

## COLD OPPORTUNITY (A), (B), AND (C)

### Teaching Note

This case series offers a useful and engaging way of presenting the principles behind effectuation to students and participants of all types:

1. Overall teaching approach for the case
2. Describing effectuation
3. Timing and design for a four-hour executive education class
4. Timing and design for a single 90-minute MBA class
5. Timing and design for two 90-minute MBA classes
6. Additional supporting materials available

### Overall Teaching Approach for the Case

To begin, we use this case for a typical case method discussion—but in reverse. The normal method encourages participants to read the case in advance, after which the elements of the case are discussed and argued in class and then a framework is presented that brings out the learning. We do precisely the opposite. We begin with an overview of effectuation (the framework): What it is, where it came from, and the principles behind it. Then we hand out the A case, challenging participants to put the principles to work in figuring out what Nils Yngve Bergqvist<sup>1</sup> should/could do next in the A case. This teaching format may seem a bit unorthodox, but, in fact, the format reflects the true spirit of effectuation—one of opportunity creation

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<sup>1</sup> In the A case, we give Bergqvist's first name as Nils. In fact, his complete name is Nils Yngve Bergqvist, and he goes by Yngve, but he is too easy to find using a search engine if you give his full name. While that is not a deal-killer for the case, it is more effective for participants in the class not to know who the protagonist is or that the case is about the ICEHOTEL, especially for the A case.

through action, which is itself an inversion of the causal logic embodied in decision-making cases typically taught in the business classroom. The emphasis on action cases is on visualizing a series of next steps rather than on the analysis of a particular decision.

### **Describing Effectuation**

Again, the first thing we do in the session is briefly cover the key principles of effectuation. There are several approaches to presenting effectuation; we take the time to offer two of them here so you may select or create one that meets with your personal style, audience, and time constraints. For more details related to effectuation, including materials developed by scholars, entrepreneurs, and instructors using effectuation, please visit <http://www.effectuation.org/> (accessed July 15, 2009).

#### **Effectuation presented straight up**

**Table 1** compares causal and effectual thinking in their simplest forms.

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Table 1. Causal versus effectual thinking.

<b>View of the Future</b>	<b>Causal</b>	<b>Effectual</b>
	<i>Prediction:</i> The future can be reliably predicted	When the future cannot be reliably predicted, what can you do? <i>Control/Design:</i> Strategies for creating a desirable “future”
<b>Where to Start</b>	With given goals With readily available means	Subject to resource constraints Who I am What I know Whom I know
<b>Basis for Taking Action</b>	<i>Should:</i> Focus on optimal scenarios and reaching for preset ideals	<i>Can:</i> Focus on doing the doable and then pushing it.
<b>Attitude Toward Risk</b>	<i>Expected return:</i> Calculate upside potential and pursue the (risk-adjusted) best opportunity.	<i>Affordable loss:</i> Calculate downside potential and risk no more than you can afford to lose
<b>Attitude Toward Others</b>	<i>Competitive:</i> Set up transactional relationships with customers and suppliers.	<i>Co-creational:</i> Build your market together with customers, suppliers, and even prospective competitors.
<b>Attitude Toward the Unexpected</b>	<i>Avoid surprises.</i>	<i>Leverage surprises:</i> Surprises can offer new opportunities and trigger innovation.
<b>Underlying Logic</b>	To the extent we can predict the future, we can control it.	To the extent we can control the future, we do not need to predict it.

Source: Created by case writers.

While it is possible to present this material reasonably quickly (Torben Bager at the University of Southern Denmark presents the basics in about 3.5 minutes at <http://media.sdu.dk/cases/meyer/effectuation.wmv> [accessed July 15, 2009]), we find that there are at least two teaching components that effectively complement the “straight-up” presentation of effectuation: (1) an introduction to uncertainty and (2) implications of uncertainty for effectuation.

## An Introduction to Uncertainty

We present effectuation as a series of heuristics for making decisions under uncertainty; therefore, prior to presenting effectuation, it is useful to engage with participants on the definition and examples of uncertainty. There are several approaches we have found useful.

