

A painting of a yellow flower with a red and white striped box over the word 'SOLUTION'. The painting is signed 'Eleonora Escalante' in the top left, top center, top right, middle left, middle right, bottom left, and bottom right.

SOLUTION

Value Propositions: Theory and cases

Episode 20 SOLUTION

Example 6.

A Microfinance Initiative for the revival of rural abandoned villages in Europe

*You are learning with the
Spring Saga of the year
From January 22nd to August 9th, 2024.
www.eleonoraescalantestrategy.com*



Value Propositions: Theory and Cases.

Outline

1. **Introduction** 
2. **The history of Marketing: The background of value propositions** 
3. **What is a value proposition?** 
4. **Problem solving in the context of value propositions.** 
5. **The philosophy behind the Osterwalder Canvas** 
6. **Customer profile. Gains. Pains** 
7. **Value map. Gain Creators. Pain relievers** 
8. **Fit between the Client and the Value Map** 
9. **Let's practice. Example 1. A Global Consumer Packaged Good (CPG)** 
EASTER WEEK HOLIDAY No publication this week (Vacation from the 22nd to 31st March) 
10. **Let's practice. Example 2. A Fast-moving Consumer Good (FMCG)** 
11. **Let's practice: Example 3. A Technological Computer Peripheral Equipment Manufacturing** 
12. **Let's practice: Example 4. A Luxury Precious Stone Mining** 
13. **Let's practice: Example 5. A Global Transportation Services Enterprise** 
14. **Let's practice: Example 6. A Financial Sector initiative**  **Today**
15. **Let's practice: Example 7. An agriculture-food security product**
16. **Strategic Reflections about Value Propositions.**
17. **Summary and conclusions.**

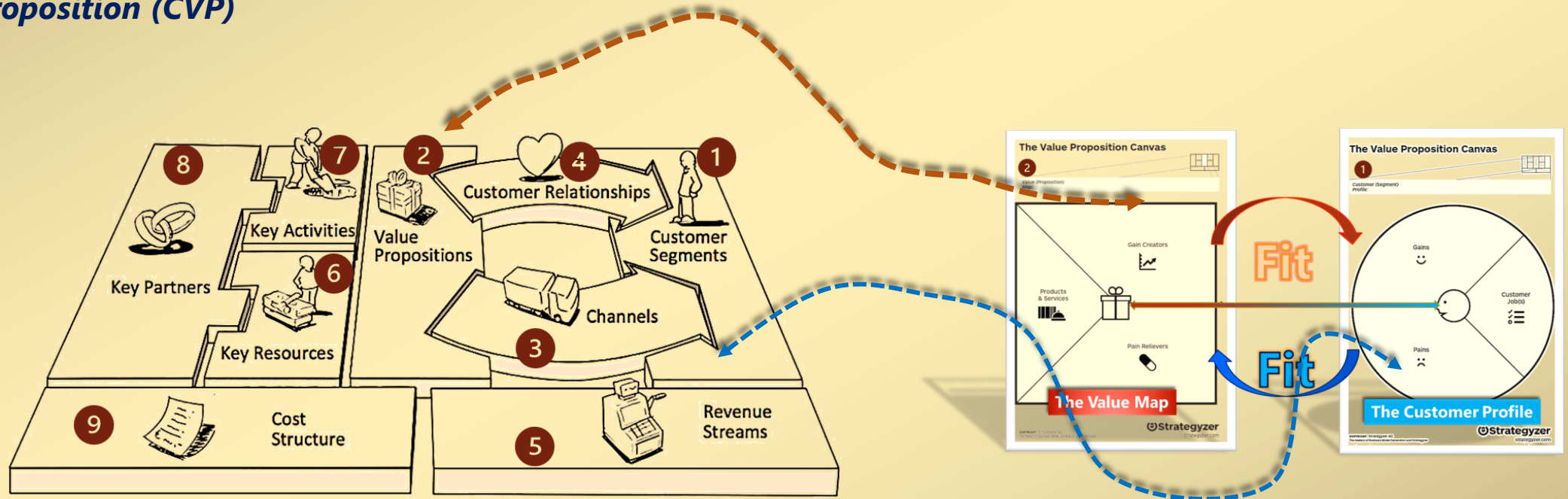
This outline is subject to change if the author considers it appropriate.



Value Propositions: Theory and Cases.

Today is another chance to practice. Our sixth example is about resuscitating ghost towns in Europe through a special financing facility.

Please remember that we are simply at the initial step of business modeling: building the Customer Value Proposition (CVP)



Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.
www.businessmodelgeneration.com
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Value Propositions: Theory and Cases.

The entrepreneurs' integral squad have contacted us to help them with a double purpose CVP: To resuscitate the abandoned rural village of Spain, France, Italy and Portugal through a microfinance solution for the new settlers of these countryside communities.

Most of these European rural towns are called ghost places. Most of their population and youth have migrated to the cities. During the last 50 years, the elder citizens who remained, passed away, leaving no one to replace them in charge of their economies.

Before starting our class, we asked ourselves the following questions:

- Is there a correlation between living in rural areas and the level of income/habitant?
- Why did the youth leave rural abandoned areas?
- When did these villages or cities become "ghost towns"?
- What is the truth about the migration from the youth to urban? Finding economic opportunities to leave poverty? Trying to find a better quality of life? Get educated in urban universities?
- Why were these towns completely forgotten by their central governments for decades? For how long has this happened?
- Is migration nothing else than the pursuit for better salaries, prosperity and wealth creation?
- Is being young correlated to the concept to migrate to the urban cities where younger generations "mistakenly believe" they have best opportunities for (1) Education; (2) Employment; (3) Economic Status; (4) A contemporary lifestyle; (5) A better quality of life through multiple options of jobs...
- Why are rural areas left behind in the hands of the elders who can't raise their towns economically anymore?
- When did humans start to believe that rural is bad, and urban is good?
- Why did the causes of the problem of migration have not been solved yet by any country on earth? And why the existing or current solutions being implemented in Europe are not correct either?



What is the philosophy and the rationale behind migrating from the rural to the urban settlements?

Why do we separate rural from urban areas according to the following paradigm of ideas?

Rural Areas	Urban Areas
Always Poor	Wealthier
Lower Literacy	Higher literacy
Weak Health Care Services	Better hospitals/healthcare
Little public and private infrastructure available	More developed infrastructure
Poor housing standards	Better housing conditions
Only primary employment (mainly agriculture)	More options of employment
Lower standard of living	Higher standard of living



Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: An economic model proposal to revive and develop the rural abandoned ghost towns of Spain, Italy, France and Portugal.

Based on all the research that we have prepared for you in the last slides, can you try to define What is the exact product that our entrepreneurs wish to sell?



What is the product that our entrepreneurs wish to sell? And to whom?

The entrepreneurs ask themselves?

- 1. What product, what economic model to sell? Value Map***
- 2. To whom? – Customer Profile.***
- 3. Can we craft a perfect fit between the entrepreneurs' product and the customer?***



**The entrepreneurs' inspiration resides in the rural ghost-town situation:
"The abandonment of rural areas, the brain drain, the migration of the youth to the cities (for best opportunities of education, employment and prosperity), are fueling new territorial disparities as rural regions age.
Rural ghost towns are the consequence of this phenomenon".**

Summary of Europa Regina demographic troubles in rural areas:

Europa Regina's main troubles:

- 1. A Rural Europe with an important area of unproductive lands (ghost-towns), or with low density populations*
- 2. A Rural Europe that has lost its biodiversity.*
- 3. An Old Europe, with youth who don't want to live in the predominantly rural regions, but why?*
- 4. An inequal Europe that has attracted thousands of their people to urban cities, leaving the farmlands of their ancestors behind.*
- 5. Why is this psychological and philosophical pattern occurring?*

The answer to this last question is historically embedded in the Renaissance period (14th century). Rural was not good for economic reasons, the peasants were always living in poverty under the post feudalism legacy; while urban dwellings promised a better quality of life through education, higher salaries and diverse employment.

How to change this reality?



Value Propositions: Theory and Cases.

HOMEWORK

Our entrepreneurs aspiration is to sell microfinance solutions (and a new economic model for rural living) to the youngsters who will repopulate and create wealth in the rural ghost towns of Europe.



Photo source:

<https://www.iahv.org.uk/cause/humanitarian-relief-for-ukrainian-refugees/>

Additionally, the entrepreneurs want to provide financing solutions to Ukrainians farmers (in a refugee status) that might be interested to re-settle for good in the rural abandoned Europe.



**Reduce
inequality
within and
among countries**

Our entrepreneurs are aligned with the SDG number 8 and 10 of United Nations.



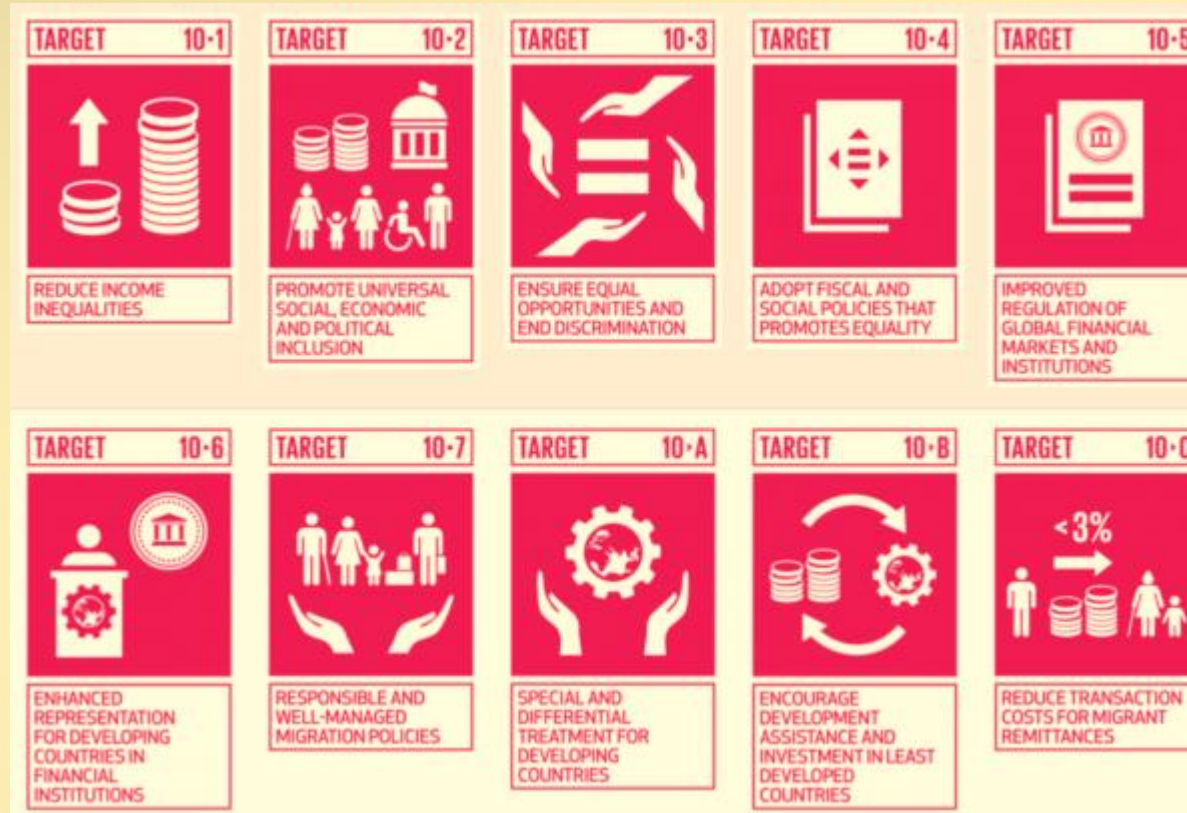
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Value Propositions: Theory and Cases.

