

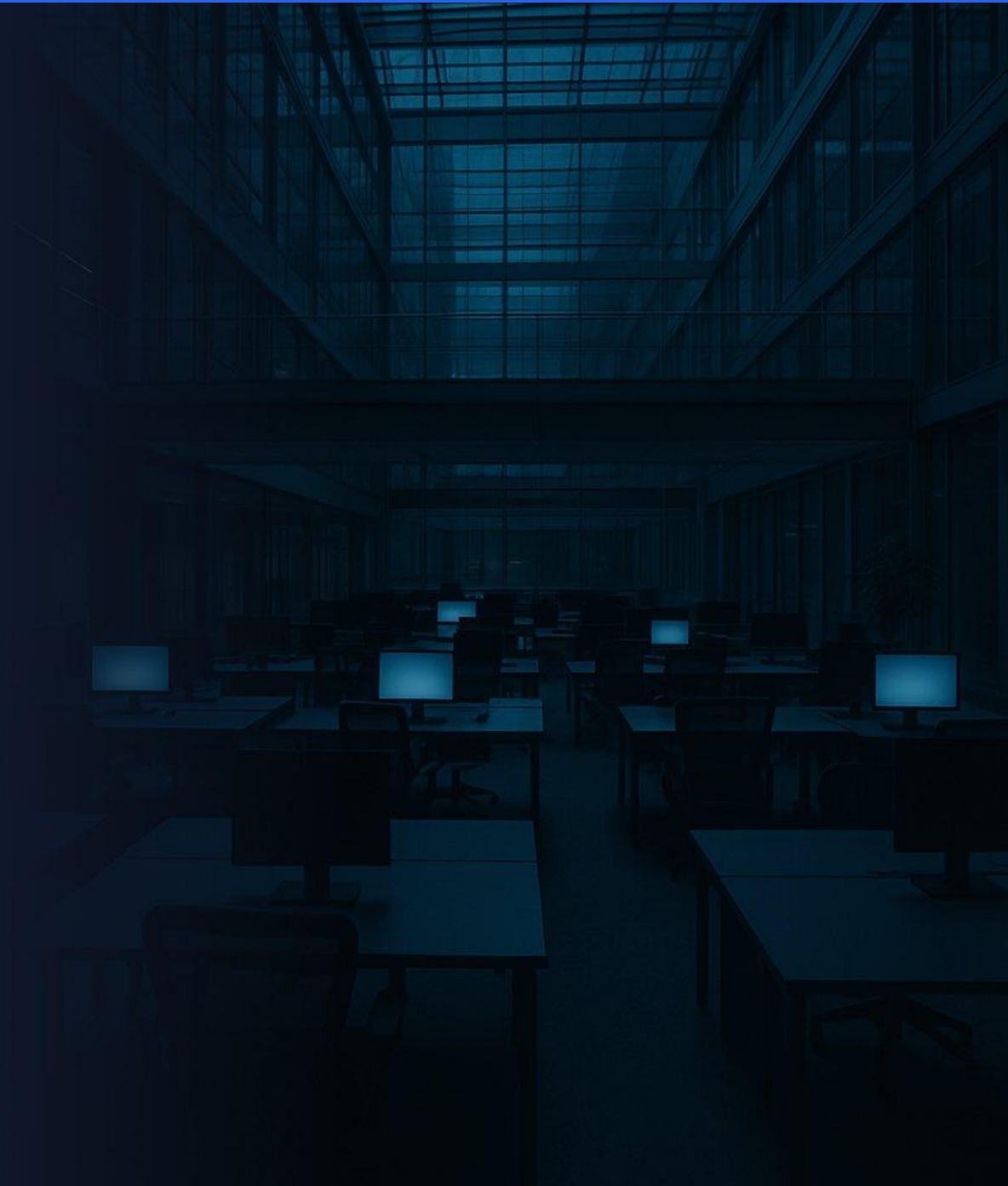
Connecting Models and Assumptions

How a business model works as a system of linked assumptions — and how to test the ones that decide whether it holds.