One approach is to use the evocative metaphor of the three urns from Nobel prize-winning economist Frank Knight, who in 1921 described three different types of uncertainty: (1) known distribution, unknown draw, (2) unknown distribution, unknown draw, and (3) unknowable distribution.

- The first urn is transparent (we can call this the predictive urn or the future under perfect or near-perfect information—or any other term tailored to the audience and its prior training of course). Since the contents are visible, even if the draw is random, people can make a good guess at the odds of getting what they want from the urn.
- The second urn is opaque (call this the risky urn or the future under imperfect information). But if allowed to draw from it multiple times, people can see regular patterns and over time can formulate a mental model of what the opaque urn contains. So they get better and better at calculating the odds for what they want from it.
- The third urn is also opaque but has no pattern whatsoever to it—so even after several draws, people cannot predict what will come next. In fact, they cannot even begin to calculate the odds. All the techniques that we teach them in standard decision making and risk management classes—techniques such as formal analysis and net present value calculations (place a bet), statistical or probabilistic analyses and portfolio diversification (place many bets), or experimental design and [real] options analyses (place staged bets)—all of these become relatively useless. This third urn is designed to capture Knight's concept of "true" uncertainty—what economists today call "Knightian uncertainty,"<sup>2</sup> where the future is not only unknown but also *unknowable*, where there is effectively no history or prior knowledge to help guide a prediction of what might happen next.

We have had good luck (and good fun) with using three physical "urns" in the classroom. The first clear, the second and third opaque—and the first and second containing objects of a single category—chocolates in different colored wrappings, for example, and the third urn containing a variety of absolutely random stuff—anything and everything that could fit into the container.

Alternatively, it can be fruitful to simply ask the class what uncertainty means to them and provoke an interactive discussion leading to the three categories on the board. Once the three categories have been derived, we can ignore the first and begin asking the class to provide

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<sup>2</sup> See <https://www.msu.edu/~emmettr/fhk/journalarticles.htm> (accessed July 29, 2009) for a more technical exposition of this concept.

examples of the second and third—examples from their personal as well as professional experience and from stories of entrepreneurs and ventures they already know about. In this exercise, it is useful for instructors to have in their back pocket a canonical uncertainty example (the Internet, 15 years ago), and a canonical risk example (Intel and its strategies based on Moore’s law).<sup>3</sup>

**Implications of Uncertainty for Effectuation**

**Table 2** includes more detail on differences between effectuation and causation and offers questions for managers facing uncertainty. During the discussion described above, it is possible to use any example that participants may offer of an uncertain situation and respond to them with questions about *managing* that uncertainty (listed in the right-most column of **Table 1**). This discussion may involve a significant time commitment for the class but can lead to an energetic and engaging discussion that clarifies effectual principles in terms of obvious applications in a real-world context that is relevant to particular participants.

Table 2. Managerial questions for facing uncertainty.

		<b>Risky Situation</b>	<b>Uncertain Situation</b>	<b>Managerial Questions for Facing Uncertainty</b>
<b>1.</b>	<b>Where to start</b>	<p><b>Set a goal</b></p> <p>Goals determine action. For example, the goal of achieving X will dictate I need person A with skills matched to X.</p>	<p><b>Assess your means</b></p> <p>Take action on what you have readily available—who you are, what you know, and whom you know. For example, because I know person A, I can achieve X, therefore I will undertake X.</p>	<p><b>Have you made an inventory of your means?</b></p> <p>Revisit your goals in light of this inventory—look for rigidities and complacency in how people define the business you are in—and let slack resources be your friend in that definition.</p>
<b>2.</b>	<b>Basis for action</b>	<p><b>Should</b></p> <p>Try to select the best possible course of action to achieve the given goal, subject to resource constraints.</p>	<p><b>Can</b></p> <p>Ask yourself, “What can I do with what I already have?”—and then, “What else can I do?” Do the doable and then push it; and then push it even further.</p>	<p><b>Have you played around with the possibilities?</b></p> <p>Look for opportunities that you are taking a pass on because they seem too mundane or too much out of your comfort zone.</p>
<b>3.</b>	<b>Attitude toward risk, return, and resources</b>	<p><b>Calculate expected return</b></p> <p>Pursue the (risk-adjusted) highest possible upside. Focus on large markets with high potential opportunities for growth.</p>	<p><b>Set affordable loss</b></p> <p>Pursue interesting opportunities without investing more resources than you can afford to lose. Set a limit on downside potential.</p>	<p><b>Have you come to grips with the worst-case scenario?</b></p> <p>Failure is part of the process in dealing with uncertainty. Think how you can <i>design</i> failure in ways that lead to learning and the opening up of more options.</p>

