

09/12/17

The Entrepreneur “Hero” Myth

PASSION- Can quickly become,
Dogmatism (Obsession; sole authority; not open to new ideas)

DETERMINATION can become commitment to a failing course of action

VISION can lead one down a dead-end road

How can an entrepreneur's action become their failing course? ---> Not knowing when to quit/
not going back to the drawing board and carry on.

PASSION, POSITIVE PASSION to understand what your customer needs.

Commitment to INTELLECTUALLY HONEST LEARNING. -----> Commit to learning what your
best possible business should be, once you figure that out it leads to vision.

Vision for possibilities that can lead to SUCCESS. -----> The end goal, and the overall path of the
Entrepreneur “Hero” myth.

Effectual Entrepreneurship

Puzzle and Quilt exercise.

As a team, we were to accomplish more of the puzzle when each person took a section. After
every 2-3 minutes one group member was taken away to build a quilt in the hall.

As more people came into a quilt group, the quilt had to change to adapt to different sizes of
fabric, colors, and design patterns.

Effectual vs. Predictive

Predictive Thinking: Puzzle, you know the end result and what it's going to look like. You can tell anyone what the puzzle will be, because it will be what it will be.

Predictive logic is what is mostly taught in schools, like they follow a curriculum. Predictive thinking is great at establishing a cause and effect relationship.

Eg" Analyzing a company's culture and how it affects the employee's happiness ---> Cause and effect

Effectual Thinking: Enter with less resources, and to a level of ambiguity and uncertainty. To build the quilt. You start with what you had, and did it.

Creates goals as it goes, Eg" The quilt started with 5 pieces, and then as people joined it changed drastically.

Cognitive Dexterity: The ability to switch between the two methods of thinking.

What does Effectual mean?

Successful in producing a desired or intended result; effective.

-Based on Sara Sanasvathy's research in determining what makes entrepreneurs entrepreneurial.

-> Focused on HOW do they think and WHY

->Effectual is the inverse or counterpart to predictive thinking

What kind of thinking have you engaged in most?

Eg" Putting together an outfit on the fly; work with what you have.

Eg" Picking courses; starting off wanting to know what you want then changing at the beginning of the year

EFFECTUAL Vs. Predictive cont.

Christopher Columbus: Effectual; Had no plan except to set out for a new world and discover new land

Genghis Kahn: Predictive; Has a goal and is going to conquer it.

Pad Thai Chef: Predictive; Knows the recipes

Ordering pad thai: Could be effectual, as if you go in each time not know what you'll want

Masterchef Mystery Box Challenge: Effectual; ingredients are random and are left up to the imagination.

NFL: Can be a bit of both; Offensive more predictive; while defensive could be more effectual.

What Type of Research Would You Do?

"Ready. Fire. Aim". You do, you fire, and then you learn.

How Would You Get Info on these Customers?

-Think about their customers as partners; partners that will help them grow and shape the business.

"If I told people what they wanted they would have said a faster horse" -Ford

Causation - Predictive Logic

"To the extent that we can predict the future we do need to predict it"

MEANS← Planning← Effect

MEANS(Select between/gather means to create a given effect)

EFFECT (Goal/Ends Driven)

"The ability to identify a causality; the relationship between a cause and its effect."

Effectuation (Creative Logic)

MEANS → ACTION → Choices

Means: Rooted in who they are, what they know and what they can afford to lose.

Choices: Select between choices that can be created with a set of means.

“Allows goals to emerge contingently over time from the varied imagination and diverse aspirations of the founders and the people they interact with.”

In other words, “**CREATE THE FUTURE Vs. Trying to Predict it**”.

Effectual Vs. Causal Elements

EFFECTUAL	CAUSAL/ PREDICTIVE
Method: Set of Processes	Process: Steps to complete
Phases of learning	Linear
Iterative	Predictive
Creative	Planning focus
Action Focus	Emphasis on Analysis
Investment for Learning	Expected Return
Affordable Loss	Assumes a knowable environment
Assumes an unknown or unknowable environment	
FOCUS ON CONTROL	FOCUS ON PREDICTION

You need both... COGNITIVE AMBIDEXTERITY

EFFECTUAL	CAUSAL/PREDICTIVE
<i>Iterative</i>	<i>Linear</i>
Start with your means	Identify opportunity
Limit risk by investing only what you can afford to lose	Develop concept and write business plan
Co-Create with self selected stakeholders	Assess and acquire resources
Leverage contingencies	Implement business
Focus on what you can control	Exit

Comparing The Thinking

“Explorers vs. Exploiters”

Issue	Causal	Effectual
 Basis for taking action	Goal-oriented: <u>goals</u> determine action; means are assembled based on goals	Means-oriented: goals emerge by imagining a course of action based on available <u>means</u>
 Attitude toward risk	Expected return: focus on upside potential then work to minimize risk	Affordable loss: limit downside risk by focusing on what can afford to lose
 Attitude toward outsiders	Competitive: protect what you have and maximize your share; transactional relationships	Co-create: work with committed partners who help shape the trajectory of the opportunity
 Attitude toward contingencies	Avoid: surprise is bad; prediction and planning enables the firm to minimize the unexpected	Leverage: surprise is good; they can offer new opportunities and trigger innovation
 View of the future	Predictive: trends are inevitable; accurate prediction is necessary and useful	Creative: the future is neither found nor predicted, but made; focus on actions within your control

