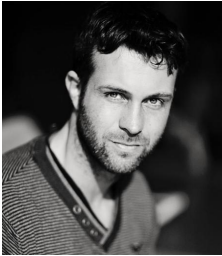


# Business Evaluation Canvas



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Ing. Jorrit Koeman

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# Business Evaluation Canvas

## Forward

Entrepreneurs are those who see opportunity where others do not. Further, entrepreneurs are individuals who can bring such opportunities to life. They typically demonstrate such enviable characteristics as vision, determination and resourcefulness. They are often seen to be passionate and open to feedback from others.

However, in each of these strengths there can also be weaknesses. Some characteristics, which enable entrepreneurs to succeed where others might not, can be blind spots that may cause them to miss warning signs that others might have seen. Similarly entrepreneurs who become too attached to their venture can have difficulty recognizing when it is time to abandon a doomed project.

But even when entrepreneurs received advice based on scientific research to stop their doomed project, the PIES survey shows that 47% of the entrepreneurs moved on and even doubled their losses before they quit. This entrepreneur optimism is dangerous and can be very costly.

Taking a new venture from the concept stage to market success is not an easy process, and there are many issues, which can rise at each stage of the process. Some of these issues are so serious that if not resolved, they will prevent the venture from being successful, regardless of its other strengths. These can be thought of as 'critical elements'.

In these cases simple determination and resourcefulness alone are often not the answer. Sometimes they can be resolved by taking a different approach to the business, or by partnering with individuals or businesses that can provide a meaningful solution. However, in many cases, if critical elements simply cannot be addressed, it may be better to discontinue with that opportunity and save time, money and effort, and invest in an alternate, more promising, venture.

Focusing on critical elements provides recognition that an inability to resolve a critical element may be a reason to discontinue an opportunity. Focusing on this critical element also provides a change for the entrepreneur to apply their talents into figuring out how to overcome this issue. Thus the Business Evaluation Canvas can help entrepreneurs both validate if they have a viable opportunity and also identify issues that, if not addressed, could sink their venture.

At a minimum, the Business Evaluation Canvas provides a useful checklist of important factors to think about in the development. In some cases, it may trigger the early end of a doomed venture, saving time, effort and money. In other cases, it enables the entrepreneur to identify and address problem areas early, resulting in an increased likelihood of commercial success.

In cases where no flaws are identified, or those identified can be addressed, the Business Evaluation Canvas provides an independent third party validation of an opportunity. This can give the entrepreneur the necessary confidence to continue with the venture, and to create an independent assessment that can be used with suppliers, customers and potential investors to build confidence in the business.

Overall, the Business Evaluation Canvas is an excellent diagnostic test. It can provide an indication of the likelihood of commercial success prior to expending money on the next stage of the process. On the positive side, the use of the Business Evaluation Canvas will give the entrepreneur a valuable reality check that allows them to progress their business to the most important and risky part of its life cycle: Going to Market!

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# Introduction

## Introduction

New product innovations are a major activity of firms. However, most of the 25,000 products introduced in the USA every year fail. This is because the greatest money loss for failed products occurs at the market introduction stage, as it is critical to gauge reception before introduction and to continue to promote products that have a high potential for success. Indeed, in view of the fact that expenditures for developing a new product increase as the process advances toward the launch, it is clearly critical for firms to screen out concepts and ideas that are likely to be failures as early in the process as possible.

The Global Innovation Survey of PWC shows that the number one innovation challenge is not a lack of ideas. The success of innovation usually depends on the quality of the *best* opportunity identified in a structured and quick way. In most innovation settings, an organization would prefer 20 bad ideas and one outstanding idea to 21 merely good ideas. In the world of innovation, the extremes are what matter, not the average or the norm. This objective is very different from those in, for example, manufacturing, where most firms would prefer to have 21 production runs with good quality over having 1 production run with exceptional quality followed by 20 production runs of scrap.

The Business Evaluation Canvas is intended to be used by businesses that have new products, services or strategic alternatives in development and want to screen these options to find out which ones have the *highest* probability of becoming a success. The screening of the new options is only one step in the management of innovation process. Separating potential winner options from potential loser options in an early stage can save a company a lot of money, time and resources. The Business Evaluation Canvas can be used to determine a Go/Kill decision or to prioritize a series of possible new products. The Business Evaluation Canvas can also be used as a diagnostics tool showing probable weak spots in a project.

The key advantage of the Business Evaluation Canvas is the combination of scientifically proven elements. We extracted the 8 critical elements from PIES and NewProd into the 8 building blocks of the Business Model Canvas, which we named the Business Evaluation Canvas.

The Business Evaluation Canvas will give you a deeper understanding in the need and expectations of the customer and help you design an innovation that will deliver profit. The Business Evaluation Canvas will obtain the best balance of Efficiency, Effectiveness and Flexibility. With a minimum investment, you will receive a maximum profit.

The Business Evaluation Canvas on wide format can be downloaded:

[www.evaluationcanvas.com](http://www.evaluationcanvas.com)