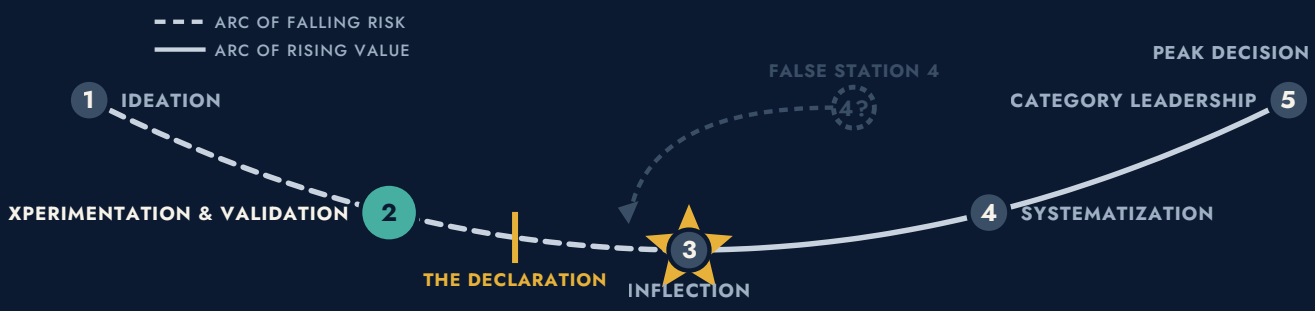
THE PENDULUM SERIES

## STATION 2

# EXPERIMENTATION AND VALIDATION

## WORKBOOK

*Find the work worth committing to, then declare it.*




> The discovery phase. The business has paying customers and no repeatable pattern.

Business or unit

Prepared by

Started

Reviewed with

Build it yourself from the books. Go faster with The Pendulum System: a 30-minute call, a mastermind group of business leaders at your Station, or a retreat or other event. thependulumsystem.com
Printable forms: pendulumseries.com/resources

# Where this workbook starts

## This workbook is for the owner whose business is at this Station now. It turns the Station's work into decisions, evidence and a plan, and ends at the gate.

### THIS STATION

The discovery phase. The business has paying customers and no repeatable pattern.

### WHERE YOU ARE

You are still pursuing the business you planned. Some ideas have worked; others have fallen flat. Customer requests keep adding work, yet the direction worth committing to remains unclear.

### WHAT GRADUATING GIVES YOU

The end of guessing, with one promise for one buyer.

### WHAT PASSING THIS GATE COSTS YOU

Existing revenue streams from non-aligned customers, and the identity of the person who says yes to everything.

### HOW TO WORK IT

1. Read the worked example before each Work Now page: an owner's answers, taken from the books.
2. Fill the page after it for your own business. Mark every answer O, E, A or U.
3. Review the gate line by line. The first line you cannot mark Established is where the work is.
4. Put the quarter on one page, then bring the gate review and the plan to your next review, or to a call.

> Build it yourself from the books. Go faster with The Pendulum System: a 30-minute call, a mastermind group of business leaders at your Station, or a retreat or other event. thependulumsystem.com

# How this workbook works

## You do not graduate by completing the form. You graduate when the business condition is established and the evidence supports it.

A review date keeps the work moving; it is not a graduation deadline. Start with the earliest requirement your evidence does not yet support.

### THE FOUR MARKS

Give every answer one mark, so you can see what you know and what you are hoping.

**O** Observed. It happened, and you can point to the record: the invoice, the call log, the buyer's words.

**E** Estimated. A number worked out from records. Say how.

**A** Assumed. What you believe and have not tested. An assumption is a test to run, not a fact to plan on.

**U** Unknown. What you need to find out. Name who will find it and by when.

### WHAT IS IN THIS WORKBOOK


| PART | WHAT IT COVERS | PAGE |
|---|---|---|
| **Begin here** | What this Station asks, and how to work it | 2 |
| **Are you here?** | You have customers, and more opportunities than your plan described. You are pursuing several and have not chosen among them. Or you sell one thing, and any competitor could make the same promise. | 4 |
| **Worked examples** | One before each Work Now page: an owner's answers, taken from the books | 6 |
| **The Work Now 1** | Treat the offers customers buy as experiments. | 7 |
| **The Work Now 2** | Compare why buyers choose them, what they cost to deliver and which pattern could make you the preferred choice. | 9 |
| **The Work Now 3** | Test the important gaps in the evidence. When all five conditions hold, make the Declaration. | 11 |
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### THE FIELD MANUAL FORMS THESE PAGES BUILD ON

- Field Tools: The Green Pile Sort
- Appendix I, Worksheet 2: Offer Evidence; Compare the Offers and the Opportunity
- Appendix B: The Declaration check and the UBP Template
- Chapter 2: The Vacuum Plan

Where a quoted line names a chapter or appendix, it means The Pendulum Field Manual.

# Are you at Station 2?

WHERE YOU ARE

**You are still pursuing the business you planned. Some ideas have worked; others have fallen flat. Customer requests keep adding work, yet the direction worth committing to remains unclear.**

YOU ARE HERE IF

**You have customers, and more opportunities than your plan described. You are pursuing several and have not chosen among them. Or you sell one thing, and any competitor could make the same promise.**

Check each sign you recognize, then write the evidence below.

- ☐ Saying yes to everything to survive
- ☐ Can't explain what makes us different
- ☐ Know what works but afraid to commit
- ☐ Revenue, but unit economics that do not reliably repeat

**The False Station 4 Check.** Run this check when an established business has people and systems but still lacks a clear competitive direction, or when adding more process fails to resolve the strain. Use the False Station 4 Workbook.

RECORD THE WORKING DIAGNOSIS

Business or offer being examined

MARK

Current Station and the evidence supporting it

MARK

Graduation condition still unfinished

MARK

Evidence or capability to establish next

MARK

Action owner and review date

MARK

"I don't know." Missing evidence is an action to take, not a verdict about your ability. Your Station is not a grade. It names the work to do next.

# The Framework Friction Score

Once a quarter, and whenever the same mismatch keeps coming back in the weekly check, score how badly the business's 3A is mismatched with its Station, and so how urgently to act. Score against the Station you are in, not the one you would like to be in.

Start with your calendar, which has already recorded your Altitude: tag each meeting of the last two weeks as Street Level, Hilltop or Mountain Peak, by how far ahead it looked.

| Dimension | What Station 2 asks | What you and the team actually do | Match? | Severity | Frequency | S × F |
|---|---|---|---|---|---|---|
| Altitude: what the calendar shows | Street Level: this week's jobs and this quarter's experiments | | ☐ | | | |
| Aptitude: who creates the value | The founder, on the hard cases, reading every result | | ☐ | | | |
| Attitude: how money and standards are treated | Survival Mode, run as experiments: spending inside the agreed limit, each dollar earning cash or teaching something | | ☐ | | | |
| | | | | | Total | |

For each dimension that does not match, score its Severity from 1 to 5 and its Frequency from 1 to 5, and multiply them. Add the results. A dimension that matches scores zero, and the most the business can score is 75. The form does not add up for you. Multiply and total by hand, so you see where the number comes from.

### SEVERITY

- 1: it costs time or patience, and nothing else. No work redone, no date moved.
- 2: work inside the business is redone or delayed, but no customer, partner or employee has been let down.
- 3: someone has been let down: a promise to a customer, partner or employee missed, or a person lost over it.
- 4: the damage shows in the numbers or the plan: a customer or contract lost, a quarter's goal missed, or a gate condition that has not moved in a quarter.
- 5: the evidence shows a threat, within months, to the business's cash, its largest customer or its license to operate, and this mismatch is the cause.

### FREQUENCY

How often it bit in the same quarter. A bite is an occasion you can name: a decision that waited, a job that went back, a rescue. 1: once or twice in the quarter. 2: about monthly. 3: about weekly. 4: several times a week. 5: every working day.

