

# Effectual Entrepreneurship



## Synopsis

What are you waiting for? Whether you're dreaming about starting a business, learning about entrepreneurship, or on the brink of creating a new opportunity right now, don't wait. Open this book. Inside you will find everything you need. This book contains:

- a vivid new way to learn about and to practice entrepreneurship.
- practical exercises, questions and activities for each step in your process.
- specific principles derived from the heuristics of expert entrepreneurs.
- 70+ case briefs of entrepreneurs across industries, geographies and time.
- applications to social entrepreneurship as well as the creation of opportunities in large enterprises.
- data that will challenge assumptions you might have about entrepreneurship.
- a broader perspective about the science of entrepreneurship and implications for how individuals can shape their own situation.
- extra resources are also available on the accompanying website: <http://www.effectuation.org/>

You will find these ideas presented in a concise, modular, graphical form, perfect for those learning to be entrepreneurs or already in the thick of things. If you want to learn about entrepreneurship in a way that emphasizes action, this book is for you. If you have already launched your entrepreneurial career and are looking for new perspectives, this book is for you. Even if you are someone who feels your day job is no longer creating anything novel or valuable, and wonders how to change it, this book is for you. Anyone using entrepreneurship to create the change they want to see in the world will find a wealth of thought-provoking material, expert advice, and practical techniques inside. So what are you waiting for?

## Book Information

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## Customer Reviews

GOLD MEDAL WINNER in the 2012 Axiom Business Book Awards SHORTLISTED in the textbook category for the Chartered Management Institute's Book of the Year Prize, 2011-12

'Entrepreneurship is the most powerful tool we have for economic and social value creation and this book is destined to be recognized as the secret weapon all entrepreneurship educators have been waiting for! An accessible and comprehensive guide for all who aspire to both make and find opportunities. Bravo!' - Len Schlesinger, President, Babson College, USA

'Both in form and content, this expansive volume captures the excitement of the entrepreneurial enterprise and the opportunities and challenges presented at each development cycle. Written by European and US academics, this volume is a great starting point to explore notions of innovation and entrepreneurial activity. Summing Up: Highly recommended. All levels of undergraduate students; practitioners; general readers.' - S. A. Schulman, CUNY Kingsborough Community College, CHOICE

'A pragmatic, comprehensive book on entrepreneurship that talks about the key aspects and principles for establishing and sustaining a successful business' - Businessworld

'A first-class entrepreneurship education tool' - Georgios A. Panos, Journal of General Management

'This work has been absolutely instrumental in the development and continued growth of our company. We apply the 5 principles of effectuation everyday at Forgetful Gentleman. If you've ever thought of being an entrepreneur, this book will literally change your life.' - Nathan Tan, Co-Founder, Forgetful Gentleman, Darden MBA '09

'In offering a foil to the start-up myth, the authors reach an important conclusion: entrepreneurial success is not innate - it can be taught. The lessons in this book teach burgeoning entrepreneurs how to abandon doomed business models with ease, how to turn promising ideas into profitable businesses, and how to excel in inevitable uncertainty. There is the entrepreneurial story we know: the garage office, the risk-junkie founders, the midnight stroke of genius, the millions in VC funding and then there's this book, which changes it all.' - Ashleigh Williams, Entrepreneur, MBA graduate, Atkinson Graduate School of Management, Willamette University

'This is an inspiring and aspiring book based on practical experience, informed by different theories and schools of thought. It is very accessible to a wide range of audiences, from students to intrapreneurs.' - George Lodorfos, Director of Undergraduate Programmes, Leeds Metropolitan University, UK

'Paulo Coelho said "We all know fear. But passion makes us fearless" - the passion can be a hobby, an idea, a desire to change the world or entrepreneurship itself. This book is all about getting you to a point where fear becomes powerless to stop you from acting on your passion.' - Jerry Nemorin, Founder of LendStreet

