

A New Look At Undergraduate Entrepreneurship Education

Anne McCarthy

College of Business
Colorado State University
Fort Collins CO 80523 USA

Pamela J. Morris

Individual Efforts, Inc.
Fort Collins CO 80524 USA

Joan Winn

Daniels College of Business
University of Denver
Denver CO 80208 USA

Abstract

Entrepreneurship curricula have matured to the point of providing a sound conceptual framework to would-be entrepreneurs. However, undergraduate students typically lack the experience necessary to understand the implications of what they have learned, especially regarding post start-up issues. Similarly, many small-business owners are not prepared to deal with the problems they encounter. This paper proposes an addition to the undergraduate entrepreneurship program that provides experience for students while assisting businesses that are struggling with post start-up problems.

Introduction

Imagine plotting types of entrepreneurial education programs (academic and business based economic development training program) on the product life cycle curve. It would be reasonable to say that as a product, the academic programs may have made the transition from the introduction to the growth stage, perhaps even the early stages of maturity (9). From a start of one college with one course in 1945, to 16 schools with courses in 1970, to over 400 universities and colleges with courses or programs in 1995 (15), entrepreneurship is no longer a newcomer to business school offerings. Graduates of entrepreneurship programs should be prepared to start their own firms or go to work for small or growing firms in a productive way.

Community outreach and training are still in the introductory phase. State policies have only recently started to address community outreach and training, largely as a result of the Small Business Act of 1980 (4, 6). Because small-business owners often lack the formal education that business schools provide, they have created a demand for instruction in small business management. Local agencies provide courses in varying formats and venues, usually targeted to the would-be entrepreneur: the person considering entrepreneurship as an option to his/her current situation. These courses often

provide assistance in writing business plans, understanding basic accounting, or obtaining startup financing.

This paper will discuss some of the gaps in business school and community-sponsored entrepreneurship programs and propose a course to bridge this gap.

Business School Track Record

Studies indicate that students studying entrepreneurship have a higher likelihood of starting a business (1, 15). High profile, highly ranked MBA programs boast of increasing numbers of graduates starting successful new ventures (2). A key component in MBA programs is the acceptance of students with prior experience. Experience has long been known to be as important a factor as education in the success of new ventures (3, 8, 12, 13). It would be difficult to argue that most academics believe the purpose of education is to provide experience. Rather most college instructors see the purpose of education as preparing students to confront unknown business situations by presenting broadly-applicable theories and frameworks. This is most clearly seen in the courses that require the writing of a business plan or the strategic analysis of a business or industry.

If experience is as important as education in providing sound footing for entrepreneurship, what opportunities do entrepreneurship programs provide for gaining experience, especially for traditional undergraduates who come into the program fresh out of high school? What opportunities for post startup experience do undergraduate business programs provide for their students to gain experience in dealing with issues critical to sustaining a business past the startup phase? This is an especially difficult proposition. Business schools do provide courses that outline and discuss these issues in a general way. However, students, lacking relevant experience in which to place this knowledge and lacking the context of immediacy surrounding the issue, are likely to dismiss dealing with such problems as common sense or irrelevant (14). Further, when they encounter the issue later, the general lessons they learned are unlikely to yield detailed guidance to the specific challenge the graduate is facing, partly due to context specifics and partly due to the perception of the relevance of classroom instruction versus on-the-job experience.

The value of business school education in new venture performance beyond its startup stage has been confined to anecdotal reports from successful alumni. While business schools boast of their graduates' success at launching new ventures, there is little evidence that their courses and programs have prepared their graduates for dealing with post-startup problems. Success beyond the startup phase has not been examined. Collecting this data is arduous since graduates are hard to track and success is an event that occurs over time and can be defined in differing ways. Due to the difficulty of collecting information on long-term new venture successes, schools often rely on feedback from alumni, boards of advisors, and employers about the extent to which their students have been successful as employees in small and growing businesses. In this area, business schools are receiving critical feedback, including the Porter and McKibbin (10) report calling for more cross-functional teaching and integrating across disciplines within the business school. Thus, at least for undergraduates, it is not clear that business schools are preparing their students in a way that enables them to tackle practical, daily business problems.