### THE TOTAL SETS THE PRIORITY

| | |
|---|---|
| **0–5** | Normal: check quarterly |
| **6–15** | Significant: act within a month |
| **16–30** | High: act within a week |
| **31–50** | Critical: act now |
| **51–75** | Severe: act now, and check for an emergency |

**One rule overrides the bands: a Severity of 5 on any dimension is an emergency, however rarely it bites.** Score the damage that has happened and the threat the evidence shows, not the one you fear, and write the evidence beside each number.

**The evidence behind each score**

A high score points at structure, and the answer is a change in structure: start with the highest-scoring dimension. The Field Manual's Correct the mismatch, in Chapter 3, says what to change for each dimension.

# The Work Now 1: how it looked

**WORKED EXAMPLE**

How the page looked in Steve's story, taken from the books. Read it, then fill the next page for your own business.

### Period reviewed and gaps in the records

> *He went back through eighteen months of service calls, his and his technicians'.*
>
> *He made about $150 an hour after the direct job costs, before his own pay and overhead.*

| Customer or job, and offer | Revenue | True cost to serve | Contribution | Why they chose us, in their words | Came back or referred | G, Y or R |
|---|---|---|---|---|---|---|
| *Emergency repairs: "My AC is broken, come now" calls* | *Around $400 for a couple of hours of work* | *Parts were cheap: a capacitor, a contactor, maybe a small motor* | *About $150 an hour after the direct job costs, before his own pay and overhead* | *"I called two other companies first and couldn't even get a callback." / "I can't believe you had the part on your van."* | *They referred him to their neighbors; five-star reviews* | *G* |
| *Installations: new-construction installs for builders* | *$4,000 a job* | *Equipment and callbacks; twenty hours across three days; builders paid in 90 days* | *About $800 remained, about $40 an hour* | *Not quoted. "The customers didn't remember him. They remembered the shiny new unit."* | *No referrals* | *R* |
| *Handyman calls: "Can you fix my sink?"* | *$50* | *Steve drove 30 minutes to make $50* | *A loss: "He was losing money on gas before he even picked up a wrench."* | — | — | *R* |
| *Commercial maintenance: three accounts for office buildings and warehouses* | *$96,000 a year* | *Callbacks and return trips for parts; complicated to run* | *Quoted at about 25% on the job; under 15% after callbacks, some months closer to 10%* | — | *Near-zero referrals* | *R* |

# 1 The Work Now

THE WORK NOW 1

## Treat the offers customers buy as experiments.

Treat founder delivery time as a real economic input. Use a reasonable replacement cost so a job does not appear profitable only because the owner worked for nothing.

**Period reviewed and gaps in the records**

MARK

**Green Pile working record**

| Customer or job, and offer | Revenue | True cost to serve | Contribution | Why they chose us, in their words | Came back or referred | G, Y or R |
|---|---|---|---|---|---|---|
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# The Work Now 2: how it looked

**WORKED EXAMPLE**

How the page looked in Steve's story, taken from the books. Read it, then fill the next page for your own business.

**Which pattern is most compelling to the intended buyers? What evidence shows this?**

> *The insight hit him: these customers weren't buying HVAC repair. They were buying certainty.*
>
> *And the question he asked after every job got nearly the same answer every time: they wanted to know it would be fixed today.*

**Which pattern produces the strongest sustainable contribution after true cost?**

> *Before the Declaration, emergency repair earned about $150 an hour and brought referrals without asking; installations earned about $40 an hour; handyman calls lost money.*
>
> *Even after parts, and allowing one free job in twenty, a repair would earn about $240 an hour. The guarantee paid for itself.*

**What focused UBP could this support? Why would buyers prefer it?**

> *We guarantee same-day repair for homeowners in Clear Lake and Friendswood. We can do this because every van carries the 47 parts that fix 89% of residential HVAC failures. If we can't fix it today, the repair is free.*
>
> *"I don't care what's on your truck, Steve. I care that it's fixed today. And if it isn't, I shouldn't have to pay for it."*

# 2 The Work Now

THE WORK NOW 2

## Compare why buyers choose them, what they cost to deliver and which pattern could make you the preferred choice.

Compare multiple Offer Evidence records. Different offers may perform well for different reasons; do not conceal the tradeoff in a single score.

