This is an example hypothesis document that we would collectively create with a founder prior to signing a term sheet. Each one is specific to a company and its objectives, but this is provided just to give sense of how one works.

This is for a theoretical company building a job marketplace. Entry-level talent is sourced from various organizations and after-school programs, their skills are evaluated on the platform from tests employers provide. Employers hire this sourced and vetted talent through the platform for a fee.

Must be true
We need to prove product market fit prior to raising our Series A. To do that we need to show that the company is able to unlock a new source of employee supply and employer demand (i.e. is a liquid market), actually helps those employers get jobs, and can do all this profitably on a unit basis. By hiring and managing to these goals in 18 mos we also prove the company is a great, high growth, venture-backable company. Any "must be true" hypothesis is, by nature, a major risk to the business that most investors today don't believe is indeed true. [These are our "secrets".](...)

1) Supply / user acquisition - The company can partner with organizations in an economically profitable way that gets enough entry-level candidates into the top of the funnel.
Proof points:
- XXX people looking for entry-level jobs will use the platform in the next 12 months, XX% sourced partners at no cost
- The number of people looking for jobs will grow by XX% a month *(growth is the ultimate metric [every company raising a Series A is judged by](...))*
- Minimum of XX partner organizations actively use the platform to provide supply
- Average NPS score > XX% for all employee and partners who use the platform

2) Demand generation - there is a large, unmet need for entry-level workers across a large number of industries. The company can obtain exclusive partnerships with employers of all sizes for job placement. Employers are willing to pay for certified students because their need is so great.
Proof points:
- XXX people will get entry-level jobs through the platform in the next 12 months
- XXX employers will each hire a minimum of XX people
- Employers are distributed across XX different industries
- Employers pay $XX per hire made through the platform meaning the unit economics of each employee is right-side up
- We have strong evidence of those XX industries needing to hire millions of new entry level workers each year *(more a research question than something we prove with product)*

3) Efficacy - Employees who are hired via the perform as good as the average employee on the job (and ideally better) and are better at passing employer certification tests.
Proof points:

- XX% of the entry-level talent pass their certification exam
- XX% of talent who pass their certification exam are placed with jobs (i.e. the market is liquid)
- Employees are retained at their jobs for min X months after being placed
- Employer NPS score > XX%

4) Management - This is world class startup management team.
Proof points:
- Hires and retains world class talent according to their hiring plan, and fire under-performers
- Strong communication with team and investors. Everyone feels in the loop but not over communicated with.
- Clear focus on core risks in business and avoids distraction
- Ships beautiful and minimal product, on time, that tests hypotheses
- Partner community / trade orgs and employers are happy working with us
- Raises follow-on capital from a top venture firm within 18-24 months

Nice to know
These would be nice to have some early data for our next financing round, but we should be wary that they all represent potential distractions and are not core risks to proving we have a real business. Any work being done against these objectives should be considered with caution and tracked closely.

1) Revenue source - The company makes money from both candidates / 3rd parties paying for the course *and* employers paying for job placement.
(We believe it'd be nice to test that revenue can be generated by both sides of the market, but don't think revenue is the core metric to judge our Seed progress before the next round. Rather it's more important the platform 'works' and that supply and demand exist. Series A investors in the next round will want to see indication of willingness to pay on one side of the market which is set out above)
Proof points:
- Students (or their 3rd party sponsors) are willing to pay $XXX per course
- Employers are willing to pay $XX per job placement

Not necessary
We acknowledge that these may be important in the long run, but will not help us raise our next round and represent serious potential distractions, so we're deciding today to set them aside and re-evaluate in a year.

1) Non entry-level jobs - The company helps place students who are "career ladder climbers" into higher-ranking jobs within their existing industries.
(This is likely to be a core discussion. We're very wary of testing two fundamental hypotheses at once, and fear that a product for career climbers is entirely different and arguably less interesting than a product for career changers. The climber product must cater more to employers [similar to existing corporate training]; it would not be unlocking new talent for the industry but rather helping people advance. We should not confuse our ability to generate some incremental revenue from employers by offering this product with demonstrating that we have an interesting and differentiated business.)

3) International/multilingual - The company is able to expand into job placement for multinational companies in markets other than the US or in other languages in the US. (*Again, this is a matter of focus. If we can prove enough opportunity exists to build an interesting business in the US, then the international opportunity will be a great carrot for investors our next financing round. It's extremely rare that any startup can execute well in multiple national markets and extremely likely that this will result in distraction and poor execution in both countries.*)