

The Effectual Entrepreneur

If you're an entrepreneur, have you ever looked at how you went about starting your business? Does it seem a bit unorthodox when compared to how people told you it should be done? This stimulating topic is backed with years of research, shedding light into the mind of an entrepreneur.

When I first started reading on this topic, I found it fascinating because it made me feel less like a renegade for my unconventional method of starting a business. I hope this knowledge can perhaps help someone out there who is exploring the concept of being an entrepreneur, or possibly help someone like me who simply needs to feel good about the way entrepreneurs go about making things happen.

Last week I mentioned how I started a mutual fund. What I did not mention was my process, which went against what every book I read in college taught me. I did not go out and do a long term planning analysis on growth and demographics of people investing in mutual funds. I did not use this data to pick the right target market to focus on. I did not do financial projections, a business plan, a prototype or even spend time thinking about raising money.

What I did do was just decide one day that starting a mutual fund would be a better path than the one I was currently on. THEN I WENT OUT AND DID IT! I used everything I had learned to that point and paired it with my burning desire to make it happen and push forward. I started calling people that I knew could either help me themselves, or get me in touch with others that could.

According to [a research and a paper](#) written by [Saras Sarasvathy](#) back in 2001, entrepreneurs think in an "effectual" way compared to a "causal" way. In the effectual way, entrepreneurs start with 3 means to getting things done:

1. Who we Are – which means our traits, tastes and abilities
2. What we Know – which is our education, training, expertise, and experience
3. Whom we Know – our social and professional networks

It's likely you've heard stories of entrepreneurs starting out borrowing money from family, friends and even maxing out credit cards. This is the effectual entrepreneur in action.

So, how did you go about starting your business?

Next week I'm going to go deeper into understanding the effectual entrepreneur and how they operate as compared to the casual approach.