

# Experimentation = Exponential Learning!

**An experiment** is a testing procedure conducted to validate or invalidate the hypotheses underlying an idea. It produces **concrete evidence** that an idea will work or not.

A **HYPOTHESIS** is simply a guess, assumption or theory, and can be written in the form: "We believe that \_\_\_"

e.g. "We believe that **cost** drives our customers' buying decision for our offering."

## Start with The Customer

**Who** has the problem I am trying to solve? What are their **Jobs, Pains** and **Gains**?

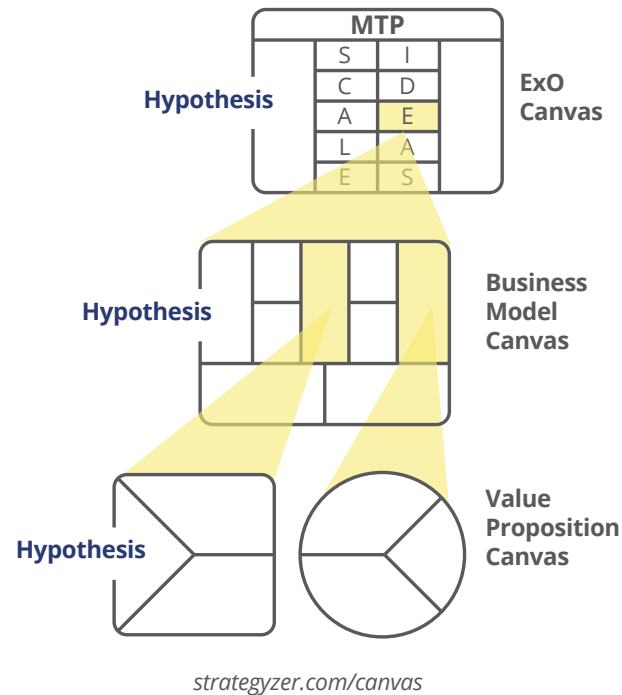
Identifying your customer and learning about their world is critical to validating fit between their **Problem and your Solution.** (*Problem-Solution Fit.*)

Do this **BEFORE** you go to the trouble of building the product and validating your market! (*Product-Market Fit.*)

## To control investment risk, shift critical learning as early as possible...

**Agile** development (such as **Lean Startup**) builds an offering iteratively, testing with the customer, throughout. It **advances** critical learning early, when it is **cheaper and easier** to change direction, *decreasing* risk.

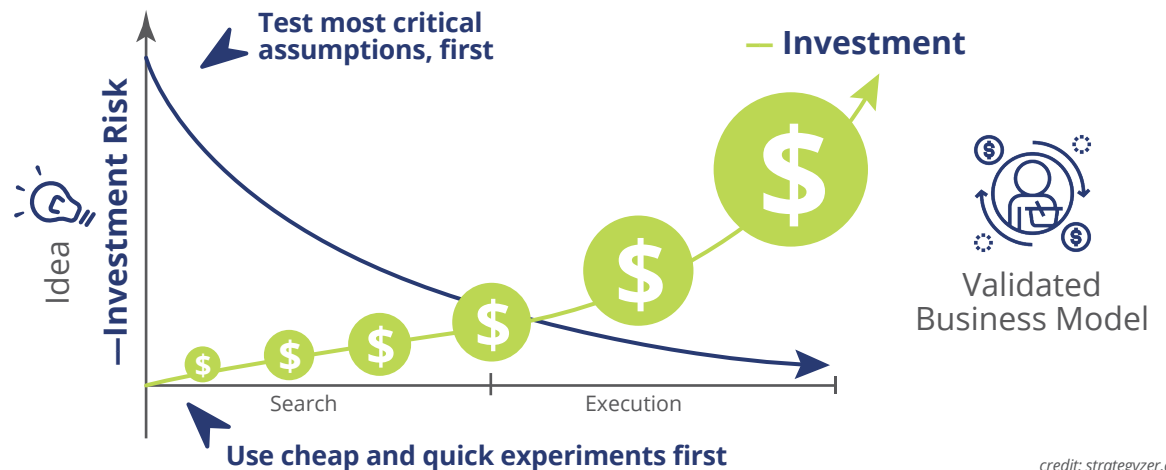
So to control risk, test your most critical assumptions first, using cheap and quick experiments.



## Principles:

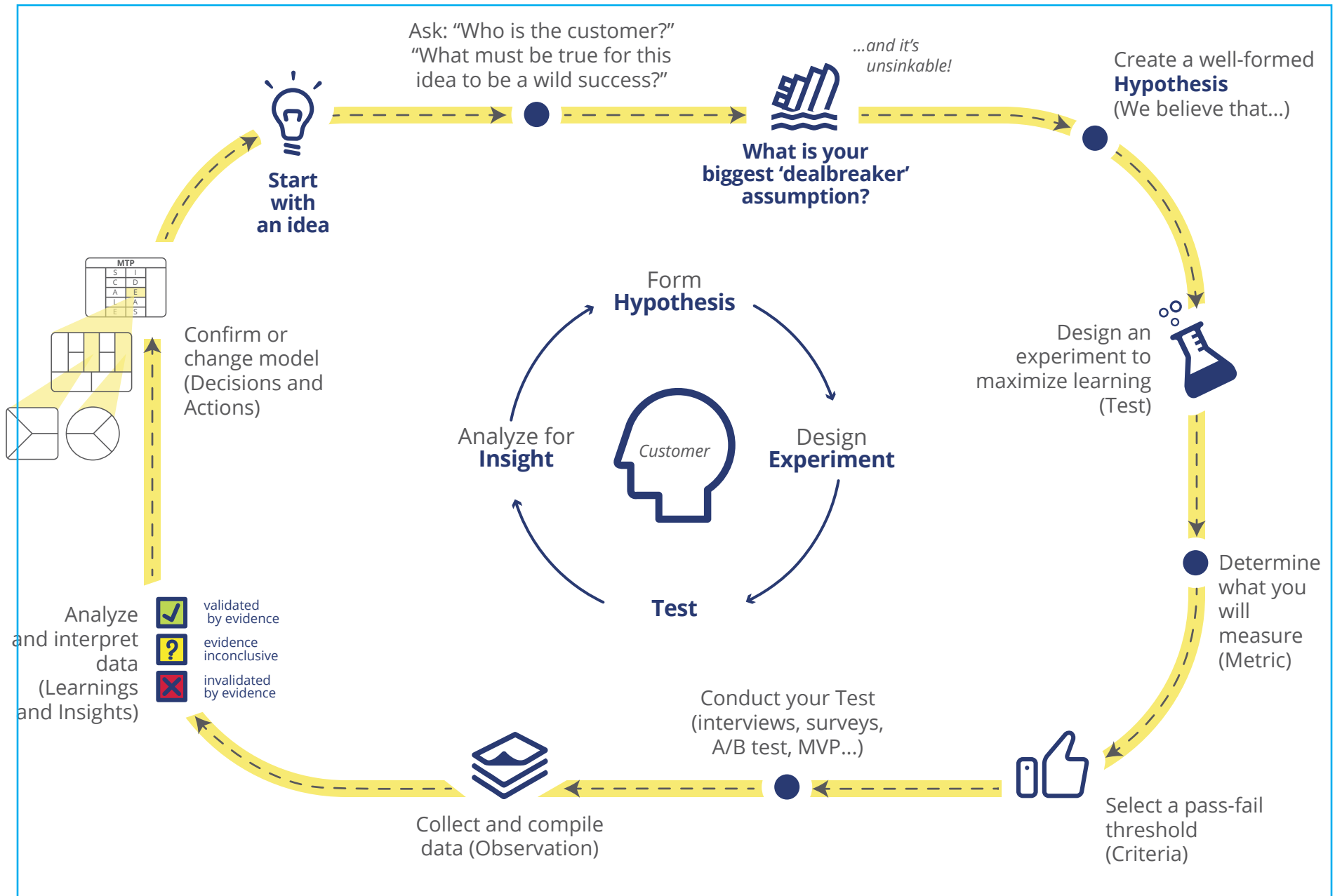
1. Any experiment where you already know the outcome is a **BAD experiment.**
2. Any experiment where the outcome will not change what you are doing is also a **BAD experiment.**
3. Everything else (especially where the input and output are quantifiable) is a **GOOD experiment.**

- **Astro Teller,**  
Chief of Moonshots  
Google X



credit: strategyzer.com

# Experimentation - ExO Experimentation Workflow



# Experimentation - Select your Highest Priority Hypothesis

In a few words, describe the essence of your idea (ExO Attribute, Business Model, Value Proposition, etc.)

List 6 big assumptions about your idea, asking: "What must be true for this idea to be a wild success?"

## Identify your biggest assumption.

- The assumption contains only one variable i.e. *'Cost is the overriding factor in the customer's purchase decision.'*
- It can be framed in terms of true/false or pass/fail
- You are truly uncertain whether it is true or false, and if false, you will CHANGE YOUR IDEA OR MODEL.
- Your BIGGEST assumption, if false, makes it *pointless* to test any other assumption on your list. e.g. *The Titanic is Unsinkable!*

Rewrite your assumption in the form: "We believe that \_\_\_\_"

Now download Test Card, enter your hypothesis and start experimenting!

Example:

**Test Card** Strategyzer

Test Name: Example Test | Deadline: Soon

Assigned to: You! | Duration: Quick!

STEP 1: HYPOTHESIS  
We believe that customer segment x cares about struggle with problem y

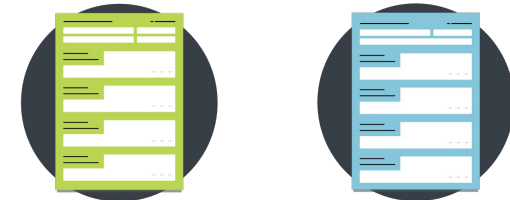
STEP 2: TEST  
To verify that, we will talk to 50 customers and give those who struggle a trackable URL pointing to a solution

STEP 3: METRIC  
And measure number of customers who clicked on the URL to the solution (actions speak louder than words)

STEP 4: CRITERIA  
We are right if validated if 25 or more customers clicked on the URL to get info on solution

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\*See Chapter 4 - Inside the Exponential Organization in Exponential Organizations by Salim Ismail, Michael S. Malone & Yuri van Geest. The Exponential Organizations Master Business Course is a part of the Growth Institute MBD Program. To learn more, visit [www.growthinstitute.com/exo](http://www.growthinstitute.com/exo) Find 30 more Lean Startup tools at [strategyzer.com/platform/resources](http://strategyzer.com/platform/resources). Share this tool! <https://info.growthinstitute.com/experimentation-tool>