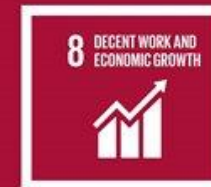
HOMEWORK

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INSTRUCTIONS

1. Your homework for today is to try to build two CVPs
 - Customer Profile 1 made for attracting the youth to revive the ghost towns of Europe
 - Customer Profile 2 for the microfinance solution for economic development of these rural villages.
2. Then proceed to build their respective value maps.
 - Value map 1 for attracting the youth to Rural Europe
 - Value map 2 for the microfinance sustainable solution
3. Ensemble both CVPs in one and try to find out if there is a fit.
4. The Digital Nomad model is not a valid answer for this case
5. We encourage you to do it over the weekend. Do not be scared for making mistakes. No one becomes a master without messing it with tons of errors.
6. I will come back on Monday to upload our solution.

The entrepreneurs want to provide financing solutions to young people to inhabit RURAL ABANDONED EUROPEAN places, love their farmland, produce it, and have enough money to live as middle-class citizen families. They want to stop rural ghost towns to happen in this century.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our entrepreneurs are aligned with the SDG number 8 and 10 of United Nations.



Value Propositions: Theory and Cases.

HOMEWORK

Our entrepreneurs' aspiration is to sell microfinance solutions (and a new economic model for rural living) to the youngsters who will repopulate and create wealth in the rural ghost towns of Europe.

INSTRUCTIONS

Use the templates that we have provided in the past for:

1. Build the Customer Profiles
 - Customer Pains Template
 - Customer Gains Template
 - Customer Jobs Template
2. Build the Value Maps
 - Pain Relievers
 - Gain Creators
 - Products and Services (other adjacent products).
3. Fit between the Customer Profile and the Value Map to create CVP1 and CVP2.
 - Check Elements of Value
 - Value Realization road map
 - Progression of Economic Value Check

"Getting young people to become farmers is a major challenge; what we now need is incentives for young people to take up farming, investments in our current farmers and those who will become farmers."

Simone Schmiedtbauer, MEP for the Committee on Agriculture and Rural Development

<https://www.agriland.ie/farming-news/65-of-eu-farms-run-by-farmers-aged-55/>





Value Propositions: Theory and Cases.

We will show you the final CVP, after assembling CVP1 and CVP2. This is a case of the same client under two different products. We have integrated them.

Create synergies among the separated CVPs and coordinate between them as necessary.

Similarity of the CVP	Potential for Synergies	Potential for Conflicts
+++	++	--
+++	+ -	--
--	+ -	++

Bundled Customer Segments

Integration

Autonomy

Separation

Unbundled Customer Segments

Avoid conflicts between the integrated CVPs and allow for necessary autonomy

Customer profile same client

Different Value Maps

End User
Future Farmer's Family



The value map is built by focusing on the "attraction of new owners or tenants" to the ghost town. There are crucial aspects to consider: the new property, basic services, the potential of the property, the price, the future farmer's lifestyle/change of mindset

End User
Future Farmer's family



The value map is built by the microfinance solution altogether with the business model of the new farm development, considering the needs and wants of the new community to thrive.

?

Should we keep both CVPs separate and unbundled, or can we adjoin both in one? Or should we keep it them partially bundled with some degree of autonomy?

For this case we decided to integrate them into one final CVP.

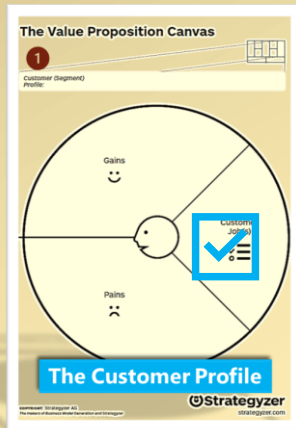


Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

The Farmer's family jobs

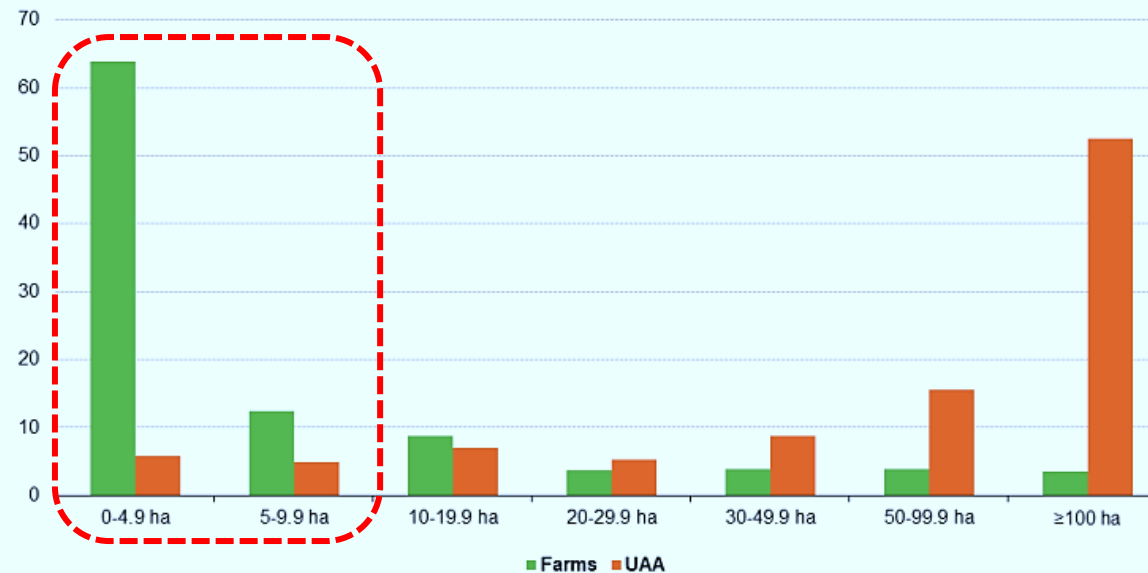
Let's see which the type of farms of Europe in terms of size



Actions



Distribution of EU farms and utilised agricultural area according to farm size
(%, 2020)



Note: There are some differences in the threshold applied by some Member States, often to exclude the very smallest agricultural holdings which together contribute 2% or less to the total UAA excluding common land, and 2% or less to the total number of farm livestock units.

Source: Eurostat (online data code: ef_m_farmleg)

eurostat

- Almost two-thirds of the EU's farms are less than 5 hectares (ha) in size in 2020. These small farms can play an important role in reducing the risk of rural poverty, providing additional income and food.
- 1 Ha = 10,000 m²
- 98% of farms in Europe are family farms.

The utilized agricultural area (UAA) is a standardized notion in European agricultural statistics. It includes arable land (including temporary pastures, fallow land, greenhouse crops, family gardens, etc.), the areas always under grass cover, and permanent crops (vines, orchards, etc.).

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Farms_and_farmland_in_the_European_Union_-_statistics#

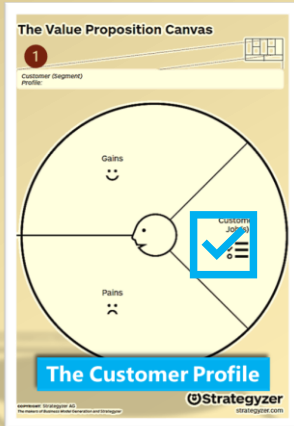


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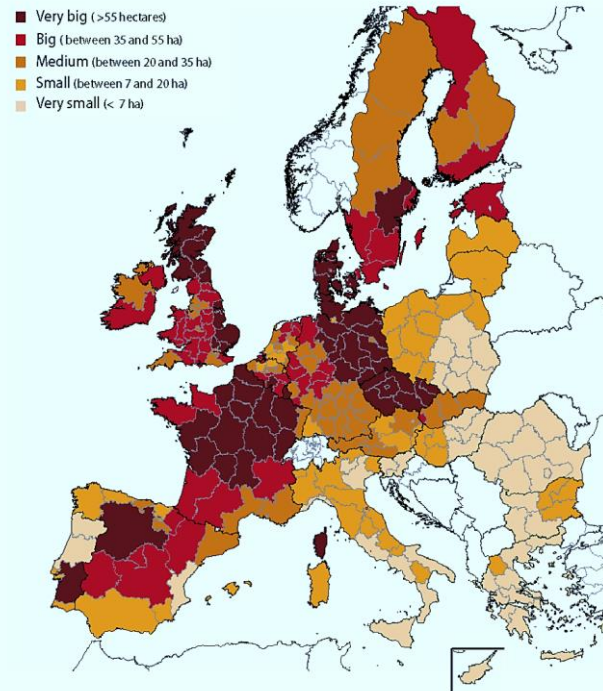
Let's see which the average farm sizes per region and the income levels per age



Actions



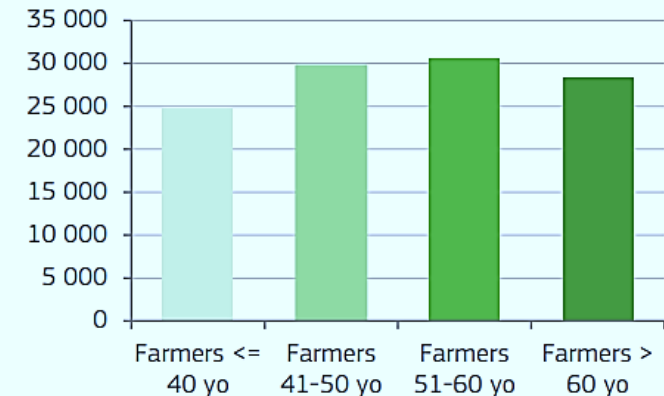
Average farm size by region



<https://epthinktank.eu/2013/04/12/young-farmers-in-the-european-union/fig-3-2/>

Farms run by middle-aged farmers (51-60 years old) demonstrate on average the highest profitability.

GRAPH 4 – Income levels by age of farmers, EU average, 2021(p)



https://agriculture.ec.europa.eu/system/files/2023-11/analytical-brief-3-feo-brief_en.pdf

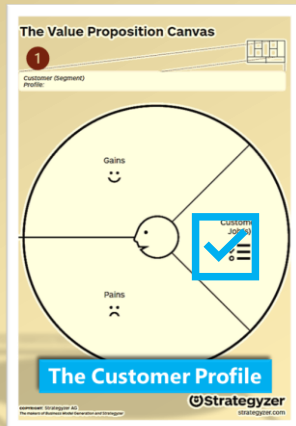


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The Farmer's family jobs

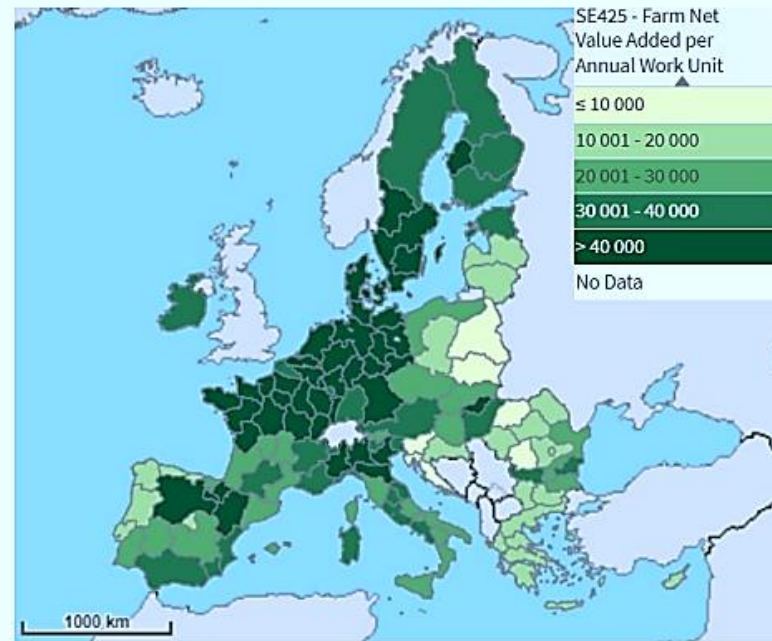
Let's see which are the relevant indicators utilized to understand the economics of the farmers in Europe.



