



**Building
strong
growth
hypothesis**

What are Growth Hypotheses?

Growth hypotheses are a set of assumptions about the level of growth a business can achieve and the key drivers of that growth.

They provide the basis for building your financial projections and a framework for testing and validating strategies to drive business growth and scalability.

Market demand

Identify the target market and assess the demand for your product or service

Customer behavior

Understand customer needs, preferences, and purchasing behavior

Competitive landscape

Analyze competitors and assess how your offering differentiates from alternatives in the market

Revenue streams

Identify potential revenue sources and effective pricing models

Formulating Growth Hypotheses

Define revenue growth drivers:

Identify the key factors that drive revenue growth for your business

- Volume drivers: customer acquisition actions, new market penetration, cross-selling...
- Price drivers: price increase, upselling...

Quantify assumptions:

Evaluate the impact of each growth driver through analysis of historical data or through a test and learn approach.

Run coherence tests:

- Revenue vs. production capacity?
- Revenue vs. commercial and marketing resources?
- Market share vs. competitors?

Modeling Growth Scenarios

Base case scenario: Develop a baseline scenario that reflects the most likely outcome based on current assumptions and market conditions.

Best case scenario: Create an optimistic scenario that represents the potential upside if growth hypotheses perform better than expected.

Worst case scenario: Prepare a pessimistic scenario that considers potential challenges, risks, and external factors that could impact growth.