09/14/17

BUSINESS MODELS

A business model describes how an organization creates, delivers, and captures value” -Alex Osterwalder

A successful Business Model usually contains a good “At Heart Story”

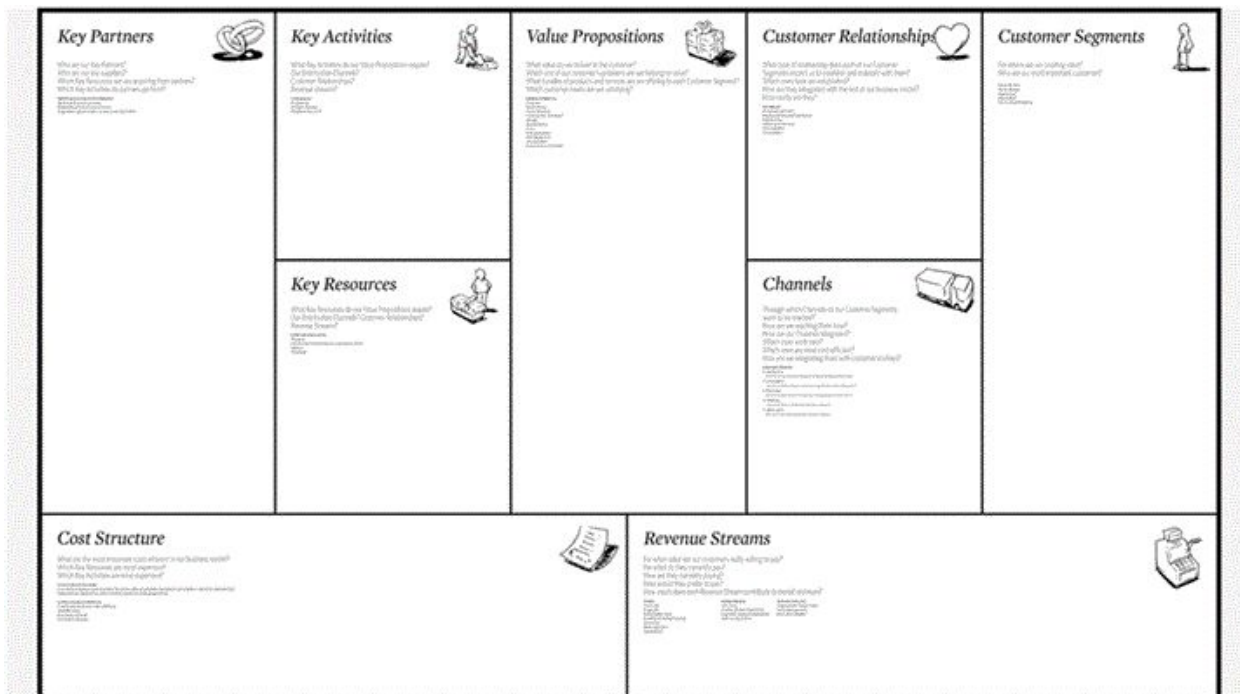
Precisely determined characters

Plausible motivations

Plot twists

The story shows that a successful business model represents a better way than the existing alternative.

-A Business Model Example



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Business Model Cont.

- Don't fall in love with your first business model (le' don't engage in dogmatism)
- Test out different business models and plug in different ideas.

Example Patterns

Cheap chic/ Low-touch	Razor and blades (bait and hook/ reverse razor and blades) → Buy a cheap base product but then charge for the add-ons Another example: Amazon→ Kindle→ Prime
Low cost	Add-on (Anticipated upsell, nickel and dime) Hotel California Trap/ flat-fee (Bring people in with a service (Eg” Basketball game and then sell them other services at the game: Food, Drinks, Merch, etc)
Bricks and Clicks	Productization of Services / Servitization of products
Multi-Level Marketing (Top distributor → Lower level distributors→ etc...) Will make money through the many distributors within the network	Multi- slides Platform (network effects)
Franchise/ Collective	Long Tail
Direct sales (Disintermediation)	Freemium
Pay as you Go/subscription/Fractionalization (Sell a whole product for a fraction of the time (Eg: Time Share, Bike share products)	Online Auction/ Reverse Auction
Advertising	Crowdsourcing/ Funding
Affiliate/ Lead Generation	Membership- Subscriptions

Business Model Mechanics

Switching costs → *The cost to switch from one product to another and their repercussions*

Some things to Consider:

Base Product Consumable → Playstation to Xbox.

Data → Eg” Spotify, you create your playlist of music and build a library. You likely will not switch to another music service for risk of rebuilding.

Learning Curve: Eg” Totalling a vehicle and looking for a new one; fear of buying a new vehicle if you're so used to your current model.

Industry Standards: Microsoft Word

Servitization: Eg” A car dealership servicing your vehicle as well EG” Think of Georgetown Chevrolet, free oil changes, maintenance records and reminders.

Exit: If you want to leave a contract you have to pay out money, these costs could keep you from switching in the end.

