You're holding a field guide for rapid experimentation.
Use the 44 experiments inside to find your path to scale.
Systematically win big with small bets by...

Testing Business Ideas
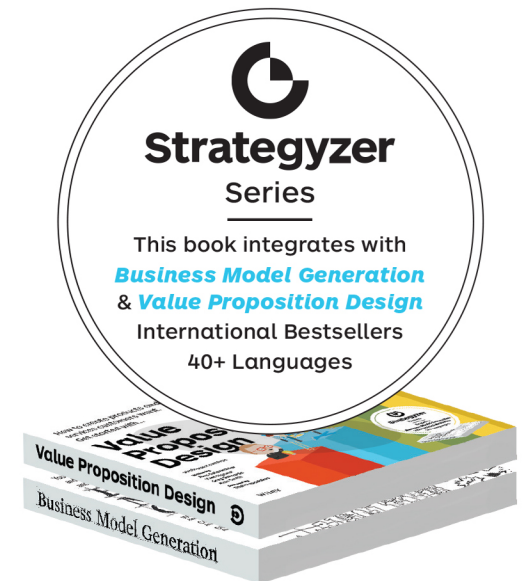
strategyzer.com/test

WRITTEN BY
David J. Bland
Alex Osterwalder

DESIGNED BY
Alan Smith
Trish Papadakos

WILEY

Strategyzer
Series

This book integrates with
Business Model Generation
& *Value Proposition Design*
International Bestsellers
40+ Languages

Value Proposition Design
Business Model Generation

Testing
Business
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WILEY

*Reduce the
risk of your
business idea*

*Learn how the
testing process works*

*Design and run your
first experiments*

This book will help you Start Testing
Business Ideas

You are relatively new to the concept of Testing
Business Ideas. Maybe you've read the leading books
in the domain by Steve Blank and Eric Ries, maybe
you haven't. However, you do know that you want to
get started. You are eager to test your ideas.

Fine-tune your testing process

Discover an extensive experiment library that goes beyond interviews, surveys, and minimum viable products

Bullet-proof your business ideas with stronger evidence than you've ever gathered before.

Learn about experimentation ceremonies.

Be able to share an extensive testing library with all your teams.

Reduce risk and uncertainty of new ideas across your organization.

Boost your Testing Skills

You are very familiar with the process of Testing Business Ideas. You have read all of the books that cover the topic. You have run several projects and built minimum viable products. Now you want to up your game and boost your testing skills.

Scale Testing in Your Organization

You are tasked with systematizing and scaling testing activities in your organization. You are experienced with the topic and are looking for state-of-the-art practical thinking to bring to teams throughout your organization.

This book was made for **Corporate Innovators**, **Startup Entrepreneurs**, and **Solopreneurs**.

Which best describes you?

☐ **Corporate Innovator** who is challenging the status quo and who is building new business ventures within the constraints of a large organization.

☐ **Startup Entrepreneur** who wants to test the building blocks of your business model to avoid wasting the time, energy, and money of the team, cofounders, and investors.

☐ **Solopreneur** who has a side hustle or an idea that isn't quite yet a business.

Which of the following resonates with you?

- ☐ I am seeking to find new ways to experiment, instead of always relying on focus groups, interviews, and surveys.

- ☐ I want to succeed at creating new growth but don't want to accidentally damage my company's brand in the testing process.

- ☐ I understand that to be truly disruptive, I need a dedicated team who owns the work and is capable of creating their own evidence.

- ☐ I know the perils of prematurely scaling a company that isn't quite ready yet, so I want to test my business model to produce evidence that shows I am on the right track.

- ☐ I know that I need to allocate limited resources wisely and make decisions based on strong evidence.

- ☐ I want to fall asleep at night knowing we've spent our frantic day working on the most important things that matter to our startup's success.

- ☐ I am mindful that we need to show evidence of progress to justify current and future investment rounds.

- ☐ I don't have the resources of a funded startup, let alone a corporation.

- ☐ I haven't necessarily tried any of this before, so I want to make these late nights and weekends worth it.

- ☐ I eventually want to devote all of my time to this idea, but it all seems so risky. In order to make the leap, I'll need the evidence that I'm onto something big.

- ☐ I have read a few books on entrepreneurship, but need guidance on how to test my ideas and what types of experiments to run.

