

The Logics, Effectuation, Issues to Consider, and Common Ground

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Entrepreneurial Education – Traditional Paradigm

- Rooted in causal logic (scientific method)
- Story of entrepreneurship
 - Do market research – identify opportunity
 - Analyze data and prepare a business plan
 - Identify who has the resources and go after it
 - Establish your goal and identify the means to achieve them
 - Avoid surprises by meticulous planning
- Bottom line – find and exploit opportunities

Expert Entrepreneurs

- Research shows that expert entrepreneurs use effectual logic
 - Hate market research
 - Underweight or eschew predictive information
 - Prefer to work with things within their control
 - Prefer changing goals to chasing means they do not have
 - Open to surprises
- Shape or *make* opportunities not *find* them

Entrepreneurial Logic

- Causal Logic:
 - To the extent we can predict the future, we can control it
- Useful when:
 - The future is uncertain, but knowable
 - Goals are clear, but ways to achieve them are not
 - The environment is reasonably well-structured, but largely outside our control
- Effectual Logic:
 - To the extent we can work with things within our control, we don't need to predict the future
- Useful when:
 - The future is not only uncertain, but also unknowable
Knightian Uncertainty
 - Goals are “soft”, but means are clear and limited
Soft goal are at a high level
 - The environment is unstructured, but subject to shaping by human action
Isotropy

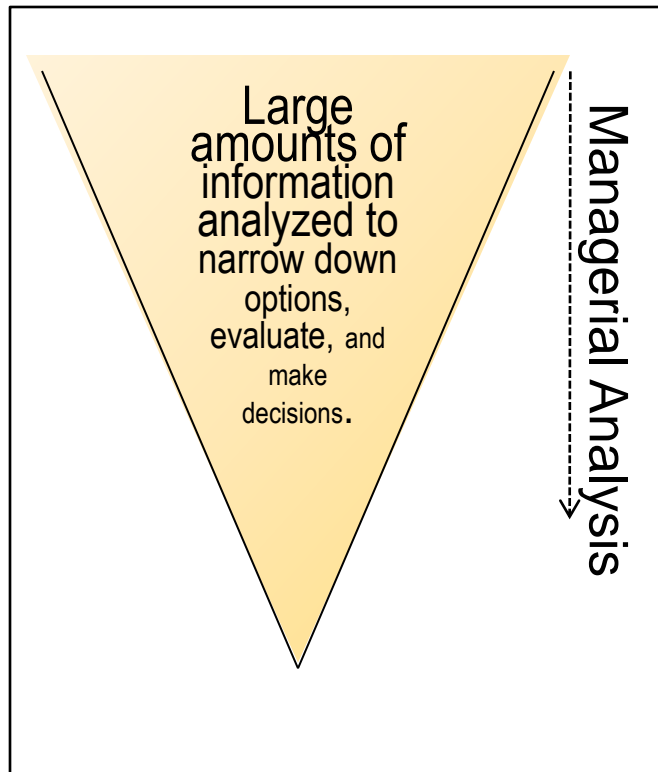
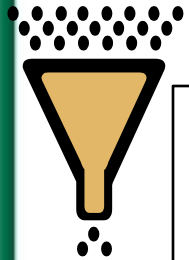
ACTION ORIENTATION

ENVIRONMENT

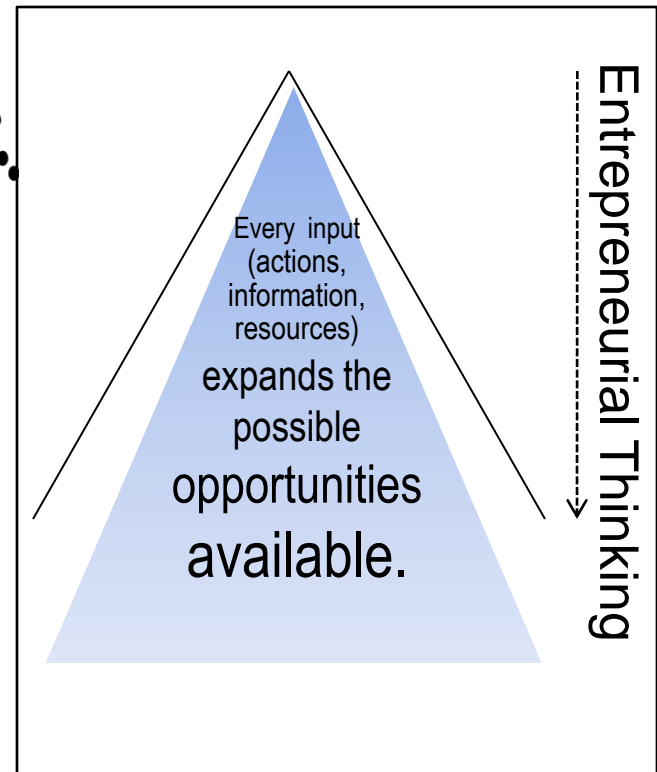
	ETA	Predictive/Causal
Certain	Assemble a Solution	Follow Recipe or Formula
Uncertain	Action Logic Seek clarity through action	Probabilistic
Currently Unknowable	Co-Creating with self selected stakeholders	Pretend Predictive (extreme risk, illusion of precision)
	Means-Driven	Goal-Driven