Why some Business Models are better than others:

Recurring Revenues: Amazon → Amazon Kindle → Amazon Prime

Earning vs. Spending :

Dell- First to come out with fully customizable laptops.

Kickstarter- Take some of that money

CAC (Cost to acquire a Customer or Customer Acquisition Cost) Vs. CLV (Customer lifetime Value)

Eg” Uber’s \$10 free ride but they will likely be a customer for life afterwards.

Cost of \$10 for free ride and cost of referral, but after that loss they will profit in the end.

GO BACK TO SLIDE “WHAT CAN DRIVE THE BALANCE”

Game Changing Cost Structures

Nike- Able to produce a cheaper shoe with less material and also sell it as a benefit “Eg” Lighter shoe

Airbnb- No owned properties, staffing costs, cleaning costs, etc.

Get Others to do the Work

Ikea- The customers assemble the product

Tupperware- Get people to sell Tupperware through parties.

Instagram- Make your own posts, hashtags, and etc. Instagram doesn't create any of that; other people post on it.

Korean BBQ- Paying a premium to cook your own food

Scalability

1. Do a lot with a little.
2. S

Protection from the Competition

Netflix: Greatest algorithm of search, made it open source and Netflix has the data set.

Apple: Brand loyalty that protects them from most other brands; built a following.

Prototyping Rules

09/21/17

MEAL IN A JAR- Local Waterloo

Recurring subscriptions
E-commerce

- Used effectual thinking to turn the jar into a venture
- "Always thinking about the next thing"
- "Always looking at opportunities"

Email marketing
Automation
Web capture
Loyalty points

09/24/17

Startup Panels:

Evan- Wide's Media- New school media helping old school companies get an online presence.

- Goal is to use digital media to drive traffic and promote web marketing.

Aieden- Trialfy

- Helps software companies develop better free trials so they can get better

Marcello- Co- founder of onboy

- Same day delivery to retailers through crowdsourcing.

Jared- Living in Israel- Founder of Tryna Grub

- App- in beta for android and iphone

Questions:

-Evan-As a non-technical start-up, do you find it difficult

-Jared-Recognize your own skillset

-Aiden- In the problem-fit stage, seeing if there are needs to be covered

-Ask: If this exists would you use it? Get out there and find out... Ask questions.

How do you get the competitive edge?:

-Evan- Take the proactive approach and network with the other digital marketers; Taking a more civil approach; collaboration

-Jared- Competitors everywhere, has companies that solves similar pains; when a small startup you should make sure you focus on your own.

-Marcello-

-Jared- Tryna Grub is aiming to be a social network; a lot of competition; "At the end of the day it is about execution; Collaboration is huge!

Advice to the class?

-Evan- Having a good self assessment and good inventory of yourself in ENTR 200; Good at? Bad at? Need help with?

-Aiden- Always have ideas and write them down, always be thinking about problems and then aim to solve them;

-Marcello- Endless days of grinding; entrepreneurship is a hard grind and shouldn't be romanticized. Realize what you're getting into.

→ takes a toll on relationships, social life, etc, etc.

Question: How many iterations did you go through:

Evan- Still changing and evolving every day. It can take days or years;
"Things I thought were great a month ago, now could seem like the stupidest idea out there"

Aiden- Constantly changing

Jared- Phoneygap; build an iphone and android app at the same time, thought he would save time and money but threw that out and built a new version.

How do you Scale?

Marcello- Entrepreneurships are very popular, especially in the Waterloo Region;

GO over value propositions:

Evan- Helping old school companies tell their stories on a digital media; helping construction companies, etc and maintaining a monthly revenue fee

Aiden- Personalized onboarding; how to incentivize that trial; motivation to go beyond that free trial: Subscription service; Pricing models

Low touch: Productivity tool; free trial or product to use... enter your credit card at the end to unlock; low touch; not a lot of sales reps involved.

High Touch: A company where they sell software for thousands of dollars of dollars per month; always focusing on higher

Smile inc is low touch and high touch: Goals for both.

Marcello- Looks at Amazon

Jared- Trying to make spontaneous meal plans with friends; where you want to eat? What you want to eat? Etc. Cuts time down to where you want to eat to 5 minutes or less (goal)

Question: Keeping motivated?

Evan- Working in a more open environment

Aiden- You have to be passionate about what you're selling; or else you will burn out quick.

Marcello- Taking care of yourself mentally

09/28/2017

Getting to Plan B

- Breaking through to a better Business Model
- Iterative

Why Plan B?

- Thinking predictively; throw away surprises: effectual; welcome them, on how to get your plan perfected.
- Plan A should be seen as an early model, should explore better business models; ie” Plan B;
- Talking to other people;

EG Plan B's → Irene from Meal in a Jar; not going into retail; going into e-commerce; then considering back into retail

→ TrynaGrub → Coding two platforms at once; then switching to a different coding process

Plan A just doesn't work, when first developing a business plan you are way too early, and there is not a lot of information. It is okay to restart and go troubleshoot different models.

→ most of these ventures have one common denominator: Failure; but that is okay. It helps you learn, grow, and expand.

“An entrepreneur's job is not to flawlessly execute your business plan, your job is to embark on a learning journey”.

Eg's

PayPal changing their **value proposition**: Originally wanted to just transfer money between devices rather than offering payment services to websites.

