



## **tu-e4040 opportunity prototyping fall 2016 (tuesdays 14.00 – 16.00)**

3 ects

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### **overview**

At its core, the entrepreneurial process deals with dynamic challenges faced by individuals who wish to pursue an opportunity but do not have the necessary resources to hand. Many individuals mistakenly equate entrepreneurship with starting an independent business of their own. This may very well be the most appropriate way to pursue an opportunity but entrepreneurial process thinking is context blind; it can happen in new ventures, existing businesses, family businesses, not-for-profit initiatives, in fact anywhere where opportunity pursuit is bounded by resource constraints.

The design of this course is deliberately provocative and challenges much of the conventional wisdom as to the theory and practice of entrepreneurship:

- 1) In essence, the entrepreneurial process is an exercise in design thinking; how to create a compelling solution to a customers problem. Perhaps more than any other discipline, design looks at problems from a deeply customer empathetic perspective.
- 2) The linear logic of “have idea”, “write plan”, “raise money” is entirely misplaced. Ideation is defined as a process of forming ideas or images --- note the visual imagery to design disciplines. In my experience, too little effort is placed on creatively exploring how problems can be solved from

the outset. Piquing the imagination of others is the hallmark of individuals that can and do push innovative solutions forward.

- 3) Pursuing opportunities is a tough endeavor; resource providers are skeptical as are target customers. Anyone can do it but the alignment of personalities, opportunities and resources rarely fall into place as neatly and quickly as aspiring entrepreneurs hope. The fear of failure is often a big inhibitor for individuals to step out of their comfort zone. One of the greatest innovators of all time, Thomas Edison, considered failure as learning insights. In keeping with this spirit, the philosophy of the course is "failure tolerant zone".

## course objectives

We will introduce you to an approach called effectuation, a set of decision-making principles that expert entrepreneurs use in situations of uncertainty:

- 1) Action is initiated based on means available and not pre-set goals
- 2) Limits of investment both in terms of time and money are set up front
- 3) Opportunities are explored and developed in co-creation with outside parties
- 4) Surprise opens up new possibilities if you are open to reshape the opportunity
- 5) The future is shaped by the actions you take

Using available means as a starting point, expert entrepreneurs create an artifact (idea), set limits on how much time/money to spend evaluating the opportunity potential, engage the outside world with an open mind to shape the opportunity with an aim to secure pre-commitments from some to take an opportunity forward.

Through a combination of practical exercises, case studies and masterclasses, the aim is for students to gain:

- 1) Insights into the effectual mode of thinking
- 2) A mastery of the skills necessary to distinguish between ideas and opportunities
- 3) Confidence in communicating with impact
- 4) An appreciation for what it entails to be an entrepreneur

## deliverables & evaluation

The design of the course involves both **individual tasks** and a **group assignment**.

**Each participant** will need to complete the following:

1. Actively participate in the Networking Masterclass scheduled for **20 September @ Design Factory** (The Stage) **10%**
2. For the R&R case (**due at the beginning of class on 27 September 2016**), address the question "To what extent does Robert Reiss behave according to the principles of effectuation?" (2 pages maximum excluding exhibits) **15%**

3. Watch the "Mission to the Edge of Space: The Inside Story of Red Bull Stratos (2 hour video) at: <http://www.redbull.tv/film/AP-1KERSA1V52111/mission-to-the-edge-of-space> - and address the following question: "What insights can aspiring entrepreneurs take away from the Red Bull Stratos project to guide their pursuit of entrepreneurial opportunity? (4 pages maximum excluding exhibits) **Due by 16.00 MyCourses Friday 14.10.2016 25%**

### **Rethink the Concept of “Aging” (Group Task) (50%)**

The **group task** will be discussed at length in the introductory session but will be focused on the challenges (opportunities in disguise) presented by a rapidly aging society. At the time of its introduction in 1935, the US Social Security system was designed on the basis of an expected lifespan of men (58) and women (62). Lifespan has lengthened to 76 (men) and 81 (women) and continues to increase in part given the rapid advances made in medical technology and wellness space. **The prospect of living longer, more active lives is already a reality – but how we occupy our time, promote and maintain a healthy lifestyle and importantly finance longer lifespan in a sustainable way is an ever present challenge both for individuals and society as a whole.**

According to the **Stanford Center on Longevity ([www.longevity3.stanford.edu](http://www.longevity3.stanford.edu)) Sightlines Project (2016):**

