



2 Practicing Entrepreneurship

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You may have wondered why so many things seem to be harder and take longer to accomplish than you would like—and why both things seem to be increasing. We don't have the answer in every case, but here is an explanation that probably covers the majority of situations: the way we have been taught to solve problems was designed for a different world. To deal with uncertainty today, we need a different approach.”¹

—Leonard A. Schlesinger, Charles F. Kiefer,
and Paul B. Brown, authors

Learning Objectives

- 2.1** Compare and contrast the prediction and creation approaches to entrepreneurship.
- 2.2** Create a portfolio of five skills essential to building a mindset for The Practice of Entrepreneurship.
- 2.3** Distinguish between entrepreneurship as a method and a process.
- 2.4** Illustrate the key components of The Practice of Entrepreneurship.
- 2.5** Assess the role of deliberate practice in achieving mastery.

Chapter Outline

- 2.1** Two Main Perspectives on Entrepreneurship
- 2.2** The Five Skills Most Important to The Practice of Entrepreneurship
- 2.3** Entrepreneurship Is More a Method Than a Process
- 2.4** The Practice of Entrepreneurship: An Introduction
- 2.5** The Concept of Deliberate Practice

2.1 TWO MAIN PERSPECTIVES ON ENTREPRENEURSHIP

>> LO 2.1 Compare and contrast the prediction and creation approaches to entrepreneurship.

In Chapter 1, we examined the truths behind some common images of entrepreneurs and explained why we can no longer rely on traditional conceptions of what entrepreneurship is all about. The fact that there are two main perspectives on entrepreneurship challenges us to rethink what entrepreneurship really means: It's no longer about a path of starting and growing a venture using a linear step-by-step process. Instead, it is a much messier, ongoing practice of creating opportunities, taking smart action, learning and iterating, and using a portfolio of skills to navigate an ever-changing world.

The skills and mindset presented in this book are essential to The Practice of Entrepreneurship. There is no magic formula for success, but if you develop the skills and mindset, you will learn to work smarter and faster, and be able to make decisions based on reality instead of guesses. As we will repeat many times throughout this book, entrepreneurship is a method that requires practice, and action trumps everything.

This chapter's *Entrepreneurship in Action* feature describes how Rob Hunter, founder and CEO of HigherMe, created opportunities and took action to get his venture off the ground. How can Hunter predict that his business is going to succeed? The truth is, he can't; his focus is on creating a future rather than predicting it. But, by creating what he wants and what he believes his customers need, he's in control.

The two perspectives examined in this section represent older and newer views in entrepreneurship. We like to view these perspectives as different logics—ways of thinking about entrepreneurship. The older view sees entrepreneurship as a linear process in which steps are followed and outcomes are—ideally—predictable. For this reason, it is sometimes called the **predictive logic**. In contrast to it, the newer view sees entrepreneurship—as we do—as a mindset and a method that requires practice. Recent advances in the field have termed this the **creation logic**.² Whereas predictive

Predictive logic: a form of thinking that sees entrepreneurship as a linear process in which steps are followed and outcomes are—ideally—predictable.

Creation logic: a form of thinking that is used when the future is unpredictable.

Rob Hunter, Founder and CEO, HigherMe <http://www.higherme.com>



Rob Hunter, Founder and CEO of HigherMe

Credit: Printed with permission from Rob Hunter

Kendra didn't look like much, at least not on paper. The high school student was seeking a job with a local Marble Slab Creamery ice cream shop and had sent in her resume. The chain's owner, Rob Hunter, called her for an interview anyway. He was pleasantly surprised when he met Kendra in person: "She had a wonderful personality and still has a wonderful personality," he told the technology news website Venturefizz six years later, in March 2014. "You can kind of tell or get a really good sense of work ethic and reliability a couple of minutes in." Hunter saw potential in Kendra from the beginning.

Kendra would become Hunter's most valuable employee, eventually rising to the rank of manager. She also became an inspiration for Hunter's next business venture, HigherMe, an online job-matching site that seeks to match retailers, restaurant owners and other service sector employers with stellar entry-level workers. While Hunter is long gone from the ice cream business, that time in his professional life is never far from his mind because his experience in employing Kendra inspired him to build a completely new business. "When I look back at my stores, especially the ones that failed, I think, 'What if I had had an army of Kendras?'" Smart, proactive, personable, hardworking: all those star employee qualities, hard to discern from a one-dimensional piece of paper, can be game-changers for businesses. And those are just the qualities that HigherMe, a job placement service founded in 2015, promises to unearth through its unique online system.

HigherMe invites job seekers to submit short videos answering a series of carefully selected questions. The videos, plus a ranking system, help employers decide

who's worth an interview and who isn't. Hunter thinks both of these aspects help get all the critical qualities that are impossible to glean from a resume. "There's nothing more painful than that 19 and a half minutes after the first 30 seconds during which you've decided they're not going to work out," Hunter says.

Along with cofounder Evan Lodge, Hunter set his sights high. "We want to treat [workers] well, to find them jobs, to not just make money off of them, but to help them succeed in their lives. To be honest, a nice juicy exit along the way wouldn't hurt, but a big impact on the country is what we are looking for."

The startup has made some exciting inroads so far, winning more than \$30,000 of funds and \$50,000 of in-kind services through the MassChallenge Boston accelerator program. One advantage HigherMe enjoys is that unlike the ice cream business, overhead for this kind of tech startup is relatively low.

HigherMe is the latest phase in a life of entrepreneurship for Rob Hunter. At age 15 he built a successful enterprise selling Japanese wrestling videos and DVDs all over the world on eBay. The money was enough to send him to college and to invest in real estate, which in turn generated enough income to open a chain of ice cream stores. Some did well, some didn't. To today's aspiring entrepreneurs, he says, "Be smart with money. Have side income that can support you while pursuing your big idea. . . . Avoid personal guarantees on debts and loans. Don't underestimate the power of teamwork. . . . Try to smooth out the curve; don't get so distracted by the highs or bogged down in the lows, because there will be both."

CRITICAL THINKING QUESTIONS

1. Does Rob Hunter's story exemplify the linear "process" approach to entrepreneurship, the nonlinear "practice" approach, or both? Explain your answer.
2. In what ways do you agree with the goal "to not just make money off of [job applicants], but to help them succeed in their lives"? How does this fit with your image of entrepreneurship?
3. To what extent do desirable qualities in an employee differ from desirable qualities in a business owner or entrepreneur? Explain your answer and give examples. ●

Source: R. Hunter, personal interview, August 21, 2014.

thinking is used in situations of certainty, the creation logic is used when situations are more unpredictable and uncertain.³ With a predictive approach, entrepreneurs determine the goals they need to achieve and look for the resources to enable them to reach their goals. Entrepreneurs who use the creation approach turn this thinking upside-down: they determine their goals according to whatever resources they have at hand. They use what they have rather than wait for extended periods of time to get what they need before taking action.

Prediction works best in times of certainty and when there is access to existing information and data on which to base decisions. Prediction is the dominant logic of large, established organizations, where goals are predetermined, issues are transparent, and information is reliable and accessible. Under these circumstances, it is relatively straightforward to analyze a situation, define problems and opportunities, and diagnose and find solutions. Big organizations can use sophisticated planning tools to analyze past and present data in order to predict any shifts in the business landscape. Yet this process is by no means foolproof, as demonstrated by many well-planned initiatives backed by large companies that do not end up succeeding.

Traditional entrepreneurship theory is underpinned by the prediction view: “I can control the future if I can predict it.” Someone who uses prediction has a specific goal to work toward, together with a given set of means for reaching it. For example, if you are throwing a dinner party for a group of friends, you might choose a recipe or draw up a menu, buy the ingredients, and cook the meal according to a set of instructions.

In contrast, the creation logic is employed in times of uncertainty. For example, imagine that a couple of friends show up unexpectedly at your door one evening. Everybody is hungry, so you go through your kitchen cupboards to see what ingredients you can throw together to prepare a satisfactory meal. This is a simple example of the creation logic—creating something without a concrete set of instructions. However, the prediction and creation logics don’t lead to opposing goals or outcomes. While the means of the goal are different, the end goal is still the same: to cook a meal for your group of friends. It’s the *approach* toward action that is different.



