



Validate a business idea: the full report

Example: a founder in Accra testing fresh-produce delivery to restaurants. All five stages, from the guided tour.

The playbook at a glance

- 1 What do customers actually say?
The most popular answer is the weakest evidence: "A delivery service"
- 2 Does the problem hurt enough?
Real pain: 14 of 18 already spend time or money on it, and 5 pay
- 3 What must be true for the idea to work?
Test first: **"Owners will pay a weekly fee in advance"**
- 4 Is the riskiest assumption true?
Passed: 6 of 8 committed, pass mark 5
- 5 Do the numbers work?
Scenario B: motorbike couriers paid per trip needs the fewest: 28 customers to break even

What do customers actually say?

The most popular answer is the weakest evidence: “A delivery service”

Conversations: **18**

Strongest evidence: **“Not starting every day at the market”**: 14 of 18 did something about it

Weakest evidence: **“A delivery service”**: 16 of 18 say they would, none did

Needs backed by what people did: **3 of 4**

What this may mean

A need people already act on, by spending time or money or by changing what they do, is evidence. One they say they would act on costs nothing to say, so it is the weakest evidence however many people say it. Here the answer heard most often is also the weakest. These counts come from 18 conversations, so read the order as a guide: a need several people act on is real, but a difference of one or two mentions is not.

Investigate next

Take the needs backed by what people did into stage 2, which writes the problem as what customers are trying to get done, and counts who already spends time or money working around it. Start with “Not starting every day at the market”.

A conversation can raise more than one need, so the counts add up to more than the number of conversations.

1 conversation ended without a recent example, so it isn't counted in the ranking.

Does the problem hurt enough?

Real pain: 14 of 18 already spend time or money on it, and 5 pay

Spend time or money on it today: **14 of 18 (78%)**

Already pay to have it done: **5 of 18**

Do it themselves: **9 of 18**

Already have something that works: **4 of 18**

What this may mean

People who already pay to work around a problem have shown they will spend money on it: the strongest sign there is. Those who do it themselves pay in time, which is real but weaker. The 4 who already have something that works are not your first customers.

Investigate next

Take the task and the people who spend on it into stage 3, the Lean Canvas: they fill its Problem and Customer segments boxes. Then find the assumption that would kill the idea.

The verdict is a rule of thumb: real pain when at least half of the people sorted spend time or money on it; some pain from a quarter to a half; little pain below a quarter. Paying is a stronger sign than spending time.

Each person counts once, in the group that best describes what they do today. Someone who pays a runner and also checks the work themselves counts as paying.

What must be true for the idea to work?

Test first: **“Owners will pay a weekly fee in advance”**

Boxes filled: **9 of 9**

Assumptions ranked: **7**

It sits in: **Revenue streams**

If it is wrong: **The idea dies**

How sure: **Not sure: a hunch or mixed signs**

What this may mean

This assumption would kill the idea if it were wrong, and it is the one you are least sure of. Testing it first means the riskiest money question gets answered before anything is built. 4 assumptions would kill the idea, and you are sure of 2 of them; the others wait their turn after this test.

Investigate next

Take **“Owners will pay a weekly fee in advance”** into stage 4: design the smallest, cheapest test that could prove it wrong, and write the pass mark down before it starts.

The ranking multiplies the two ratings: how bad it is if the assumption is wrong (1 to 3) and how unsure you are (1 to 4). Ties go to the one that would kill the idea.

Is the riskiest assumption true?

Passed: 6 of 8 committed, pass mark 5

Result: **Passed: 6 of 8 committed, pass mark 5**

What this may mean

The riskiest assumption held up in a test where people committed something real. That is the strongest evidence a new idea can have before it is built.

Investigate next

Take the price customers paid and the cost of serving each one into stage 5, which finds how many customers you need to break even and how long it takes to earn back what you spend.

A count test passes when the number who committed reaches the pass mark written down before it started; "just short" means within one person, or 80% of the mark. A measured test passes when the number is within the limit; "just short" means within 10% of it.

Tests can run at the same time. When one trial checks two assumptions, such as whether people pay and what serving them costs, each keeps its own pass mark.

Do the numbers work?

Stage 5 diagnosis

Scenario B: motorbike couriers paid per trip needs the fewest: 28 customers to break even

Scenario A: a leased van and a driver: 47 customers to cover the fixed costs (39% of the 120 in the market)

Scenario B: motorbike couriers paid per trip: 28 customers to cover the fixed costs (23% of the 120 in the market)

Where they cross: Above 139 customers, scenario A earns more than scenario B, more than the market you counted

Scenario A: a leased van and a driver, at 4 new customers a month: covers its costs in month 12, earns everything back in month 23; money needed on the way: GHS 130,793

Scenario B: motorbike couriers paid per trip, at 4 new customers a month: covers its costs in month 7, earns everything back in month 13; money needed on the way: GHS 37,120

What this may mean

Break-even is a threshold, not a forecast: it says what you need, not what you will get. The scenario with the lowest fixed costs usually needs the fewest customers, but earns less on each one, so the choice depends on how many you expect to win. The pace is your guess: try a slower one too, because the money needed on the way grows fast when customers come slowly.

