

Value creation in a second-hand company

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<p>This study is done for the company which primary business is second-hand wholesale. The company has recently launched a Training Centre as a side project which purpose is to attract into the business new customers, who may become partners in the future. Since the threshold to enter the second-hand market is quite low, many people express their interest and want to participate in educational webinars. Although ongoing webinars have been popular and attracted many viewers, being free they do not generate income, which represents the area of interest for the case company.</p> <p>Therefore, the target of this thesis is to identify and suggest the aspects of value that the Training Centre can offer to its customers and basing on which it can define its value proposition and structure value adding practices. For this purpose, the Jobs-To-Be-Done (JTBD) theory and the Value Proposition Canvas tool will be used. Also, this thesis will look at the Training Centre's business model as a value creation system identifying value flows, for which principles the e³-value business modelling will be applied.</p> <p>This study will not include any financial information. The evaluation of value will be generalized and will not include detailed commercial information due to confidentiality. The actual financial calculations of the profit formula will be left out of scope as well, though the ways of increasing revenue will be explored from the pricing policy perspective.</p> <p>This thesis is performed as constructive research due to focus on problem solving. The research data was collected through an online survey, internal documents analysis, benchmarking, observation, and content analysis.</p> <p>The research findings revealed the value propositions for two different customer segments, suggesting a few distinct products and pricing options that could lead to emerging new revenue streams. Following these findings, the Business Model was created offering an assessment of already existing practices and suggesting improvements along with additions. Also, there were defined different types of value that the Training Centre could monitor and use for evaluation of customer relationship dynamics. Finally, there were shown value flows associated with revenue creation and were given some recommendations on ways of utilizing this data.</p>	
Keywords value proposition, value creation, business modelling, value exchange, value capture	

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1 Introduction

The second-hand industry is becoming increasingly popular worldwide with a trend to growing much faster than traditional retail and doubling in the next five years according to the global report conducted by thredUp (ThredUp Inc. 2021).

Second hand business is traditionally seen as an alternative to retail where the main activities are built around selling and buying of goods by using offline and online channels. In this study the second-hand business will be explored from a different perspective – the focus will be on such type of value-added practices as educational services within the second-hand context.

This thesis is done for the case company whose primary business is second-hand wholesale, so its resources are to a large extent organised for supporting wholesale activities. Also, the company has a Training Centre as a side-project which supports people wanting either to enter the industry or to develop further in the second-hand field. The purpose of the training centre is to accelerate growth of the case company's customers base and to tighten their connections with the main company's business thus enabling the growth of sales of goods.

The case company's current business model is currently addressing the Training Centre as a mean to attract new customers. What the case company is looking for is to find opportunities to converting the project into one of the income streams and to investigate opportunities for value creation practices. Therefore, the target of this thesis is to identify elements of value that the case company could offer to its clients, distinguishing mechanisms for value creation and identifying value streams that would emerge throughout this process.

This thesis applies the Jobs-To-Be-Done (JTBD) theory and the Value Proposition Canvas to the process of identifying company's value proposition. Further, the Business Model Canvas will be used for exploring how value can be created in the Training Centre. In the end the system of value exchange will be explored, for which principles of E3-value business modelling will be used.

2 Objectives

The objectives of this thesis are to identify and suggest the value elements that the case company can offer to its customers, to investigate new opportunities for value creation between the Training Centre and its stakeholders, and to explore how these value creation practices can be organised using the Business Model concept.

2.1 Expected outcomes

The outcomes of this thesis project are a value proposition canvas and a new Business Model Canvas for the case company's training project. In addition to creating a traditional version of the BMC, in this model will be showed value streams that could be developed in the result of delivering a new value proposition.

These outcomes will be gained through reviewing existing value proposition and the company's practices and formulated on the results of the survey with the case company's employees.

2.2 Research questions

In order to meet the above-mentioned objectives, this work aims to answer three research questions using different research methods. These questions are presented in the Overlay Matrix (Table 1) providing connections with theory, research methods and results.

Table 1. Overlay Matrix

Investigative question	Theoretical connection	Connection with the research methods	Results
RQ1: What value is created for customers by the Training Centre?	Chapters: 3.1.2, 3.1.3	Survey	Chapters: 5.1.2, 5.2.1, 5.2.2
RQ2: How can value be created in the Training Centre?	Chapters: 3.1.1, 3.1.2	Survey, internal documents analysis, benchmarking	Chapters: 5.3
RQ3: What value will the Training Centre receive by implementing its services?	Chapters: 3.1.1, 3.1.4	Observation, internal documents analysis	Chapters: 5.4

2.3 Scope

This thesis is focused on identifying new elements of value for customers and the Training Centre, suggesting value creation key components and processes. For these purposes will be used Osterwalder's Business Model Canvas and The Value Proposition Canvas, which will provide good overall graphical representation. This work will not include any detailed financial information, so financial projections are not considered a scope of this study.

One of the objectives of this thesis is to offer a business model with value constellations that will show the relationships between value created and value received. The evaluation of value will be generalized and will not include detailed commercial information due to confidentiality. Therefore, the actual financial calculations of the profit formula will be left out of scope as well. However, the ways of increasing revenue will be observed from the pricing policy perspective.

Strategy analysis will not be performed in this work either and will be left out of scope. The Training Centre operates within existing business strategy, that will be considered as is while designing the business model.

Deep analysis of key resources and processes covering behavioural norms and success metrics will be also left out of the scope. The processes will be considered from the perspective of delivering customer value proposition. If something else emerges with potential for the further exploration, it will be communicated to the management as a suggestion to look at.

The role of the researcher is to analyse existing case company's practices applying business theories and best practices of the market, to define developmental opportunities in value creation and value capturing, and to create new Value Proposition Canvas and the Business Model Canvas which will communicate the results of this research.

3 Theoretical framework

This chapter discusses theoretical framework on which practical implementation will be based. The literature review is structured around three main topics explained below, and the databases used for the literature search were the following: EBSCO Host, SAGE Journals, Google Scholar, ProQuest, Safari O'Reilly. Key words included variations on such terms as business modelling, value proposition, value creation, value delivery, value capture, revenue model, value co-creation and value constellation. This literature search generated articles, books and a few blog posts that were used for explaining the key concepts below followed by description of the context and the case company in the end of the chapter.

3.1 Key concepts and theoretical models

The case company's needs define research questions along with theoretical concepts and models used in this thesis (figure 1). The focus is on value creation which includes value creation both for customers and for the case company. Value creation has direct connections with business modelling, which is why this concept is shown overlapping all three areas. Customer value creation will be covered while looking at value proposition, and value creation for the case company will be explored while looking at value capture or profit modelling.

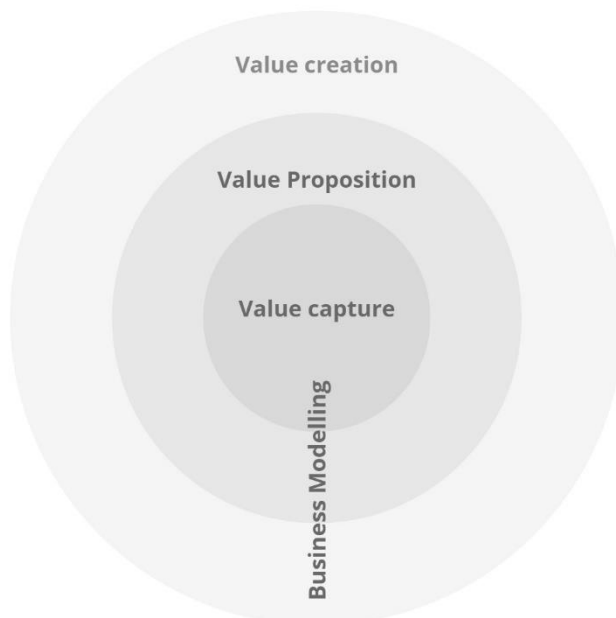


Figure 1. Key concepts

3.1.1 Business Model

The scope of the thesis is one of the case company's areas of activity. The Training Centre operates within existing business model; however, it has its own specifics in terms of offered services, key processes, and profit formula. The later provides foundation for applying Business Model theory in order to offer solutions to the Training Centre's needs.

Throughout the years the definitions of what a business model is have evolved with the changes in business and economy. Erwin Fielit (2014) in his article for the Journal of Business Models provides a comprehensive analysis of this process showing the main contributions to academic research. He also states that a general accepted definition of the business model has not yet emerged. Keeping this in mind, I would like to point out at a few recent ideas that will bring a light to understanding the concept.

H. Chesbrough suggests several aspects that a business model possesses. It articulates the value proposition, identifies a market segment, and specifies the revenue generation mechanism, defines the structure of the value chain, details the revenue mechanism(s), estimates the cost structure and profit potential, describes the position of the firm within the value network and formulates the competitive strategy. (Chesbrough 2010)

David J. Teece (2010) gives a shorter definition of a business model saying that it describes the design of value creation, delivery, and capture mechanisms it employs. So, the overall idea of a business model according to Teece (2010) lies in defining the ways by which the company delivers the value to clients, invites them to pay for the value, and turns those payments to profits. He does not specify strategic role of a business model comparing to Chesbrough. Teece specifically clarifies that a business model is not quite the same as a strategy and designing a new business model will not build competitive advantage as such. He states that it is necessary to couple business model analysis with strategic analysis to protect the competitive advantage. (Teece 2010)

Performing analysis of a business strategy is out of the scope of this project, therefore the topic will not be studied further in details here. This information, however, will be shared with the management of the case company for their consideration.

Approaching business model from perspective of strategy execution, Richardson offers a framework which organises the components of strategy and execution around value proposition, value creation and delivery system, and value capture. (Richardson 2008, 12.) These ideas have been developed further by Alexander Osterwalder who offered a practical tool helping in finding the key things leading to successful business.

Alexander Osterwalder's (2010) approach for generating a business model is to a large extent focused on creating value. His definition states that a business model illustrates the ways of creating, delivering, and capturing the value by an organisation. So, the main idea behind is similar to previously discussed scholars. What Osterwalder et al offer is the approach for creating the business model. They offer a concept called Business Model Canvas which shows the logic of creating value by an organisation. The concept consists of nine blocks that cover main areas of business: customers, offer, infrastructure, and financial viability. (Osterwalder et al. 2010) This concept will be used in this project as the main framework and a tool.

Mark Johnsson's view on business modelling resides in the fact that the business model is an absolute key to a business success. The main elements at core are the same as in Osterwalder's (2010) concept, though Johnson's framework includes even fewer elements which are customer value proposition, profit formula, key resources, and key processes. (Johnsson 2018) It is also more focused on people, processes, and execution. In Johnsson's language reinventing a business model means moving into a white space in which a company will create a range of activities not addressed by the current model. (Johnsson 2018) This directly applies to the case company's Training Centre that is looking for new approaches is value capturing, a new set of processes regarding value proposition and perhaps other expertise with new ways to coordinate and control activities.

As it has already been said, in this work will be used Osterwalder's **Business Model Canvas** presented on the Figure 2 (Osterwalder et al. 2010) as the main framework and a tool along with additions from other authors who contributed to development of this topic. For this reason, the nine blocks mentioned earlier will be explained in more details further below.

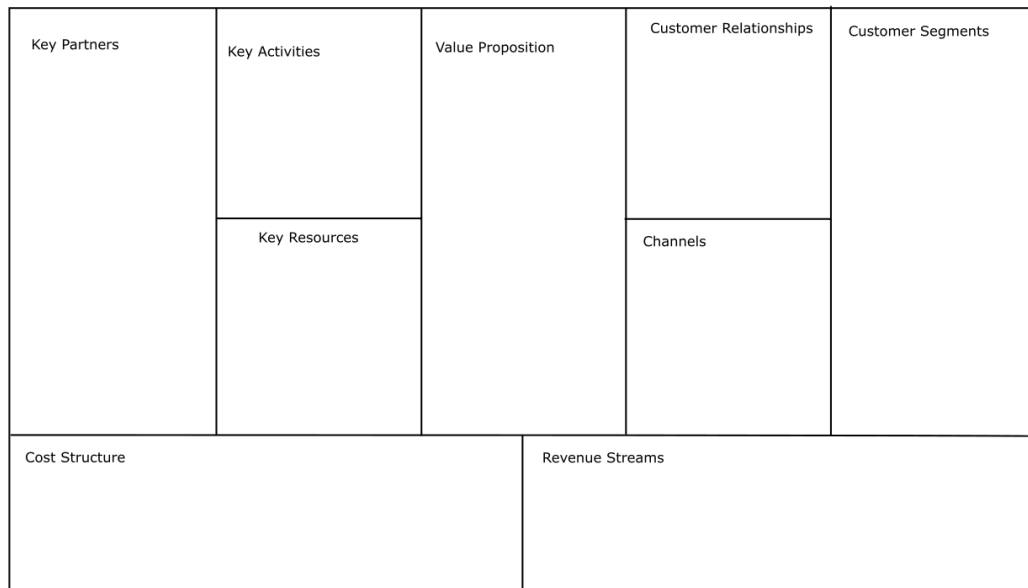


Figure 2. Business Model Canvas (Osterwalder et al. 2010).