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Video
The Creation Approach

TABLE 2.1

Prediction and Creation

| PREDICTION | CREATION |
|--|--|
| Big planning | Small actions |
| Wait until you get what you need | Starting with what you have |
| Expected Return | Acceptable loss |
| Linear | Iterative |
| Optimization | Experimentation |
| Avoid failure at all costs | Embrace & leverage failure |
| Competitive | Collaborative |
| Knowable | Unknowable |
| <i>To the extent we can predict the future, we can control it.</i> | <i>To the extent we can create the future, we don't need to predict it</i> |

Credit: Sarasvathy, S. D. 2008. *Effectuation: Elements of Entrepreneurial Expertise*. Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing; Schlesinger, L., Kiefer, C., and Brown, P. 2012. *Just Start: Take Action, Embrace Uncertainty, Create the Future*. Cambridge, MA: Harvard Business School Press. <http://www.e-elgar.com/>

In reality entrepreneurs should and do employ both perspectives; but, in general, we are expert predictors because we have been honing these skills for years. We were expert creators when we were babies—a time when everything around us was a mystery and uncertain. The only way we learned as a baby was by trial and error. Traditional education, the need to find the correct answer, and the constant need for measurement and assessment has inhibited our creative nature. Whenever using the creation logic seems daunting, just remember that we were all born with the ability.

An early entrepreneurial venture is unlikely to have access to sophisticated predictive tools, nor is it just a smaller version of a large organization.⁴ While prediction has its advantages, it is not enough in today's uncertain, complex, and chaotic business environment. Ideally, new ventures need to be able to balance both prediction and creation in order to function. Further, they need to also understand under what conditions to use which approach. Small enterprises will almost always begin with creation, but as they collect data in the real world, they will use prediction for analysis.

The majority of entrepreneurs are more likely to start out with a general idea that they feel is worth pursuing, rather than a concrete plan with a formulated strategy. The early stages of entrepreneurship emphasize creation over prediction, given the reality of what it's really like to start a business. You simply can't predict. After all, how is it possible to price a product or a service when the market does not exist? Or hire the right people for a business that hasn't yet begun to figure out who the customer is or the size of the market? Or determine the worth of a company in an industry that has only emerged very recently? It is usually possible to access some useful data; but if you are working on a truly novel idea, you must get out of the building and collect your own data. You must take action.

In many respects, prediction and creation are two sides of the same coin. Table 2.1 shows how entrepreneurs can use both creative and predictive reasoning and go back and forth between the two, depending on the circumstances. Each approach results in different types of action.⁵

Prediction and Creation in Action

To further examine the creation and prediction approaches, here is an example based on a thought experiment called “Curry in a Hurry” devised by Darden School

of Business professor Saras D. Sarasvathy.⁶ Say you want to start an Indian restaurant in your hometown. You could begin by assessing your market through questionnaires, surveys, and focus groups to separate those people who love Indian food versus those who don't. Then you could narrow the “love it” segment down to the customers whom you might be able to approach when your restaurant opens.

This approach would help you predict the type of diners who might become regulars at your restaurant. You could then continue your information-gathering process by visiting other Indian restaurants to gauge their business processes, and contacting vendors to gauge prices and availability of goods. Having spent months acquiring all this knowledge, you could formulate a business plan, apply for bank loans and loans from investors, lease



Customers dining in a small Indian restaurant

Credit: Kumar Sriskandan/Alamy Stock Photo

RESEARCH AT WORK

The Creation Approach

The creation approach aligns with the work of Dr. Saras Sarasvathy and her **theory of effectuation**,⁶ based on the idea that because the future is unpredictable yet controllable, entrepreneurs can “effect” the future. Sarasvathy believes it is futile for entrepreneurs to try and predict the future.

In 1997, Dr. Sarasvathy traveled to 17 states across the United States to interview 30 entrepreneurs from different types and sizes of organizations and from a variety of industries to assess their thinking patterns. The aim of her research was to understand their methods of reasoning about specific problems. Each entrepreneur was given a 17-page problem that involved making decisions to build a company from a specific product idea. By the end of the study, Sarasvathy discovered that 89% of the more experienced, serial entrepreneurs used more creative, effectual thinking more often than its contrary—predictive or causal thinking.⁷

Until Dr. Sarasvathy's study, we really didn't know how entrepreneurs think—at least previous research didn't

identify such salient patterns as her work. She found that entrepreneurs, especially those entrepreneurs who have started businesses multiple times, exhibited specific thinking patterns. Thus, we are able to demonstrate that entrepreneurship can be taught because we can train ourselves to think differently—and how we think is the antecedent to how we act.

CRITICAL THINKING QUESTIONS

1. **What strengths and weaknesses do you see in the creation view of entrepreneurship? Give some examples that would apply to real life.**
2. **If you were asked to participate in Dr. Sarasvathy's study, how might she classify your ways of thinking and problem solving?**
3. **What additional research questions can you suggest that would shed light on how entrepreneurs think and solve problems? ●**

a building and hire staff, and start a marketing and sales campaign to attract people to your restaurant.

While this is one way to go about starting a new business, it is based on two big assumptions: (1) you have the finances and resources for research and marketing; and (2) you have the time to invest in intensive planning and research. Typically, this is the sort of path taken by novice entrepreneurs who navigate worlds that they perceive as certain; they spend huge amounts of time on planning and analysis and allow the market to take control while they take a back seat. In short, they spend lots of time and money trying to predict the future.

Given that the prediction approach to opening a new restaurant is time-consuming and expensive, what other approach could novice entrepreneurs take to carrying out the same task? If you followed the creation approach to starting your Indian restaurant, you would be going down a very different path. To learn more about the creation approach and the corresponding effectuation theory, see the *Research at Work* feature.

To implement the creation approach, first, you would take a look at what means you have to start the process. Let's assume you have only a few thousand dollars in the bank and very few other resources. You could start by doing just enough research to convince an established restaurateur to become a strategic partner, or persuade a local business owner to invest in your restaurant, or even create some dishes to bring to a local Indian restaurant and persuade them to let you set up a counter in their establishment to test a selection there.

Theory of Effectuation:
the idea that the future is unpredictable yet controllable and entrepreneurs can “effect” the future.

Second, you could contact some of your friends who work in nearby businesses and bring them and their colleagues some samples of your food, which might lead to a lunch delivery service. Once the word is out and you have a high enough customer base, you might decide to start your restaurant.

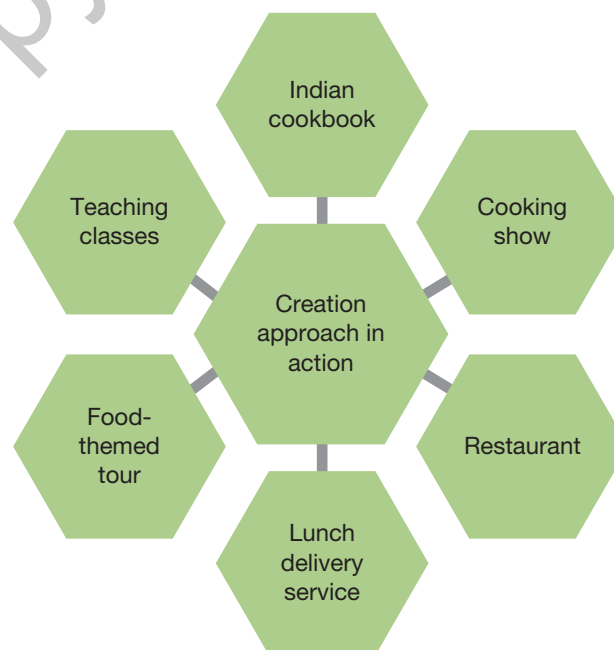
Getting out in your community, meeting new people, and building relationships with customers and strategic partners can lead to all sorts of opportunities. Someone might suggest that you write an Indian cookbook and introduce you to a publishing contact; someone else might think you have just the right personality to host your own cooking show, and connect you with someone in the television industry. Others might want to learn more about Indian culture and inspire you to teach classes on the subject; or they might express an interest in travel, inspiring you to organize a food-themed tour of different regions around India. Suddenly you have a wealth of different business ideas in widely varied industries. Your original goal of starting a restaurant has evolved and multiplied into several different streams, demonstrating how it is possible to change, shape, and construct ideas in practice through action (see Figure 2.1).

But who knows what the true outcome will be? Let's say the majority of people just don't like your cooking, even though your close friends rave about it. If you are really determined to reach your initial goal, you could use their feedback to work hard at improving your recipes and try again. However, if you silently agree with your customer base, you haven't lost too much time and money in your idea—which means you have resources left over to focus on your next entrepreneurial pursuit.

Entrepreneurship under creation view is based on how entrepreneurs think. They navigate uncertain worlds to create rather than find existing opportunities; they make markets, learn from failure, and connect with a variety of stakeholders to fulfill their vision of the future.

