

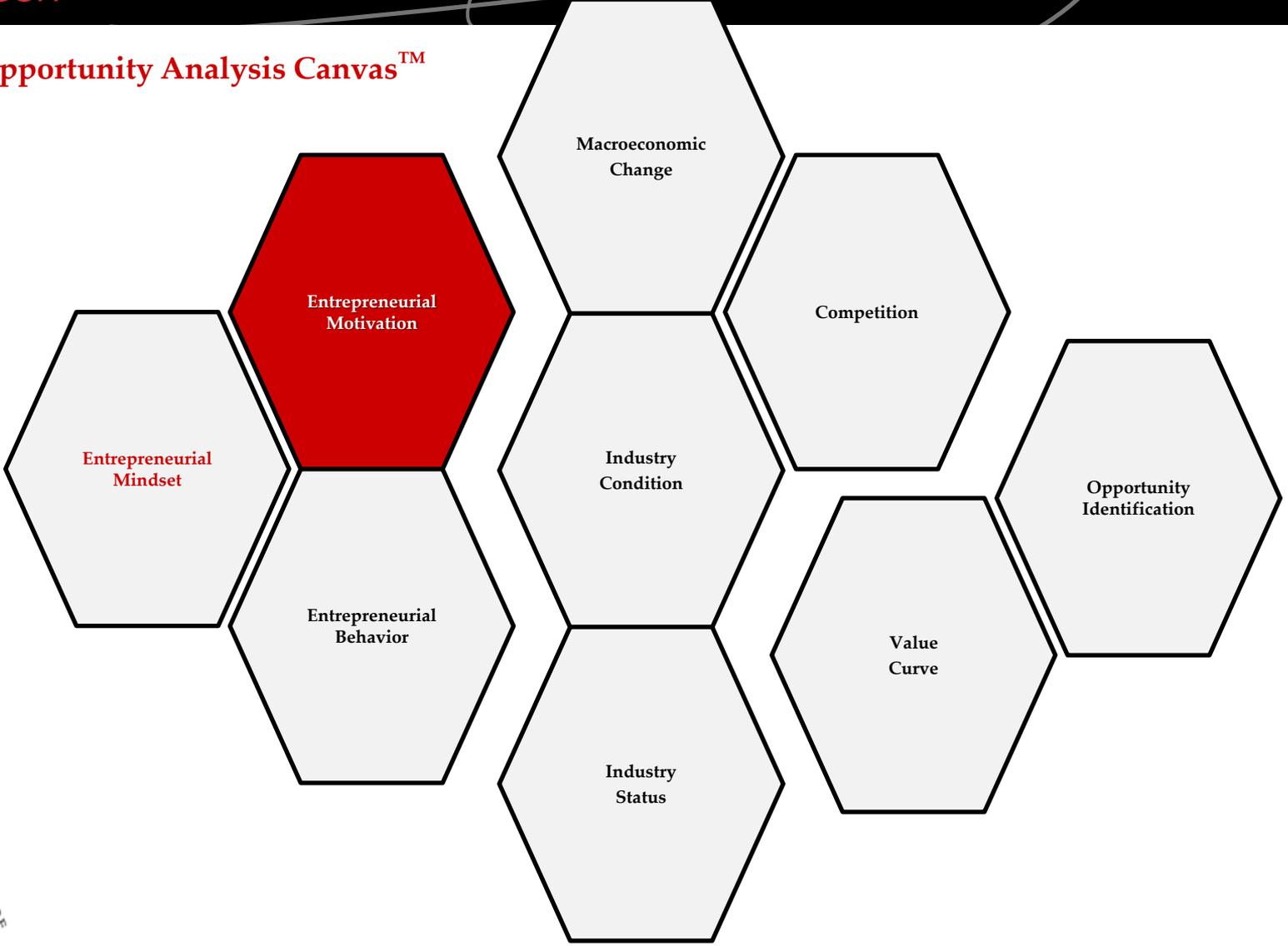
Entrepreneurial Motivations



Objectives

- Understand how *entrepreneurial motivation* encompasses the factors by which goal-directed behavior is initiated, energized, and maintained
 - Self-efficacy
 - Cognitive motivation
 - Tolerance for ambiguity