Entrepreneurial v Causal Logic

*Causal
Logic*



*Effectual
Logic*

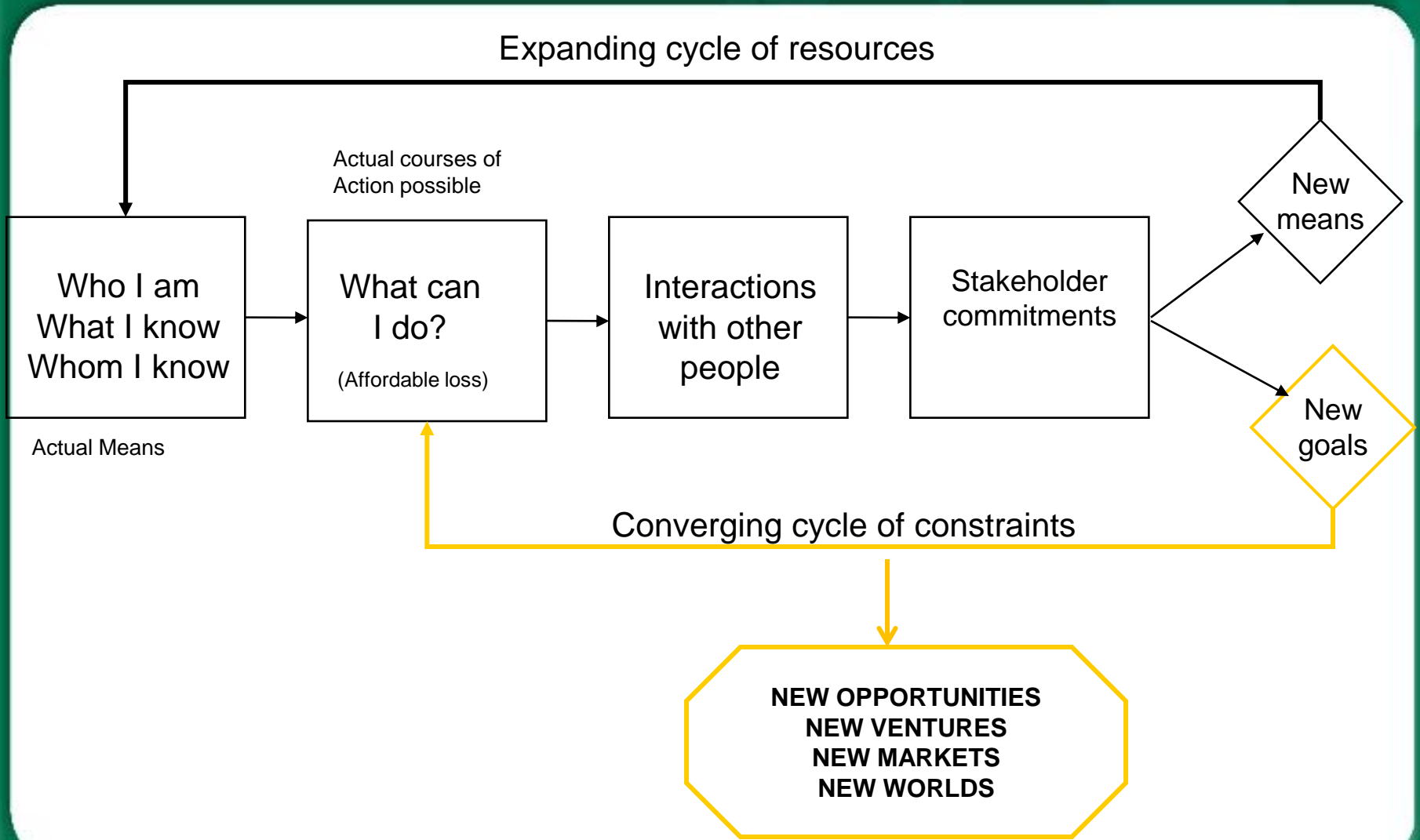


Creation-Oriented Principles of Entrepreneurship

Principle	Meaning	What it's not...
Bird-in-Hand Principle	Start with: Who you are What you know Whom you know	Starting with pre-set goals
Affordable Loss Principle	Invest in what you can afford to lose – extreme case \$0	Predicting expected return
Crazy Quilt Principle	Build a network of self-selected stakeholders	Competitive Analysis
Lemonade Principle	Embrace and leverage surprises	Fearing failure or avoiding surprises

- It is teachable, codifiable, has a set of rules
- Method vs. process
 - Process =input → transformation → outputs
 - All of these are known in advance
 - Method tends to be more singular and actions taken cannot predict outcomes. We can teach a method but there is no correct answer (outcome).

Stitching it all together...



The SKAs of Next Generation Entrepreneurship Curriculum

- Teach them to ACT and not just PLAN
 - Requires intense and disciplined reflection
 - Getting comfortable with acting your way into thinking
- Self awareness comes before passion
 - Who am I?
 - What do I know? What is currently unknowable?
 - Whom do I need to know?
- Working from Means vs. Ends
- Finding vs. Creating Opportunities

The SKAs of Next Generation Entrepreneurship Curriculum

- Get comfortable with design for failure
- Networking skills (assessment, development, and maintenance) of self-selected stakeholders
- Co-creation rather than “Solo Venture Creation”
- Prediction balanced with imagination and creativity
- **CREATE AMBIDEXTROUS STUDENTS**

Matrix Applied

- Has meaning across levels of analyses
 - Course
 - Curriculum
 - College

Is there a dominant logic?

Issues to consider

- We are not teaching expert entrepreneurs so can we teach effectuation with success?
- FME is taught in a very causal way because students don't have the experience. Once students have started a business we can assume they may have some level of expertise and are willing to use a more effectual logic in advanced courses.
- Causation is foundation learning; effectuation is higher-order.
- Teaching the dichotomy is powerful but understanding that it's not black or white is where critical thinking skills are developed.

Example Metaphors

- Suzuki method of violin playing
 - Just start playing and establish a relationship with the instrument
- Montessori Schools
 - Self driven & interest driven
- Chef/cook
 - Recipe driven or create meal from ingredients on hand
- Chess vs. pool playing
- Quilt vs. puzzle making