How to Get from a Good Idea to a Validated Business

Too many entrepreneurs and innovators execute ideas prematurely because they look great in presentations, make excellent sense in the spreadsheet, and look irresistible in the business plan…only to learn later that their vision turned out to be a hallucination.

Systematically applying Customer Development and Lean Startup
This book builds on the seminal work by Steve Blank whose Customer Development methodology and the concept of "getting out of the building" to test business ideas launched the Lean Startup movement and Eric Ries who coined the term Lean Startup.

Don't make the mistake of executing business ideas without evidence: test your ideas thoroughly, regardless of how great they may seem in theory.
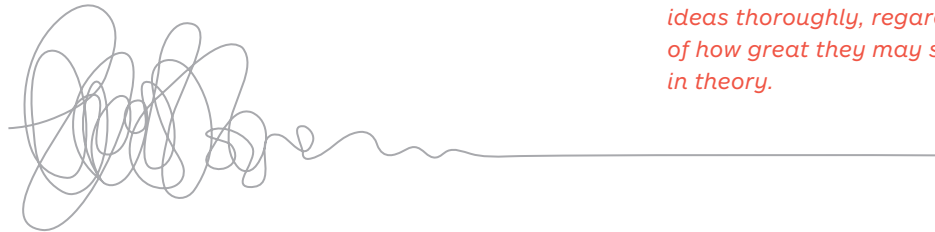
Idea | Search & Testing | Execution | **Business**

"No business plan survives first contact with customers."

STEVE BLANK

Inventor of Customer Development and Godfather of the Lean Startup Movement

Navigate the Experiment Library in This Book to Make Your Ideas Bulletproof

Testing is the activity of reducing the risk of pursuing ideas that look good in theory, but won't work in reality. You test ideas by conducting rapid experiments that allow you to learn and adapt.

This book outlines the most extensive testing library on the market to help you make your ideas bulletproof with evidence. Test extensively to avoid wasting time, energy, and resources on ideas that won't work.

The entrepreneur's and innovator's #1 task is to reduce risk and uncertainty.

Uncertainty & Risk

Idea

Business

Search & Testing	Execution
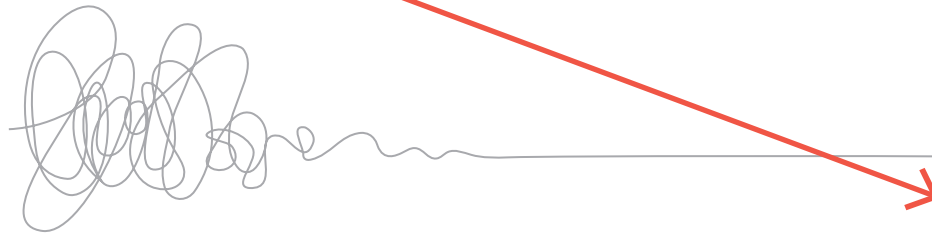
Discovery
Discover if your general direction is right. Test basic assumptions. Get first insights to course correct rapidly.

Validation
Validate the direction you've taken. Confirm with strong evidence that your business idea is very likely to work.

In this book we use the discovery and validation phases from Steve Blank's The Startup Owner's Manual *as the foundation of our process. We heavily build on his original work.*

The Iterative Process

X

Business Concept Design

Design is the activity of turning vague ideas, market insights, and evidence into concrete value propositions and solid business models. Good design involves the use of strong business model patterns to maximize returns and compete beyond product, price, and technology.

The risk is that a business can't get access to key resources (technology, IP, brand, etc.), can't develop capabilities to perform key activities, or can't find key partners to build and scale the value proposition.