Google changing **revenue streams**: Google used to try and make money by licensing out their search functions to other search engines; now they rely mainly on advertisements.

Facebook changing their **customer segment**: Original segment was just designed for University students only; after Zuckerberg stole the idea it expanded to be worldwide

YouTube and their changing **key partners**: Used to be just music partners and random videos; however now key partners can include tv personalities, movie network's, sports highlights, etc.

Getting to Plan A.1... and A.2... and A.3...

"Our working assumption is that part or all of a 'Plan A' is wrong. By systematically testing a series of hypothesis, the savvy entrepreneur... 'identifies, through experimentation rather than impassioned persuasion, ' A better plan B, or eventually plan Z"

So.. Why Plan B: Summary:

- Learning from what works and what doesn't
- A way to plan your business model
- A method, a way of the thinking and important for all businesses to explore

Apple Video:

-The problem was pirating music

-Steve Jobs solution was the iPod and a way to get music 'cheaply'

- Gillette razor blade model used as the 'analog'

-an Analog is a good idea that you can morph for your business

-Also took Napster as a prior example, showing that users want the ability to individually choose their song(s).

-Another Analog was Sony and their impressive Walkman

-Antilogs are things that you should try and avoid!

-Eg"- Tidal

10/05/17

Design Thinking Framework

(Start here) Desirability- Is it fitting the needs of the customer? Do people want this?

Feasibility- Can you build it? Can this be done? Is it possible? In some way, shape, or form, the answer is usually yes.

Viability- Can we make money with this? This is essentially the numbers... is it financially viable?****

Ventureblocks Logic/Methodology

1. Spotting the space
2. ASK & LISTEN
3. Build insights
4. Identify Opportunities

Questions to Avoid

- Too soon
- Leading
- Dead end
- Poor listener
- Sales pitch
- Insulting

Nanu Ownership- Why do we care/ Why are we doing this simulation?

Empathy- A social skill that helps you better understand the emotions, needs, wants, problems of an individual.

This will essentially help you put yourself in their shoes, and help you immensely as you begin to build and grow your company.

Building Insights

<u>Strong Insights</u>	<u>Weak Insights</u>
Connected to the data	Disconnected from the data
The needs leave room for many types of solutions	The need is really a solution
Explains why the needs matter	

Building Insights- NEED +WHY

Users need _____ because _____

Users need _____ in order to _____

READING WEEK

10/17/17

Midterm

Friday 3pm-5:30pm

15 multiple choice marks

35 short answer marks

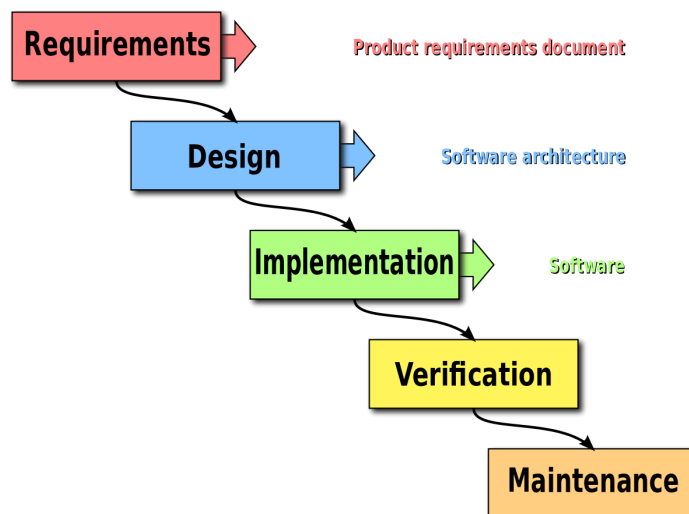
Section A: BA110- All content based on lecture up until today.

-Quick summary and review on Thursday class

DROP IN HOURS FOR DEMI- Wednesday 6:15-7:50 in LH 2003

READ COURSE OUTLINE FOR READING SCHEDULE

Traditional New-Product Introduction Model “Waterfall”



Trickle down methodology, usually used in conjunction with a solid or 'final' stages of the business plan.

Waterfall Methodology

A flaw can be found as early as between the first and second stages. If you assume that is what the customer wants, then if you screw that up your linear concept will also be very hard to backtrack. Eg” You can’t reverse water on a waterfall

Eg” KFC Double Down- Nobody wanted it... just because you can make a hotdog and use fried chicken as a bun doesn’t mean you should or that anybody actually wants it.

ALWAYS START AT DESIRABILITY AS AN ENTREPRENEUR → DO PEOPLE WANT IT?

Should we? And for whom?

→ Eric Ries video: After developing software/an app for months he realized that nobody actually wanted it once it was ready for download → Got him thinking of new methodology.

<https://www.youtube.com/watch?v=J4rOdxoCnwY> → 10:15-33:30

→ The waterfall method is about doing, as well as a little bit of learning.

→ Eric Ries: “Steve Blank says a startup just isn’t a small version of a big company, it operates in its own space and it is created in uncertainty”.

Demi → The more uncertain you are the more you are going to lean into entrepreneurship and the entrepreneurial mindset.

Launch your product, and relaunch your product, test it, relaunch, and keep launching it.

→ Eric Ries; Be open to success... engineer it in a way.