- 75% of Americans indicate that they want to live to 100 if they can do so in good health (incidentally, my grandmother lived to 108,5)
- Received research supports the view that the ability to achieve long life is a function of healthy lifestyle, financial security and social engagement
- On the healthy lifestyle front, smoking is on the decline and individuals are exercising more **but** they are also sitting more and report experiencing persistent problems with diet and sleeping
- Financial security has fallen off, particularly for millennials who experience problems making ends meet, having funded their education with debt, and with few funds available to purchase real estate, save for retirement, or meet unexpected emergencies (<\$3,000 on hand)
- In terms of social engagement, millennials do have friends they can count on in tough times **although** baby boomers (55-64) appear to be far less socially engaged than their predecessors

There have also been dramatic shifts observed in living patterns, consumption patterns, and the nature of work:

- In 1970, 40% of US households were represented as married couple with children – by 2014 this proportion had reduced to 20%. Today 60% of households are represented by single adults and/or couples with no children
- According to Freelancer Union (2015) 30% of all freelancers are millennials (21-34), 33% GenX (35-50), 29% BabyBoomers (51-68) and 8% are seniors (69+)
- According to Edelman (2015) 61% of millennials freelance as a matter of choice – and across all age groups the majority embrace this career path as one of choice not necessity.
- The single job, single payer model of retirement upon which many retirement systems are designed appear ill equipped to handle the challenges of a multiple project, multiple payer model implied by the emerging “freelance” economy.
- To many millennials, the “experience of consuming” does not necessarily entail “asset ownership” (NOwners) – we are observing a trend among this group to “nest” for a longer period of time with parents. Car companies are also rethinking the notion of mobility as many young consumers eschew the concept of car ownership.

- According to PWC Moneytree, more than \$8 billion has been invested in the last year in biotechnology and medical services companies; sectors whose central remit is to extend the length and quality of life. Disrupting the process of ageing has captivated the imaginations of many tech billionaires including Peter Thiel (EBay), Sergey Brin (Google), Larry Ellison (Oracle) and Craig Venter (Human Genome Sequencing), and many others.
- According to a recent report released by AARP, Caregiving Innovations Frontiers (2016) – by 2020, 117 million Americans will need assistance of some kind, implying market spend (2016-2020) \$280 billion, 80% of which will be out-of-pocket. Interestingly, two-thirds of caregivers want to use technology to monitor the health and safety of loved ones but only 10% are doing so. The report can be accessed here: <http://www.aarp.org/content/dam/aarp/home-and-family/personal-technology/2016-01/2016-Caregiving-Innovation-Frontiers-Infographics-AARP.pdf>

You are living in exciting and challenging times, precisely a domain context that is ripe for exploring new opportunities to design and live a life that creates meaning for you, value for society at large, and based on a financially sustainable foundation. Together with your group, you will identify and explore an “ideation nugget” that **dramatically improves the experience of aging**. I encourage you to think big and bold. To give you a feel for the types of issues you may consider (but please do not be bound to):

- Why do governments and organizations fixate on the concept of retirement at a fixed age?
- Do we need to rethink how individuals transition into retirement as opposed to the model – active one day, retired the next?
- Do we need to rethink the concept of lifelong learning?
- How can we encourage and fully support the growing number of people who choose to operate as freelancers?
- How can we encourage young people to proactively save for their retirement?
- How do we encourage more social engagement in assisted living facilities? How should assisted living facilities be designed? Financed?

You get the picture – the challenge brief is wide open for interpretation. I want your team to do something that is of deep interest to the group. Unlike most other courses, you will not be undertaking this challenge “alone”:

1. You will be working in teams of no more than 6 people constituted by at least 2 nationalities. Your team will have complete freedom to brainstorm ideas and will be working with me “in camera”. **As a mentor to your team, I will provide you with constructive (some may consider it brutal) feedback**. I will help all teams shape and refine their pitch but to keep the element of surprise, you will not know what other teams are working on until the final presentations.
2. You will be using the highly demanding Pecha Kucha presentation format (20 second sound bites) and encouraged to develop prototypes. Each team will have one-to-one critique time with the mentor director. Some examples and guidelines of this presentation format can be found at: [www.pechakucha.org](http://www.pechakucha.org)

3. Each team will work independently and showcase their work on the final session at Design Factory on Tuesday 18<sup>th</sup> October

**schedule of coming attractions (subject to revision) – THE STAGE @ DESIGN FACTORY**

[www.aaltodesignfactory.fi](http://www.aaltodesignfactory.fi)

<b>13 September</b>	Introduction to Effectuation
<b>20 September</b>	Networking Masterclass
<b>27 September</b>	Effectuation in Action Case: R&R (Harvard Business School)
<b>4 October</b>	The Art of Lean
<b>11 October</b>	Team Consultations
<b>18 October</b>	Final presentations