Key Partners block describes the network of suppliers and partners that make the business model work. Osterwalder outlines four different types of partnerships: strategic alliances, joint ventures, coopetition (partnerships between competitors) and buyer-supplier relationships. Also, he points out different motivations that lie beneath establishing relationships. Optimisation and economies of scale are introduced in order to reduce costs and they usually involve outsourcing. Strategic alliances are formed in order to reduce risks. Even competitors can form alliances in certain areas leaving other areas free for competition. Acquisition of resources is needed to acquire knowledge, licences or other access to customers that is easier to buy rather than develop. So, the company can establish buyer-supplier relationships to get specific resources or perform certain activities. (Osterwalder et al. 2010)

Key Activities block specifies the most essential things for the company to do to operate successfully. These elements allow to create and offer the value proposition, enter markets, create customer relationships, and earn revenues (Osterwalder et al. 2010). For the case company among its key activities supply chain management takes a lead. For the Training Centre the leading key activities are knowledge management, training delivering and problem solving.

Key Resources block outlines the most critical assets which will be needed to make a business model work. They can be physical, financial, intellectual, or human and they differ depending on the type of the model and the industry. (Osterwalder et al. 2010) In retail industry physical resources such as warehouses, distribution networks, machines

and systems are very important. Also, intellectual resources play their part because partnerships, customer databases, product knowledge, and brands are as equally significant, and the company can heavily rely on them. Human resources are essential for any business and especially knowledge-intensive business models heavily rely on them. The case-company's Training Centre is one of such examples that needs skilled and knowledgeable employees for delivering its value proposition. Naturally, financial resources play a big part too because the business needs financing at least for keeping the processes running before receiving stable revenues.

Customer Segments block defines the groups of customers or organisations that the company wants to approach. Segments can be large or small, several or one. They group customers around common needs, behaviours, or other attributes. According to Osterwalder (2010) it is important to establish the segments to serve and the segments to ignore, so that a business model can be created based on particular customer needs. Every segment will need a distinct offer, different channels to reach customers, and different types of relationships. Consequently, they will have different profitability and they will be willing to pay for different features of the offer. (Osterwalder et al. 2010)

Value Proposition block illustrates the products or services that create value for a specific customer segment (Osterwalder et al. 2010). It contains benefits that the company offers and the requirements of that customer segment to which it is oriented. (Osterwalder et al. 2010) Value proposition will be described in more details in the Value Creation section, which is why here will be given only this brief explanation.

Channels block describes ways how the company communicates with its customer segments and approaches them to deliver the value proposition. These channels are touchpoints with customers that include communication, distribution, sales, and post-sales services. It is important to find those channels through which the particular customer segments can be reached. (Osterwalder et al. 2010)

Customer Relationships block specifies different types of relationships that the company plans to establish with different customer segments. These types according to Osterwalder (2010) can be on a range from personal to automated including for example personal assistance, self-service, automated services, communities, and co-creation. The costs of establishing and maintaining different types of relationships should be examined as well. (Osterwalder et al. 2010)

Cost Structure and **Revenue Streams** blocks represent the value that the company captures and the expenses of the value creation process that the company needs to

cover. Both blocks will be explained later in the section Value Capture, so here will be provided only brief comment about the nature of these elements.

As it has been said, the Business Model Canvas will be used as a tool for exploring what value the Training Centre is creating for which customer segments and what value it is capturing from delivering its value propositions.

3.1.2 Value creation

The concept of value creation is seen both as a part of business model theory (for ex. Fielit 2014, 90) and as a business model taken as a whole like in Johnson's four-box framework (Johnson 2018, 28). Regardless, for the purpose of this thesis value creation has been chosen as a separate question in order to provide clarity and to show connections between the research questions and the literature framework.

As it is with the business model definition, the definition of value creation appears to be vague and multifaceted. Throughout the years scholars have added their views on the subject in financial, emotional, and strategic context. Niusha Safarpour and Ilkka Sillanpää provide a brief analysis on how the topic evolved pointing out subjectivity, conditionality, and changeability of value creation. (Safarpour & Sillanpää 2017, 28.)

Anderson and Narus are the ones of the early contributors to the concept of value creation. They suggest three types of value proposition based on listing all benefits, differentiating offering from alternatives, and building offerings on the elements that matter most to target customers, from which the last one is the most effective and the most demanding as it requires undertaking customer value research and understanding customers' business. They also point out that it is important to document the value provided to customers and to see how it varies across different customers so that the companies can predict the cost savings and added value that customers can receive. (Anderson & Narus 2006, 93-98.) Being specialists in the industry sector they emphasize measurability as a key for a successful value proposition. In this work this focus will be kept in mind along with acknowledging its limitations which depend on the industry.

Collis and Rukstad suggest that mapping value propositions against rivals is the first part of successful customer value proposition (CVP) which will identify the company's distinctive points. The second part is capturing unique activities that support delivery of the CVP. In their article authors refer to value proposition as being competitive advantage and provide connections with strategy statement. (Collis & Rukstad 2008, 87-88.) In the more modern works value proposition is a part of a business model rather than strategy,

though capturing unique activities is still considered to be an important part of CVP and this approach will be applied for the case company.

Talking about value creation it is worth mentioning its interactive and networking nature where value is co-created by both sides of the process i.e., the company and the customer. (Vargo & Lusch 2008, 4.) The role of the company in value creation is on the offering side whereas the customer's role in defining or, as Vargo and Lush state, the customer must participate in creating value. (Vargo & Lusch 2004, 11.) In the service-dominant logic this relational aspect is given high importance. All parties involved in value-creation become interdependent and connected with focus on the customer's value creating processes where value emerges for customers. (Grönroos 1994) Thus, in the following work on value proposition the focus will be on exploring CVP from this perspective discovering the ways how the company can invite its clients to co-create value.

Knowledge management in different phases of value creation process is worthy of mention as well. Knowledge is seen as a process to be learned, mastered, and carried out; it is not an information that we possess. Knowing can be demonstrated only through action or the process of doing. As for the information, it is necessary to be informed but not enough for successful actions. (Zeleny 2005, 4.) Nonaka's opinion is that knowledge is both explicit and tacit - they are different stages of one developmental spiral. He talks about transformation of personal knowledge into organisational knowledge as a process of making tacit knowledge explicit. (Nonaka 2007, 165-168.) These concepts will be kept in mind during analysing organisational data. Inviting dialogue and communication between employees and management, raising questions that might bring new perspectives, analysing processes while looking at them from different angles – all this will facilitate transfer of tacit knowledge or enhance organisational knowledge demonstrated through this process. In more specific terms it may provide some insights on how to enhance cooperation with customers during product development, operational and post-sale services.

3.1.3 Value proposition

Previous ideas about capturing unique activities have been carried forward into the work of Christensen, Ulwick, Klement and others in which they discuss the theory of jobs-to-be-done (JTBD). JTBD theory has been developed throughout a period of twenty years and the views expressed by its influencers have not always been in line with each other. In this work the main attention will be on the views of Clayton Christensen and Stephen Wunker. Christensen introduced JTBD in his book in early 2003 and later expanded his ideas in

2007, 2016. JTBD theory was elaborated by Wunker i.a. during his work in the firm founded by Christensen where he developed concepts for new offerings and did research exploring new markets. (Wunker 2021) Other authors who participated in developing the theory are Anthony Ulwick, Alan Klement, Bob Moesta etc.

JTBD approach aims at identifying the jobs that arise in customers' lives and designing the products and associated experiences that will do these jobs. So, the focus of analysis is on the job, not on the customer's persona. This theory focuses not on the traditional attributes of customers such as age, gender, education, but on understanding the roots of purchase. Authors also state that while designing the product which will do the job it is important to consider its social, functional, and emotional dimensions. This will provide an access to new markets not segmented by product category but by job. (Christensen, Cook & Hall 2005)

A job according to the theory is a progress a customer is trying to make in a given circumstance or the underlying tasks that the customers are trying to get done (Wunker et al. 2017). Customers don't buy products as such; the products are means by which customers get their jobs done. For achieving these jobs different products or services may be employed, so the focus of value creation is in recognising the jobs. (Christensen et al 2016)

A job statement includes an action verb, the object of the action, and clarification of the context in which the job is performed. Working on identifying jobs-to-be-done it is important to determine which metrics customers use in deciding whether the solution is successful or failed. These metrics will be the basis for value proposition and for business model which will be built around it. (Silverstein 2012)

The concept of jobs-to-be-done was explored also by Johnson when he considered it being a part of customer value proposition (CVP) which is in turn a keystone of a successful business model. In Johnson's words CVP is in essence about solving a problem what a customer has by providing an offering where the focus is not only on what is sold, but also how it is sold. Understanding target customers' jobs-to-be-done is a first step of designing CVP. Johnson also identifies a CVP formula which consists of two elements: identification of a poorly satisfied job-to-be done for a customer and introducing an offering that will do the job better than other available choices and at a lower price. (Johnson 2018, 29-30.) The process of exploring the case company's CVP will be based on the jobs-to-be-done theory and Johnson's formula where it is possible.

In the world of business modelling there is another tool which is usually used while working on customer value proposition - Osterwalder's Canvas with Peter J Thomson's (2021) additions to it. Alexander Osterwalder's Value Proposition Canvas works as a plug-in to Business Model Canvas and allows to zoom into details of creating value for customers and clarifying customer understanding. It also stays as a next step comparing to creating traditional psychodemographic profiles. Osterwalder's approach to creating value proposition focuses on the jobs, pains and gains that drive customers. His canvas consists of two parts lying within separate Business Model Canvas blocks and when both parts are aligned i.e. relevant customer jobs, pains and gains are identified and addressed, then fit happens. (Osterwalder et al. 2014, 40.)

Osterwalder's Value Proposition Canvas has got some critique in terms of its insufficient connection with marketing, branding and persuasion techniques in the product proposition side, and lack of reference to behavioural psychology or customer behaviour research in the customer segment side. Thomson offers a modified version of a value proposition canvas which includes elements from behavioural psychology and design thinking. (Thomson 2021)

Although in the context of business modelling the previously mentioned two tools are usually given most preference, in this work the jobs-to-be done theory will be used at the beginning to collect the initial information about the Training Centre value proposition. The reason for choosing this approach lies in the researcher's personal curiosity. Here the focus will be on finding out the goals of customers and on behavioural perspective - what jobs customers are trying to get done which in turn will be supported by company's activities.

The case company's existing value proposition is focused on psychodemographic customer profiles. In this work an alternative value proposition will be offered based on JTBD approach. A questionnaire will be sent out to the case company's employees aiming at gathering their understanding of customers jobs. Later, the results will be organised using the Osterwalder's Value Proposition Canvas. Further, the business model canvas will be recreated basing on the new findings.

3.1.4 Value capture

The process of creating monetary value for a company involves generating a profit model and a pricing strategy that will not only cover costs, but also provide margins. It is important that customer value proposition is sufficient to justify the price, so that the probability of purchasing remains high. Also, when customers see that the value is higher

than the asked price, they will be more willing to pay, and the company will more likely generate higher revenue or cash. Bowman and Raspin mention three core value activities that create a flow of cash: sourcing, operations and selling. Coordination between them is essential for effective work as well as alignment with competitive strategy. (Bowman, & Raspin 2018) These core activities will generate costs and the company will need to determine the relationship between them to be able to capture value.

The profit model structure will be explored using Johnson's framework. He states that the most important variables for profit generation are revenue model, cost structure, target unit margin, and resource velocity. These elements are interconnected and influence each other. (Johnson 2018, 36.)

Revenue model answers the question about how much money the company can make basing on price and quantity. Pricing options are directly connected with value proposition, as the offering price is a key quantifier of value (Johnson 2018, 39). The company can have different revenue streams depending on its products and customer segments. There can be different pricing mechanisms within each revenue stream. They can be, for example, fixed list prices, bargaining, market dependent, volume dependent or yield management (Osterwalder et al. 2010). The most obvious pricing option for the second-hand industry is a low-cost model when the company focuses heavily on unit costs. Keeping unit costs low allows more aggressive competition on price by keeping it also low. A different approach addresses quality improvement which manifests itself in increase in prices. Applying this strategy, it is important to align the whole system with those quality criteria that the customers have and to communicate this value to customers. (Bowman & Raspin 2018) It is also important to be aware of how much each revenue stream contributes to overall revenues and to monitor emerging trends that will contribute to decision making.

Pricing strategies and value creation usually stay beside each other. All investments, new resources and new skills acquisition should pay off with regard to profitability. So, value-based pricing logic is meant to meet this target. If the price is between the costs and value created, both parties get a share of value. Thus, the use of value-based pricing allows to focus on joint creation of value rather than only to capture value. Also, value-based pricing should provide exclusivity to the solution. (Töytäri 2018, 287.)

Regardless of the chosen pricing strategy, it is important to systematically govern costs and control overheads. Even if companies apply higher-end pricing there still is a need for maintaining the appropriate cost structure. Direct costs and overheads are both determined by the requirements of value proposition. (Johnson 2018, 40.)

Cost structure includes all costs that incur to operate a business model and they fall into two accounting categories: fixed or variable costs. These costs arise in the process of creating and delivering value, building customer relationships, and producing income (Osterwalder et al. 2010). Depending on a business model the attention given to this element will vary.

Target unit margin as another element of the profit model can be used as a miniature of the entire profit formula. It allows to see margins per unit and project them to the whole business model applying the target volume. It is also worth keeping in mind that margins are only a part of an overall profit formula (Johnson 2018, 41) and look at the long-term benefits.

Resource velocity answers the question “How to achieve the target volume?” and defines the speed of use of resources. It covers the whole process of the value chain such as inventing, designing, producing, selling, delivering a product or a service and collecting payments. It includes overheads and other related processes as well. So, it shows the overall capacity of the business model to deliver the defined value proposition. Working on increasing resource velocity will allow to produce more offerings and to increase profit even at lower unit margins. (Johnson 2018, 41.)