Business Prototype

Ideate

BUSINESS DESIGN

Assess

Decide

Hypothesize

TEST

Experiment

Learn
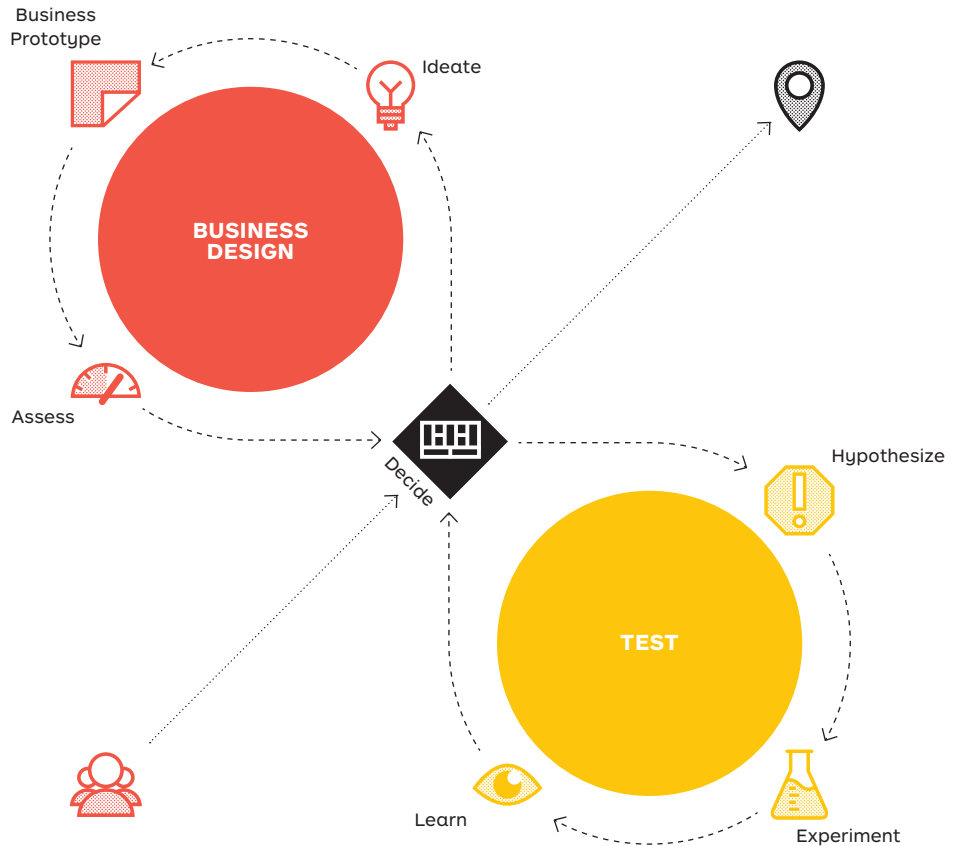
Idea $+$ Business Model $+$ Value Proposition $=$

Testing and reducing risk

To test a big business idea you break it down into smaller chunks of testable hypotheses. These hypotheses cover three types of risk. First, that customers aren't interested in your idea (desirability). Second, that you can't build and deliver your idea (feasibility). Third, that you can't earn enough money from your idea (viability).

You test your most important hypotheses with appropriate experiments. Each experiment generates evidence and insights that allow you to learn and decide. Based on the evidence and your insights you either adapt your idea, if you learn you were on the wrong path, or continue testing other aspects of your idea, if the evidence supports your direction.

Key Hypotheses + **Experiments** + **Key Insights** = **Reducing Uncertainty & Risk**

Desirability risk
*Customers aren't interested*

The risk is that the market a business is targeting is too small; that too few customers want the value proposition; or that the company can't reach, acquire, and retain targeted customers.

Feasibility risk
We can't build and deliver

The risk is that a business can't get access to key resources (technology, IP, brand, etc.), can't develop capabilities to perform key activities, or can't find key partners to build and scale the value proposition.
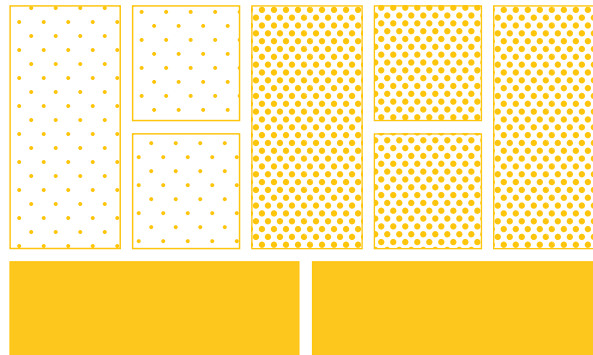
Viability risk
We can't earn enough money