Investigate next

Decide whether you can win 28 customers within a time and money you can afford. If you can, move the idea to a Business Model Canvas and set a few first-year goals starting with this number. Keep testing: each new assumption goes back through stages 3 and 4 before it gets real money.

Break-even customers = fixed costs ÷ (price – variable cost per customer), rounded up. Price minus variable cost is the contribution margin: what each customer adds towards fixed costs.

Earning everything back means the upfront spend plus the losses of the early months, in cash: costs not paid in cash, such as wear on equipment, are left out, because the upfront spend already counts that money. The what-if assumes customers stay once they join; if some leave, it takes longer.

Where two scenarios cross: below that number, the one with lower fixed costs makes more; above it, the one with the higher margin per customer does.

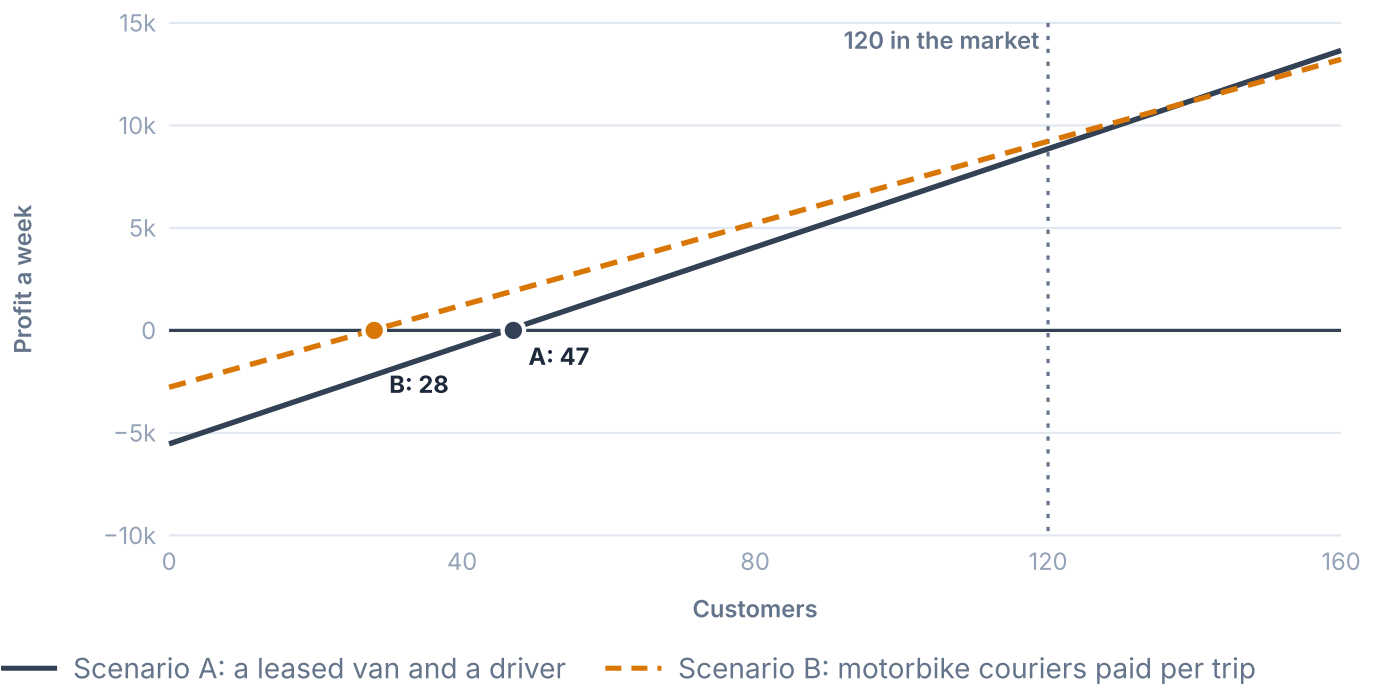
What it takes to break even

SCENARIO	FIXED COSTS A WEEK	EACH CUSTOMER ADDS	BREAK-EVEN	UPFRONT SPEND
Scenario A: a leased van and a driver	GHS 5,540	GHS 120 48% of the price	47 customers GHS 11,750 in sales a week	GHS 4,000
Scenario B: motorbike couriers paid per trip Needs the fewest	GHS 2,770	GHS 100 40% of the price	28 customers GHS 7,000 in sales a week	GHS 1,500

Where they cross. Above 139 customers, scenario A earns more than scenario B: more than the 120 in the market you counted. Below that, the one with lower fixed costs makes more.