Community Training Programs

People who enroll in training programs and seminars are either contemplating starting a business or experiencing post startup problems that threaten the firm's viability. Program participants vary in the degree to which they can deal with the issues that they confront as well as the severity of the issue that prompted them to enroll. Typically, small-business owners will take a class that deals with a specific problem (bookkeeping) but falls short in providing an understanding of how it fit into the overall business picture (e.g., cash flow management). Small-business owners are often reluctant to participate in the courses offered by local colleges and university because of time constraints, scheduling constraints and their perceptions that schools teach theories and frameworks which will not be useful to them in solving their specific needs.

When business owners do seek help through programs offered by community organizations, they find mostly time management and financing courses. Few courses deal with how to manage the business--staffing, training, compensating, rewarding, etc., yet research indicates that problems in these operational planning areas are a primary cause of business failure (5). Further, business owners often take courses in a piecemeal fashion. Taking a course to get "necessary information" (training) is perceived as superior to taking a course to "educate" themselves when time is their greatest asset. There is not enough time to stop and "build up" necessary skills as the business grows; just keeping up is all they can often manage. Such a strategy promotes "muddling along" to learn as they go. This leads to the problem that the information they need is not often available in a format that supports their management requirements. Further, the entrepreneur is so busy staying on top of customer requirements he/she may not see the consequences leading to the "crisis management situation." While an objective viewer may notice its developing momentum, especially if placed in the position of critical observer or consultant, few small-business owners can afford the services of an unbiased observer or trained consultant.

As businesses develop, owners often seek advice and assistance from family, friends, or other business owners, rather than academic experts (7). Business owners may identify other contacts who will recommend an expert. This strategy may not be the most pertinent, productive, or timely. While the referral process may hinge on the similarities between the business "problem" and the "expert's" credentials, this word-of-mouth contact may not be the best source of information. Academic contacts are often not initially identified as a source of advice, because they are perceived as too "academically oriented" versus "practical". This view is perpetuated by new hires' lack of expertise or from the owner's previous classroom experiences.

There are many Small Business Development Center programs designed to increase successful startup strategies as a result of the 1980 Small Business Act. Some states are developing a second level of assistance to help existing businesses develop plans to strengthen market position and leverage. Many states also provide hotlines where businesses can make a call to find out which office to get necessary information. Other states are focusing on incubator programs where businesses can facilitate each other's growth by mentoring, sharing work opportunities and bartering to support business survival requirements. However, these programs are generic in nature and intended to respond to broad issues germane to most businesses and delivered over extended periods of time (10-15 weeks) in an attempt to meet the needs of all participants in the program.

The following situation seems to exist: Students have time to think about the theories, but do not have a place to apply them. Business owners have the place to apply the theories, but no time to think about them. The question then becomes: how can these two groups be brought together in a synergistic way?

Current Business School Solutions

Most entrepreneurship courses use a combination of concepts and analysis so that students can understand the issues involved in (starting and) running a business. Beyond textbook information and application exercises, instructors try to bring reality to the classroom in a number of ways: case studies, field studies, and traditional new venture business plans.

Case studies attempt to bring reality into the classroom by providing students with enough information about a company to diagnose and propose solutions to specific problems. The professor can select case studies that highlight specific concepts, problems, or industry groups, depending on the nature of the course or the importance (or exemplification) of specific business concepts. However, the case study limits the student's involvement to secondary-source information only. For this reason, many professors use business plans and field studies to supplement case studies so that students can (1) gather primary data and (2) focus the choice of company or industry with career planning in mind.

