

2.2 THE FIVE SKILLS MOST IMPORTANT TO THE PRACTICE OF ENTREPRENEURSHIP

>> LO 2.2 Create a portfolio of five skills essential to building a mindset for The Practice of Entrepreneurship.

By using the creation approach, entrepreneurs learn through action and manage uncertainty by focusing on developing five key skills: the skill of play, the skill of experimentation, the skill of empathy, the skill of creativity, and the skill of reflection. Throughout the book, these skills will come up time and time again through exercises that will encourage you to think and act entrepreneurially.

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The Skill of Play

The **skill of play** frees the imagination, opens up our minds to a wealth of opportunities and possibilities, and helps us to be more innovative as entrepreneurs.⁷

Theorists such as the famed child development psychologist, Piaget, have been extolling the benefits of play for decades, so why don't we do enough of it? Think about it. Don't you feel more interested, engaged, energized, and exhilarated when you're having fun and being playful? Why shouldn't entrepreneurship be fun? We feel that entrepreneurs benefit from creative exercises that encourage interaction with others, problem solving, idea generation, learning from trial and error, and so on.

In the context of entrepreneurship, play can include the use of serious games (i.e., educational games) such as alternative reality games and learning simulations that challenge you to be creative and to think like an entrepreneur.



Play can include the use of alternative reality games

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EvaKatalinKondoros

The Skill of Experimentation

The **skill of experimentation** is best described as acting in order to learn: trying something, learning from the attempt, and building that learning into the next iteration.⁸ In the context of entrepreneurship, experimentation means taking action, such as getting out of the building and collecting real-world information to test new concepts, rather than sitting at a desk searching databases for the latest research. It involves asking questions, validating assumptions, and taking nothing for granted.⁹

For example, say you have formulated a new energy drink, but you're not sure how to price it. You could spend weeks evaluating the energy drink market, researching your competitors to see how much you should charge for your own beverage. You might be able to get an idea of an average price for your drink, but it will be only a general guide. Alternatively, you could bring samples of your drink to the sidewalk, your friends, contacts, and local businesses and sell it at different prices based on what you have discovered during your research. By taking action and bringing the product directly to the customer, you acquire feedback not only on the price but also on how much they like the drink. This is experimentation—learning by doing, and taking action to create the bigger picture.



Video
The Skill of Play

Skill of experimentation: best described as acting in order to learn—trying something, learning from the attempt and building that learning into the next iteration.

Skill of empathy: developing the ability to understand the emotion, circumstances, intentions, thoughts, and needs of others.

The Skill of Empathy

The **skill of empathy** is understanding the emotion, circumstances, intentions, thoughts, and needs of others.¹⁰ Empathy is being able to relate to how others are feeling because you have been in a similar situation yourself. For example, you know how your best friend feels when her dog dies, because the same happened to you at one stage. Similarly, a nutritionist who has struggled to lose weight knows how a patient feels when attempting to do the same thing; and a former smoker knows how it feels for someone else who is trying to quit.

Why is empathy so important for an entrepreneur? Developing empathy is essential for truly understanding the reality of being an entrepreneur as well as evaluating your own ability to become an entrepreneur. Exercises such as interviewing practicing entrepreneurs help you to develop empathy for what they have been through, and enable you to put yourself in the shoes of that person and imagine what you would do in the same situation. Furthermore, empathy allows you to connect with potential stakeholders in a more meaningful way, which could help to identify unmet needs, leading to the creation of new products and services.

The Skill of Creativity

Skill of creativity: requires a general openness to the world and relates to unleashing our creative ability to create and find opportunities and solve problems.

The **skill of creativity** requires a general openness to the world and relates to unleashing our creative ability to create and find opportunities and solve problems.¹¹ We believe that entrepreneurship students are more open to creativity than students from other business courses—a theory that has been supported by recent research.¹² Our aim is to harness your creative potential so you can create opportunities, rather than simply discovering or looking for them.

But how do you create opportunities? It all depends on how much you want to learn, how curious you are, and how much energy you have to implement your idea. We all have ideas; but no matter how great we think they are, we need to have the desire to see them through. We will talk a lot more about creating new ideas in Chapter 5.

Creating opportunities is also based on some of the principles outlined in the previous section: the amount of resources you have, the ability to collaborate rather than compete, the effort to build relationships, the knowledge regarding how much you can afford to lose, and the willingness to leverage the knowledge that results from possible failures along the way. Using these principles dispels all those elements that tend to stunt creativity such as fear and perceived obstacles, and helps you to take action even under extreme conditions of uncertainty and doubt to create something of value.

The Skill of Reflection

Skill of reflection: helps make sense of all of the other actions required of play, empathy, creativity and experimentation.

