

Lean 2.0: Two Puzzles and a Finding

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Puzzle: Opportunity Discovery

Assumption Data

- Obs. #1: Why experiment?
(McGrath & MacMillan, 1995; Christensen et al., 2008)
 - Obs. #2: We live in an era of data abundance
(McAfee & Brynjolfsson, 2012; ScienceDaily, 2013)
 - Puzzle: Do we need more experiments?
 - Or, design better markets for data and insights?
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- Dushnitsky and Klueter (2017) “Which Industries Are Served by Online Marketplaces for Technology?” Research Policy 46(3): 651-666
 - Dushnitsky and Matusik (2019) “A Fresh Look at Patterns and Assumptions in the Field of Entrepreneurship” Strategic Entrepreneurship Journal, forthcoming

Puzzle: Scaling Up

- Obs. #1: API Economy (e.g., Stripe supports 135 currencies)



- Obs. #2: APIs power many startups and facilitate rapid growth
- Puzzle: Does API-enabled growth allow for experimentation?
 - Who learns? The API provider? The scale up?
 - Is it a source of competitive advantage?
- Dushnitsky and Matusik (2019) “A Fresh Look at Patterns and Assumptions in the Field of Entrepreneurship” Strategic Entrepreneurship Journal, forthcoming

Finding: Investors' View of Failure

- Obs #1: Most experiments fail (Nanda and Kerr, 2009)
- Obs #2: Multiple entrepreneurial episodes (Di Pietro et al., 2019)
- → Most 'serial entrepreneurs' experienced past failure
- Obs #3: Success (skill **AND** luck), Failure (skill **OR** luck)
- Puzzle: Do investors correctly price serial entrepreneurs who previously failed?
- Finding (in short): They Do!



- Zunino, Dushnitsky and van Praag (2018) "How Do Investors Evaluate Past Failure? Unpacking Failure Due to Lack of Skill versus Bad Luck." CEPR working paper

In Summary

- Puzzle 1: Opportunity discovery
 - Do we need experiments? Or, design better market for insights?
- Puzzle 2: Scale ups
 - Does API-enabled growth allow for experimentation?
 - Who learns? The API provider? The scale up?
- Finding: View of failure
 - Do investors correctly price entrepreneurs who previously failed?
 - Investor discern mistakes from misfortune

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