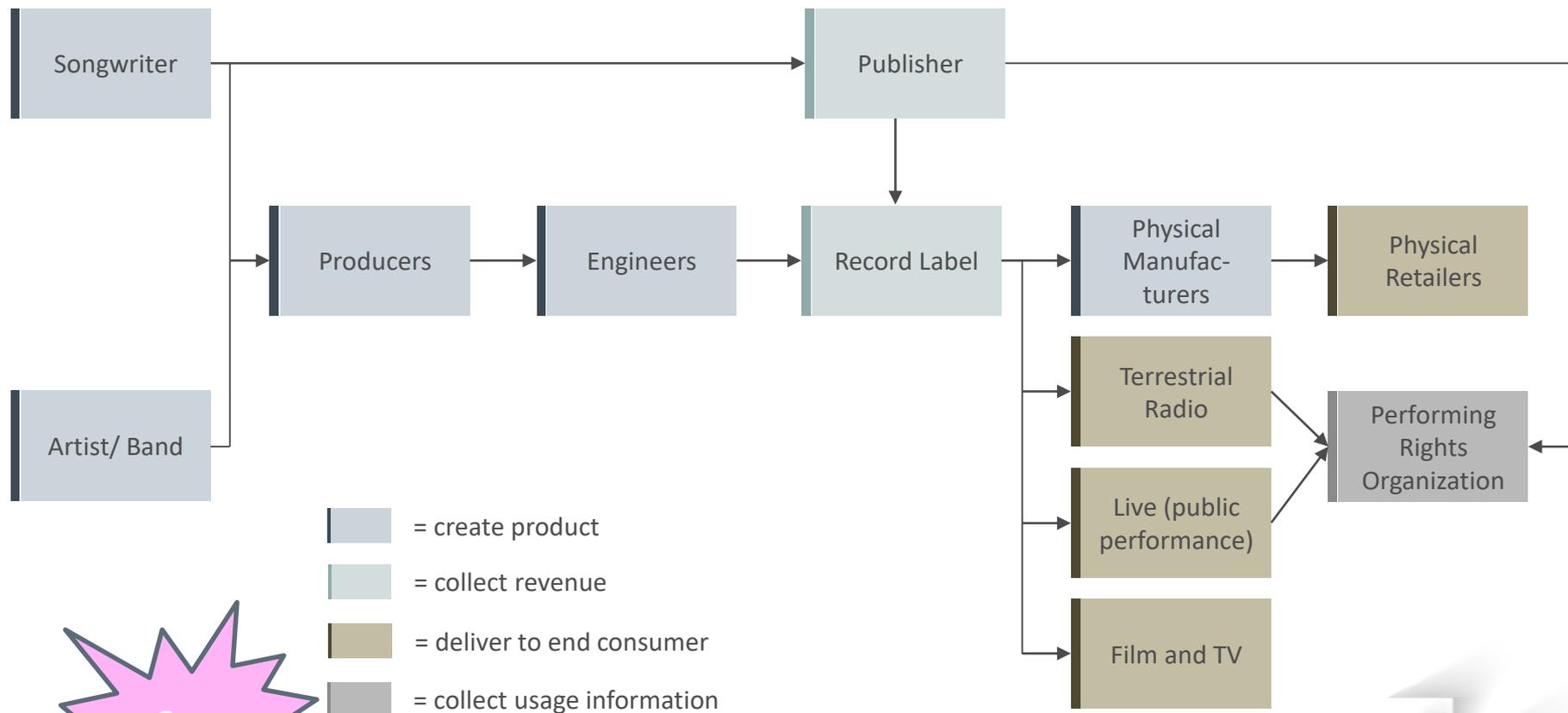
2. CCI RELOADED: CHARACTERISTICS

2.4 Individual creativity and collective production



2. CCI RELOADED: CHARACTERISTICS

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2. CCI RELOADED: CHARACTERISTICS

2.4 Individual creativity and collective production

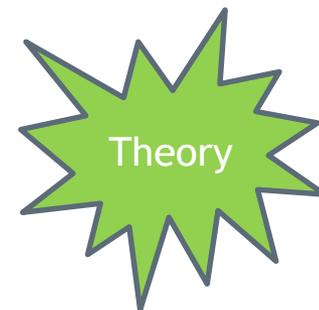
- Action: Together with your coachee, create a value chain for the specific sub-sector of the CCI the coachee wants to operate in or already operates in
 - Identify activities within the different phases
 - Identify actors (companies, freelancers)
 - Match activities with actors
 - Map the structure
 - Visualize the value chain in the workshop space by engaging workshop participants using a constellation method
- For the coach: make sure to clarify the municipality's role in this structure



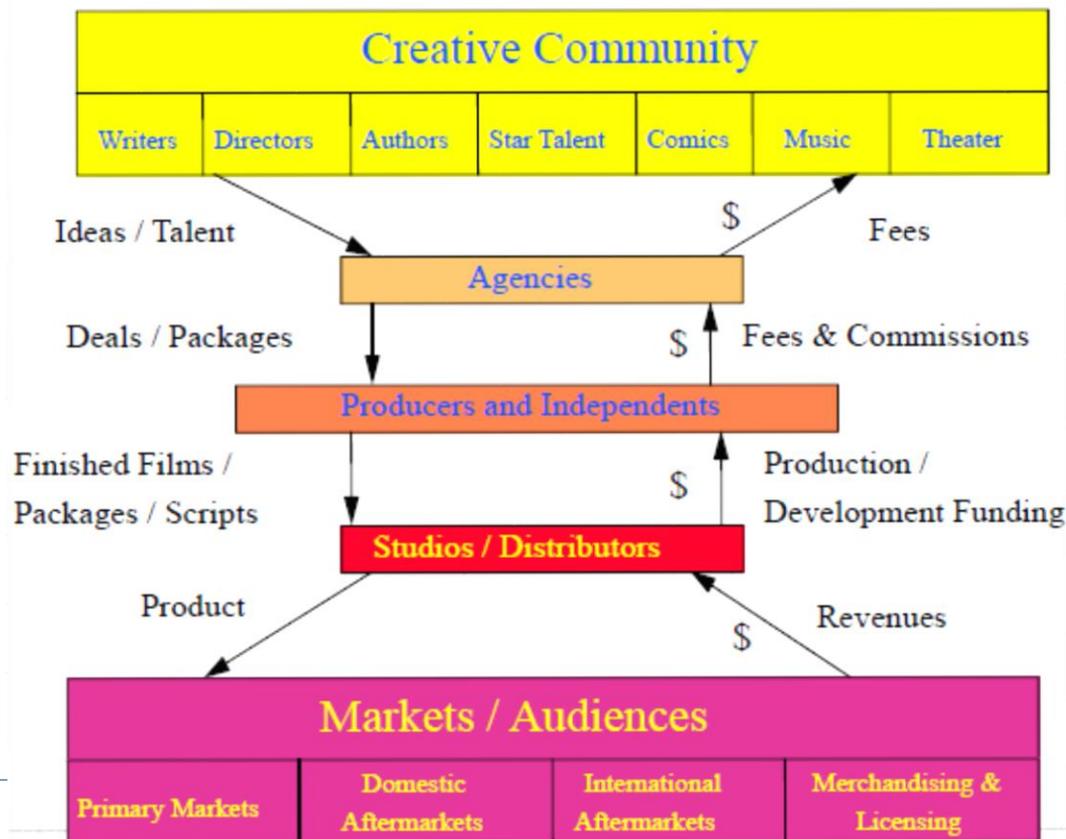
2. CCI RELOADED: CHARACTERISTICS

2.4 Individual creativity and collective production

- The “Hourglass” structure of sub-sectors in CCI
- Oversaturated supply, undetermined demand, intermediaries



Creative Input



„Humdrum inputs“ (Caves 2003)
- mediating creative input with consumers



2. CCI RELOADED: CHARACTERISTICS

2.4 Individual creativity and collective production

- Action: Together with your coachee, create an hourglass structure for the specific sub-sector of the CCI the coachee wants to operate in or already operates in
 - Identify structural positions and roles in each sub-market
 - Identify actors (companies, freelancers)
 - Match structural positions and roles with specific actors
 - Map the structure
 - Visualize the hourglass structure during the workshop by engaging participants using a constellation method
- For the coach: make sure to clarify the municipality's role in this structure



2. CCI RELOADED: CHARACTERISTICS



2.5 Supply Side - the creatives' mindsets

- Creatives' identities often based on strong artistic values (depending on education, ...)

“to seek new problems of creative visualization and devise compelling solutions. Art pro-gres-ses through a dialogue of problems, solutions that point to new problems and so forth. The artist, engaged in this dialogue, **takes satisfaction from the work itself** and not the acclaim (if any) that it elicits. (...) The training (...) instills these attitudes and evaluates the student according to creativity or originality, and not skill or proficiency.” (Caves 2003: 75)



2. CCI RELOADED: CHARACTERISTICS



2.5 Supply Side - the creatives' mindsets

- Highly intelligent
- Focus on product and process of production (originality, technical ability, quality of the solution, coherence)
- Strong intrinsic motivation: satisfaction and identity from the creative work itself
- Passionate, enthusiastic, even art for art's sake, living the dream of self-actualization
- Highly uncertain about own artistic identity and value
- Relationship to product "reception" multi-sided and open (artistic field, market, consumer)
- Anti-economic, anti-utilitarian values
- Oversaturated supply: infinite variety of offers – "way too much product"



2. CCI RELOADED: CHARACTERISTICS

2.5 Supply Side - the creatives' mindset

Sculpturer Thomas Schütte, NZZ, 09.09.2019

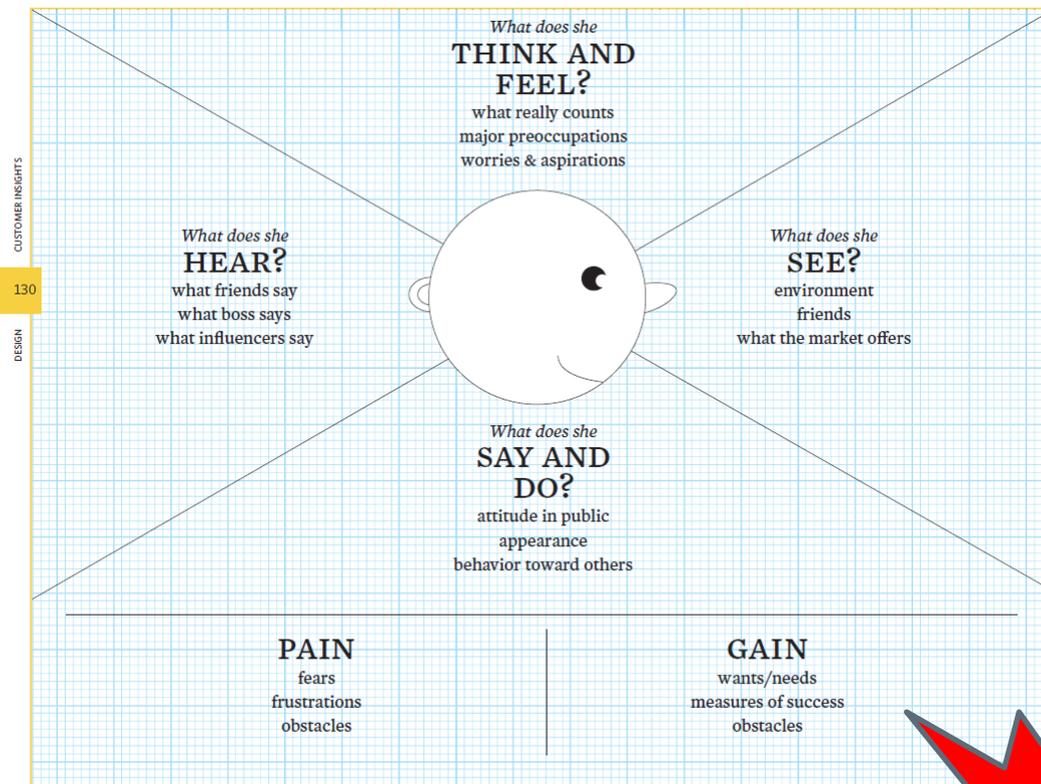
“People don't believe me that I make the sculptures just for myself. It's pure luck when they sell, but I don't really believe in it.”