Actions



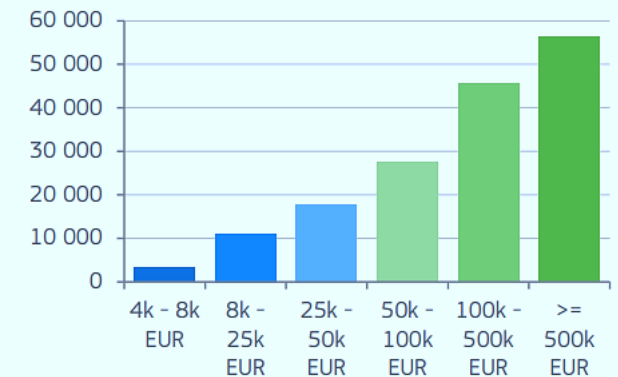
MAP 1 – Income levels by FADN region, 2021(p), EUR FNVA/AWU



All agricultural sectors registered an increase in income, except pigs and poultry

- The Farm Net Value Added per Annual Work Unit or FNVA/AWU is the indicator that has been established for agricultural policymakers. Let's go to next slide please.*

GRAPH 2 – Income levels by economic size of farms, 2021(p), EUR FNVA/AWU



- https://agriculture.ec.europa.eu/system/files/2023-11/analytical-brief-3-feo-brief_en.pdf
- https://www.researchgate.net/publication/280086961_Comparisons_of_Farmers'_Incomes_in_the_EU_Member_States_-_Study_for_the_European_Parliament/link/55a796cd08ae345d61db558c/download
- [https://www.europarl.europa.eu/RegData/etudes/ATAG/2019/637924/EPRS_ATA\(2019\)637924_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2019/637924/EPRS_ATA(2019)637924_EN.pdf)
- https://agriculture.ec.europa.eu/system/files/2021-11/eu-farm-ecap-overview-2018_en_0.pdf

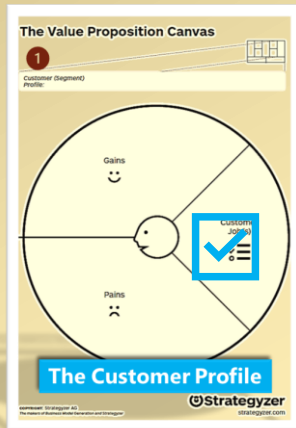


Value Propositions: Theory and Cases.

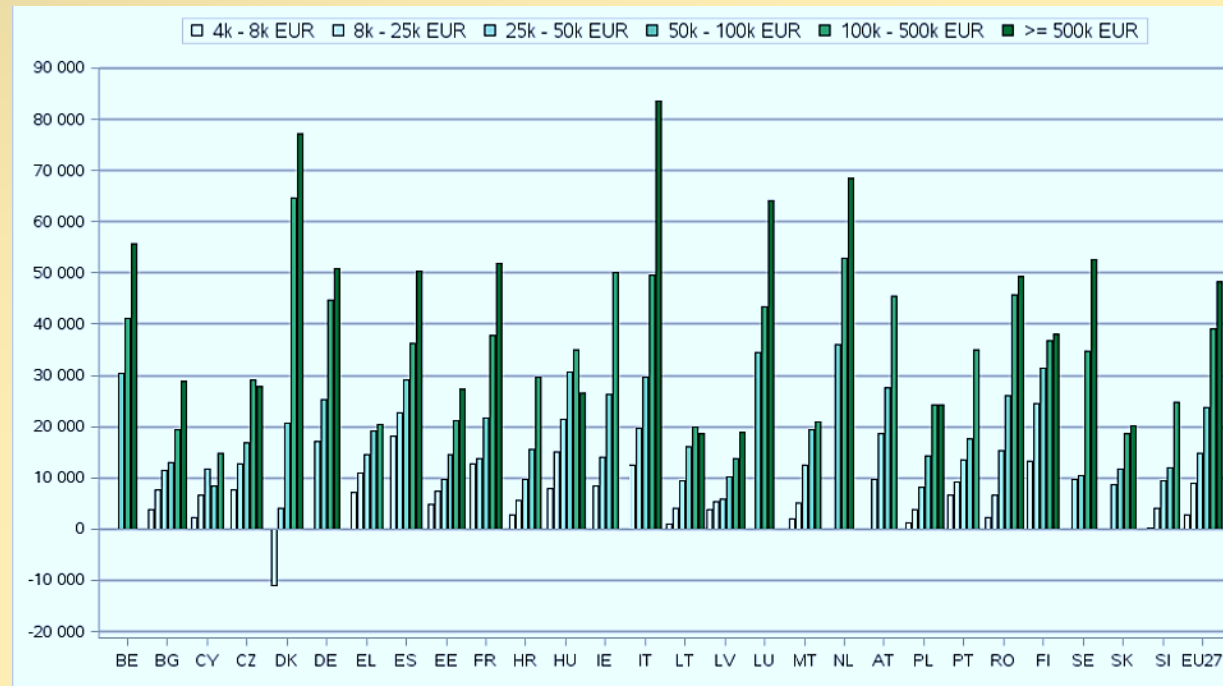
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The Farmer's family jobs

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Actions



Farm net value added per AWU by Member State and by economic-size classification in 2018 (average per AWU in EUR)

• https://agriculture.ec.europa.eu/system/files/2021-11/eu-farm-econ-overview-2018_en_0.pdf

- The FNVA measure is one of the most important established by the Farm Accountancy Data Network of Europe
- In 2018, the highest FNVA per AWU in the maximum economic size class was in Italy (83,500 Euros). The lowest FNVA in the highest segment of farm output was Lithuania (18,700 Euros)

Economic Size of the Farms

	Standard Output Value of the Farm (Euros)
1	4K to 8K
2	8K to 25 K
3	25K to 50K
4	50K to 100K
5	100K to 500K
6	> 500 K

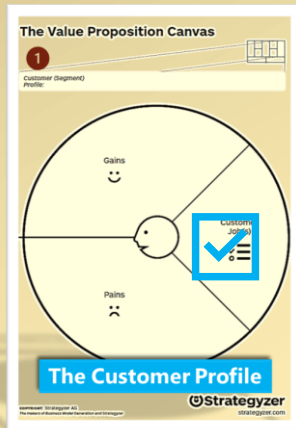


Value Propositions: Theory and Cases.

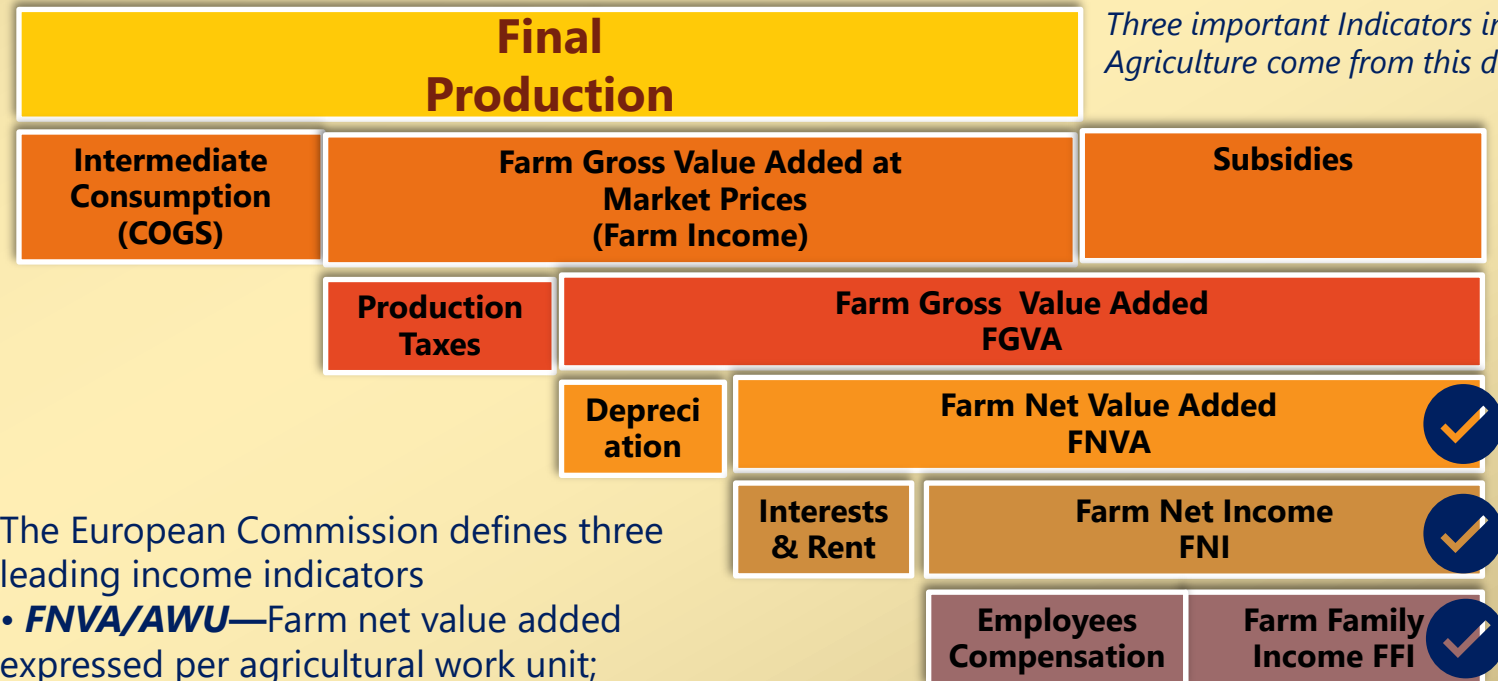
Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

The Farmer's family jobs

Let's see why do we need to understand the three indicators established by the FADN in Europe, because our entrepreneurs wish to elevate the FNVA per AWU of farmers who will produce between 100K to 500K per year.



Agricultural Work Unit
AWU: An AWU is an annual calculation unit of labor, where one AWU equals 2120 hours worked over the year.
Family Work Unit FWU: concerns own (family) labor input



Three important Indicators in Agriculture come from this diagram.

The European Commission defines three leading income indicators

- **FNVA/AWU**—Farm net value added expressed per agricultural work unit;
- **FFI/FWU**—Family farm income expressed per family work unit
- **FNI**—Farm net income.

- https://agriculture.ec.europa.eu/system/files/2021-11/eu-farm-econ-overview-2018_en_0.pdf
- Measuring farmers' incomes and business performance: <https://aei.pitt.edu/4880/1/4880.pdf>
- https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Performance_of_the_agricultural_sector#Value_of_agricultural_output

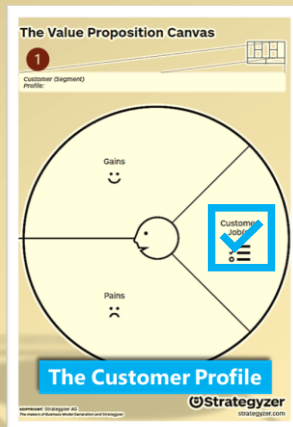


Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

The Farmer's family jobs

I would like you to observe each of the indicators of agricultural and farm income in the EU. Each country has its own indicators.



- Each of the Indicators give us different overviews about the income of farmers in the European Union.
- Some indicators are given as an average per country, others according to the economic-class size of the farm.
- If we wish to know about the operational revenues of the farm per labor unit, then we must observe the FNVA/AWU
- If we wish to learn about the family farms net income (after paying interests to creditors and rents, in the case of tenants), then we should see the FNI
- If we wish to understand the income per farm family, we must check the FFI/FWU
- The graph at your right gives you a hint of the dynamics of these income indicators.
- And on top of that, we must check the calculations, the data sources, and year of publication (filtering if the data is from that year or not).
- In consequence as CVP designers, we must be aware of the insane grade of difficulty if we are entitled to do a good job.