Lean Startup- Eric Ries

- On startups and failures: Introduces himself as a failure, explains that all of his failures were a 'learning experience' that did lead to his successes in other ventures.
- Definition of a startup: Very human institution to operate under some level of uncertainty. Startups are designed to create something NEW (Hasn't been done before) under conditions of extreme uncertainty: Therefore... entrepreneurship is a style of management; designed to thrive and survive under conditions of extreme uncertainty.
- On discussing great products that could have changed the world but didn't: Talking about that you have to really understand your consumers. Figure out your consumers first and then talking about the solutions THEY need.
 - It is very hard to fall in love with your own product; once you find something you are good at it, you want to do it over and over again... but you shouldn't if it is not needed or wanted.
- Reality distortion field: Steve Jobs on his employees; rush people to do something. Convince people that aren't true or necessarily.
- What happened with his social network? He brought users in for testing and the users didn't know if it was 'cool' or not. That was his main downfall. When offering his millennial users \$25 to share the app through text or email to a friend more often than not the user wouldn't do it.
- What is an MVP and how did it apply to WMU? MVP → Minimal Viable Product → The minimum amount of effort you can put in but get out the most.

Final Bars from Eric Ries:

“We can build anything we can imagine. The question is not can it be built?, it is, “Should we build it?”

“Do you want to be right or do you want to change the world?”

“If we don't know who the customer is, we don't know what quality is”.

““Sounds good” are the two most dangerous words in entrepreneurship”.

“It's not about making stuff efficiently, it's about efficiently making progress”.

Test Your Assumptions

“A startup is not a small version of a big company... it is a temporary organization in search of a stable, repeatable, profitable, business model”.

- No battle plan survives contact with the *enemy customers*
- Business model plan? Or Business model Canvas?

Customer Development Manifesto

- See weekly lecture slides for the diagram

Principles- Build-Measure- Learn

1. Entrepreneurs are everywhere
2. Entrepreneurship is management
3. Validated learning
4. Build-Measure-Learn (Kind of like Ready. Aim. Fire)
5. Innovation accounting
 - a. Split tests
 - b. Per-customer metrics
 - c. Funnel metrics and chart analysis
 - d. Keyword metrics

“The only metrics Entrepreneurships should be interested in collecting are those that help them make decisions”.

10/19/17

Building a “Minimum Value Product” (or MVP)

- An MVP is a tool for learning
- Eric Ries could build a landing page in hour that taught him the same thing (rather than writing thousands of lines of code of a ‘failed’ app)

ABOUT THE MIDTERM:

- **Know your Principles and Practices (5 of each?)**
- **Spend time watching the videos and reading content**
- **Reflect on the activities we've done in class**
- **Many elements of the course built off of and relate to each other. Don't learn in a silo, think about how different concepts connect**
- **Review the slides, think about what was said in lecture**
- **If you weren't here for a lecture, get the notes!**

"Action-based methodology rooted in a set of essential practices"

- Play (The idea of thinking different; re-inventing, etc)
- Empathy (Understanding the other people; understanding what creates value (business model))
- Creation (Having an action bias; actually making the product; goals emerge from acting within your means)
- Experimentation (Going out and experimenting with them; something an entrepreneur needs to; get out there)
- ALL OF THESE HAVE AN ELEMENT OF REFLECTION

Comparing the Thinking "THE PRINCIPLES OF EFFECTUATION:

What is minimum?

- The MVP is called minimum, a you should spend as little time and effort to create it. But this doesn't meant that it has to be quick and dirty. How long it takes to create an MVP and how feature-rich it should be, depends on the product.

Eg" Dropbox → Explainer video (was an MVP at one point) They didn't make the code yet, but rather made a video seeing if there was any demand at all.

→ Had a very unique visual style

→ Had an extremely good metaphor; "Thinking about if you left your keys in your other pants"

→ Video is short and sweet; gets to the point

AFTER THE MIDTERM----->

“Action-based methodology rooted in a set of essential practices”

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Some other MVP's

- A landing page (then using something like google analytics to test it).
- A Wizard of OZ (flintstoning) MVP: Puts up a website that looks like the real thing, but is actually looking at it behind the scenes. Eg” Zappos→ Went to local shoe stores and asked to put pictures of them online... then went to the shoe store, bought the shoes, and shipped them to the business.

However, despite tons of black being pulled, there weren't that many since there were only 4 blue.

The third and final box was filled with completely random, and unrelated items. Listerine, gum, fuzzy peaches, a clementine, etc. As each person pulled from the box, we still didn't learn anything from the contents of the box.

Eg" Pulling Listerine and you would think there would be a floss, a toothbrush, etc. but no such items were there....

First game: **KNOWN**; THIS WAS AN EXERCISE IN PREDICTION

Second Game: **UNKNOWN**; THIS WAS AN EXERCISE IN RISK

Third Game: **UNKNOWABLE** distribution, THIS WAS AN EXERCISE IN UNCERTAINTY

Q2: Which game did you like the best?

A2: I personally liked the second game due to the guess factory, however which game you actually liked is dependent on your overall goal.

Q3: What games do you often play in your life? (examples)

A3: Studying for exams as a real life example→ Risk. Eg" It should be predictable but you are studying because you never exactly know what is going to be on the exam.

