

# Conducting Business Experiments

*Validating New Business Models* Well-designed business experiments can help validate assumptions and reduce risk associated with new business models.

[Abhijit Ganguly](#) & [Jim Euchner](#)

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Breakthrough innovation inside established companies—innovation that creates new revenue streams—often requires business model innovation in addition to innovation in product or offering. Unfortunately, new business models are rife with uncertainty. They may require new channels or new partnerships, appeal to new customer sets, rely on different revenue models, or require unfamiliar technologies. The risk associated with creating new business models is a major reason high-potential new businesses are not launched inside established companies. Well-designed business experiments are a valuable tool for reducing that risk. Although business experiments are not new, much of the literature concerning such experiments focuses on software and Internet businesses, where experiments are easier to conduct, and on startup companies rather than large corporations. This paper addresses the conduct of experiments in companies that produce physical goods and addresses the issues associated with conducting experiments within an established company. It describes methods used to design experiments, to focus them on critical issues, and to manage them in a corporate context.

KEYWORDS:: [Business model innovation](#), [Lean Startup](#), [Business experiments](#)

## Author information

### Abhijit Ganguly

**Abhijit Ganguly** is manager, business model innovation at Goodyear. Before joining Goodyear, he was responsible for leading growth initiatives across multiple geographies for a manufacturing company. He holds a Bachelor's degree in mechanical engineering from Jadavpur University (India) and an MBA from the Tuck School of Business at Dartmouth. [abhijit\\_ganguly@goodyear.com](mailto:abhijit_ganguly@goodyear.com)

### Jim Euchner

**Jim Euchner** is editor-in-chief of *Research-Technology Management* and Honorary Professor at Aston University (UK). He previously held senior management positions in innovation leadership at Goodyear Tire and Rubber Company, Pitney Bowes, and Bell Atlantic. He holds BS and MS degrees in mechanical and aerospace engineering from Cornell and Princeton Universities, respectively, and an MBA from Southern Methodist University. [euchner@iriweb.org](mailto:euchner@iriweb.org)