The comprehensive field study enables students to observe managerial processes in a going concern. One clear advantage over the case study is that students gather data and observe market influences themselves. Unfortunately, students are not trained ethnographers and rarely verify or test the information they collect. The owner's point of view and official company documents are rarely questioned. Since the focus of the traditional field study is strategic, students rarely look for or focus on operational issues. Revenue and expense information is usually given in aggregate form which limits the student's understanding of the revenue fluctuations that can devastate a business. Our experience with field studies indicates that students rarely probe or investigate suspicious information, for fear of alienating the business owner (or manager). Specific problems are easily overlooked (or hidden from view), resulting in a cursory strategic analysis. The main limitation of the field study may, in fact, be the emphasis on the total company, which is admittedly ambitious for a single-semester project.

Like the comprehensive field study, the traditional business plan examines the total enterprise. Like the case study, however, the student is not involved in the observation or collection of primary information. The business plan is largely a theoretical exercise, since it rarely contains verifiable financial or market information. Instead it relies on generalizable approximations for expenses (since actual site and utility expenses are rarely known), wishful demand projections (since no actual sales have yet taken place), and optimistic personnel planning (which assumes that employees are available, dependable, and predictable). Problems that have not yet occurred are seldom anticipated.

A New Look at Undergraduate Entrepreneurship Education: The On-Site Problem-Directed Project

Our proposed course project differs from the traditional business plan or field study in that it (1) focuses on an identifiable problem area of a business and (2) provides for the implementation of the students' recommendations in the actual business.

The proposed model matches students with small businesses in the community. In this sense, it is a field study. However, the task for the students is not to analyze the company's strategic direction or report on the managerial or operational processes within the company. Rather, this project requires that students target one specific problem area, e.g., sales promotion, cash flow, recruiting and hiring, compensation, performance and motivation, expansion financing, relocation.

The student's task is to (1) diagnose the problem area, (2) propose a course of action to resolve or address the problem, (3) participate in the implementation of the plan, and (4) evaluate the results.

The first part, problem diagnosis, may be a directive on the part of the actual business owner (as part of his/her consent to provide access to the student). On the other hand, the business owner may be slightly or not at all aware of the symptoms of a problem, in which case the students would diagnose it for the owner.

The second part involves recommending a plan of action for the company. Like the business plan and comprehensive field study, this must be done within the context of the industry and business parameters. For example, a compensation proposal would take into account conventional industry practices and standards, demographics and employment demand within the relevant geographical area, company financial position, and internal equity issues. An added complexity is the owner's philosophy and commitment to change, which must be addressed if the plan is to be implemented.

The third part of this project is the most distinctive: it provides for the students to be actively involved with the implementation of their plan. This places the students in the unique position of being able to observe (and perhaps direct) actual changes in company procedures or processes.

The final stage of this project provides for an evaluation of the plan as implemented. While the typical business plan or field study requires a theoretical justification for the plan, and, in some cases, a contingency plan, in this project, the students can observe first-hand whether their suggestions had a positive--or negative--impact and, in some cases, be involved in second-stage or corrective action.

One obvious caution in instituting this project is the limitation of the students. Since undergraduate students rarely have hands-on experience, their proposals may be ill-advised. There is more at stake here than the students' grade if a poorly-thought-out plan is implemented. For this reason, we suggest that these projects be done in student groups, rather than individually. Another risk to this project, as with any field study, is the availability and cooperativeness of the local businesses. In addition, like the field study or business plan, this project may suffer from the constraints of the semester system, since the effects of any significant change may be unobservable within the time

available.

Admittedly, a drawback of this project is the focus of the students' attention to one problem area while excluding other operational issues that may be more critical to their future career choice. For this reason we suggest that students share their experiences with each other in a presentation of their project to the class as a whole.

If students intend to start and run their own businesses, there is no substitute for hands-on experience. However, it is unrealistic to suggest that we provide mentors for each student who wishes to start his/her business to minimize the risk of failure, nor is it realistic to expect that the university community provide free expert consultation for their businesses. This project marries these two objectives: (1) providing students with experience in addressing a real operational problem in a small business and (2) providing outreach and assistance to small business owners in the community.

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