Eg" a Residence Don-- A lesson in RISK, not knowing what's on the other side of that residence door!

Implications- So What?

SEE CHART---> MLS

REVIEW EFFECTUATION PRINCIPLES

Effectuation is a logic of thinking that uniquely serves entrepreneurs in starting business

- Like 1st and 2nd gear
- A thinking framework, not a system that will tell you exactly what you need to do!
- A set of heuristics, not an algorithm
 - Heuristics: enabling a person to discover or learn something for themselves.

- Algorithm: a process or set of rules to be followed in calculations or other problem-solving operations
- Doing the doable NOT planning

SEE EFFECTUATION CYCLE ON MLS

10/26/17

Entrepreneur Myths

Entrepreneurs are visionaries!

- An entrepreneurial opportunity is the possibility to do things both differently and better than they currently are being done.
- Opportunities. **Search and Select** vs. **Create and Transform**.
 - *What type of logic does it suggest? What kind of environment?*
- Israel Kizner vs. Joseph Schumpeter “Do opportunities exist independent of human action?”

Discussion

- A bit of both.... You might be searching for the problems but it is up to you to solve or create and take that product to the next level
- Both schools of thought make sense; Opportunities can be found and made;

Search and Select- Opportunity Found.

Create and Transform- Opportunity Made.

NFL example-

Did he make a great catch? Or did he make a great catch? -Both in essence- bounced off a leg, etc.

Domain of Application

- Both supply and demand are known- **Recognition (Allocation) Eg” Wilf’s or Itame Sushi**
- One of supply and demand is known- **Discovery** Eg” Hungry Ninja (Fish or sushi in a burrito, sushi starts out looking like a burrito)
- Neither supply or demand are known- **Creation**

GUEST SPEAKER- SMILE.IO

Smile does VIP programs for companies, referral programs, etc. EG” Sephora Rouge Club
Founded in 2009

- Started with inkprint.ca- selling toner cartridges online
 - Business completely failed within 6 months
 - Learned a lot about selling online; customer experience, etc.
- Then started a web consulting company (2009) and it helped people create their own online stores, sell better online etc, called webdevelopmentdesign.ca
 - Went bankrupt; but then needed to think of ideas to make money so thought up of software for companies
- Smile.io launched originally as *Sweettooth*. Was glad that he had the prior business/ e-commerce experience to learn about the failures, what not to do, etc.
- Raised \$1 million in 2012 and converted from a license sales business model to subscription based business model
 - Needed to raise venture capital to do this. Was selling software for a large upfront fee, but then would never see the customer after that one lump sum. Instead converted to a subscription model so that each client would have to pay \$50 or \$100 a month. Meaning you can potentially make more in the long run. More sustainable revenue, increased contact with clientele, etc.
- Re-branded in May 2017 to Smile.io

Explored Concepts from Smile.io chat

- Effectual opportunity to re-brand his business model.
- Took his failures of past business and applied them to new ventures.
- Business model mechanics: Earning vs. Spending,

MVP- Exam Question?

Question Period:

-Changed from Sweettooth as it is a Western idiom, and would not be known all over the world.

-Major re-branding setbacks: Old product that split off into an older brand; had to create a new website for the old product

- Met with early clients on a forum (Magenta) and started pre-selling to this group and got some channel sales.

-Vision for the next 5 years: Very retail focused, LONG TERM should be: Continue to offer support for the softwares

-Inbound marketing (Also used a lot of SEO to get their name known and showing up in search results)

-Inbound marketing- Customers come to you... Outbound Marketing- You get out there

SEO- Making sure your website is 100% optimized across several search engines and devices

10/31/2017

Idea Generation and Creativity

Do trends create opportunities?

OR

Do opportunities create trends?

Effectuation Principles*****

- **Bird in the hand: Start with your own means, in your control, taking action/ planning.**
- **Affordable Loss: Still within your control, you control your environment**
- **Patchwork/Crazy Quilt: About transformational relationships**
- **Lemonade: Leveraging**
- **Pilot in the Place: Focus on what's in control, get to the next step (Success)?**

Entrepreneurial myths...

- Entrepreneurs are visionaries

- Entrepreneurs are risk takers
- Entrepreneurs are extraordinary forecasters
- Entrepreneurs are **NOT LIKE THE REST OF US**

Idea Generation and Creativity

-IMPROV VIDEO

- Play: We lose this as we get older; which leads to the opposite... Work

Word play game-

Different types of Ideas:

- Grounded Ideas: Plain, predictable, the next logical step.
- Blue Sky Ideas: Forward looking, novel, different, unique, exciting, risk, fresh, thought-provoking
- Spaced out ideas: crazy, laughable, whacky, supernatural, magical, nonsensical, ludicrous.

The idea to Venture Formula

- It starts with a idea, which starts with a 'transformation of the means you already have'.
- Idea= Anything-You

- Action "turns a mere idea into a valuable opportunity"
- Opportunity

11/02/17

The Idea to Venture Formula

- It starts with an idea, which starts

Opportunities are created by action

- Spend the least and learn the most

Doability Matrix

“You don’t have to be great to start, but you have to start to be great”. - Zig Ziglar

Think of a time you failed:

Journal reflection: Learning to ride a bike but giving up and running into the house...