FIGURE 2.1

The Creation Approach in Action



2.2 THE FIVE SKILLS MOST IMPORTANT TO THE PRACTICE OF ENTREPRENEURSHIP

>> LO 2.2 Create a portfolio of five skills essential to building a mindset for The Practice of Entrepreneurship.

By using the creation approach, entrepreneurs learn through action and manage uncertainty by focusing on developing five key skills: the skill of play, the skill of experimentation, the skill of empathy, the skill of creativity, and the skill of reflection. Throughout the book, these skills will come up time and time again through exercises that will encourage you to think and act entrepreneurially.

Skill of play: frees the imagination, opens up our minds to a wealth of opportunities and possibilities, and helps us to be more innovative as entrepreneurs.

The Skill of Play

The **skill of play** frees the imagination, opens up our minds to a wealth of opportunities and possibilities, and helps us to be more innovative as entrepreneurs.⁷

Theorists such as the famed child development psychologist, Piaget, have been extolling the benefits of play for decades, so why don't we do enough of it? Think about it. Don't you feel more interested, engaged, energized, and exhilarated when you're having fun and being playful? Why shouldn't entrepreneurship be fun? We feel that entrepreneurs benefit from creative exercises that encourage interaction with others, problem solving, idea generation, learning from trial and error, and so on.

In the context of entrepreneurship, play can include the use of serious games (i.e., educational games) such as alternative reality games and learning simulations that challenge you to be creative and to think like an entrepreneur.



Play can include the use of alternative reality games

Credit: ©iStockphoto.com/
EvaKatalinKondoros

The Skill of Experimentation

The **skill of experimentation** is best described as acting in order to learn: trying something, learning from the attempt, and building that learning into the next iteration.⁸ In the context of entrepreneurship, experimentation means taking action, such as getting out of the building and collecting real-world information to test new concepts, rather than sitting at a desk searching databases for the latest research. It involves asking questions, validating assumptions, and taking nothing for granted.⁹

For example, say you have formulated a new energy drink, but you're not sure how to price it. You could spend weeks evaluating the energy drink market, researching your competitors to see how much you should charge for your own beverage. You might be able to get an idea of an average price for your drink, but it will be only a general guide. Alternatively, you could bring samples of your drink to the sidewalk, your friends, contacts, and local businesses and sell it at different prices based on what you have discovered during your research. By taking action and bringing the product directly to the customer, you acquire feedback not only on the price but also on how much they like the drink. This is experimentation—learning by doing, and taking action to create the bigger picture.



Video
The Skill of Play

Skill of experimentation: best described as acting in order to learn—trying something, learning from the attempt and building that learning into the next iteration.

Skill of empathy: developing the ability to understand the emotion, circumstances, intentions, thoughts, and needs of others.

The Skill of Empathy

The **skill of empathy** is understanding the emotion, circumstances, intentions, thoughts, and needs of others.¹⁰ Empathy is being able to relate to how others are feeling because you have been in a similar situation yourself. For example, you know how your best friend feels when her dog dies, because the same happened to you at one stage. Similarly, a nutritionist who has struggled to lose weight knows how a patient feels when attempting to do the same thing; and a former smoker knows how it feels for someone else who is trying to quit.

Why is empathy so important for an entrepreneur? Developing empathy is essential for truly understanding the reality of being an entrepreneur as well as evaluating your own ability to become an entrepreneur. Exercises such as interviewing practicing entrepreneurs help you to develop empathy for what they have been through, and enable you to put yourself in the shoes of that person and imagine what you would do in the same situation. Furthermore, empathy allows you to connect with potential stakeholders in a more meaningful way, which could help to identify unmet needs, leading to the creation of new products and services.

Skill of creativity: requires a general openness to the world and relates to unleashing our creative ability to create and find opportunities and solve problems.

The Skill of Creativity

The **skill of creativity** requires a general openness to the world and relates to unleashing our creative ability to create and find opportunities and solve problems.¹¹ We believe that entrepreneurship students are more open to creativity than students from other business courses—a theory that has been supported by recent research.¹² Our aim is to harness your creative potential so you can create opportunities, rather than simply discovering or looking for them.

But how do you create opportunities? It all depends on how much you want to learn, how curious you are, and how much energy you have to implement your idea. We all have ideas; but no matter how great we think they are, we need to have the desire to see them through. We will talk a lot more about creating new ideas in Chapter 5.

Creating opportunities is also based on some of the principles outlined in the previous section: the amount of resources you have, the ability to collaborate rather than compete, the effort to build relationships, the knowledge regarding how much you can afford to lose, and the willingness to leverage the knowledge that results from possible failures along the way. Using these principles dispels all those elements that tend to stunt creativity such as fear and perceived obstacles, and helps you to take action even under extreme conditions of uncertainty and doubt to create something of value.

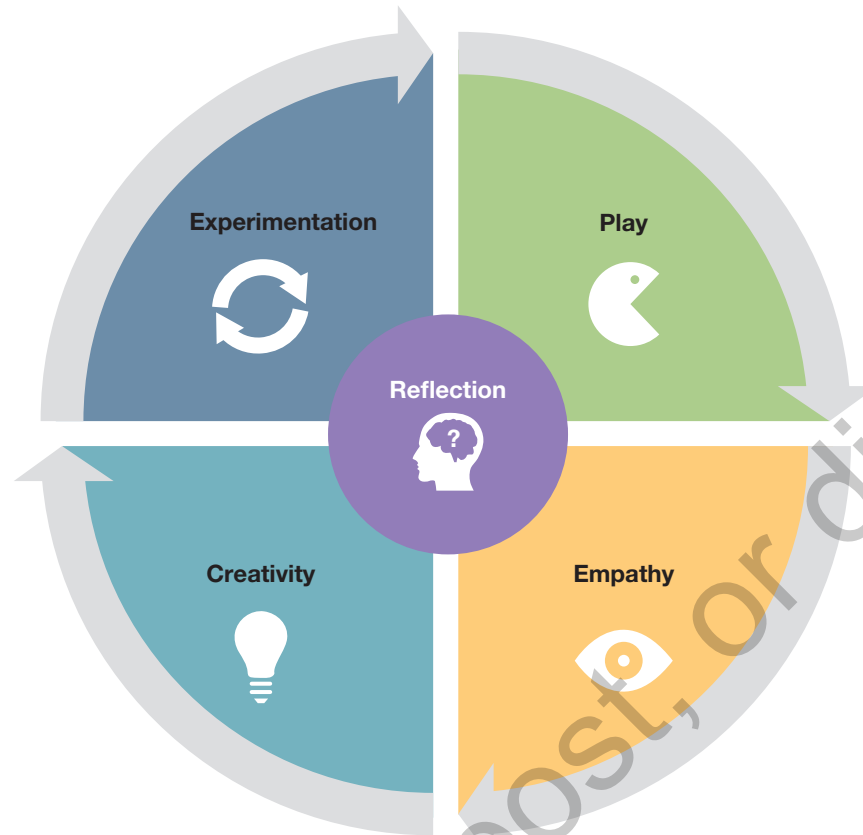
Skill of reflection: helps make sense of all of the other actions required of play, empathy, creativity and experimentation.

The Skill of Reflection

The **skill of reflection** helps make sense of all of the other actions required of play, empathy, creativity, and experimentation. It helps codify our learning from practicing the four other skills. You may not realize it, but taking the time out to reflect is also an action, and it can be the most important of all the five skills. Reflection makes us aware of feelings of discomfort, helps us to critically analyze our own feelings and the knowledge we possess, provides us with new perspectives, and allows us to evaluate outcomes and draw conclusions.¹³

In spite of the benefits of reflection and the substantial amount of research that supports its importance, we don't seem to practice it very much at all. When asked to



FIGURE 2.2**The Five Most Important Skills to The Practice of Entrepreneurship**

Source: Neck, H. M., Greene, P. G., & Brush, C. (2014). *Teaching entrepreneurship: A practice-based approach*. Northampton, MA: Edward Elgar.

reflect, we often don't really know how. Without intentional and focused reflection, we simply simulate writing in a diary or journal, which is interesting in practice, but it doesn't help us really learn from our actions. There are six different ways we can practice reflection:

- ▶ narrative reflection,
- ▶ emotional reflection,
- ▶ perceptive reflection,
- ▶ analytical reflection,
- ▶ evaluative reflection, and
- ▶ critical reflection.¹⁴

Let's further explore these different types of reflection by imagining that you have just given a presentation of your new energy drink to a small retail outlet. Following the presentation, you make time to reflect on the experience. First, through narrative reflection you could describe what happened by considering what took place, what was said, and who was involved. Second, you could use emotional reflection to focus on how

you felt during the presentation and how you managed those emotions (nervousness, anxiety, etc.). Third, perceptive reflection focuses about your perceptions and reactions as well as the perceptions and reactions of others and how different viewpoints, needs, or preferences affected the experience. Fourth, you could adopt analytical reflection to analyze the situation by thinking about the skills and knowledge you gained from the experience and if anything you have learned relates to anything you have heard about before. Furthermore, you could evaluate the experience by focusing on what went well and what seemed to go badly, and if the experience was positive or negative, useful or helpful. Finally, you could practice critical reflection by considering the part you played in the presentation and the approach you took, what else you might have done, what you have learned about the experience, what questions you have, and what you need to consider as a result.

