



# VALIDATION GUIDE: WILL YOUR BUSINESS IDEA WORK?

**Are you thinking about starting a business but not sure if your business idea is strong enough to be profitable? Idea validation, the process of testing business ideas to understand their viability can help guide you and is a crucial step to take before diving into your venture. But how do you validate a business idea?**

## STEP 1

First, determine what you want to validate. Do you want to ensure you're focusing on the right CUSTOMER SEGMENT? The right PROBLEM? or a SOLUTION that your target audience will want to pay for? Or perhaps you want to validate your pricing structure or revenue stream or key resources or any of the other nine building blocks in the Business Model Canvas.

## STEP 2

Compile a list of assumptions about the idea that you want to validate. Make sure that you cover ALL STATEMENTS that you believe to be true but don't have evidence for.

## STEP 3

After writing down all your assumptions, you need to put them into three categories: desirability, feasibility and viability.

- Assumptions about desirability are all about gaining confidence that the target audience WANTS and NEEDS the product or service you're offering.
- Assumptions about feasibility are related to your resources, such as: time, finances, hardware, software, human resources, technology, know-how, location, and so forth as needed in your business.
- Assumptions about viability should cover the revenues and costs; money flowing IN and OUT of the business. You'll need to know whether the costs and revenue streams are adequate and can help the business to thrive.

## STEP 4

It's time to put the assumptions in the right order based on priority, from negligible to critical. The critical assumptions should be tested first since any of these assumptions, IF PROVEN WRONG, could have adverse consequences for the business and major changes might need to be considered.

## STEP 5

Finally, it is the time to design the right experiment to test the assumptions. Check the Experiment Library on [Strategizer](#) for an extensive list of Discovery & Validation experiments and templates.

Before choosing a suitable experiment, it's best to plan before by writing a cause-and-effect statement paired with a measurable target. For instance, "If 2-5% of people who saw the ad on social media clicked on it then the marketing message is effective" or "If we get 100 pre-orders in two days then we will proceed to make this cereal mix".

**Are you ready to start testing your business ideas? A YES Business Coach can help guide you through the steps to reduce the risk of failure. Visit [yesmontreal.ca](http://yesmontreal.ca) for more info!**

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