In terms of the profitability estimation, it is worth keeping long-term focus in mind and to refrain from prioritizing short-term value capture over long-term value creation. The idea of long-term life cycle value is discussed by P.Töytäri (2018) which he examines from the industrial perspective. He argues that in industry priority is often given to short-term transactional efficiency and purchasing price optimisation over value-in-use or operational expenditure. Also, he states that solutions are often developed using internal knowledge rather than involving wider network of suppliers thus building competitive differentiation. Regardless the industry, the concept can be useful for many businesses including the case-company.

Profitability evaluation and presentation in Business Model framework has rather vague character. Value exchanges are usually presented on a general level without drilldown due to the nature of the model that focuses on the process of value creation. There is, however, an alternative framework for looking at value exchange. It can be done through the lenses of e3 value ontology, which provides more detailed approach to modelling value constellations. E3 value ontology according to Gordijn et al. (2005, 14) is complementary to BM ontology as it supplements clear tools for calculating profitability in value-exchange processes. In this work it will not be used to a full extent due to the nature of a Master thesis work, however, our focus will be rather on identifying points of value exchange leaving actual calculations out of scope.

This approach is also justified by the current situation within the company. At the moment of completing this research there was no detailed budget available for the project. Due to other priorities the company had decided to keep their financial policy flexible and to follow up on the project profitability later. So, given the situation, the third thesis question will be explored from a perspective of showing value-exchange streams rather than actual profitability calculations. Business Model Canvas will be used to show value flows and there will be comments made on how to implement value sharing activities in a way that will benefit the company.

3.2 Description of the context

As it has already been said, this thesis project is implemented for the company operating in Russia in second-hand market, which is a relatively new field in the country. The first steps of its history can be traced back to the early nineties when used cloths were imported from Europe as an alternative to low quality goods already existing in the market. Motivation for second-hand shopping was based at that time mainly on financial reasons. Over the years the situation has changed, and customers became more interested in fulfilling the need for self-expression or buying unique and fashionable inexpensive cloths. (Bezman 2014)

Throughout the years apart from traditional offline commission stores, new kinds of shops started to appear such as vintage second-hand shops and online marketplaces. Russian market has been hugely influenced by development of digital economy and companies have actively been using technology in their operations. However, the growth of digitalisation has not yet become the link towards rational and shared consumption. Russia is still in its transition to sustainable consumption, which is in a way different from European countries where sharing, digital and circular economies have been developing together complementing and enhancing each other. Sustainable consumption is yet to become a trend in Russia that will need large-scale educational campaigns, legislative interventions, and other powerful influence. (Revinova et al. 2020)

Speaking of the overall development in the second-hand industry, the confident trend for growth has been noticed worldwide, and according to the global report conducted by thredUp, which is the world's largest fashion resale platform, the resale market will grow much faster than traditional retail and will double in the next five years. Also, consumers will turn to resale at a faster rate because more online resale options become available which will be more appealing for selling and buying second-hand goods. Second-hand is displacing new clothing purchasing despite the latter even being labelled as sustainable. The reason for this is suggested to be in price, greenwashing and overall transparency of

this definition, so consumers and especially young generations choose second-hand goods instead. (ThredUp Inc. 2021) This trend will probably reach Russia as well, though as it was mentioned earlier, the underlying motives for selling and buying second-hand might be slightly different.

3.3 Description of the case company

The case company specialises in wholesale distribution. Its wholesale warehouses are located in six major Russian cities and in Kazakhstan. Containers with goods used to be shipped to the warehouses from EU countries and in the future will be delivered from outside the Union. The company's HQ is located in Saint-Petersburg, and it has offices in Moscow, Nizhny Novgorod and a few other big cities. The case company employs 50 people.

The case company's clients are self-employed individuals, small and medium-size businesses which specialise in the retail industry. The company offers to its b2b clients both onsite and online wholesale. Clients can either come to any of the warehouses and choose goods physically or they can place orders online on the company's website. Also, the case company works with customers who buy second-hand for their personal use. For this purpose, the company has its own marketplace constructed specifically for individual sale.

Apart from providing goods for its b2b clients, the case company supports its clients in building up sales, launching advertising and by sharing business development knowledge. These services are provided within the Training Centre project that is the scope of this thesis.

The Training Centre's concept is built around the objective of providing knowledge about the industry, giving practical tips on how to open the first business, and offering the company's marketplace for those who want to start working online. A goal of the project is to engage future clients into starting their own businesses, which consequently will create new client-vendor relationships for the company. Along with that, the company sees the Training Centre as a way of providing support to clients on further stages of development of their businesses. For those clients who want some specific advice or analysis of their situations, the case company will provide individual consultations within the framework of the project.

The Training Centre offers a few free webinars for attracting potential clients who are interested in entering the industry and starting their own business. The webinars cover the basics of working with the goods and entering the market. There has been some interest

in these webinars, however, the number of new clients didn't increase after going through the offered webinars. The Training Centre's target is to develop a program that would help new clients with growing into their businesses and that would also support already existing clients.

As the webinars have been offered for free, they don't generate income as such, and consequently they do not cover associated costs. In the short run financing of the Training Centre is considered as an investment and in the long run management aims at making the Training Centre profitable. So, the aim of this thesis is to investigate the elements of value that the case company could offer to its clients, to distinguish mechanisms for value creation and to identify value streams that would emerge throughout this process.

4 Methodology

This chapter describes the ways in which the thesis project is carried out and supervised. It consists of five parts which outline the strategic approach chosen for this work together with data collection and analysis methods. Later the research process will be explained to underpin the choice of data collection methods. The question of reliability of the research data will be also addressed. In the end of this chapter the method of collecting feedback from the case company will be described.

4.1 Strategic approach description

This research will be performed as constructive research due to the nature of work and the expected outcome. The research will be focused on problem solving, which is a focus of constructive research strategy. (Kasanen, Lukka & Siitonen 1993, 246.) The outcome of this research will be concrete output which is a definition of a new customer value proposition and creation of a business model that will reflect value creation constellations.

Constructive research is a research strategy that focuses on problem solving by creating procedures or models. It can be used in managerial problem solving through creating plans and models, and in operations research through developing existing systems or methods. Constructive research should be based on theoretical knowledge, which is an essential part of this approach. Also, in the research should be shown novelty and should be demonstrated that the solution works. Innovation and practical usefulness of the results are important components of constructive research. (Kasanen, Lukka & Siitonen 1993, 245-246.)

This type of research is also described as goal-directed problem-solving activity and is normative at its core. The goal is to demonstrate the practical applicability of the solution and the taken steps are specified in the framework. It should be possible to check steps from different phases of the research, so that anybody could try out the constructed models etc to receive the same results. (Kasanen, Lukka & Siitonen 1993, 258.)

The results of constructive research will usually lead to new questions, for example managerial constructions apart from solving current problems also show new problems to solve. (Kasanen, Lukka & Siitonen 1993, 258.)

This research project will be based on theoretical knowledge which has been described previously. The development task of this thesis is to create a new value proposition basing on employees' perspectives and to create the business model showing value constellations. This approach is innovative for the company as a process; innovation is

also in the choice of the theory on which the research work is based. The solution may be used elsewhere than the case company by following the same process and utilising some of the findings of this thesis.

4.2 The process of the development project

The research process will consist of several stages shown on the figure 3.

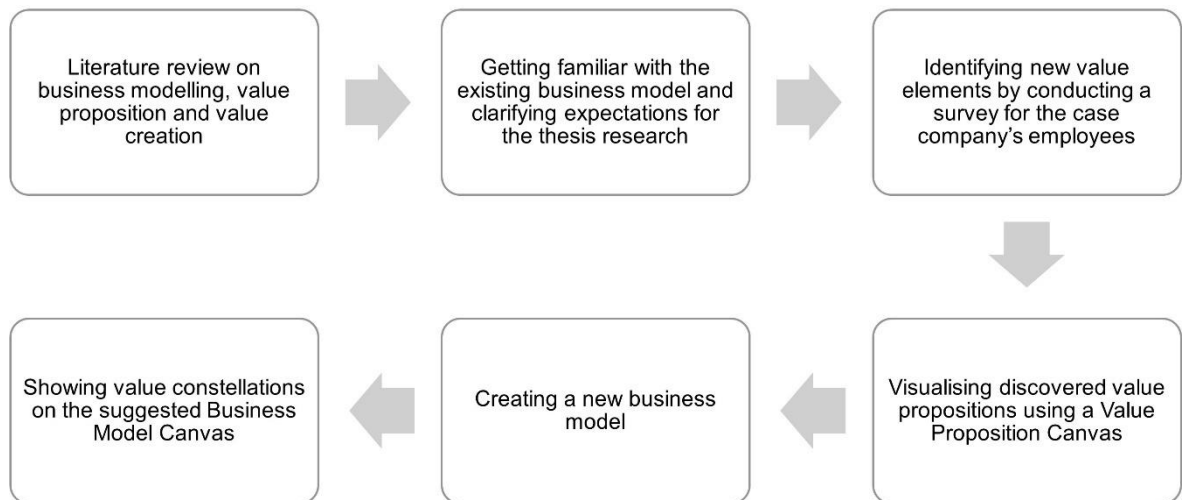


Figure 3. Thesis process

Firstly, the necessary theoretical knowledge for conducting this research have been acquired by getting familiar with the literature in the field.

Then to get familiar with the company's starting point along with the expectations and resources available for the project, observations and conversations with the general manager will be held.

After that a questionnaire will be sent to the company's sales and marketing managers. The aim here is to collect internal data and to create an overall picture of views and opinions of the staff regarding the value that can be offered by the Training Centre. The questionnaire will be done online, and it will be anonymous, which will provide an opportunity for a relaxed attitude and fair responses. The questions are planned as open questions and are adapted to individuals unfamiliar with JTBD theory.

Having done these steps based on sufficient theoretical research background, the next step will be in formulating the new value proposition and creating a business model that will support it. At this stage close communication and collaboration with the company will be essential. In addition to creating a business model, there will be shown value

constellations that will provide an answer for the later research question regarding value creation and value sharing.

4.3 Data collection and analysis methods

Constructive research is aimed at problem solving with creating a concrete output such as a product, system, model, method, or plan. Implementation and evaluation of the solution are clue elements of constructive research. Data collection methods are not restricted and basing on the goal of developing something new – several methods should be used in data collection. Utilising different methods, the focus should be on collaboration, to become familiar with the needs of users and on a later stage it may switch to facilitation. The typical data collection methods are observation, group discussions, surveys, interviews. (Ojasalo, Moilanen & Ritalahti 2020, 39.)

Following the description of the research strategy, a combination of methods will be used. It will allow to obtain different perspectives and versatile information that is important in the development work (Ojasalo, Moilanen & Ritalahti 2020, 23). The methods used can be seen in the table 2. The choice of methods is based on the research questions and on resources available.

Table 2. Data collection techniques

RQ1: What value is created for customers by the Training Centre?	Survey
RQ2: How can value be created in the Training Centre?	Survey, internal documents analysis, benchmarking
RQ3: What value will the Training Centre receive by implementing its services?	Observation, internal documents analysis

The use of survey as a method for collection qualitative data in the first research question is based on a relatively big number of potential respondents and existing limitations regarding their working time and availability. As a technique a questionnaire will be used which is a set of questions in a predetermined order that will be presented to each person for their responses. (Saunders, Lewis & Thornhill 2009, 360) In this work the online questionnaire will be used, which will not require the presence on an interviewer. For ensuring high response rates the questions will be carefully thought, the layout of the questionnaire will be clear and well presented, there will be an explanation of the purpose

of the questionnaire before the actual questions. Also, the questionnaire will be tested before launching and its execution will be planned with the company's management. Given that by its nature the questionnaire offers only one chance to collect the data due to difficulties in identification of respondents and in collection of additional information (Saunders, Lewis & Thornhill 2009, 366), the questions will be defined precisely before conducting the questionnaire. The focus will also be on the target data and analysis techniques for answering the research question.

The methods of the second and the third research questions are chosen basing on the importance of the case company context and its processes. Utilising different methods, the focus will be on collaboration, to account for the company needs and their clients' preferences. Benchmarking will be used for the purpose of creating company-to-company comparisons of practices in order to identify the best options (Cheney 1998). For this study will be applied the following steps recommended by S. Cheney (1998). The focus will be narrowed to a few practices, the best organisations will be identified, after which information will be collected. The process will not be limited by the second-hand industry, it will be done across industries due to the nature of the research question. Benchmarking will be used for providing ideas which will be elaborated further considering the realities of the case company and utilizing the theoretical part.

Observation will be used as a supportive method providing richness to the research data. (Saunders, Lewis & Thornhill 2009, 288.) It will be impossible to use this method as the main source of data due to geographical and time constraints, but some observations can be still made during interactions with the company management and other employees. Analysis of internal documents will be used to provide meanings of the content of documents so that the objects of analysis are existing documents, business environment, actual practices.

4.4 Methods of collecting feedback from the case company

Reporting on the results of the process will be made during the whole process. Researcher will be mainly in contact with the general manager and the Training Centre manager who are the main stakeholders. During these interim meetings some of the results will be reported and at the same time oral feedback will be collected. The feedback at this stage may raise further discussions and suggestions for development of the research.

Also, feedback will be collected in one way or another via conducting the surveys. Although the main purpose of these activities will be in collecting data for answering

research questions, the process will provide some feedback as well. It may cover such aspects as engagement, motivation, development willingness, and overall loyalty to the company. Additionally, as the questionnaire will include open questions, the employees may well share their general feedback or feedback related to conducting the questionnaire. This feedback will be also considered during the research.

