PRACTICAL ADVICE ON WHETHER TO ACT ENTREPRENEURIALLY

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PRACTICAL ADVICE ON WHETHER TO ACT ENTREPRENEURIALLY

To be entrepreneurial, we need to act. Being an entrepreneur is not just something that exists in our heads but occurs in the actions we take. Namely, we act on our beliefs that we have identified an opportunity. To come to this determination, we must first form a belief that an idea represents an opportunity for someone and then that this opportunity for someone represents an opportunity for us personally.

Flowing from my research (listed below) I offer the following advice for an entrepreneur in forming an opportunity belief:

1. **Is this an opportunity for someone?**
   To address this question, we need to discover or otherwise identify an entrepreneurial idea. We can identify entrepreneurial ideas by doing the following:
   - **Engage unique knowledge to identify an opportunity.** We have all travelled different paths to reach this point in time. These different experiences give us unique knowledge, networks, and access to information that can be tapped to provide insights for identifying potential opportunities. That is, our knowledge can give us access to information about markets and/or technologies and/or services. For example, we may be able to identify an opportunity for a specific technology based on our knowledge of a specific group of customers, their demands, and how they can be best served. Alternatively, given a particular market, our knowledge of technology or processes may lead us to identify an opportunity to deliver this market superior value.
   - **Think structurally to match the market and technology.** We identify potential opportunities by matching a new or existing technology (or service) with a new or existing market. The temptation is to make determinations about a possible opportunity by considering matches across the features of a technology (or service) and those of the market. However, these superficial matches (or mismatches) can be deceiving. To identify opportunities, we need to consider the technology (service)-market match at a deeper level; we need to consider the capabilities of the technology or those underlying a particular service (i.e., the underlying benefits it can deliver rather than focus on its superficial features) and how they match the (latent) demand of the market. By thinking about the match between technologies and markets at a structural level, we can generate the mental leaps necessary for opportunity identification. Therefore, although we may be reluctant to determine that an idea represents an opportunity when there is a superficial mismatch between the technology (or service) and the market, those ideas that also have a structural match may be the most valuable opportunities.
• **Tap motivation to direct attention.** We know that when we are motivated by a topic or event, objects related to that topic or event have a way of popping out of the background. For example, we can hear our name referred to in a nearby conversation even though we did not “hear” any of the words leading up to our name being mentioned. The same goes for opportunities. We can embrace our motivations to act as a filter allowing information that may be particularly important to us to get through and information that is of little importance to us to be ignored. This has the advantage of increasing our sensitivity to information about opportunities that may be of personal interest to us (this also addressed in personal desirability below).

• **Sometimes, just let the environment speak.** Although I have suggested above that we need to engage our knowledge and motivation to direct attention toward environmental aspects to identify opportunities, other potential opportunities will be signaled by information outside our focused attention. That is, our perceptual filters often make us blind to these potential opportunities. Sometimes, it can help to “relax” our expectations, de-emphasize our motivations (as much as this is possible), and open ourselves up to prominent signals from the environment. We allow the environment to speak to us, and our attention is drawn to these signals. While these signals may not relate to our knowledge or our motivations directly, they may indicate an opportunity nonetheless.

• **Determine if the entrepreneurial idea can deliver a sustainable competitive advantage.** The entrepreneurial idea represents an opportunity for a person with the knowledge and motivation to exploit if it represents something valuable (e.g., provides the basis for offering customers greater value) and rare (i.e., others do not have access [or only limited access] to the opportunity) and if there are limits to the extent that others can imitate the product/service or substitute for its benefits.

2. **Is this an opportunity for me?** After we have identified an opportunity for someone, we then need to determine whether it represents a personal opportunity—an opportunity for us. To make this determination, we need to address whether it is personally desirable and feasible.

• **Is exploiting this opportunity personally desirable?** To address this question we need to ask ourselves about the things we want to personally achieve with this business (and even life in general) and then see how the opportunity measures up in meeting these needs and wants. For example, if we are primarily interested in achieving personal wealth, our assessment of the opportunity’s desirability should be highly influenced by its future profitability. If we are primarily motivated by independence, our
assessment of the opportunity’s desirability should be highly influenced by the extent to which the opportunity provides autonomy. If we are primarily motivated by helping others or saving the environment, our assessment of the opportunity’s desirability should be highly influenced by the extent to which the opportunity has the potential of addressing these issues. Therefore, determining the personal desirability of an opportunity requires considerable introspection on what we want to get out of the business and out of life. If the opportunity is not personally desirable, then it is not an opportunity for us, and we should not act to exploit it.

- **Is exploiting the opportunity personally feasible?** Different opportunities require different skillsets and other resources for effective exploitation. We need to determine what financial and human resources we have (and can access) and see how well they match those needed to effectively exploit the particular opportunity under consideration. When there is a substantial deficit of resources needed for exploitation or we cannot access such resources, then this opportunity is not personally feasible. Again, determining the personal feasibility of an opportunity requires considerable introspection about what we know, what financial resources we have, and what resources we can access if needed. If the opportunity is not personally feasible, then it is not an opportunity for us, and we should not act to exploit it.

3. **Which error do you prefer?** Assessing whether the business idea represents an opportunity is surrounded by uncertainty. In making this assessment, we can be wrong in one of two ways. We can decide to act on the business idea thinking it is an opportunity and be wrong, or we can decide not to act on the business idea thinking it is not an opportunity only to find out that it was an opportunity (as a competitor exploits it to great success). It is worth asking ourselves which error is preferable or which one can we live with. For example, will you have more regrets over the things you did (and were wrong) or over the things you did not do (and were wrong)? Given the uncertainty surrounding opportunity evaluation, there is a very real chance that we will be wrong. Thinking about the consequences of both these errors can help us make a better decision about whether or not to pursue this opportunity.

4. **Act and reassess**
Believing we have identified an opportunity for someone and that opportunity is both personally desirable and feasible, we act in the face of uncertainty and some doubt. This entrepreneurial action reveals information. It can reveal information about the nature of the technology or service, market, personal desirability, and/or personal feasibility. This information can be used to modify the nature of the current opportunity or terminate its exploitation. Entrepreneurial action
may also reveal other opportunities that can be exploited in addition to or instead of the current opportunity.

Entrepreneurship is about action—acting on what one believes to be an opportunity. To form the belief that you have identified an opportunity worth acting on you must: (1) identify an opportunity for someone by relying on your knowledge, motivation, signals from the environment, and the determine that the idea is valuable, rare, not easily copied or substituted; (2) determine whether the potential benefits of the opportunity are personally desirable and whether the requirements for opportunity exploitation are personally feasible; (3) recognize, given the uncertainty, that there is chance of an error—the error of acting and being wrong or the error of not acting and being wrong—and it helps to know which one is likely cause less regret; and (4) reflect on feedback from acting on the opportunity belief to continue, reformulate, or terminate the opportunity.

Bibliography

The motivation for this note was to share some of the practical implications of my research, specifically:


