

# 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 \_\_\_"

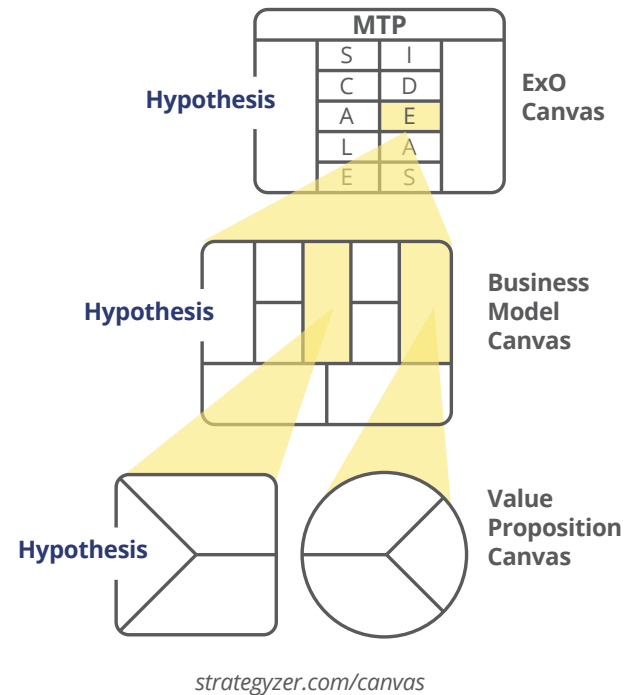
e.g. "We believe that **cost** drives our customers' buying decision for our offering."

## 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*.)



## Principles:

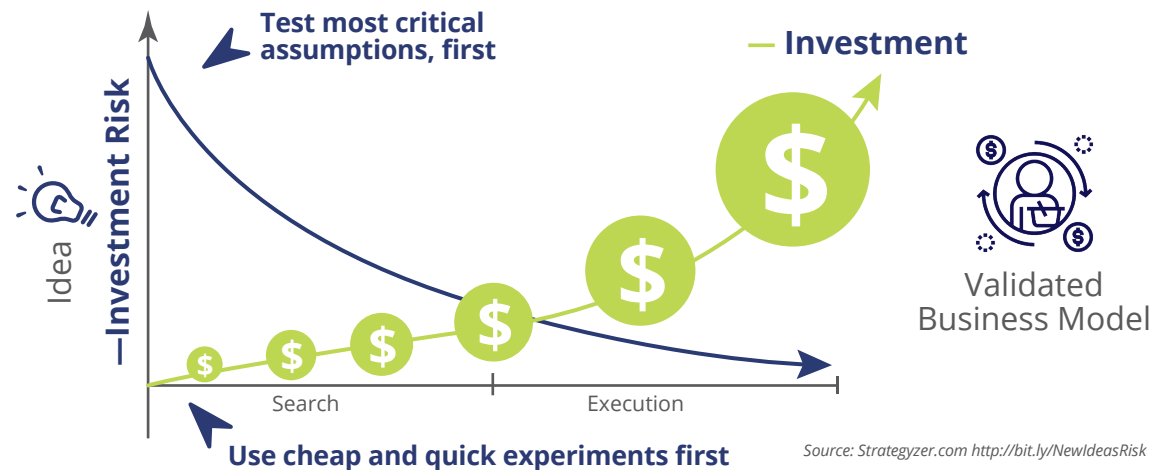
1. Any experiment where you already know the outcome is a **BAD experiment**.
2. Any experiment where the outcome will not change what you are doing is also a **BAD experiment**.
3. Everything else (especially where the input and output are quantifiable) is a **GOOD experiment**.