'An entrepreneurial blueprint for those who don't like blueprints. The authors have distilled the essence of entrepreneurship in a new and vital

way. Anyone who wants to know what matters to the global and local economies of tomorrow should read this book.' - Jim Zuffoletti, co-founder of OpenQ 'I consider this book to be the Bible for entrepreneurs. Sarasvathy has taken the mystery out of entrepreneurship and given us a set of principles to follow on our long and winding journey of creating new ventures.' - Brett Nicol, co-founder of Forgetful Gentleman 'An inspiring book!Â The principles of 'effectuation' puts in to words what I've beenÂ attempting to do in my company.Â The down to earth examples and the road maps encourage me to say 'yes, I can!' -Â Scott Weaver, CEO of CSD Nano, Willamette University MBA 'I knew that effectuation was a game changer as I witnessed my sixty MBA classmates fight and squirm to digest the material; this topic isn't for those wanting some gentle stretching - it's a majestic contrast to the typical MBA way of thinking. As someone who already exhibited entrepreneurial tendency, effectuation provided an indispensable framework that organized and explained my previously chaotic yet intrinsic style of thinking.' - Ian Ayers, Co-Founder of Nova Global, Founder of Happy Rickshaw and CTO of LightWind Energy

Stuart Read is a Professor of Marketing at IMD. Saras Sarasvathy is the Isadore Horween Research Associate Professor at The Darden School, University of Virginia. Nick Dew is an Associate Professor of Strategic Management in the Graduate School of Business and Public Policy at the Naval Postgraduate School. Robert Wiltbank is an Associate Professor of Strategic Management at the Atkinson School of Management, Willamette University. Anne-ValÃ©rie Ohlsson is an independent writer, researcher, and creator.

Effectual Entrepreneurship offers a practical guide to how experienced entrepreneurs navigate the trade-offs and challenges in bringing a new product to market. It suggest a blend of planning with intelligent improvisation in the moment to new developments based on the means that you have already gathered. It stresses the importance of relationships: "Entrepreneurs create the future by working work together with a wide variety of people over a long period of time. [...] Entrepreneurs create enduring human relationships that outlive failures and create successes over time.Ã¢ÂÂ• Highly recommended for the principles and conceptual framework that allow you to react intelligently to events and create the future.

Here is how the real world works for entrepreneurs..No more rote business plans.The reality of success based on studies of success and failure fromleading businessschools.. .

great book had valuable information

If you are looking to just get the content in order to get the reading done for a class then this is the right option. It does present problems if you need to cite or follow along in class however since it has no way to check page numbers. Also compared to others who have the text it lacks a lot in presentation and grouping of information.

I took a class with this book, and I felt a lot of the concepts were long, and drawn out. Part of the problem was the teacher, but having to read a lot of it on my own, it really is repetitive. If you're a student or have ever been a student, most of the time you want books that explain, but don't go overboard on details. I've had better textbooks.

This is a very worthwhile book that advances a lucid and academically sound perspective on entrepreneurship. It is a view on value creation that goes against the grain of much that is being taught at business schools the world around. Despite the theory's academic credentials this book is not an abstract treatise (for a more rigorous treatment, see Sarasvathy's *Effectuation: Elements of Entrepreneurial Expertise* (New Horizons in Entrepreneurship series)). It wants to support aspiring and practicing entrepreneurs in building successful ventures. It is very accessibly written with a minimum of jargon. I was surprised and happy to see my 18-year old son pick up this book and read it in just a few sittings. Since it has offered interesting fodder for family table talk. So what is 'effectual entrepreneurship' about? Effectuation is a way of creating a business that is prepared to acknowledge irreducible uncertainty: the market cannot be defined; consumers are not aware of their future preferences; new technologies may emerge; available data are incomplete and conflicting. Acknowledging these constraints means that we can only have modest expectations as regards the usefulness of market research and competitive analysis to lead us to new opportunities. So, rather than the prevailing 'search and select' paradigm (identify underserved markets, build business case, implement), a 'create and transform' approach is in order. Therefore, the effectual entrepreneur is more like a hunter, acting on local possibilities and contingencies as she navigates an unfolding landscape: "In the concept of transformation, the creation of a market need not be intentional or even the result of foresight or imagination of possible new markets. It could simply be one way to fulfill an individual's motivation and/or an unanticipated consequence of people just doing things they think are possible and worth doing." At bottom, what separates effectual entrepreneurs from others is a different perspective on risk and control. Expert entrepreneurs deal

