PRACTICAL ADVICE FOR THINKING ABOUT ENTREPRENEURIAL DECISIONS

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We often automatically and unquestioningly engage a rule of thumb for addressing an entrepreneurial issue. These intuitive decisions provide speed and do not overly burden our mental resources, but taking these mental shortcuts can produce undesirable outcomes, particularly when dealing with novel situations. When making decisions about entrepreneurial issues that are particularly novel or highly uncertain, it pays to think about our entrepreneurial thinking.

Flowing from my research (listed below) I offer the following advice for thinking about entrepreneurial decisions:

1. Understand ourselves to understand what we see.
   We do not have the ability to process all the information signals about our business and the environment in which it operates. Rather than becoming overloaded and shutting down, our mind acts like a filter, directing attention to some aspects of the environment (i.e., our business and the external environment) while ignoring other aspects of the environment. Everyone’s filter is different, and even our own filter can change over time. The filter (or director of attention) is based on both our personal knowledge—directing attention to those aspects of the environment expected to be important—and our personal motivation—directing attention to aspects of the environment that could be highly desirable or undesirable for us. It is important to recognize that it is the intersection of our mind (i.e., knowledge and motivation) and the actual environment that gives us our mental picture of the environment. In turn, it is our mental picture of the environment that stimulates and informs our decisions and actions. It is not the actual environment that stimulates and informs our decisions and actions because some of these aspects are filtered out and not processed.

2. When facing a novel entrepreneurial issue, activate “thinking” resources.
   - Thinking about what we know about people, tasks, and strategy can help us make better entrepreneurial decisions. We know a lot about ourselves and other people in terms of strengths, weaknesses, and thought processes, and we can use this knowledge of people to inform our decision making. We know a lot about how we use information in performing various tasks or dealing with various events and how access to and the use of information are influenced by our motivations, and we can use this knowledge of tasks to inform our decision making. Finally, we know a lot about what makes an approach to a particular problem appropriate, and we can use this knowledge of approaches to inform our decision making. We need to actively draw on our knowledge of people, tasks, and strategy to reduce the chance that we misread the situation and approach the issue in the wrong way.
• **Tapping into our gut feelings can help us make better entrepreneurial decisions.** We have deep levels of knowledge that cannot always be directly accessed or expressed in a “rational” way. However, this deep knowledge can come to us through intuition or gut feel—our emotions tell us something—and this gut feel can be used to inform our entrepreneurial decision making.

3. **Think about alternative ways to approach the entrepreneurial issue.**

There are many ways to approach and address an entrepreneurial issue. Although we have this knowledge, we often do not use it; we frequently simply “dive in” with a particular approach. When we pause and think about the many different strategies we have for acquiring and processing information and working our way through an issue, we can then make a more informed choice about the best approach for the current issue.

4. **Seek feedback.**

As we work our way through addressing an issue, we need to keep our senses open for feedback on how we are doing. Does feedback suggest we are making progress in addressing the issue? We can use this feedback to reassure ourselves that our current approach is on track or to re-evaluate the effectiveness of the current approach and change the way we attempt to address the issue going forward. That is, as we act on our initial decision-making approach, we generate/reveal new information. When we look for this information and open our minds to it, we can adjust our thinking to make better decisions.

5. **Ask questions to stimulate thinking about an entrepreneurial issue.**

To encourage ourselves to think about entrepreneurial thinking, we need to approach an entrepreneurial issue by asking the following questions:

• **What is the entrepreneurial issue all about? What is the question? What are the meanings of the key factors?** These comprehension questions encourage us to think about whether we truly understand the nature of the issue before beginning to address it. Understanding arises from thinking about the situation so we recognize the issue’s existence as well as its nature and implications.

• **How is this entrepreneurial issue similar to issues I have already addressed? Why? How is this entrepreneurial issue different from what I have already addressed? Why?** These connection questions stimulate thinking about the current entrepreneurial issue in terms of its similarities and differences with issues we have previously faced and solved. These questions force us to tap into our existing knowledge and experiences without overly generalizing them. That is, we draw on our experiences with similar issues, but we are careful not to automatically assume the current situation is exactly the
same as those we have faced in the past.

- **What strategy/tactic/principle can I use to solve this entrepreneurial issue?** Why is this strategy/tactic/principle the most appropriate? How can I organize the information to address the entrepreneurial issue? How can I implement the plan? These strategic questions stimulate us to think about which strategies are appropriate for addressing the entrepreneurial issue and why. These questions prompt us to think about the “what,” “why,” and “how” as we approach the entrepreneurial issue. By thinking about the different strategies, we stop a reflex response to automatically apply an approach or plan that may not be the most effective.

- **What am I doing? Does it make sense? What difficulties am I facing? How do I feel? How can I verify the solution?** Can I use another approach to address the entrepreneurial issue? These reflection questions are designed to stimulate our thinking about our understanding and feelings as we progress through the process of addressing the entrepreneurial issue. These tasks prompt us to generate our own feedback (i.e., create a feedback loop in our solution process) to provide the opportunity to change. It is useful to reflect during action rather than simply after we have acted; this provides the opportunity to use new information to adapt our approach to better address the entrepreneurial issue.

As entrepreneurs we face many important decisions. We can improve our entrepreneurial decision making by thinking about how we approach these important decisions. Specifically, we can improve our entrepreneurial decision making by: (1) recognizing that we filter information such that only some of the information about the environment is processed, (2) activating our thinking resources when facing novel situations, (3) thinking about alternate ways to address the issue, (4) seeking and using feedback to assess progress and adapt if necessary, and (5) asking oneself (and others) questions to stimulate thinking.

**Bibliography**

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