<sup>3</sup> Gordon E. Moore, “Cramming More Components onto Integrated Circuits,” *Electronics Magazine* 38, no. 8, April 19, 1965; available at <http://download.intel.com/research/silicon/moorespaper.pdf> (accessed July 20, 2009); a search of Moore’s law and his article title reveals many applications of and discussions about Moore’s law.

Table 2. (continued)

		<b>Risky Situation</b>	<b>Uncertain Situation</b>	<b>Managerial Questions for Facing Uncertainty</b>
<b>4.</b>	<b>Attitude toward others</b>	<p><b>Perform competitive analysis</b></p> <p>The market is “out there”—and all you can do is position yourself within it and then protect your position against all comers. The overall stance is that of a “hunter-gatherer” seeking to penetrate and protect.</p>	<p><b>Form partnerships</b></p> <p>The market is co-created with partners and is more a <i>result</i> of your actions than a driver of your strategies. The overall stance is that of a “farmer/gardener” who seeks to cultivate, nurture, grow, and sometimes cut down and reseed.</p>	<p><b>Who can and who wants to help you create the opportunity?</b></p> <p>Look for people and organizations with complementary skills and some common values. Engage with them to visualize possibilities that neither they nor you could achieve alone, yet they are doable at affordable loss levels for each of you.</p>
<b>5.</b>	<b>Attitude toward the unexpected</b>	<p><b>Avoid surprises</b></p> <p>Surprises are bad. Contingencies are managed by careful planning and focus on specific targets.</p>	<p><b>Leverage surprises</b></p> <p>Surprises are good/ Even negative contingencies trigger the imaginative rethinking of possibilities and continual transformation of targets.</p>	<p><b>Are you creating corridors for positive surprises?</b></p> <p>Pay attention to things that don’t go according to plan. And if too many things are indeed going according to plan, find ways to shake things up.</p>
<b>6.</b>	<b>Attitude toward the future</b>	<p><b>Predictive</b></p> <p>The future is a reliable continuation of the past. Accurate prediction is possible and useful.</p>	<p><b>Effectual</b></p> <p>The future comes largely from what people do. So it is at least partially controllable through creative cooperation between human beings. But this creativity injects uncertainty into the system. So prediction is neither easy nor useful.</p>	<p><b>Is your environment stable enough so that you can rely on past data to formulate future actions? How will you know? And how will you measure stability?</b></p> <p>Stress-test it with your own effectual actions to build not only elaborate forecasts but also new competitive advantages.</p>

Source: Created by case writers.

### **Effectuation Illustrated Through GRUE**

Another way to introduce effectuation (especially if you decide to use the crazy-quilt assignment described later in this teaching note) is to use an in-class exercise that we call GRUE.<sup>4</sup>