The five skills we have presented in this section (see Figure 2.2) are essential for building a mindset for The Practice of Entrepreneurship. They are designed for those who are keen to take action. This is because the skills cannot be developed without learning through doing. We want to show you that taking action first is the biggest part of getting your ideas off the ground. We don't want merely to teach you about how to create a business, but to help you live a more entrepreneurial and impactful life.

Consider, for example, entrepreneur Jim Poss. Jim is the founder of Bigbelly, Inc., which designs and manufactures solar-powered trash compactors for commercial use.¹⁵

From an early age, Poss had always been passionate about the environment, science, and engineering. By his senior year in high school, he knew he wanted to explore a career helping businesses go green. He attended Duke University and majored in environmental science and geology with a minor in engineering. Following university, Poss held a number of short-term jobs, working as a hydrologist, sales engineer, and production manager for different companies. It was through these experiences that he discovered his tendency to get bored easily and his dislike of being overly supervised by managers.

Realizing that he still had a lot to learn, Poss decided to enroll in the Babson College MBA program in hopes of starting his venture prior to graduation. During his time at Babson, Poss contacted a board member he had met at the Spire Corporation, a manufacturer of solar-powered equipment, to investigate the possibility of creating solar-powered trash compactors. Although Spire wasn't interested in Poss's idea, they did offer him an internship, which resulted in Poss working 15 hours a week on top of his full-time MBA. During his time at Spire, Poss persisted in showing the feasibility of his trash compactor idea, although the company's executives still declined to pursue it.

Undeterred, Poss continued to research the trash industry and found he had more potential to make a difference than he first realized. U.S. companies were spending billions of dollars every year on trash receptacles and compaction equipment, and trash trucks were making multiple trips to high-trash volume areas like resorts, amusement parks, and beaches, resulting in a huge waste of energy and labor resources.

Confident that his idea had legs, Poss persuaded some other talented individuals to join him on his quest to make the solar-powered trash compactor a reality. His team included Jeff Satwicz and Bret Richmond, engineering students at the nearby Franklin W. Olin School of Engineering—one of whom had specialized



Bigbelly solar-powered trash compactor

Credit: Eye Ubiquitous/Newscom

experience in product design and welding—and Alexander Perera, a Babson Entrepreneurship Intensity Track (EIT) student with a background in renewable energy use and energy efficiency.

With \$22,500 cobbled together from his own savings and some funding from Babson, Poss was able to begin the first stages of his journey. Poss found a couple of kitchen trash compactors in newspaper classified ads, which he bought for \$125 each. Together with his team, they *played* around and tinkered with them to better understand how they worked. Then they *experimented* by doing some reverse engineering to test the real-world feasibility of their planned compactor. What they found encouraged them to make some cold calls in search of anyone out there who would be interested in their idea.

One of the first calls Poss made was to the ski resort town of Vail, Colorado, a place where collecting trash can be especially costly and time-consuming due to the remote locations of some of the ski lodges. In his pitch, Poss expressed how he *empathized* with this dilemma. To his surprise, Luke Cartin, who worked at the resort, jumped at the concept of a solar-powered trash compactor. Following a couple of conference calls, the resort put in an order for one Bigbelly, paying the full amount upfront. The only problem was that the product didn't exist yet.

Poss and his team knew they needed to get to work immediately. The first step they had to accomplish was to draw up engineering plans for the now-trademarked “BigBelly Solar-Powered Trash Compactor” using computer-aided design software (CAD)—an application the team had no idea how to use. Together they each committed to learning CAD so they could create the drawings they needed.

Next, they looked for quotes for building the trash compactor, but these were too high, so the team decided to build it themselves through the process of *creativity*. Poss connected with Bob Treiber, president of Boston Engineering, who charged him much less for providing his engineering team's expert assistance than what it would have cost to have the compactor fabricated. As a bonus, this work arrangement allowed Poss and the team to use Boston Engineering's company facilities.

When the first prototype was ready, Poss personally traveled to Vail to make sure it was set up correctly. The team had managed to build the first Bigbelly for \$10,000, selling it to Vail for \$5,500. Yet the feedback they received was worth the initial loss. The Vail crew advised Poss and the team to make a two-bin system rather than a one-bin, to put the cart inside on wheels, to put the access door on the back, and to have a wireless notification to alert the operator when the compactor was full.

Poss and the team *reflected* on this feedback and decided to incorporate it into their next production run. As a result, they presold nearly half of the compactors with a 50% down payment for each one. During this period, Poss received more funds from his parents, a business angel, and his former boss at Spire, which allowed Bigbelly to put more of the compactors into production.

Today, over 1,000 organizations in over 47 countries use Bigbelly solar-powered trash compactors as a more sustainable environmental solution to waste collection.¹⁶ As the Bigbelly case shows, today's entrepreneurs need to identify and shape opportunities by using creative approaches to generate information that did not exist before or that is inaccessible.

Jim Poss is an example of the creation approach in action—very early on in the venture. In the next section, we will revisit the concept of entrepreneurship as a method rather than a process. The method builds on the creation approach, but it also includes the predictive approach.

2.3 ENTREPRENEURSHIP IS MORE A METHOD THAN A PROCESS

>> LO 2.3 Distinguish between entrepreneurship as a method and a process.



In Chapter 1, we briefly discussed entrepreneurship as a method rather than a process. We described the *method* as a body of skills that together comprise a toolkit for entrepreneurial action; and a *process*, as the means of identifying an opportunity, understanding resource requirements, acquiring resources, planning, implementing, and harvesting.

Let's explore this concept in further detail. Table 2.2 shows the traditional approach to entrepreneurship, which is generally based on a *process* of sequential steps.

The process approach to entrepreneurship is based on planning and prediction—from firm creation right up until firm exit. It suggests that if you follow the 10 steps correctly, your new venture is more likely to succeed; and that if you use proven business models, your risk of failure is reduced. There is no doubt that the process of entrepreneurship works for larger organizations and corporations—but, as we mentioned before, entrepreneurial ventures are not just smaller versions of large corporations.¹⁷ The 10-step process isn't enough for entrepreneurial ventures. Why? Because it relies too much on past history to predict the future, and a new venture with a new innovation does not have any history to draw from. And, simply stated, there are no steps or rules; it's just not that clean!

TABLE 2.2

The Traditional Steps of an Entrepreneurship Process

| | |
|---------|--|
| Step 1 | Think of an idea |
| Step 2 | Do market research |
| Step 3 | Get some financial projections |
| Step 4 | Find a partner/team |
| Step 5 | Write a business plan |
| Step 6 | Get financing |
| Step 7 | Find space, build a prototype, hire people |
| Step 8 | Bring your product/service to market |
| Step 9 | Manage the business |
| Step 10 | Plan an exit |

Entrepreneurship is certainly not linear or predictable; it is ill-defined, unstructured, and complex. In fact, some statistics show that 8 out of 10 entrepreneurs who start businesses in the United States fail within the first 18 months¹⁸; others show that most failures occur in the first two years of business.¹⁹ One reason for the extraordinary failure rate is a lack of entrepreneurial practice. Research has determined, however, that if entrepreneurs who have failed try again, they are far more likely to be successful in their second venture—even if the second venture is in a different industry. The point of these statistics is not to scare you, but to show you how unpredictable, complex, and chaotic entrepreneurship can be. The environment for entrepreneurship is fluid, dynamic, uncertain, and ambiguous. Doesn't it make sense that the way we learn needs to help us manage such "craziness"? The good news is there is a method

TABLE 2.3

Assumptions Underlying The Practice of Entrepreneurship

| |
|---|
| It applies to novices and experts regardless of experience levels. |
| It is inclusive, which means it includes any organization at any stage of business. |
| It requires continuous practice with a focus on doing, then learning. |
| It is designed for an unpredictable environment. |

Source: Neck, H. M., & Greene, P. G. (2011). Entrepreneurship education: Known worlds and new frontiers. *Journal of Small Business Management*, 49, 55–70.