At the final stage of the thesis, the whole research will be forwarded to the case company for their review. This research will contain suggestions for implementation for the company, so further feedback is expected to be related to decision-making and execution of the project outcomes.

5 Implementation and outcomes

This chapter will cover the undertaken research process in practice, and what research and development outcomes have been achieved. The process consists of three steps which are aligned with the three research questions. Each phase will include analysis with conclusions on intermediate results.

Firstly, research findings will be described including defining collected data and providing its analysis. Research findings will include an internal company survey that will be described in separate section for clarity. Then, answers to two research questions will be provided. The answers will be based on data analysis with application of theoretical framework. The next phase will be development of a new business model and identifying value constellations. The outcomes of this phase will provide answers to the third research question. In the end of this chapter proposals for development measures will be outlined. The proposals will be based on earlier analysis of research and development data.

5.1 Value proposition. Internal company survey

The first part of the research consisted of conducting a survey in the case company for finding out answers to the first research question “What value is created for customers by the Training Centre?”. The survey was made as an online questionnaire, and it consisted of sixteen questions. The questionnaire was launched as anonymous for the reason of inviting people to be open and willing to share. The reasons for choosing survey instead of interviews were time constraints because this thesis work was done outside of working hours, researcher’s status as an external person for the organisation and a relatively wide group of respondents. The questionnaire was aimed at 18 people who consisted of project managers, marketing, and sales professionals.

Questions of this survey (appendix 1) were based on the JTBD theory, which was new to the respondents, so some examples and additional explanations of the theory were included in the questionnaire.

Survey questions were all open questions, and they were verified with the general manager in terms of meeting the company’s needs. The questions were divided by objectives into groups, and within each of the groups the questions were related to each other.

The first group of questions covered the topic of jobs that customers needed to get done. As it was previously said, a short theoretical introduction was meant to provide

explanations to this approach. There were four questions aimed at clarifying customers' jobs that needed to get done, jobs that were poorly performed in their lives, finding out for which jobs customers would hire the case company's product and looking into how internal company's structures supported the customers' jobs.

The second group of questions covered the topic of new experiences and solutions. The questions aimed at finding out the experiences and solutions which both customers were looking for and the company was creating for them. Also, there was a question inviting the respondents to suggest what experiences would help customers to make progress and how these experiences could be integrated into the case company's processes.

The third group of questions addressed the topic of obstacles by clarifying clients' life circumstances and which obstacles could appear on their way. There were also questions about ways of easing clients' stress and fear along with obstacles in the case company's operational activities.

The fourth group aimed at finding out advantages which clients would get after hiring the product and the case company's competitive advantage.

All data was collected in Russian and was translated into English afterwards. The answer boxes in the internal company survey allowed limited number of words which made data analysis easier, and it seemed that the questionnaire was positively perceived by the respondents. Received answers were rather concise and revealed well the main trends in employees thinking. As the questions were aimed at concrete areas related to customers and the Training Centre, there was not much room for sharing irrelevant information and the questions provoked clear answers.

5.1.1 Research data collected

The response rate for this survey was 55,6%, which is 10 people out of 18. The questionnaire is presented in appendix 1. The questions were grouped by the common theme with some description of the theory in the beginning. Basing on the data collected most of the questions were well understood. There was some uncertainty in answering the question about benefits which customers could get after using offered solutions, and the reason for this can be in used wording. However, even though some comments were not given, the collected responses provide a good picture on people's ideas.

The saturation level was achieved i.e. new information did not appear in the answers received after the sixth person. This justified the assumption that the response rate was sufficient.

The data collected through the internal company survey provided qualitative data. The nature of this data required some further actions before its analysis could be done. The data needed to be transcribed, summarised, categorised, and restructured into a conceptual framework. (Saunders, Lewis & Thornhill 2009, 484.) In this survey all answers were already typed into the web-form, so there was no need for transcribing, and it was possible to move straight to summarising. At this stage key themes of value creation were identified and defined as points for further exploration.

5.1.2 Data analysis and findings

This section firstly briefly describes the content analysis method and later how the data was analysed applying this method.

The method consists of two steps: firstly, the unstructured qualitative data is collected using open-ended questions and later the received data is analysed in order to get insights from the responses. The main idea is to identify the commonalities among the responses and to identify the common topics. In this work will be used the approach described by Sun (2020) for SAGE Publications. The analysis can be done in Excel, so that each question is put in one column. Next, all responses are collected for a particular question and the texts are analysed to identify some recurring themes. Further, keywords are identified and coded if necessary. In this study the number of responses was relatively low, so coding wasn't used.

For this study the survey data was analysed manually using Microsoft excel. Firstly, answers were categorised for the purpose of summarising results. For the units of analysis were chosen individual words and phrases that label value created by the Training Centre. At the first stage of analysis labling was based on the words used by the respondents. Later, frequency of these words and phrases was recorded. Colour highlighting was used to emphasise which words had more mentions: the darker colours showed more frequently used words and the lightest colour showed versions which were given only once. The tables 3 and 4 below were produced to visually show the results of the first stage of analysis.

The collected data was organised following the same logical groups as the questions had. There were used four groups showing: 1) the jobs that customers needed to get done, 2) new experiences and solutions, 3) clients' obstacles and ways of easing clients' stress, 4) advantages of using the product

The results obtained showed variety in identified problems (jobs) that customers needed to solve and the results they could expect when looking for a solution. It also showed

different sorts of value, which according to the case company could be offered to clients. Value that would emerge when customers applied solutions to its context.

The variety of versions was rather high which could be seen from the colour highlighting as well. It became also clear that some alternatives included broader topics whereas other options were very precise and narrow. So, the next level of analysis consisted of identifying the common topics that would include both more narrow and wider concepts.

Table 3. Content analysis (1). Customers' jobs

What jobs do your customers need to get done?	What are the poorly performed jobs in your customers' lives?	For which jobs do your customers hire your product?	How company's policies and structures support these jobs customers need to get done?
Actively participate in the learning process	to use knowledge in practice	to make profit	step learning
Start their own business	to be able to price the products	to obtain business skills	product update
Choose assortment	business knowledge	to get information	promotions and discounts
Learn how to price and run promotions	to be able to present a product	to actively sell	possibility of deferred payments
Open a store and organise sales	to form assortment	to increase confidence in doing business independently	product range
Choose and prepare premises	promotion	to run a successful business	
Participate in webinars	sales	to be the best in your business	
Learn material	to do the business of life	to increase sales	
Move from theory to practice	to improve financial situation	minimize financial losses	
Buy products from the case company	to have a positive attitude		
Select store location			
Minimize inventory balance			
Access competitive environment			
Learn to sort goods			
Love the product with which they will work			
Steam, wash, hang up cloths			
Prepare the store for clients (create comfort)			
Recruit staff - salespeople			
Drive sales			

Table 4. Content analysis (2). Customers' experiences and solutions

What experiences and solutions are your customers looking for?	What experiences are you creating for your customers (in purchase, delivery, and participation in webinars)?	What experiences will help customers to make the progress they're seeking in given circumstances?	How can these experiences be integrated into the company processes?
to do business	the training center recommends which product to work with	to update business processes	company learns from customers
to get knowledge of how to work with goods	consultations	to find alternative solutions in practice	cooperation
to get knowledge of how to sell		product promotion	engaging customers in communication with each other
product evaluation		business basics training	support of successful client projects
personal communication with managers		practical skills at the master class	update of business processes
knowledge of how to choose goods		positive attitude	communication between the training center and the sales department
to get good service		learning from other successful clients	
to improve turnover		use of scarce goods	
to exchange experiences with successful entrepreneurs		choice of goods adequate to demand	
to find solutions to specific situations		competent pricing of goods	
positive attitude		to get started working with clients	
to find a product at a good price			

Based on the data presented in the Table 3 and 4 there were defined seven jobs which customers have according to the case company's employees. All of these jobs represent activities or tasks that customers need to perform to achieve their goals.

1. To actively participate in the learning process in order to start their own business
2. To get general business knowledge for updating their processes
3. To improve operational activities
4. To increase financial literacy
5. To learn about procurement processes
6. To plan and organise marketing and sales
7. To get mentoring support

These jobs were elaborated further into more detailed jobs activities that could be the elements of value proposition. These results are presented in the appendix 2. The activities are grouped by categories which are in line with the earlier mentioned jobs.

The process of identifying the jobs with detailed job activities showed three types of value propositions which can be provided by the Training Centre. This classification is based on the experience that the customers have prior to contacting the case company. Some of the options are already addressed by the current company's offers, whereas most of them form a new sort of created value.

The first option for value proposition is providing basic knowledge about starting a second-hand business, which includes forming the overall picture of business processes, planning and measuring activities along with product knowledge. This type of value proposition is already partly implemented at the Training Centre by offering free webinars on several topics.

The second option for a new value proposition is providing consultations for already existing businesses for improving their operational activities. This option includes providing more detailed information on each of the jobs using job activities map introduced in the appendix 2. Also, the data collected showed a need in a more interactive approach which can be implemented by introducing different types of events such as master classes, interviews or individual consultations. According to the survey results clients can be also interested in mentoring support such as increasing their confidence, maintaining positive attitude and receiving help in applying theoretical knowledge in practice. This support can be organised as a separate service provided by request or as a part of a program.

The third option is focused on providing expert support for those who are confident in their business operations. According to the data collected this type of value proposition can include meetings with professionals in the industry, events presenting news in the industry and networking events. Clearly, it is essential to identify a customer group first who will be interested in this offer. So, providing such services will be conditional to demand.

The survey was also aimed at collecting data about obstacles that clients face and ways of easing them. The analysis of responses is shown in the table 5. Collected answers show financial problems as the main type of obstacles that appear in clients' lives and provision of useful information is seen as the most common way of easing the situation. There were also other single answers covering topics aimed at more individual approach to customers such as providing moral support and encouragement. Apparently, these

ways are the techniques that some of the managers use, and if the case company decides to make it an explicit part of the value proposition, it will require specific resources which will undoubtedly be reflected in the cost structure.

Table 5. Content Analysis (3). Clients' obstacles

What are the life circumstances of your customers?	What obstacles can they encounter along the way of implementation of the decisions?	How do you ease their anxiety of starting a new business?	How are you competing against not starting the business by your customers?	Which other options will address / reduce their stress?
lack of capital	unstable economic situation	maximum of useful information	we provide information in a positive way	confidence in the company
difficult financial situation	lack of funds for investment	correct information	we offer a variety of solutions to decide from	good product
lack of confidence in success	wrong business decisions	examples of successful work of other clients	we form new beliefs	good purchase terms
interest in trying new things	wrong product choice	make development forecasts	we offer a ready-made business system	positive attitude
interested in working for themselves	large inventory balances	moral support	by sharing successful examples	talking about positive experiences of others
highly impacted by external circumstances	big competition	confidence		company's reputation in the market
looking for help in realising their dream	covid	consultations		bonus offers
lack of business knowledge	financial illiteracy	provision of a ready-made system of work		video review of products
lack of product knowledge	laziness			deficiency
low sales	lack of supply partners			discounts
low turnover	lack of confidence in suppliers			manager's personal participation in resolving issues
lack of scarce goods looking for solutions to overcome the crisis in business				

As it was previously briefly mentioned, the answers regarding life circumstances of the customers or obstacles that may appear along the way showed a rather high rate in mentioning lack of capital or another difficult financial situation. These results prompted thinking around a topic of defining target clients and setting criteria for potential categories of clients. Our assumption is that the case company has a tendency of working with all types of clients that at times lead to experiencing financial challenges on both sides. As a solution it was suggested setting specific measurable targets for clients and focusing on those groups that meet these defined criteria. Naturally, this can be implemented as a general approach or on a partial basis.

The last block of answers covered advantages that clients would receive after using the case company's offers. The analysed data is presented in the table 6. It showed providing business advice along with support as the main advantages. This is an interesting finding given that the company's main focus is on offering information and much less on such tailored services as the two abovementioned. The reason for this may lie in differences of work among individual employees and a vague understanding of the Training Centre's competitive advantage. So, this prompts an idea of a need in having a clear message covering Training Centre's value proposition.

Table 6. Content Analysis (4). Advantages

What are the benefits which customers get after using your solution?	How do you compete with other companies?
business advice	special offers
support	interesting goods
knowledge about starting business	discounts
long term relationships	outbound trade
product selection guide	customer training
serious partners	modern level of information presentation
	competent promotion
	many warehouses
	storages
	permanent supplies
	active contact with customers
	wide branch network
	services that reduce customer costs
	full support after opening for a fixed time

Another point that is worth highlighting is the most common response to the question of competing practices. The versions with special offers and discounts arose above others suggesting that the company's pricing strategy is heavily based on this approach. It is recommended to have a closer look at this policy in terms of an impact on the brand image and the message that it sends out. If the case company integrates this approach into the value it offers, this can work as a competitive advantage for a particular group of clients. However, for other clients a different strategy will be needed which will require different aspects attracting the audience.

5.2 Finalising the value propositions

The research findings collected in the previous stage were organised using the Value Proposition Canvas. Due to interconnectedness of the JTBD theory and the Osterwalder's canvas it seemed logical to benefit from this tool as a graphical representation of some collected material. It needs to be said that all data is assumptions and observations made by some of the case company's employees.

