



B.3 Services and activities you want to offer: value proposition

Short description	You tailor the services and activities of the collective to the needs of the SMEs. Your offer is summarized in a value proposition.
Tools provided	Value proposition in one sentence tool (see Figure 1)

You have described the impact ambition of your local energy collective: the end goal you want to achieve. In this step, it is time to select and describe the services and activities that you will set up to reach this end goal. You will do this by selecting activities and services that address both SMEs' motivation to participate and alleviate or overcome challenges they face.

In Table 1 in Chapter C, you can find a list of potential services and activities a local energy collective can offer. These activities differ in complexity and impact on SMEs – from setting up networking events and arranging energy audits, to setting up an ESCO (Energy Service Company) that takes over the entire energy management of a group of SMEs. In this step, you select those activities that are:

1. Best matched with the needs and desires of your target SMEs.
2. Suited to your organization and ambition – (with support of partners) you need to be able to organize these activities in a collective setting.

You can also think of this as a **value proposition**¹: a statement which identifies clear, measurable and demonstrable benefits that SMEs get when joining and participating in the collective. It should convince SMEs of the added benefit of your local energy collective: that they are better off with the services and activities of the collective than doing nothing. So, a good selection and description of your local energy collective offer will help you in attracting SMEs to be part of the collective, and thereby realizing your ambition. You will use this when motivating SMEs to participate in the collective.

Value propositions may change over time. There are multiple ways to come to a selection of services and offers. Maybe you can write your proposition (or propositions) down directly, or you may need more work. In this section, we offer two pieces of support, first about unraveling SME needs and challenges, which you can use as input for the second step, developing your value proposition(s) in a simple one sentence format.

A value proposition is also a marketing instrument. You can offer the same services or activities to different target groups and fulfill different needs. This would result in multiple value propositions.

¹ Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A., and Papadacos, T. (2014). Value Proposition Design: How to Create Products and Services Customers Want. John Wiley & Sons.



B.3.1 Unraveling SMEs needs and challenges

To select and frame the services that your local energy collective should focus on, you want to identify both the needs and challenges the SMEs in this specific cluster encounter (as a group).

Examples of challenges SMEs could encounter are the lack of:

- Awareness of benefits of energy efficiency measures.
- Access to finance to implement measures.
- Knowledge on which energy suppliers to turn to.
- Time and resources to focus attention to energy efficiency measures.
- Organizational capacity to develop collective measures.
- Connection to other SMEs for collective projects.

The level of maturity of SMEs when it comes to implementation of energy projects can differ greatly, both individually and between regions. In some regions, simple measures such as solar panels and LED lighting might still only be implemented by some, while in other regions, these measures are wide-spread and SMEs are considering collective energy storage or charging infrastructures. More examples can be found in Chapter E.

To identify these challenges, you can interview or have informal talks with some of the SMEs regarding their experiences and beliefs on these topics. In these meetings, you should focus on discovering what (i) their level of maturity and interest is regarding energy efficiency measures and (ii) what their biggest challenges are or could become regarding implementing energy efficiency measures (see also **Error! Reference source not found.** in Section B.4.2). In the next step, you determine the services and activities you offer that contribute towards the impact ambition while overcoming the challenges.

B.3.2 Value proposition in one sentence

Here are a few examples of services and activities and how they are presented in relation to the needs of the targeted SMEs.



Example: One of the Dutch Business Parks energy positive (BE+) initiatives

The Boekelermeer² initiative, a part of the Dutch BE+ initiative, organizes itself around multiple value propositions, two of which are included below

“For Boekelermeer SMEs in the Netherlands, who want to invest in solar PV but do not have the time and knowledge for acquisition and supplier selection, we offer collective solar PV purchasing services that result in a good quality product and obtain quantity discounts.”

“For Boekelermeer SMEs, who want to comply with new energy standards, but do not know where to start, we offer qualified and subsidized energy audits and local guidance during the process.”

Example: Local energy collective focusing on energy scans and training

In this fictive example, the assumption is that the Trusted Partner has connected to the local association of energy auditors and the national energy authority to be able to propose the following value proposition.

“For SMEs in the local industrial area, who want to reduce costs and improve their competitiveness, but lack resources and knowledge for individual actions, we offer:

- Free energy scans performed at business park level
- Collective purchases for SMEs that sign up for full-scale energy audits
- Support by a Trusted Partner
- Opportunities to take part in training events”

If you look closely at the examples, you can see that a good value proposition can be summarized in one sentence. For SMEs who want [... *something related to EE* ...] but [... *face a challenge* ...], we offer [... *services and activities* ...]. The value proposition is about combining SME needs with your offer.

You can formulate multiple value propositions for one local SME energy collective. Depending on your ambition, the size of your organization and your mission, it can be that you want to target multiple groups of SMEs with different services and activities (see e.g. the Boekelermeer initiative example, above). As a guideline: ideally you describe the value proposition per different offer and if relevant per different target group.