Credit: Neck, H.M., and Greene, P.G. 2011. Entrepreneurship education: Known worlds and new frontiers. *Journal of Small Business Management*, 49(1), 55–70. Reprinted with permission from John Wiley & Sons



Web
Entrepreneurship as a Method

to manage the chaos and craziness, and we call this method The Practice of Entrepreneurship. Table 2.3 illustrates some ideas about The Practice of Entrepreneurship.²⁰

From this we can see that entrepreneurship is less an aptitude than it is a craft, and that learning and persistence are critical practices for entrepreneurial success.

Approaching entrepreneurship as a method that requires practice may be new to entrepreneurship but the concept of practice has been around for centuries. Yoga, Suzuki violin playing, and Montessori education can all be classified as methods. A method caters to the uncertainty and unpredictability of entrepreneurship. It represents a body of skills that together comprise a toolkit for entrepreneurial action.²¹ It requires consistent practice so knowledge and expertise can be continuously developed and applied to future endeavors. Table 2.4 describes the differences between entrepreneurship as a method and entrepreneurship as a process.



Child learning to play the violin through the Suzuki method.

Credit: ©iStockphoto.com/
JoseGirarte

TABLE 2.4

Method Versus Process

| ENTREPRENEURSHIP AS A METHOD | ENTREPRENEURSHIP AS A PROCESS |
|------------------------------|------------------------------------|
| A set of practices | Known inputs and predicted outputs |
| Phases of learning | Steps to complete |
| Iterative | Linear |
| Creative | Predictive |
| Action focus | Planning focus |
| Investment for learning | Expected return |
| Collaborative | Competitive |

Credit: Neck, H. M., Greene, P. G. & Brush, C. (2014). *Teaching Entrepreneurship: A Practice-Based Approach*. Northampton, MA: Edward Elgar Publishing. <http://www.e-elgar.com/>

Practicing Entrepreneurship



Kathryn Minshew originally co-founded Pretty Young Professionals (PYP), a woman's networking site

Credit: © User: Techcrunch / Wikimedia Commons / CC BY 2.0 / <https://creativecommons.org/licenses/by/2.0/deed.en>

Entrepreneurship is understood as a social process and embedded in multiple relationships. As such, entrepreneurship is necessarily interwoven with ethical concerns including deciding how partners are selected and who has a right to be on the team. Other ethics-related concerns include how and when ownership shares should be divided.

Kathryn Minshew originally co-founded Pretty Young Professionals (PYP), a woman's networking site, which she set up with a handshake (rather than a formal contract) with four former work colleagues. She also contributed savings of \$20,000. After a disagreement among the cofounders, Minshew found herself locked out of the company she helped cocreate. Realizing she would not get her \$20,000 investment back, Minshew spent months trying to decide how to recover from what she perceived as an unethical betrayal. Eventually, she made a decision to move on from

the experience. She went on to cofound The Muse, an online career-development platform, and was able to leverage her prior experience to surpass PYP's 20,000 user peak with The Muse's 2 million users.

CRITICAL THINKING QUESTIONS

- 1. The cofounders of PYP worked on handshakes rather than contractual agreements when they started the business. How can you know if your partners are ethical and trustworthy?**
- 2. Can you think of how to get cofounders to negotiate and sign contractual agreements without implying that there is a lack of trust?**
- 3. If you were Minshew, would you have sued to get your \$20,000 funds back? Or, like Minshew, would you have just moved on? ●**

Sources

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Approaching entrepreneurship as a method helps give us comfort and direction, but it is not a recipe. Part of the method is learning and practicing as you go, and consciously reflecting on events as and when they take place. Part of the method is iterative. The entire method, however, is action-based and, of course, requires practice. This is why, throughout this book, we call it The Practice of Entrepreneurship.

2.4 THE PRACTICE OF ENTREPRENEURSHIP: AN INTRODUCTION

» LO 2.4 Illustrate the key components of The Practice of Entrepreneurship.

The Practice of Entrepreneurship provides a way for entrepreneurs to embrace and confront uncertainty rather than to avoid it. It emphasizes smart action over planning. It emphasizes moving quickly from the whiteboard to the real world. It's a method that

can be learned and should be repeated. There is no guarantee for success, but it does offer a few powerful assurances:

- ▶ you will act sooner, even when you don't know exactly what to do;
- ▶ for those things you can do, you will; and for those things you can't, you will try;
- ▶ you will try more times because trying early is a low-cost experiment;
- ▶ you will fail sooner—enabling better, higher quality information to be incorporated into the next iteration; and
- ▶ you'll likely begin experimenting with many new ideas simultaneously.

The practice includes the two approaches that have already been addressed: prediction and creation. Prediction requires thinking about and analyzing existing information in order to predict the future, and creation is most concerned with acting and collecting new data—real and relevant data—in order to create the future. The prediction logic is better suited when we can deduce the future from the past, while the creation logic is the only choice under conditions of extreme uncertainty.

Eight Components of The Practice of Entrepreneurship

Now that we understand the difference between the method and process of entrepreneurship, it is time to take a deeper dive into the components of the method we call The Practice of Entrepreneurship. Figure 2.3 illustrates the eight components of The Practice. Let's examine each of them in more detail.

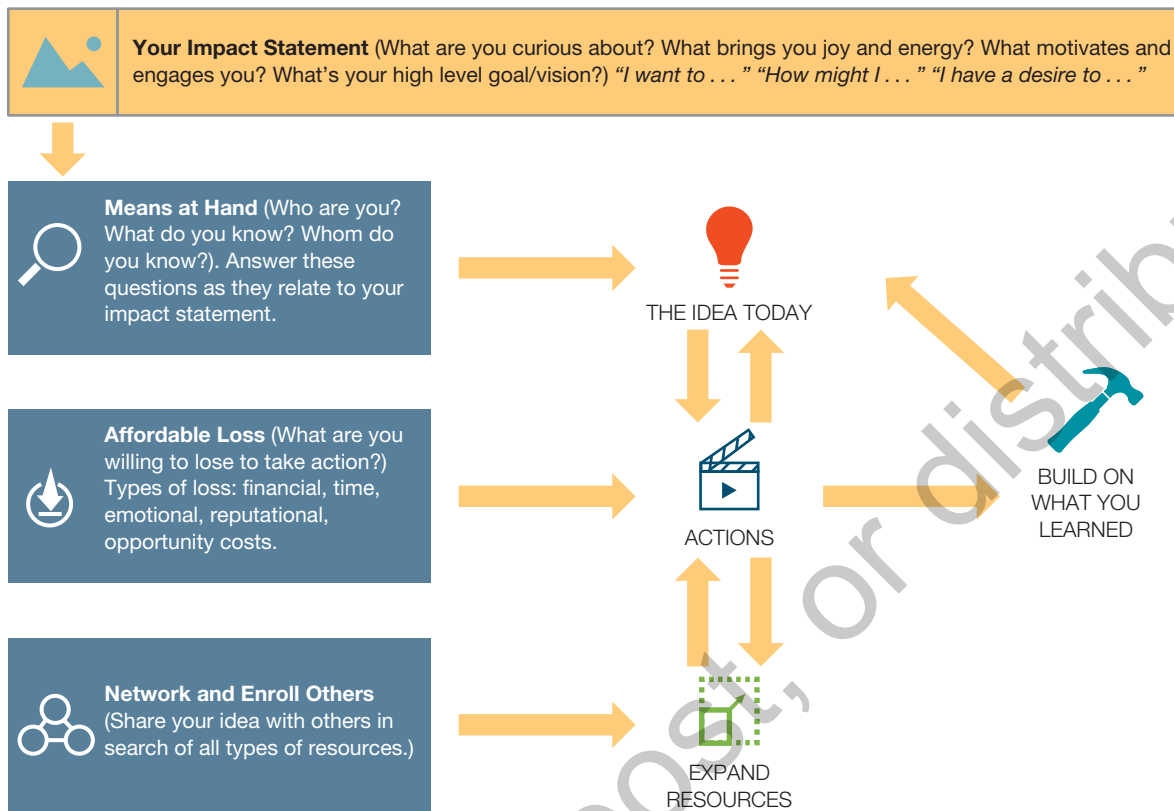
1. **Identify your desired impact on the world.** This is a simple statement that connects to your curiosity, drive, and motivation. To be successful at creating and building a new business, a new strategy, a new product, or anything radically new requires desire—you have to have a strong feeling to achieve something larger than yourself. Rarely is entrepreneurship about the money or the profit. Granted, fast-growth companies are primarily concerned with wealth creation, but the general reasons for why people start businesses go much deeper. Some pursue what they love, others value their autonomy and ability to control their work experience, and others have a strong desire to bring something new to market.²² The profit motive is simply not sustainable in the long run because entrepreneurship is hard work and requires satisfaction and desire that is derived from deep within.
2. **Start with means at hand.**²³ Answer the following questions: Who am I? What do I know? Whom do I know? The composite answer will help you understand your current resource base—the resources you have available today that you can use for immediate action.
3. **Describe the idea today.** The idea is identified by connecting your means to your impact statement. What can you start to do today with what you have today?
4. **Calculate affordable loss.**²⁴ Leaving one's comfort zone is always perceived as risky, but risk is relative. What is considered high risk to one may not seem high risk to another; therefore, it can be quite difficult to calculate risk and use it as a valid decision-making criterion. Rather than calculate risk, think about taking action in terms of what you are willing to lose. What are you truly willing to give up in terms of money, reputation, time, and opportunity cost? By answering