Theory session

Beginner

Running case: ClearCup



Where this session sits

3.1 defined the offer; 3.2 asks what has to be true for delivering it to work

MODULE 1

Founder Thinking
and Problem Framing

MODULE 2

Recognizing and
Investigating Opportunities

MODULE 3

**Turning Insight
into Viable Ventures**

SESSIONS IN THIS MODULE

3.1 Crafting a Customer Value Proposition
Why a defined customer would choose this over the alternative

3.2 **Connecting Models and Assumptions**
How the business creates, delivers and captures value

YOU ARE HERE

3.3 Testing Startup Feasibility End to End
Whether the venture is workable, viable and worth doing

What this session explains

Seeing a business model as a set of claims rather than a diagram

01 **A model is a system, not a list**

The nine blocks only mean something through the way they constrain each other.

02 **Every block hides assumptions**

Each one contains beliefs that could be false, and only some of them matter.

03 **Prioritise by impact and evidence**

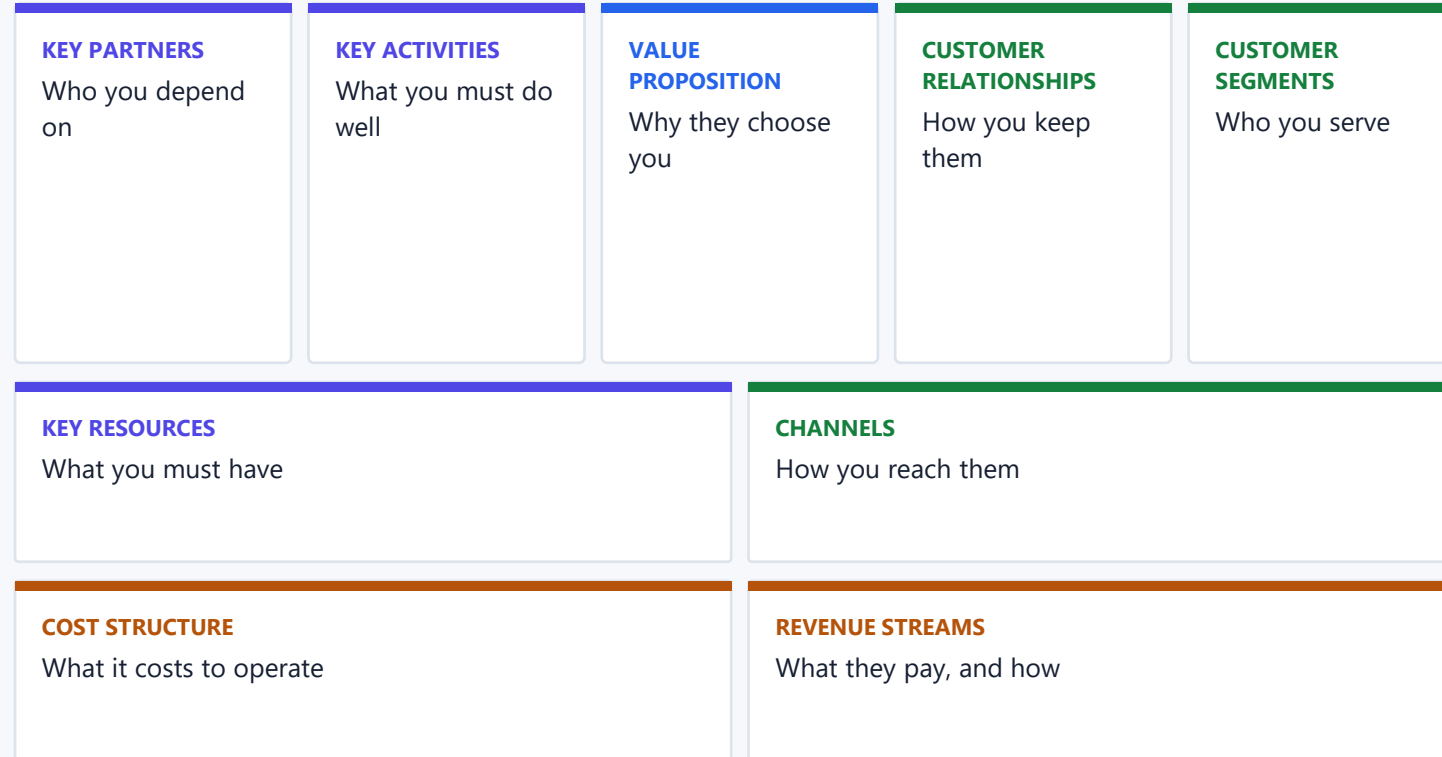
Test what would break the model and what you currently cannot support.