The Opportunity Analysis Canvas™



Self-efficacy

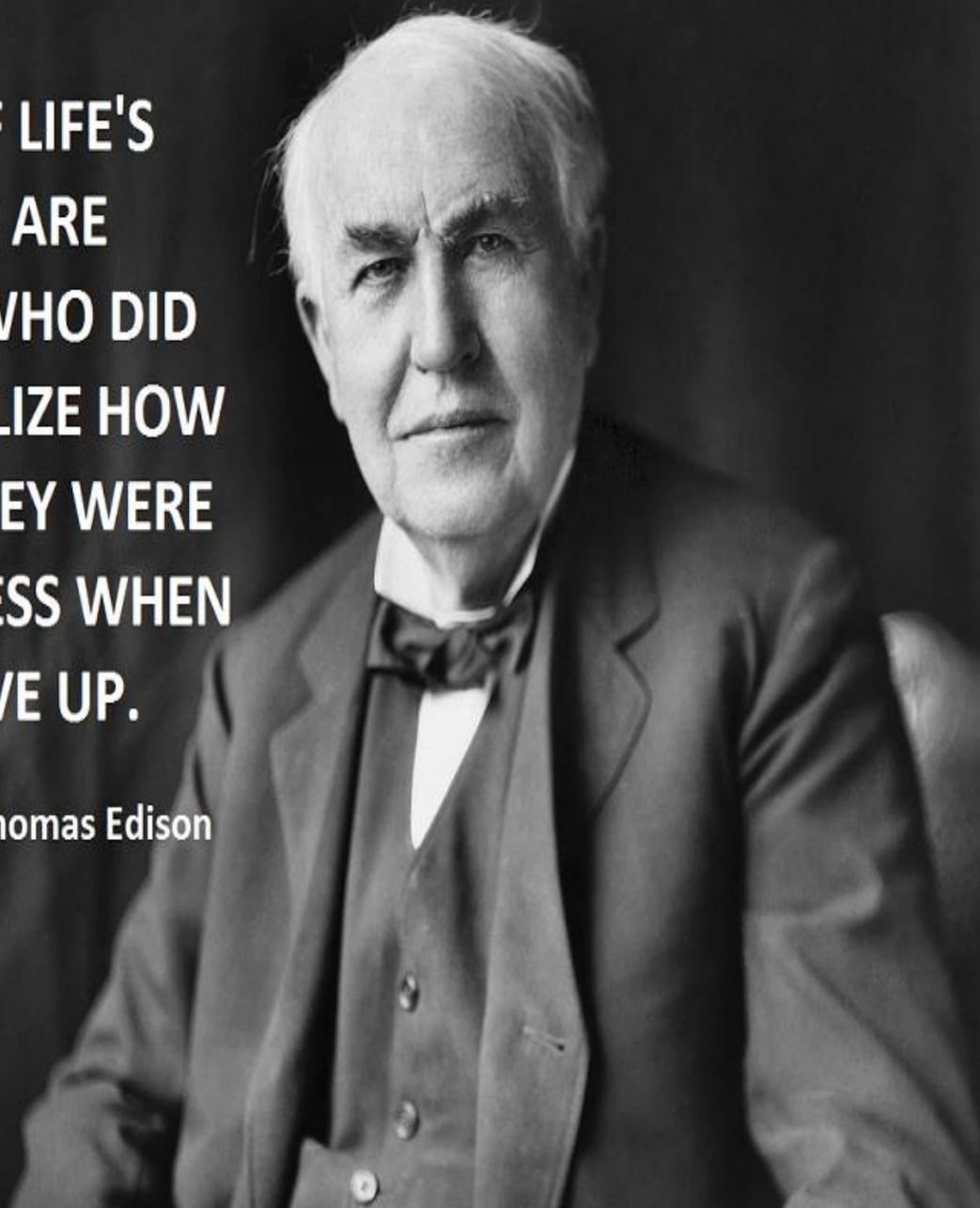
- Defined as your belief in your ability to accomplish a specific task
 - Intersects the entrepreneurial mindset and entrepreneurial motivation
- Related to control and confidence
 - ...but tied to a specific task or activity
- Top predictor of individual performance in a wide variety of tasks

Approaches to improving self-efficacy

- Mastery
 - Experience incremental successes
- Role modeling
 - Observes successes of others that are similar
- Social persuasion
 - Verbal encouragement from trusted sources
- Psychological cues
 - Exhibit a positive mood and high energy

**MANY OF LIFE'S
FAILURES ARE
PEOPLE WHO DID
NOT REALIZE HOW
CLOSE THEY WERE
TO SUCCESS WHEN
THEY GAVE UP.**

-Thomas Edison



**"I haven't failed.
I've just found
10,000 ways
that won't work."**

**"If we all did the things
we are capable of,
we would astound ourselves."**

**"Genius is one percent
inspiration and ninety-nine
percent perspiration."**

Cognitive motivation

- *Cognition* = the process of thought
- Individuals **high** in need for cognition (thinking) tend to seek, acquire, think, and reflect on relevant information
- Individuals **low** in need for cognition tend to rely on experience, assumptions, and luck



Tolerance for ambiguity

- Defined as the tendency to perceive ambiguous situations as desirable rather than threatening
- Necessary factor for entrepreneurs based on dynamic nature of markets and competition
- Important to be able to make complex decisions quickly with limited information

1 The accelerating pace of change ...



2 ... and exponential growth in computing power ...

