

Advances in Project Management Series¹

The entrepreneurship advantage: Looking in new places²

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The notion of entrepreneurship has attracted considerable interest within management and business since its first appearance in 1437 (Westhead & Wright, 2013; p. 4) and its more popular and common use through the pioneering writing of Jean-Baptiste Say (1803). Yet, while entrepreneurship seems to imply novel projects and undertakings in challenging new contexts, it is very seldomly invoked in project management dialogues. One might have expected the relative proximity between the disciplines to have resulted in greater commonalities and sharing, however in reality the project management community has remained somewhat oblivious to advances in entrepreneurship and to the potential for inter-disciplinary collaboration.

What is this thing called entrepreneurship?

Entrepreneurship is not an easy concept to nail down, and many alternative definitions have been proposed. Entrepreneurship is often associated with the starting and running of new businesses. Westhead & Wright (2013; p. 1) suggest that entrepreneurs can be '*vital agents of innovative change whose actions lead to the creation of new firms. They can also transform existing firms to exploit economic and socially beneficial opportunities.*'

Entrepreneurship has been associated with the creation of something new or different, including new enterprise (Lumpkin & Dess, 1996), new organisations (Low & Macmillan, 1988), as well as new ventures, new markets, and new opportunities (Read et al., 2017). Shane & Venkataraman, identify entrepreneurship as '*the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited*'. (2000; p. 218).

Entrepreneurs are often associated with promoting and creating new economic development and social well-being. However, whilst entrepreneurs are linked to 'generating' new sources of competitive advantage, their actions can also play a part in 'destroying' or replacing older firms, traditions, occupations and jobs. Indeed, Davidsson (2004) positions entrepreneurship as 'new entry' through the launching of product, service or business model innovation, as well

¹The PMWJ *Advances in Project Management* series includes articles by authors of program and project management books published by Gower in the UK and by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Gower/Routledge *Advances in Project Management* series of books on new and emerging concepts in PM. To see [project management books published by Gower and other Routledge publishers](#), click here. Prof Dalcher's article is an introduction to the invited paper this month in the PMWJ.

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as ‘imitative entry’, where a new competitor appears on the scene, giving buyers expanded choice opportunities, and thereby threatening established firms. Entrepreneurships can thereby have a wider impact on surrounding systems and environments:

‘Entrepreneurship can disrupt most industrial sectors, forcing significant changes in product and service offerings, new logistics processes, and new business models.’ (GEM, 2018; p. 16)

Stokes et al. (2010) propose three dimensions of entrepreneurship focused on:

- the outcomes of entrepreneurship;
- the processes taken by entrepreneurs; and,
- the behaviours required by entrepreneurs.

Entrepreneurship can therefore be perceived as a synthesis of the three dimensions, for example, by observing the behaviours undertaken within and alongside the processes of discovery, development and exploitation related to new ventures with a focus on value and outcomes.

Entrepreneurship is thus concerned with emergent phenomena (Stokes et al.; p. 34). Hisrich & Peters perhaps best capture the inherent complexity in terms that will chime with the experiences of many project managers:

‘Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.’ (Hisrich & Peters, 2002; p. 8)

How project management lost its way

In the wake of the Second World War, project management was entrusted with a significant range of intricate and demanding undertakings, often requiring the integration of complex components, sub-systems, systems, projects, programmes and specialisms (Dalcher, 2015; p. 1). Many of the new initiatives were ambitious, unprecedented, and extremely innovative requiring an entrepreneurial mindset, and a systemic approach to match the rising ambition and complexity levels.

Klein & Meckling (1958; p. 352) note an increasingly significant focus on efficiency inherent within operations management thinking. The allure of greater efficiency, they contend, can also be stretched beyond existing operations to guide future development efforts. Invoking two illustrative characters, the optimiser and the sceptic (introduced as ‘Mr Optimiser’ and ‘Mr Sceptic’ in the original), they further highlight the growing gulf between the different positions. Both characters are given a sum of money and a fixed time to develop a desired military solution (p. 355).

The optimiser sets off by endeavouring to exhaustively and systematically analyse and compare all the different alternative final systems. Meticulous estimates and plans are drawn to determine optimal timing for the release and consider the integration of sub-systems and components. Careful matching and precise estimates allow the optimiser to design the most

efficient end product. Once all the decisions have been made, the optimiser is able to re-focus on the optimal allocation of resources ensuring optimal apportionment against a fixed plan. The wish to control costs, will often eliminate the possibility of parallel experimentation and duplicate components resulting in linear, planned progression (p. 355-6).

