

Today's Agenda



1. Tools of Entrepreneurial Expertise
2. Non-Predictive Control Strategy
3. Cold Opportunity

What Makes Entrepreneurs Entrepreneurial?

Intriguing:

**Control an unpredictable future, rather than
predict an uncontrollable future.**



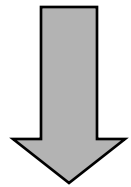
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Entrepreneurial Decision Making

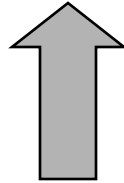
	Tactics for Control	Tactics for Prediction
1. Where to Start	<p>Assess Your Means. Take action based on what you have available:</p> <ul style="list-style-type: none"> * Who I am * What I know * Whom I know <p>Example: I have person A, I can achieve X, Y, or Z</p>	<p>Set a Goal. Goals determine actions. For example, the goal of achieving X, will dictate I need person A with skills matched to X.</p>
2. Risk, Return and Resources	<p>Set Affordable Loss. Pursue interesting opportunities without investing more resources than you can afford to lose. Set a limit on downside potential.</p>	<p>Calculate Expected Return. Pursue the (risk adjusted) largest opportunity and accumulate required resources. Maximize upside potential.</p>
3. Attitude Toward Outsiders	<p>Form Partnerships. Grow. Strategy is created jointly through partnerships to create new opportunities.</p>	<p>Perform Competitive Analysis. Protect. Strategy is driven by potential competitive threats.</p>
4. Contingency	<p>Leverage Contingencies. Surprises are good. New developments encourage imaginative re-thinking of possibilities and continual transformations of targets.</p>	<p>Avoid Contingencies. Surprises are bad. Contingencies are managed by careful planning and focus on targets.</p>
5. Approach	<p>Transformative. The future as shaped (at least partially) by actions of all players. Prediction is neither easy nor useful.</p>	<p>Predictive. The future is a reliable continuation of the past. Accurate prediction is possible and useful.</p>



A Critical Difference



Prediction



Control when facing uncertainty.

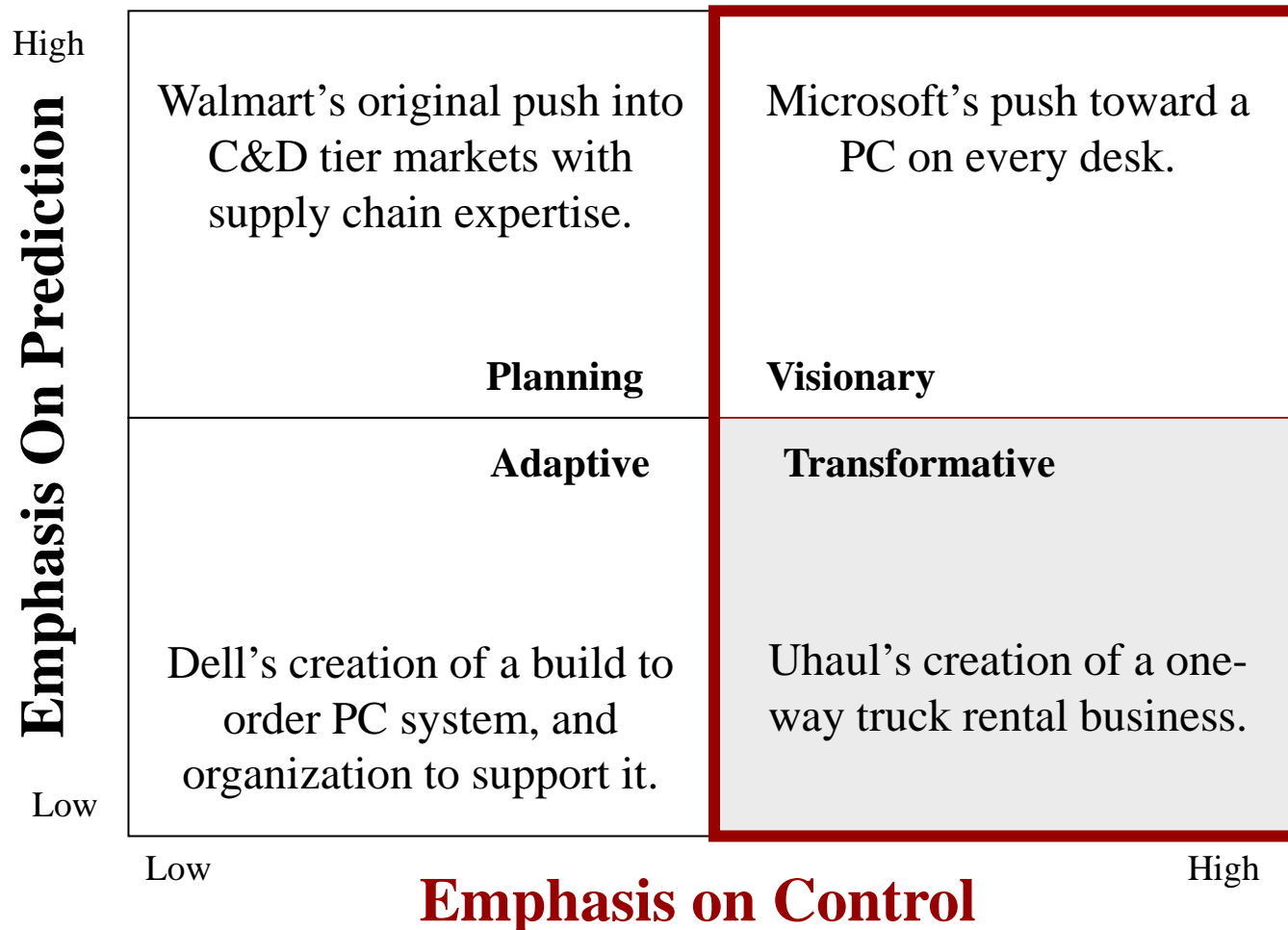
Prediction: efforts to position the venture for success based on forecasts for the development of important market elements.