(https://www.nzz.ch/feuilleton/thomas-schuetten-die-kunstwelt-ist-ein-eigener-sport-ld.1503503?xing_share=news)



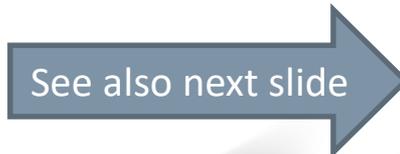
2. CCI RELOADED: CHARACTERISTICS

2.5 Create Empathy Maps of „creative“ personas



Source: Osterwalder & Pigneur (2010): 130

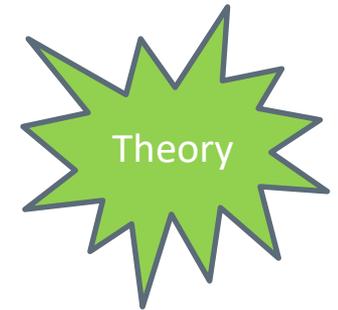
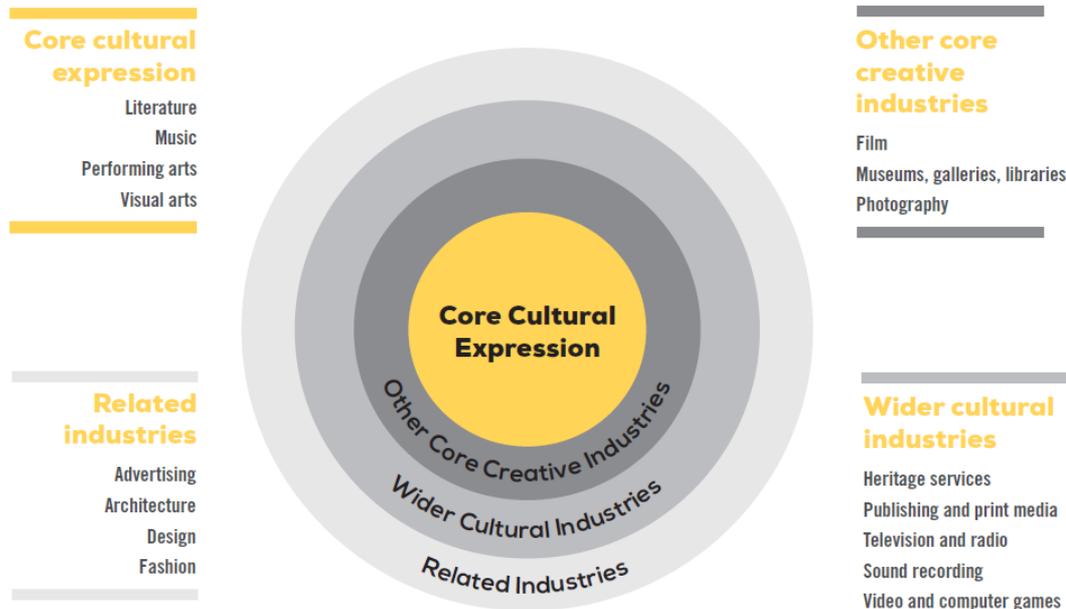
- Assume that the creative personas are your mentees or coachees in your professional practice as an advisor for entrepreneurship and starting-up a business
- Repeat this practice for every real „creative“ you have the privilege to coach



2. CCI RELOADED: CHARACTERISTICS

2.5 Create an Empathy Map of a „creative“ person

Concentric Circles Model⁶



for



Source: UNESCO 2013: 23, adapted from Throsby 2008

„Creatives“ have heterogenous mindsets towards „business“ depending on their
- education, genre, experience, position in the value chain and hourglass structure - and their position in the „concentric circle model“

See also next slide



2. CCI RELOADED: CHARACTERISTICS

2.5 Create an Empathy Map of a „creative“ person

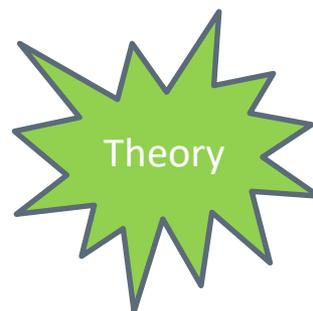
- Choose one persona from each segment of the Concentric Circle Model
 - Core Cultural Expression // Other Core Creative Industries // Wider Cultural Industries // Related Industries
 - Artistic values purest in center, decreasing as moving outwards from the center
 - Creative ideas originate in the core creative arts in the form of sound, text, and image
 - ideas from the core diffuse outwards through a series of layers with the proportion of cultural to commercial content declining as one moves further outwards from the center
- Repeat this practice for every real „creative“ you have the privilege to coach
- See for detailed instructions on how to use the empathy map the depiction in Osterwalder/Pigneur 2010: 131.



2. CCI RELOADED: CHARACTERISTICS

2.6 Demand Side - know your customer

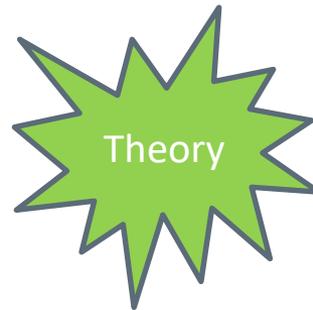
- Differentiated buying motives of customers
 - Decoration
 - Entertaining goods: interpreted by the consumer in the process of consumption
 - Fashion goods: bought for the interpretation by others (displaying status, identity)
 - Investment goods
 - Public goods (public buyer)
 - Creative inputs (B2B; public buyers)
 - ...



2. CCI RELOADED: CHARACTERISTICS

2.6 Demand side - know your customer

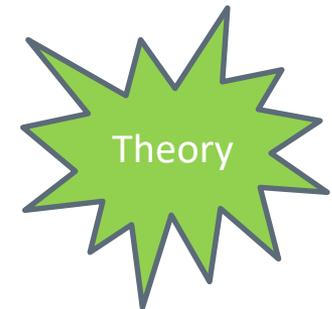
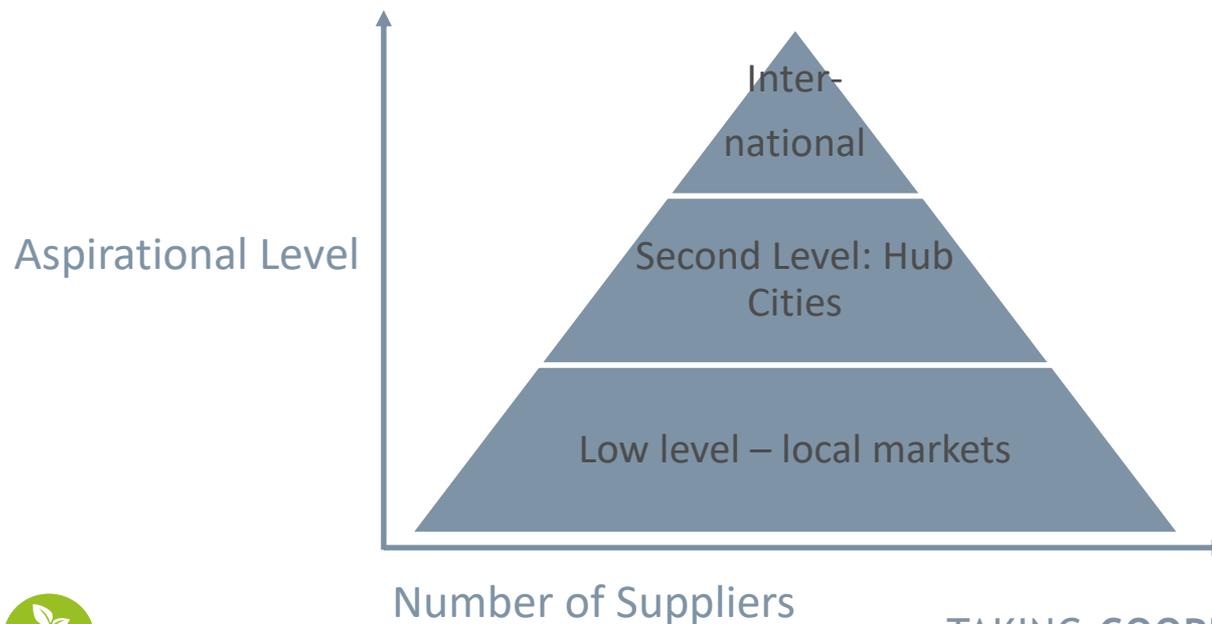
- Customers often unable to recognize aesthetic higher-order patterns
- High uncertainty about aesthetic, symbolic, cultural “newness” while technical parameters are absent
- Highly emotional and subjective judgements
- Influenced by culture, trends, and networks
- Substitute orientation towards “reputation”
- Learned consumption: growing demand & cultivation (“connoisseur”)



2. CCI RELOADED: CHARACTERISTICS

2.7 Demand side - Markets

- Vertically differentiated markets
 - International Level
 - Second Level: (National) Hub Cities
 - Low Level: Primary markets, mostly local



2. CCI RELOADED: CHARACTERISTICS

2.7 Market



- Action:
 - Draw for a specific CCI sub-sector for every market level a value chain and an hourglass structure while the second and low local level should be adapted to your city, region, and country
 - Together with your coachee,
 - identify the aspirational level of your coachee
 - draw for the specific CCI sub-sector and the aspirational market level the coachee wants to operate in or already operates in an exact value chain and an hourglass structure
 - adapt the second and low local market level to your city, region, and country, identifying the real world actors in your city, region, country, and internationally
 - Clarify your municipality's role
 - Work with experts and practitioners of the specific sub-sector (mentors?)
 - Make the map tangible and actionable as well as visualize it during the workshop by engaging participants using the method of constellation format



2. CCI RELOADED: CHARACTERISTICS

Theory

2.7 Market

- Nobody Knows: Success of cultural products and services is radically uncertain and unknown
 - How will customers subjectively and emotionally perceive a new cultural product or service they don't know yet it exists?
 - Even huge marketing investments can't guarantee success
- Uncertainty and ignorance about future success is symmetrical along the whole value chain
 - Minimal ability to predict audience responses
 - Learning from past successes is limited
 - Successes cannot be explained by the satisfaction of an existing need: creating desirability



2. CCI RELOADED: CHARACTERISTICS

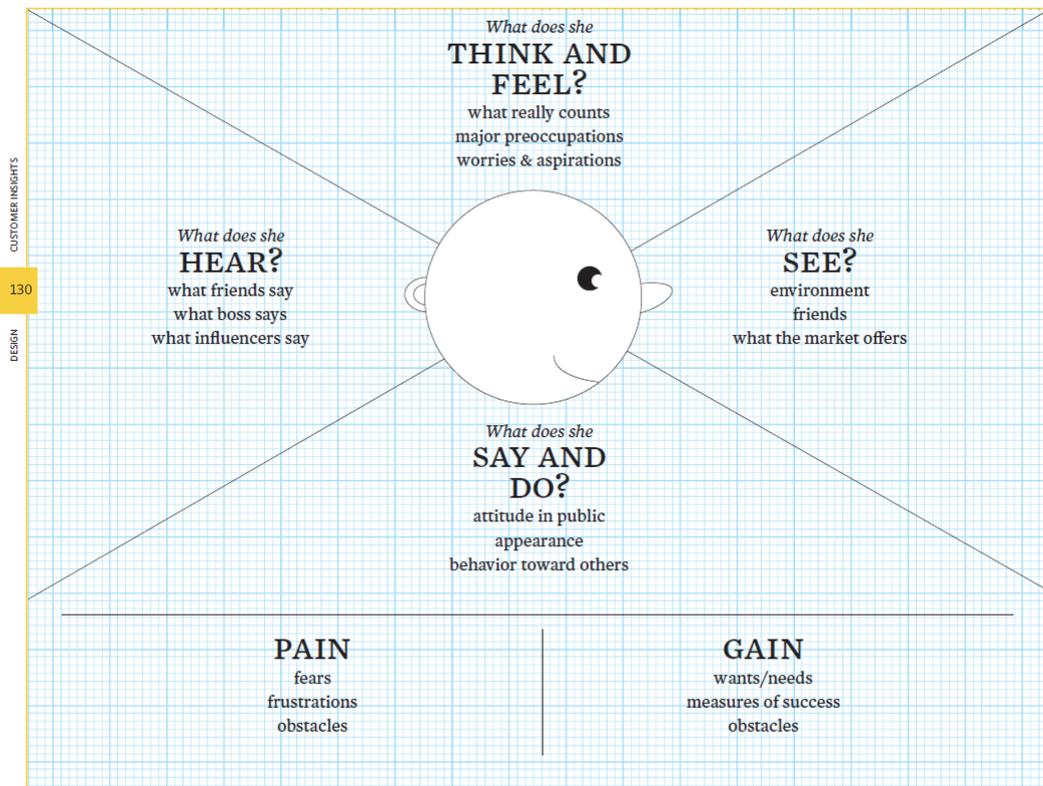
2.7 Market relationship between creatives and „humdrum resources“

- Creatives
 - Intrinsically motivated
 - often lack business mindset due to an artist’s identity based on education and deeply internalized artistic values
 - High uncertainty about product, identity, and value proposition: valorization
- Humdrum Resources (business partner, gatekeepers, buyers, intermediaries)
 - Extrinsically motivated
 - Often lack knowledge about artist’s mindsets, attitudes, and identities
- Relationship:
 - High uncertainty about future success on both sides, but market powers moves to the party closest to the consumer
 - Creatives have usually a weak negotiating position vis-à-vis humdrum resources which is susceptible to manipulation
 - Mismatch in expectations, frequent misunderstandings, even abuse