“Never let **success** get to your **head**.”

“Never let **failure** go to your **heart**.”

Who are you? MAP YOUR MEANS

Tastes, values, preferences: Tradition, conservative, respectful,

Passions: Weightlifting, jogging/walking/running

Hobbies: Weightlifting, running/jogging, Coin collecting, Americana memorabilia

Interests:

What you know:

Prior Education: High School, College Diploma

Jobs: Wal-Mart- Cashier, Garden Center, Store Standards, Produce, Meats, Dairy

From life;

Who you Know:

Rolodex- LinkedIn, Facebook, Wal-Mart references, etc

Classmates/alumni- College buddies, high school friends, etc,

Serendipitous encounters:

Strangers in your life:

Self-Understanding Exercise

Accomplishments: Graduating College (Marketing Diploma), Losing weight and beginning to workout, Buying my own convertible in High School, Getting my full Driver's License,

KSA: Determination,

11/07/2017

The affordable loss Principle

Risk little, fail cheap.

- How do people decide which ideas to pursue?
 - Which is the 'bigger' opportunity
 - Which has the higher NVP (Net Present Value) (let's you see the net cash flow from a string of calculations eg" What your \$100 would look like in a year, or two, or three, etc)
 - How much does each require you to invest?
 - What has the lowest downside risk?

The Key is Uncertainty

Know your Limit. Play within it.

How do we figure out our affordable loss?

- 2 step process- 2 key questions to answer
 - What am I really **ABLE AND WILLING to lose?**
 - What is affordable and what isn't?
- How to assess affordable loss?
 - Wealth Commitment
 - Time commitment- "sweat equity"
 - Reputation commitment- Getting ready to face backlash/ judgement, etc
 - Emotional commitment- Getting read to fail

So what?

- Focusing on affordable loss is likely to increase the chances you'll decide to act
- Reduces the threshold of financial risk and lowers the bar for starting
- Allows you to focus on what is within your control and proceed in spite of things out of your control
 - Increasing confidence to start
- Makes explicit that upside potential is in large part contingent on your actions
 - Increasing perceived controllability and attractiveness
- Enables you to choose a venture that matters to you in ways beyond the economic upside
 - Affordable loss is more than just financial
- **It lessens the impact of possible failure because it makes failure clearly survivable.**

Effectuation Cycle

Means → Goals (Affordable loss) → Interactions → Commitments (Which leads to new means and new goals)

The affordable loss principle acts as a filter on your goals.

“Wealth is not the most important thing to start a business”

Eg” Subway started with \$1,000 and HP started with \$538

“Nothing happens until somebody sells something”

- Think about not having money as an asset itself
 - Benefits of bootstrapping
 - You can start now
 - You can start learning now
 - Cut your waste
 - Limit your downside
 - Increase your upside (%)
 - Increase your creativity

Before looking for money ask yourself:

Timeless rules of new venture bootstrapping

- Never buy what you can rent
- Never rent what you can barter for

- Never barter for what you can borrow
- Never borrow what you can get for free

Maintain control by doing the most with the least

11/09/2017

The Crazy Quilt Principle (SEE SLIDE LATER)

- Why form partnership?
- Partners are a source of new means, new ideas, a way of sharing risk, and the people who help you to create an opportunity”
- First **action** almost always involves a partner... a supplier... a customer... an acquaintance
- **Effectual**= Those who self-reflect into the venture make the venture what it is.
- VS. **Causal**= Select partners to fit a given goal

NEEDS GIVEN- STUDY

- Partnerships create the venture, the venture does not create the partnerships.*****
- Like making a quilt vs. solving the puzzle
 - Wider latitude in partner creation
 - Traditionally communal
 - Quilts are a combination of both fashion and

How do Forming Partnerships Work? (SEE SLIDE AFTER)

Both parties bring different strengths to the table, and take those steps and makes goals become much more reachable.

“If you can’t convince anyone to work and create with you... then you have no business.”

- You may not be checking desirability, feasibility, or viability

Co-Creation in Action

Meal in a jar- Tried a partnership with dragon's den

- Realized she needed help, and looked at her own strengths and weaknesses and what she needed help with
- Creating value with competitors- People that have similar ideas, instead of competing, IRENE OFFERED TO partner with them and both turn a profit.

How Will you Make a Quilt- Exercise

-Essentially an activity that you matched your means and motivations with other people; test limits and become friends to see if you can co-create

RECAP- SEE SLIDE

11/14/2017

Lemonade Principle (VIDEO)

“Positive or Negative- A Surprise is A Resource”

- Pre made plans tend to lead you to avoid surprises, try to overcome to them, or adapt to them... by treating each surprise as a problem, you are missing out on the opportunity have!
 - Expert entrepreneurs exploit contingencies as building blocks for new ventures. Take things that might not necessarily workout and take it in a new direction
- 3 KINDS of Contingencies
 - Unexpected meetings-
 - Unexpected Events
 - Unexpected Information
 - All of these contingencies are either positive (Serendipitous) or negative (“Murphy’s Law”)

Taking a closer look at contingencies

- It’s not how a surprise happens, it’s how they utilize them and utilize them. What is important is how the entrepreneurs leveraged those contingencies”...