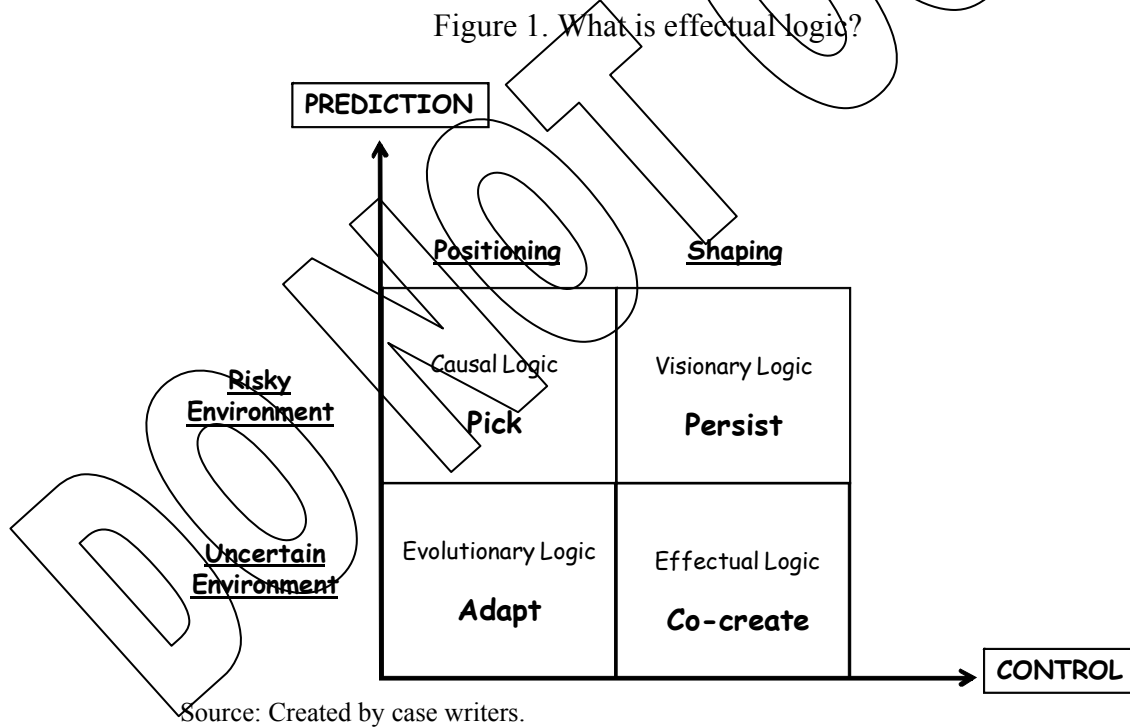
While it is great to use a real example of a venture idea or product being developed in the class, the exercise can work just as well with something as simple as a green pen that the

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<sup>4</sup> For a more in-depth discussion of the philosophical concept of GRUE and BLEEN, see Nelson Goodman, *Fact, Fiction, and Forecast*, 4th ed. (Cambridge, MA: Harvard University Press, 1983), this book was first published in 1955.

instructor pulls out of his pocket or her purse. The green pen signifies any widget or venture idea. Therefore, it is good to explain that at the beginning and mention that even the pen (or the widget it signifies) does not actually exist yet—all that exists is a gleam in the eye of the entrepreneur or manager.

The situation is posed: You have come up with a product or venture idea—say, a green widget of some kind. What do you do next? How do you go from a gleam in the eye to an actual working venture—whether inside a company or as an independent entrepreneur? A variety of responses that arise might include predictive approaches such as market research and information gathering of one kind or another—you can list those separate from suggestions for talking with potential stakeholders to actually build the widget and take it to market—and thereby create a contrast on the board between prediction-oriented and control-focused strategies. The key at this stage of the exercises is to quickly create the two axes of the 2x2 in the following diagram (**Figure 1**), which is what we are trying to build through the exercise as a whole:



Thereafter, we can point out to the class that when an entrepreneur goes out and pitches his or her idea to potential stakeholders (let's focus on the customer for now, but this is true of all stakeholders such as suppliers, investors, and so on), most people will not say yes or no—they will offer advice, proffer suggestions for improvement, point out flaws and inadequacies, and say: “If only it were blue, I would consider buying—or “I know someone who wants to buy

a blue widget.” That is the anchor on which we will build the 2×2—The question now becomes “What do you do next?”

We have done this several times with many different audiences—and we have always been able to group responses to the “what to do next” question into one of the four verbs in the four quadrants of the diagram—namely:

- Persist: Stick to your vision of the green widget.
- Pick: Go out and find what other colors people might want and pick the optimal one for you.
- Adapt: Customer wants blue, so, make it blue.
- Co-create: Go back to the customer and ask him or her what it is worth to make it available in blue. What is the customer’s “skin in the game”? What exactly will customers commit to co-create the blue widget?

Usually, most people will *not* come up with ideas that fall into the fourth category. And even if they do, they will not get to the notion of getting people to “self-select” into the process in exchange for shaping the vision of the venture—mostly because people want to follow the myth that entrepreneurs are pig-headed visionaries who seek to “sell” others on their vision and not let others shape it for them, or because they do not want to “share the pie.”