Actions

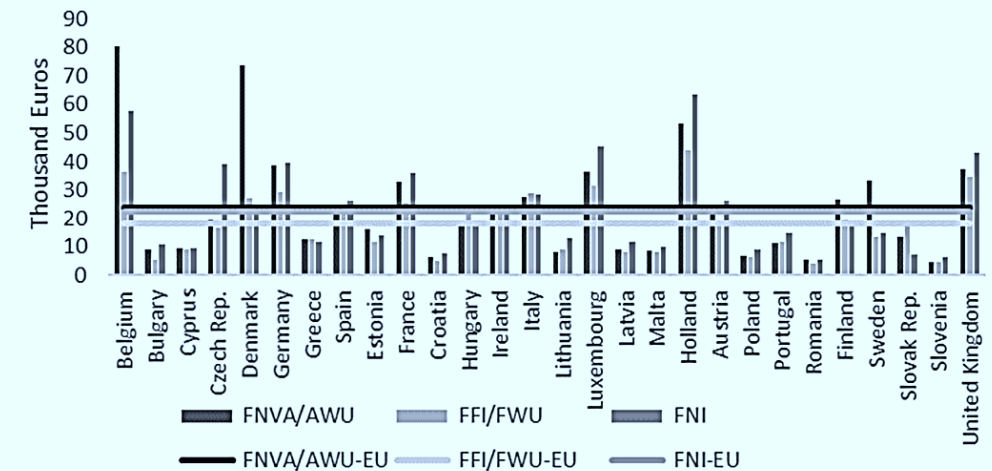


Figure 1. Income indicators of the EU member states (average of 2009–2018). Source: own calculations.

https://www.researchgate.net/publication/365282482_Sustainability_of_Farms_in_EU_Countries_in_the_Context_of_Income_Indicators_Regression_Analysis_Based_on_a_New_Classification

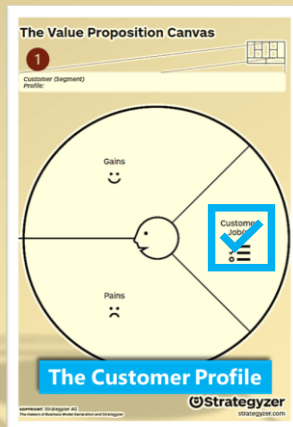


Value Propositions: Theory and Cases.

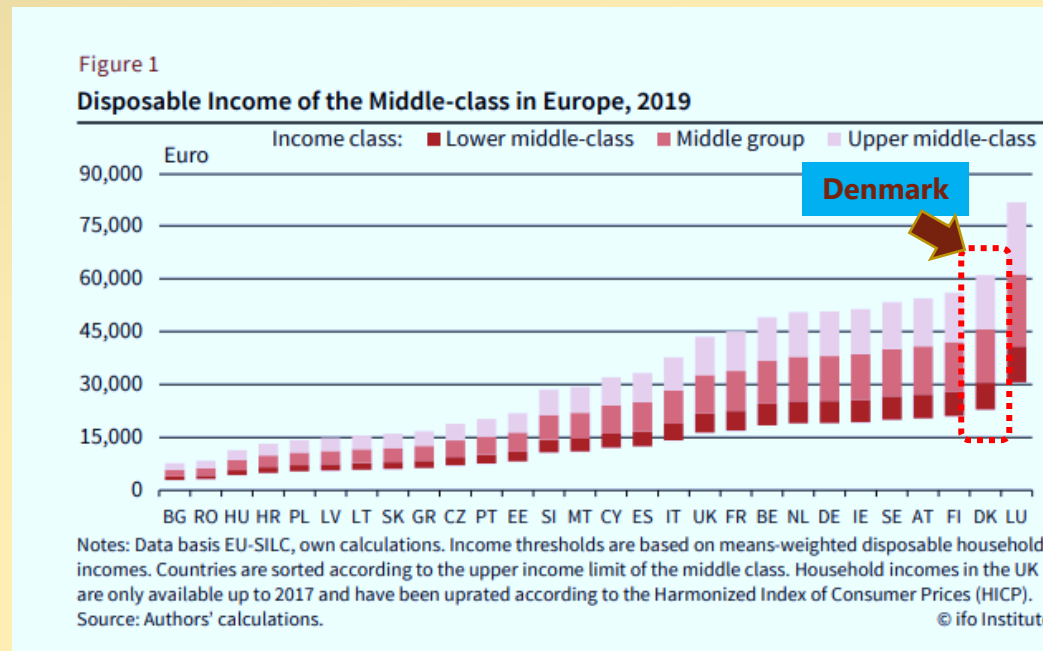
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The Farmer's family jobs

The target of the entrepreneurs' project is to find a farm model that allows an annual income per family of four members of at least \$50,000 euros per year (measured in disposable income). Would that be possible?



Actions



- https://www.econpol.eu/sites/default/files/2023-07/econpol-forum-2023-4-dolls-dorn-gstrein-lay-encome-tax-burden_0.pdf

The average effective tax burden is calculated as follows: (Total tax payments to the government + Total social security contributions - Total social benefits received) / Gross household income.

- In Europe, as much as the USA, the average of the Middle-class Income per year depends on the country.
- The disposable middle-class income is calculated after is affected by the average effective tax burden. It is also called Net Income.
- Disposable Income is gross earnings plus cash benefits minus income taxes and minus social security & pension contributions.
- Let's see it in Denmark: The gross income per year for a single earner family of the middle group of the middle class is € 70 K Euros. After the effective tax burden deductions (38%), the disposable income is €43.4 K.
- The agriculture sector contributed 1.3% to the EU's GDP in 2023.
- How to ensure a FFI (farm family income) in agriculture of middle-class income in small farms?
- What type of economic model can work?



Value Propositions: Theory and Cases.

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The Farmer's family jobs

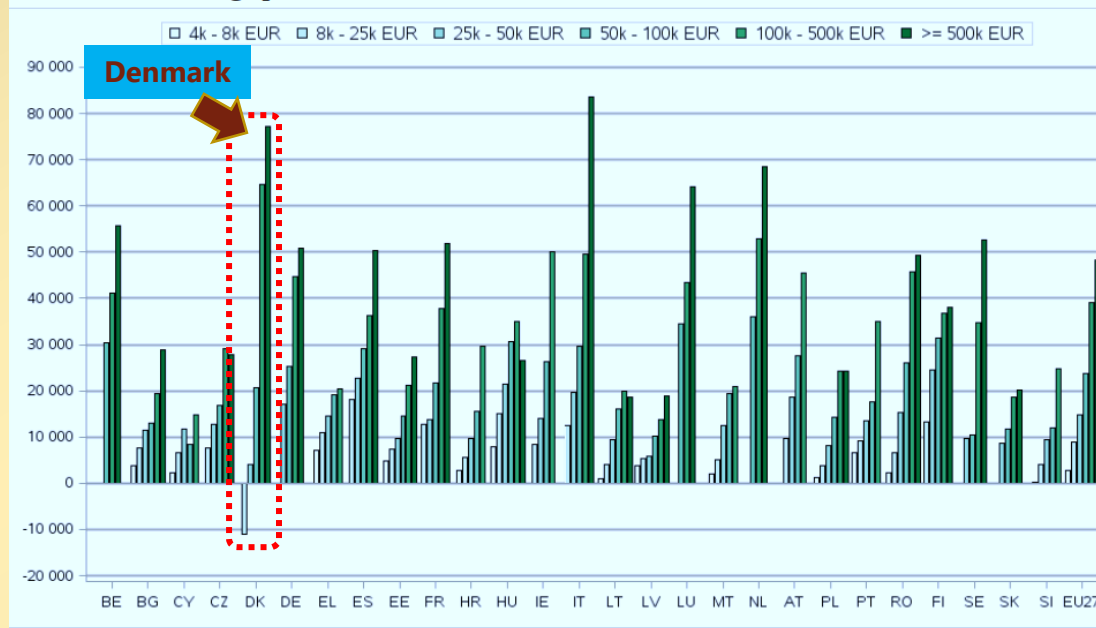
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Actions



Figure 1.4: Farm net value added per AWU by Member State and by economic-size classes in 2018
(average per AWU in EUR)



• https://agriculture.ec.europa.eu/system/files/2021-11/eu-farm-econ-overview-2018_en_0.pdf

Good statistics help nations for policy making or what I call corporate strategic decision making for any good entrepreneur who wish to do good CVPs.

- Last slide was the average salary for the middle class per country. Now let's dig a bit more in the agricultural sector.
- At your left you can observe the average FNVA per AWU per each member state of the European Union. The economic class-size is compared
- The graph shows the income after the deduction of farm taxes before interests to the banks per AWU. Look at the differences of economies of scale!
- First, the largest farms with highest standard output of more than €500K/year have the highest average farm income per labor unit. This occurs mainly in Belgium, Denmark, Italy, Luxembourg and the Netherlands. These farms use more high-tech machinery, and less labor force.
- But if we see the small farms with production outputs between €4K to €50K, the FNVA/AWU is sometimes as low as €290/year as the case of little small firms in Slovenia, while in Hungary the smallest economic-size class farm income per labor unit shows the highest of €7,900.



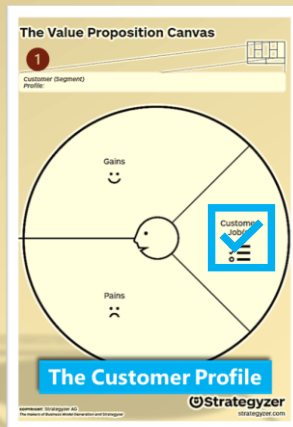
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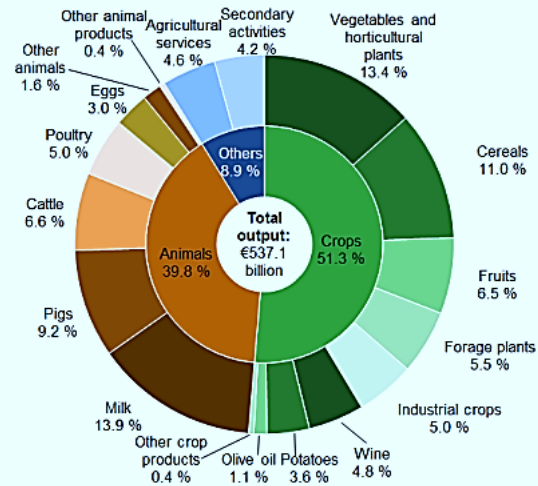
The Farmer's family jobs

The entrepreneurs' squad have asked to find what are the most promising crops.

Europe has a solid diversification of its agricultural sector. Farms are classified by type of specialization. This is called the EU Farm Typology Classification System.



Output of the agricultural industry
(% of total output, EU, 2023)



Note: values at basic prices. Due to rounding, the shares do not sum to 100.0%.
Source: Eurostat (online data code: aact_eaa01)

eurostat

Figure 1: Output of the agricultural industry
(% share of total output, EU, 2023)
Source: Eurostat (aact_eaa01)

- https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Performance_of_the_agricultural_sector#

Code	Name	Principle types of Farming
1	Field Crops	Specialists in cereals, oilseeds, protein crops. General Field Crops. Mix of the latter field crops
2	Horticulture	Horticulture indoor, outdoor and other horticulture
3	Permanent Crops	Specialist vineyards, Specialist fruits, Specialist Olives and various permanent crops combined
4	Grazing Livestock	Specialist dairy cows, dairy cattle, Cattle: rearing, fattening. Sheep, goats and other grazing livestock
5	Granivores	Specialist Pigs, Poultry and other various granivores combined
6	Mixed Cropping	Combination of grazing livestock, plus granivores, or combined with field crops, horticulture and permanent crops
7	Mixed livestock	Mixed livestock, mainly grazing animals; or mainly granivores in comparison to crops.
8	Mixed crops and livestock	Field crops and grazing livestock combined. Various crops and livestock combined
9	Others	

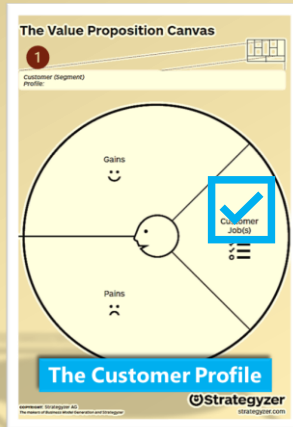


Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

The Farmer's family jobs

The entrepreneurs' squad also wish to integrate the value chain of the agriculture in the new settlement of the ghost-towns, with the purpose to expand the local manufacturing, and limit the flow of imported products



From the Farm to the Fork is a strategy that pretends to help the agriculture sector to meet the 5 challenges of the European Green Deal.