2. CCI RELOADED: CHARACTERISTICS

2.8 Create an Empathy Map of a „humdrum“ person



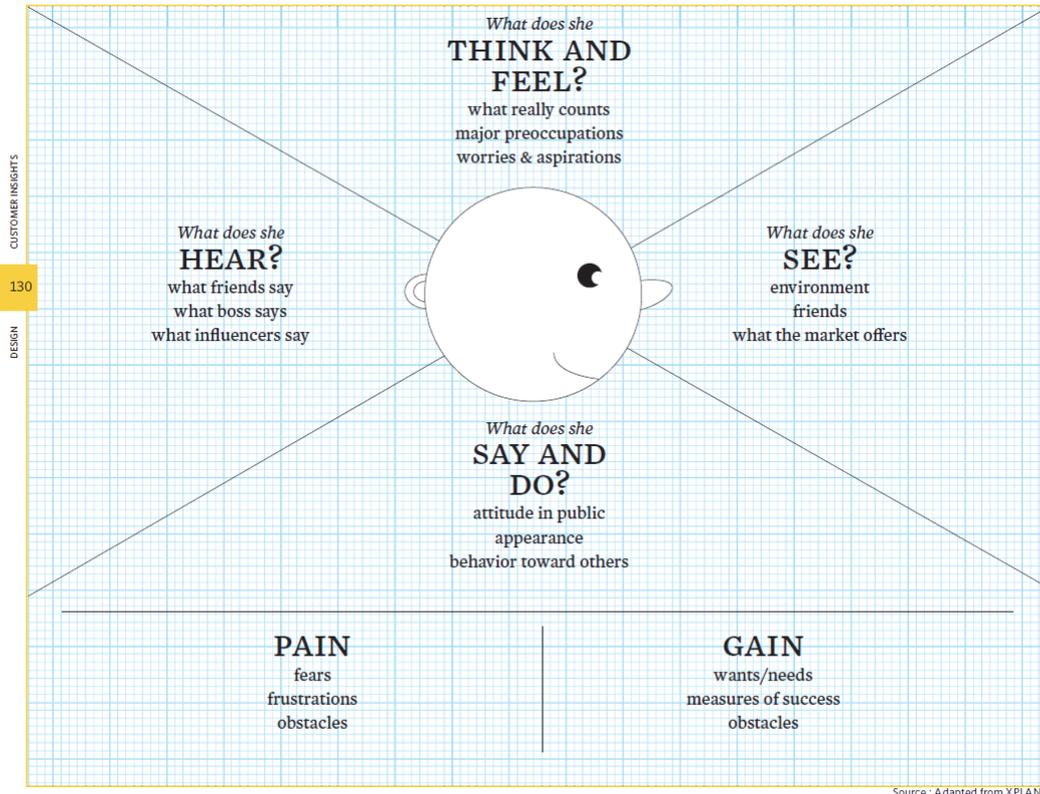
- Create an empathy map of yourself stressing your humdrum quality
➔ First empathy map
- Map your expectations about how a „creative person“ in your city sees yourself
➔ Second empathy map
➔ Observe how the creative persons observes you

Source: Osterwalder & Pigneur (2010): 130



2. CCI RELOADED: CHARACTERISTICS

2.8 Let your coachee create an Empathy Map ...

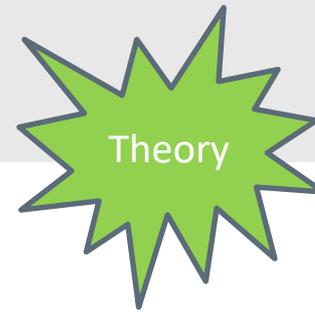


- Let your coachee create empathy maps of „humdrum personas“ in the value chain & hourglass structure of the CCI sub-sector in question

Source: Osterwalder & Pigneur (2010): 130



3. EFFECTUATION

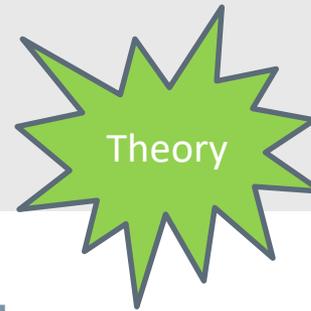


3.1 Introduction

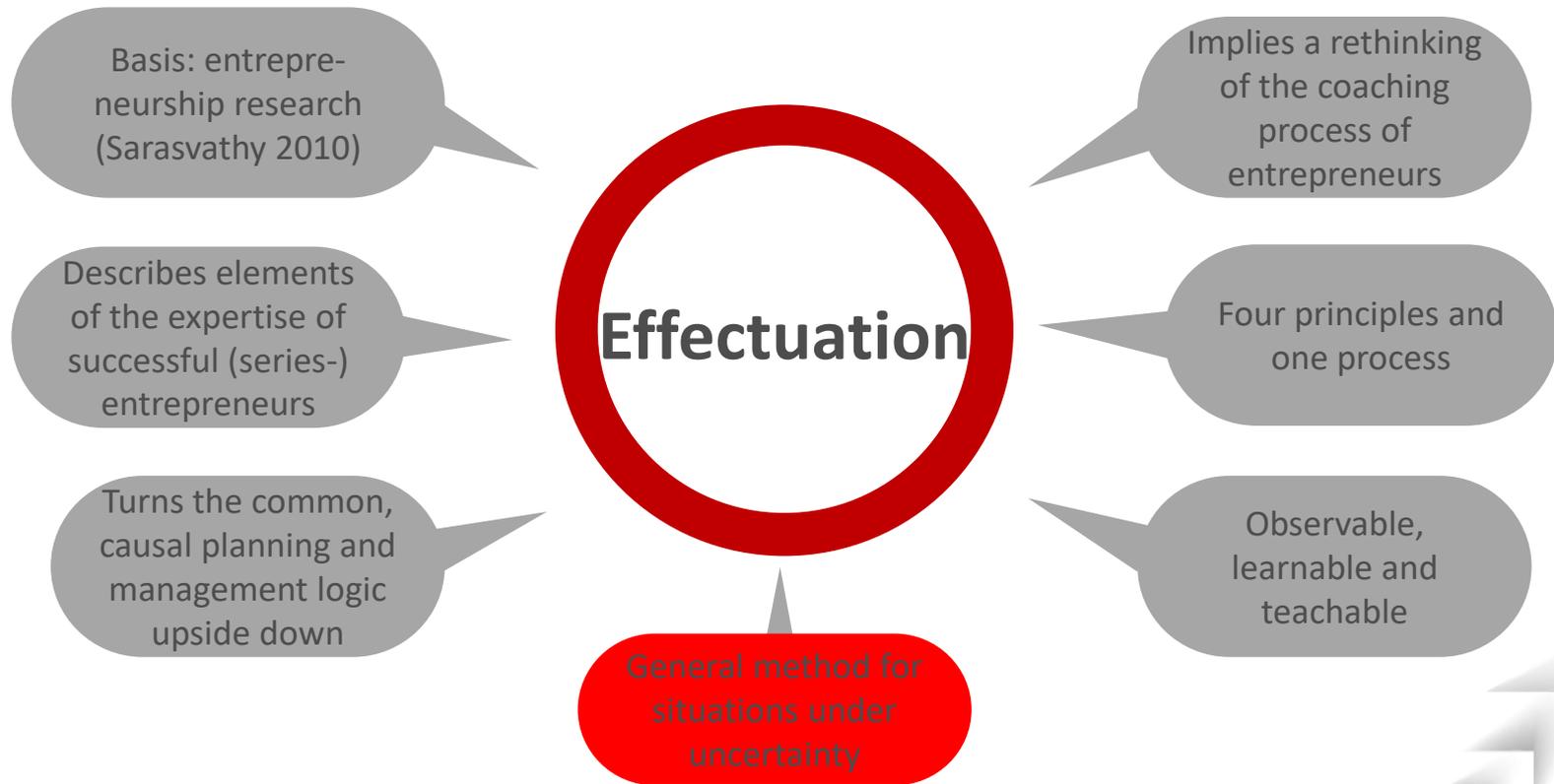
- How to coach creatives into entrepreneurship who even might not want to become associated with any kind of entrepreneurship or business?
 - when there is way too much product already on the market and consumers don't really need anything new, thus when the market niche does not exist yet
 - when success is highly uncertain, the risk overproportional high & demand highly volatile
 - when people are not business savvy
 - when the market power is always on the other side, and market players tend to be more business savvy and to behave opportunistically
 - when reputation and status is king but depend on past performances or are conferred by highly reputable gatekeepers
- Promise to combine self-realization with business success
- Desire to work in the profession one has learned while job market is over saturated or desire for self-determined and independent work



3. EFFECTUATION



3.1 Introduction - What makes successful entrepreneurs entrepreneurial?

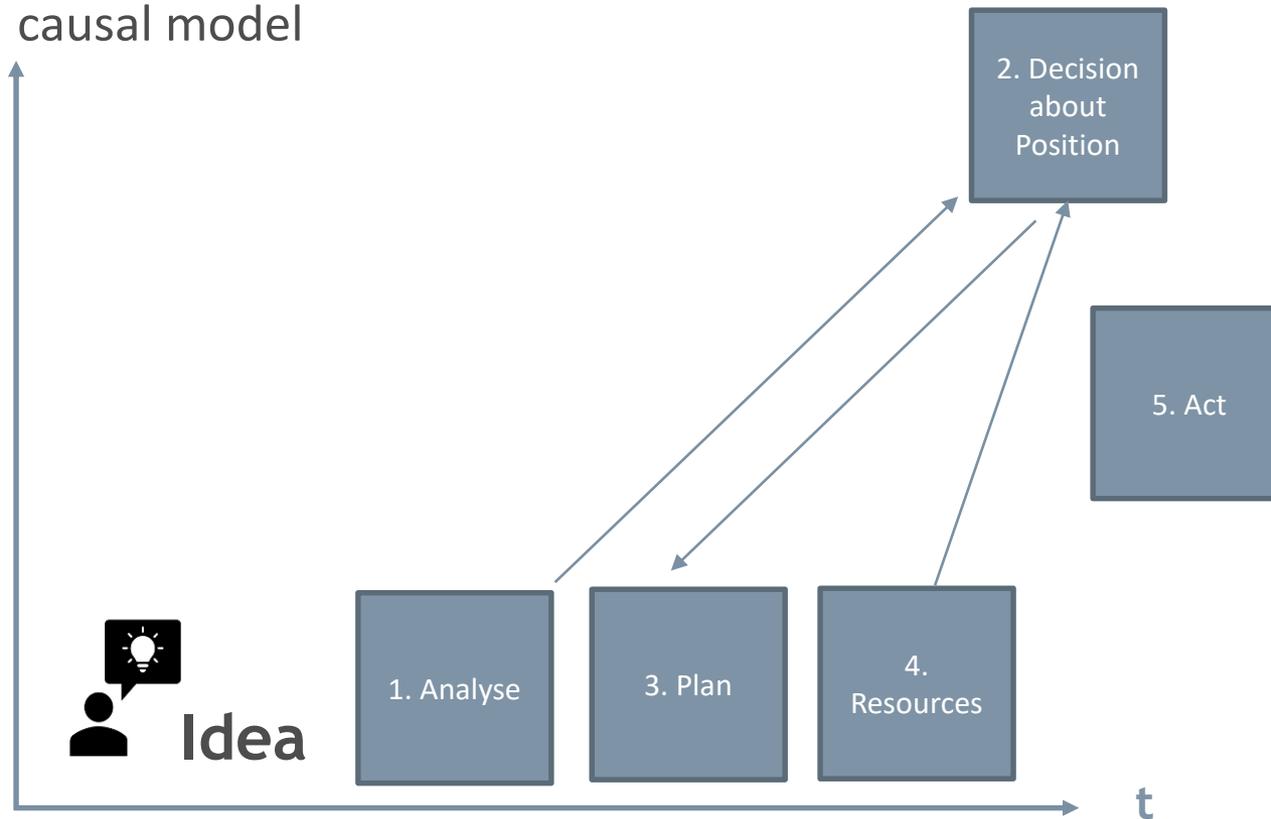


3. EFFECTUATION



3.2 Causation vs. Effectuation

- Classical and common sense thinking about entrepreneurialism: linear-causal model

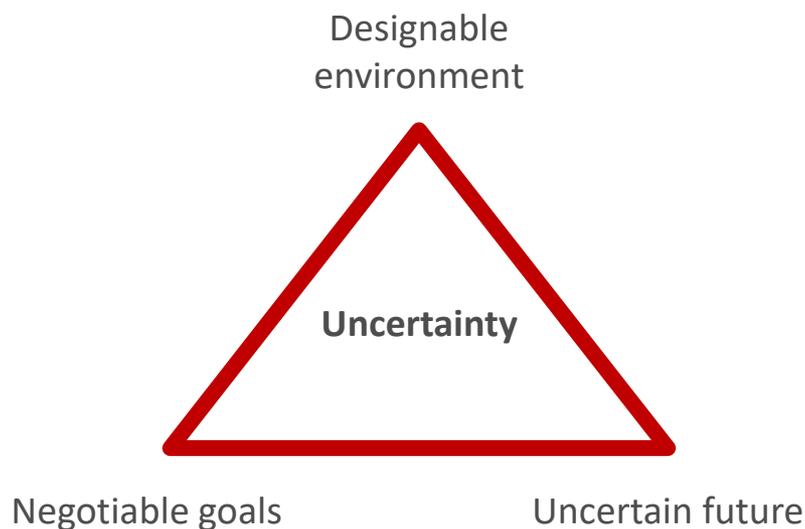


3. EFFECTUATION



3.2 Causation v. Effectuation

- Causation: Rationality rules
 - How to plan for given goals?
 - How to achieve given goals most effectively and efficiently?
 - Which means are best suited?
- ➔ when future is plannable, goal fixed, environment stable and predictable