04 **Context is part of the model**

The same design can succeed and fail depending on conditions nobody wrote down.

Nine blocks, three questions

How value is created, delivered and captured



Osterwalder, A. & Pigneur, Y. (2010). Business Model Generation. Hoboken: Wiley.

CREATE

The left side

Partners, activities and resources: what has to exist for the offer to be produced at all.

DELIVER

The right side

Segments, relationships and channels: how the offer reaches the person who values it.

CAPTURE

The base

Costs and revenues. If these two do not connect to the blocks above, the model is a description rather than a business.

The model is a bundle of claims

Only a few of them decide whether the whole thing stands

WORKING DEFINITION

A leap-of-faith assumption is a belief the business model cannot survive being wrong about. Most assumptions are not of this kind, and testing them first is the most common way to waste a quarter.

1

Value hypothesis

That the offer genuinely creates value for the customer once they actually use it — not that they say they like it.

2

Growth hypothesis

That new customers can be reached repeatably, at a cost the revenue supports.

3

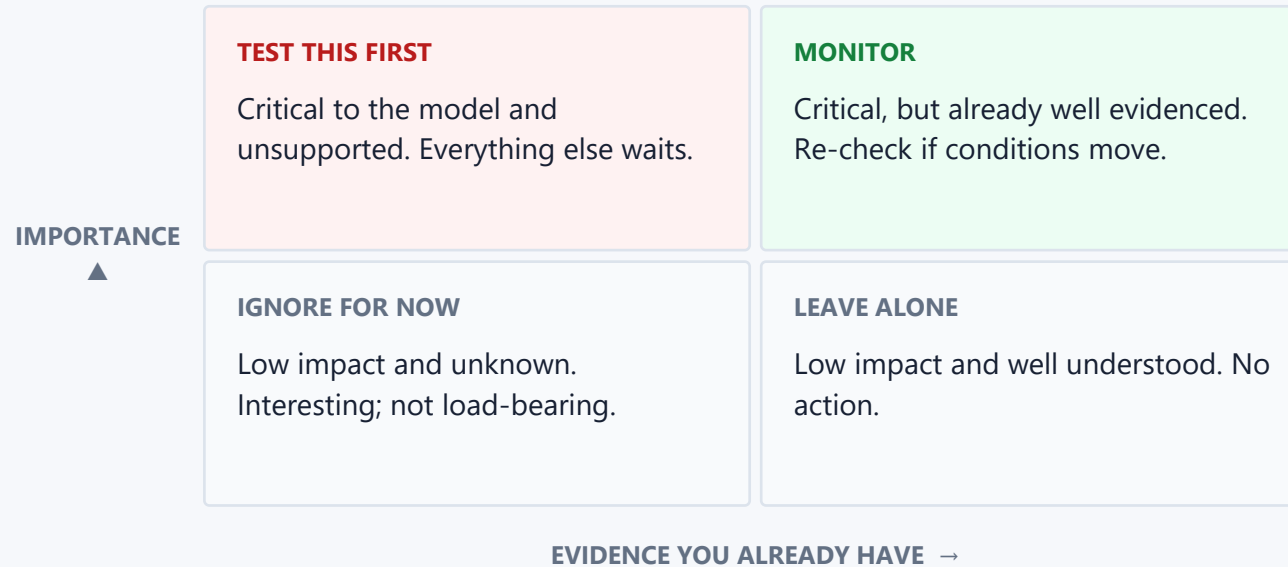
Condition assumptions

The quiet ones: regulation, partner behaviour, assortment, infrastructure. Loop's model turned on exactly these.

Ries, E. (2011). The Lean Startup. · Blank, S. (2013). Harvard Business Review, 91(5).

Which assumption to test first

Two axes: how much it matters, and how little you know



Bland, D. & Osterwalder, A. (2019). Testing Business Ideas. Hoboken: Wiley.