The survey results and other communication with the case company revealed that the Training Centre can create value using three approaches:

- providing basic knowledge about starting a second-hand business
- providing consultations for already existing businesses for improving their operational activities
- providing expert support for those who are confident in their business operations

Two first value propositions were presented on the Osterwalder's canvas that shows clear building blocks and their interconnectedness of all elements. The third type of proposed value was not explored in depth due to unclear demand in the industry and availability of resources. Although, the company can utilise the models and the outcomes of this research to explore the ways of value creation for the third proposition by itself.

5.2.1 Value proposition #1

The first value proposition (appendix 3) is addressed to individuals who are interested in entrepreneurship and have no experience in second-hand business. According to the collected data, the company can offer this group of clients cost-effective introductory training for a quick start in the field. The content of the appendix 3 comes from the survey results.

It was revealed that the customers' jobs are to a big extent functional and relate to the content of the course. Also, they include concerns around lack of business, financial and marketing knowledge, lack of operational capital, not having enough experience in product handling and assortment building. All these findings are presented in the right part of the value canvas.

The research also revealed that pains and gains are related to personal and emotional aspects. Pains cover the process starting from engaging into training to opening own business and show high need for support and stimulation from the company. Also, pains highlighted the financial concerns that have already been mentioned in the data analysis chapter (Table 4).

The survey underlined some advantages of engagement into a second-hand business. The value is seen in having access to knowledge, best practices, and professional support in building business. Also, participation in this training will provide opportunities for engaging into a new business, becoming entrepreneur, and having a new source of income.

As this business has a rather low entry threshold, it allows people with very different backgrounds to try themselves and to become entrepreneurs. After having made the first steps, the progress of every individual will provide valuable information regarding

investment opportunities from the case company's perspective. Thus, the survey has revealed some options of support that the company can provide to prospective clients, such as the reward system mentioned in the Pain Relievers part.

Further, this research showed solutions to the jobs, pains and gains which are described in the value map providing a structured value proposition. The survey results highlighted some products that can provide value to the novice customer's segment: introductory webinar and a starting package course.

The case company's current products include three types of pre-recorded introductory webinars which are freely accessible and can be watched at any time. The survey results showed that these products didn't lead to increase in sales, didn't attract many paying new customers nor increased customer loyalty. Thus, our suggestion is to add interactivity and human touch to the offered products by providing an introductory webinar - a live webinar with a Q&A session and a marketing pitch. This new product will also target one of the pains in lack of interest and engagement which became clear during the analysis of survey results.

The second product is suggested to be a starting package course covering the major areas of the content in finance, marketing and business organisation. The survey results also showed particular importance of sharing practical knowledge including skills for product handling and presentation skills. All these areas were added to the Gain Creators section within the value map.

As a wholesale business, the case company has a clear competitive advantage in established procurement processes and a solid supply chain from which new customers can benefit should they choose so. This service will address customers' jobs and pains in organisation of purchases and selection of products. According to the results of the survey this service has a great importance, hence it was added to the Pain Relievers section.

The survey results also highlighted the need in having a regular human contact and stimuluses for continuing the course. As a solution for this pain was suggested to establish follow-up processes and continuous monitoring of individual progress with subsequent regular contacting people.

5.2.2 Value proposition #2

The second value proposition is designed to address people who have some experience in running second-hand business and are already entrepreneurs. The survey results revealed jobs, pains, and gains along with elements of the value map that are aimed at providing cost-effective advanced training for this customer group.

The survey results showed that many types of customer jobs include day-to-day activities with needs for some planning and competitive environment analysis. These findings show that the two groups of customers share some similar needs. It is also noticed that there is a slight difference in focusing on particular business areas and requiring in-depth knowledge. The findings demonstrate that clients who already have their running business prioritise marketing, customer acquisition, inventory management, HR activities and benchmarking. The survey also showed the importance of establishing supply chains with the case company which is one of the main targets of this training from the case company's perspective.

It was revealed that customers experience obstacles and risks when they consider participation in the case-company's training. These obstacles are related to a large extent to the previously discussed functional jobs, although some of them fall within emotional context such as maintaining connections with successful entrepreneurs and keeping positive attitude in general. Some concerns also relate to building new sales channels and understanding customer preferences.

The survey results highlighted some specific advantages that clients will be able to access. The advantages fall into two categories: supply related and networking related. The case company is able to provide flexibility in purchasing terms and access to diverse assortment with video reviews for its clients. As the case company is able to negotiate special conditions for buying goods because of purchasing large quantities, the clients can have some guarantees in contracting, timely delivery and a choice of options. Another gain is belonging to a group of like-minded people with an opportunity to exchange experience and benchmarking. Given that the case-company's clients are separated by a great distance from each other, and their customers are mostly local, this type of cooperation seems to be rather promising.

The value canvas shown in the appendix 4 incorporates the above mentioned survey results and it shows proposed products that would meet previously discussed jobs, pains and gains. The proposal for a new value proposition offers cost-effective advanced training and includes such products as an introductory webinar, thematic advanced

webinars and additional consultations. The product line is structured using a similar approach as in the first value proposition, however its content and focus are different.

The survey results showed a need in advanced consultancy and access to networking opportunities, so the introductory webinar could be oriented towards covering these topics. The reason for having a separate webinar lies also in attracting potential customers who are not yet familiar with the case company therefore are not able to know about its offers and specifics. The second proposed product is an advanced course designed to cover all topics of interest presented in the jobs and pains sections. According to the survey, the need in providing stimuluses and support for continuing the course and subsequently starting the business is much lower. On the contrary, the results highlighted higher interest in exploring case studies, studying best practices, and revising business processes. Some of these needs can be covered on the one size fits all basis, others need more individual approach. Therefore, the third proposed product is additional consultations. These consultations can include some mentoring support as a need for it appeared among the survey results as well.

5.3 Business Model

In this chapter will be explored the business model that was created basing on the new value propositions. As a framework will be used the Business Model Canvas which is a logical continuation of the Value Canvas presented in the previous chapter. The Business Model will be created only for the Training Centre leaving out of the scope the main activity of the Case Company, which is wholesale of second-hand clothes. Each block of the Business Model Canvas (Figure 4) will be explained in detail further below and the sequence of blocks presentation will follow the order offered by Alexander Osterwalder (2010).

Key Partners IT services providers Web licenses Software developers Other suppliers	Key Activities Designing Educational webinars Organising courses Customer acquisition Promoting services to customers Customer relationship management Customer support	Value Proposition Cost effective introductory training Cost effective advanced training	Customer Relationships Automated service Personal assistance Creating communities Dedicated personal assistance	Customer Segments Interested in business and industry, Beginners entering the market Experienced in business
	Key Resources Human: Skilled sales managers Experienced marketers Experienced business developers Administrative staff Intellectual: Industry knowledge Business experience Partnerships with vendors		Channels Sales personnel Web-site Client managers Social media	
Cost Structure Fixed costs: Salaries Partner's fees Equipment Administrative costs Variable costs: One-time service costs Customer acquisition costs Customer retention costs Costs of serving free customers Converting free customers to paying customers		Revenue Streams Freemium revenue model Transaction revenues from product sale -> one-time customer payments Recurring revenues from usage sale -> ongoing payments Variable revenue that will depend on the volume of marketing activities		

Figure 4. The Training Centre's Business Model Canvas

The content for the figure 4 comes from the results of the survey which defined value propositions and consequently value creation practices. For some blocks the content comes from results of benchmarking and internal document analysis.

Customers

The research highlighted that the Training Centre's customers can be placed in two groups. The first group is formed of people who are interested in business and particularly in second-hand industry and who are beginners just entering the market. The second group is people who have some experience in business and already have opened their own second-hand shops. The first group of customers will have a big number of people

who will look at this business as an alternative way of earning some income usually in addition to the main occupation. The survey results revealed that the main specifics of this group will include low engagement and low retention rate which the business models should address. The second group of customers will have less participants due to its nature, though presumably the retention rate can be higher because of the novelty and the content of the offer.

Value Proposition

The Training Centre will create value for both customer segments according to the value propositions described in the previous chapters. The first type of value will be provided by offering introductory training consisting of two products: an introductory webinar and a course after finishing which customers will be able to start their own second-hand businesses. The second type of value will be provided by offering advanced training which product line will be based on three products: an introductory webinar, thematic advanced webinars, and additional consultations. This value proposition will be tailored for entrepreneurs' needs and will include more networking and benchmarking opportunities.

Further details of the learning program remained out of scope. The actual steps of delivery of value proposition, sales and post-purchase customer support are not covered in this research either. They will require more detailed analysis on the operational level which could form a basis for the next research.

Channels

The Training Centre's value proposition will be communicated using the same channels with the case company. The information about new offers will be distributed on social media pages and groups which is seen as the main channel for raising customers' awareness. The ways for reaching the customer groups directly will be mainly communication via web-resources such as the case company's website, social media messaging services and email. The Case company's client managers will be able to pass on the information about the advanced training thus making it more personal. Sales personnel will be involved in the process as well, assuming that their participation will start on the later stages of the sales cycle. The research showed that all channels used in customer communication are owned channels, the company doesn't benefit from partner channels. Using partner channels can allow the Training Centre to increase its reach although they may be quite costly. In any case this can be an area for development if the company finds it beneficial.

In the beginning, the Training Centre will use the same channels with the case company and perhaps even the same employees will be responsible for marketing. This approach will allow savings in the costs of hiring extra staff and use of software, which will be justified in the near future. However, using common channels it might be difficult to understand which channels work best, their cost-efficiency and integrity with other processes. If the Training Centre is to be scaled, having its own channels and personnel can be helpful in those questions.

Customer Relationships

The Training Centre's main type of customer relationships has been mainly based on automation. The research highlighted that acquisition of new customers rely on promotional posts, advertising campaigns and occasionally word of mouth. When the customers express their interest, they get access to free webinars after which they can go further and become involved into the actual training when the purchase happen. The survey results revealed that the last step remained unrealized as the customers' involvement levels were getting rather low throughout the whole customer journey. Keeping this experience in mind, it is suggested establishing new customer relationships with a personal touch. The same approach is also suggested in the value canvas when the survey revealed the need in increasing customer engagement. Automated services will continue to be used because of their obvious cost efficiency. Use of automated services will provide a good cover of different touchpoints in the beginning of a marketing funnel. For further stages, however, it is recommended to add some level of personal assistance.

Also, some parts of the value proposition will require higher levels of personal assistance with possible individual service in particular cases. So, dedicated personal assistance is included in the customer relationships as well.

The research highlighted a need in networking activities and creating a community, which was mentioned in the value canvas. Therefore, it is recommended exploring ways how to create and maintain online communities that would serve better understanding of customers and assist in creating connections between customers.

Revenue model

As the research highlighted, the "bait and hook" pattern described by Osterwalder can be well applied to the case company's revenue model. (Osterwalder et al. 2010) So, the case company aims at attracting customers with initial offer and then earning revenues from follow-up sales. The initial free products are pre-recorded webinars available for everyone

at any time. These webinars are used for creating a base of potential customers, who could be interested in the further offers described in the value proposition. At the moment of conducting this research, the Training Centre hasn't had stable revenue streams, it's primary focus lied in expanding customer base and building customer relationships by using freemium mechanisms.

Applying benchmarking to this particular question allowed to identify some practices which could be beneficial for the Training Centre. This has been achieved by following discussions and exchange of experience on one of the leading platform (<https://websarafan.ru/>) for middle-size entrepreneurs in Russia. Firstly, there were identified the general ideas that entrepreneurs from various fields exchanged on developmental practices. This phase allowed to get familiar with the commonly used processes. Later the best practices were analysed focusing on revenue aspect. For the purpose of this research our focus was on the similar size companies that also provided services online. The focus specifically remained on collecting information about revenue models and pricing policies. As a result of applying this method a few additions were suggested to the current Training Centre's revenue structure.

The next suggested step for the freemium model lies in creating transaction revenues that later might grow into recurring revenues. The main instrument for enabling this will be in using different pricing options that would cover variety of income groups. The options can vary from the minimum level price rising to doubling the price etc. Each option obviously will contain specific services conditioned by tariffs used such as packages based on maximum use of automation, packages for studying with a group and specific solutions involving individual consultations.

The major group of the case company customers is expected to be price-sensitive customers who will be looking for minimal prices. So, the value offered to them can be minimal as long as it meets some of the jobs that these customers have. Having created a stable customer relationship, the company can trace its development and consider what value in the future can be created for both sides. Another group can be the customers who are ready to invest in their development though still would prefer to remain within an average price. The value offered to them can be expanded covering all main topics additionally providing general feedback on their progress. The third group can consist of people who would prefer personal approach and would be ready to invest accordingly. Here the whole range of value could be offered including dedicated personal assistance. The two latter groups could have potential clients for recurring revenues when the clients could deeply engage into the service offered and could buy more products over time.

Throughout developing revenue streams, it will be important for the company to control and plan its sales activities together with sales and marketing people. This collaboration will allow to establish “revenue mileposts” (Glover & Ijiri 2002) in the product creation process that will show the progress in reaching revenue targets. Such “mileposts” can be orders, website visits, enquiries which reveal pre-revenue data and can be used for forecasting purposes. The research highlighted that the Training Centre will benefit from having a system tracking recurring and one-off revenues which will provide some useful information for planning.

Given that the nature of revenue will be mostly variable, i.e., will depend on advertising or other promotional activity and will change accordingly, the case company will need to monitor the volume of marketing activities and revenue dynamics. It will be important to notice any changes in customer behaviour that will affect revenue whether it is about converting non-recurring customer into recurring or decreasing of engagement that will lead to potential customers dropping out.