3. EFFECTUATION



3.2 Causation v. Effectuation

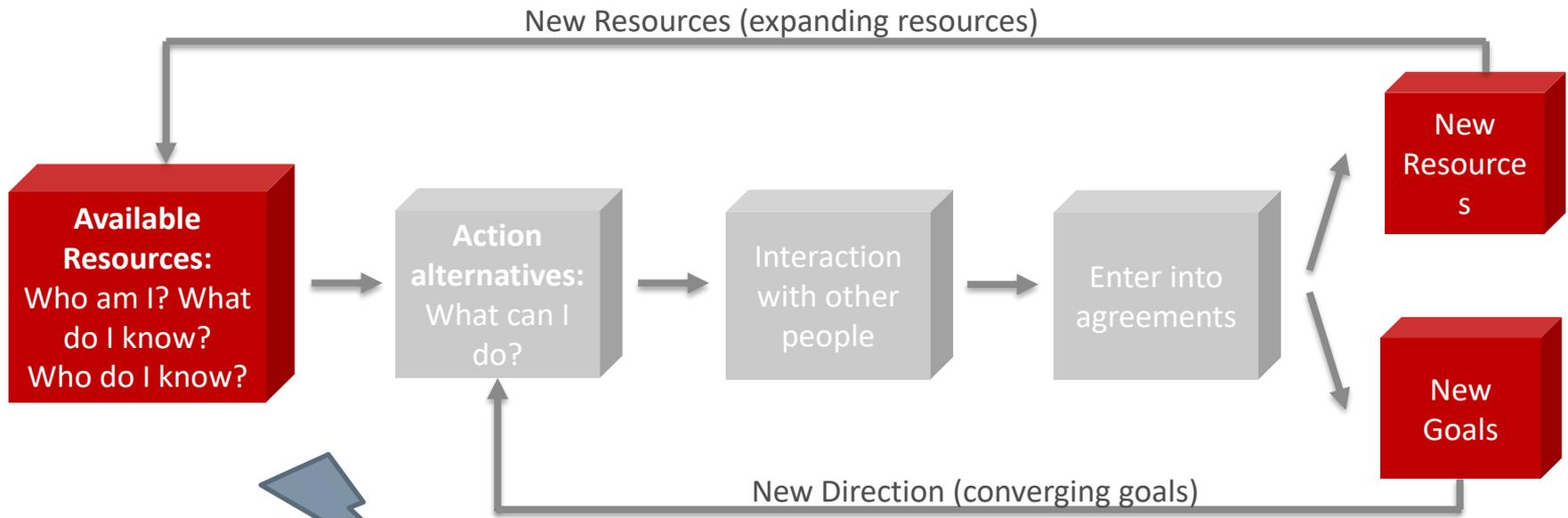
- Entrepreneurship: New Products and/or New Markets with high uncertainty, high risk, and undetermined future, volatile environment
 “The best way to predict the future is to create it.” (Peter F. Drucker)
 - Effectuation: Focus on the controllable aspects of an otherwise unpredictable environment
 - What are the means under my control?
 - How to make best use of given means?
- ➔ Business opportunities are not given in the environment but rather markets, companies and opportunities are created in a social process



3. EFFECTUATION



3.3 Effectuation - the process



Unexpected events
New developments
Contingencies

**New products, companies
and markets**

TAKING COOPERATION FORWARD



3. EFFECTUATION

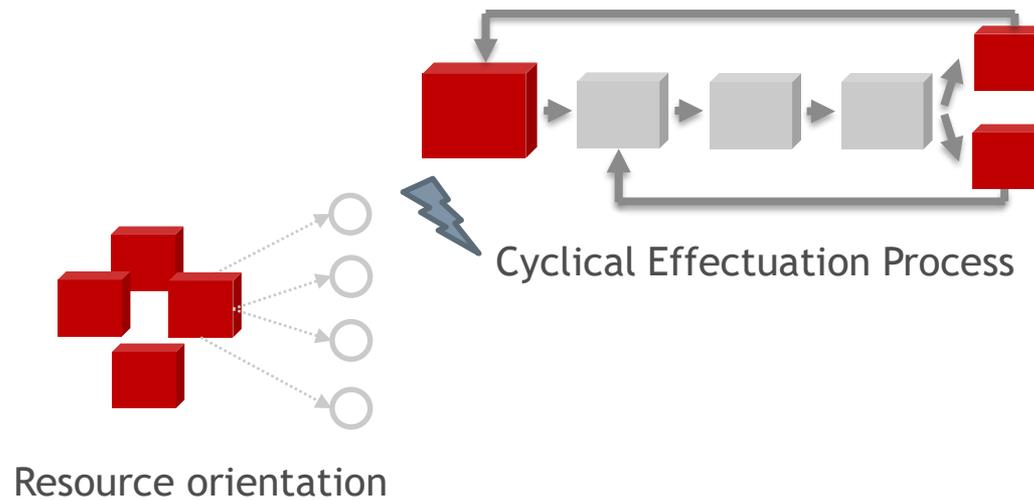


3.4 Effectuation - the principles

1. Focus on available resources: starting with means vs. ends

„Bird-in-the-hand“

- Who am I?
- What do I know?
- Who do I know



3. EFFECTUATION

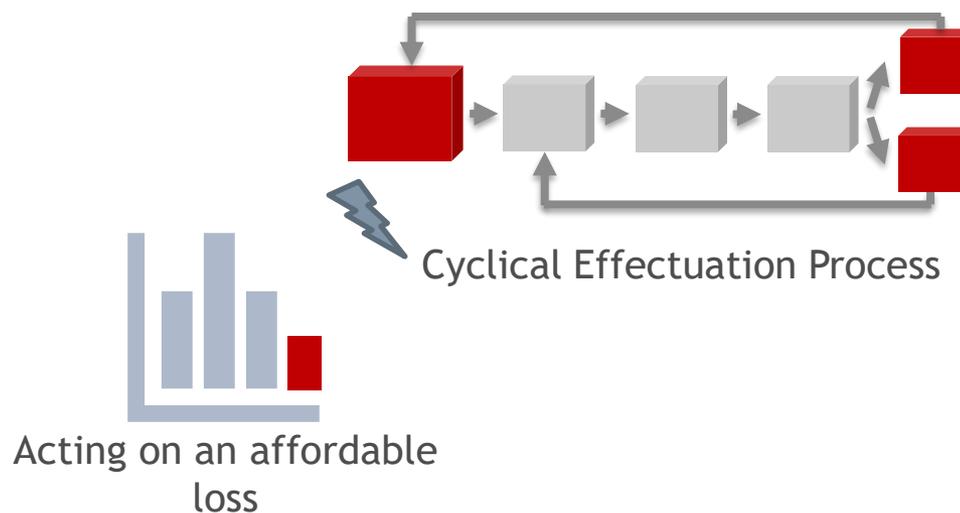


3.4 Effectuation - the principles

2. What are the opportunities in relation to my resources?

„Pilot-in-the-plane“ – try to control the future instead of predicting it

- Affordable losses (vs. maximum profit)
- Aversion to losses
- What is not possible?



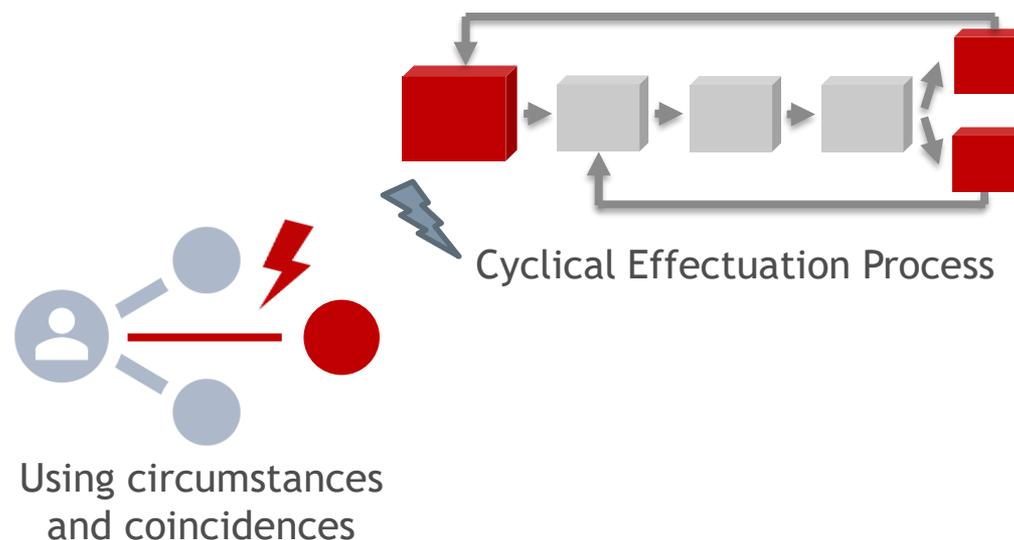
3. EFFECTUATION



3.4 Effectuation - the principles

3. Turn unexpected events into chances on the way (vs. try to avoid surprises)
„When live gives you lemons, make lemonade!“

- Which contingencies do happen and can I turn them into opportunities?
- Use opportunities (rather than already existing knowledge)



3. EFFECTUATION



3.4 Effectuation - the principles

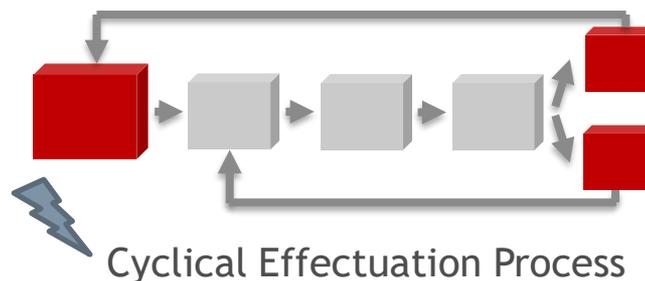
4. Look for partnerships (vs. look to the competition)

„Crazy Quilt“ – Look for the perfect project for the partners

- Which partner fit in?
- Initial Customers as partners?
- Identities, means, aims change by partnerships → iterate



Early agreements and partnerships

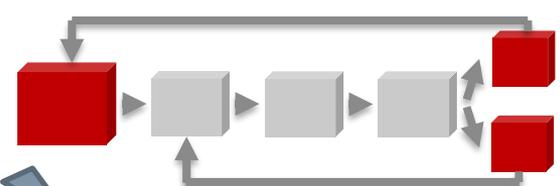
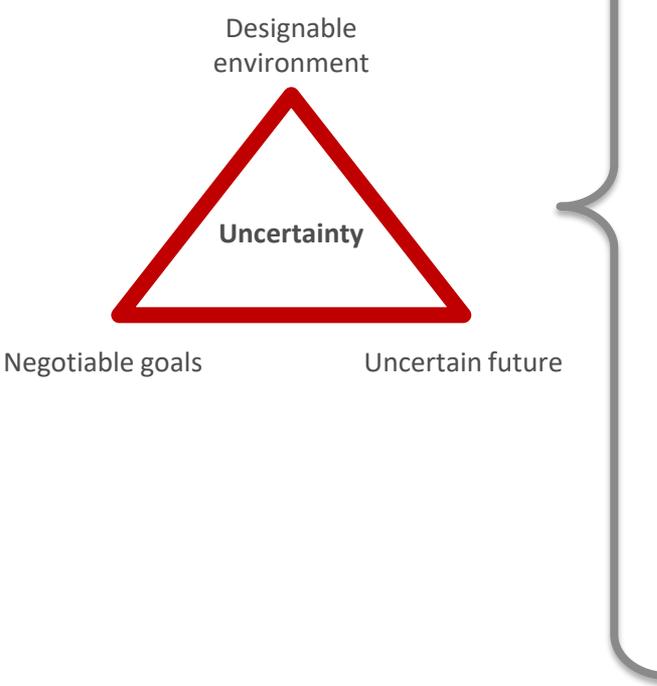
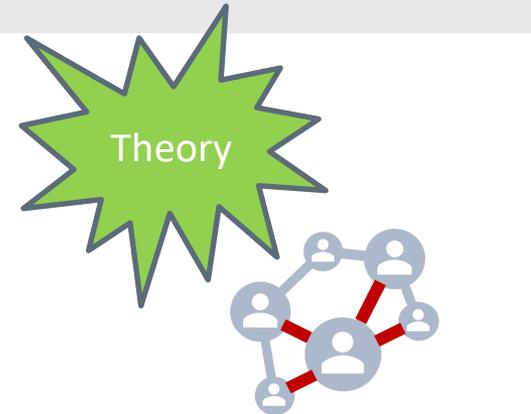