**Which pattern is most compelling to the intended buyers? What evidence shows this?**

MARK

**Which pattern produces the strongest sustainable contribution after true cost?**

MARK

**What focused UBP could this support? Why would buyers prefer it?**

MARK

**Is the focused market, or the opportunity it enables, large enough for our ambition?**

MARK

# The Work Now 3: how it looked

**WORKED EXAMPLE**

How the page looked in Steve's story, taken from the books. Read it, then fill the next page for your own business.

**Experiment tested, buyer, where they came from, and date:**

> *Experiment 1: A same-day guarantee in three zip codes. Budget: $1,500 of refunds and $2,000 of the fastest-moving parts on his own van. Sample: 30 calls. Stop: 30 days.*
>
> *Steve should have written this plan at month six. He wrote it at month eighteen, the week after the Kroger parking lot, and ran it for ninety days.*

**What they wanted, in their words; won, lost or no decision; price against list:**

> *The guarantee: twenty-seven of thirty calls fixed the same day, three free, each for a part that was not on the van.*
>
> *The price rise: four of forty callers went elsewhere, and the other thirty-six paid $80 more.*

**Alternatives considered and the buyer's reason for choosing:**

> *When the AC dies in July, nobody collects three quotes. Steve's $89 diagnostic beat a competitor's $49 because Bynum HVAC answered the phone at 10 PM.*

**True cost to acquire, sell, deliver and support; contribution:**

> *With the part on the van, a two-hour call became ninety minutes, at a price 20% higher. Even after parts, and allowing one free job in twenty, a repair would earn about $240 an hour.*
>
> *At the end of Station 2, $1,800 a month put him where emergency customers looked and won twenty of them, at $90 each.*

**What this suggests; next test, owner and review date:**

> *He added those parts to the list. With them stocked, he could plan on one miss in twenty.*
>
> *Review: The Friday Audit, every week. The verdict with Lisa on day 90.*

**What has the evidence ruled out, and what remains uncertain? Next action, owner and review date:**

> *The "Go Away" price on installations: one builder in ten said yes.*
>
> *The vans were not stocked, and the dispatch system did not exist. He declared anyway.*

# 3 The Work Now

THE WORK NOW 3

**Test the important gaps in the evidence. When all five conditions hold, make the Declaration.**

Experimentation and Validation: record one offer or customer experience. Separate observed behavior from your interpretation.

**Experiment tested, buyer, where they came from, and date:**

MARK

**What they wanted, in their words; won, lost or no decision; price against list:**

MARK

**Alternatives considered and the buyer's reason for choosing:**

MARK

**True cost to acquire, sell, deliver and support; contribution:**

MARK

**What this suggests; next test, owner and review date:**

MARK

**What has the evidence ruled out, and what remains uncertain? Next action, owner and review date:**

MARK

# The Declaration

Declare when all five conditions of the Declaration check in Appendix B hold.

Revise when the pattern is promising but the buyer, promise, economics or scope needs to change. Name the next test.

Abandon the candidate when the evidence does not support it. Preserve what you learned and form the next hypothesis.

☐ Declare ☐ Revise ☐ Abandon

**We help [specific customer] achieve [specific transformation]. We can do this because [Unfair Advantage]. If we fail to deliver, [Consequence: what it costs us].**

MARK

**The specific customer and buying situation**

MARK

**The transformation from the customer's before to their after**

MARK

**The Unfair Advantage: why competitors are unable or unwilling to match it**

MARK

**The Consequence: what it costs us when we fail, priced: how often we'll miss and what each miss costs**

MARK

# The Cull List and the Vacuum Plan

Decide the Cull List: the three to seven revenue streams, customer segments, services or activities that conflict with the UBP, each exit with its own date.

A refusal already in force counts when it binds and has real resource consequences; a focused business does not manufacture a revenue cut.

**The Cull List: work to stop, or not begin**

| Work to exit, or a refusal in force | How it conflicts with the UBP | Revenue a year | Exit date, or held since |
|---|---|---|---|
| | | | |
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**Decide the Vacuum Plan: receipts, avoided costs, outstanding delivery, employee implications, notice periods, customer transition duties and the stop line that would pause the exits.**

MARK

**The stop line, as a number:**

MARK

**Decide all three together. A Declaration without a Cull List is a slogan. A Cull List without a Vacuum Plan is a gamble.**

One more question before you declare: can the focused market, or the opportunities it enables, fulfill your ambition?