Audio
From Curiosity to Creation

FIGURE 2.3

The Practice of Entrepreneurship



Adapted from the following sources:

Schlesinger, L., Kiefer, C., & Brown, P. (2012). *Just start: Take action, embrace uncertainty, create the future*. Cambridge, MA: Harvard Business School Press.

Sarasvathy, S. D. (2008). *Effectuation: Elements of entrepreneurial expertise*. Northampton, MA: Edward Elgar.

Neck, H. M. (2011). Cognitive ambidexterity: The underlying mental model of the entrepreneurial leader. In D. Greenberg, K. McKone-Sweet, & H. J. Wilson (Eds.), *The New entrepreneurial leader: Developing leaders who will shape social and economic opportunities* (pp. 2442). San Francisco: Berrett-Koehler.

these questions, you take control rather than allowing yourself to be controlled by risk or the fear of failure.

5. **Take small action.** Nothing drastic . . . the first action is just a small start to get you going. No excuses here. You can do it. Once you calculate your affordable loss, you control all the risk.
6. **Network and enroll others in your journey.** The Practice of Entrepreneurship is about collaboration and cocreation rather than competition. Sharing your ideas and enrolling others in your journey will increase your resource base, expand the possibilities available, and validate your idea.
7. **Build on what you learn.** Assess performance of your action. Keep in mind that assessment is not about "killing" your new idea; it's about making the idea better. There is no right or wrong answer at this stage, just better. Expect and embrace setbacks, and celebrate the learning. When Thomas Watson, the founder of IBM, was asked about the key to success he responded, "Increase the rate of failure."

8. **Reflect and be honest with yourself.** One question always arises: How do I know when I should stop or keep going? The answer is easy. Quit only if you no longer have the desire inherent in your impact statement, or if you have exceeded your affordable loss. Otherwise, the real question you have to answer now is: What are you going to do next?

As you continue with The Practice of Entrepreneurship, you'll find that your affordable loss changes (usually increases) with each action. Why? Your idea receives greater validation, you have a solid and growing knowledge base, more people have joined your team, resource stocks increase, and your overall confidence in your ability to act grows. Through the practice, you will manage to deal with extreme uncertainty, control it, and use it to help you create what others cannot.

Using the Practice to Achieve Ongoing Success

Let's observe how The Practice of Entrepreneurship works in the real world through the real-life case of the luggage design company Vera Bradley.²⁵ Business partners Barbara Baekgaard and Pat Miller first met in 1981. The two had a lot in common: Barbara's parents had been in the gift candle business, while Pat had worked in her grandfather's grocery store, where she gained an insight into customer relations as well as experience of running a business.

The two women soon began their first entrepreneurial venture, a wallpaper hanging business, in the 1970s. A year later, the partners were at an airport en route to a birthday celebration when they spotted something that didn't seem quite right. Many passengers were carrying Lands' End duffle bags and other run-of-the-mill bags and luggage. Baekgaard was struck by the lack of attractive bags for women and decided to investigate. It turns out there were more attractively designed bags available, but they were targeted at the high end of the market, and came with a costly price tag. Baekgaard and Miller wondered if they could produce a practical bag at a lower price for a wider market.

As soon as they returned home from the trip, they bought fabrics of many different patterns and colors and began to experiment with the design. They then hired someone to make 12 prototype bags. Now, all they needed was a brand name. After some consideration, they decided to use Baekgaard's mother's name: Vera Bradley. They sold all 12 bags at a local trunk show, and customers were asking for more. However, the trunk show customers were mostly middle-aged or older women, and Baekgaard and Miller wanted to see if their bags would appeal to a younger market.

Baekgaard had two daughters in college in different states, so she sent them each several bags to see what their friends thought of them. Both daughters provided very positive feedback from each campus. This informal market research convinced Baekgaard and Miller to take the next step. They each borrowed \$250 from their husbands to make more bags.

In late 1982, the partners decided to try their luck at the Chicago Gift Show, where they sold \$10,000 worth of bags. Delighted with their success, they decided to look for more financing to produce more products, but they weren't sure how to go about it. In the end, the money came from a rather unexpected source. Naturally effervescent, Baekgaard happened



Vera Bradley bags and backpacks.

Credit: RICHARD B. LEVINE/
Newscom

The 3-Hour Challenge

You may or may not have given a lot of thought to your entrepreneurial plans and goals. Either way, this activity will challenge you to clarify what plans and goals you have, and why.

You can commit to doing a lot of things for only three hours, so give this mindshift challenge a try. The three hours do not have to be spent in one continuous period. Doing it all at a stretch is probably not practical, so it is fine to spread out the time in one-hour increments, but don't go past three days.

Hour #1: Write down your impact statement. Keep in mind that this is something that drives your curiosity, motivation to engage, and enthusiasm. Your impact statement is not an idea; it's a statement that expresses your desire of the type of impact you want to make as an entrepreneur. Examples of impact statements are:

- I have a desire to help people age more gracefully.
- I have a desire to use video games to effect positive change on the world.
- I have a desire to build greater community among different populations on my college campus.
- I have a desire to design clothes that help teenagers feel more confident.
- I have a desire to create healthy snack foods.

Take a full hour to write down your impact statement. Give it deep thought and really ask yourself: What excites me? Write it as clearly, sincerely, and completely as you can.

Hour #2: Share your impact statement with your classmates or others in your life, and try to find someone who shares a similar vision. Your goal is to find just one other person with a similar vision; but if you find more, that's great too!

Hour #3: Once you find your person, schedule a one-hour meeting. Meet someplace unusual, not in the same coffee shop or restaurant where you always go. Share where your desired impact is coming from, and identify three potential business ideas that the two of you could pursue together to fulfill your desired impact. For example, if you both have a desire around healthy snack food, you may come up with an idea around healthy vending machines that hold only fresh fruit and vegetable options.

That's it . . . just craft your impact statement, find someone who shares your desire, and identify three potential business ideas. Don't judge the quality of your ideas at this point. There will be plenty of time for that.

CRITICAL THINKING QUESTIONS

1. **What assumptions and beliefs did you have before starting the 3-Hour Challenge?**
2. **In what ways did the 3-Hour Challenge confirm your existing assumptions and beliefs? In what ways did it change them?**
3. **What did you learn about yourself that was unexpected or surprising? ●**

to be enthusiastically chatting to her husband's former work colleague. He was so impressed that he cut her a check for \$2,500. Events moved very quickly after that. They found a bank manager they could trust, sought advice from a retired financial executive, built relationships with fabric wholesalers, and hired people in the community to sew the bags. Armed with the mantra, "First, sell yourself, then your company, and then your product," the two partners each worked to build relationships with relevant businesses. They would simply walk into local gift shops, introduce themselves, show samples and ask if the gift shops wanted to order any of the bags. They also asked friends and family to represent the Vera Bradley brand in their different home states and to reach out, in turn, to their contacts. In every location, this involved developing relationships with local gift stores and taking orders for the bags.

As with every business, Baekgaard and Miller made their fair share of mistakes along the way. At one point, Baekgaard mistakenly ordered hundreds of 20-inch bag zippers rather than 12-inch zippers—but rather than swallowing the cost, the partners decided to simply expand their line to include a bag with a 20-inch zipper. But, of

course, there were plenty of successes to make up for the mistakes. The Vera Bradley range caught the eye of the owner of the iconic New York restaurant Tavern on the Green, who asked the partners to design a collection of bags. The Tavern on the Green pattern was a big hit and gave the Vera Bradley brand even more credibility.