Cyclical Effectuation Process

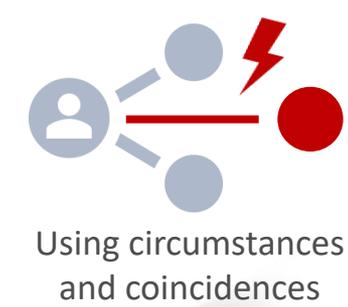
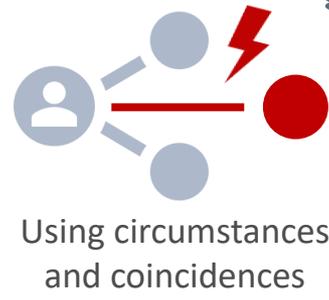


3. EFFECTUATION

3.4 Effectuation - process & principles



Early agreements and partnerships



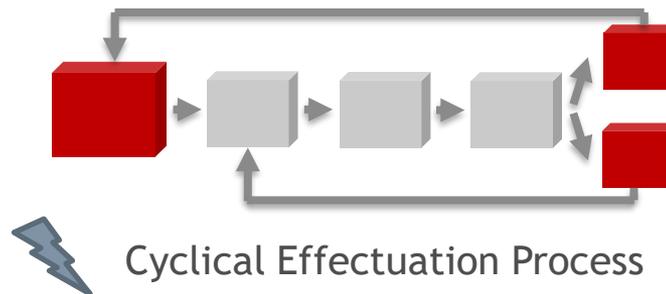
3. EFFECTUATION



3.4 Effectuation - process iterations

Do it again!

1. Ressource orientation: Which new means? What can I/we more? Who are we? Who do we know?
2. What else can we do with the new means? Which new chances arise?
3. Early consumer feedback and co-creating the product & defining market segment
4. Fabricating rather than finding a market
5. Unanticipated ends rather than preselected goals: ends are defined by many influences – actions, conditions, contingencies, partners' resources
6. Experimental and iterative learning style



Cyclical Effectuation Process



3. EFFECTUATION



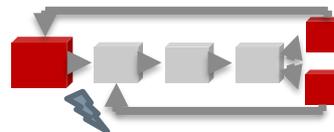
3.5. Implications for coaching (CCI-) entrepreneurs

| | |
|---------------------------------|---|
| Change of attitude | Anyone can become an entrepreneur - the question is what kind of entrepreneur |
| Inform | Effectuation <i>as a method</i> for creating business opportunities: |
| Encourage | Focus on "How can I (based on my resources) become an entrepreneur?" |
| De-mystifying | You can also start without the "brilliant business idea" - many ideas only develop <i>in action</i> |
| Break down barriers | Methods for "no idea", "no money", "fear of failure" |
| Making it easier to get started | Tackling <i>the feasible</i> instead of planning the "great success" |



3. EFFECTUATION

3.6 Effectuation - a case study

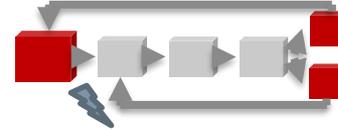


- Many entrepreneurs from CCI in every city during field research visits already doing effectuation
- Sebastian van der Recke Amberg: <http://holgervandrich.blogspot.com/p/fotos.html>
- Holger Vandrich in Naumburg: <http://holgervandrich.blogspot.com/p/fotos.html>
- Innocente Ciciliot in Vittorio Veneto: <https://www.innorojewellery.com>
- Nina Koželj in Kamnik: <http://ninakozelj.eu/>

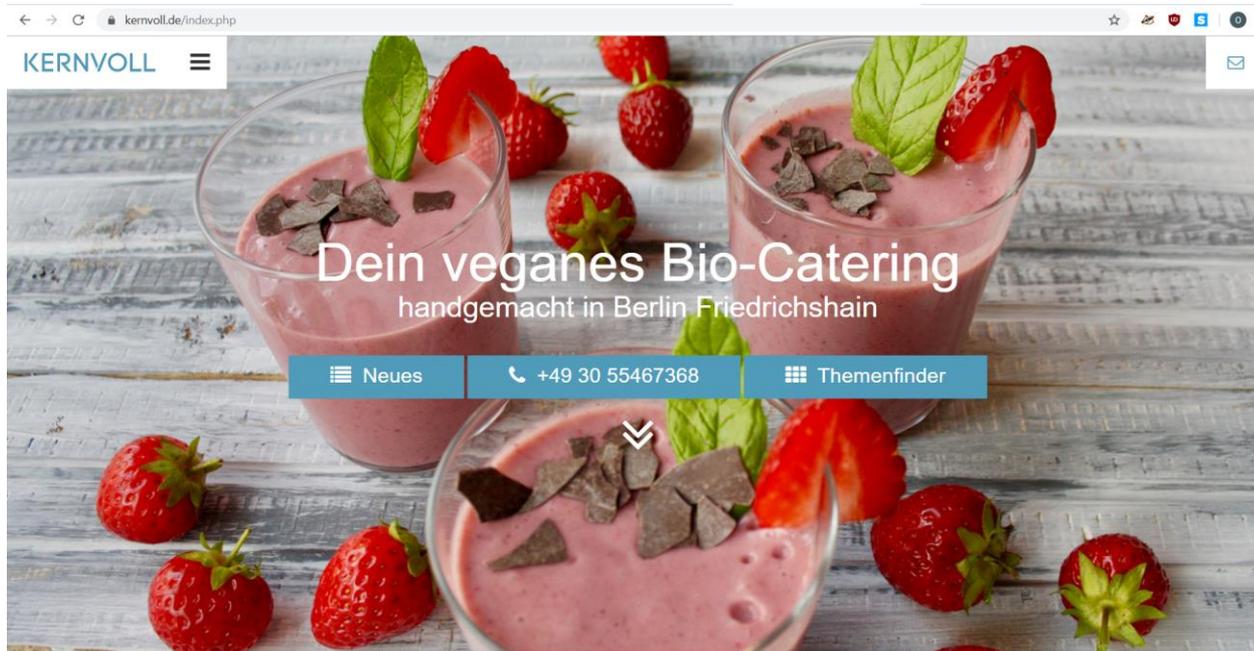


3. EFFECTUATION

3.6 Effectuation - a case study



- Kernvoll: Vegan Bio-Catering & Organic Tailoring | Made in Berlin
- <https://www.kernvoll.de/> <https://www.instagram.com/kernvoll/?hl=de>



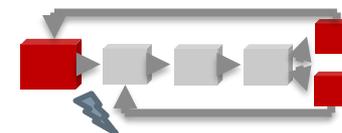
3. EFFECTUATION

3.6 Effectuation - a case study

- Four friends employed in different organisations
- Unsatisfied in their jobs, desire for self-determined, meaningful, independent work
- Starting with what is there: Ressource orientation
- Who are we?
 - Vegans
 - Bored out in traditional jobs
 - Eager to become self-determined
- What do we know?
 - Self-taught in vegan lifestyle
 - Cooking vegan dishes as highly developed hobby
 - Experiences in working life (business, grafic design)
- Who do we know?
 - Families, friends, fools
 - Vegans from the vegan community
 - Business partners from previous jobs



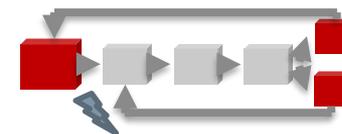
Available Resources:
Who am I? What do I know?
Who do I know?



3. EFFECTUATION

3.6 Effectuation - a case study

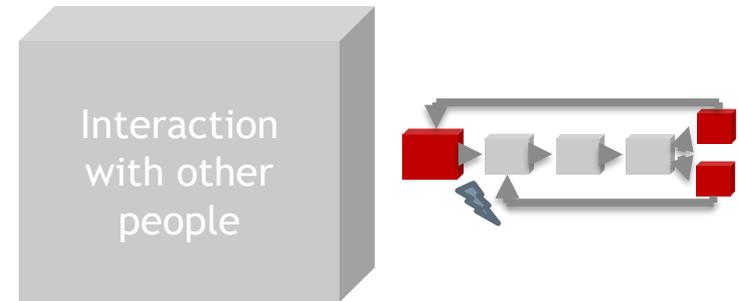
- What can we do? – Pilot-in-the-plane
 - Vegan catering
 - Affordable loss vs. „Lotto Jackpot“



3. EFFECTUATION

3.6 Effectuation - a case study

- What can we do? – Pilot-in-the-plane
 - Vegan catering
 - Affordable loss vs. „Lotto Jackpot“
- Feedback from early costumers
- Contingencies
- Unexpected events
- Disappointments
- Pure luck
- Conclusions for customer segmentation

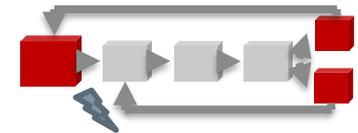


3. EFFECTUATION

3.6 Effectuation - a case study

- Look for partnerships (vs. look to the competition)
- „Crazy Quilt“ – Look for the perfect project for the partners
 - Which partner fit in?
 - Former business contacts?

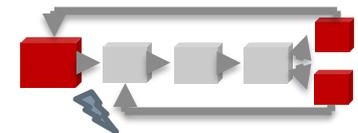
- ➔ Fashion Designer
- ➔ Iterate!



3. EFFECTUATION

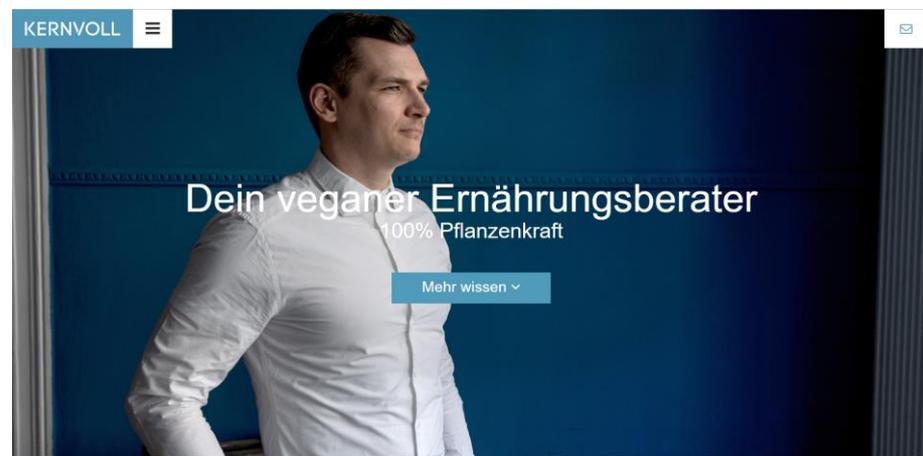
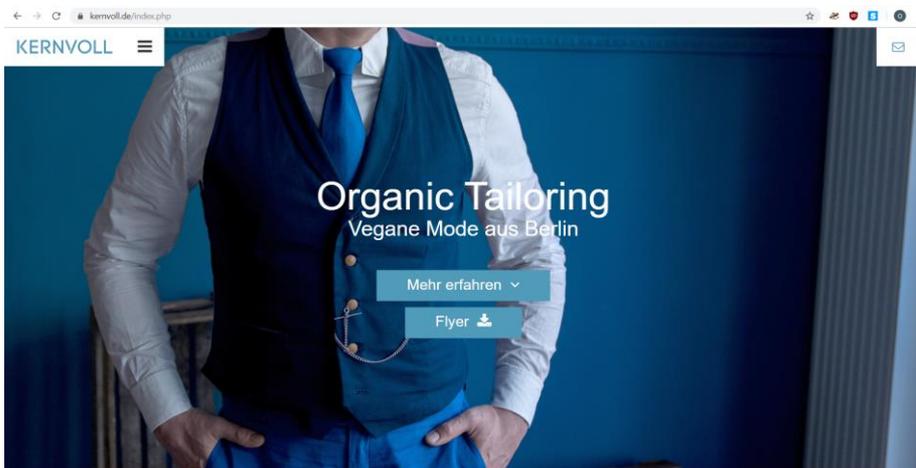
3.6 Effectuation - a case study

- First iteration: ressource orientation
- Who are we?
 - Entrepreneurs who want to cooperate in a partnership
 - New goals: Nutrition coaching, Organic Tailoring
- What do we know more?
 - Catering
 - Nutrition
 - Vegan community
 - How to design and produce clothes
- Who else do we know now?
 - New customers
 - New business partners