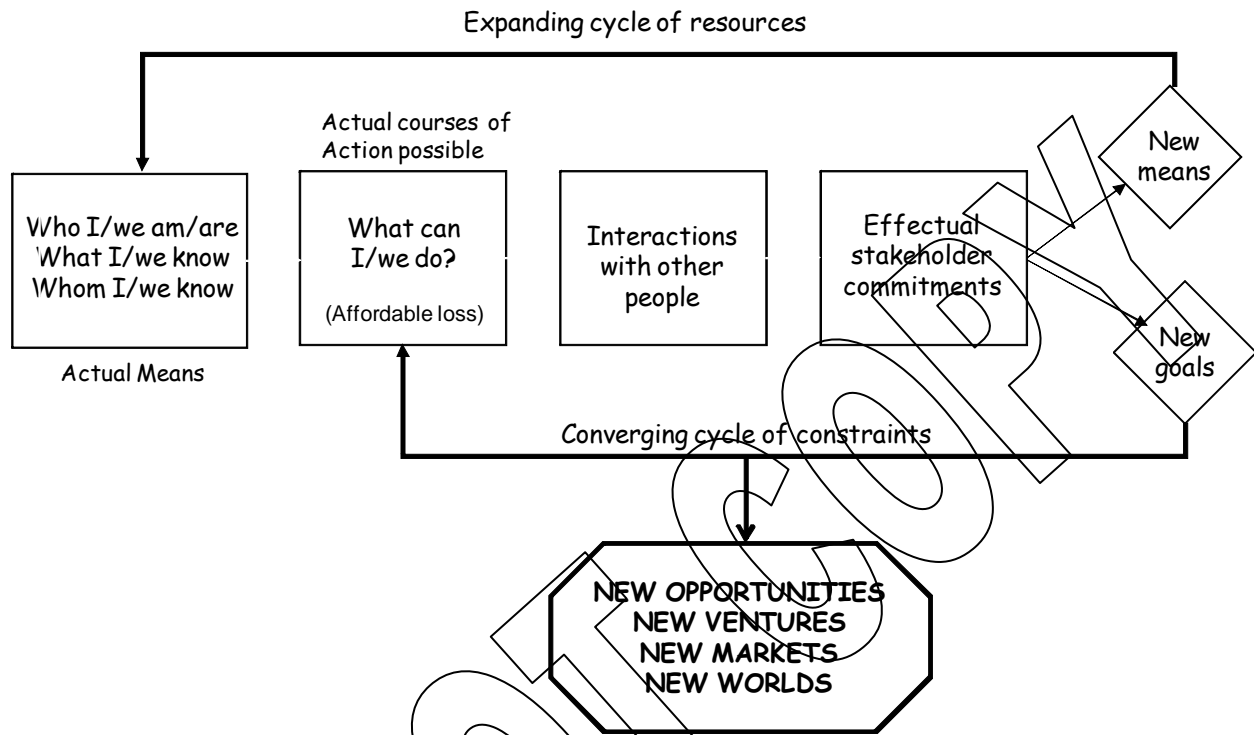
Once we get to the point where the class hones in on the effectual quadrant or we point out the fourth possibility, we can reverse roles by asking them, “How would you respond if you were the customer? The entrepreneur has come back to you with a suggestion that you recommit some resources or put skin in the game to make the green widget blue—what is your response?” Interestingly, the customer’s responses also can be grouped into the four categories above—leading naturally to the diagram in **Figure 2**.

Specific types of skin in the game include things such as placing an advance purchase order and underwriting the development of a prototype or simply picking up the phone and calling a few people who might be interested in shaping the idea further. Even in this thinnest of commitments, the venture now consists of *two* stakeholders going out and trying to build—that is, co-create—the venture. Of course, the bottom line of the whole exercise is that the entrepreneur does *not* proceed down the blue-widget path unless the stakeholder invests skin in the game. It is the actual commitments (not promises from the customer, not predictions based on market information or any other type of armchair analysis or even the entrepreneur’s own vision) that drive what to do next.

The 2×2 in the diagram above (**Figure 1**) can be linked very nicely with the dynamic diagram below (**Figure 2**) at the end of the class—after completing the ICEHOTEL case.