The **skill of reflection** helps make sense of all of the other actions required of play, empathy, creativity, and experimentation. It helps codify our learning from practicing the four other skills. You may not realize it, but taking the time out to reflect is also an action, and it can be the most important of all the five skills. Reflection makes us aware of feelings of discomfort, helps us to critically analyze our own feelings and the knowledge we possess, provides us with new perspectives, and allows us to evaluate outcomes and draw conclusions.¹³

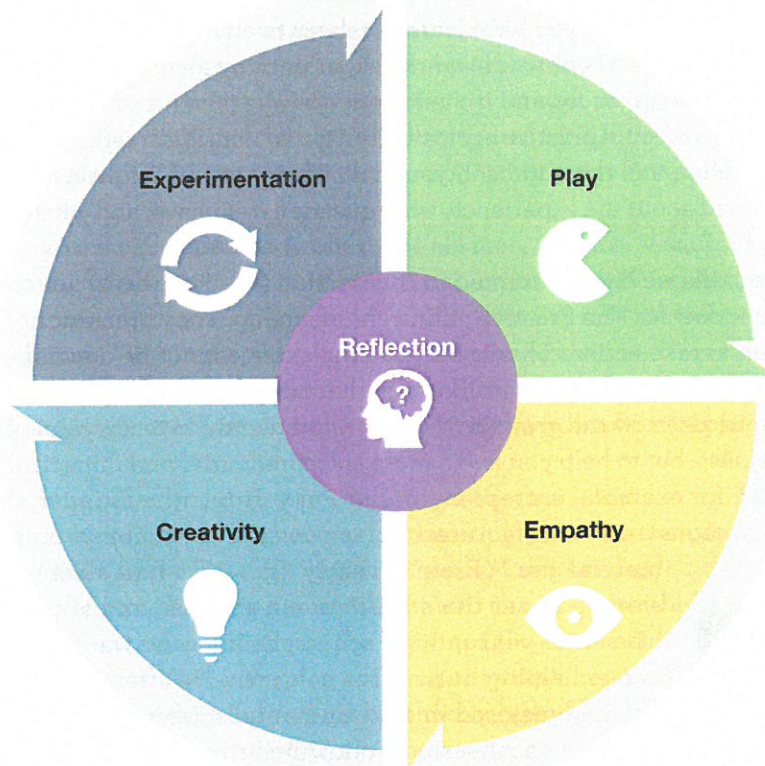
In spite of the benefits of reflection and the substantial amount of research that supports its importance, we don't seem to practice it very much at all. When asked to



Video
Reflection

FIGURE 2.2

The Five Most Important Skills to The Practice of Entrepreneurship



Source: Neck, H. M., Greene, P. G., & Brush, C. (2014). *Teaching entrepreneurship: A practice-based approach*. Northampton, MA: Edward Elgar.

reflect, we often don't really know how. Without intentional and focused reflection, we simply simulate writing in a diary or journal, which is interesting in practice, but it doesn't help us really learn from our actions. There are six different ways we can practice reflection:

- ▶ narrative reflection,
- ▶ emotional reflection,
- ▶ perceptive reflection,
- ▶ analytical reflection,
- ▶ evaluative reflection, and
- ▶ critical reflection.¹⁴

Let's further explore these different types of reflection by imagining that you have just given a presentation of your new energy drink to a small retail outlet. Following the presentation, you make time to reflect on the experience. First, through narrative reflection you could describe what happened by considering what took place, what was said, and who was involved. Second, you could use emotional reflection to focus on how

you felt during the presentation and how you managed those emotions (nervousness, anxiety, etc.). Third, perceptive reflection focuses about your perceptions and reactions as well as the perceptions and reactions of others and how different viewpoints, needs, or preferences affected the experience. Fourth, you could adopt analytical reflection to analyze the situation by thinking about the skills and knowledge you gained from the experience and if anything you have learned relates to anything you have heard about before. Furthermore, you could evaluate the experience by focusing on what went well and what seemed to go badly, and if the experience was positive or negative, useful or helpful. Finally, you could practice critical reflection by considering the part you played in the presentation and the approach you took, what else you might have done, what you have learned about the experience, what questions you have, and what you need to consider as a result.

The five skills we have presented in this section (see Figure 2.2) are essential for building a mindset for The Practice of Entrepreneurship. They are designed for those who are keen to take action. This is because the skills cannot be developed without learning through doing. We want to show you that taking action first is the biggest part of getting your ideas off the ground. We don't want merely to teach you about how to create a business, but to help you live a more entrepreneurial and impactful life.