3. EFFECTUATION

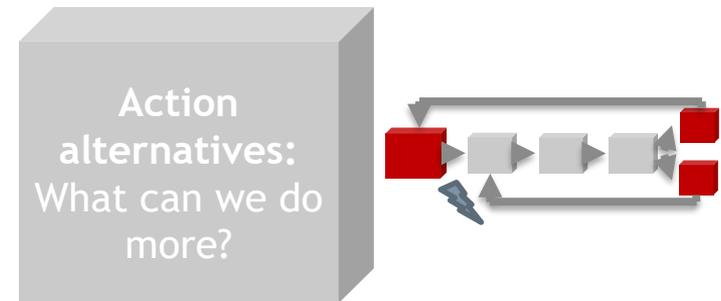
3.6 Effectuation - a case study



3. EFFECTUATION

3.6 Effectuation - a case study

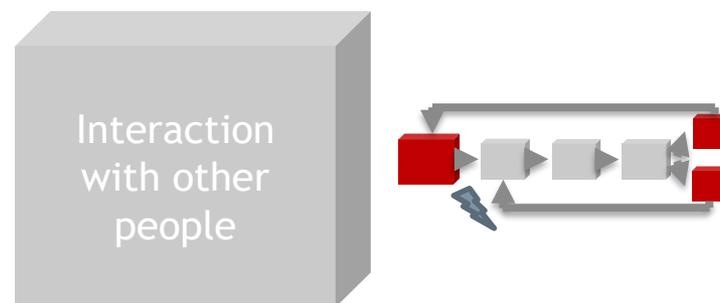
- First iteration: Pilot-in-the-plane
- What can we do more?
 - Nutrition consultation
 - Organic Tailoring
 - Affordable loss vs. „Lotto Jackpot“



3. EFFECTUATION

3.6 Effectuation - a case study

- First iteration:
 - What can we do? – Pilot-in-the-plane
 - Nutrition Consultation
 - Organic Tailoring
 - Affordable loss vs. „Lotto Jackpot“
-
- ➔ Feedback from early costumers
 - ➔ Contingencies
 - ➔ Unexpected events
 - ➔ Disappointments
 - ➔ Pure luck
 - ➔ Conclusions for customer segmentation

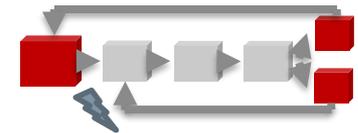


3. EFFECTUATION

3.6 Effectuation - a case study

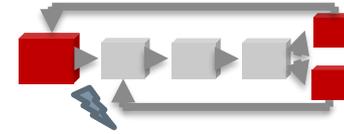
- First iteration: „Crazy Quilt“ – Look for suitable projects for the partners
- Look for partnerships (vs. look to the competition)
 - Which partner fit in?
 - Customers?

- ➔ Top athlete
- ➔ Iterate!



3. EFFECTUATION

3.6 Effectuation - a case study



- Second iteration
 - Developing nutrition for top athletes
 - Developing organic sportswear for top athletes
 - Surprise: unexpected demand for wedding caterings
- Third iteration
 - Made-to-measure design for vegan wedding dresses and wedding suits
 - ...
- x-th iteration
 - Extending the brand „Kernvoll“ to more areas of a vegan lifestyle



3. EFFECTUATION



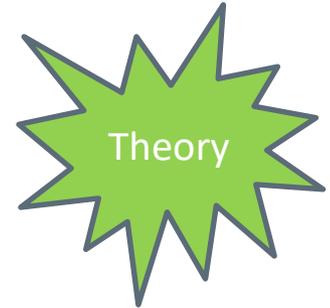
3.7 Effectuation

- Imagine a real start-up case from your home town or your experience and try to narrate its path using language from the effectuation framework
- Map the case study using the process model with x iterations
- Make the map tangible and actionable as well as visualize them during the workshop by engaging participants using the method of constellation format
- Focus on:
 - Bird-in-the-hand – start with means
 - Pilot-in-the-plane – self-efficient actions and experimental and iterative learning
 - Lemonades – flexibility, positive outlook
 - Crazy quilt – importance of direct customer contacts, early reactions, and partnerships
- Show that
 - Specific business goals are not given in advance but emerge in the process
 - how products, customers, markets are emerging in the process only



4. VALUE PROPOSITION DESIGN

4.1 Value Proposition Design - Introduction



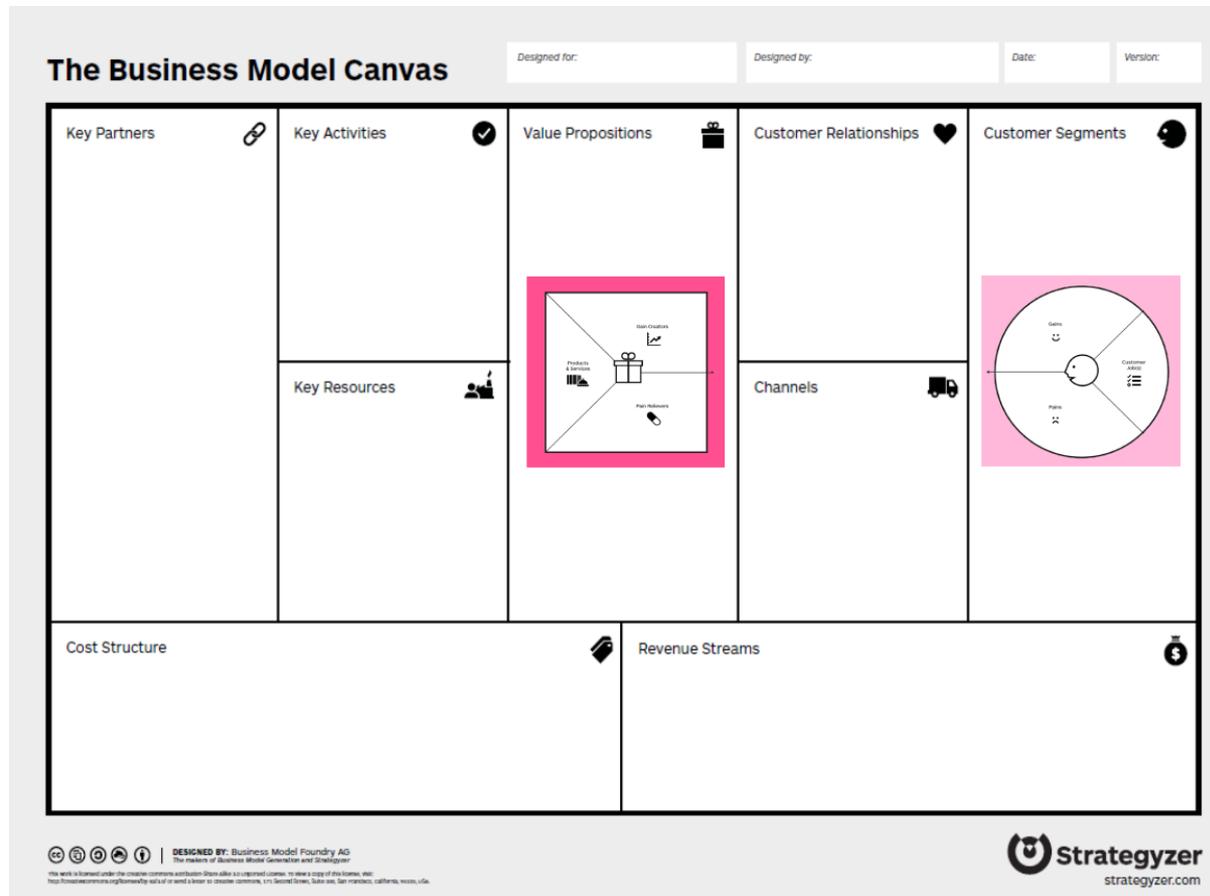
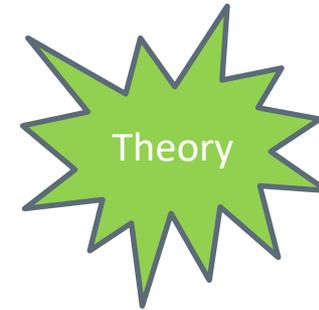
- Coaching tool for entrepreneurial thinking
- Key element of Business Model Canvas
- process of designing value propositions around products and services that meet jobs, pains, and gains that customers really care about
 - describes how an entrepreneur intends to create value – how an entrepreneur understands herself/himself
 - clarifies the entrepreneur's customer understanding
 - Aim: to create fit between the entrepreneur's value offer and the customer's reaction to it

“Your customers are the judge, jury, and executioner of your value proposition”
(Osterwalder/Pigneur 201x: 43)



4. VALUE PROPOSITION DESIGN

4.1. Introduction - Business Model Canvas



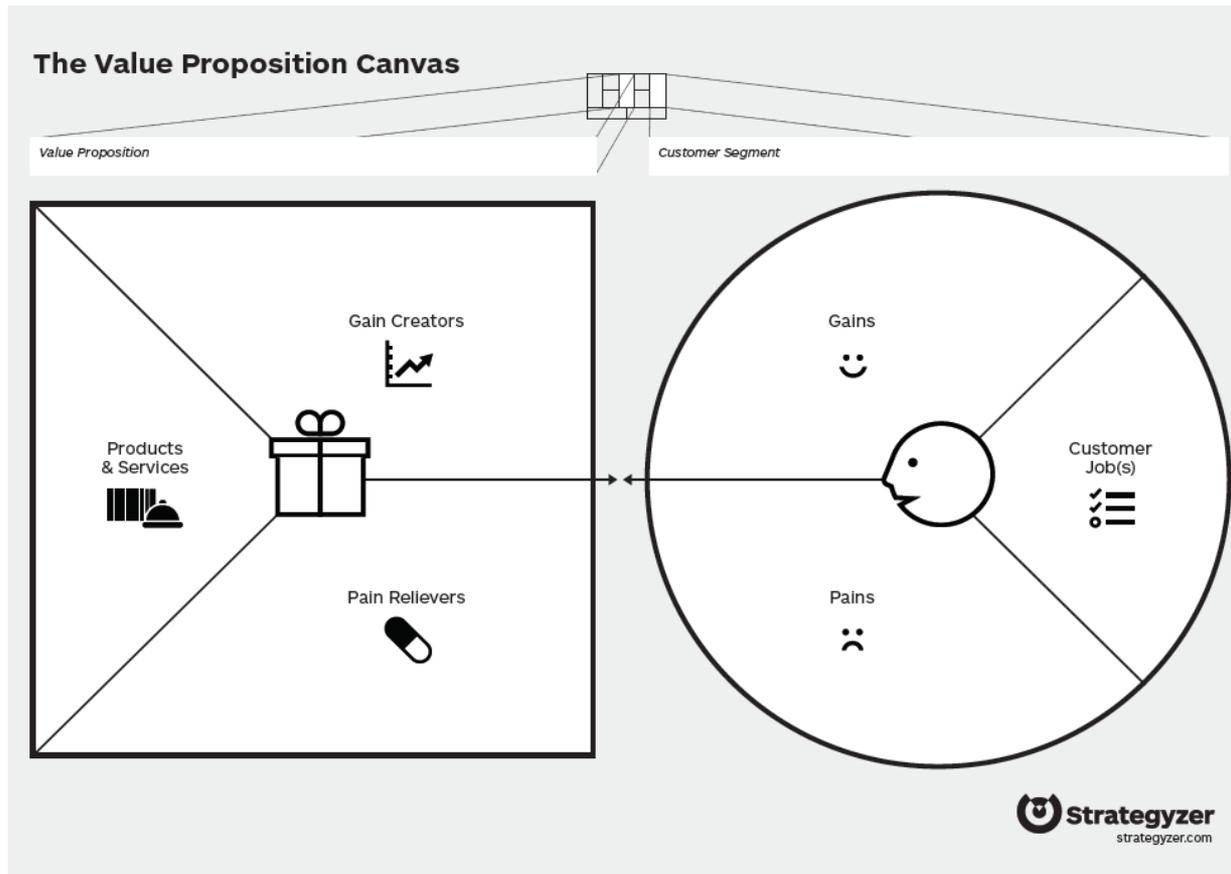
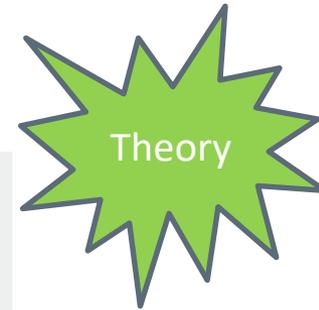
Compare: Osterwalder & Pigneur (2010): 44

TAKING COOPERATION FORWARD



4. VALUE PROPOSITION DESIGN

4.1. Introduction - Value Proposition Canvas



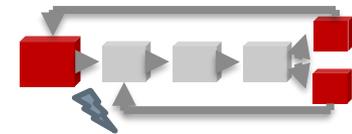
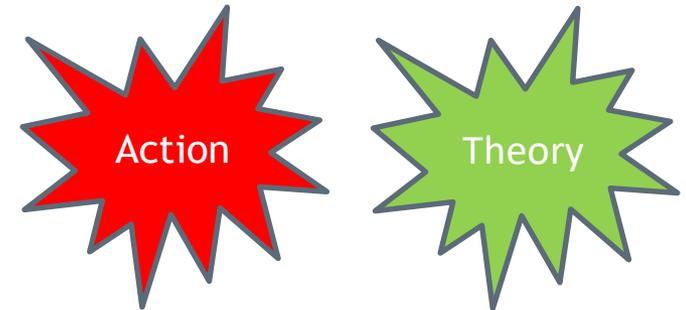
Source: Osterwalder & Pigneur (2014): 61



