

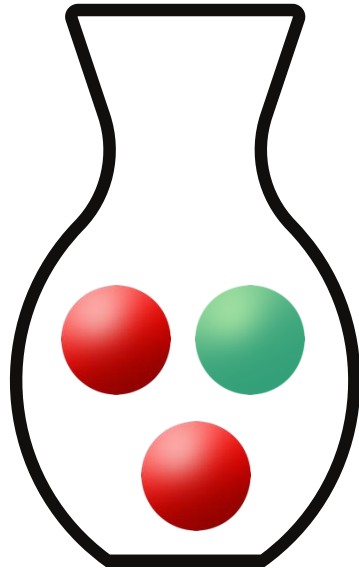


Effectuation

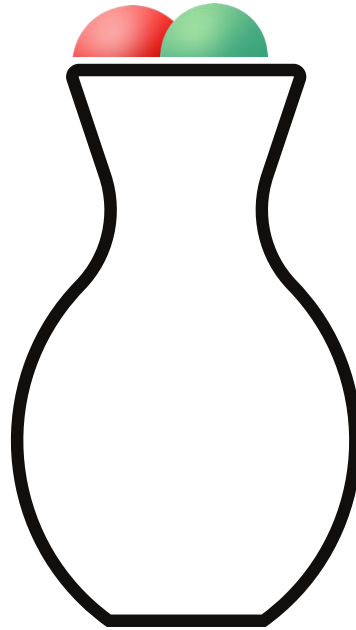
Entrepreneurship research from Professor
Saras Sarasvathy, UVA Darden



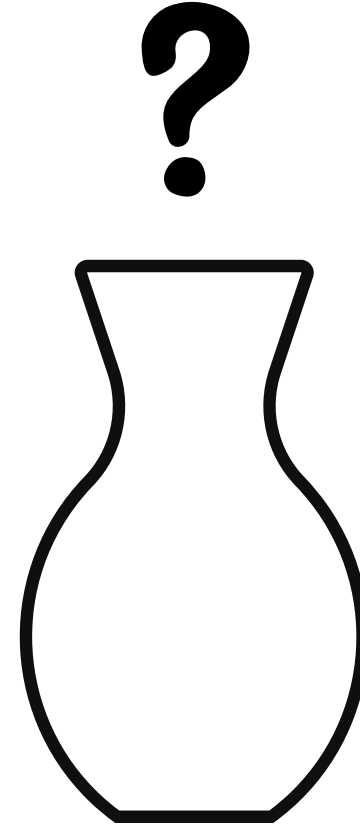
Let's Talk about Uncertainty



Risk



Uncertainty

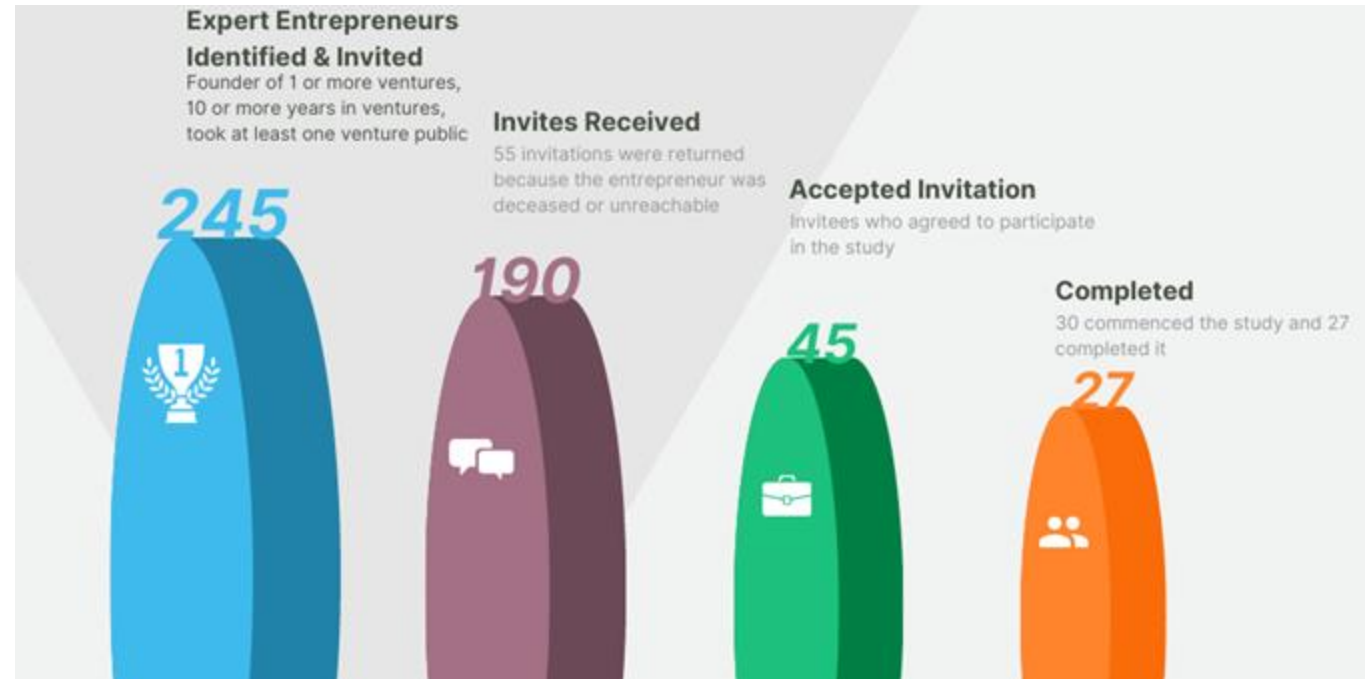


Knightian
Uncertainty

What Makes an Expert Entrepreneur?

The Investigator - Saras Sarasvathy

5x Entrepreneur - 3 continents, services and manufacturing
PhD supervised by AI Nobel Laureate Herb Simon at CMU
Investigating What Makes Entrepreneurs Entrepreneurial?



The Study

Think aloud protocol, not an interview
Includes Legendary Silicon Valley Founders

Entrepreneurship Lessons from the Study

Instead of Finding...	The Study Found...
Entrepreneurs are leaders who start with set GOAL	Entrepreneurs focus on their available MEANS
Entrepreneurs are risk takers, motivated by EXPECTED RETURN	Entrepreneurs calculate the downside RISK potential they can walk away from
Entrepreneurs set up TRANSACTIONAL RELATIONSHIPS with customers and suppliers	Entrepreneurs seek to PARTNER with customers, suppliers and even potential partners
Entrepreneurs AVOID surprises	Entrepreneurs LEVERAGE surprise



Entrepreneurship Lessons from the Study with Principles

Instead of Finding...	The Study Found...	The Effectuation Principle
Entrepreneurs are leaders who start with set GOAL	Entrepreneurs focus on their available MEANS	Bird in Hand
Entrepreneurs are risk takers, motivated by EXPECTED RETURN	Entrepreneurs calculate the downside RISK potential they can walk away from	Affordable Loss
Entrepreneurs set up TRANSACTIONAL RELATIONSHIPS with customers and suppliers	Entrepreneurs seek to PARTNER with customers, suppliers and even potential partners	Crazy Quilt
Entrepreneurs AVOID surprises	Entrepreneurs LEVERAGE surprise	Lemonade
Entrepreneurs think, "To the extent we can predict the future we can control it"	Entrepreneurs think, "To the extent we can control the future we don't need to predict it"	Pilot in the Plane

The CAVE Framework for Navigating The Prediction Control Space