Since its inception in 1982, Vera Bradley has grown from a small cottage operation in Indiana to 3,500 retailers of Vera Bradley and stand-alone Vera Bradley stores all over the United States.

The brand has expanded its range from bags to backpacks, laptop backpacks, totes, purses, wallets, eyeglass and sunglass cases, cosmetic cases, wrist accessories, and jewelry cases. There are also umbrellas, napkins, placemats, rolling luggage, diaper bags, tableware, rugs, accessories, and stationery. Baby products were added to the line in 2013.²⁶

The Vera Bradley story is a good illustration of The Practice of Entrepreneurship in action. Both women *reflected on their desired impact on the world* to create stylish, affordable luggage for women, and they acted on this desire as soon as they returned from their trip. They began with the *means at hand* (Who am I? What do I know? Whom do I know?). They then connected their means with their *idea today* by thinking about what they could start doing right then with what they had. For example, both women had some business experience, they had both worked together in the wallpaper hanging business, they each had a passion for design, and both of them had borrowed money from their husbands to kick-start the business.

When they decided to take the plunge and expand the business, they *calculated their affordable loss* or paid only what they could afford to lose by having minimum overheads, and working with small loans from friends and the bank. They were also willing to give up their own time to make the business work. Once they calculated their affordable loss, they were able to *take small actions* to bring their bags to market by selling their prototype bags at a trunk show, simply walking into gift shops to obtain orders, and requesting feedback from friends and family. In other words, they used their personalities and their belief in their product to engage others.

Baekgaard and Miller also *networked and enrolled others in their journey* from the very beginning by sending Barbara's daughters a range of bags to test the student market. They also engaged a retired financial advisor, a major fabric supplier, the restaurant owner at Tavern on the Green, and a bank loan officer.

Various setbacks allowed them to *build on what they learned*; for example they leveraged perceived failures such as ordering the wrong size zippers by simply designing a new bag that would work with the larger zipper.

Both women were able to *reflect and be honest with themselves* about the challenges facing the business and spent time thinking about their next steps. The most important part of the business for them was to surround themselves by people they could trust who believed in the products as much as they did.

Baekgaard and Miller offer the following advice to entrepreneurs:²⁷

- ▶ Concentrate on what you do best.
- ▶ Don't be satisfied with the status quo—innovate and practice continuous improvement.
- ▶ Choose the right people to work with: vendors, bankers, and employees.
- ▶ Networking is important; it's important when people like you and you like them.
- ▶ Don't be afraid to take risks.
- ▶ Take one day at a time.
- ▶ Follow your passion and have fun!



Video
Practice for Continued
Success

As the Vera Bradley case shows, The Practice of Entrepreneurship does work. Two women from Indiana managed to grow a successful business by using their own resources, initiative, network, and personality, with minimum financial or personal loss at the beginning. They also practiced entrepreneurship until they succeeded in getting a viable business off the ground.

The road to entrepreneurial success involves tough decisions that can continue the entrepreneur's idea to grow or make them rethink the process.

YOU BE THE ENTREPRENEUR

Mary Kay Ash began her first company, Mary Kay Cosmetics, with the help of her husband, who handled the financial and legal matters for their household. However, tragedy struck when her husband suddenly died of a heart attack one month before the company was scheduled to open. Her lawyer and accountant urged her to abandon the plan because she did not have a financial background and did not have the status of a man.

What Would You Do?

Source: Mary Kay Ash. (October 10, 2008). *Entrepreneur Magazine*.

2.5 THE CONCEPT OF DELIBERATE PRACTICE

>> LO 2.5 Assess the role of deliberate practice in achieving mastery.

In this section, we will explore the word *practice* and why we chose to call entrepreneurship a practice. We are surrounded by heroes in athletics, sports, music, business, science, and entertainment who appear to exhibit astoundingly high levels of performance. How do they do it? How do musicians play complex pieces of music from memory; and how do professional sports players perform seemingly unbelievable acts? And how do entrepreneurs move from being novices to expert serial entrepreneurs? The answer lies in a certain type of practice.

We have all heard the expression “practice makes perfect,” but what does this really mean? We often associate practice with repetition and experience; for example, we picture a violinist playing a piece of music for hours every day, or a basketball player shooting hoops for prolonged periods. However, research has shown that people who spend a lot of time simply repeating the same action on a regular basis reach a plateau of capability regardless of how many hours they have put in.²⁸ A golf enthusiast who spends a couple of days a week playing golf will reach a certain level, but is unlikely to reach professional status solely through this form of practice. Performance does not improve purely on the basis of experience. Similarly, as studies have shown, there is no evidence to suggest that world-class chess champions or professional musicians and sports players owe their success to genes or inheritance. How, then, do people advance from novice level to top performer?

Researchers have found that it all depends on how you practice. To achieve high levels of performance, high performers engage in **deliberate practice**, which involves carrying out carefully focused efforts to improve current performance.²⁹ Table 2.5 lists the components of deliberate practice.

While aspects of deliberate practice exist in areas such as sport, chess, and music, it is also present in such diverse areas as typing, economics, and medicine.

Deliberate practice: a method of carrying out carefully focused efforts to improve current performance.

TABLE 2.5

Components of Deliberate Practice

- It requires high levels of focus, attention, and concentration.
- It strengthens performance by identifying weakness and improving on them.
- It must be consistent and be maintained for long periods of time.
- It must be repeated to produce lasting results.
- It requires continuous feedback on outcomes.
- It involves setting goals beforehand.
- It involves self-observation and self-reflection after practice sessions are completed.

Credit: Baron, R. A., & Henry, R. A. 2010. How entrepreneurs acquire the capacity to excel: Insights from research on expert performance. *Strategic Entrepreneurship Journal*, 4: 49–65. Reprinted with permission from John Wiley & Sons

One study explored the use of deliberate practice by identifying the study habits of medical students in learning clinical skills. Researchers found that over time, students who used deliberate practice were able to make more proficient use of their time, energy, and resources.³⁰ In short, they seemed to “learn how to learn.”

You might not be conscious of it, but chances are you probably already use some of the elements of deliberate practice. Think of the time you first played a sport or picked up a musical instrument. You may have played the instrument for only 15 minutes a few times a week, or played football for 30 minutes twice a week; but without knowing it, during those short sessions, you were fully focused on what you were doing, intentionally repeating the activity, with a goal of improving your performance.

What does deliberate practice mean for entrepreneurs? Sustained effort, concentration, and focus have important cognitive benefits such as enhancing perception, memory, intuition, and the way in which we understand our own performance (or metacognition). Expert entrepreneurs who engage in deliberate practice are generally more skilled at perceiving situations, understanding the meaning of complex patterns, and recognizing the differences between relevant and irrelevant information.

Entrepreneurs who engage in deliberate practice are better at storing new information and retrieving it when they need to, which helps them to plan, adapt, and make decisions more quickly in changing situations. Deliberate practice also gives entrepreneurs a better sense of knowing what they know and don't know. Among the most common mistakes entrepreneurs make is getting blindsided by passion in terms of being overly optimistic and confident in their skills and abilities, and underestimating their resources—mistakes that often lead to unnecessary risk and failure.³¹ While passion is an important quality to possess, it is best guided by the ability to understand your own capabilities and knowledge.



Deliberate practice can improve performance in many diverse areas, including soccer.

Credit: ©iStockphoto.com/Wavebreakmedia



Video
Deliberate Practice

Finally, expert entrepreneurs who have consistently used deliberate practice over a number of years tend to have a higher sense of intuition, which allows them to make decisions more speedily and accurately based on prior knowledge and experience.

Years of deliberate practice may sound daunting, but you probably already have a head start! The cognitive skills that you developed through deliberate practice (e.g., by playing a musical instrument or sport, creative writing, or anything else that requires strong focus and effort) are all transferrable to entrepreneurship. You have the capability to enhance your skills—and you can demonstrate this by creating your own entrepreneurship portfolio.