4. VALUE PROPOSITION DESIGN

4.1. Introduction - VP's fit with Effectuation?

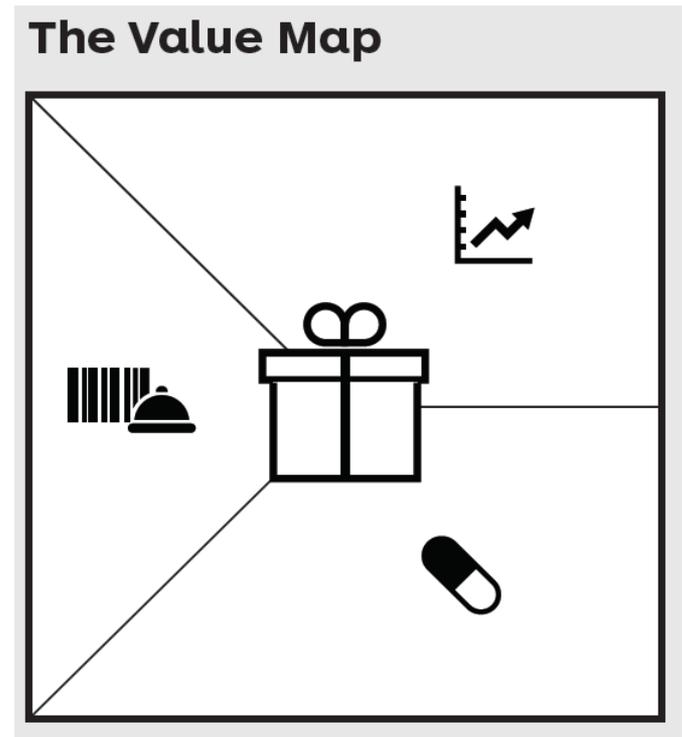
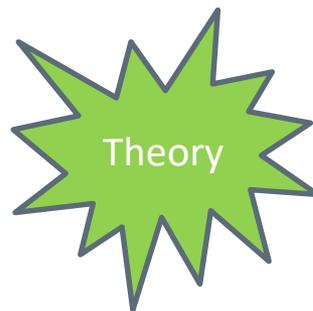
- Iterative
 - Initial offer
 - Capturing learnings from early interactions
 - Customer segmentation
 - New resources, new goals
 - ...
- Fit with value chain and hourglass structure analysis
 - Supplementary action
 - Customers, stakeholders, partners, gatekeepers, intermediaries from value chain and hourglass structure are potential partners in effectuation
 - Map the entrepreneur's expectation about herself/himself, the customer, stakeholders, partners – and their respective relationship



4. VALUE PROPOSITION DESIGN

4.2 The Value Map

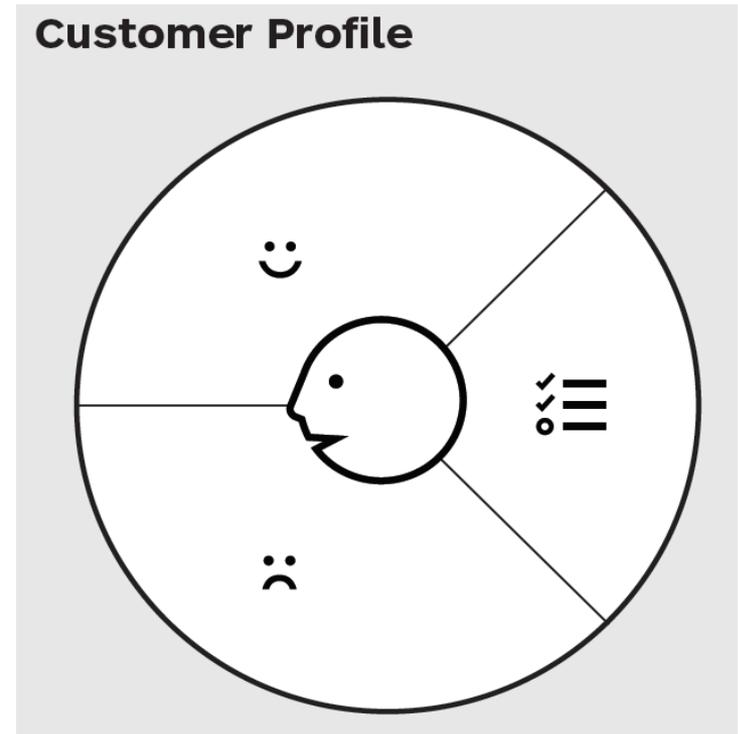
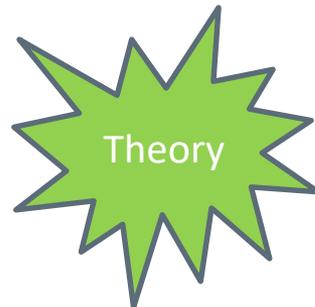
- How to create value for a specific customer?
- Bundles of Products & Services
- Pain Relievers: alleviate customer pains
- Gain Creators: create customer gains



4. VALUE PROPOSITION DESIGN

4.3 The Customer Profile

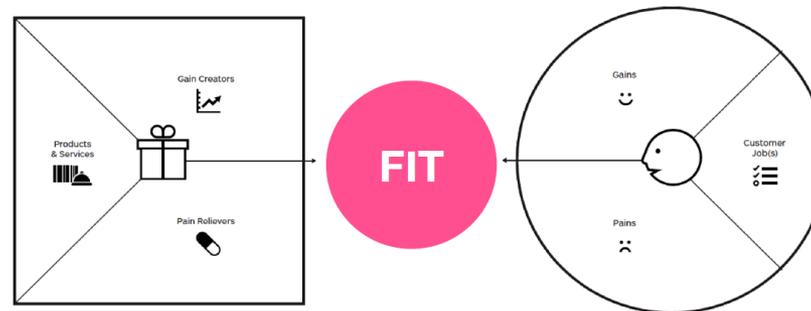
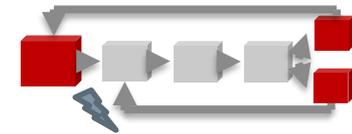
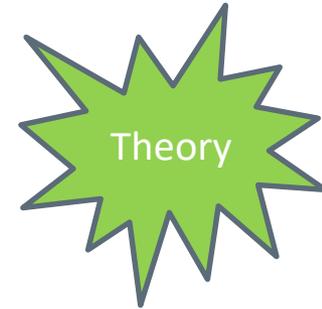
- Assumptions about the customer!
- Bundles of Jobs: to get done in work or live
- Pains: bad outcomes, risks, obstacles related to jobs or live
- Gains: outcomes to achieve, sought for, benefits



4. VALUE PROPOSITION DESIGN

4.4 Three types of fit

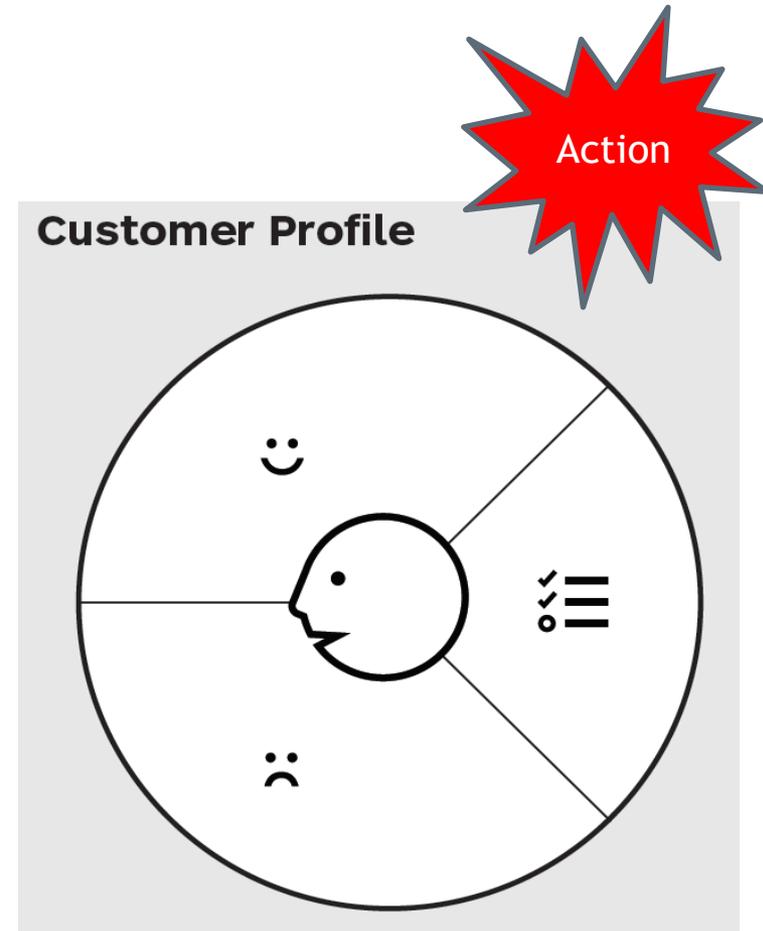
- When customers pay for your value proposition, provided you
 - address important jobs
 - alleviate extreme pains
 - create essential gains
 - that customers care about
- Problem-Solution Fit: on paper
- Product-Market Fit: in the market [→ Effectuation]
- Business Model Fit: a business model that is scalable and profitable - in the bank



4. VALUE PROPOSITION DESIGN

4.5 Create a Customer Profile

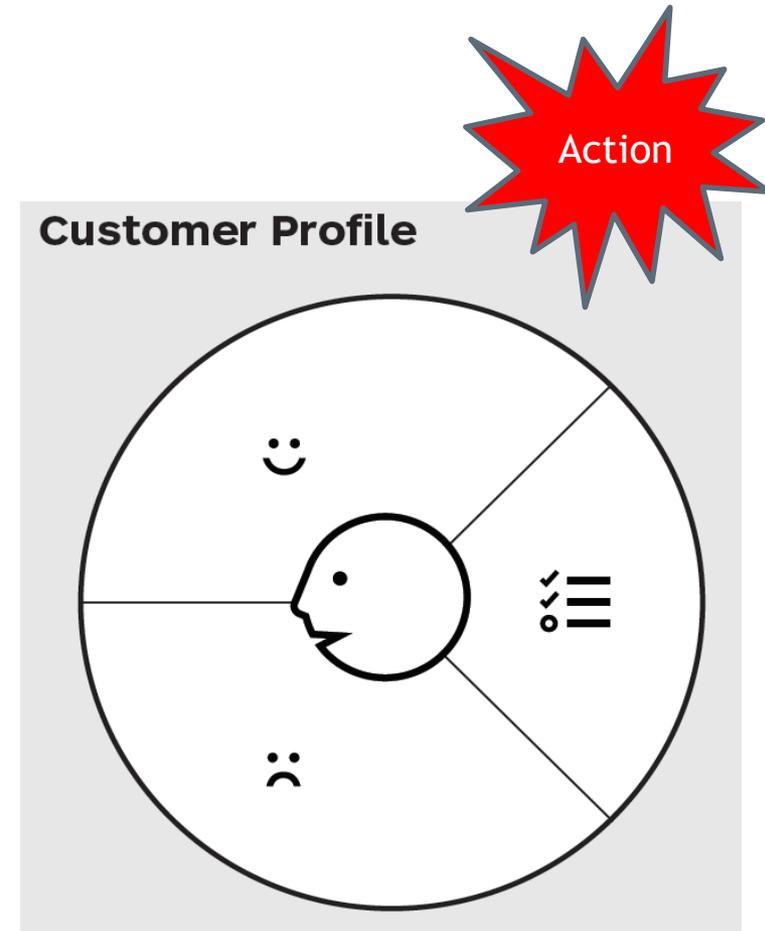
- Jobs: Job Importance
 - Functional: perform or complete a specific task or solve a specific problem
 - Social: look good, gain status or power – how customer want to be perceived by others (trendy , competent)
 - Personal/emotional: seeks a specific emotional state (secure, peace)
 - Supporting: context of purchasing or consuming value either as consumer or professionals
 - Buyer of value // cocreator of value // transferrer of value (end of a value proposition's life cycle)