with uncertainty, not risk. They are trying to control a future they cannot predict. Despite the organic and messy nature of this process, Saras Sarasvathy and Stuart Read have been able to identify a number of principles that guide effectual entrepreneurs. They are:- Start with your means: don't wait for the perfect opportunity; start taking action based on what you have readily available.- Set affordable loss: evaluate opportunities based on whether the downside is acceptable rather than on the attractiveness of the predicted upside.- Leverage contingencies: Embrace surprises, remain flexible as regards goals.- Form partnerships: with people willing to make a real commitment to jointly creating the future with you.- Create opportunities: make the future happen by working with things within your control; don't worry about predicting the future. The book gives life to these generic principles through an inspiring patchwork of real-world cases. Hi-tech and low-tech, large and small, American and non-American examples underscore that in real life effectuation rather than the bloodless fiction of business plans is the norm in building successful companies. The book is structured in three parts: Part I gives a broad-brush account of effectuation and its underlying principles, and deconstructs some of the prevailing myths about entrepreneurship. Part II is a nuts and bolts discussion of effectuation in action. The principles are now discussed in more detail and their implications for financing, partnerships and branding are explored. A final part briefly discusses the relevance of effectuation for large, mature companies and for social innovators. As said, many aspects of the discussion are illustrated with well-selected examples. At the back there is a handy overview chart of all the cases linking them to the effectuation principles they help to illustrate. The research to support the argument made by this book does not stand on its own. It chimes with much of what we have learned in systems thinking and complexity science about self-organization and emergence. Other streams of research that usefully complement this perspective on entrepreneurship are focused on design thinking, reflexive practitionership, transdisciplinarity and on dealing with 'wicked problems'. I notice the Kindle version of this book has been withdrawn. Rightly so as in its electronic incarnation this book is all but unreadable. The sophisticated layout of the printed version, with lots of inset boxes, has been turned into a bewildering mosaic of undifferentiated text blocks. All the more a pity as the e-book was sold at a hefty price. Quite a letdown from this renowned publishing house. This book offers an inspiring and fun perspective on entrepreneurship and is wholeheartedly recommended but only in its printed format.

This is an excellent textbook. I am an Assistant Professor in entrepreneurship and I made the switch to this book recently from more traditional textbooks for several reasons. Most importantly, I feel this book really captures the essence of most entrepreneurial activity and therefore is of most use to the

majority of students taking an entrepreneurship course. In addition, my experience as an entrepreneurship instructor is that there is considerable redundancy across the curricula. Some repetition is good, but I don't know how many times a student has to write a feasibility study or a business plan (for a business they are never really going to launch). This book is not that. I feel it's a great complement to more traditional approaches. My one caveat is this book does assume the student is familiar with key business concepts (like sales, profits, break-even, valuation, etc), so if your students lack that background you will probably need to account for that in some other way.

Effectual Entrepreneurship is an excellent and very important book on entrepreneurship and innovation. It gives a lot of practical detail on how entrepreneurship occurs and how successful entrepreneurs actually work. The detail included is very important because so many books in the past have been lacking in their explanation of how entrepreneurs actually work. This book is quite consistent with other recent work on strategic intuition (William Duggan) and Peter Sims (Little Bets). Readers interested in entrepreneurship and innovation would benefit from reading these three books together. And although this is the case, Effectual Entrepreneurship has a great deal of new insight itself; drawing on extensive and in-depth research with entrepreneurs. Do not miss this fine book by Professor Sarasvathy and her colleagues; it is excellent and indispensable.--David Ahlstrom, Professor of Management, The Chinese University of Hong Kong

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