THE DISCIPLINE

Order, then test

Most teams test what is easiest to test. The useful order is what would break the model first.

FOUR LENSES

D · F · V · A

Desirability (do they want it), feasibility (can we do it), viability (does it pay), adaptability (does it survive change).

COST RULE

Cheapest test that decides

Strength of evidence must be enough to change the decision — no more.

The same model, two sets of conditions

Loop's return rate moved with store assortment, not with customer enthusiasm

REPORTED RETURN RATE BY IN-STORE ASSORTMENT

About 50 SKUs per store



80%

Five SKUs per store



15%

Same proposition, same containers, same shoppers — a different retail context.

Figures as reported in the session case pack.

WHAT THIS SHOWS

A hidden variable

Assortment was not in anyone's proposition. It turned out to govern whether returning was worth a trip.

THE SECOND VARIABLE

Regulation

France's 2020 AGECL law mandated reusable packaging. Elsewhere, interest never converted into retailer commitment.

THE LESSON

Test the mechanism

A pilot that only tests the headline proposition cannot tell you which condition carried the result.

Matching the test to the assumption

Evidence strength should be proportionate to what the decision costs

Assumption type	A weak but fast test	A strong but slower test
Desirability — do they want it?	Landing page and sign-up rate.	Pre-orders, or a paid pilot with real usage.
Feasibility — can we deliver it?	Walk the process manually for one customer.	A concierge pilot run at small scale for several weeks.
Viability — does it pay?	Unit-economics estimate on paper.	Actual contribution margin measured on real transactions.
Conditions — what must hold?	Desk check of regulation and partner requirements.	Run the same pilot in two contexts and compare.

WHY THE LAST ROW MATTERS

Loop's divergence is the case for the last row: running the same pilot in different conditions is what made the hidden variable visible.

CASE STUDY

Loop

One reuse model, five markets, and results that diverged sharply enough to expose what the model actually depended on.

Failed — except in France

Identical propositions, different conditions, opposite outcomes

WHERE IT DID NOT SCALE

US, UK and Canada

WHAT WAS THE SAME

The same proposition, the same containers, the same reuse promise, launched from 2019.

WHAT WAS MISSING

No comparable regulatory driver, and a narrow in-store assortment.

THE OUTCOME

Pilots did not scale commercially and were discontinued; interest never became profitability.

WHERE IT WORKED

France

REGULATORY CONDITION

The 2020 AGECL anti-waste law required reusable-packaging mandates.

ASSORTMENT CONDITION

Return rates rose from 15% at five SKUs per store to 80% at about fifty.

MODEL CHANGE

A shift from standalone e-commerce toward in-store retail integration.

READING THE CASE

The proposition was never the variable. What differed was the set of conditions the model silently assumed — regulation, assortment and retail presence.

Drawn from the session case pack.

Bringing the theory to ClearCup

From a canvas to a test queue

Block	The assumption inside it	How it would be tested
Customer segments	Office managers, not individual staff, decide.	Ask who signed the last supplier change; observe, do not ask in the abstract.
Channels	Collection can ride the existing delivery round.	Shadow one round and time the added collection step.
Key partners	The washing facility can handle variable volume.	Desk check capacity, then run one week at real volume.
Revenue streams	Buyers will pay a per-cup premium over disposables.	Quote two prices to comparable buyers and compare conversion.
Conditions	No regulation is required for this to work here.	Compare uptake in one regulated and one unregulated borough.

WHAT COMES NEXT

Session 3.3 takes the whole picture and asks whether the venture is feasible end to end.

What to carry out of this session

1

A business model is a system of claims.

The nine blocks matter because of how they constrain each other, not as a list to fill in.

2

Find the assumptions that would break it.

Rank by impact and by how little evidence you have, not by how easy the test would be.

3

Conditions are part of the model.

Regulation, partner behaviour and assortment can decide the outcome without appearing anywhere on the canvas.

4

Match evidence strength to decision cost.

The cheapest test that would actually change your mind is the right one.

5

Test the mechanism, not the headline.

A pilot that only proves people like the idea cannot say which condition produced the result.

Sources for this session

Primary references behind each concept

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