4. VALUE PROPOSITION DESIGN

4.5 Create a Customer Profile

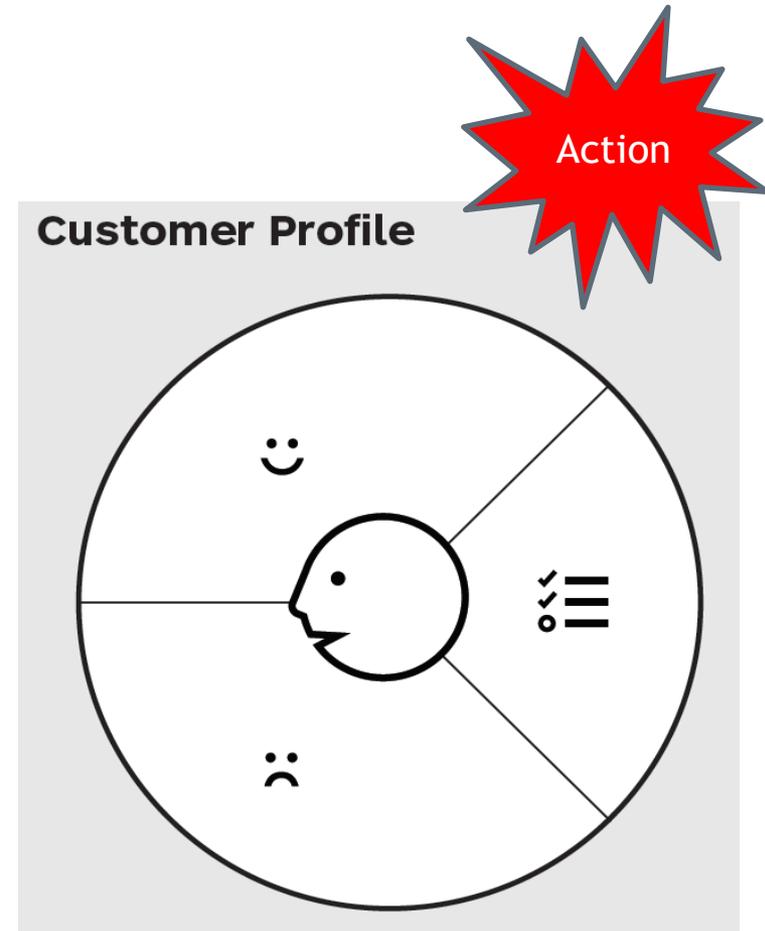
- Pains: Pain Severity
 - Undesired outcomes, problems, characteristics: functional, social, emotional, ancilliary; undesired characteristics
 - Obstacles: prevent start, slowing down
 - Risks: negative consequences when failure



4. VALUE PROPOSITION DESIGN

4.5 Create a Customer Profile

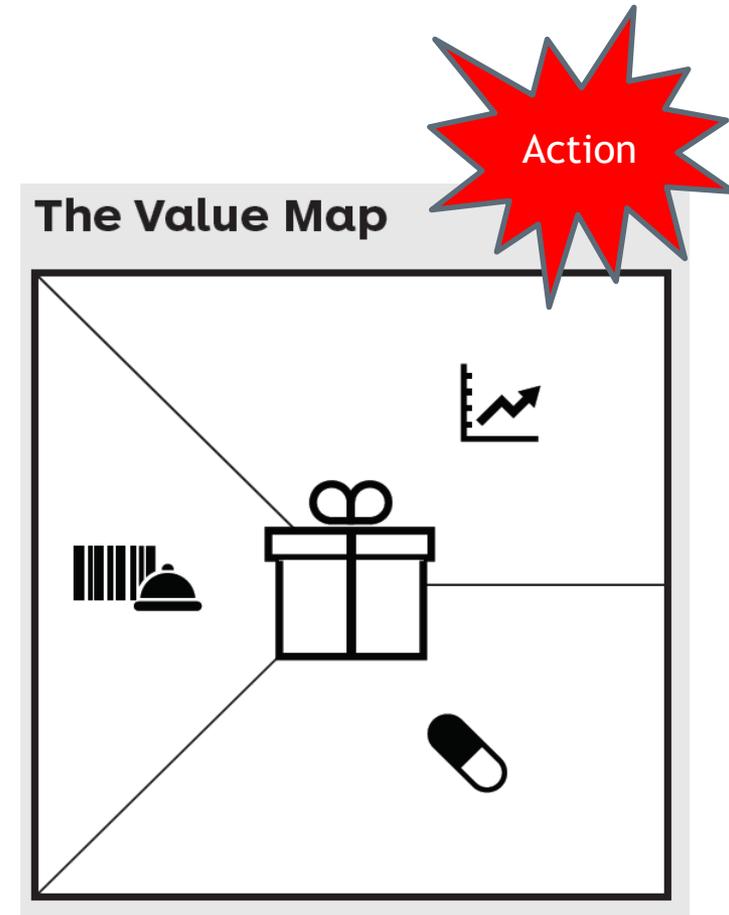
- Gains: Gain relevance
 - Required
 - Expected
 - Desired
 - Unexpected



4. VALUE PROPOSITION DESIGN

4.6 Create a Value Map

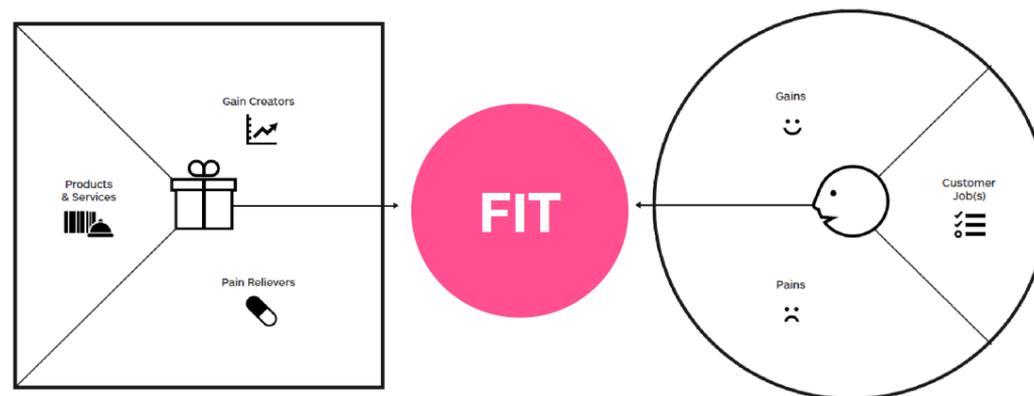
- Products and Services: Relevance
 - Physical/Tangible
 - Intangible
 - Digital
 - Financial
- Pain Relievers: relevance (Essential – Nice to have)
- Gain Creators: relevance (Essential – Nice to have)



4. VALUE PROPOSITION DESIGN

4.7 Discuss fit

- Rank Customer: Job importance, Pain severity, Gain relevance
- Rank Value Map: Products and Services, Pain Relievers, Gain Creators
- Discuss the fit for different contexts of the same customer
- Discuss fit with regard to different solutions (value propositions) by the competition



4. VALUE PROPOSITION DESIGN

4.8 Business-to-Business Customer Profiles

- The customer might be an employee inside a company who is as a stakeholder involved in the search, evaluation, purchase, and use of a product or service
- Develop profiles for the following roles if appropriate
 - Influencer
 - Recommenders
 - Economic Buyer: Who gives the money (may sit outside the organization such as a government)
 - Decision Maker
 - End User
 - within organization: a manufacturer buying software for its designers
 - external customers: a device manufacturer buying chips for the smartphones it sells to consumers
 - Saboteurs



4. VALUE PROPOSITION DESIGN

Our



Products and Services

help(s)



Customer Segment

who want to



Jobs to be done

by



Verb (e.g., reducing, avoiding)



and a customer pain

and



Verb (e.g., increasing, enabling)



and a customer gain

(unlike

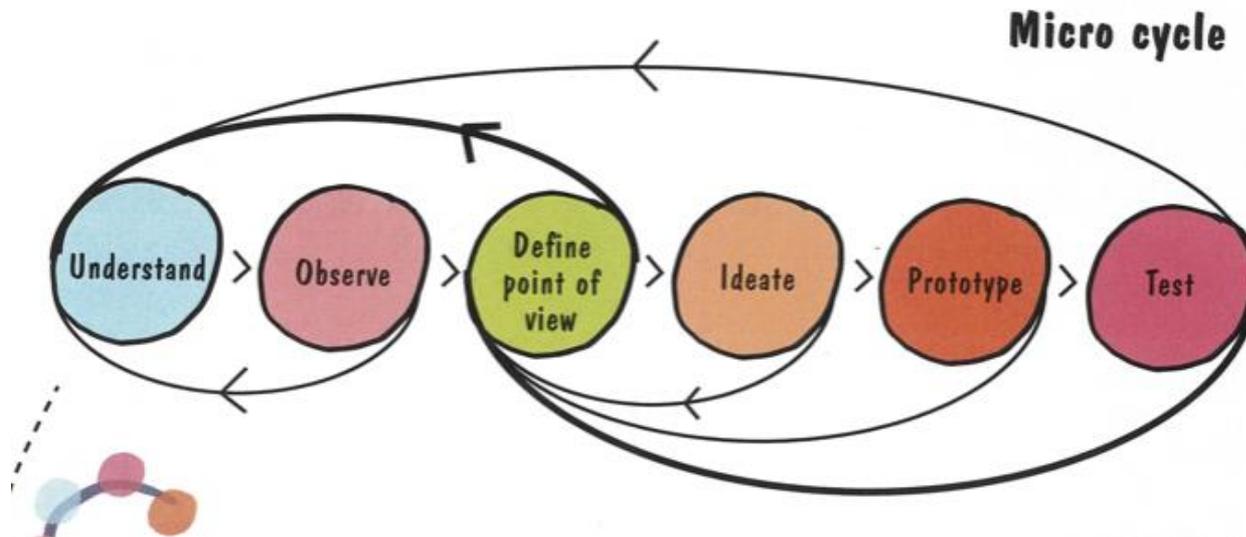


Competing value proposition



5. CONCLUSIONS

- Always visualize the customer profiles and the value map in the workshop space by engaging workshop participants using a constellation method
- See for more information, especially on best practices how to use the Value Proposition Design process: Osterwalder et al. 2014
- Follow Design Thinking principles: iterate, test, feedback loops
- We cannot but act our way into thinking! Live forward, understand retrospectively!



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<http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf> [Last accessed 02nd September 2019]



INTERNET RESOURCES

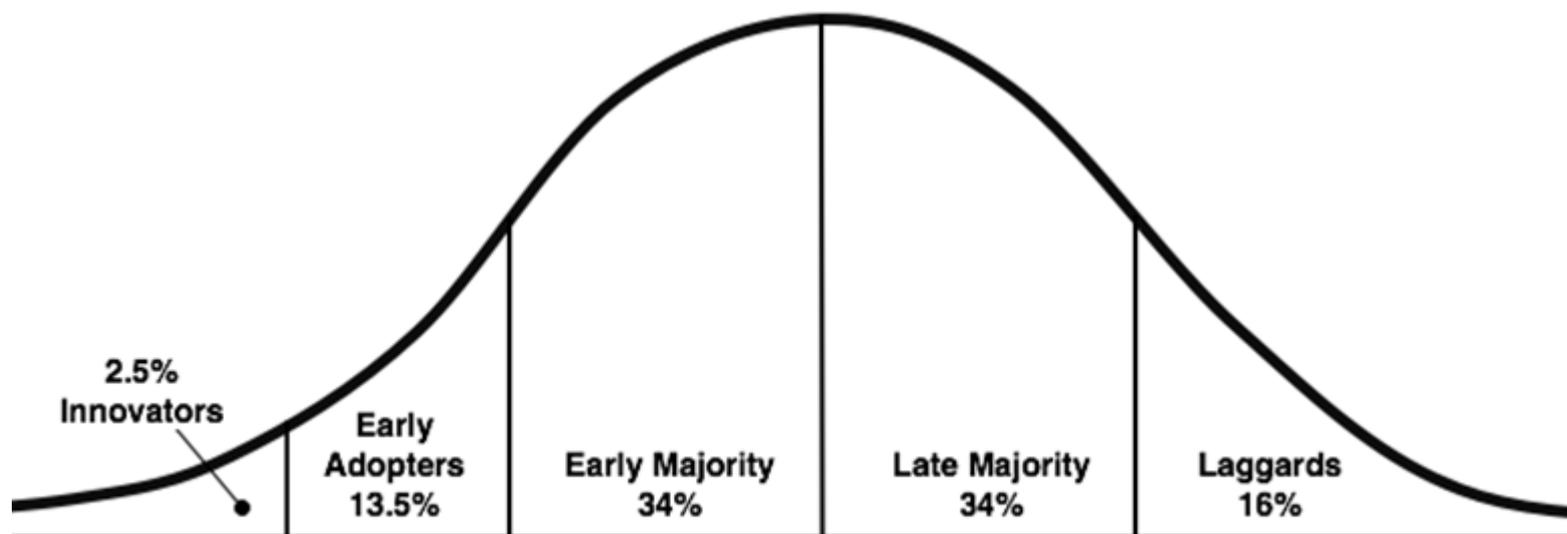
<https://www.effectuation.org>



Thank you for your attention!



Innovation Adoption Life Cycle // Diffusion of Innovations



Source: Everett Rogers (Diffusion of Innovations model)

