

HOW TO DEFINE **THE RIGHT VENTURE** CHALLENGE STATEMENT

Before You Build Anything

WHERE THIS IS USED

- Venture Studio programs
- Corporate Incubators
- Accelerators (corporate or government-backed)
- CVC opportunity formation (pre-investment)
- AI Studio agent concept definition
- Foundry-as-a-Service engagements

AUDIENCE

- CEOs
- Chiefs of Strategy
- Heads of Innovation
- Corporate venture sponsors
- Senior operators
accountable for outcomes

PHASE

Phase One: Pre-build / Pre-funding / Pre-team

EXECUTIVE SUMMARY

Most ventures fail long before execution begins because their **challenge statements are poorly defined**. This guide explains how TURN8 defines venture challenge statements that are bold enough to matter and bounded enough to validate quickly.

The goal is to replace solution-led thinking with a clear, testable statement that allows evidence to accumulate early. When done correctly, this reduces wasted effort, lowers the cost of failure, and enables clean go / hold / stop decisions before capital, teams, or build work are committed.



THE CORE PROBLEM

Most organizations start venture-building and new-growth initiatives **with solutions disguised as problems.**

Typical examples include:

- “We need an AI platform for X”
- “Let’s build a marketplace for Y”
- “We should use Web3 in our industry”

These sound strategic, but they already assume:

- A specific solution
- A delivery model
- A direction that has not been validated

In GCC organizations, this issue is amplified by:



Broad strategic mandates designed to keep options open



Multiple stakeholders need a visible representation



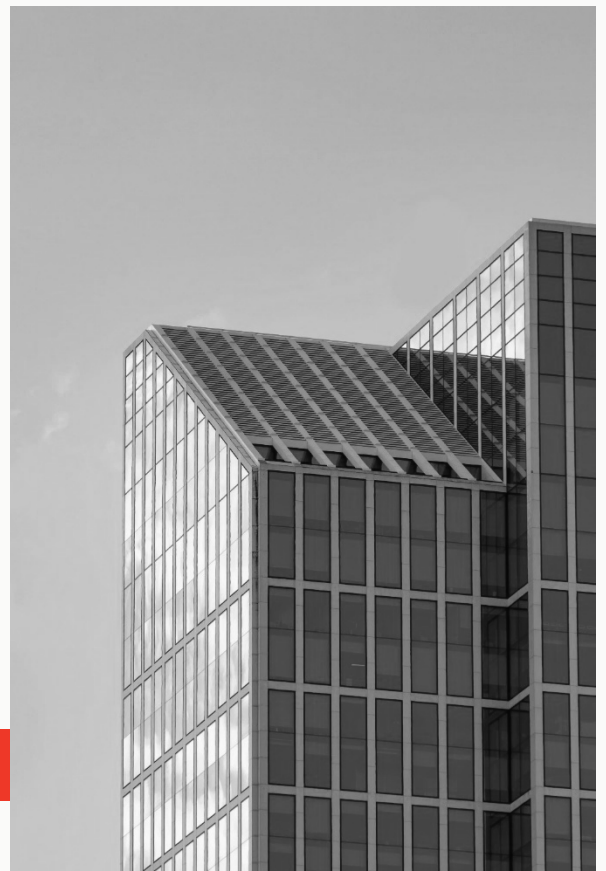
Pressure to demonstrate activity early

The real issue is not lack of ambition.

The issue is this:

If the venture challenge statement is not precise, evidence cannot accumulate.

And without evidence, decisions default to momentum, politics, or sunk cost.



PREREQUISITES

WHAT MUST BE IN PLACE?

- A clearly articulated strategic intent (not a theme)
- An executive sponsor willing to stop initiatives early
- Agreement that Phase One exists to find the truth, not approval

ORGANIZATIONAL READINESS INDICATORS

- Comfort with narrowing the scope aggressively
- Acceptance that most ideas should not progress
- Willingness to make decisions with incomplete data

RED FLAGS (DO NOT PROCEED IF PRESENT)

- The challenge statement names a product, platform, or technology
- Success is defined by visibility, PR, or internal engagement
- Leadership has already decided the answer



If any red flag exists, the challenge statement **must be reset**.



STEP-BY-STEP PROCESS

STEP 1 ANCHOR ON THE STRATEGIC TENSION

ACTION

Identify the unresolved strategic tension facing the organization.