Control: efforts to directly construct important market elements by transforming existing ones, in order to lead the venture to success.

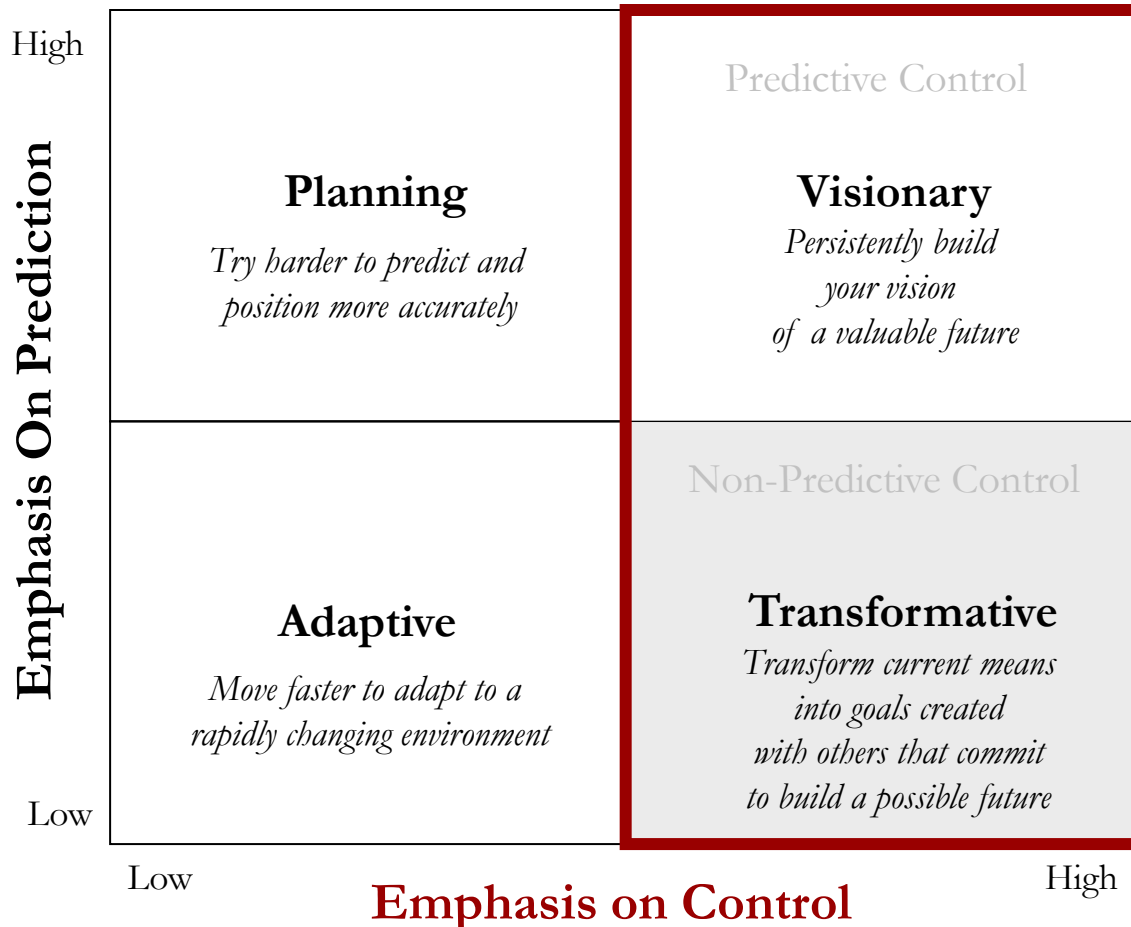


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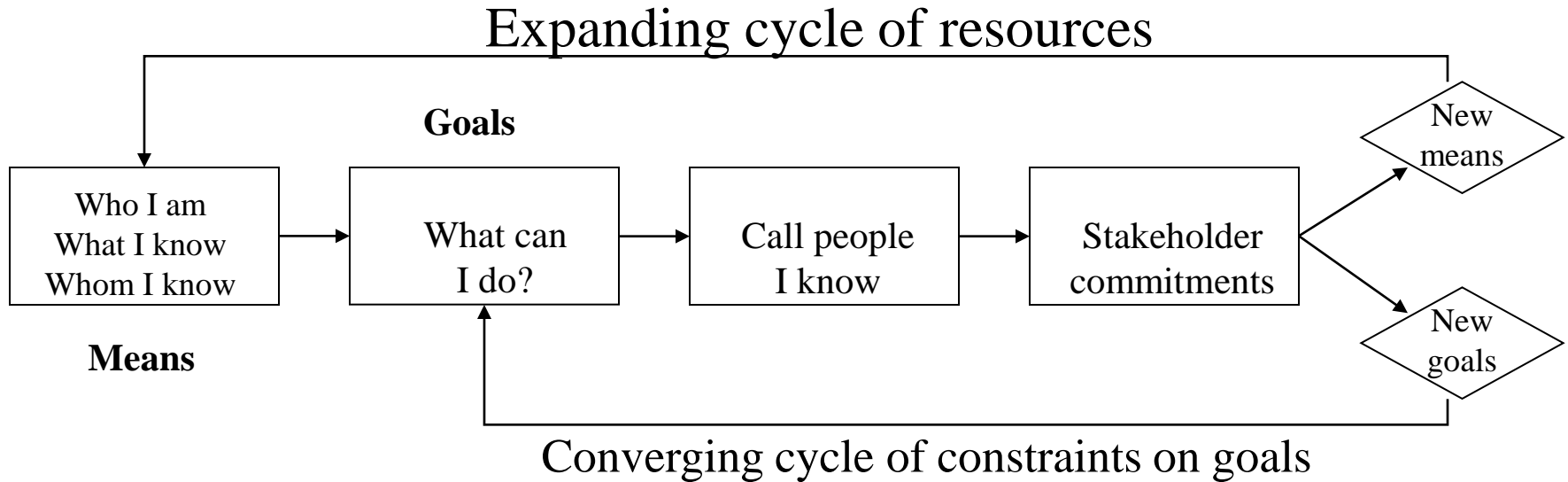
Examples of Strategy in Action



Strategic Approaches



The Effectual Process – Dynamic & Interactive



Both new means and new goals are changes in constraints

Non-Predictive Control Strategy

What?

-In uncertain situations, Growth Leaders tend to avoid prediction and emphasize control.

So what?

-Your emphasis in one direction or the other, influences the

Now what?

- Create strategic alternatives from both perspectives.
- Consider the implications of your competitors' approaches.
- Reevaluate project selection:
 “Influencable” vs. large & predictable.



Non Predictive Control in Angel Investing

- Select ventures that appear most capable of influencing critical market elements.
Create and Influence localized markets, rather than compete in large “ideal” ones.
- Emphasize the current means and capabilities of the venture rather than on plans for acquiring the “best” means to reach their original goals.
Adjusting goals is less expensive than acquiring different means.
Commitment is more important than Best.
- Encourage the venture to make smaller investments that get to cash flow positive rather than investing in the resources suggested by market research to “hit plan.”
Overhead trails growth
- Avoid prediction as the basis for investment decisions.
Emphasize affordable loss rather than maximizing expected values.

Control is related to a reduction in failures, homeruns appear random.



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