

How a Business Model and Business Plan Differ

The InNOLEvation® Challenge Business Model Competition is about recognizing that any new venture is just a guess at a problem / solution, and the only valid way to test whether those guesses are right is to “get outside the building” and start working with customers. **We will have a workshop about the Business Model Canvas on October 27th.**

So what exactly is the difference between a business model and a business plan?

Outside versus Inside the Building: Most business plans are written using library research. Successful business models are achieved through talking to customers and making changes based on feedback from those conversations.

Input versus Output Focus: Most business plan competitions are focused on compelling write-ups and slide presentations that check all the right boxes. In the InNOLEvation® Challenge Model Competition, sleek presentations are not going to cut it. The goal is to identify your assumptions and turn them into facts by getting outside the building. When a startup has done this, the story is compelling and it is an awesome one to tell because it is based on facts. Validated learning about what customers really want is the stuff a business model is made of and music to the ears of potential investors.

Lean Development versus Product Development: Most business plans imply a careful development process to optimize the final outcome. Forget it. Apply Lean Startup principles to radically compress your development cycle and take a prototype (even if it is just a picture drawn in the late hours of the night) to jump-start the learning process. Find the most creative but minimally viable product and start learning.

Change versus Fortify: Most business plans attempt to fortify/prove the core idea with evidence. Judges of the InNOLEvation® Challenge Business Model Competition will be looking for instances where teams learned they were wrong and made a pivot in a new and right direction. Your application should focus on the lessons learned and “pivots” made.

Chasing Customers versus Chasing Funding: Let's face it, many business plans are written to raise money. Unfortunately the business plan formula doesn't capture the answers venture capitalists most want to see: real validation you can make a product customers want. Instead of chasing the money, chase customers. Getting into the field you will validate the model and raising money will be easy.

Launching versus Talking: Business plans often talk about what will happen in the future. The InNOLEvation® Challenge Business Model Competition is about what you learned by applying a Customer Development / Lean Startup / Nail It then Scale It process.