Delivering Value

It's estimated that 20% of adults in the US avoid blood tests and vaccinations because of their fear of needles. Others don't get the tests they need because of the inaccessibility of testing centers or their cost. It's no surprise then that the promise of painless, fast, accessible, and inexpensive blood testing got people's attention.

The promise was credible, too. After all, there was evidence of breakthrough technology incorporating over 200 patents. Further validation came in the form of $700 million of venture capital invested at a peak valuation of $10 billion, a star-studded advisory board including former Secretary of State Henry Kissinger, and an alliance with the largest drugstore chain in the country.

The potential for this disruptive alternative to familiar blood tests was delivered by an articulate, charismatic CEO by way of some of the most visible business media in the world.

There's no doubt. Theranos presented one of the most compelling value propositions in recent memory. The benefit offered to prospective customers was crystal clear, there were multiple and credible reasons to believe the company could deliver on its promise, and the service represented a dramatic difference from the status quo.

The problem was Theranos couldn't make good on its promise. The key resource required, the so-called Edison miniLab, didn't work. Some say it couldn't work given biological and engineering constraints.

You're going to use the Business Model Canvas as a framework for identifying the key resources required to deliver on the promise of your value proposition. You'll also identify the key activities needed to increase those key resources over time.

Optionally, we encourage you to look at "The Grammar of Stocks and Flows," which introduces a visual language we use to translate the static snapshot of the Business Model Canvas into dynamic simulations. In "Strategy, Risk, and (the Avoidance of) Ruin," I make the case that the essence of strategy is to avoid ruin.

This high-level view of the marketing strategy forest will set the stage for an examination of strategies and tactics from the ground level. Let's get started.