

The Effectual vs. Causal Entrepreneur

Last week I discussed a [study](#) done on Entrepreneurs by [Sara Sarasvathy](#) that I found fascinating. Her study analyzes the characteristics, habits and behaviors of what she calls the species entrepreneur. She traveled to 17 states and met with 30 founders of companies ranging from \$200M to \$6.5B, covering a variety of industries.

So what she determined is that there are 2 methods of reasoning, effectual and causal. The causal approach is one that you commonly find in books. This is where you have a predetermined goal, a given set of means, and you work to identify the most optimal, efficient, and financially feasible way of reaching the set goal.