# A worked example

> Steve's evidence: in a ninety-day test, 27 of 30 guaranteed calls were fixed the same day and a price 20% higher held; customers said they wanted to know it would be fixed today; eighteen months of calls showed the 47 parts that fix 89% of failures; Lisa confirmed the cash was there to refuse the other work. Then the UBP, the Cull List and the Vacuum Plan were decided together.
>
> Profitable. Before the Declaration, emergency repair earned about $150 an hour and brought referrals without asking; installations earned about $40 an hour; handyman calls lost money. The guarantee is paid for out of that margin.

Look at what the evidence is made of: counts, dates, prices, names and people's own words. None of it is an opinion about the business.

**Your evidence, in the same terms: counts, dates, prices, names, words**

# Gate review

THE OUTCOME TO SEEK

**The Declaration: a UBP earned in paid, profitable, repeatable work, decided together with the Cull List and the Vacuum Plan.**

THE GATE TO GRADUATE

**Station 2 graduates with the Declaration.**

Start with the earliest requirement your evidence does not yet support. The first line you cannot mark Established is where the work is.

Declare when all five of these hold.

**1** Paid work shows repeatable demand in your Green Pile, at a price that still leaves a profit once you cost the way you will deliver it, including your own hours.

☐ Established ☐ Not yet ☐ Unknown

The evidence

MARK

Next action, owner and review date

**2** You can say why these customers pay more, stay longer or refer more.

☐ Established ☐ Not yet ☐ Unknown

The evidence

MARK

Next action, owner and review date

**3** You can say why competitors are unable or unwilling to match what you will commit to build: the Unfair Advantage, not "we work harder."

☐ Established ☐ Not yet ☐ Unknown

The evidence

MARK

Next action, owner and review date

### 4 You can name the work you will stop, and you can fund the gap.

☐ Established ☐ Not yet ☐ Unknown

**The evidence**

MARK

**Next action, owner and review date**

### 5 You can write the UBP with all four components, and you are willing to stake the business on it.

☐ Established ☐ Not yet ☐ Unknown

**The evidence**

MARK

**Next action, owner and review date**

Deciding the UBP, the Cull List and the Vacuum Plan together is the graduation.

Carrying them out is Station 3.

# The one-page plan

**The question for this Station.** Station 2: Which paid work is repeatable and profitable, why can't competitors match it, and are we ready to declare?

Record the graduation condition, the evidence already held and the gap to close. Choose the Big Three: up to three objectives, never more, that will change that condition, each with an owner, a measure and a review date. Everything else goes on the Not Now list.

**Quarter and business or offer**

MARK

**Working Station and graduation condition**

MARK

**Evidence we already hold**

MARK

**Gap we will close and how we will recognize progress**

MARK

**The Big Three: each objective, owner, measure and review date**

| Objective | Owner | Measure | Review date |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

**What we will stop or change**

MARK

**Resources required and next review date**

MARK

**THE WEEKLY CHECK-IN**

Ask: What changed in the evidence or capability this week? Did we complete the action? Did it move the business toward the graduation condition? If it did not, distinguish a missed action from a weak assumption or an unsuitable method. Record the next decision.

This page is the Field Manual's 90-Day Plan, Chapter 2.

# Graduation sign-off

## A calendar, a headcount or a finished worksheet does not pass a gate; the market and the numbers do.

- [ ] Gate line 1 established, with the evidence on page 15
- [ ] Gate line 2 established, with the evidence on page 15
- [ ] Gate line 3 established, with the evidence on page 15
- [ ] Gate line 4 established, with the evidence on page 16
- [ ] Gate line 5 established, with the evidence on page 16

**Date**

**Reviewed by, separately, and compared**

Navigator's tip: complete the check separately, then compare the evidence behind your conclusions. The disagreement often reveals the decision the two of you need to make.