Figure 2. Stitching together the crazy quilt using effectual logic.



Source: Created by case writers.

The takeaway from **Figure 2** is that interactions between two parties *can* actually create a market: (1) by starting simply their readily available means (who they are, what they know, and whom they know) even if those means enable only a rudimentary green (or GRUE) widget; (2) by keeping investments low in moving from green to blue; and (3) by prior commitment to be a stakeholder of some kind in the new venture. This results not only in the co-creation of valuable novelty (be it a new venture or other type of innovation) but also creates that novelty at lower cost and without having to “place bets” on an uncertain future. In sum, it uses all the individual principles and techniques of effectuation listed in **Table 1** to control an unpredictable future.

We turn next to specific timing, assignments and class plans for teaching different audiences with different class durations—using different combinations of the effectuation exercises elaborated so far.

### Timing and Design for a Four-Hour Executive Education Class

This case and accompanying material have been used successfully with executive audiences ranging from junior executives with 10 to 15 years of experience who are starting an

EMBA curriculum to more senior executives with 20+ years of experience and significant business-unit and profit-and-loss responsibility. In a session named “Managing Uncertainty,” we typically organize it according to the following teaching plan shown in **Table 3**.

Table 3. Teaching plan for managing uncertainty session.

Time	Action
5 minutes	Introduction with description of an uncertain situation.
5 minutes	Discussion of what constitutes uncertainty.
10 minutes	BOARD 1: Spectrum from risk to uncertainty, with specific examples plotted on the spectrum, and (if time and creativity permit) specific approaches to dealing with each in a different color on the same spectrum.
30 minutes	Presentation of the effectual principles, starting with how they were derived from the heuristics of experts at making decisions under uncertainty, and proceeding using either the “Straight Up” or “GRUE” approach.
15 minutes	Introductory discussion of implications of two such different approaches to decision making in two such different situations.
40 minutes	Group work: Hand out “Cold Opportunity: The Nils Bergqvist Story (A),” along with the group work instructions provided below to participants in teams of no more than six or seven people.
15 minutes	Break and return to plenary.
50 minutes	<p>Invite (in sequential order) four of the teams to present in plenary.</p> <p>15 minutes: Team A presents business idea and discusses Bergqvist’s “Means” (the key to making this work is showing how Means opens up a wide range of opportunities where most people only see disaster).</p> <p>15 minutes: Team B presents business idea and discusses Bergqvist’s “Risk” (the key to making this work is pointing out that we have set his “Affordable Loss” at zero—and challenging people to imagine what that would look like for new projects in the corporate environment).</p> <p>15 minutes: Team C presents business idea and discusses “Partnerships” (the key to making this work is having the team pitch its partnership idea to the most skeptical participant in the room and showing that partnerships of this sort only work when together the partners could do something that neither could do on their own).</p> <p>15 minutes: Team D presents business idea and discusses Bergqvist’s “Means” (the key to making this work is opening up the idea that not all surprises are bad things—what if 10,000 people show up to the ICEHOTEL?).</p>

Table 3. (continued)

<b>Time</b>	<b>Action</b>
15 minutes	Discuss what Bergqvist actually did, revealing that it was he who was behind the ICEHOTEL.
10 minutes	Hand out “Cold Opportunity (B): The ICEHOTEL Story,” and give participants a chance to read it.
10 minutes	If you choose to hand out “Cold Opportunity (C): The Absolut ICEBARS Story” in class, discuss the “surprise” that arises—namely, that even though Bergqvist seemingly grew the ICEHOTEL into the ICEBAR business, the business he is really in is exporting ice—and what that implies about whether opportunities exist or are created.
15 minutes	Open up discussion about the difference between opportunities that are made versus opportunities that are found. Challenge participants to identify examples of both.
10 minutes	Close with a discussion of what Bergqvist could do next—with his newly enhanced set of means that include a relationship with Absolut and all the experiences gathered through building ICEBARS. Excerpts and exhibits from “Cold Opportunity (C): The Absolut ICEBARS (C)” come in handy at the finish line here. Alternatively, you could simply hand out the C case as a wrap-up.