The sceptic, on the other hand, prefers to delay commitment to a particular solution, concentrating instead on developing a strategy that is consistent with a wide range of potential final systems, recognising that full detail of an operational environment ten years in the future enables one to eschew the need for binding detailed estimates. The immediate concern is with getting some development going (p. 356) as a way of buying information about the emerging needs and the context. Performance factors can be given as a wide range of potential characteristics, which will be gradually refined throughout the process. This means that specific commitment is deferred until more information is available following further experimentation, testing, mock-ups and prototyping. The resulting development effort is kept flexible (p. 357), enabling informed decisions to emerge from the iterations and the ensuing learning. Resources are committed by stage, so that the range of alternative options is progressively narrowed as development proceeds on the basis of the information acquired in practice.

Klein and Meckling assert that potential users are likely to prefer, and actually choose the product of the sceptic (p. 358). They reason that the general method for development assumed by the sceptic is more efficient. The authors caution that optimising estimates are unlikely to remain relevant over the course of development, suggesting that the optimised cost estimates would often require revision by a factor of 2 or 3 (p. 358). Evidence from a number of military fighter aircraft cases is duly provided to support the assertion.

Premature optimisation as advocated by the optimiser has two key disadvantages: It prevents designers and planners from finding out more about the nature of the alternatives, whilst also making it difficult to incorporate new information into existing initiatives. Instead, ‘*final commitments do not have to be made on the basis of low confidence estimates*’ (p. 361), allowing for greater flexibility, exploration and learning.

Other disciplines appear to have engendered similar thinking: Hirschman (1967) advocates for an adaptive form of model that supports voyages of discovery (p. 78), through multiple and parallel approaches to collecting sufficient information, and experimental prototypes before committing to any particular course of action (p. 82).

The paper by Klein and Meckling has been identified as a classic and recognised as making an important contribution to the discipline of project management (Brady et al. 2012; Davies et al. 2018). More recent work supports similar conclusions. Shenhar and Dvir (2007) note that project management is based on a simplistic and largely rational model, decoupled from the external environment and the business need and ignorant of the emergent nature of projects, and the need to shape the project.

‘Projects exhibit high failure rates due to senior managers and project teams underestimating, up front, the extent of uncertainty and complexity involved in their projects and failing to adapt their management style to the situation.’ (Brady et al. 2012, p. 719).

Lenfle & Loch (2010; p. 32) take issue with the ideology of standardised project management ‘*which takes the project mission and goals as given and adopted a phased “stage-gate” approach as the professional standard.*’ They lament the adoption of a control-based perspective with phased stage-gates, over novelty and flexibility. They note that the characterisation of project management represents a certain irony as the Manhattan Project and the first ballistic missile projects, which are said to be the origin of contemporary project management, fundamentally violated the phased life cycle approach and the emphasis on control. Early projects they contend ‘*applied a combination of trial-and-error and parallel trials in order to “push the envelope” and achieve outcomes considered as impossible at the outset*’ (p. 32).

The need to operate in uncertain and unpredictable environments requires gradual sense making of the environment as planners and designers endeavour to utilise emerging insights and new knowledge.

‘The discipline seems to have lost its roots of enabling “push the envelope” initiatives, de facto focusing on controllable run-of-the-mill projects instead. We argue that this matters a great deal: it has prevented the project management discipline from taking center stage in the increasingly important efforts of organizations to carry out strategic change and innovation. PM has an opportunity to regain the central place it should never have lost in the management of strategic initiatives, innovation, and change, but this will require adding more flexible methods to the available toolkit.’ (p. 33)

Leading edge projects still require innovative solution and development approaches. While parallelism, concurrency, iteration and experimentation may be making a comeback in other domains, the fixation with instrumental rationality and control has robbed project management of its ability to fully engage with pathbreaking innovation. Indeed, if project management continues to ignore its creative roots, other disciplines are likely to step up and offer similar concepts packaged under different guises such as systems engineering, business analysis or enterprise systems (Dalcher 2015; 2017), leaving project management to grapple with simpler, less demanding and more trivial undertakings.

Lenfle & Loch identify two critical limitations resulting from the loss of roots:

- The focus on project management as an execution discipline, and
- the assumption that uncertainty control and elimination are feasible (p. 48).

