

# Effectual Entrepreneurship

2 readings at the end, important reading about writing a good business plan. - red and amber readings are the best

## 1 Casual vs Effectual Thinking

- Casual Thinking — Aligning all resources towards a goal.
  - This is the “outside in” way of thinking.
  - Line up the resources towards the group of customers you are aiming for.
  - An example of this is easy jet - no frills
- Effectual Thinking
  - Split means out into many imagined ends
  - “inside out” way of thinking
  - An example of this is Honda - Known competency in engines.

Principles of effectuation:

- The bird in the hand principle
  - Starting with a modest idea allows you to explore putting more into your idea.
- The affordable loss principle
  - Not betting what you don't have, only put in what you can afford to lose
  - Related to bootstrapping
- The crazy quilt principle
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- The lemonade principle
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- The pilot in the plane principle
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## 2 Lean Startup

Lean startup - Looking at the minimum amount an entrepreneur can do to benefit the customer. This allows the entrepreneur to start engaging with the customers, who start to give feedback on what is being done

- Begin with the idea
- Measure how well you are doing through customer testing
- Learn and implement what you need to improve

## 3 Bootstrapping

There are many ways to fund the business without borrowing lots of money.

- Get money from clients before committing any resources.
- Look for a deposit big enough to get the resources needed.
- Negotiate late payment with supplier
- Many more examples