3 responses to contingencies

- Adaptive Response
 - Thinking “Inside the box” - Change yourself to fit with the contingency
- Heroic Response
 - Thinking “Outside the box” - see it as an obstacle to overcome
- Entrepreneurial Response
 - Realizing the box has changed- Use it as a resource

Taylor Swift- Kanye West (famous song) Taylor said she was mad that Kanye said that she was mad at the song, but Kim Kardashian had proof that Taylor actually said it was fine...

REPUTATION

The Contingency Path to Novel Outcomes

Contingencies (Meetings-Events- Information)

Leads to...

Change your Means (Who you know- Who you are- What you know)

LEads to...

Which gives you New Means to leverage (number of potential solutions- framing the problem)

WHICH MAY GENERATE NOVEL OUTCOMES (Unexpected happening and Responses)

11/16/2017

AWAKE- Chocolate

Top 3 seller on most college campuses

IMPORTANT PRINCIPLES

- Means- Bird in the Hand- Didn't start with a product; started with who they knew and what they knew
- Affordable Loss- Focusing on the downside- Didn't just put up their homes for sale, etc. Saw wh
- Cocreation- Crazy Quilt theory- Outsourced production and packaging, etc.
- Lemonade- Leveraging contingencies- Evaluating bad years, packaging, etc. and remyding

- Worldview- Sort of in the worldview- in the past year... just taking guesses, but as you do more market research and knowledge of business you can make more informed decisions

Finding the Right Product

- Just thought of any and all ideas

AFFORDABLE LOSS (FOCUSING ON DOWNSIDE)

And

CO-CREATION

This lead to outsource & partner... needed investments and production.

What's next?

- Selling their chocolate bars to offices

Takeaways

- The Importance of team
- Fix a problem- solve a problem that needs solving. Eg" A chocolate bar that gives energy
- Take risks
- Building momentum

12/05/2017

Pilot on the Plane Principle

Danial presentation: Starspeak

Within your means- Bird in the Hand
Affordable Loss principle-

Pilot on the Plane

Non-Predictive control: Generating an outcome more desirable than chance

- Taking action on means is more controllable (than actions based on means you don't have)
- Evaluating actions based on whether the downside risk is acceptable (Rather than on the upside being optimal) gives you more control over the risk you assume.
- Working with partners who are willing to make commitments with you gives you more control than predicting based on indirect market research
- Being flexible and embracing that come along gives you more control in an uncertain environment that trying to follow a pre-defined plan

-What can you afford? Adults making a budget, controlling their spending

-Matt: If you're going to take a shot, take an arm shot, not a head shot. Learn from your mistakes but make sure you don't get completely burned out (shot in the head)

-Partners help expand your goals

Perceptions of Control

- People's motivations to participate in action depends on their perceptions of the controllability of a situation.
 - Importance of creativity
- Effectual control techniques:
 - "... Preferring to work with elements where a significant contingency relationship exists between you and the element"
- Causal control techniques:
 - Preferring to work with elements where there is a low or no contingency
- **"The beauty of control-driven strategies is that you do not need full control- you only need sufficient control so you can move ahead.."**

4 Kinds of Impetus to Action

- Focusing on control strategies can have a positive impact on the likelihood of action... Effectuation, however, leverages control in more ways and more directly than does a causal approach.

LOOK AT 4-QUADRANT IMPETUS CHART ON D2L

Self-Efficacy: The belief that you are able to get things done, consistently correlated to entrepreneurship and success

The Key to Control

- Part of learning how to successfully create new ventures is learning about where the more- and less- controllable elements are and how to best leverage those elements
 - Elements that impact entrepreneurial venture success

- Success → is not defined by the perfection to which these elements are resolved... but rather by the ability of the organization to define, shape, and optimize each... as the industry, firm, market, and customers emerge/evolve
- Control as intervention
 - For controllers, probabilities are opportunities to manipulate events in the world by intervening somewhere....”
 - For predictors they are an opportunity to make a bet.
 - Weight Loss Clinic example
 - Recidivism rate is 9/10
 - This is the probability that you would put weight back on
- Negotiated control
 - Direct involvement with stakeholders is a more likely route for control than collecting market research data...

Retweet

- This course is *not* about whether or not you have the traits to be an entrepreneur nor what steps to take/ process to follow
- It's about developing an entrepreneurial mindset
 - Inside and outside the classroom/business world
 - An ACTION BASED methodology/ logic rooted in a set of practices
 -

Final Exam-

Focus on guest speakers-

Steve from Smile and Awake Chocolate

Isolation- How the concepts revolve around the course

\$5 resource challenge

Things where we've stopped lecture and given us some time to play, create, or experience things in a live setting

MVP CLASS AND AFTER- STUDY THAT THE MOST

BIG IDEAS AND THEMES

- Effectuation principles- what they are and what they mean. How does each principle relate to each other? Fit into the effectuation cycle.
- Idea Generation- Looking at the world as idea rich, found, or made.
- MVP +Workshop- Working through a live MPV and the 8 different types of 8 MVPs- Life effectuation examples are important to know.
- Live Effectuation Examples

Structure- Same as MIDTERM

CONSULT COURSE READINGS + YouTube Links