

CAUSATION AND EFFECTUATION

Causation: The process of gathering or collecting the various possible means to achieve a predetermined objective. **Aim first Shoot later.**

PRINCIPLES OF CAUSATION:

- Every Cause has its Effect.
- Every Effect has its Cause.
- Everything happens according to Law.
- Chance is but a name for Law not recognized.
- There are many planes of Causation but nothing escaped the Law.

TEACHINGS REFLECTING CAUSATION:

- Newton's 3rd Law of Motion
- The Ripple Effect
- The Karma Effect
- The Law of Increase

CAUSATION V/S CORRELATION

CAUSATION	CORRELATION
Causation is the "act or process of causing something to happen or exist". It means one event is 100% certain to cause something else.	Correlation means there is a relationship but not a 100% guarantee that it will cause something to happen.
- if you paint you will make a painting.	- If you paint, you might sell a painting
- If you stand in rain you will become wet	- If you stand in the rain you might get hit

Effectuation: Process of reasoning or problem solving which assumes the objective which is largely unpredictable and uncertain but can be controlled through human actions: **Shoot first Aim Later approach.**

PRINCIPLES OF EFFECTUATION:

- **Bird in hand:** You have to create solutions with the resources available here and now
- **Affordable Loss:** You should only invest as much as you are willing to lose
- **Lemonade:** Mistakes and surprises are inevitable and can be used to look for new opportunities
- **Patchwork Quilt:** Entering into new partnerships can bring the project new funds and new directions.
- **Pilot in the Plane:** Which describes the future as something you can influence by your actions, i.e. you can create your own opportunities.

TEACHINGS REFLECTING EFFECTUATION

- When faces with a difficult creative problem, or if you want or become more innovative, you should stop planning and start acting with whatever means are available to you.
- If you find getting started to be difficult or you feel that you need to discover new opportunities, taking a closer look at what means are actually available to you- by mapping out your values, competencies and network- will certainly help.

	CAUSATION	EFFECTUATION
GOAL	Pre-determined goal based on forecasts	Means are defined, which will be used for decision making and future opportunities.
CHOOSING	Selecting means based on expected returns. Selection is based on goal, effect dependency – calculation on upside potential of opportunity.	Select between possible goals, and selection based on acceptable risks and loss.
OUTCOMES	Achieve desirable market Share through strategies- competition based attitude	Expand to new markets through alliances and cooperation strategies. Collaboration based attitude.
LOGIC	To which extent company can predict the future that we can control. Avoid unexpected and anomalies.	To which extent company can adopt the future. Embracing anomalies and the unexpected.
EXAMPLE	Jig-Saw Puzzle, Property Consultant/Dealer	Lego, Coloniser

EXAMPLES:

- **(Causation)Jig saw puzzle:** it has a given solution that you are driven to achieve- a defined goal. Climbing a mountain.
- **(Effectuation) LEGO:** There is no specific solution: Building a mountain as you climb.

KEY TAKEAWAYS:

- Causation and Effectuation may be considered as two pathways that lead to Entrepreneurship.
- Both Causation and Effectuation converge to cater to the customer needs.
- The key question between causation and effectuation is better in an absolute sense, but which is better is more efficacious under what circumstances.
- It is mainly in the mind of an individual.

OPPORTUNITY CANVAS

It has 9 quadrants.

- **SOLUTION IDEA:**
 - Why look at solution idea?
 - It is recommended that we must look at an idea that can be converted into an opportunity such that the idea is profitable and good for consumers to look into.
 - We list
 - Product
 - Features
 - Enhancement ideas that solve a problem of the target audience
 - Once this is done we must link the solution to the problems and the market to which our idea caters to.
- **USERS AND CUSTOMERS**

- What type of users and customers our solution addresses
- Looks for differences in users' goals or uses that would affect the use of the product
- We separate users and customers into different types based on those differences that make a difference.
- It is a bad idea to target "Everyone" with your product.
- **SOLUTIONS TODAY**
 - How do users address their problems today?
 - List competitive products or work-around approaches our users have for meeting their needs
- **USER VALUE**
 - If our target audience has a solution then how can they do things differently as a consequence?
 - How will that benefit them?
 - Eg: Jio gave free internet
- **USER METRICS**
 - What user behaviours can you measure that will indicate they adopt, use and place value in your solution?
 - Eg: Jio users bought sims, phones, internet, smartphones
- **ADOPTION STRATEGY**
 - How will users discover and adopt you solution
 - Marketing, campaigns, advertisement, door to door selling
- **BUSINESS PROBLEMS:**
 - What problems are solved for our business by building this product, feature or enhancement.
 - Business problems faced by the consumers
- **BUSINESS METRICS**
 - Talks about the success of the solution.
 - These usually change as a consequence of behaviour metrics changing.
- **BUDGET:**
 - What is it worth to you?
 - How much money and/or development would you budget to discover, build and refine this solution?