The risk is that a business can't generate successful revenue streams, that customers are unwilling to pay (enough), or that the costs are too high to make a sustainable profit.
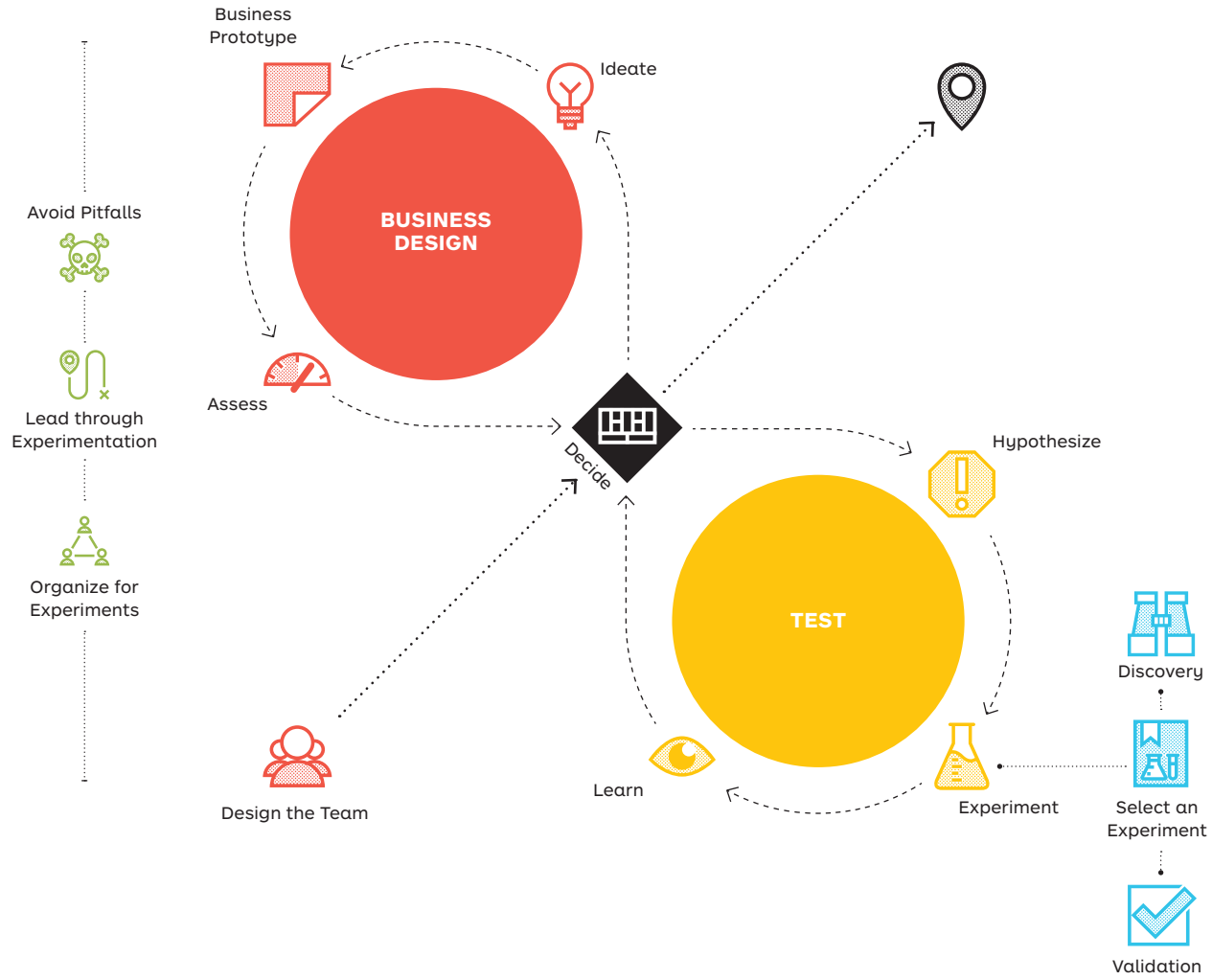
Business Prototype

