

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

⌚ WHY IT MATTERS

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

✓ DECISION CHECKPOINT

Can the tension be explained without referencing a solution?

🌐 GCC-SPECIFIC CONSIDERATIONS

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

📅 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



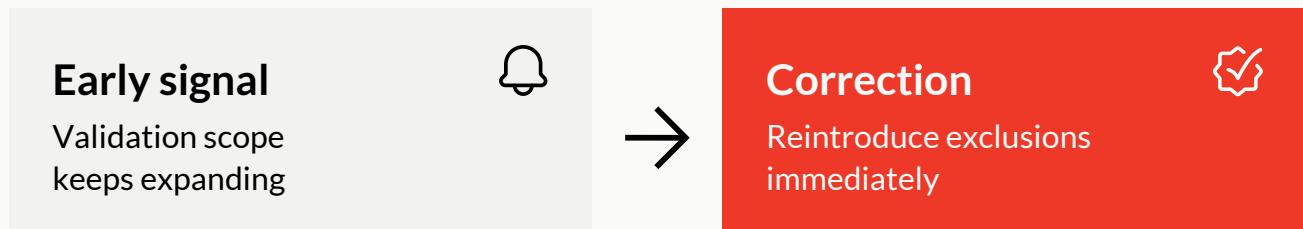
TOOLS

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

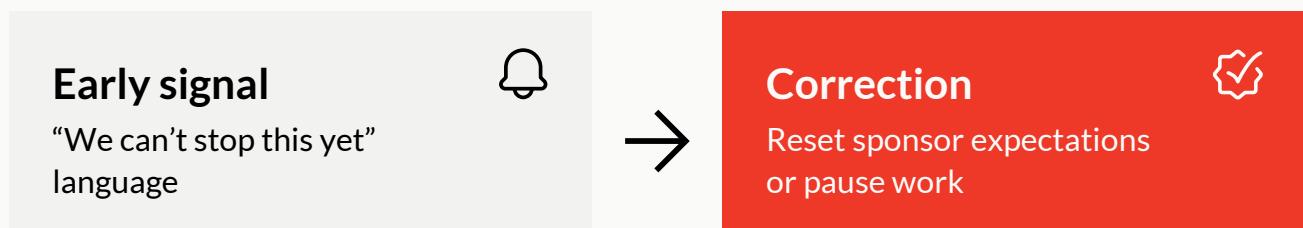


COMMON FAILURE MODES

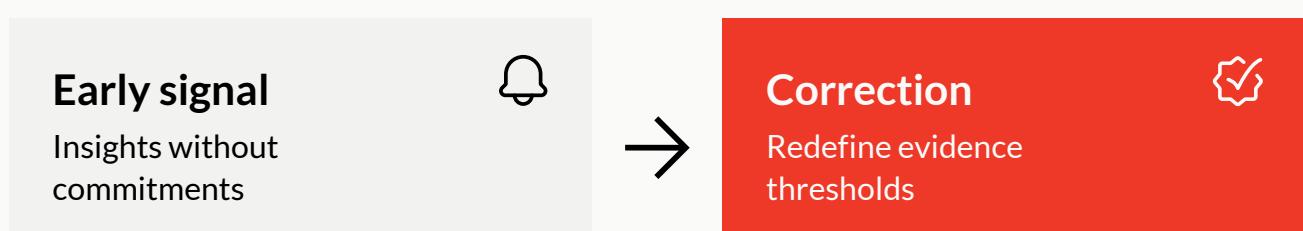
FAILURE MODE: STATEMENT TOO BROAD



FAILURE MODE: POLITICALLY PROTECTED STATEMENT



FAILURE MODE: EVIDENCE DESIGNED TO BE INCONCLUSIVE



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.