

## How to Effectuate in 10 easy steps. -Rob Wiltbank

Effectuation is a field of work describing the principles and practices that expert entrepreneurs use to build new companies and new markets. My friends and I published a book titled *Effectual Entrepreneurship* several years ago, and the following is my attempt to distill those thoughts into a very dense set of actionable thoughts. Employing these principles and practices will dramatically improve your ability to create real value from novel ideas.

1. Be proactive. Move. Do. You must have a bias for action. YOU are the energy in the machine.
2. Constantly work to **co-create the opportunity with others**. It often starts with people that already trust you or know you a bit, and then immediately gets into conversations with new people as you search for customers, suppliers, channel partners, and business partners that have an interest in creating something WITH you. What concern are you addressing? Why? How? Be compelling about why it intrigues you. As you create several ideas, advance on the ones where there is a lot of interest in teaming up. Follow the yeses.
3. Make creative “asks.” In those conversations, listen and watch to learn what adjustments others suggest (even big changes). Ask regularly: What would it take for you to build this with me? What is the hardest part as you see it? What one move / accomplishment / adjustment would cause you to be deeply interested/optimistic in this opportunity? Ask them what they will actually commit to the effort now. Actually ask them to do so. Their yeses and their no’s will bring real clarity to how you proceed.
4. Starting is not about optimizing. It’s about being creative with the people you know, the means within your sphere of influence, and the pull of the possibilities on your expertise and enthusiasm and imagination. Opportunities that are expressive of who you are, whom you know, and what you have within reach will help you not quit when you hit hard times. Humor new possibilities. What *else* can we do with our means? “What *can* we do?” is a much more useful a question than “what *should* we do?”
5. Control the controllable. Most things you can’t change, do NOT spend energy, thought, or anxiety on these things. Some things you can directly create, control, or influence: focus entirely in these areas. Concentration of force into these areas can lead to real break throughs.
6. Get in the game. Start. This is beyond a bias for action, this is about starting the revenue stream, the organizing, the selling in order to learn by doing, and to learn things that are impossible to learn without living and breathing the opportunity. Many of the most important things you need to learn CANNOT be learned from a distance. What you start is not what you will finish with, it doesn’t need to be perfect, it’s needs momentum and hands-on learning. Good Will Hunting: “you can probably give me the skinny on every art book ever written. Michelangelo, you know a lot about him....But you can't tell me what it smells like in the Sistine Chapel.”

7. **Work on the hardest parts right now.** For all intents and purposes, the hardest part is always sales (sometimes this isn't true: cold fusion, etc. but it's true actually). Something innovative will be needed, some lucky break won, some partnership formed. Don't shy away from these, work them as soon as possible. If they aren't solvable, it's better to adjust sooner, even if that means stopping and moving to a different opportunity.
8. Do not bet the farm. Much hands-on learning initially lands as "bad" news. An idea didn't work. You got a no rather than a yes. Making big bets of resources into those early efforts can prove fatal. **Part of what you must innovate is a path into the opportunity that doesn't require you to bet everything. As you come up with several promising ideas, select the ideas and paths that deliberately avoid the need to make big bets.** Spend money in small steps, where you can afford to be wrong and still have the ability to learn and keep playing. This will frustrate you when you really like your idea, you will experience it as constantly under investing in the opportunity. But remember: You will either *under* invest or *over* invest. Overinvestment kills. Underinvestment slows; and requires that you get more collaborators (usually good).
9. You do not need to own everything; you need to be able to use things. Beg, borrow, rent. The flexibility provided by keeping your expenses low is very valuable. In fact, even where variable costs are more expensive than fixed costs, flexibility is nearly always best. **Match the timing of your use of cash closely to your receipt of cash.** As you grow, you'll tighten up your expenses, losing flexibility, but only as the uncertainty of what works and what doesn't work is resolved.
10. If you are pursuing an opportunity because you predict it has big upside, you aren't effectuating. If you are pursuing an opportunity because a lot of yeses from customers/partners are pulling you into it, and can advance without making big bets, then you are effectuating. If you learn and adjust well while you are effectuating, you will create an opportunity with big upside.