Examples of tensions:

- Core margins under sustained pressure
- Loss of control over customer relationships
- Dependence on a declining value chain position

COMMON MISTAKES

- Starting from technologies or tools
- Confusing ambition statements with real tensions

GCC-SPECIFIC CONSIDERATIONS

National priorities may influence importance, but they are not the tension itself

WHY IT MATTERS

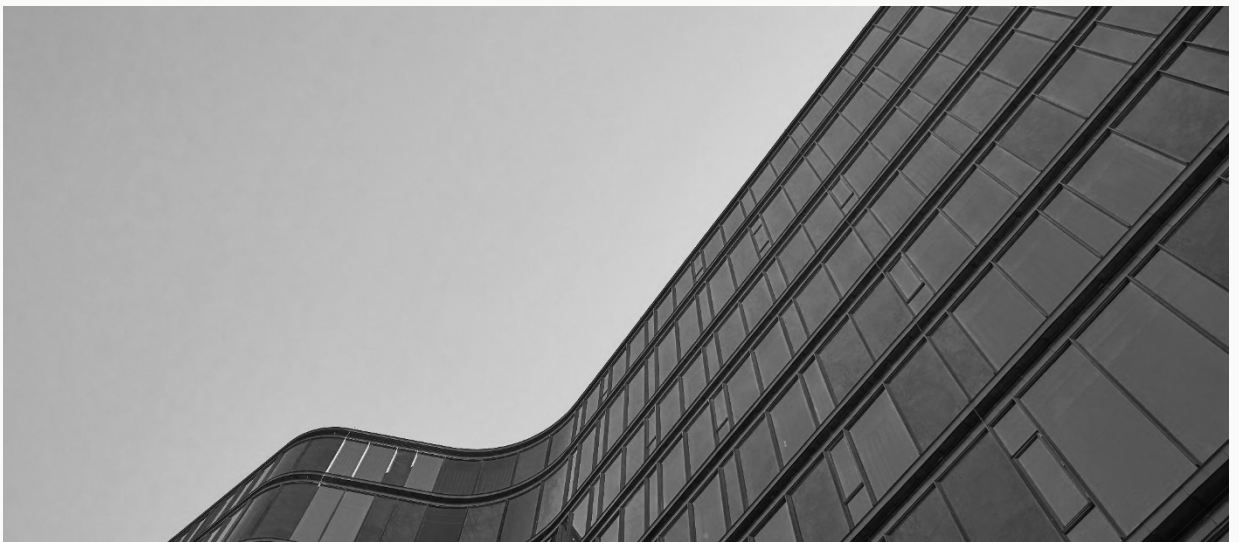
Ventures exist to resolve strategic tensions, not to test trends.

DECISION CHECKPOINT

Can the tension be explained without referencing a solution?

TIME ESTIMATE

1–2 working sessions



STEP 2 SET EXPLICIT BOUNDARIES

ACTION

Define where this venture will **not** play.

Boundaries typically include:

- Excluded customer segments
- Business models that are out of scope
- Assets that must or must not be leveraged
- Relevant time horizons

COMMON MISTAKES

- Leaving exclusions implicit
- Treating boundaries as temporary

GCC-SPECIFIC CONSIDERATIONS

Regulatory, procurement, or ownership constraints must be explicit

WHY IT MATTERS

Boundaries create speed and prevent endless validation.

DECISION CHECKPOINT

Can someone clearly explain what is excluded and why?

TIME ESTIMATE

1 focused session

STEP 3 FORMULATE THE CHALLENGE AS A TESTABLE QUESTION

ACTION

Rewrite the challenge statement as a question that can be proven wrong.

Weak formulation:

Create new digital revenue streams"

Strong formulation:

"Will mid-sized logistics operators in the GCC pay for solutions that reduce idle fleet time by at least X%?"

COMMON MISTAKES

- Writing vision statements
- Avoiding specificity to maintain comfort

WHY IT MATTERS

Questions invite evidence. Statements invite alignment theater.

DECISION CHECKPOINT

Can someone clearly explain what is excluded and why?

TIME ESTIMATE

1 focused session

STEP 4 IDENTIFY THE DOMINANT UNKNOWN

🎯 ACTION

Determine the single uncertainty that matters most at this stage.

Usually one of:

- Is the customer pain real?
- Will customers actually pay?
- Can adoption realistically happen?

