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978-1-107-07427-9 - The Entrepreneurial Arch: A Strategic Framework for
Discovering, Developing and Renewing Firms

Timothy L. Faley

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The Entrepreneurial Arch

As the number of universities offering entrepreneurial programs continues to increase, there is a growing need for a suitable framework for the teaching of entrepreneurship beyond the operational side of the business and the preparation of a business plan. This book offers a fresh approach to entrepreneurship by teaching readers how to discover and create a new firm or grow an existing one, starting from a firm's or team's capabilities. The core methodology is based on the "Entrepreneurial Arch" which provides a more holistic view of entrepreneurship by dividing the business development process into six distinct segments. An important feature of this model is the inclusion of learning units focusing on opportunity identification, business design, and risk reduction before the business planning stage is attempted. Illustrated with various real-world examples, this structured and concise book will appeal to students, as well as to practitioners looking to develop their entrepreneurial skills.

TIMOTHY L. FALEY is Kiril Sokoloff Distinguished Professor of Entrepreneurship and Special Assistant to the President for Entrepreneurial Initiatives at the University of the Virgin Islands. Dr. Faley was an architect and builder of the entrepreneurship program at the University of Michigan, which he helped transform from an unranked program to the number one graduate entrepreneurship program in the nation (*Princeton Review* / *Entrepreneur Magazine*, 2013).

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TIMOTHY L. FALEY

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Preface

The parable of the blind men and the elephant is well known. Each feels a different part of the elephant and describes that part as though it were the whole animal. One believes an elephant is like a snake as he feels its trunk, another a fan as he feels the elephant's ear, still another a rope as he grasps the elephant's tail, another feels the elephant's side and believes the elephant is like a wall, the last man feels the elephant's tusk and describes the elephant as a spear. Entrepreneurship is described in a very similar way. Some emphasize the business plan; others argue how the business plan is "dead" and it is now all about the business model; still others argue that it is all about financing or growth or passion. Like the blind men, they are all correct and simultaneously all wrong, as they each describe a piece and not the whole.

The Entrepreneurial Arch is the result of my quest to pull all these pieces into a unified description of entrepreneurship. That description has two parts: Business Discovery and Business Execution. Each of those parts has three components. Together the six components describe fundamental skills that every organization wishes it could enhance:

- identifying emerging opportunities (and threats)
- formulating innovative business solutions around those opportunities
- assessing the feasibility of those proposed businesses
- developing a practicable implementation plan from disparate and incomplete information
- identifying, aligning and/or acquiring the necessary resources needed to power the plan forward, and
- driving accelerated growth.

We call people with the above skill-set entrepreneurs.

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Some elements are missing. I was originally trained as a scientist and have been involved in all aspects of the creation and commercialization of science throughout my career. Transforming inventions into innovations seemed mystical and unknown to all but a few. Earning an advanced degree in business did not help resolve this mystery for me. Traditionally, the teaching of entrepreneurship has focused on the operational side of the business: How to plan your operations, how to resource your plan, and how to grow your business. Sometimes business assessment and/or business model creation are taught, but this still requires that you first have a specifically defined business. How does any of this help when all you have is an invention or some expertise that you desire to leverage? A big piece of the story seems to be missing. How could we become an innovation world when such a big piece of the puzzle is missing and untaught? We need to teach students how to create differentiated businesses from their differentiated capabilities, building upon their own unique knowledge bases and what they came to the university to study. Business is the vehicle for creating and capturing value from your capabilities. The discussion of how to leverage your capabilities to create value for the world should not start with the vehicle, but with your capabilities. That is what students are passionate about, and that is what they come to the institutions of higher learning to deepen their knowledge about. This was my motivation for developing the Entrepreneurial Arch.

As the elements of the arch became clearer there rose a second and equally difficult challenge. How do you teach this? The traditional way of teaching entrepreneurship uses what some call the apprenticeship model and what I usually call the “mentor model.” You take someone with a promising idea and connect them with a mentor who guides them through the mystical process of business formulation and execution. That methodology works well when you have a vibrant entrepreneurial ecosystem to draw upon. However, if your goal is to *create* an entrepreneurial ecosystem in your community, you are caught in the conundrum of needing a robust ecosystem (with a plethora of experienced mentors) in order to develop one. As I talked to

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educators from Cairo to Kalamazoo, it became clear that this conundrum had to be resolved if they were to have the impact they desired. Not only did the description of entrepreneurship need to be made whole, but addressing how to teach it also needed to be updated. The “learn–do, learn–do” model was the result of that effort. Thinking of entrepreneurship as a learnable skill, and understanding that the foundation of any skill is knowledge, we experimented with programs and courses and experiential learning programs that would deliver a portion of the arch (the “learn”) and then allow students to develop those skills (the “do”) before acquiring additional knowledge. By breaking the process down into small parts, we were also able to develop coaches for each part. The process overcomes the classic conundrum by creating a pathway to follow in bootstrapping an entrepreneurial ecosystem. I say “we” because no one can teach this range of work on his or her own. I must also admit that the work is not “complete.” As John Cotton Dana once said, “Who dares to teach must never cease to learn.” I love to teach and I am definitely still learning.

It is my fervent hope that this book will help in forwarding you along your own entrepreneurial journey.

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Most importantly, this book is dedicated to my deceased mother Maxine and my wife Kelley. Their energy and faith continue to be infectious and inspiring.

Tim Faley

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