Make sure Europeans get healthy, affordable and sustainable food

Tackle climate change

Protect the environment and preserve biodiversity

Fair economic return in the food chain

Increase organic farming

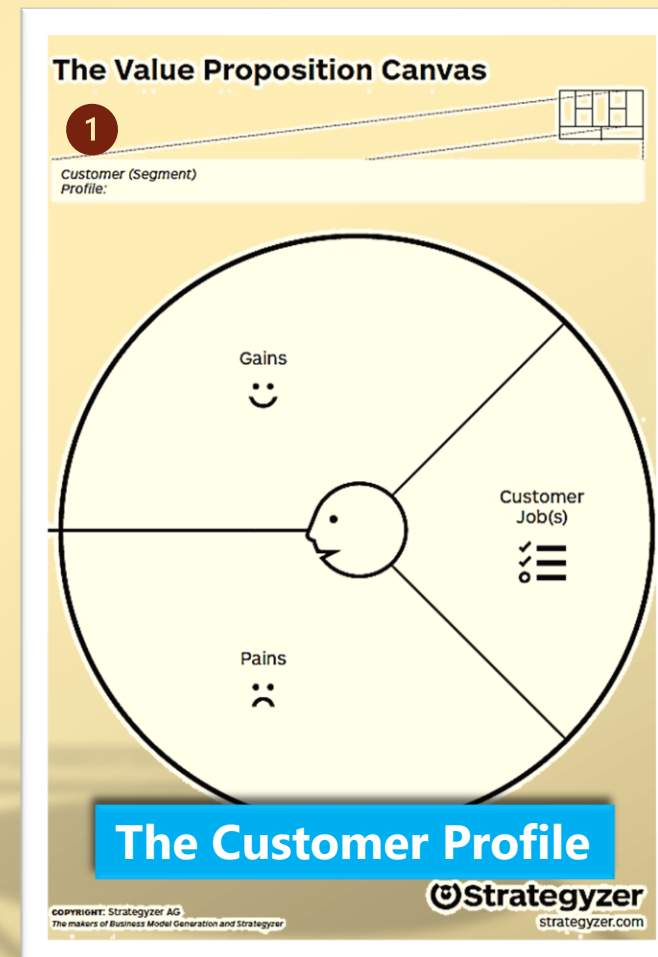
Source: https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en



Value Propositions: Theory and Cases.

Final Integrated Customer Profile V.1.0

We will show you the final CVP, the result after assembling CVP1 and CVP2.

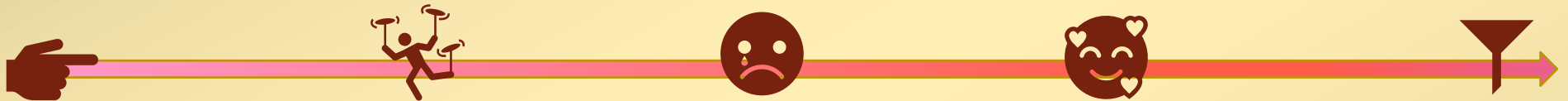





Value Propositions: Theory and Cases.

Let's remember: Osterwalder-Pigneur have instructed us to follow a 5-step process when building the Customer Profile.

Visualize the process.



 **Select
customer segment**

Select a Customer Segment that you want to profile

 **Identify
Customer Jobs**

Ask what tasks your customers are trying to complete. Map out all their jobs by writing each one on an individual sticky note or Post-it. Use the criteria explained to classify them

 **Identify
Customer Pains**

What pains do your customers have? Write down as many as you can come up with, including problems, unresolved requests, lack offs, obstacles and risks Use sticky notes.

 **Identify
Customer Gains**

What improvements or value-added features and benefits do your client want to achieve? Write down as many gains as you can find. Use sticky notes

 **Prioritize jobs,
pains and gains**

Categorize jobs, pains and gains in a prioritization column.

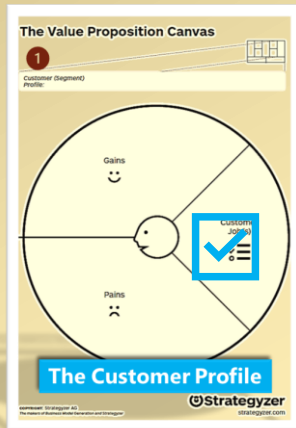


Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

Let's see which are the farmers and his respective families' jobs-to-be-done.

The Farmer's family jobs



Actions



Functional

- To change the mindset of a well-being based on urban premises
- To forget about the urban lifestyle as a daily pursuit
- To search for the right place in company of other young farmer aspirants to be
- To choose parameters of selection for the village beyond land location according to several parameters: water availability, soil, type of farming, size of the land, connectivity, entertainment services, education for kids, rural university model, demand-supply, CAP subsidies, etc.
- To decide which ghost-town to populate, designing the productive knitting of the new society, thinking 100 years ahead
- To create the farm corporate strategy, and its business plan.
- To ensure financing with the entrepreneurs according to the farm business plan. Sign the financing deal.
- To rehabilitate or build from scratch the family farmhouse, service facilities and ensure security of the land. Fix transport issues (if they exist).
- To move the family from the city to the village, in community with the rest of younger farmers. Make certain that a school will be ready with professors for the kids.
- To begin to work, accomplish productive tasks, fulfill outputs of production and sales.

Social

- A resettlement requires the construction of all the social settings which are required for the well-being of the community.
- Moving a community of young farmers require that women (the wives) will be responsible of the community social aspects of the village according to the priorities of the community.
- Entrepreneurship activities that can be made in the household organized by the wives: book clubs, cinema, bible-study groups, workout-fitness activities, sports, restaurants, coffee-shops, veterinary, general physician-clinic, etc.
- Any shop that helps to enhance the wellbeing of the kids and the families.

Personal/Emotional

- The keystone of each farmer house is the wife of each farmer. To self-sustain the family can't be in other hands than the wife and her helpers, while the farmers are working in the field.
- When kids are at school, women can lead and take several farming roles.
- The lack of diversification of employment creates the condition for self-creating what is needed in the community.
- Priorities change. The life-style of the city is substituted by the needs and wants of the family and the community.
- If a city is near, that may bring certain connection to others beyond the farmers.

Life-Changing

- Design a community setting requires a good detailed strategic plan, that creates the optimum size of farms, specializing in different farming for domestic consumption and exports.
- Integrate a political leadership team.
- Market integration to the local administration.



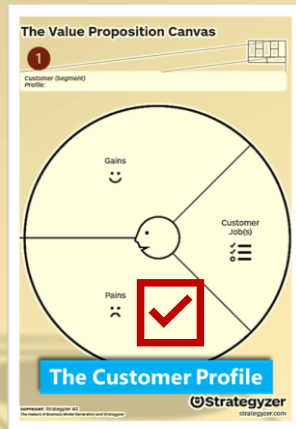
Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

Let's see which are the farmers and his respective families' pains



Farmers' family Pains



Functional Concerns

- Lack of good education for the kids
- Uncertainty about the yields of the selected farming activity. Climate changes
- Lack of support from the political administration to build public services and goods
- CAP subsidies may stop
- Organization and representation of the community to elevate their needs into regional institutions
- Lack of cooperation between the farmers community
- Privation of certain urban venues such as extracurricular classes activities for the kids
- Fear of moving to an uncertain location, under an isolation environment.

Obstacles

- Not finding the right place for summing up all the hectares of the individual farmers to a 500K Euros economic class holding
- Not getting the right bio-physical factors for the farm, the market related (supply-demand economics) and the correct agricultural structure.
- The loan/equity assessment is not approved for the family
- Not attracting enough funds from the government to improve the public infrastructure of the village
- Deficiency in CAP policy for not providing effective and sufficient incentives to fulfill the euro green deal.
- Withdrawal of regional and institutional responsiveness to the new villages public needs and wants
- Lack of farm management education in some of the farmers.

Unwanted Problems

- What could happen if the wives of the farmers don't get adjusted to the isolation of the village?
- The family wellbeing is not reached: lack of basic services such as a healthcare, shops, good education (a school in the village with real professors, not digital).
- Lack of a church, despite bible-study groups
- Absence of entertainment activities, which must be privileged over online-hobbies.
- Not generating enough output to fulfill yearly targets
- Climate Change affecting yield projections

Potential Risks

- Operational Risk: Wrong selection of the crops or the mix of granivores/livestock in one village that cannibalize the efforts of other villages
- Value Chain design risk: the output must be fully presold before the approval of the loan for the small farm.
- Socio-cultural risk: The rural economy not embraced and cherished by all the farmers, and new social-cultural venues not accepted by the new settlers of the micro-region.
- Power conflicts between the farmers: creation of power-conflicts, political manipulation between the farmers



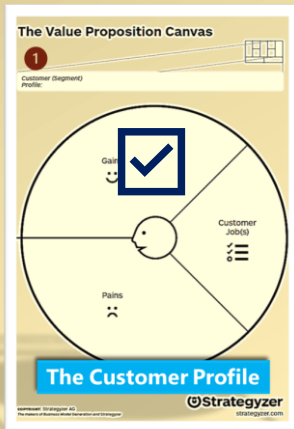
Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

Let's see which are the farmers and his respective families' gains



Farmers' families Gains



Required Gains

- The farm is their return to offer the same type of life they had (with parents/grandparents) to the next generations of kids. Most of the new young farmers come from "small farms" early-stage beginnings.
- The farm is modern, with the same basic service facilities than urban houses: water, electricity, internet, good security (zero crime).
- The financial solution allows the farmers to make a decent living without the pressure of the payback thanks to the grace period (5 years)
- The farm life-style is cherished, in comparison to urban dwellings.

Expected Gains

- Living in a farm implies to live in calmer, tranquil standard of living after work.
- The new farmers expect to leave the mundane urban pollution, the traffic, the agglomeration of people and the social violence.
- The farmers assume their business plans will be successful and will allow them the promise of at least 50K euros of disposable income, and on top the revenues from running the shops and other entrepreneurial initiatives
- Same quality of education than top urban schools
- Don't want to leave from their farm.

Desired Gains

- A good community school managed for the village with top standards. 80 traditional-20 digital, functioned by excellent educators who don't want to live in the city anymore.
- Several shops: a coffee shop, a community library, a book shop, a grocery store, a moto-delivery company, an agrocenter, a healthcare clinic, a dental facility, an electronics shop, a bakery, a butchery, a beauty salon, a tutoring school bureau, a community center for social and cultural activities, a pool, a gym center, a center of the village park, a cozy B&B, a pharmacy, a repair car business, the microfinance bank of the entrepreneurs bureau, a pet-shop, several convenience centers, apparel/shoe shop, etc.
- A good municipality at the service of the community.

Unexpected Gains

- If their pilot project is successful, their community will be a role model for attracting future young farmers in Europe.
- Better health for the long run
- Escape from the horror of the urban future pandemics or wars
- Grow their children to love the farm, and decide to continue studying farm-management and farming professional careers
- By the time their kids will have to go to the University, the farmers wish very much that the universities could organize themselves in mini satellite rural campus near their villages, that allow the kids to return every weekend to the farms and continue with their legacy. The parents dislike 100% online education to avoid the potential damage to their kids' brains.



Value Propositions: Theory and Cases.