⚠️ COMMON MISTAKES

- Trying to reduce all risk at once
- Prioritizing internal feasibility over customer reality

🔍 WHY IT MATTERS

Phase One exists to resolve the most dangerous assumption, not all assumptions.

✅ DECISION CHECKPOINT

If this uncertainty is resolved, does the next decision become obvious?

📅 TIME ESTIMATE

30–60 minutes

STEP 5 DEFINE THE EVIDENCE THRESHOLD UPFRONT

🎯 ACTION

Specify what “enough evidence” looks like before any validation begins.

Examples

- A minimum number of qualified customer conversations
- Confirmed budget ownership on the customer side
- Explicit commitments rather than interest

⚠️ COMMON MISTAKES

- Measuring activity instead of outcomes
- Adjusting thresholds mid-cycle

🔍 WHY IT MATTERS

Without predefined thresholds, weak signals get rationalized.

✅ DECISION CHECKPOINT

Would an independent observer agree that this evidence is sufficient?

📅 TIME ESTIMATE

30 minutes

DECISION FRAMEWORKS

VENTURE CHALLENGE STATEMENT QUALITY TEST

Proceed only if all three conditions are met:

1.

Bounded

Clear inclusions and exclusions exist

2.

Testable

Evidence can realistically disprove it within weeks

3.

Consequential

A positive outcome would matter strategically

If any condition fails, refine the statement before proceeding.



RESOURCE REQUIREMENTS



PEOPLE

- One accountable executive sponsor
- One venture operator (part-time is sufficient)
- On-demand access to subject experts



BUDGET

- Minimal
- Research, interviews, and lightweight validation only



TOOLS

- Simple documentation and evidence tracking
- AI tools may support synthesis, not decision-making



COMMON FAILURE MODES

FAILURE MODE: STATEMENT TOO BROAD

Early signal

Validation scope
keeps expanding



Correction

Reintroduce exclusions
immediately



FAILURE MODE: POLITICALLY PROTECTED STATEMENT

Early signal

"We can't stop this yet"
language



Correction

Reset sponsor expectations
or pause work



FAILURE MODE: EVIDENCE DESIGNED TO BE INCONCLUSIVE

Early signal

Insights without
commitments



Correction

Redefine evidence
thresholds



SUCCESS METRICS



LEADING INDICATORS

- Stakeholders describe the statement consistently
- Validation scope narrows over time
- Stop criteria are agreed in advance



LAGGING INDICATORS

- Faster Phase-One cycles
- Fewer initiatives are entering build prematurely
- Higher confidence at greenlights



EXAMPLE USE CASES

This approach is typically applied when:

- A corporate wants to explore AI-enabled growth without committing to a platform
- A CVC team needs to define investable opportunity areas before sourcing
- An accelerator sponsor wants pilots tied to real customer demand
- An AI Studio needs to define agents around workflow pain, not tools
- A venture studio must decide where not to deploy teams



NEXT STEPS

After defining the venture challenge statement:

1.

