Saras Sarasvathy’s theory of Effectuation (2001) describes an approach to making decisions and performing actions in entrepreneurship processes, where you identify the next, best step by assessing the resources available in order to achieve your goals, while continuously balancing these goals with your resources and actions.  
Effectuation differs from the causal logic, where there is a predetermined goal and the process to achieve it is carefully planned in accordance to a set of given resources. Sarasvathy argues that the causal logic is not suited for entrepreneurship processes that are inherently characterized by uncertainties and risks.

The fundamental world view for effectuation is called the Pilot-in-the-plane, which describes the future as something you can influence by your actions, i.e. you can create your own opportunities.

The four principles of effectuation are:

* *Bird-in-Hand*: You have to create solutions with the resources available here and now.
* *Lemonade principle*: Mistakes and surprises are inevitable and can be used to look for new opportunities.
* *Crazy Quilt*: Entering into new partnerships can bring the project new funds and new directions.
* *Affordable loss:* You should only invest as much as you are willing to lose.

The world view and the four principles are used in entrepreneurship processes to plan and execute the next best step and to adjust the project’s direction according to the outcome of your actions.

As an example, a chef using causal logic decides to cook a particular meal recipe and then gathers the requisite ingredients to do so. A chef using effectuation logic looks in the fridge to see what ingredients are available, then improvises a meal using what is there. Causation logic is rational and may be best employed in situations that do not involve too much uncertainty. By contrast, effectuation logic is useful when there is uncertainty about the goals of the entrepreneur, and therefore, no definable selection environment to analyze (Chandler, DeTienne, McKelvie, and Mumford, 2011).

Effectuation theory is rising fast in academic teaching because it offers a theory-rich complement to experiential courses such as Lean Launch Pad.