**VALUE PROPOSITION DOCUMENT TEMPLATE
OPPORTUNITY DEFINITION**

Regardless of the specific nature of your idea, at some stage, it will be necessary to prepare a written document describing it, highlighting its potential, summarizing its status, and seeking support to proceed. These notes describe a template that can be used for this purpose, and that can serve as a guide for articulating the business opportunity for a new idea in a clear and concise way.

The amount of detail that is required will, of course, depend on the situation. But in general, the initial tendency is to write documents that are unnecessarily lengthy. A document can be quite short and yet still very effective – they key is to include the right information.

The first part of this template covers topics that must always be included – the result will be a 3-5 page document. The second covers some optional elements that may be added as appropriate.

*Note that in this template the word “idea” is used to mean whatever innovative technology, product, application, system, or solution you have developed -- substitute a more precise term as appropriate.*

**Part I – Essential Elements**

**The following elements are essential in any document, regardless of length.**

**1. Summary**

The purpose of this section is to summarize the entire proposal in a single paragraph. It should capture all of the key points of each of the subsequent sections in as concise a way as possible. The idea is to provide the reader with a clear, high-level overview of what you are proposing.

* Write this section last
* Go through the document and highlight key words and phrases
* Connect these key terms together in a few sentences

*Suggested length: one short paragraph*

**2. Idea Overview**

The purpose of this section is to capture the key elements of your idea, highlighting the essence of what it does, how it works, and what makes it innovative. This should not be a detailed technical description or explanation of the underlying science – in those cases where such detail is essential, that material should be attached as an appendix.

* Provide an overview of your idea and how it works in a user setting
* Describe the 2-3 key attributes of your innovation
* Discuss at a high level how the concept works as compared to current approaches
* Use analogy or metaphor to describe complex/novel innovations that are difficult to comprehend.

*Related tool: Napkin Drawing*

*Recommended Diagram: Napkin Drawing*

*Suggested length: Two or three paragraphs with diagram*

**3. Problem**

The purpose of this section is to explain the business problem that your idea proposes to solve. This should be described in terms of the “pain” that a potential customer has, and why this “pain” is not adequately addressed by existing approaches. It is very helpful if you can quantify the degree of improvement that your idea will bring.

* Describe the business problem your idea proposes to solve
* Explain why this problem is important to a customer
* Profile the customer pain that your idea proposes to address
* Use customer language to describe this problem
* Define the metric that you will improve with your solution to the problem

*Related tool: none*

*Recommended Diagram: none*

*Suggested length: Two paragraphs*

**4. Business Opportunity**

The purpose of this section is to establish the context for your idea by placing it in a landscape of other related approaches. The goal is to identify to the key technology factors that are driving change in the market you are proposing to address, to highlight the “space” your idea will occupy in this market, and to give a sense of how large this opportunity is relative to other existing approaches.

* Discuss the key market drivers pushing the industry landscape to change
* Discuss how the problem is being solved today through competing solutions and approaches.
* Use your category map drawing to show the landscape and your opportunity area in this landscape
* Highlight your opportunity and why the timing is right to capture this opportunity.

*Related tool: Category Map*

*Recommended Diagram: Category Map*

*Suggested length: Two paragraphs with diagram*

**5. Uses and Applications**

The purpose of this section is to identify the specific target market segment – the set of potential customers -- you intend to pursue with your idea. For most innovative ideas, there are a variety of possible target markets. The goal is to explain which specific segment(s) you intend to pursue and why.

* Provide a brief description of the proposed target customer segment(s)
* Explain why this segment is a good “fit” – that these target customers would particularly value the key characteristics that are unique/specific to your idea
* Provide a short profile of these target customers, including their specific requirements, their expected buying process, and their expected use of your idea
* Outline any special criteria that will need to be met to do business with these target customers

*Related tools: Market Fishbone and Segment Strawman*

*Recommended Diagram: none*

*Suggested length: Two paragraphs*

**6. Competitive Advantage**

The purpose of this section is to explain why your proposed target customers will choose your idea over other competing alternatives. It is not sufficient to claim that your idea is “different” or “better” – you must explain what distinctive advantage your idea has from the customer’s point of view.

* Summarize current competitors and their key strengths/weaknesses
* Identify the key differentiator of your idea compared to these competitors and what advantage this provides to the target customer (why it will be valued)
* Explain why your differentiator is sustainable over a reasonable timeframe

*Related tool: Competitive Radar*

*Recommended Diagram: Competitive Radar (optional)*

*Suggested length: Two or three paragraphs, potentially with diagram*

**7. Plan**

The purpose of this section is to explain what you have accomplished so far, what the next key milestones are, how you propose to get there, and what you are asking for.

* Summarize the progress you have made to date and the next major milestones
* Identify the next key planned activities and discuss what you require to accomplish them
* Identify the major risks in this plan and how you intend to mitigate these
* Identify what action you need now (from others) to proceed with your plan

*Related tool: none*

*Recommended Diagram: A high-level project plan (optional)*

*Suggested length: Three paragraphs*

**Part II – Optional Elements**

**The following four elements can be added depending on circumstances.**

**1. Team**

Depending on the familiarity of the reader with your team, it may be necessary to highlight their capabilities and experiences. The objective should be to illustrate that the team has the capabilities required to carry out the project as proposed, and to address the various risks that have been identified

* Identify all key team members and their responsibilities
* Highlight relevant skills and experience
* Note linkage between these skills and key objectives or risks

*Related too: one or two paragraphs*

*Recommended Diagram: A small organization chart (optional)*

*Suggested length: Three or four paragraphs, potentially with diagram*

**2. Financial Forecast**

It is very useful to provide a simple financial forecast summarizing expected revenues and expenses for your idea. The objective is to illustrate that it is financially feasible given reasonable operational assumptions. In most cases, a 3-year forecast is sufficient -- it is rarely necessary to present a comprehensive project budget.

* Show expected number of units, price per unit, and revenue for each target segment
* Show expected expenses for each key functional area
* Show expected profit (loss) for each year in the planning horizon

*Related tool: Financial Model*

*Recommended Diagram: Summary forecast table (Table B in model)*

*Suggested length: Three or four paragraphs with table*

**3. Go to Market Plan**

If your idea is close to market readiness, it is very useful to explain in more detail how you expect to penetrate your target market and the sequence with which you will expand from initial sales -- who will be your lead customers, which segments you will address first, and how you will expand from them.

* Identify lead customers
* Identify initial target market segment, and your subsequent segment attach plan
* Identify eventual market penetration goal

*Related tool: Go to Market Tool*

*Recommended Diagram: Segment sequence chart*

*Suggested length: Four or five paragraphs with table*

**4. Path to Market**

There are many routes you can take to get your idea to market. The closer your idea is to market readiness, the more important it is to explain your distribution strategy – for example, what (if any) distribution channels or strategic partnerships you foresee.

* Identify key elements in the distribution chain
* Describe how end-user revenues will be allocated among members of this chain.
* Highlight any critical partner relationships or strategic partnerships

*Related tool: Path to Market Tool*

*Recommended Diagram: Path to Market chart*

*Suggested length: Four or five paragraphs with table*