Profit at each number of customers

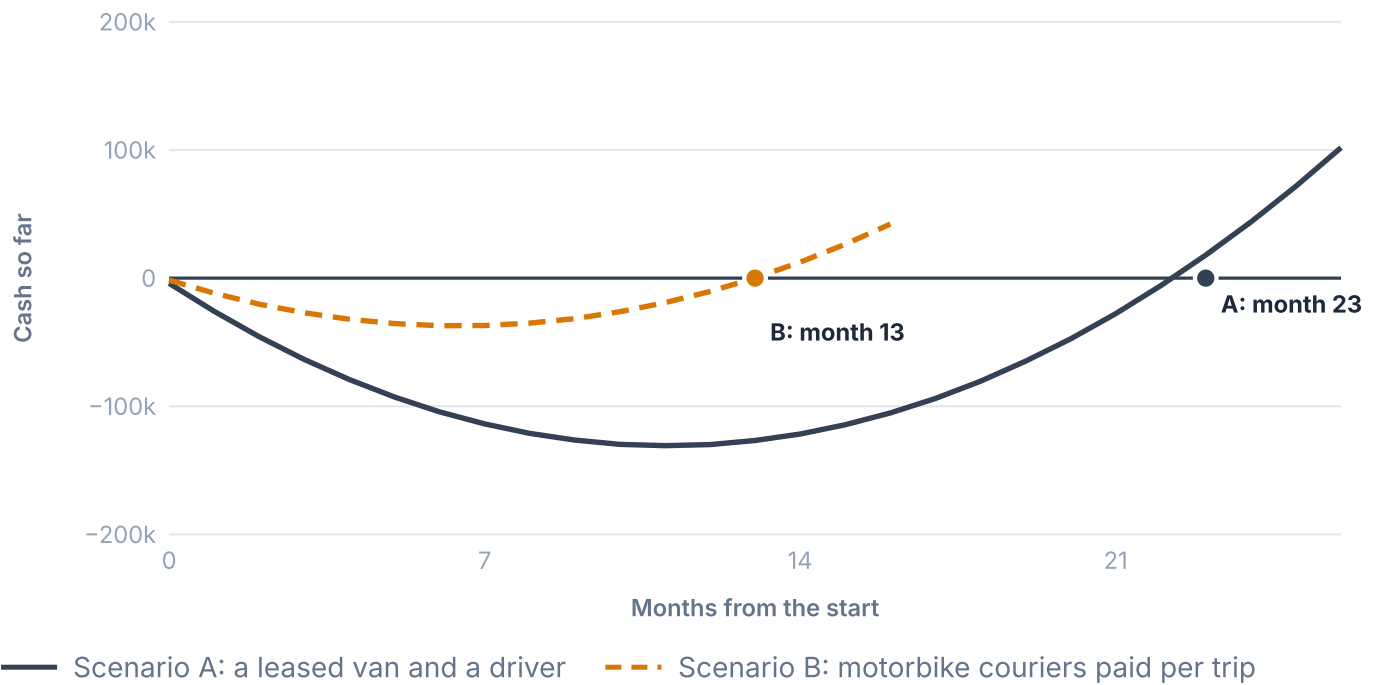
Profit a week in GHS. Each line crosses zero at its break-even point.



When would the money come back?

At 4 new customers a month:

SCENARIO	COVERS ITS COSTS	EARNs IT ALL BACK	MONEY NEEDED ON THE WAY
Scenario A: a leased van and a driver	month 12	month 23 The upfront spend plus the early losses	GHS 130,793 Lowest in month 11
Scenario B: motorbike couriers paid per trip	month 7	month 13 The upfront spend plus the early losses	GHS 37,120 Lowest in month 6



Until it covers its costs, every month loses money, even with no upfront spend, and those losses have to be earned back too. When customers build up steadily, that takes about as long again: covering costs in month 12 means earning it all back around month 23. The money needed is the most you are out of pocket before it turns. It assumes customers stay once they join; if some leave, it takes longer.

Against the 120 in the market: Scenario A: a leased van and a driver needs 39%; Scenario B: motorbike couriers paid per trip needs 23%.

DECISION POINT

Can you win 28 customers?

That is what scenario B needs to cover its costs; at 4 new customers a month it earns everything back in month 13, with up to GHS 37,120 needed on the way. If you can, go on. If not, rework the costs or the price, or stop.

Made with the free Break-Even Analysis Tool at whichframework.org/tools/break-even-analysis.html. Figures are from your data; the diagnosis describes what such patterns often point to, not proven causes.