

Validating a Business Model

What is a Business Model?

Developing a business model is a different process than writing a business plan and is at the very heart of a new approach to entrepreneurship. On the [Resources](#) page, you will find videos from thought leaders on this perspective.

The 3 Key Steps of Successful Business Model Validation

1. Identify and track your assumptions with the business model canvas
2. Test your assumptions in the field with customers and pivot if your model is wrong
3. Demonstrate that you have gained market traction using feedback from actual customers

Validation Process

Below is a condensed work plan for what a team actually does to validate a business model and have a chance of winning the InNOEvation® Challenge Business Model Competition.

- **Find a Problem**
 - Find a big customer problem worth solving and write down all your key hypotheses about the business model to solve this problem. We recommend that you use Alex Osterwalder's [Business Model Canvas](#) as a scorecard to track your assumptions and the changes that you make.
- **Nail the Pain**
 - Get outside the building and interview customers face-to-face to understand the “job” customers are trying to do, their current pain, and how they solve that pain. Pivot if and when you discover you are wrong about what the problem really is.
- **Nail the Solution**
 - Develop a minimum viable product prototype or visual diagram of your solution and get outside the building face-to-face with customers to test your vision of the solution. Pivot if and when you discover you are wrong. Repeat these tests until you nail the solution.
- **Nail the Go-to-Market Strategy**
 - Do market research and also get outside the building to understand who your customers are. Find out the end-to-end customer buying process, the market communication infrastructure, and the distribution infrastructure. Identify the leverage points. Pivot.
- **Nail the Business Model**
 - Use the facts discovered to understand the costs involved and validate the revenue model for the business.
- **Pivot**
 - Throughout the process learn to change course whenever you discover you are wrong. Whichever particular method you use, the key steps are to:
 1. identify your assumptions,
 2. get outside the building to test those assumptions,
 3. validate the facts with customers and pivot as needed, and
 4. identify lessons learned.

For the competition, you will tell us about the process you went through, revealing the dead ends and surprises that you discovered along the way.

Remember, the goal is validated learning about the business model assumptions and failing early is a success compared to failing late. If you fail but have a compelling story, submit anyway - you may get the award!