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**Group Work Instructions for “Cold Opportunity (A): The Nils Bergqvist Story”**

**You are Nils Bergqvist:**

**What will you do next (near term) to manage this uncertainty?**

- To get started, I suggest:
  - Take an inventory of your available means, and think about what you *can* do based on all of what is available to you
  
- Once you have an idea and the means you start with, come up with (at least) three actions you would take in each of the following areas:
  - How will you minimize your risk?
  - How will you leverage partnerships?
  - How will you manage contingency (suggestion: have half the team come up with unexpected events, and the other half figure out how to take advantage of the unexpected)?
  
- Deliverable: Name for and overview of your business as you move ahead in the near term (on a flipchart sheet or transparency)

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### Timing and Design for a Single Session of a 90-Minute MBA Class

This case and materials have been used effectively in the standard 90-minute class format typical of an MBA program—as a two-session module or in a single-session class. In the single-session format, we expect that effectuation and its core principles were introduced during a prior session or by assigning the technical note “What Makes Entrepreneurs Entrepreneurial?” (UVA-ENT-0065) in preparation for the class session. It is possible to take the design for the first portion of the executive session and use that to introduce effectuation along with a brief exercise. Additionally, you can introduce the effectual principles very quickly, especially if students have read the technical note.

We do not recommend advance reading of “Cold Opportunity: The Nils Bergqvist Story (A).” The case is quite brief, and we do not want to encourage participants to search the Internet to find out who Bergqvist is and what he did because this may constrain their creativity in coming up with opportunities that can drive forward his next set of actions at the end of the A case.

Before class convenes, be sure to have breakout rooms prepared with role assignments for team members. We do this by printing out cards with the following roles: Tourist, Press Representative, Ice Sculptor, Employee, Engineer, Local Business Owner, and Pastor of Local Church. You can also assign one or more Rich Person—with specific levels of wealth such as \$5 million or \$50,000.

Also, have copies of the A case printed along with the following instructions for breakout teamwork. We recommend teams of seven or eight people—no more and no less.

#### **Crazy quilt Assignment (maximum 15 minutes only)**

Note that each of you has two roles—you are Bergqvist *plus* a role assigned on the colored sheet waiting for you in the breakout room.

1. When playing your assigned role, what is your reaction to the rained-out exhibition? You can bring in relevant means from your real life—who you are, what you know and whom you know—but only those consistent with your assigned role.
2. As Bergqvist, *listen* to your stakeholders and come up with at least one thing you can *do* in response to the rained-out exhibition that could lead to building your venture going forward.
3. *Deliverable*: Select one person from your team to take *no more than two minutes*<sup>5</sup> to describe Bergqvist’s response that day and the next set of actions going forward.

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<sup>5</sup> You can determine this time limit by dividing the 30 minutes allotted for their presentations by the number of teams in your class. For the purpose of this teaching note, we are assuming a maximum of 10 teams.

Timing for the MBA application of this case in the context of an entrepreneurial strategy or entrepreneurial management curriculum is provided in **Table 4**.

Table 4. Timing for MBA application of the case.

Time	Action
20 minutes	Split into teams, hand out assignment and send them to breakout rooms.
30 minutes	Two-minute presentations—list responses and venture ideas on the board.
25 minutes	How did the responses use the principles of effectuation? Discuss how different principles drove different aspects of the new opportunities and if and how the use of the principles led to more or less valuable novelty. Also discuss the role of stakeholders and co-creation—did particular stakeholders matter differently for the different teams? A very vocal pastor, for example. Or a rather maverick engineer. Or a sympathetic/antagonistic press representative. If you have set aside two sessions of the course for the ICEHOTEL case, you can get more in-depth on the role of stakeholders in this session and return to more detailed discussions of the other principles at the end of session two—see the next section of this teaching note.
	The main takeaway of the case is this: Effectuation, using nonpredictive control-oriented co-creation, can lead you to strategies that you simply won't get to using traditional causal approaches. It is not so important to argue about whether effectual strategies are better, but in what way and under what circumstances they may be better—n what way they may end up generating novel yet valuable artifacts (firms, products and markets) at relatively low levels of investment. Ergo: How the ICEHOTEL came into existence.
15 minutes	Show the video montage of the ICEHOTEL and then wrap up with the slide below for the What?, So What?, and Now What? of this case. If the class had already done a separate session on effectuation using the GRUE exercise, you can hearken back to the 2×2 in <b>Figure 1</b> and the dynamics of the crazy quilt in <b>Figure 2</b> for wrap-up. In case you plan on setting aside two sessions for the ICEHOTEL series,, the wrap-up would be to hand out the B case with the assignment provided at the beginning of the next section of this teaching note. Finishing with <b>Figure 3</b> as an overhead is an effective way to end the class.