**What carries forward: the evidence, the commitments and the open questions**

Next: Station 3 Workbook.

Go back to the earliest gate you can no longer prove and repair it deliberately: a Regression, which is discipline, not failure.

# An AI interview

OPTIONAL

An AI assistant can play the adviser who keeps asking for the example. It cannot see your business, and nothing it says is evidence. Use it to sharpen your answers, then bring them back to these pages.

### THREE RULES

1. Use labels, not names. No customer's or employee's name, contact details or account numbers go into the chat.
2. Give it your numbers. Never let it fill a gap with one of its own.
3. Mark everything it hands back O, E, A or U before you act on it. Most of it will be A.

### COPY THIS INTO THE ASSISTANT

Interview me about my business at Station 2, Experimentation and Validation, as the Pendulum Series defines it. The gate for this Station: Station 2 graduates with the Declaration. 1. Paid work shows repeatable demand in your Green Pile, at a price that still leaves a profit once you cost the way you will deliver it, including your own hours. 2. You can say why these customers pay more, stay longer or refer more. 3. You can say why competitors are unable or unwilling to match what you will commit to build: the Unfair Advantage, not "we work harder." 4. You can name the work you will stop, and you can fund the gap. 5. You can write the UBP with all four components, and you are willing to stake the business on it. Judge only against that gate, and say so when a question goes beyond it. Ask one question at a time. When my answer is vague, ask for a specific example: a date, a number, what a buyer actually said. Keep four lists apart: what I observed, what I estimated, what I assumed, and what I don't know. When I answer with a hope, say so and ask what record would settle it. Use only what I tell you: no invented numbers, competitors or customer opinions. Start with: "Which work do customers pay for again, or send others to?" Cover my Green Pile; why buyers chose us, in their words; the true cost to serve, including my own hours; why competitors can't or won't match what I would commit to; the work I would stop and how I would fund the gap. After about ten questions, give me the strongest pattern and the evidence behind it; a draft UBP with all four components, marked as a draft; each of the five conditions that is not yet supported, with the test that would close it; whether to declare, revise or abandon, and why.

**What it surfaced that you had not written down, marked O, E, A or U**

# What a good interview sounds like

A sample interview. The questions show how the assistant should press; the answers come from Steve's story in the books, some in the words of the people around them. Notice where it stops at a hope and asks for the record.

**Which work do customers pay for again, or send others to?**

> *He made about $150 an hour after the direct job costs, before his own pay and overhead. He got five-star reviews. They referred him to their neighbors.*

**Is your own time counted in that $150 an hour?**

> *No. Steve's plan says emergency work must clear $150 an hour after refunds and direct job costs, with Steve's own pay and overhead not yet counted.*

**Why did those customers choose you, in their words?**

> *"I called two other companies first and couldn't even get a callback."*

**The phone wouldn't stop after the heat-wave post. Is that proof of demand?**

> *It was a heat wave, and in a heat wave everyone's air conditioning fails at once. How many people would call for a guaranteed fix in an ordinary week, he had no idea.*

**Why won't competitors match the promise?**

> *Making that promise would require them to change how they operate. They'd have to narrow their focus. They'd have to stock vans differently. They'd have to turn away the commercial work and installations that fill their calendar.*

**Can you fund the gap if you stop the other work?**

> *Two months of the costs that never stop, Steve's own pay included, came to $36,000. The plan kept that reserve with $10,000 to spare. That answered Lisa's question. The money was there to refuse the work.*

# Before your call

## Your next conversation. Use it to examine one decision, not to tour the whole workbook.

**A 30-minute call.** We'll place your business on its Station and name the gate you haven't yet passed. Then we'll agree on the one move that matters most now. There's no obligation.

**A Station mastermind.** A group of business leaders at the same Station, working through the same gate.

**A retreat or other event.** In person or virtual.

What would graduating from this Station change for the business? Name it in money, risk, customers or your time.

Which gate line can you not yet mark Established, and what evidence is missing?

The one move you want to examine: the decision, the evidence it needs and when you could review it.

Bring the gate review, the Friction Score and the one-page plan from this workbook.

The Pendulum System: thependulumsystem.com