

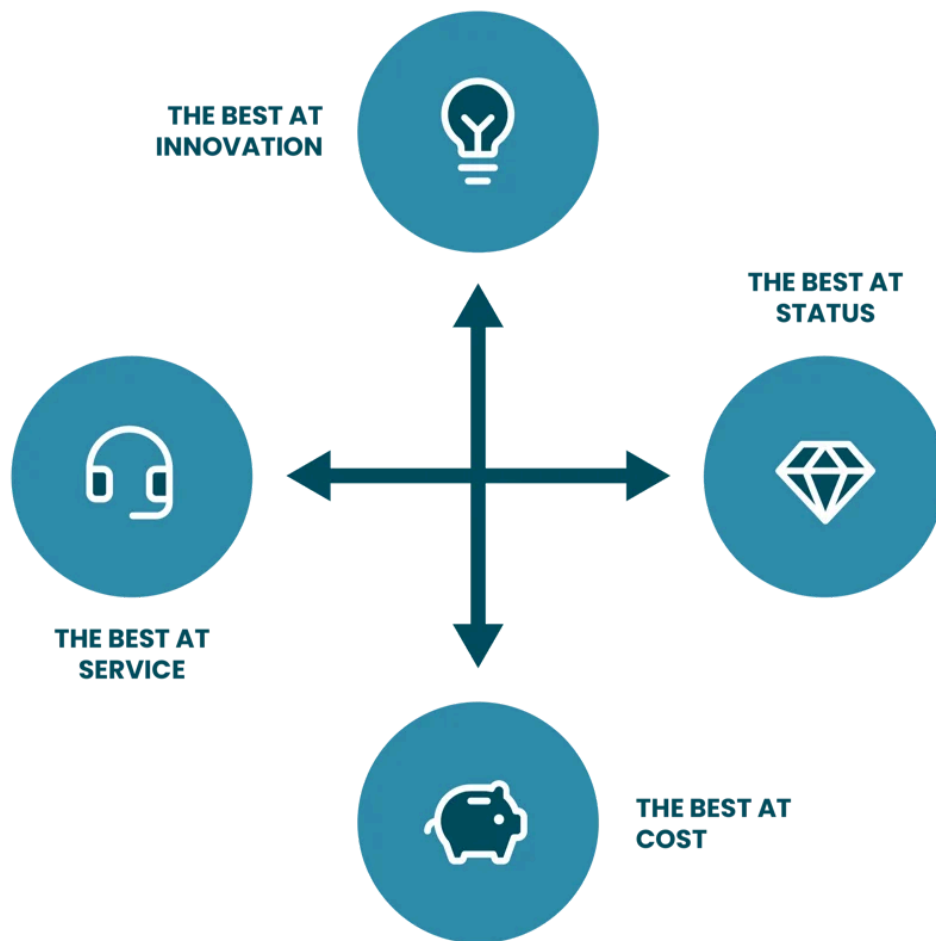
BRIEF

# Compelling Value Proposition

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## Introduction

Your Compelling Value Proposition (CVP) is part of why customers choose to do business with you. It communicates what makes your company, product, and service valuable to them. Companies tend to lean into one of four primary CVPs as an agreement between themselves and their Ideal Customers.



- **Innovation** – you find new ways of improving your customers’ lives.
- **Service** – you find new ways of improving your customers’ lives.
- **Cost** – you have the lowest-cost product or service in your market.
- **Status** – you make your customers feel that they're special.

Effective CVPs differentiate organizations from their competitors. In this way, your CVP is relative to your market. For example, to be the best at cost, you need to offer lower prices than your competitors. But what if you can't compete with their price? In that case, you should leverage a different CVP to find **Ideal Customers** – Customers who embody a specific mix of geographic (where they are), demographic (who they are), and psychographic (what they want) characteristics.

# Context

There's an old saying: "You can't be all things to all people." That's especially true when it comes to a CVP. When there are consistent market competitors, prospective customers will want to know what sets you apart. This means being the best at one CVP, often pretty darn good at another, and willing to forego the customers who primarily value the other two.

Creating, building, and maintaining the advantage received through your CVP takes focus, alignment, and dedication. Great companies use their CVP as a promise to their Ideal Customers. Once you make that promise, your team members must understand your CVP to deliver on that promise consistently.