Computer technology, shown here climbing dramatically by powers of 10, is now progressing more each hour than it did in its entire first 90 years

COMPUTER RANKINGS

By calculations per second per \$1,000

Analytical engine
Never fully built, Charles Babbage's invention was designed to solve computational and logical problems



Colossus
The electronic computer, with 1,500 vacuum tubes, helped the British crack German codes during WW II



UNIVAC I
The first commercially marketed computer, used to tabulate the U.S. Census, occupied 943 cu. ft.

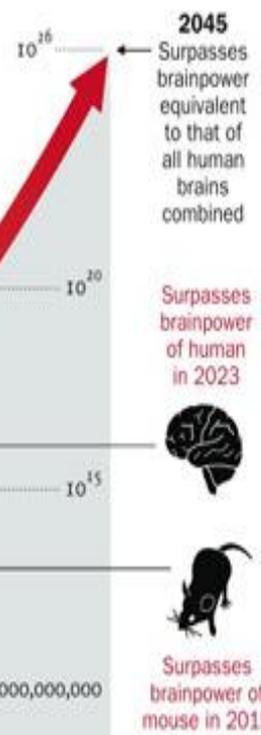


Apple II
At a price of \$1,298, the compact machine was one of the first massively popular personal computers

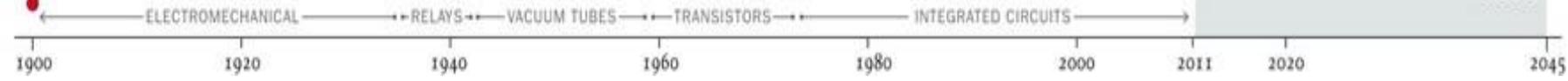


Power Mac G4
The first personal computer to deliver more than 1 billion floating-point operations per second

3 ... will lead to the Singularity



Source: Time



1 The accelerating pace of change ...

Agricultural Revolution → 4,000 years → Industrial Revolution → 120 years → Light bulb → 40 years → Moon landing → 12 years → World Wide Web → 4 years → Human genome sequenced

2 ... and exponential growth in computing power ...

Computer technology shows exponential growth, doubling every 18 months, now progressing more each hour than it did in its entire first 90 years.

3 ... will lead to the Singularity

COMPUTER RANKINGS
By solutions per second per \$1,000

- Analytical engine**: never fully built, Charles Babbage's invention was designed to solve computational and logic problems.
- Celebris**: The electronic computer, with 1,500 vacuum tubes, helped the British crack German codes during WW II.
- UNIVAC I**: The first commercially marketed computer, used to tabulate the U.S. Census, occupied 943 cu. ft.
- Apple II**: At a price of \$1,298, the compact machine was one of the first mass-produced personal computers.
- Power Mac G4**: The first personal computer to deliver more than 1 billion floating-point operations per second.

Timeline: 1940 (Electronic circuits), 1945 (Vacuum tubes), 1950 (Transistors), 1960 (Integrated circuits)

2045: Surpasses horsepower equivalent to that of all human brains combined.

Surpasses intelligence of human in 2013.

Surpasses intelligence of mouse in 2015.

Ray Kurzweil at Launch: Silicon Valley 2013

Cognitive biases and heuristics common in entrepreneurship

- Overconfidence
- Representativeness
- Counterfactual thinking

Overconfidence of entrepreneurs

- Refers to an individual tendency to overestimate one's capabilities, knowledge and skills
 - Results in being overly optimistic of the future
- Helps entrepreneurs to successfully face multiple hurdles of starting and managing
- Valuable to persuading others
- Explains why most new ventures fail

Representativeness of entrepreneurs' decisions

- Defined as the tendency of judging the probability of an event based on how representative that event is for a class or category of events
 - Stereotyping
- Willingness to generalize based on small samples of events
- Results in inaccurate perceptions of reality

Counterfactual thinking by entrepreneurs

- Defined as the tendency to think about ‘what might have been if..’
- Often negative in nature
 - With a sense of regret or disappointment due to missed opportunities
- Can result in pursuing mediocre opportunities for new ventures
 - Fear that they may ‘miss out’ on a success

Summary

By understanding the components of the *entrepreneurial motivation*, you can assess and enhance your own.

- Do you have high **self-efficacy**?
- Do you exhibit high **cognitive motivation**?
- What is your **tolerance for ambiguity**?