Ideate

BUSINESS DESIGN

Avoid Pitfalls

Lead through Experimentation

Assess

Organize for Experiments

XII

Decide

Hypothesize

TEST

Discovery

Design the Team

Learn

Experiment
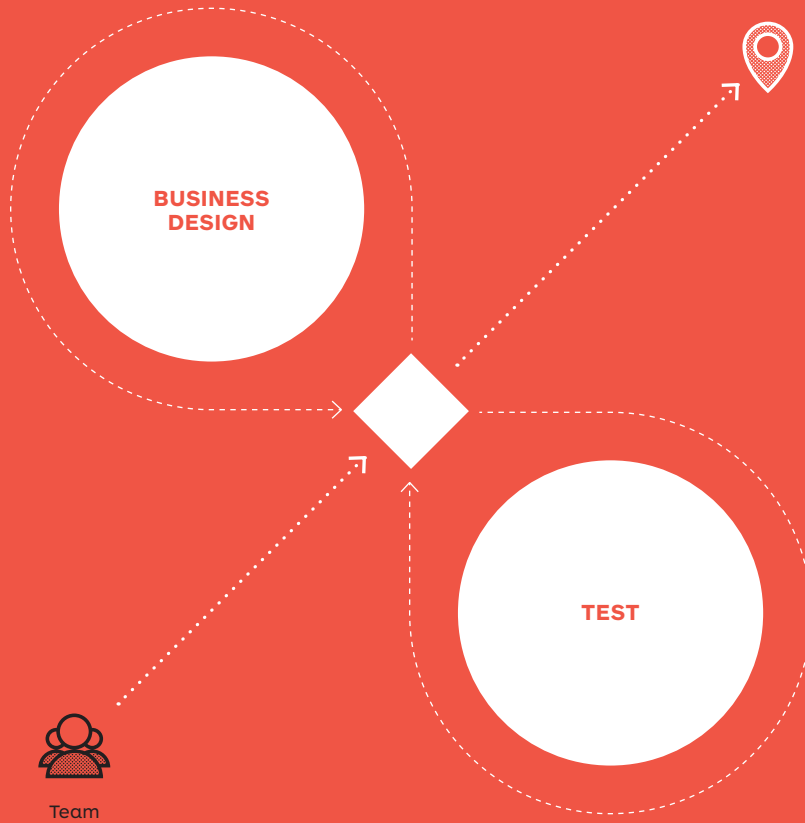
Select an Experiment

Validation

Des

"The strength of the team
is each individual member.
The strength of each member
is the team."

———

Phil Jackson
Former NBA Coach

SECTION 1 — DESIGN

1.1 — DESIGN THE TEAM

BUSINESS DESIGN

TEST

Team

Team

Behavior

Environment

Team Design

What kind of team do we need to create our business?

Having worked with teams all around the world, we have learned that behind every successful new venture is a great team. If you are at a startup, the founding team is the glue that holds it all together. If you are in a corporation, you'll still need a solid team to create a new business venture. If you are a solopreneur, the team you eventually bring in will make or break your business.

DESIGN

6

Commonly Required Skills to Test Business Ideas

- Design
- Product
- Tech
- Legal
- Data
- Sales
- Marketing
- Research
- Finance

Cross-Functional Skillset

A cross-functional team has all the core abilities needed to ship the product and learn from customers. A common basic example of a cross-functional team consists of design, product, and engineering.

Adapted from Jeff Patton.

Access to Missing Skillsets

If you do not have all of the skills needed or are unable to partner with external team members, then evaluate technological tools to fill the void.

Testing Tools

There are new tools coming on to the market every day that allow you to:

- Create landing pages
- Design logos
- Run online ads
- And more…

All with little or no expertise needed.

Entrepreneurial Experience

It's not a coincidence that successful businesses benefit from those who already have entrepreneurial experience.

Many entrepreneurs needed several attempts before finding success. Rovio's hit game, Angry Birds, was preceded by six years and 51 failed games.

Diversity

Team member diversity means they vary in aspects such as race, ethnicity, gender, age, experience, and thought. Now, more than ever, new businesses have real world impact on people and society. If the people who make up your team all have similar life experiences, thoughts, and appearance, then it can make it very difficult to navigate uncertainty.

A lack of diverse experiences and perspectives on a team will result in baking your biases right into the business.

When forming your team, keep diversity top of mind, rather than as an afterthought. Lead by example, by having a diverse leadership team. The issues that arise from having a homogeneous team are very difficult to rectify later.

Team Behavior

How does our team need to act?

Team design is necessary, but not sufficient. You can have entrepreneurial experience, but how you interact with your team needs to exhibit entrepreneurial characteristics as well. Team behavior can be unpacked into six categories that are leading indicators of team success.

Successful Teams Exhibit Six Behaviors

1. Data Influenced

You do not have to be data driven, but you need to be data influenced. Teams no longer have the luxury of burning down a product backlog of features. The insights generated from data shape the backlog and strategy.

2. Experiment Driven

Teams are willing to be wrong and experiment. They are not only focused on the delivery of features, but also craft experiments to learn about their riskiest assumptions. Match experiments to what you are trying to learn over time.