**Ninety's primary CVP is service.** We prioritize providing a best-in-class experience for our Ideal Customers by heavily investing in our Client Success team, our training and development materials, and our SaaS platform's UI/UX. We're all-in on providing the best "working on the business" platform in the world. Tens of thousands of people rely on our platform daily to serve their [Ideal Stakeholders](#), and the last thing they need is for the heart of their [Business Operating System](#) (BOS) to go down, sputter, or drop data.

**Our secondary CVP is innovation.** Technology is advancing at an unprecedented pace, and our clients expect an intuitive and persistently modern platform that contains all the core "working on the business" tools they need to build, manage, and scale in the [New Age of Work](#).

Everyone in our company knows taking great care of our customers and relentlessly making the platform better and better is core to who we are.

## What Does It Mean to Work "On" Your Business?

So often, leaders are immersed in the nuts and bolts of building their business that they overlook the critical need for continuously improving it. At Ninety, we advocate dedicating at least 10% of your time to working "on" the business.

Working “on” the business involves focusing on long-term goals, strategy, and processes. This is a time to step away from day-to-day operations (working “in” your business) to ensure things are operating smoothly and check for inefficiencies.

## Our Understanding of CVP

We gained a lot of our understanding of CVP from *The Discipline of Market Leaders* by Michael Treacy and Fred Wiersema. They identified and provided examples of three CVPs used by great companies. We’ve added “Status” as the fourth possible CVP we’ve seen companies use to attract and retain customers.

### **INNOVATION: PRODUCT LEADERSHIP**

Treacy and Wiersema referred to the CVP of **innovation** as “product leadership.” Companies with this CVP dedicate a lot of resources to research and development to create the best product. Leading their market on innovation can be seen in new, exciting, and impactful products like a tablet or ever-improving core products like software or a website. Examples of companies with an innovation CVP include Apple, Tesla, Dyson, and OpenAI.

### **COST: OPERATIONAL EXCELLENCE**

Treacy and Wiersema called the CVP of **cost** “operational excellence.” Companies with this CVP often streamline their operations to keep costs low and reduce inefficiencies to provide their product or services at the lowest price while meeting their profit targets. While still needing to maintain quality, these organizations prioritize being the cost leader in the marketplace. Examples of companies with a cost CVP include Walmart, Amazon, IKEA, and Ryanair.

### **SERVICE: CUSTOMER INTIMACY**

For **service**, the co-authors used the term “customer intimacy.” Companies that share Ninety’s CVP always focus on building long-term, high-trust customer relationships. By working closely with customers, they often provide customizable features to meet specific niche needs for their clients. Examples of companies with a service CVP may include The Ritz-Carlton, Zappos, American Express, and Kyte Rentals.

## **STATUS: BRAND EXCLUSIVITY**

We've added **status** to the list of CVPs. This CVP borrows ideas from the other three but offers a compelling promise to customers: our product is like you — special, one-of-a-kind, and not for everyone. This level of brand exclusivity appeals to certain demographics in highly competitive markets. Products sold under this CVP can be industry-leading or offer more form than function. While they may not be the most expensive in the market, they are set at a price point that hinders the majority of prospective buyers. Examples of companies with a status CVP may include Louis Vuitton, Ferrari, Sotheby's, and The Macallan.

## **CVP as a Differentiator**

If you're in an industry or market without significant competition, you may not see a need for a differentiator-based CVP. Instead, you should still be able to briefly explain the value you provide your Ideal Customer. You'll need a clear answer when prospective customers ask, "What makes you any different than the other company?"

### **CLARITY**

**A clear CVP provides clarity for all your Ideal Stakeholders about how you stand out in the market.** Your CVP must resonate strongly with your Ideal Stakeholders. Let's discuss two stakeholder groups that benefit most from an explicit, coherent, and resonant CVP: your customers and your team members.

### **CONSISTENCY**

**Your CVP should endure.** Each year, reflect on whether or not you're delivering on your promises to the marketplace. For example, if you've chosen to be the cost leader in your industry, continue to do so through extensive market research and tweaks to your processes as needed.

If you've chosen to be the service leader, continue to do so through a sharp focus and thorough research on the experience your customers have with your products or services.

### **CONNECTION**

**Your CVP is a promise.** One of our fundamental beliefs is that high-trust relationships with every one of our Ideal Stakeholders are critical to our long-term success as a company. High-trust relationships are based on us making promises and consistently delivering on them.

