Value Equation

[watch full video here]

Key takeaways

- The value of an offer is determined by a simple framework: value increases with the dream outcome and the perceived likelihood of achieving that outcome; value decreases with time delay and the effort & sacrifice required.
- Dream outcome: the meaningful end result to the prospect — the bigger/more meaningful the outcome, the more they'll pay (example: making someone $1M vs losing 20 pounds).
- Perceived likelihood (risk): prospects must believe they will succeed — track record, repeatable results, and communicated proof increase perceived likelihood (surgeon and multi-eight-figure-business examples).
- Time delay: how long until final result and how long until initial/progress are seen — faster delivery increases value; "fast beats free."
- Effort & sacrifice: the additional costs, inconvenience, or sweat required — reducing client effort increases value.
- The theoretical gold standard: instant, guaranteed, no-effort achievement is the highest possible perceived value; use that as a directional goal to improve products/services.
- Communicate perceived likelihood and progress clearly — you can deliver results, but if prospects don't perceive that, value remains low.
- Being excellent at a core, non-unique solution can still create massive value if executed well and communicated.

Checklist

1. Define the Dream Outcome
    - Identify the meaningful end result your prospect cares about (measure significance and emotional impact).
    - Pick problems with higher monetary meaning (solve more expensive/valuable problems to justify higher price).
    - Why: A better, more meaningful dream outcome directly increases perceived value and willingness to pay.
2. Increase Perceived Likelihood of Achievement
    - Collect and display proof: case studies, number of times you've achieved the outcome, testimonials, documented repeatable frameworks.
    - Highlight repeatability (how many times you've achieved the outcome) and specific wins to reduce perceived risk.
    - Communicate explicitly that success rates exist and what they are.

- Why: Higher perceived likelihood reduces perceived risk and increases value (people pay more for providers who look proven — surgeon example).

3. Reduce Time Delay to Results
   - Shorten the time to final result when possible; identify ways to deliver outcomes faster than competitors.
   - Provide initial "quick wins" and show progress milestones so prospects see early evidence of results.
   - Why: People value time highly; faster results increase perceived value and let you beat cheaper/free competitors ("fast beats free," FedEx example).
4. Minimize Effort & Sacrifice for the Client
   - Remove client friction: automate, handle heavy lifting, simplify steps, reduce inconvenience and required "sweat."
   - Design processes so clients do as little as necessary while still achieving the result.
   - Why: Lower required effort raises perceived value because clients prefer easier paths to the outcome.
5. Communicate the Equation Clearly
   - Present the dream outcome, the likelihood of success, expected timeframes (final and initial), and required effort up front.
   - Use concrete language, timelines, and proof points so prospects can perceive value accurately.
   - Why: Perception drives buying decisions; even real value must be communicated for prospects to recognize and pay for it.
6. Position Around Speed vs Price
   - If competitors are free or cheaper, emphasize faster time-to-result as your advantage.
   - Explicitly compare time-to-result (e.g., half the time) rather than just price.
   - Why: Faster often beats free in buyer preference; speed is a valuable differentiator (FedEx/Uber analogies).
7. Iterate Toward the Hypothetical Perfect Offer
   - Use the "instant, guaranteed, no-effort" ideal as a directional goal and continuously remove friction, speed up outcomes, and increase predictability.
   - Focus on being exceptionally good at the core solution rather than seeking unnecessary novelty.
   - Why: Incremental moves toward that ideal increase perceived value over time and create a repeatable, scalable offer.
8. Price Relative to Outcome and Communicated Value
   - Set pricing based on how meaningful the dream outcome is and the perceived likelihood of achieving it.
   - If outcome is highly meaningful and likelihood is demonstrated, justify higher price points.

  - Why: People pay more for solutions that achieve more meaningful outcomes with high perceived certainty.

Examples:

- Surgeon example: You’d pay more for a surgeon who’s performed 10,000 surgeries vs one fresh out of school — higher perceived likelihood increases value.
- Making $1M vs losing 20 pounds: a $1M outcome is often more meaningful, so customers may pay more for that solution.
- Weight loss example: Promise “six-pack tomorrow” (impossibly fast) vs “one year to six-pack” — the faster promise is more valuable; provide initial progress to bridge long timelines.
- FedEx vs USPS and Uber vs walking: consumers pay for speed/convenience even if cheaper alternatives exist.
- Repeated success example: Building five eight-figure businesses vs one — demonstrated repeatability dramatically increases perceived likelihood (stat: one in 250 = 0.4% for an eight-figure business; repeating reduces the probability of randomness, implying a repeatable framework).

Notes:

- Aim for the theoretical ideal (instant, guaranteed, no-effort) as a directional standard.
- Perception equals value: communicate results, speed, and ease — otherwise real capabilities won’t translate into conversions.