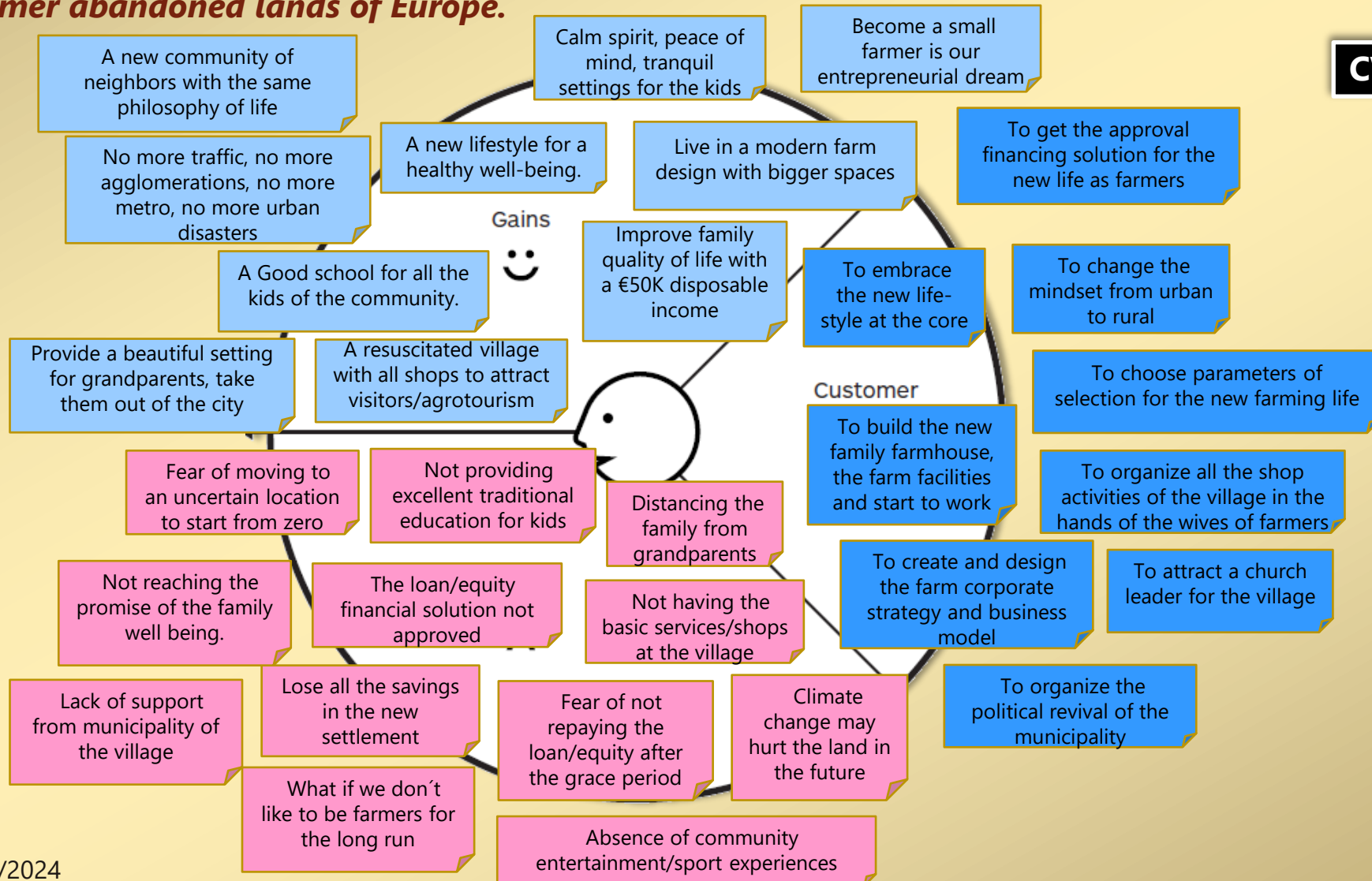
A Customer profile (Version 1.0) for the financing and successful resettlement of families in former abandoned lands of Europe.

CVP 1.0

Proceed to write each of your ideas in this template.

Please download and print the template from <https://www.strategyzer.com/library/the-customer-profile>

Please use sticky notes and glue each of them over the printed template with your own written ideas

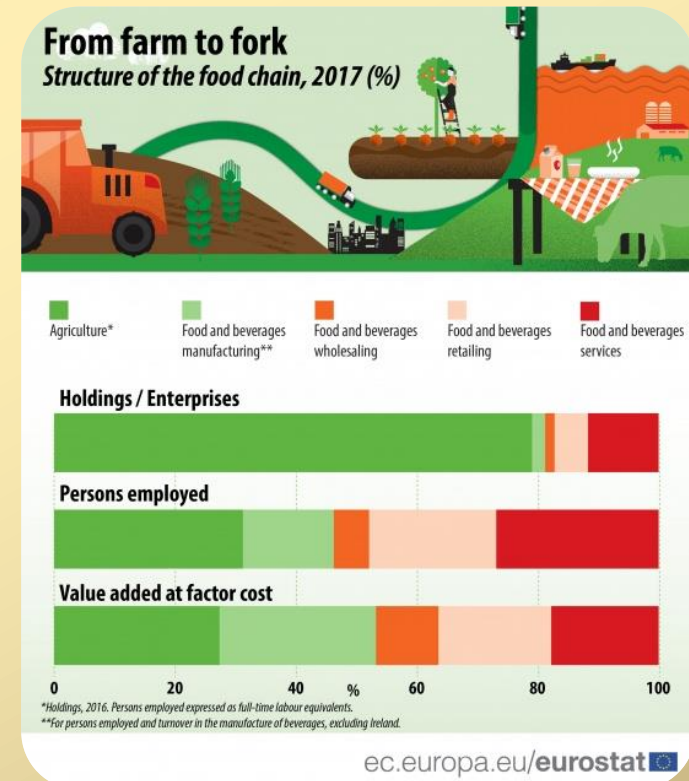




Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a resettlement pilot model for farming in Europe

Let's build the Value Map version 1.0

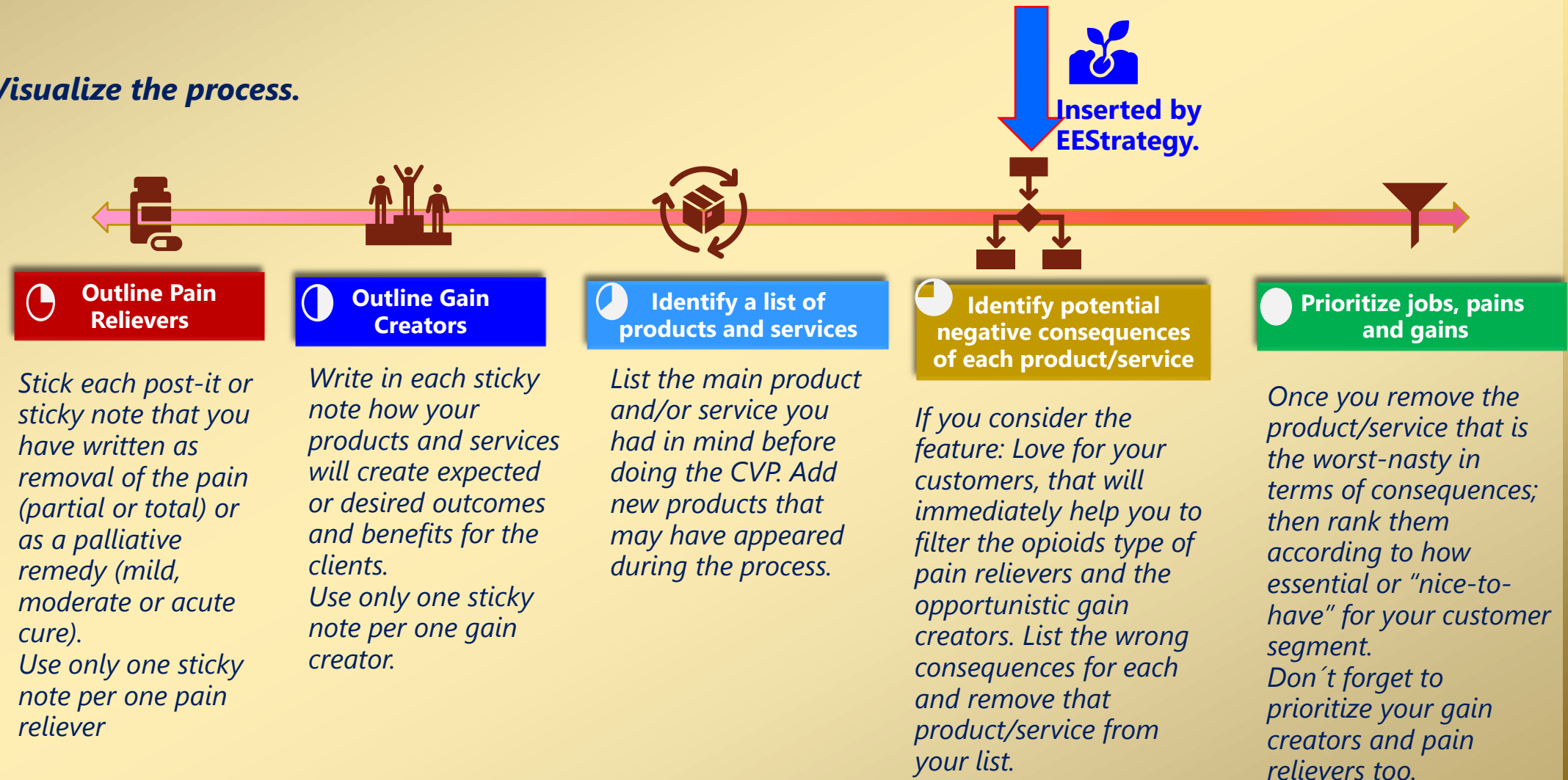




Value Propositions: Theory and Cases.

Let's remember what are the steps for the Value Map

Visualize the process.





Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide a financial solution for small farmers to inhabit rural ghost-towns in Europe.

Let's see how can we help them to define the pain relievers.



Pain relievers



A pain can be eradicated (removal) or reduced (palliative). A pain reliever category is designed according to the degree of solution to the problem

Reducing or Removing undesired functional concerns

- The school is tied to the financing of the repopulation. The central government will support in the construction and OPEX of the school. The farmers will pay a yearly bonus to the professors, reducing the risks of losing them.
- Farming Management Accompaniment to each farmer, and technical assistance provided by the EU Commission during the first 5 years of operations will decrease the uncertainty of results.
- The domestic consumption of the farmers from the village shops will decrease the preoccupation of lack of demand for these shops
- The community has adopted a promise of not importing things from abroad, but to spend in local SME Businesses. Agrotourism and cultural festivals will reduce the ambiguity of new inflows of cash to the village
- The leader chosen to lead the municipality will wipe out the fear of representation at a LAU level

Diminishing or Eliminating Obstacles

- The corporate strategy and business plan lowers the obstacle of not getting the loan
- The risk assessment of each farmer business plan reduces the uncertainty of the business plan assumptions
- Training in farming management and application of agricultural technologies for quality management removes the fear to unknown
- CAP policies decrease the obstacle of not reaching profitability
- The new municipality of the village installed before the settlers, diminishes the lack of support from the government.

Solving unwanted problems

- Psychological funds for a Well-being clinic reduce the anxiety and aid in this transition.
- A religious pastoral/faith community missionary matrimony (and kids) will go with the farmers. Given the absence of priests or pastors globally, this complement will help the community of farmers
- A strategic plan to design the entertainment activities under the responsibility of the wives of the farmers has been already designed and implemented successfully in other pilot projects for remote areas.
- The municipality will build a pool, and a gym facility in the community center. Other rural sports have been intended and will lower stressful times for the settlers.
- The farmers don't want a pub in the village: no alcohol in public places is allowed.

Weakening or Wiping Risks out

- The EU specialists supporting the microfinancing specialists decrease any operational or value chain design risk.
- Political conflicts between farmers will be recognized immediately by the local bureau of the entrepreneurs.
- Good roads and transportation systems in and out the village



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide a financial solution for small farmers to inhabit rural ghost-towns in Europe.

Let's see how to proceed to define the gain creators



Gain Creators



Functional-Utility Advantages

- The financing solution helps the farmers not just to relocate but to organize the village in which they all want to live.
- The farmers are empowered to visualize what type of society they want for the future and choose the municipal leader that will represent them. The EU support will help them to don't get lost in their quest to gather public funds at the local administration and regional basis.
- A separate home next to the farmer's family for grandparents can be considered
- Modern design of farms provide a quality of life
- The financial solution plan is integral and helps the life changing experience

Social Benefits

- The detailed risk assessment of the entrepreneurs, helps to filter in the selection of the farmers with similar expectations of this life-project
- A new home, a new economic activity, in a new location, with freedom to start from scratch gives a sense of transcendence to the farmers.
- The farmers affiliate to other farmers of similar backgrounds to create a specific group of reference, without the needs of the urban connections for future development of the families
- The satellite rural campus universities will provide an enormous difference in rural populations. The rule 80% traditional – 20 % digital for education will be respected

Emotional Upgrading

- Living in a farm is not easy, but it reduces anxiety, relaxes the soul
- The kids raised in farms (with very limited access to smartphones and digital tools) are less selfish, love the nature and are truly different than city dwellers.
- The modern farmhouse is the dream come true for anyone. It has its disadvantages, but its therapeutic value benefits the whole family.
- Well-being is attained daily.
- Emotionally, to live in the rural settings with all the facilities of the urban services, provides an inner advantage forever.