Key partners

Most of the Training Centre’s key partners are players from the IT industry. Given that the key activities lie in the field of online education, the partners will be those market participants who can provide accompanying services. So, IT services providers helping with website support and development will fall into one group. Web licenses providers will form another group giving access to necessary tools for running webinars. Further, software developers could be placed in the third group of key partners. They will assist in developing or integrating administrative software along with developing a learning management system that could be beneficial for both clients and the Training Centre itself. Having such a variety of outsourced services it will be important to ensure that the employed technology is efficient in providing the data and functionality required for managing the program and managing the entire Training Centre. Also, there should be established internal processes for oversight and management of vendors.

As the Training Centre employees will utilize mainly IT related tools for their work, they will need suitable equipment for their needs such as computers, accessories, office equipment and other consumables. All these purchases will be acquired on a less regular basis from different suppliers which are put under other suppliers’ category in the Business Model canvas. Presumably their share in all purchases will be rather small, so the main focus may well be on the outsourced services.

Second-hand goods suppliers are left out of the Business Model due to not being the key partners of the Training Centre, but the partners of the Case Company. The Training Centre will act as a third party between the customers wanting to stock goods and the case company's sales team, who have direct contact with the second-hand clothes suppliers.

Key resources

As it was discussed previously, the Training Centre will outsource IT related services to external vendors, so it will require personnel to closely monitor the vendors and to ensure that the level of services remain on the requested level and is efficient for managing the learning program and managing the Training Centre. There also needs to be room for establishing and following policies which will protect student data and information. Due to the small size of the company, it may fit into responsibilities of a program manager.

As the main activity of the Training Centre is educational services, the high attention should be given to delivering quality program, effective teaching and following the outcomes of webinars in the forms of the clients' progress. So, there needs to be staff responsible for this area along with defining and planning the program and extending it up to operations.

Given that the Training Centre operates within the framework of the Case Company, and it is not an educational organisation at the first place, the tutors will be the Case Company's professionals from different areas. Thus, sales managers, marketing managers and business development professionals will be working on the content of program's offerings sharing their practical experience and industry knowledge.

The research highlighted the business experience and the industry knowledge that is already in the company. It will form intellectual key resources, which will play a big part in creating and delivering value to the customers. Also, existing partnerships with vendors will provide another source of value along with a significant advantage for the company among its competitors. This will be a particularly risky area which will need constant monitoring in the near future, however, having re-established the conditions for collaboration with existing or new partners, the Case Company and the Training Centre will be able to emphasize this distinct source of value.

As for Financial resources it is difficult to estimate them at the moment due to unstable economic situation. The viability of this project will depend a lot on the access to financial resources whether they take a form of direct investments or sharing of employees' workload and usage of other services within the case company.

Cost structure

Purchasing costs will depend on the complexity of the learning process, its structure, and operations. Also, depending on the length of expected commitment the costs may vary, as in case of long-term agreements some suppliers might be able to agree with more favourable to the Training Centre conditions. The risk here lies in insecure future situation and inability to predict financial stability which the company will need to consider.

Salary costs will depend on the level of the content correspondingly to the time needed to create it along with the time needed to deliver or record the sessions. Some webinars can be offered as a recording which will reduce the costs whilst it may also reduce involvement.

As for the Training Centre's value proposition, it is mainly based on the educational webinars and sessions it offers. In the beginning these activities will require investments and they will not probably be covered on a short-term basis as some of the webinars are offered free of charge and for others demand is still unclear. Promotional activities and customer acquisition will not be within break-even either. In the beginning of its operations, the company most likely will be using other revenue streams to subsidize the Training Centre's costs. During this period, it is essential to work on all types of value proposition and to develop a full programme, in order to be able to "hook" the customers and show them opportunities for development, if they decide to stay with the company.

It is also worth remembering that most of the users of the freemium models don't become paying customers. Usually, the share of customers who subscribe to paid services is less than ten percent. (Osterwalder et al. 2010) Bearing that in mind, it is important to monitor the costs related to serving free customers and the rates of converting free customers to paying customers.

Subscription selling can be one possible revenue stream which can be implemented instead of selling separate products. If the company decides to follow this way, they will need to consider the costs of providing all-included unlimited services and to estimate resources available.

5.4 Value streams

This chapter aims to provide an answer to the third research question on exploring value streams which can be created in the Training Center by applying the new Business Model and delivering the suggested value proposition to the customers.

In this section passive observations were used as a method for analysing the current situation and noticing already existing value creation practices. For this purpose, the continuous contact was kept with the case company including dialogues with its managers and analysis of documentation. A field diary was not kept due to having observations as not the main method, although short notes had been done systematically and they provided a basis for the future suggestions.

The Business Model is mostly beneficial when it includes actual calculations on monetary value which is expected to be received. However, given that in this research all necessary information for creating financial estimations is missing, the research is focused on exploring value streams that will be created in the Training Centre. Here the principle of e³value model will show “who offers *what* of value to *whom* and requests *what* in return” (Pijpers, Gordijn 2007) and will focus on value flows and evaluation of activity levels. There is a specific tool (Gordijn, Akkermans 2001) for drawing e³value models with certain ways and notations for depicting different scenarios, participants, and points of the process. In this work the full network of the e³value method will not be represented, however, its logic will be applied to the Business Model Canvas that will show what value is created and exchanged within the BMC framework.

Also, given that the course on cost minimization and revenue maximization seems to be the most possible area of development for the company, having a graphical representation of value streams will help in observing the overall activity map and the system of value constellations. Not to mention that the value streams on the Business Canvas can be useful while looking at intangible assets.

This approach also allows to emphasise the qualitative characteristics of the value proposition that will provide value for customers. So, this graphical representation of value streams can be beneficial for the company in terms of adjusting its marketing messages to the actual value available for delivery.

The customers exchange value with the Training Centre, which in turn exchanges value with its stakeholders. This assumption of mutual exchange is based on the idea of reciprocity, which states that a positive response emerges as a reaction to a positive behaviour, and it can happen without expectation of material gains. (Fehr & Gächter 2000,

160.) So, having received value offered, the customers most likely will provide value in return.

The Figure 5 shows which values need to be exchanged if the Training Centre clients choose to become interested or participate in the offered programs.

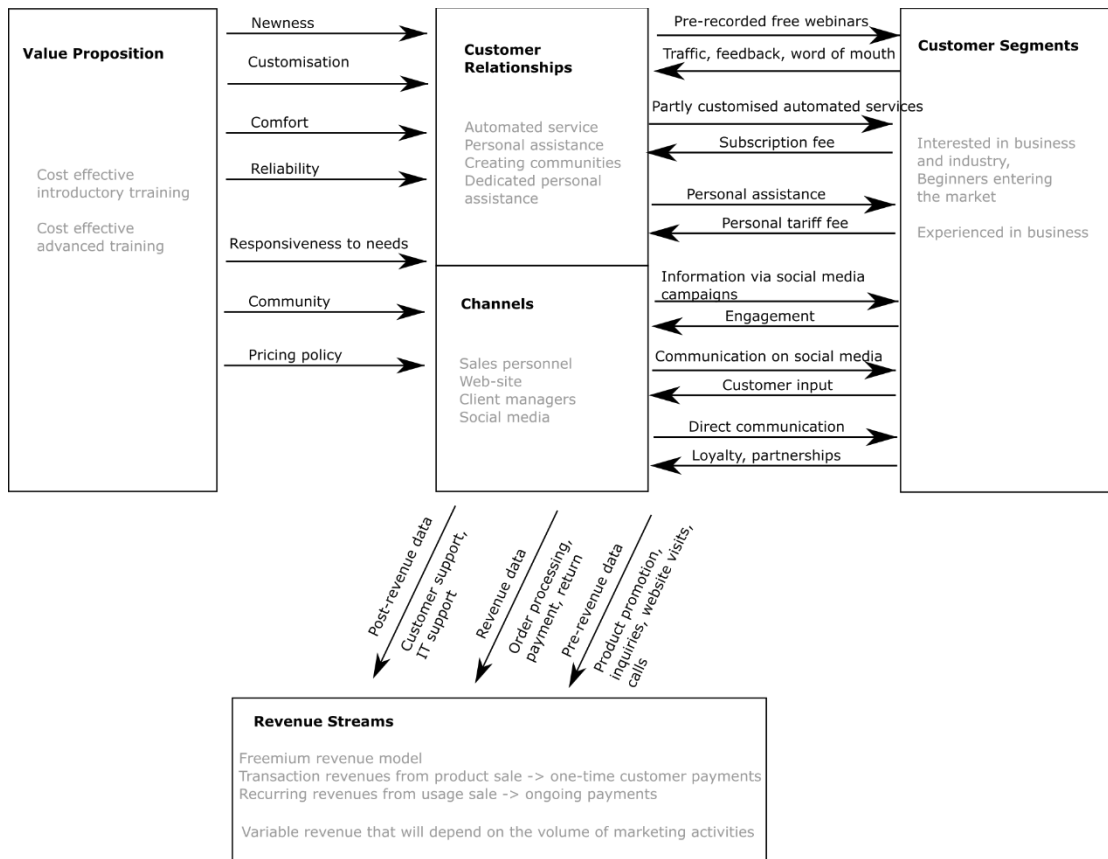


Figure 5. Value flows between the Training Centre and its customers

The content of the figure 5 (and later 6) comes from the notes created during observations, from literature analysis, internal document analysis and is based on the earlier defined new value propositions and its delivery practices.

First the customers receive different elements of the value proposition according to the preferences they choose and in return they provide either monetary or non-monetary value. The examples of non-monetary value can be traffic, feedback, referrals, engagement, and contacts. The monetary value is the money that the customers pay either as one-time or recurring payments. During the process of promoting products to potential customers, the Training Centre offers information as a source of non-monetary value and in exchange customers may provide their input and participate in co-creation of some aspects of services. Also, direct contact with customers may lead to increasing their loyalty and it will work as a pathway towards establishing partnerships. Naturally, the latter

values are the subject to the customer relationship management policy and employees' skills.

Figure 5 also shows value flows associated with revenue and its creation. Pre-revenue data will be beneficial in tracking the progress of potential sales and will provide useful feedback on marketing and other activities involved into a particular revenue object. Post-revenue data will give variety of information starting from how well the service was delivered up to upselling perspectives and recurring revenue creation. Tracking these elements as such will provide value to the company for forecasting purposes not mentioning emerging monetary value.

Next, the exchange of value flows among the Training Centre's stakeholders will be explored. Again, earlier created Business Model Canvas will be utilized, which will define the groups of stakeholders and the general graphical representation.



Figure 6. Value flows between the Training Centre and its stakeholders

As it is shown in the Figure 6, to deliver the value proposition to customers certain activities should be performed using the Training Centre's resources. Here is seen the value represented in business processes and in actions between the actors. The Business Model Canvas structure limits the way of value streams representation; therefore, it is difficult to show the value received from customers in return. It will mainly be monetary, and it should cover the Cost Structure categories.

Next, the Figure 6 shows value exchanged between the Training Centre and its partners. This representation tells explicitly what sort of conditions will be beneficial for the company and what kind of relationships the company can create with its partners.

In this research are showed all value streams that can be created during delivering value propositions to the company's clients. The constellations of value streams are presented without their monetary estimations. This is done partly because of lack of data and partly because of different nature of values and their measurement. This area can be a topic for further research which could concentrate on finding monetary or non-monetary measures that could be easily interpreted and be beneficial for managerial purposes.

This model of value streams shows the main flows and does not necessarily account for nuances that will appear in the process of implementation. This can be considered as its scarcity, because of lacking a deeper look. Although, this can also be its advantage because such way will provide a helicopter perspective allowing to see all value streams as an interconnected system. Also, for the same reason having a graphical representation of value streams can be beneficial in the process of creating procurement and pricing policies.

Regarding the pricing policies, the company can identify the extent to which it will tie pricing to the value created. It is obvious that the higher the value the pricier will be the product. However, not all customers need costly solutions, so the company can adjust the level of exclusivity using the suggested graphics among other instruments.

5.5 Answers to the research questions

As mentioned earlier, the objective of this thesis is to identify and suggest the aspects of value that the Training Centre can offer to its customers, and basing on which it can define the value proposition and structure value adding practices. These objectives were met by answering the three research questions. This section summarises answers to the research questions elaborated in the previous chapter.

5.5.1 RQ1

The first research question is aimed at exploring what value is created for customers by the Training Centre. In order to answer this question, the survey was conducted among employees and its results were used in a two-staged process of creation new value propositions. The process consisted of two phases due to using two approaches: Jobs-to-be-Done theory and the Value Proposition Canvas. The former approach was beneficial in exploring the detailed elements of customers jobs. It provided valuable insights on the jobs that customers needed to get done, their experiences, clients' obstacles, and ways of easing clients' stress, along with advantages that the Training Centre can create. The latter approach was helpful in establishing connections between customer jobs, pains, gains, and value creation practices within the company.

The survey results revealed seven types of jobs along with detailed job activities that the Training Centre customers have. The results were structured into a diagram (Appendix 2. Job's activities) to provide connections between these elements. This diagram can be beneficial for the case company's further work on planning the actual educational activities and the program content.

Additionally, the survey results revealed three types of potential value propositions of which two were elaborated further using the Value Proposition Canvas. The reason for making the choice of excluding one option lies in the overall demand among potential customers and availability of resources. In the future the company can use methods suggested in this work for exploring the omitted value proposition by itself.

