**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**

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| **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 stand in rain you will become wet | * Ifyou paint, you might sell a painting * 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.

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|  | **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  Shre 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?