Figure 3. Essential Takeaways: What, So What, and Now What?

## Non Predictive Control Strategy

**What?** Prediction and Control are different fundamental approaches to the question of what to do next.

**So what?** your emphasis in one direction or the other, and balancing them, influences the options you pursue.

**Now what?**

- Create strategic alternatives from both perspectives.
- Consider the implications of your competitors' approaches.
- Reevaluate project selection: Influencable vs. large & predictable.

### **Timing and Design for a Second Session of a 90-Minute MBA Class**

What follows is an assignment to be handed out at the end of the first session in conjunction with a copy of the B case—students can work in the same teams as in session one.

#### **Session two assignment**

1. How can you get Absolut to take your call—or better still, how can you get Absolut to call *you*?
2. Assuming Absolut calls, or somehow you manage to get Absolut to take your call, what is your pitch to Absolut?
3. And assuming Absolut “buys” your pitch, what specific terms would you want to negotiate with the company? Use these to refine and more carefully create your pitch.
4. Deliverable: Select one person on your team to spend no more than two minutes<sup>6</sup> to present your pitch.

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<sup>6</sup> You can determine this time limit by dividing the 30 minutes allotted for the presentations by the number of teams in your class. For the purpose of this teaching note, we are assuming a maximum of 10 teams.



Table 5. Timing for a second session of a 90-minute MBA class.

Time	Action
20 minutes	Discuss ways to get to Absolut to take your call or better still, to get them to call you. Discuss the notion of “self-selected” stakeholders as opposed stakeholders who are “sold” by a charismatic entrepreneur. Discuss why “buy-in” is so much better than “sell-in.” Hark back to the buy-in of stakeholders that happened in the break-out team exercise in the A case used in the previous session.
30 minutes	Two-minute presentations of pitches to Absolut—list interesting elements from each on the board
15 minutes	Discuss key elements of a great pitch. How could these elements be incorporated into the various pitches presented in class? What would be the elements of an effectual as opposed to a predictive pitch? For example, in the case of a predictive pitch, not only do we try to predict the venture’s future, we also tend to predict the motivations of the stakeholder(s) we are pitching to. In the effectual case, the whole point is to get stakeholders to tell us what their motivations are—often simply by asking them and also by our own willingness to recommit skin in the game.
10 minutes	Hand out copies of the C case and have the class read it.
15 minutes	Discuss each principle of effectuation and how it was used in the entire ICEHOTEL case series. How would the students each these in their own ventures and upcoming projects. Hearken back to the 2×2 in and the crazy-quilt dynamics in <b>Figures 1 and 2</b> . End by asking students to reflect on what they are going to do next with their lives—whether they are working on ventures or not. And wrap up with the takeaways overhead above ( <b>Figure 3</b> ).

### Working Through ICEHOTEL from a Strategy Perspective

This case series can make a highly illustrative connection between strategy and entrepreneurship. Where do opportunities come from? The series enables the instructor to deliberately create strategies from both the “found” *and* the “made” perspectives, so participants can observe the process and merits of each. The instructor can also challenge participants to consider that competitors may be using another approach than theirs (control, if you are predicting, or vice versa) and consider the implications of competing with someone using a different approach. Would this help them to understand the competition’s efforts? Counter their approach? It also enables the instructor to challenge participants working on strategy/entrepreneurship projects to reevaluate project selection and consider opportunities that appear to soundly create their own future, even if they are not in what appear to be the best markets today (big and growing).

**Additional Supporting Materials Available**

“What Makes Entrepreneurs Entrepreneurial” (UVE-ENT-0065)

<http://www.icehotel.com/> (accessed July 16, 2009)

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