According to the survey results, the first value proposition may be based on providing cost-effective introductory training to customers who are interested in entrepreneurship and have no experience in second-hand business (Appendix 3. Value canvas 1). The survey highlighted that customer jobs are to a large extent functional and aimed at gaining knowledge and skills in certain topics related to business, finance, marketing and operational activities. Customer pains include more emotional aspects and show among other things needs in support and stimulation from the Training Centre personnel.

Financial concerns were also mentioned among customer pains. It is suggested exploring this aspect in depth and setting specific measurable targets for clients and focusing on those groups that meet these defined criteria. Among the gains that the survey has identified are access to knowledge, best practices, and professional support in building a business.

The survey findings support a co-creative aspect of value (Vargo & Lusch 2008, 4) according to which customers have participative roles and are involved in the value creation processes. The responses showed importance of feedback and contact from the Training Centre which will provide the above-mentioned opportunities for continuous participation.

Further, the survey highlighted the products which could provide value to the customers. These products are an introductory webinar and a starting package course that will be aligned with the customers profiles, i.e. jobs, pains and gains. The introductory webinar will add interactivity and human touch thus addressing one of the pains in lack of interest and engagement. The starting package course will cover the major areas of the content in finance, marketing, and business organisation. It will also meet the needs in sharing practical knowledge including skills for product handling and presentation skills that appeared in survey results. The survey results clearly emphasised a clear competitive advantage of the Training Centre in its established procurement processes and a solid supply chain from which new customers can benefit. This element will address customers' jobs and pains in organisation of purchases and selection of products.

The second value proposition presented in Appendix 4. Value canvas 2 may be aimed at providing cost-effective advanced training for people who have some experience in running second-hand business and are already entrepreneurs. The survey highlighted that the two groups of customers have some similar jobs in day-to-day activities with a slight difference in prioritising. The customers who already have their running business prioritise marketing, customer acquisition, inventory management, HR activities and benchmarking, which are recommended as key elements in the future program.

The survey revealed that customers' pains relate to the lack of knowledge in the abovementioned topics and some of them fall within emotional context such as maintaining connections with successful entrepreneurs and keeping positive attitude in general. Some concerns also relate to building new sales channels and understanding customer preferences. Customers gains seem to fall into two categories according to the survey results - supply related and networking related. The supply processes and related to it benefits are already well integrated in some of the existing practices in the case

company, whereas creating opportunities for networking and benchmarking is a topic for further development.

Basing on the survey responses, three products were suggested for the second value proposition: an introductory webinar, thematic advanced webinars, and additional consultations. The product line is structured using a similar approach as in the first value proposition, however its content and focus are different. It's worth noticing that the need in providing stimuluses and support during the course is much lower. On the contrary, the results highlighted higher interest in exploring case studies, studying best practices, and revising already existing business processes. Therefore, the third proposed product is additional consultations that can include mentoring support as it appeared among the survey results as well.

5.5.2 RQ2

The second research question is aimed at exploring how value can be created in the Training Centre, for which purpose the Business Model Canvas was used (Figure 4. The Training Centre's Business Model Canvas). Given that the value propositions include similar categories of Business Model's blocks, it was decided to use the same canvas for both variants. The findings are based on the survey results and internal documents analysis. In this chapter the focus will be on developmental findings, whereas detailed Business Model description is provided in the chapter 5.3.

The research revealed that the Training Centre's channels for reaching customers are social media, website, email and messengers which are mostly shared with the case company. Also, all channels are own, the Training Centre doesn't use partner's channels. This aspect was suggested as a developmental one. In addition, using common channels might create difficulty in understanding which of them work best, their cost-efficiency and integrity with other processes. If the Training Centre is to be scaled, having its own channels and personnel can be helpful in those questions.

The research highlighted low customer engagement levels in their relationships with the Training Centre, therefore, it is suggested introducing personal touch by adding human-to-human contact along with the use of automated services. This also corresponds with two types of value proposition where the levels of personal assistance vary up to dedicated services. Furthermore, it is recommended to explore ways of creating communities as it will meet the need in networking, which was also highlighted in the survey.

It was discovered that the Training Centre is using the "bite and hook" pattern as the revenue model, however, it is still missing stable revenue streams. So, it is suggested

using different pricing options as the main instrument for creating revenues. These options may address different income groups and can vary from the minimum price level up to doubling the price etc. Each option may contain specific services conditioned by used tariffs such as packages based on maximum use of automation, packages for studying within a group and specific solutions involving individual consultations. It was also suggested to establish indicators for analysing different customer groups with value added practices which will be revealed in pricing options.

The research revealed the need in establishing “revenue mileposts” (Glover & Ijiri 2002) such as orders, website visits, enquiries that will provide information about progress towards reaching revenue targets. Also, it was highlighted that the Training Centre will benefit from having a system tracking recurring and one-off revenues which will be beneficial for planning purposes. Another suggestion refers to monitoring marketing activities in relation to revenue dynamics such as converting non-recurring customer into recurring or decrease in engagement that will lead to potential customers dropping out.

The research results showed that the main partners will be IT services, web licenses providers and software developers. It became also obvious that the Training Centre will need to have two types of systems for delivering its value proposition: an administrative software and a learning management system. So, it will be important to ensure that the employed technology is efficient in providing the data and functionality required for managing the program and managing the entire Training Centre. Furthermore, it will be beneficial to establish internal processes for oversight and management of vendors.

As follows from the above, vendor management and service level monitoring will require human resources. Personnel will also be needed for establishing internal policies and processes regarding data handling, customer relationship, program delivery along with program planning and extending it up to operations. The research revealed that key resources will be professionals already employed by the case company. They will form intellectual key resources, which will play a big part in creating and delivering value to the customers. Also, existing partnerships with vendors will provide another source of value along with a significant advantage for the company among its competitors.

Due to a lack of actual financial information, calculations were not presented in this thesis. However, basing on the previous findings there has been created a cost structure (Figure 4. The Training Centre’s Business Model Canvas) and provided some recommendations regarding to it. The largest group of costs will be variable costs. Purchasing costs will be linked with the complexity of the learning process, its structure, and operations. Salary costs will depend on the level of the content correspondingly to the time needed to create

and to deliver it. In order to deliver suggested value propositions, the Training Centre will require investments which will not probably be covered on a short-term basis. In the beginning of its operations, the case company most likely will be using other revenue streams to subsidize the Training Centre's costs. During this period, it is essential to work on all types of value proposition and to develop a full programme, in order to be able to "hook" the customers and show them opportunities for development. It was pointed out that most of the users of the freemium models don't become paying customers (Osterwalder et al. 2010), so our recommendation is to monitor costs related to serving free customers and the rates of converting free customers to paying customers. It was also suggested to look at possible implementation of subscription selling as an alternative to one-off purchases.

5.5.3 RQ3

The third research question provided ideas on the value that the Training Centre would receive by implementing its services. Benchmarking, observation, and content analysis were used as research methods. As a way for presenting findings, the already created Business Model Canvas was chosen with value streams as additions. The idea of demonstrating value flows is based on the e³value model that shows "who offers *what* of value to *whom* and requests *what* in return" (Pijpers & Gordijn 2007). The idea of mutual exchange was also based on a concept of reciprocity. (Fehr & Gächter 2000, 160.) So, here the assumption is that having received value offered, the customers will most likely provide value in return.

There were defined different types of value that the Training Centre can monitor and use for evaluation of customer relationship dynamics. Also, there were shown value flows associated with revenue creation and were given some recommendations on ways of utilizing this data. Value constellations were provided for the Training Centre stakeholders as well. Analysis of value exchange with key partners provided ideas on what sort of conditions will be beneficial for the company and what kind of relationships the company can create with its partners. Also, it was shown what activities provide value whilst delivering value proposition.

The focus of research was mainly on non-monetary value due to unavailability of financial information. So, the constellations of value streams are presented without their monetary estimations. However, this area of defining value can be a topic for further research which could concentrate on finding monetary or non-monetary measures that could be easily interpreted and be beneficial for managerial purposes.

This model of value streams shows the main flows and does not necessarily account for nuances that will appear in the process of implementation. This can be considered as its scarcity, because of lacking a deeper look. Although, this can also be its advantage because such way will provide a wider perspective allowing to see all value streams as an interconnected system.

A few benefits are defined of using this approach. Firstly, the use of this graphical representation provides a good way for observing an overall activity map and the system of value constellations. Accessing the overall value created may be also helpful in pricing policies by identifying the extent to which it will tie pricing to the value created. Another benefit is use of this method for accessing intangible assets. Finally, it may be helpful in adjusting marketing messages to the actual value available for delivery.

5.6 Analysis of reliability and validity

This section discusses reliability and validity of the research by looking at all stages of the research process and estimating the quality of this work.

Reliability of the research data was insured by choosing the data sources and the methods the data was collected. As it is stated by Saunders, Lewis and Thornhill (2009, 274-275) the sources should be chosen carefully with respect to authority of secondary data, which usually means having indications of people responsible for the data. In this research this condition was met by choosing sources clearly along with stating their authorship.

Also, collection methods for survey data included clear explanations of the techniques used. Apart from sampling techniques description, there were provided response rates and a copy of the questionnaire was available. This provided an indicator of validity as well. (Saunders, Lewis & Thornhill 2009, 276.)

The prospect of having an observer bias was acknowledged and the researcher was aware of the threat to reliability the bias possesses. (Saunders, Lewis & Thornhill 2009, 297.) This issue was mainly addressed by double checking conclusions in terms of interpretations made and accounting for different opinions.

The results of this research are the case company related, so applying the same techniques to different companies will produce alternative results due to possible differences in industry or company specifics. However, the use of the same methods as in this research will lead to receiving answers on the similar research questions as in this study.

Reliability was considered during data collection process by consistent application of research methods and conditions of this work. Research data was collected via the employee survey that was presented to all participants equally and they had a chance to answer being in the same conditions. Also, the questions were phrased in the same way each time, so the same steps were applied to all personnel involved. The survey was anonymous which also allowed to receive responses not influenced by management.

The data was analysed by highlighting keywords, after which the recurrence of keywords was evaluated. At the stage it was important to ensure that the observer's bias would be considered, and results would remain unaffected by it as far as it was possible. Also, the researcher attempted to provide a description of the research process and to give

explanations for own interpretations and conclusions which presumably added to the reliability of this study.

Other research methods were internal documents analysis, benchmarking, observation, and content analysis. These methods are qualitative, and they were used for an investigation of the current situation and identifying new practices. Throughout this process the focus was on critical evaluation of information and its importance. Having reflected on available perspectives, new knowledge and development suggestions were created. The researcher was choosing reliable sources of information which affected the overall reliability as well.

In terms of potential negative impact on the quality of research can be identified the phrasing of survey questions that particularly refer to specifics of the JTBD theory. Although, the essence of the theory was briefly explained in the beginning of the research, some of the responses showed that some respondents might had not understood the theory well, so this fact could decrease the willingness to participate and to provide variety of ideas to the questions. This could be proved by the uniformity of the received answers.

Speaking of content validity, some of the survey questions appeared to be irrelevant. The answers collected not only answer the research question but also went beyond that. This circumstance became obvious after the responses had been collected and analysed. Although the answers to such questions seemed to be useful for the company's management, they were not always in line with the research objectives. The amount of those irrelevant questions, however, was rather low and they were left out of research while answering the research questions.

In terms of generalisation validity, the results can be used in other situations providing that companies operate in the similar area and have a similar structure. This research has been conducted for the specific company hence the findings have some distinct characteristics not necessarily useful for other businesses. However, the research process, methods and tools can be applied in other situations regardless the industry.

In general, the results reflect true value for the case company which was reflected in the final feedback. There are some reliability and validity issues that were shown above, though they are considered to be not critical. Overall, the content of this research matches the research problem, the suggested conclusions answer research questions. The results of this study may be not useful in other situations, their applicability will largely depend on the industry.

6 Conclusions

This thesis was focused on identifying elements of value that the case company would offer to its clients, distinguishing mechanisms for value creation and identifying value streams that would emerge throughout this process.

In order to meet these objectives, a few methods were used. Firstly, the anonymous survey was conducted among the case company employees and its results were used in a two-staged process of creation new value propositions. The process consisted of two phases due to using two approaches: Jobs-to-be-Done theory and the Value Proposition Canvas. The former approach was beneficial in exploring the detailed elements of customers jobs. It provided valuable insights on the jobs that customers needed to get done, their experiences, clients' obstacles, and ways of easing clients' stress, along with advantages that the Training Centre can create. The latter approach was helpful in establishing connections between customer jobs, pains, gains, and value creation practices within the company.

The collected data provided good basis for creating value propositions for two different customer segments. The outcomes of this phase were two value proposition canvases. The first value proposition is suggested to be based on providing cost-effective introductory training to customers who are interested in entrepreneurship and have no experience in second-hand business. The second value proposition may be aimed at providing cost-effective advanced training for people who have some experience in running second-hand business and are already entrepreneurs. The value propositions suggested a few distinct products and pricing options that could lead to emerging new revenue streams.

In order to answer the second research question, which was aimed at exploring how value can be created in the Training Centre, the Business Model Canvas was used. The findings are based on the abovementioned survey results and internal documents analysis. The researcher suggested improvements in already existing processes utilizing the BMC tool and findings of the new value propositions. Due unavailability of actual financial data, the developmental suggestions were based on analysing of the cost types, revenue streams and pricing options considering their interconnectedness.