Finally, we would like to end with an excerpt from a provocative article in the *Journal of Cell Science* aptly titled “The Importance of Stupidity in Scientific Research”:

Productive stupidity means being ignorant by choice. Focusing on important questions puts us in the awkward position of being ignorant. One of the beautiful things about science is that it allows us to bumble along, getting it wrong time after time, and feel perfectly fine as long as we learn something each time. No doubt, this can be difficult for students who are accustomed to getting the answers right. No doubt, reasonable levels of confidence and emotional resilience help, but I think scientific education might do more to ease what is a very big transition: from learning what other people once discovered to making your own discoveries. The more comfortable we become with being stupid, the deeper we will wade into the unknown and the more likely we are to make big discoveries.³²

Now, read the above quotation again and replace “science” in sentence 3 and “scientific” in sentence 7 with the word “entrepreneurship.” This is what The Practice of Entrepreneurship is all about. ●



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SUMMARY

2.1 Compare and contrast the prediction and creation approaches to entrepreneurship.

The two main perspectives on entrepreneurship are the predictive logic, the older and more traditional view; and the creation logic, which has been developed through recent advances in the field. Prediction is the opposite of creation. Whereas prediction thinking is used in situations of certainty, the creation view is used when the future is unpredictable.

2.2 Create a portfolio of five skills essential to building a mindset for The Practice of Entrepreneurship.

The five skills of play, empathy, creativity, experimentation, and reflection support the development of different parts of our entrepreneurial selves.

2.3 Distinguish between entrepreneurship as a method and a process.

The method of entrepreneurship outlines the tools and practices necessary to take action. Entrepreneurship as a process, instead, guides would-be creators along a thorough but static path from inception to exit.

2.4 Illustrate the key components of The Practice of Entrepreneurship.

The Practice of Entrepreneurship is designed so entrepreneurs can embrace and confront uncertainty rather than avoid it. The eight components include the following: identify your desired impact on the world; start with means at hand; describe the idea today; calculate affordable loss; take small action; network and enroll others in your journey; build on what you learn; and reflect and be honest with yourself.

2.5 Assess the role of deliberate practice in achieving mastery.

Practice doesn't make perfect; rather, deliberate practice makes perfect. Starting with specific goals, deliberate practice involves consistent, targeted efforts for improvement. Feedback and self-reflection are necessary for meaningful improvement, and repetition is required to achieve lasting results.

Creation logic 37
Deliberate practice 56
Predictive logic 37
Skill of creativity 44

Skill of empathy 44
Skill of experimentation 43
Skill of play 43

Skill of reflection 44
Theory of Effectuation 41

KEY TERMS

Dr. Jordan Jensen: Writer, Speaker, and Entrepreneur

CASE STUDY

In Chapter One, we detailed the story of Dawn LaFreeda, a highly successful franchisee entrepreneur. LaFreeda is an outstanding example of an entrepreneur in the business world who has earned enormous professional success and considerable personal wealth. But are owning a company, starting a new business, and being good at sales and marketing automatic prerequisites to successful entrepreneurship?

This chapter's Case Study highlights the story of Dr. Jordan Jensen, a writer, speaker, and former high school English teacher, whose entrepreneurial spirit burns brightly, yet hasn't always aligned with stereotypical portraits and patterns of entrepreneurship.

As a teenager, Jensen came to erroneously believe that entrepreneurial success was fundamentally commensurate with success in sales and marketing. With this one-dimensional belief in mind, Jensen's entrepreneurial spirit led him to pursue several positions in sales, all of which ended in failure and disappointment. As he passed through these disillusioning experiences, he often wondered how he could ever expect to be a successful entrepreneur when he loathed sales, and got such poor results therein.

Along the pathways of his sour experiences in salesmanship, Jensen worked hard to refine and polish his ability to write and speak publicly—two activities he found incredibly fulfilling, and that he enjoyed a million times more than sales. As a high school student, he followed his entrepreneurial heart by answering an advertisement to write for a local, weekly newspaper, where hundreds of his news articles and scores of his news photographs were eventually published.

Later, after earning a bachelor's degree in English, Jensen wrote his first book and developed his first professional seminars based on his book. Still harboring the notion that entrepreneurial success was primarily contingent on his will to "pound the pavement" and "hit the phones," Jensen incorporated his business and began throwing his heart and time into willing himself to do what he hated doing: selling and marketing his seminars. His efforts included mass mailings via email and snail mail and long road trips to make personal contacts with potential clients. In doing so, he maxed out his credit cards and incurred \$70,000 of personal debt, nearly leading him to declare bankruptcy. In desperation, Jensen hit a low point in his life where he had to rely on food and housing assistance from his cousins and church for a short period of time while he got back on his feet. He took a variety of low-paying, odd jobs (including several manual labor positions) in an effort to physically survive and continue to grow his business.

While he did not generate enough business for his own seminars to take off, he gained a lot of experience, and developed sufficient polish as a presenter to land a position as a professional facilitator with a seminar company. He was 28 years old and, for the first time in his life, he was finally earning consistent, professional wages.

Over time, Jensen came to realize and accept the fact that he was never destined to be a top salesman or marketing genius. By relying instead on his greatest personal assets—his capacity to teach, write, and speak, he was able to develop a strong reputation as a public speaker and professional writer.

These highly refined skills empowered Jensen to continue to nurture his entrepreneurial spirit without putting undue pressure on himself to engage in skillsets he neither enjoys nor is particularly good at. His entrepreneurial spirit prompted him to accept each opportunity that came his way—even, and especially, when it was difficult. Over time, one opportunity led to another, and each new success bred other successes.

Since becoming a professional speaker in 2005, Jensen has worked with nearly 20,000 people in almost 600 audiences in 44 US states in addition to the District of Columbia, Puerto Rico, and the U.S. Virgin Islands; five Canadian provinces, and many locations in the UK. He has also conducted training for all five branches of the US military services; as well as small, medium, and large corporations. His customer satisfaction ratings are stellar, and his superior professional reputation for consistency, dependability, and integrity have compensated for his average sales numbers. As a result, he is continually in demand as a professional speaker.

It took years to get out of debt, but gradually Jensen was able to start building a nest egg for the future. He also applied his entrepreneurial spirit to dating and romance when he was able to convince a beautiful, talented, well-educated, and highly intelligent woman—a mechanical engineer who works for a Fortune 100 Company—to marry him. This union, aside from producing a beautiful son and enormous joy and fulfillment, enabled Jensen to overcome financial challenges and continue to build his business one wise step at a time, recognizing that it would still take many years to realize his ultimate entrepreneurial vision. In the meantime, Jensen took enormous satisfaction in smaller successes that came gradually as he remained committed to the spirit of entrepreneurship.

Jensen continued to think, act, and work like an entrepreneur by taking advantage of every good opportunity to further exercise his talents and experience as a writer and speaker. One of these opportunities included the authorship of this and other case studies you are reading about in this book, an opportunity that comes with a byline and modestly handsome financial remuneration.

Unlike many successful entrepreneurs highlighted in the media, Jensen is not a salesman or tech genius. Nor is he fabulously rich like Dawn LaFreeda. But perhaps someday he will be. Either way, Jensen is grateful to have learned that entrepreneurialism can take a lot of different forms; there is not just one way to be an entrepreneur. This realization has helped him to enjoy the process of entrepreneurship instead of trying to force "square pegs into round holes" by pursuing a career that wasn't right for him.

Jensen's advice, therefore, is not to try and re-create the journeys of other entrepreneurs. Instead, he encourages everyone—no matter what your strengths and interests may be, and regardless whether you see yourself as an entrepreneur or not—to nurture the seeds of entrepreneurialism within yourself by simply working hard, planning for the future, honing your innate talents and skills, looking for and taking advantage of every good opportunity, and perhaps most importantly, listening to your heart and conscience along the pathways of your own, unique life's journey.

Jensen loves entrepreneurship and celebrates the fact that he doesn't have to be a sales champion to be a true entrepreneur. Like many entrepreneurs, Jensen is the CEO of his own company, but he understands that realizing his long-term goals will require surrounding himself with other entrepreneurially minded men and women with expertise and skill in those areas (i.e., sales and marketing) that will complement his own unique strengths. Sales and marketing expert or not, you can bet Jensen will continue to practice entrepreneurship personally and professionally throughout his life.

Critical Thinking Questions

1. What are some ways in which you have already applied an entrepreneurial spirit to personal or professional activities you have undertaken in the past (whether or not earning money was involved)?
2. What professional activities do you find most engaging and rewarding?
3. What are some preliminary steps you could start taking to apply an entrepreneurial spirit to these activities?
4. Jordan Jensen took advantage of opportunities in his life. Can you think of an opportunity in the past year or so that you chose to pass up? Was passing up this opportunity a wise decision? Why or why not?
5. What opportunities are presently available to you that taking advantage of might bolster additional entrepreneurial opportunities in the future?

Sources

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