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**ASSIGNMENT 2 -**

**PRINCIPLES OF EFFECTUATION**

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**PRINCIPLES OF EFFECTUATION** are what one may come up with to get out of unstable or uncertain situations, especially when one is dealing with a business or a start up.

Below are some commonly used principles of effectuation:

**BIRD IN HAND:**

Making use of whatever available resources we have in the best way possible in order to achieve a particular goal in mind.

*Exmple:* you have a deadline for a project and you’re out of town until the penultimate day - so, you don’t have access to every tool you need. Compromising in this situation and making something out of the little you have with you instead of ditching the whole project altogether would be making use of the ‘bird in hand’ principle.

**CRAZY QUILT:**

Collecting things from various sources and different situations/backgrounds and assembling them to make something solid and stable, like sewing a quilt from random, assorted and mismatched pieces of cloth. This is more of a concept that applies to teams of people who are starting up a venture together.

*Example:* in a team project, dividing the workload amongst the members and putting together the resources collected/acquired by each team member leads to a richer final product and a boost in knowledge for the rest of the team members.

**LEMONADE:**

Using every failure as a chance to improve. Our failures tell us what we did wrong, hence, we can learn from them and fix these mistakes in order to achieve success in our ventures.

*Example:* anything in life, really - in accordance with the quote: “When life gives you lemons, make lemonade.” Make the best of what you have and learn from your mistakes.

**AFFORDABLE LOSS:**

Some necessary and not-so-risky losses are made along the way that are not severely detrimental to the entire business and actually lead to a bigger benefit than loss, instead of taking risks that may either lead to huge wins/profit or massive losses.

*Example:* in the card game “Bluff”, lying and getting rid of extra cards will you help you win sooner but if caught, the game will be prolonged for you but it may not necessarily be a total defeat (there’s still a probability of winning but taking a this small risk may lead to a quicker and more efficient win).

**PILOT-IN-THE-PLANE:**

The belief that their path, course, and goal are all set and determined solely by them based on their actions - that is, believing that the outcomes and results of their decisions and actions are carefully predetermined and are exactly what they plan to achieve. Every trend in the market is predicted first and only then are the moves made. After predicting the trends, the entrepreneur needs to be able to tackle situations when they do not go as expected.

*Example:* literally like being a pilot in the plane. The starting point, destination, and route are pre-determined; but in the case of adverse situations (like bad weather) the pilot should be able to find a way out. For instance, in the 2017 movie *“SULLY”*, the pilot makes an emergency landing of his threatened plane on an icy river’s surface instead of the route recommended by the monitor because that was the only way to get maximum passengers out safely.

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**-SAKSHI SHETTY**

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