The third research question provided ideas on the value that the Training Centre would receive by implementing its services. Benchmarking, observation, and content analysis were used as research methods. Already created Business Model Canvas with value streams as additions was chosen as a way for presenting findings. The idea of

demonstrating value flows was based on the e³value model (Pijpers & Gordijn 2007) and the concept of reciprocity (Fehr & Gächter 2000, 160).

There were defined different types of value that the Training Centre can monitor and use for evaluation of customer relationship dynamics. Also, there were shown value flows associated with revenue creation and were given some recommendations on ways of utilizing this data. Value constellations were provided for the Training Centre stakeholders as well. Analysis of value exchange with key partners provided ideas on what sort of conditions would be beneficial for the company and what kind of relationships the company could create with its partners. Also, it was shown what activities could provide value whilst delivering value proposition.

6.1 Evaluation of the developed solution

The researcher stayed in contact with the case company during the whole research process and the final research results were also communicated to the company's management. The feedback was positive, and it referred to both interim conversations and the final assessment. The final version of this work was sent to the case company for assessment and evaluation of its future implementation.

The feedback showed importance of all undertaken work. The suggested value propositions were considered to a big extent ready for implementation as they are. The value canvas was seen as a very useful tool for further development of the Training Centre's offerings. The case company decided to utilise research findings considering customers gains, pains and ways of easing them in future marketing campaigns. The research revealed that networking and community building could be the building blocks of value proposition and this idea was positively met as well.

The observation regarding joint marketing channels was found worth thinking, as it was confirmed that sharing the same channels became confusing and the case company started looking for the ways of splitting the marketing data.

The offered Business Model with its value streams also seemed to be useful to the Training Centre. It was mentioned in the feedback that seeing different levels and types of value was of particular importance. The company decided to utilise the model further in their work on brand development and popularising sustainable consumption.

The structure provided by the Business Model Canvas was considered beneficial as well. Among other things, it allowed to observe what is needed in terms of operations for delivering suggested value propositions and to notice missing elements. However, it was

noted that having a separate business model for the Training Centre is a question for the future. The company is not considering splitting the business at the moment.

The conclusions made in this research were found useful for further actions. It was said that this research would be used in business processes improvement and activity analysis.

In terms of less useful parts of this research, the case company founded that the theory Jobs-to-be-done appeared complicated and not that straightforward for further use. Although the findings received in this research were considered beneficial, the company didn't show enthusiasm in exploring this concept in more details.

6.2 Suggestions for further research

Since the Business Model developed in this research is missing the actual calculations showing its profitability, it is difficult to evaluate the proposed model using traditional financial indicators. However, the offered Business Model provides information about future performance in a different way which is related to activity levels and flows of value. This idea is based on the approach suggested by Gordijn and Akkermans (2001) where they use look at the value flows of all actors involved and define value in some monetary units for the future analysis. The latter step of applying monetary criteria can be an idea for further research.

As it was mentioned before, the organisational infrastructure has been left out of the scope of this thesis. So, this area can be the next developmental opportunity for the case company. Taking another look at an infrastructure that underlies business model could be a way for achieving autonomy without sacrificing accountability and without relying on excessive control. Also, it could provide new ways for experience sharing that may lead to creating innovative solutions.

Another topic for further research could lie within dividing the business model. Having two separate businesses with their own business models could help to focus on building relevant processes and services.

6.3 Reflection on my own learning

The process of writing this thesis had been a very developmental journey as such. Apart from getting deep theoretical knowledge and an opportunity to apply it in practice, it was beneficial in developing project management, negotiation, and risk management skills.

Due to external circumstances the objectives of this thesis had once been seriously changed which had an important educational impact. The first version of this study heavily relied on customer participation and on their feedback, which according to the case company was possible to receive. However, this plan didn't succeed hence the change in the thesis objectives. This experience had taught a lesson about importance of applying different approaches and readiness to experiment within the certain boundaries. Also, it showed the importance of stress management and crisis management skills utilising which it became possible to adjust to the situation and to find other solutions.

There are parts in this study that surely could have been done differently. Having a more detailed company's assessment in the beginning could show potential risky aspects that would be good to consider. An example of such area could be an assessment of customer involvement in the company's operations and the quality of established relationships. This kind of information would be helpful in estimation the likelihood that the customers would agree to participate in the survey.

As for the overall assessment, having done this research one could say that its final objectives were achieved, and they were communicated to the case company. The received feedback showed that majority of the results were considered useful for implementation as such. Also, some results were seen beneficial for further development as a part of another project. Generally, the study was rather successful.

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Attachments

Appendix 1. Screenshots of Internal company survey

Hello and thank you for taking part in this survey!

What's this about?

The purpose of this survey is to determine the value proposition of the training center. This survey is based on your knowledge of clients and their life situations. Some of the questions will also be based on your assumptions. This survey is completely anonymous.

The survey consists of 16 questions. All questions will be based on your personal opinion. There are no right or wrong answers here, all your answers will be important.

Jobs that your customers need to get done

To answer the following questions, you may find it useful to review the theory below.

All clients have needs. To satisfy the need, the client needs to take certain actions or to "hire" some kind of product. Jobs are those activities for which products are "hired". The key components of the definition of "job" are the verb, the object, and the context.

For example: manage personal finances at home, wash clothes at home, or listen to music while jogging. Also, "job" can be progress that the client wants to achieve in certain circumstances.

Basing on this information, please answer the following questions.

1* What jobs do your customers need to get done?

2* What are the poorly performed jobs in your customers' lives?

3* For which jobs do your customers hire your product?

4 How company's policies and structures support these jobs customers need to get done?

New experiences and solutions

Enter page description

5* What experiences and solutions are your customers looking for?

6* What experiences are you creating for your customers (in purchase, delivery and participation in webinars)?

7* What experiences will help customers to make the progress they're looking for?

8* How can these experiences be integrated into the company processes?

Possible obstacles

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9* What are the life circumstances of your customers?

10* What obstacles can they encounter on the way of getting their jobs done?

11* How do you ease your clients' anxiety of starting a new business?

12* How are you competing against not starting the business by your customers at all?

13* How these experiences can be integrated into the company's processes?

14 Which other options will address / reduce your clients stress?

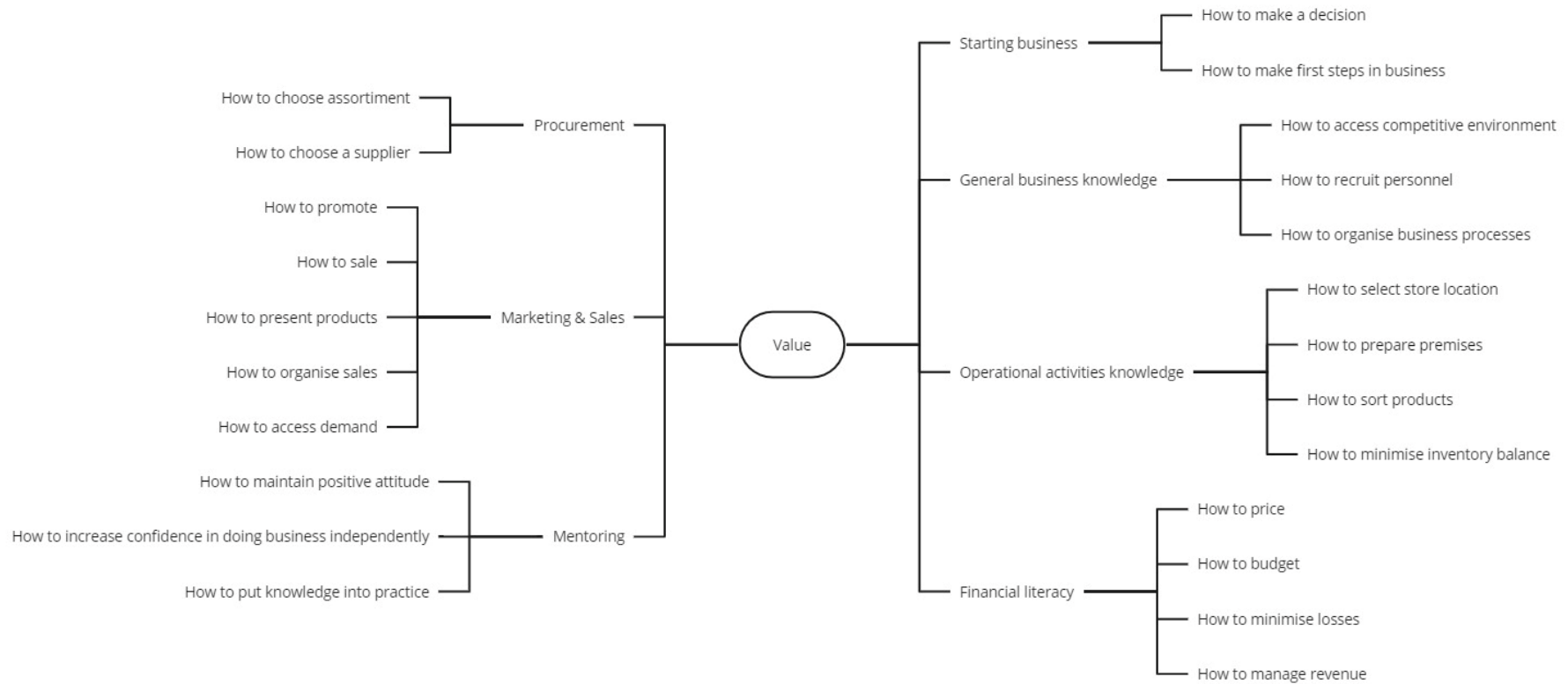
Advantages

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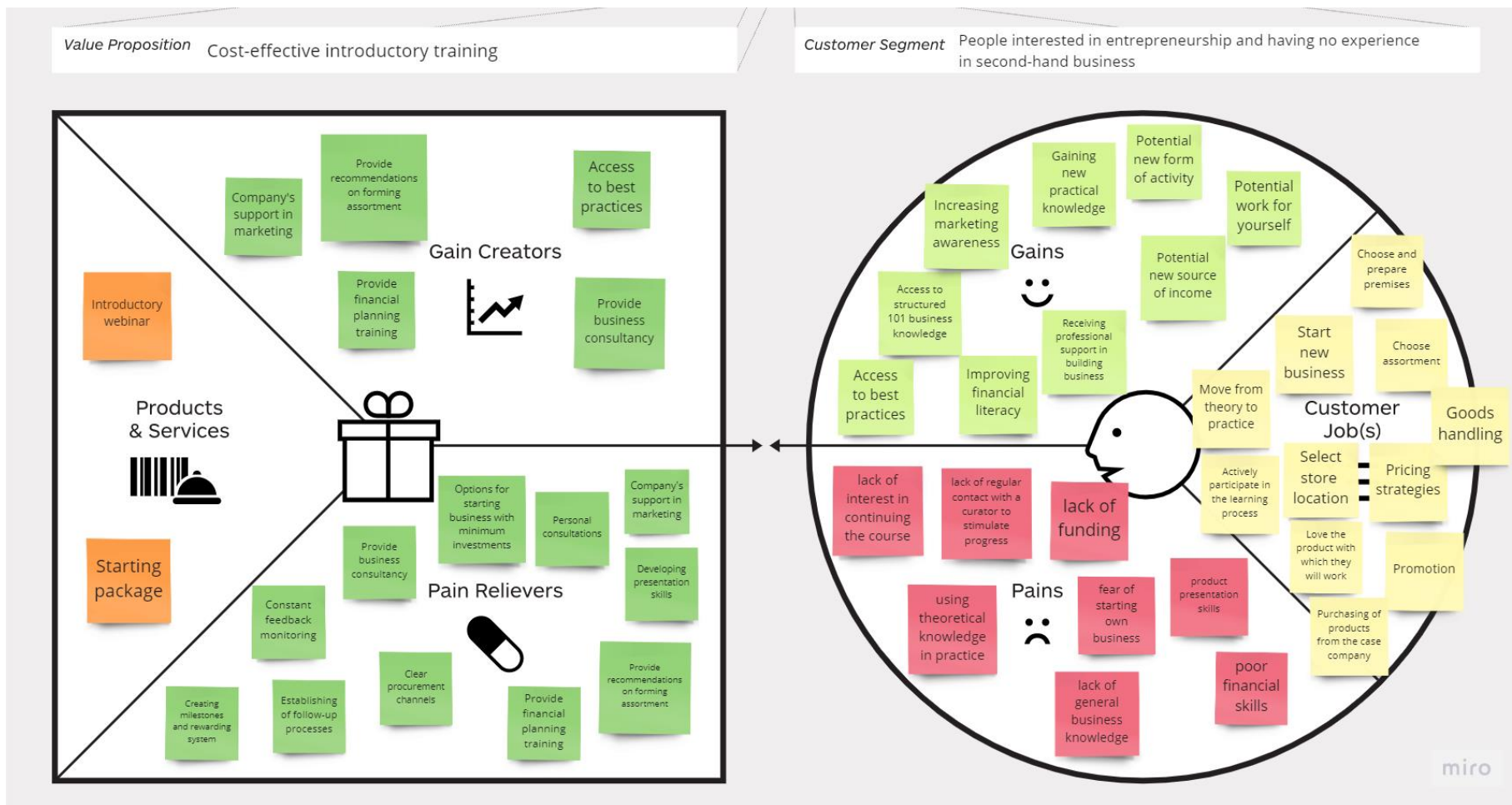
15* What are the benefits which customers will get after using your solution?

16* How are you competing with other companies?

Appendix 2. Jobs' activities



Appendix 3. Value canvas 1



Appendix 4. Value canvas 2