Your CVP is one of your business's core promises to Ideal Stakeholders. The best CVPs are entered into thoughtfully and deliberately with the long term in mind. When you consistently deliver on this promise, Ideal Stakeholders gain and maintain a solid understanding of what matters to you – which builds up a high level of trust.

## **COMMUNICATION**

**All potential customers benefit when you clearly communicate your CVP.** When your CVP aligns with what the customer is looking for, they'll engage with your sales and marketing efforts and help you consistently deliver on your promise. Consider FedEx's marketing efforts: they promise to be the trusted carrier for customers with packages that absolutely, positively have to be delivered overnight.

When what you're selling or providing doesn't align with what customers are looking for or expecting, they'll know to seek business elsewhere instead of trying to make you into something you're not.

## **COMPREHENSION**

**All current and potential team members benefit from a firm understanding of your CVP.**

As a core piece of your go-to-market strategy, a super clear CVP helps both your Senior Leadership Team (SLT) and your team members. In terms of your SLT, it helps guide how you structure your organization and allocate authority. Operationally excellent organizations tend to lean into efficiency and tighter controls, while organizations focused on customer intimacy lean into being **highly effective** and are more inclined to disperse authority.

Your CVP also guides the right approach to solving customer problems. Your Ideal Team Members will appreciate this guidance and will align every decision they make, down to micro-decisions, with it. This focused mindset will also ensure that you're committed to delivering on your CVP each and every time.

Finally, your CVP acts as a compass and a filter for exploring new opportunities for the organization.

## Core Disciplines of a Compelling Value Proposition

**1. Your CVP should attract your Ideal Customers.** What makes a customer ideal? Ideal Customers embody a specific mix of geographic (where they are), demographic (who they are), and psychographic characteristics (what they want and why they want it).

While your Ideal Customers may organize into various personas, identifying these three characteristics will help you say “No” to certain opportunities and “Yes” to others. When fully aligned with your CVP, the definition of your Ideal Customer serves as a filter for not only what customers your marketing and sales activities should focus on but also who your customer service team should lean into when taking in feedback and suggestions.

**2. Your CVP is entwined with your brand.** Since your CVP represents certain features and benefits that motivate your customers, it will become a core component of your brand. That means sharing positive customer experiences with all your Ideal Stakeholders, such as your team members, prospective customers, investors, vendors, and beyond. The CVP should be the source of defining your brand promises to your Ideal Stakeholders.

**3. Your CVP is part of your organization’s Vision.** As a [Focus Filter](#), the CVP helps guide your company’s day-to-day activities and its high-level, often long-term, decisions. Your CVP should be [explicit, coherent, and resonant](#) while connecting with all your Focus Filters. While most Ideal Stakeholders won’t know (or need to know) about your Focus Filters, most will know whether your organization is good at creating high-trust relationships with all its Ideal Stakeholders. Following a CVP helps you stay laser-focused and true to who you are.

## Hopefully Helpful Hints

**If you haven’t determined your CVP, make it an Issue for an upcoming Senior Leadership Team meeting.** As a Focus Filter, the CVP is vital to your BOS. If you’re still formulating or

upgrading your BOS, our [Vision Builder's Workbook](#) will help you think about and document your organization's Vision. In our experience, defining and firming up each of the core components of your Vision dramatically improves focus and greatly decreases organizational dysfunction. Once described and committed to, your Vision should endure for years and even decades.

**Invest in finding the right voice to communicate your CVP.** Since CVP is a promise your business makes to its Ideal Stakeholders and a core part of your identity, you must be extraordinarily clear in how you enact and communicate it. As mentioned in our [Baseline Assessment](#), your sales, marketing, and branding-related efforts must clearly and effectively communicate your CVP to your Ideal Stakeholders.

**Your CVP is a promise.** When building and maintaining high-trust relationships with Ideal Stakeholders, remember that nothing damages trust like a broken promise. The CVP highlights something critical about who you are as a company. How your teams demonstrate and build on that promise speaks volumes about how trustworthy others should find you to be.

## Takeaway

Your Compelling Value Proposition is an essential promise to all your Ideal Stakeholders — such as customers, team members, vendors, investors, and many more. Your CVP informs your decisions and helps you focus, align, and thrive as you continuously develop an organization that offers a collection of goods and services that make the world a better and more humane place for all.

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