THE ENTREPRENEURIAL PROCESS

Seeing and Seizing Opportunities

Nils Nilsson



CONTENTS

	List of figures	ix
	List of examples	xii
	List of insights	xiii
	Introduction and some positions	1
	Entrepreneurship as the art of seeing and challenging things we take for granted	2
	Entrepreneurship and management: as fire to water?	3
	Theory and practice	4
	The leitmotif and structure of the book	5
	A 'fast forward' through the chapters ahead	6
1	The rise, fall and return of the entrepreneur	13
	The economy as a zero-sum game	13
	The physiocrats and the entrepreneur	13
	Classical political economy and the exit of the entrepreneur	17
	The demise of the entrepreneur: the neoclassical school	18
	For some, the entrepreneur remained in sight	19
	In a paradigmatic shadow: the Austrian school	20
	The Austrians' world	21
	The return of the entrepreneur	22
	Israel Kirzner and the alert entrepreneur	23
	Joseph Alois Schumpeter and creative destruction	25
	Problems with Schumpeter's entrepreneur	27
	What, then, does the entrepreneur do?	28
	A thicket of definitions	28
	Some concluding thoughts: What is ? Who is not ?	30
2	The environment	36
	The arena of the venue	36
	The industrial era, the entrepreneurial economy and new	
	growth theory	38

	A new theory of growth	39
	Still a missing link: entrepreneurial capacity?	40
	The entrepreneurial economy?	43
	Large on a small scale or small on a large scale:	
	a new view of the importance of size	44
	Entrepreneurship, knowledge and the dynamics:	
	'connecting the dots'	47
	Uncertainty, problems and opportunity: different faces	
	of the same coin?	49
	Uncertainty unpacked	49
	Levels of uncertainty	51
3	The person(s) and the network	59
	The trait approach	60
	The classics	61
	Need for achievement	61
	Risk-taking propensity	62
	Tolerance for ambiguity	62
	The cognitive school	64
	The analytical direction	64
	The humanistic direction	69
	Locus of control	70
	Self-efficacy	70
	Intelligence, creativity and the entrepreneurial mindset:	
	why are they missing out?	74
	Different paradigms, different outcomes	76
	No entrepreneur is an island: the network as 'hero'	77
	The individual or the collective?	80
	Fitting the pieces together: the moment of truth	84
4	The opportunity	94
	What are we talking about when we talk about opportunities?	94
	The triad becomes a dyad, becomes a nexus	95
	Where do opportunities come from?	96
	The discovery and creation views: does it matter?	96
	An artificial contradiction?	98
	Some hypotheses	99
	Six sources to opportunities	100
	1. Opportunities are found through noticing things that	
	work elsewhere	101
	2. Opportunities can be traced to economic and social	
	change and consumer trends	105
	3. Opportunities develop from research/new technology!	
	new knowledge	107

4. Opportunities based on 'customer pains': everyday	
problems that can be eliminated	110
5. Opportunities are created through 'effectuation': the	
entrepreneurial method	111
6. The entrepreneurial gaze: a lens of opportunity	114
The gaze, the opportunities and reality	117
From idea into an entrepreneurial opportunity: from	
vagueness to clarity	117
What ideas should be taken forward?	119
Which opportunities are identified and which are missed?	2 121
Seeing and seizing opportunities: a learning-in-action	
perspective	123
Filling the box and cultivating the gaze	125
Afterthought: why is it so difficult to see new alternative	
solutions?	126
Summary	128
The process	136
A process as a stream of activities	136
More or less orderly processes	137
What does the research have to say?	138
The linear process: the goal-driven, 'ready, aim, fire' process	139
The business plan: the 'pros'	140
The business plan: the 'cons'	142
Effectuation: the resource-driven, improvisational process	143
How does one do something effectually?	146
The five principles of effectuation	147
The causal and the effectual	148
Experience-based schools: 'best practices', lean start-up	150
Basic lines of thinking and acting	152
The lean start-up approach: just a passing fad?	154
The planned, the effectual or the lean process?	155
The business model	163
The business model's role and position	163
The concept of the business model and its essence	166
The business model as system	166
The business model as a model for creating value	167
The business model as answers to key questions	169
The business model canvas	171
Value proposition: what is the offering to the customer?	173
Customer segments: who are we creating value for?	173
Customer relationships: how do we establish and maintain	
our relation to the customer?	173

5

6

CONTENTS

7

Channels-, how do we communicate and deliver?	173
Key activities: what activities are needed to create and	
deliver our proposition?	174
Key resources: what resources are needed to create and	
deliver our proposition?	174
Key partners/networks: what partners and networks are	
needed to create and deliver the proposition?	174
Financial aspects: do revenues and costs match?	174
Improving the business model: business model innovation	177
Value innovation: using the value curve and the	
'four questions'	179
Value and the value proposition: the existential core	
of the business model	182
From 'pipes' to 'platforms': toward a new value-	
driving logic?	184
Social business models: social enterprises	187
The business model's financial ABCs	198
To give the business model a fair chance	198
Cost structure: what costs are necessary to run the	
business model?	198
Revenue streams: how much revenue can the offering	
generate overall?	199
Is the business model economically viable? Do revenues	
appear to cover costs?	200
Do we have enough money available?	202
Can we expect to make a profit?	204
When will your business become profitable? Break-even	
analysis	205
The gross margin and what it stands for	207
What is a good gross margin ?	210
Will we make enough?	212
Start-up costs and ways to finance them	214
Epilogue: Final remarks - a fast rewind	226
Further reading	232
Bibliography	236
Index	250