² Boekelermeer is a municipality in the Province of North Holland.

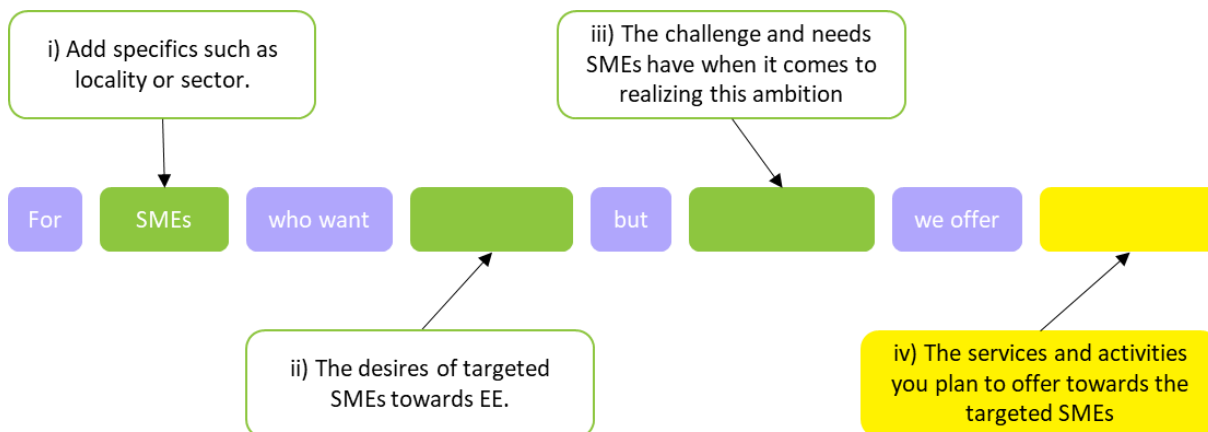


Figure 1. A value proposition in one sentence.

In Figure 1, you can find the structure of the value proposition. You can use this in the following way:

- i) Describe the target group of SMEs you have identified earlier on, e.g. a business park, a SME sector, a region of SMEs.
- ii) Describe the main desires/wishes/ambitions of this target group with respect to energy efficiency. These needs might, in the eyes of the SMEs, be something other than energy efficiency and linked to different potential benefits (see Table 1 in Introduction). The table below shows a few examples of SME needs related to energy but framed into core business benefits. Depending on the SME, you can use the left-hand-side (energy efficiency on management agenda) of the table in your offering, or the right-hand-side (little energy efficiency awareness).

SME needs related to Energy	Core Business Benefits
Comply with environmental standards	Reduce Risk
Improve sustainable image	Be an attractive employer for young talent
Make use of lots of waste heat in process	Value Proposition (sell waste heat)
Energy management should be on the management agenda	Reduce Risk – Reduce Costs

Double check whether the desire you have described really is a desire from SMEs. Maybe you are very familiar with the needs of SMEs in your environment, but it can also be quite challenging to find out their actual needs (see also **Error! Reference source not found.** in Section **Error! Reference source not found.**).



- iii) Describe the challenges of your target SMEs in realizing their ‘want’ (ii). Typical challenges are: ‘not enough time’, ‘not enough know-how’, ‘administrative burden of subsidy applications’, ‘only works or makes sense if others join’ (see also Section B.3.1 and Chapter E). Select those challenges that you think you can alleviate. For example: you cannot create an easier subsidy application processes, but you might be able to apply for a subsidy on behalf of a group of SMEs.

- iv) Based on (ii) and (iii) you can select the services and activities your local energy collective will offer (see the table in Chapter C). For each of the services and activities you come up with, keep asking yourself in this step whether they truly help realizing an ambition in ii) or help taking away one of the challenges in iii). Taking the perspective from the SME’s needs and challenges is key here. Add a reason why this offer through a local energy collective is better suited to the SME needs than the alternatives (doing nothing, or addressing the challenge individually). The table below gives some *examples* of what types of services and activities can be connected to what needs or desires.

SME Need	Challenge	Local SME collective offer
Comply with environmental standards	No time & no know-how	Energy Audits
Reduce environmental compliance risks	Unfamiliar with Energy Efficiency Directive and energy efficiency standards	Seminars on experiences and factual information w.r.t energy efficiency measures and standards
Improve sustainable image	No marketing capabilities	Be part of sustainable & entrepreneurial community (including its marketing)
Improve sustainable image	No marketing budget	Group purchasing of externally visible PV panels
New waste heat value proposition	Dependent on others in cluster	Initiating a local heat network project in local industrial area

When developing a value proposition, use your creativity and business sense of what might work in the local context you are familiar with. Possibly some iterations and feedback rounds within your group are required before you come up with a value proposition that feels right.