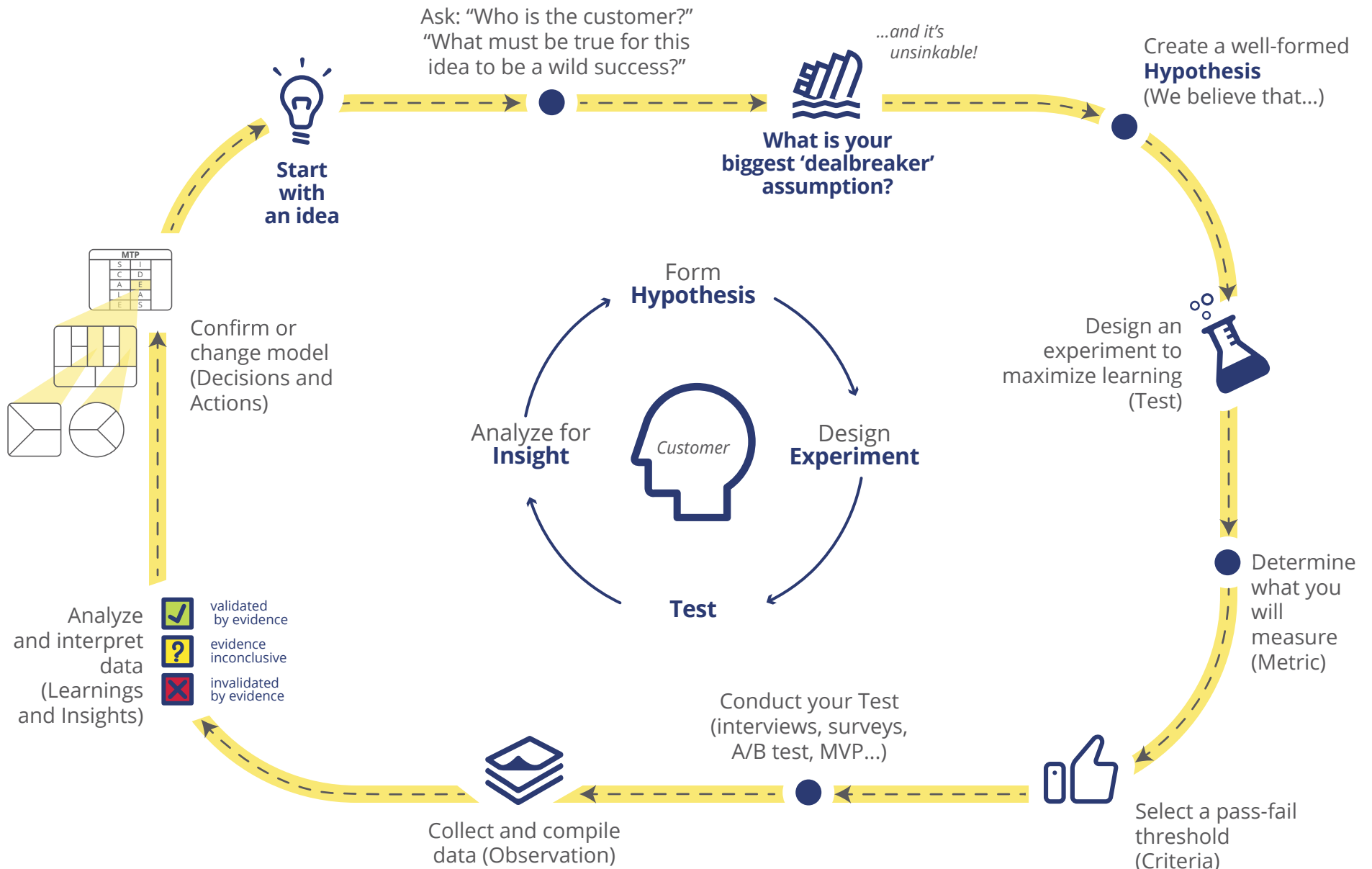
– **Astro Teller**,  
Chief of Moonshots  
Google X

## 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.





## 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** Critical: ⚠️ ⚠️ ⚠️

STEP 2: TEST  
To verify that, we will **talk to 50 customers and give those who struggle a trackable URL pointing to a solution** Test Cost: 📊 Data Reliability: 👍 👍 👍

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

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

Copyright Strategyzer AG The makers of Business Model Generation and Strategyzer

Download Test and Learning Cards at Strategyzer.com!  
<https://strategyzer.com/platform/resources>



\*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. [www.growthinstitute.com/exo](http://www.growthinstitute.com/exo)  
Share this tool! <https://info.growthinstitute.com/experimentation-tool>

Test Name

Deadline

Assigned to

Duration

## STEP 1: HYPOTHESIS

We believe that

Critical:



## STEP 2: TEST

To verify that, we will

Test Cost:



Data Reliability:



## STEP 3: METRIC

And measure

Time Required:



## STEP 4: CRITERIA

We are right if

# Learning Card

*Insight Name*

*Date of Learning*

*Person Responsible*

## STEP 1: HYPOTHESIS

We believed that

## STEP 2: OBSERVATION

We observed

Data Reliability:



## STEP 3: LEARNINGS AND INSIGHTS

From that we learned that

Action Required:



## STEP 4: DECISIONS AND ACTIONS

Therefore, we will