3. Customer Centric

To create new businesses today, teams have to know "the why" behind the work. This begins with being constantly connected to the customer. This should not be limited to the new customer experience, and expands to both inside and outside of the product.

4. Entrepreneurial

Move fast and validate things. Teams have a sense of urgency and create momentum toward a viable outcome. This includes creative problem-solving at speed.

5. Iterative Approach

Teams aim for a desired result by means of a repeated cycle of operations. The iterative approach assumes you may not know the solution, so you iterate through different tactics to achieve the outcome.

6. Question Assumptions

Teams have to be willing to challenge the status quo and business as usual. They aren't afraid to test out a disruptive business model that will lead to big results, as compared to always playing it safe.

Team Size + Experiment fidelity

Uncertainty & Risk

PROGRESS
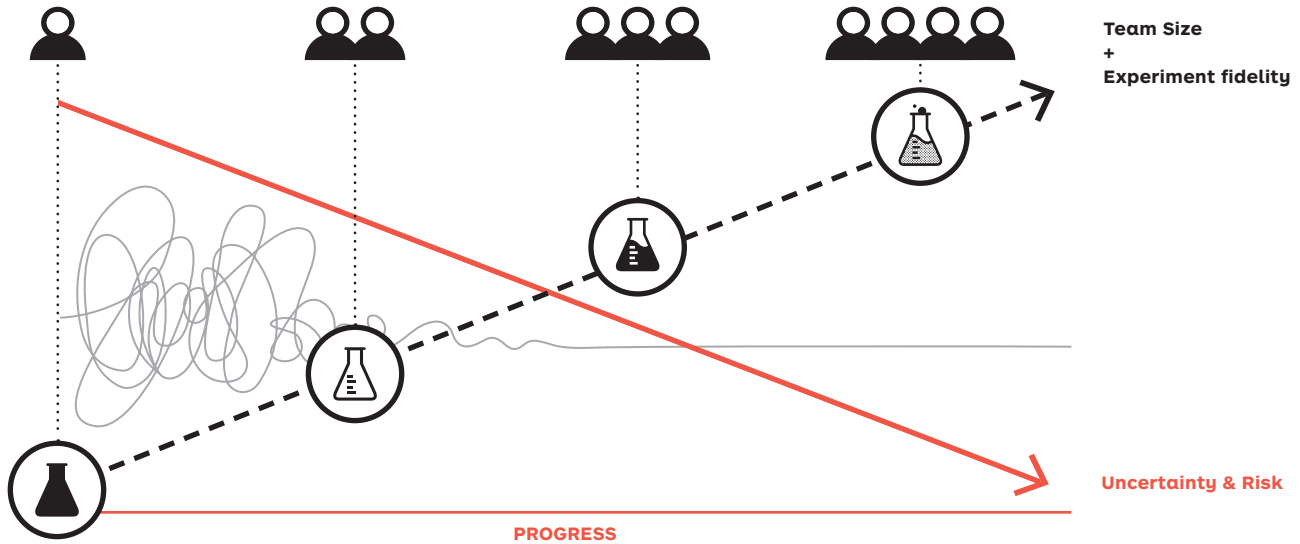
Growing the Team

You can begin this journey without a team, but as experiments get more complicated over time, chances are you'll be adding to your team. Expect to grow and evolve your team configuration over time, as you eventually find product/market fit, build the right way, and scale.

Team Environment

How can you design an environment for your team to thrive?

Teams need a supportive environment to explore new business opportunities. They cannot be held to a standard where failure is not an option. Failure will occur, but failure isn't the goal. The goal is to learn faster than the competition and put that learning into action. Leaders need to intentionally design an environment where this can occur, otherwise even an ideal team configuration with the right behaviors will eventually stall out and give up.

The Team Needs to be...

Dedicated

Teams need an environment in which they can be dedicated to the work. Multitasking across several projects will silently kill any progress. Small teams who are dedicated to the work make more progress than large teams who are not dedicated.

Funded

It's unrealistic to expect these teams to function without a budget or funding. Experiments cost money. Incrementally fund the teams using a venture-capital style approach, based on the learnings they share during stakeholder reviews.

Autonomous

Teams need to be given space to own the work. Do not micromanage them to the extent where it slows down their progress. Instead, give them space to give an accounting of how they are making progress toward the goal.

The Company Needs to Provide...