Other Gain Qualities

- The risk assessment of each farmer business plan help the farmers for the approval of the loan/equity financing, and to organize their roadmap by stages into the rural lands.
- Training in farming management and application of agricultural technologies for quality management is offered by the EU commission.
- Provides hope for a future roll out of the project in different locations of the world. Fulfills United Nations SDGs 8 and 10
- The motivation beyond productivity or efficiency for the farmers offers a high yield beyond their crops.
- Value chain integration from start provides access to new markets.



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide a financial solution for small farmers to inhabit rural ghost-towns in Europe.

Let's see how can we help them to define the final product and additional ones



Products/Services



Functional Tangible

- The financing solution is simply the "milieu" for the family farmers to self-sustain their efforts to become middle-class citizens.
- The loan/equity parameters are described in the next slide
- To comply with each requirement of the financial solution allows the farmer to build the future for at least 4 generations ahead.
- With this formula (if climate change doesn't interfere), it will be proven to make a disposable income of €50K per year.

Emotional Intangible

- The loan/equity product is just the kick-off for the family.
- The moving to a modern-farm, designed for the needs and wants of the family is priceless
- The opportunity to resettle in a group of 10 to 50 farmers to start a society from scratch is sublime

Environment

- Meet and comply with the terms of the Euro green deal.
- To design an optimum mix of farming (specialty field crops, permanent crops, horticulture, or grazing livestock, granivores, etc.) is an art. The agricultural mix of farming will depend on the demand of the products (nationally and internationally-if exports). Circular environmental practices will be fully promoted.

Life Changing

- Choosing farming agriculture doesn't end there. The farmers are interested to grow to secondary midstream industries later.
- The legacy of this project is to create new communities for the repopulation of ghost-towns, or to create new communities in low-density populations areas in the world.
- Urban cities have too many troubles, are expensive and are not helping many people in their quest to become loving human beings.

Social Impact

- The relocation and settlement of families in the agriculture-farming sector is of life transcendence.
- To organize a new society, returning to the farm is a product of hope, of heirloom, of motivation to caring for the environment and new social affiliations.
- The opportunity to design a town under their own terms is "one of a kind" challenge

Love



PRAISE GOD THAT HE USES EACH OF US, IN HIS OWN TIME AND WAY, TO HELP OTHERS.



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to provide financing for the resettlement of new rural communities in Spain, France, Portugal and Italy.

The entrepreneurs' squad wish to finance an integral community development for young farmers starting from the basis that each Farm Family Disposable Income will be €50,000 euros/year.

Parameters	Description
Family farm unit of husband-wife	With kids or planning to procreate kids in the next 5 years. Below 41 years old and between 41 to 60. Every family will be analyzed case by case to avoid discrimination per age or racial origin.
Farm Family Disposable Income/year	€ 50,000/year (€4,166/month)
Small Farmer Economic Class size Farm	From 4K Euros to 50 K Euros
Required Cluster of Farming together	A small farmers' strategic alliance of 10 to 50 small farm owners: together their annual output must reach the Size of 500K euros
Interests Farmers Personal loan Farm Production Loan	200 bps below commercial bank rate 150 bps below commercial bank rate
Grace Period	5 years
Tenor or Duration of the Loan	20 to 25 years
Collateral	A specific vehicle of farming production designed to tie the small farmers to the output, not to the land.
Incentives	CAP subsidies

09/07/2024

Rule book for financing

The Small Farm Credit will be in two separate segments

Farm Production & Facilities

- Acquisition of the land for farming
- CAPEX for farming: CAPEX include tractors, trucks, autos, machinery, buildings, land improvements, and miscellaneous capital expenditures for farming operations
- OPEX for farming: operating expenses, not including depreciation and interest
- Others case by case: training in farm management, hiring for temp. experts, etc.

Family Personal Farmer's Life

- Acquisition of family house land
- CAPEX for building/rehabilitating housing facilities and personal relocation/amenities
- Family Personal Utilities
- Relocation expenses
- Temporal equivalent allowance until the farm can produce the Farmer's annual income of €50K

33



Value Propositions: Theory and Cases.

A Value Map (Version 1.0) the assembled version

Value Map 1.0

Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategizer.com/library/the-value-map> Please use sticky notes and stick each of them over the printed template with your own written ideas

Adjacent Products

Technical assistance in farm management

EU commission aid accompaniment for first 5 years

Design and Implementation of a New Village Society.

Main Products

Financial Solution (loan/equity) with the parameters described in slide number 35

Corporate Strategy design, and a farming business model for the relocation and settlement of new farmers in rural Europe

A loan facility with the characteristics described in slide 35

The promise for a better quality of life and the opportunity to earn €50K.

The association of 10-50 farmers for a total output of €500K

An integrated value chain design with a previous solved market Supply/Demand

A new business model for fair farming

A new type of society under the terms of the new farmers

A modern farm with all the benefits of urban style

Healthy life-style and Integral well-being for the family

A good school with excellent educators for the farmers region

A promise for satellite rural campus from Good universities

Freedom to start from scratch a lovely new life

Fulfills United Nations SDGs 8 and 10

Products

The financing bureau will establish an office in town

Creation of business shops in the village reduces the stress of the farmers.

The construction and good professors for the school

Minimum consumption of imported things from abroad, to help the local entrepreneurs

Entertainment activities at community center

A municipality representation at the regional basis

Farming management accompaniment from the EU

A pool, a gym facility, a library and art-cultural community center

A strategy to detect political conflicts between farmers before they escalate

Good connectivity and transportation to and out the village

Pain Relievers



Value Propositions: Theory and Cases.

This is our assembled Customer Value Proposition 1.0 for this case

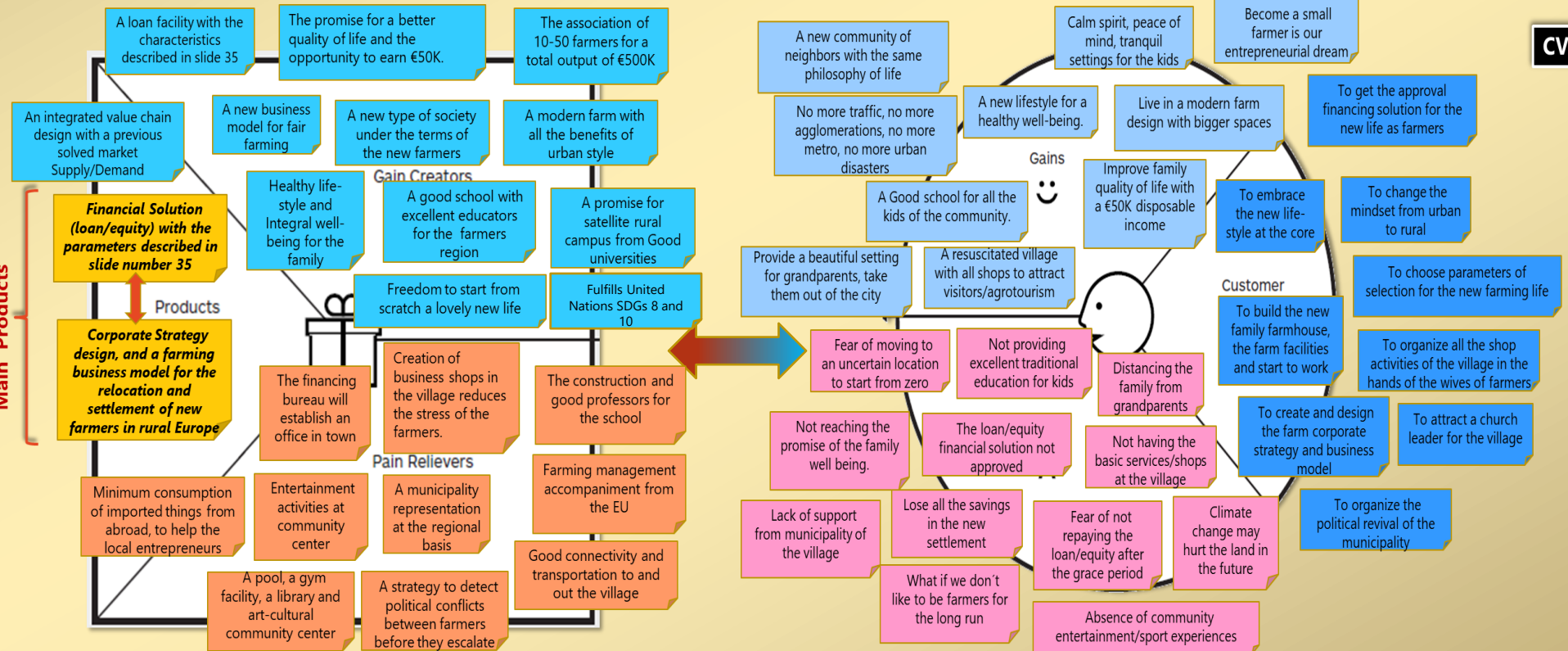
CVP V. 1.0

Value Map
1.0

Adjacent Products

- Technical assistance in farm management
- EU commission aid accompaniment for first 5 years
- Design and Implementation of a New Village Society.

Main Products



CVP 1.0

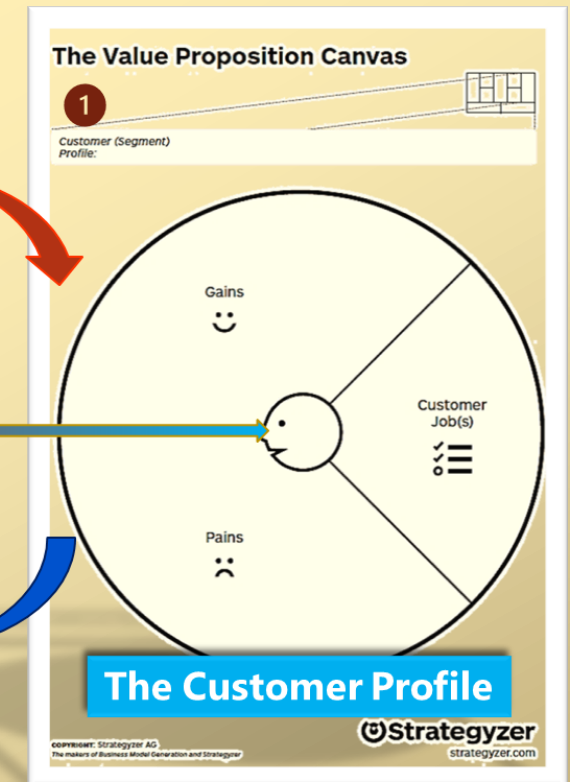
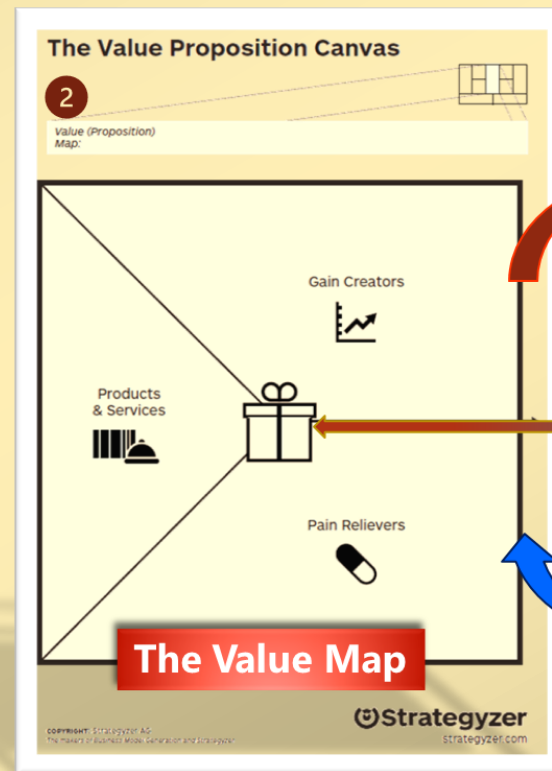


Value Propositions: Theory and Cases.

