



The Ultimate Guide To
**CHALLENGING
ASSUMPTIONS**

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It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so.

Mark Twain (maybe)

While it may be a matter of debate who should receive credit for this quote, there is no question the sentiment is profound.

Almost every strategic plan I've reviewed included a page of the assumptions underlying the plan. That is great! What would be even better is a section on what might happen if those assumptions weren't valid. What opportunities might be possible? What threats might exist, and what would be the response?

The whole objective of strategic planning is to get crystal clear on strategic purpose and to explore and identify the best ways to realize that purpose. Innovation is crucial to this process.

Challenging assumptions and deeply-held beliefs about your business or industry will unearth innovative ideas. It's why disruption so often comes from outside the industry. Disruptive companies don't confine themselves to the assumptions and limiting beliefs that are absolute truths to the industry insider.

Think like an outsider by challenging your assumptions!

You can use this guide to challenge your assumptions in many situations, including:

- Strategic Planning: Be sure to seek input from different levels and perspectives in the organization as well as people new to the organization. Consider gaining insight from vendors and other outside partners.
- New Product Development: Use this guide on a smaller scale for new product development. What are the assumptions you are making about the product benefits, uses, and costs?
- Acquisition Due Diligence: What are the assumptions that underlie the strategy for the acquisition? What if those assumptions were not valid? What would you do? Are there new opportunities? Are there new threats?

Innovation is critical to sustained success, and disruption can come when you least expect it. Challenging your strategic assumptions is a great way to take an outsider's view to identify inventive opportunities and expose potential disruptive threats.

Work well,

Adriana



Examples of Challenging Strategic Assumptions

Company	Assumption Challenged	Result
Warby Parker	Designer glasses are expensive, people won't buy them online	Offered affordable glasses online and free "try-on" to see if glasses work. No cost for shipping and free returns. Company valued at over \$1.7Billion.
P&G	Brick & mortar, "invent it ourselves" innovation model	Changed model to include outside development – drove accelerated growth (ex Swiffer).
AirBNB	Travelers will prefer to stay at branded hotel with hotel amenities.	Homeowners rent to travelers providing unique travel experiences. AirBNB has over 3 million listings in 65,000 cities.
Purple	Mattresses must be sold in retail environment where consumers can touch/feel mattress.	Direct to consumer model with 100 night refund period and all distribution costs savings passed on to the consumer. Company valued over \$1B.
Patagonia	Anti-consumerism and environmental activism are threats to a retail business and profit.	"Don't Buy This Coat" campaign is legend. Their message of environmental protection, anti-consumerism, recycle and reuse is central to their brand and strategy. Revenues quadrupled last 10 years.
Netflix	Mail-in video rental model will continue to sustain the business.	Netflix disrupted their own mail-in model to a streaming platform and now accounts for 15% of worldwide downstreaming internet traffic.
Zappos	People will not buy shoes online.	Created new way to shop for shoes with great selection and no hassle, free shipping return policy. Sold to Amazon for over \$1.2B.
Stitch Fix	Personal styling services cannot scale.	Used data and AI technology to provide personal styling services to the masses. Sold over \$1B in apparel last year.
Amazon	Free shipping is cost prohibitive for ecommerce business.	Amazon Prime fueled growth and now Amazon accounts for 49% of US ecommerce sales. Now, will you even buy online unless shipping is free?



QUESTIONS TO HELP UNEARTH STRATEGIC ASSUMPTIONS AND “ABSOLUTE TRUTHS” INSIDE THE ORGANIZATION:

- 1. What are the generic business “tests” that a new concept, product or business idea must pass in order to move forward in our organization? What are the assumptions underlying those requirements?**

- 2. Look at our latest SWOT analysis. What are the assumptions behind what we consider to be our internal strengths & weaknesses and the external threats & opportunities?**

- 3. Create a stakeholder list. Who are the stakeholders in our business and what are the assumptions we make about their behaviors and needs?**

- 4. Other areas for consideration:**
 - Macroeconomic Factors (technology forces and socio-demographic)
 - Markets (substitutes, potential competitors, market rivalry)
 - Customers (changing purchasing channels and decisions)
 - Financial management (availability and cost of funds, margin vs market share)
 - Internal processes
 - Asset management (role of branding, supply chain, outsourcing, location of facilities)
 - Workforce (available of labor, skills required)
 - Trends



Assumptions Worksheet

As a team, use the guidelines above to identify the key assumptions that underlie your current strategy. Brainstorm what might be possible if those assumptions no longer hold true. What might the opportunities be to serve your customer better? What new customers might you be able to serve? What products/markets/applications might you develop? How might your business model evolve? How might your route to market change? In addition to the opportunities, consider what threats might be created. How would you respond?

Assumption Challenged	What Might Be Possible if Assumption No Longer Holds? Opportunities? Threats?
Assumption #1	<ul style="list-style-type: none">•••
Assumption #2	<ul style="list-style-type: none">•••
Assumption #3	<ul style="list-style-type: none">•••
Assumption #4	<ul style="list-style-type: none">•••
Assumption #5	<ul style="list-style-type: none">•••
Assumption #6	<ul style="list-style-type: none">•••
Assumption #7	<ul style="list-style-type: none">•••