In doing so, the discipline fails to address the need to embrace uncertainty as a source of innovation, choosing instead to seek the elimination of uncertainty, thereby limiting the potential for flexibility, innovation and creativity. More critically, it misses out on the creative essence of projects. Such positioning removes the discipline from key core areas of management, including strategy making and innovation (p. 48), and thus excludes the possibility for strategic flexibility, resilience and diversity (Dalcher, 2018). It also trivialises the discipline, and dilutes the power of project management, thereby opening the door to other approaches and perspectives that are able to bridge the gap and incorporate innovation and strategic thinking with flexible deployment (Dalcher, 2019).

The self-restriction may have originated from a set of historical accidents (Lenfle & Lock, 2010), but their combined impact continues to bound and limit the discipline and its ability to manage meaningful change. To address the gap, Lenfle & Loch challenge the community to reposition projects as a strategy making tool, thereby broadening the traditional mission of projects, as well as to re-invigorate and expand the process to accommodate novel and innovative projects replete with uncertainty. Focusing on uncertainty would enable new managerial approaches and governance structures that would once again support parallel thinking, experimentation and information finding and enable project management to resume a position as a creative and responsive discipline.

And how we can find it again –Repositioning projects alongside entrepreneurship

Project management is still searching for that severed connection with innovation and creativity. The close bond between innovation and project management, evident in the early studies, has weakened as the two disciplines drifted apart, following '*largely distinct and diverging intellectual and practical trajectories, while addressing similar questions*' (Davies et al. 2018; p. 969).

A rather neglected avenue with enormous untapped potential is offered by looking at the discipline of entrepreneurship. The guest article 'Effectual project management: Thinking like an expert entrepreneur' is written by Laura Mathiaszyk, Christine Volkmann & Stuart Read. The contribution draws upon the second edition of the book *Effectual Entrepreneurship* by Stuart Read, Saras Sarasvathy, Nick Dew and Robert Wiltbank (2016), published by Routledge. The ideas explored by the authors are underpinned by the notion of effectuation.

Effectuation is associated with the pioneering work of Saras Sarasvathy and colleagues who advocate a fundamental distinction between causation approaches to opportunity identification and exploitation, and effectuation. Causation implies a search and discovery of opportunities – akin to achieving a specific pre-determined external goal through exploitation of a specific set of given means. This infers the identification and detailed analysis of the most promising opportunity, perhaps in keeping with the style of Klein & Meckling's optimiser.

Effectuation recognises that opportunities are created. Entrepreneurs can thus utilise evolving means to derive and attain new and emergent goals. Much in common with Klein & Meckling's sceptic (or Skeptic), the approach is better suited to complex decisions in uncertain contexts where solutions and options adapt and evolve over time, through learning and interaction with the domain. Effectuation recognises a plurality of possible new ends given a set of available means.

The work of Read and his colleagues makes entrepreneurship and effectuation accessible, whilst offering essential insights into the nature of the enterprise and the dynamics required for success in uncertain and complex settings. Following through the set of principles and perspectives offers an informed glimpse into the characteristics of the entrepreneurial mindset and the way expert entrepreneurs operate, especially when the creation of new opportunities is being pursued.

Entrepreneurs expand the problem space and increase returns as they work through emerging enterprise opportunities. Read and his colleagues make important contributions to our

understanding of risk, change and entrepreneurship as an unfolding route to development and growth. Their work implies situational sensitivity to context including the stage of the project, and the challenges and opportunities that emerge. It also enables us to re-consider the balance between planning-based and flexible or responsive modes of operation and develop a contingent approach that encourages pragmatic sensibility in matching and combining approaches.

It is widely recognised that the vast majority of ventures end up doing something different to the notion they started up with. As projects increasingly seek to address opportunity and value under conditions of uncertainty, the writing of Read and his associates offers a new path for engaging with entrepreneurship, and renewing the long-lost connection between projects and meaningful achievement. Effectuation offers a way of re-visiting the lost roots of projects and benefitting from established ideas that have been curated and nourished in a neighbouring discipline. Predefined optimised routes only offer limited value and possibility in particularly constrained and closely controlled contexts. As we increasingly look to create beneficial opportunities, operate in the face of uncertainty and engage with successful practice, in a pragmatic and ambidextrous fashion, we must reinvigorate and cherish our ability to create new paths, learn and improve, and build on new insights and knowledge. Innovation and entrepreneurial activity may well hold the key to repositioning our projects as instruments for renewal, particularly in uncertain and unstructured contexts as we try to engage with new ventures, markets, contexts, settings and opportunities.

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