Finally, we should check if there is a fit. You achieve "FIT" when customers not just accept but are motivated to explore the CVP that is embedded in your product/service

Let's see how to connect the customer profile with the value map

**Let's check
if there is a
fit.**



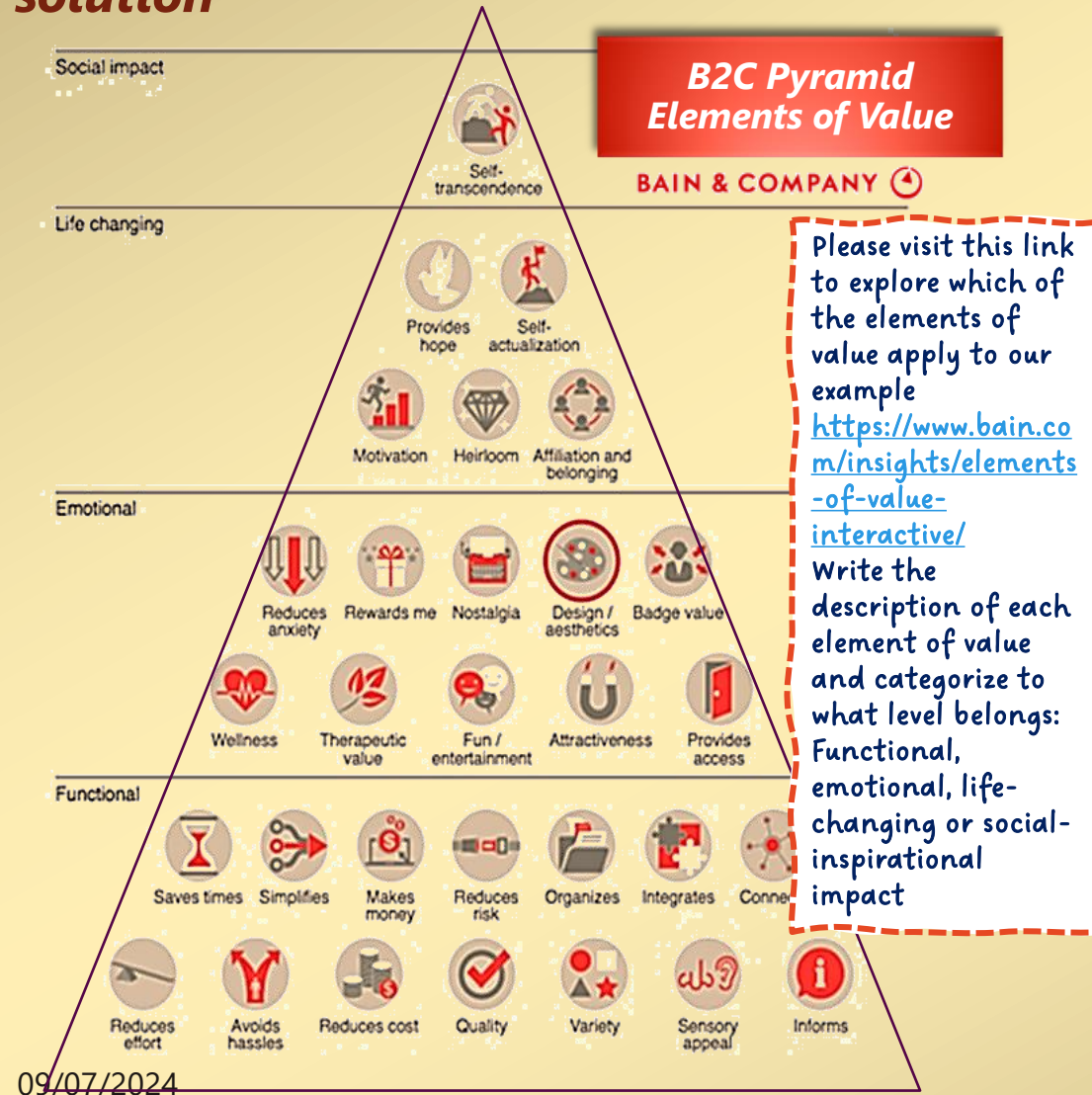
Fit

Fit



Value Propositions: Theory and Cases.

We will discover which elements of value of The Value Pyramid are included in our solution

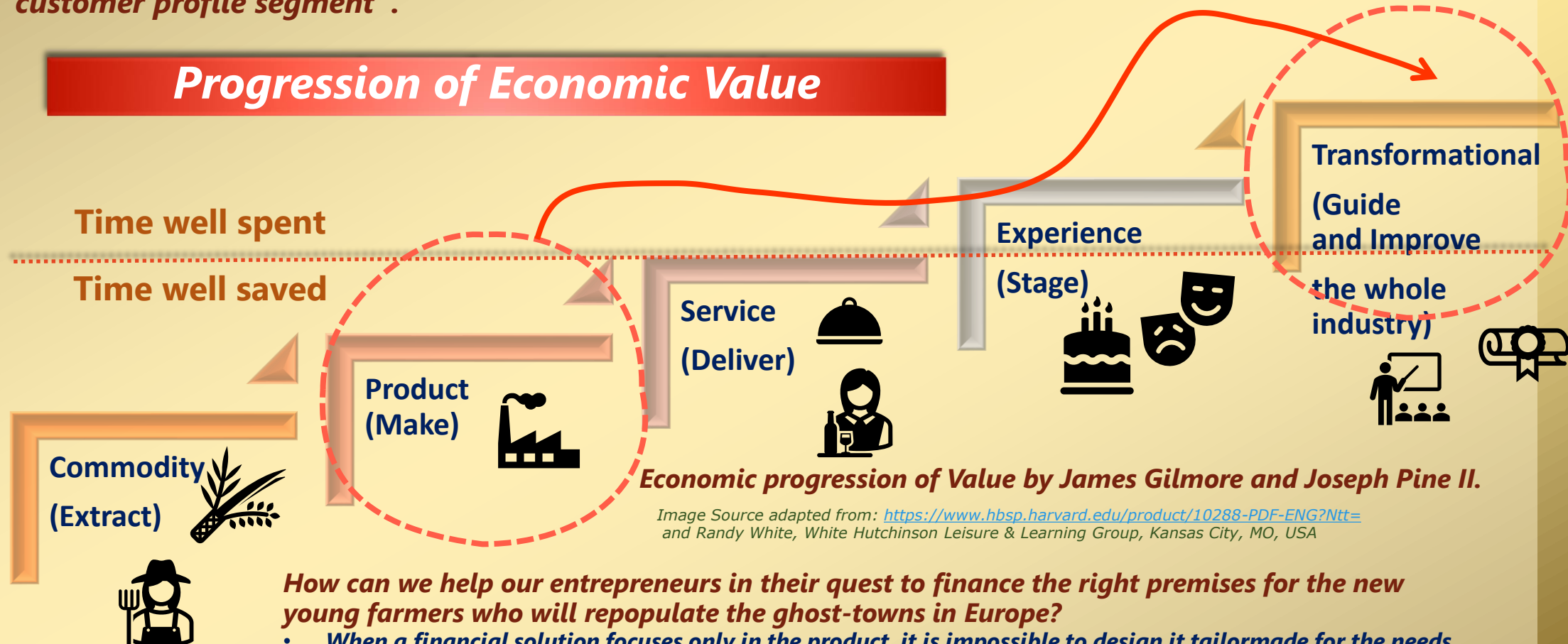


Elements of Value	Each pain reliever or gain creator belongs to a category of Value. Description	Category Level
	Self Transcendence	Social Impact
	Provides Hope	Life Changing
	Self Actualization	Life Changing
	Heirloom	Life Changing
	Motivation	Life Changing
	Affiliation and Belonging	Life Changing
	Design Aesthetics	Emotional
	Reduces Risks	Functional
	Quality	Functional
	Variety	Functional
	Provides access	Emotional
	Sensory Appeal	Functional
	Reduces Anxiety	Emotional



Value Propositions: Theory and Cases.

If you observe with detail the elements of value from the Value map, let's check how can we guide our customer profile segment .



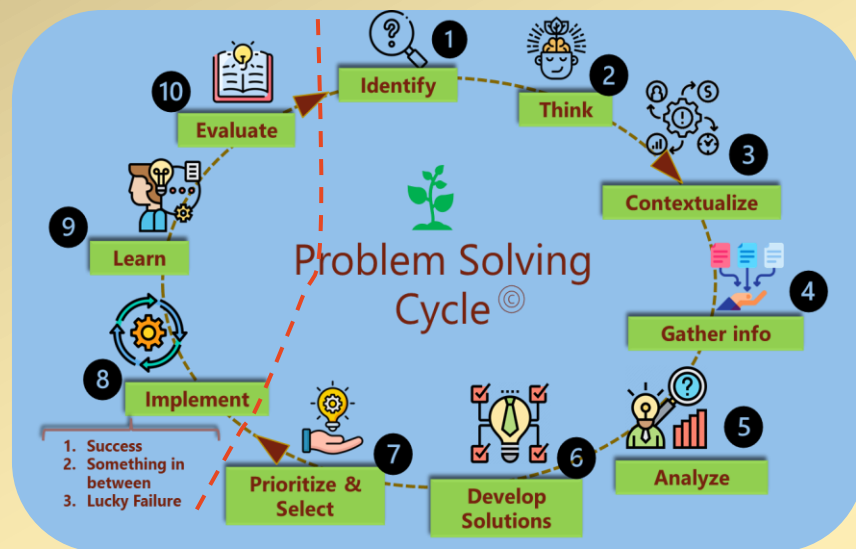
How can we help our entrepreneurs in their quest to finance the right premises for the new young farmers who will repopulate the ghost-towns in Europe?

- When a financial solution focuses only in the product, it is impossible to design it tailormade for the needs and wants of the client (in this case the farmers)
- By pursuing a transformational impact on society, we can offer financial innovation beyond the collateral. A Strategic Alliance of a community of farmers weights more than a physical collateral of the land.
- To the bankers: Have you thought of using this microfinance solution philosophy in your portfolio of financial products and services.



Value Propositions: Theory and Cases.

What is the connection between our problem-solving cycle and the fit of the CVP version 1.0?



The problem-solving cycle is the way to go to implement the CVP 1.0.

We must help to solve a problem without adding more hassles to the new farmers. In addition, we must comply with the appropriate SDGs of United Nations, the European Green Deal and all the ethical implications of moving young families to rural (isolated or remote) areas. It is a huge responsibility to do a CVP for this case, and its respective business model must be tested several times.

- Do not forget that the customer value cycle doesn't begin with the value realization. Our testing analysis must convene to explore elements of value previously**



Elements of the Value Pursuit stage:

This is a case of building a new rural society.

Finding the business drivers of a rural economy is imperative

An assessment for each potential Farmer and his family case by case is needed

The success of microfinance is based in community development, not the land collateral.



Elements of the Value Expectation stage:

A farming lifestyle demands a change of mindset, a motivation and hardships.

The Strategic Alliance of many new farmers to procure an output of more than 500K euros per year is the element of substitution of land as a collateral

Each Farmer is the innovator and designer of its Corporate strategy/business plan

The EU team's active participation as stamp of approval



Elements of the Value Realization stage:

The farmers will realize the value of your financial product once you show them the intentions of your Good heart by all the players around them to help them to thrive in their new village

The elaboration of this CVP is just the kick-off to attract them

The parameters of the financial solution can't be better in any part of the world.



Next week we will continue with our next example: Launching a new agriculture product in Central America

Value Propositions: Theory and Cases.
From January 22nd to August 9th, 2024.