Clarify how it relates to other opportunity areas

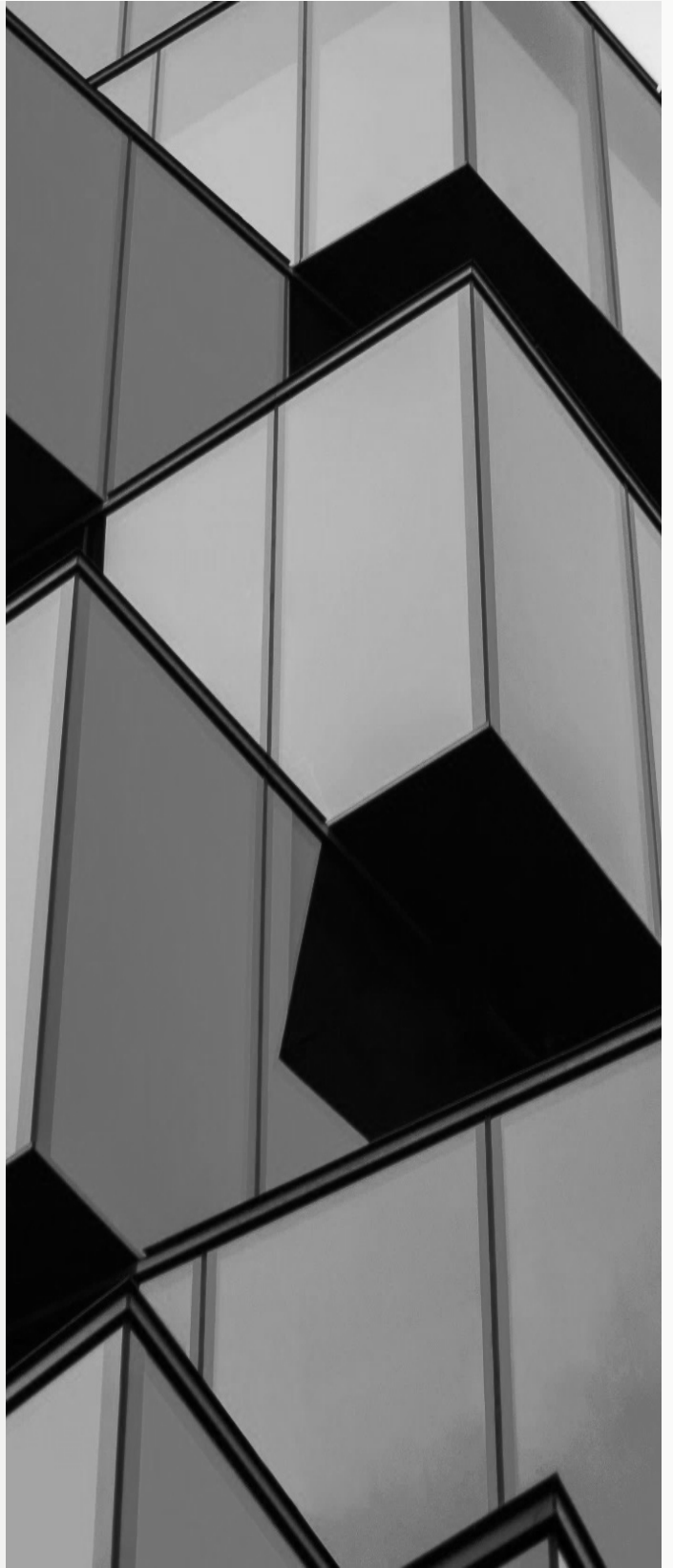
2.

Assign a single owner for Phase-One decisions

3.

Lock evidence thresholds before validation begins

If alignment cannot be reached at this stage, stopping is the correct outcome.



CHECKLIST (CHEAT SHEET)

A. PHASE-ONE READINESS (GATE 0) - IF ANY BOX IS UNCHECKED, STOP!

- ☐ One executive sponsor is accountable for Phase-One decisions
- ☐ Sponsor explicitly accepts early stop as a valid outcome
- ☐ Phase One is framed as truth-finding, not approval-seeking
- ☐ No solution, product, platform, or technology is pre-committed

B. STRATEGIC TENSION CLARITY

- ☐ The strategic tension is written in one sentence
- ☐ The tension exists today (not hypothetical)
- ☐ The tension can be explained without referencing a solution
- ☐ Resolving the tension would matter strategically

C. BOUNDARY DEFINITION - IF BOUNDARIES FEEL UNCOMFORTABLE, THEY ARE PROBABLY CORRECT

- ☐ Excluded customer segments are explicitly listed
- ☐ Out-of-scope business models are named
- ☐ Asset usage constraints are clear (must use / must not use)
- ☐ Time horizon assumptions are stated

D. VENTURE CHALLENGE STATEMENT QUALITY

- ☐ The statement is written as a question
- ☐ There is a clear scenario where the answer is “no”
- ☐ The question is about customer behavior, not internal capability
- ☐ The wording is specific enough to design validation work

E. DOMINANT UNKNOWN IDENTIFIED

- ☐ One primary uncertainty is identified
- ☐ This uncertainty is customer, payment, or adoption related
- ☐ Resolving this uncertainty would clearly change the decision

F. EVIDENCE THRESHOLD LOCKED

- ☐ Evidence required is defined before validation starts
- ☐ Evidence includes commitments, not opinions
- ☐ Evidence can realistically be collected within weeks
- ☐ Stop criteria are explicit and agreed upon

G. DECISION READINESS

- ☐ “Go” criteria are defined
- ☐ “Hold” is an acceptable outcome
- ☐ “Stop” is explicitly allowed
- ☐ Decision ownership is unambiguous

FINAL CHECK

- ☐ All sections above are complete
- ☐ No boxes are “partially true”

If more than 3 boxes fail → Reset the challenge statement.