Support

Leadership
Teams need an environment that has the right type of leadership support. A facilitative leadership style is ideal here because you do not know the solution. Lead with questions, not answers, and be mindful that the bottleneck is always at the top of the bottle.

Coaching
Teams need coaching, especially if this is their first journey together. Coaches, either internal or external, can help guide the teams when they are stuck trying to find the next experiment to run. Teams that have only used interviews and surveys can benefit from coaches who've seen a wide range of experiments.

Access

Customers
Teams need access to customers. The trend over the years has been to isolate teams from the customer, but in order to solve customer problems, this can no longer be the case. If teams keep getting pushback on customer access, they'll eventually just guess and build it anyway.

Resources
Teams need access to resources in order to be successful. Constraints are good, but starving a team will not yield results. They need enough resources to make progress and generate evidence. Resources can be physical or digital in nature, depending on the new business idea.

Direction

Strategy
Teams need a direction and strategy, or it'll be very difficult to make informed pivot, persevere, or kill decisions on the new business idea. Without a clear coherent strategy, you'll mistake being busy with making progress.

Guidance
Teams need constraints to focus their experimentation. Whether it's an adjacent market or creating a new one, to unlock new revenue teams need direction on where they will play.

KPIs
Teams need key performance indicators (KPIs) to help everyone understand whether they are making progress toward a goal. Without signposts along the way, it may be challenging to know if you should invest in the new business.
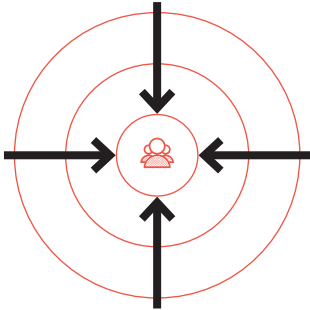
SYNOPSIS

Team Alignment

How can you ensure your team members are aligned?

Teams often lack a shared goal, context, and language when being formed. This can be devastating later on, if not resolved during the team formation and kickoff.

The Team Alignment Map, created by Stefano Mastrogiacomo, is a visual tool that allows participants to prepare for action: hold more productive meetings and structure the content of their conversations. It can help teams have more productive kickoffs, with better engagement and increased business success.

Each building block illustrates essential information to be discussed with your team. Identifying perception gaps early on can prevent you from being misaligned without even knowing it.
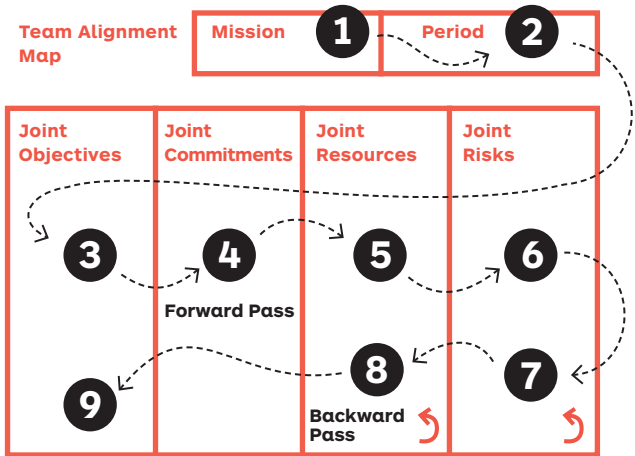
1. Define the mission.

2. Define the time box for the agreement.

3. Create joint team objectives.
   Joint Objectives
   What do we intend to achieve together?

4. Identify commitment levels for team members.
   Joint Commitments
   Who does what?

5. Document joint resources needed to succeed.
   Joint Resources
   What resources do we need?

6. Write down the biggest risks that could arise.
   Joint Risks
   What can prevent us from succeeding?

7. Describe how to address the biggest risks by creating new objectives and commitments.

8. Describe how to address resource constraints.

9. Set joint dates and validate.

   To learn more about the Team Map visit
   www.teamalignment.co.

Team Alignment Map

Mission: _____ Period: _____

Joint Objectives ⊙	Joint Commitments 🤝	Joint Resources 🔋	Joint Risks 👁
What do we intend to achieve together?	Who does what?	What resources do we need?	What can prevent us from succeeding?

DESIGNED BY: Stefano Mastrogiacomo

teamalignment.co

> "Generating ideas
> is not a problem."
>
> ———
>
> *Rita McGrath*
> *Professor of Management*
> *Columbia Business School*