Consider, for example, entrepreneur Jim Poss. Jim is the founder of Bigbelly, Inc., which designs and manufactures solar-powered trash compactors for commercial use.¹⁵ From an early age, Poss had always been passionate about the environment, science, and engineering. By his senior year in high school, he knew he wanted to explore a career helping businesses go green. He attended Duke University and majored in environmental science and geology with a minor in engineering. Following university, Poss held a number of short-term jobs, working as a hydrologist, sales engineer, and production manager for different companies. It was through these experiences that he discovered his tendency to get bored easily and his dislike of being overly supervised by managers.

Realizing that he still had a lot to learn, Poss decided to enroll in the Babson College MBA program in hopes of starting his venture prior to graduation. During his time at Babson, Poss contacted a board member he had met at the Spire Corporation, a manufacturer of solar-powered equipment, to investigate the possibility of creating solar-powered trash compactors. Although Spire wasn't interested in Poss's idea, they did offer him an internship, which resulted in Poss working 15 hours a week on top of his full-time MBA. During his time at Spire, Poss persisted in showing the feasibility of his trash compactor idea, although the company's executives still declined to pursue it.

Undeterred, Poss continued to research the trash industry and found he had more potential to make a difference than he first realized. U.S. companies were spending billions of dollars every year on trash receptacles and compaction equipment, and trash trucks were making multiple trips to high-trash volume areas like resorts, amusement parks, and beaches, resulting in a huge waste of energy and labor resources.

Confident that his idea had legs, Poss persuaded some other talented individuals to join him on his quest to make the solar-powered trash compactor a reality. His team included Jeff Satwicz and Bret Richmond, engineering students at the nearby Franklin W. Olin School of Engineering—one of whom had specialized



Bigbelly solar-powered trash compactor

Credit: Eye Ubiquitous/Newscom

experience in product design and welding—and Alexander Perera, a Babson Entrepreneurship Intensity Track (EIT) student with a background in renewable energy use and energy efficiency.

With \$22,500 cobbled together from his own savings and some funding from Babson, Poss was able to begin the first stages of his journey. Poss found a couple of kitchen trash compactors in newspaper classified ads, which he bought for \$125 each. Together with his team, they *played* around and tinkered with them to better understand how they worked. Then they *experimented* by doing some reverse engineering to test the real-world feasibility of their planned compactor. What they found encouraged them to make some cold calls in search of anyone out there who would be interested in their idea.

One of the first calls Poss made was to the ski resort town of Vail, Colorado, a place where collecting trash can be especially costly and time-consuming due to the remote locations of some of the ski lodges. In his pitch, Poss expressed how he *empathized* with this dilemma. To his surprise, Luke Cartin, who worked at the resort, jumped at the concept of a solar-powered trash compactor. Following a couple of conference calls, the resort put in an order for one Bigbelly, paying the full amount upfront. The only problem was that the product didn't exist yet.

Poss and his team knew they needed to get to work immediately. The first step they had to accomplish was to draw up engineering plans for the now-trademarked “BigBelly Solar-Powered Trash Compactor” using computer-aided design software (CAD)—an application the team had no idea how to use. Together they each committed to learning CAD so they could create the drawings they needed.

Next, they looked for quotes for building the trash compactor, but these were too high, so the team decided to build it themselves through the process of *creativity*. Poss connected with Bob Treiber, president of Boston Engineering, who charged him much less for providing his engineering team's expert assistance than what it would have cost to have the compactor fabricated. As a bonus, this work arrangement allowed Poss and the team to use Boston Engineering's company facilities.

When the first prototype was ready, Poss personally traveled to Vail to make sure it was set up correctly. The team had managed to build the first Bigbelly for \$10,000, selling it to Vail for \$5,500. Yet the feedback they received was worth the initial loss. The Vail crew advised Poss and the team to make a two-bin system rather than a one-bin, to put the cart inside on wheels, to put the access door on the back, and to have a wireless notification to alert the operator when the compactor was full.

Poss and the team *reflected* on this feedback and decided to incorporate it into their next production run. As a result, they presold nearly half of the compactors with a 50% down payment for each one. During this period, Poss received more funds from his parents, a business angel, and his former boss at Spire, which allowed Bigbelly to put more of the compactors into production.

Today, over 1,000 organizations in over 47 countries use Bigbelly solar-powered trash compactors as a more sustainable environmental solution to waste collection.¹⁶ As the Bigbelly case shows, today's entrepreneurs need to identify and shape opportunities by using creative approaches to generate information that did not exist before or that is inaccessible.

Jim Poss is an example of the creation approach in action—very early on in the venture. In the next section, we will revisit the concept of entrepreneurship as a method rather than a process. The method builds on the creation approach, but it also includes the predictive approach.