

Teaching Enterprise Network: An Alternative Structure for Entrepreneurship Programs

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ABSTRACT

The expansion of undergraduate entrepreneurship programs and centers has been fast and furious over the past couple of decades. A common structure has emerged that -- not surprisingly -- mirrors the undergraduate business curriculum in its general form. The perspective of the program frequently places heavy emphasis on the development of large scalable businesses suitable for major funding through venture or angel capital. In large universities this may be an appropriate perspective to take given that those schools often have large science, engineering, and medical programs that provide fertile ground for substantial commercializable ideas. But what about students not connected with these programs or smaller, liberal-arts-centric schools without built-in opportunity generators? Is this model appropriate for them? This paper proposes the Teaching Enterprise Network (TEN), an alternative entrepreneurship program structure that takes into account the weaknesses in entrepreneurial education today and the situation of modestly-sized teaching oriented schools.

COMMON STRUCTURE TODAY

Entrepreneurship programs today frequently mirror the structure and methods of the business program itself, which mirrors the structure of the undergraduate program at the university/college. In organizational theory the institutional perspective proposes that organizational structure is often influenced by the need of the organization to appear legitimate to its major resource providers (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). This may partially explain why business schools (and their entrepreneurship programs) are organized like the rest of the university. Also, promotion and tenure is often dependent upon the judgment of colleagues from far-flung corners of the university. Therefore, it is not surprising that business and entrepreneurship curricula are organized into major and/or minor degree designations; various skill-building exercises built into one or more courses; a long list of mostly functional courses (e.g., Entrepreneurial Finance, Entrepreneurial Marketing), sometimes sequenced but sometimes not. Professional development for faculty usually consists of the undertaking and publication of conceptual and empirical research into various entrepreneurial characteristics, behaviors, and phenomena. What sometimes differs from the standard university structure is the offering of an array of skill building, idea generation, business model, and business plan projects

culminating in formal pitches, occasionally at formal contests. Even this element can be compared with other legitimate university activities such as student research.

Some schools (e.g., Belmont University, Elon University (2002-2004), University of Oklahoma) have tried taking a more experiential approach as part of an integrated business curriculum by adding an additional option: to have students participate in the formulation and/or operation of real entrepreneurial ventures under the auspices of the university (Strempek, Husted & Gray, 2010). These schools represent a fundamentally different perspective about entrepreneurship: that doing is at least as important as thinking when it comes to teaching business and entrepreneurship. This approach is more akin to apprenticeship-type activities such as student teaching in education programs, arts exhibitions in arts schools, or other apprenticeship-type programs (dentistry, medicine, nursing). But why are these hands-on, real-life activities not a predominant feature in entrepreneurship programs? Many schools sponsor modest internship programs but very few actually sponsor live business development activities.

Recently the concepts of *entrepreneurship across the university* (encouraged by the Kauffman Foundation) and *living an entrepreneurial life* (Gergen & Vanourek, 2008) have entered into the lexicon of academia and entrepreneurship thinking, presenting a more comprehensive perspective platform for entrepreneurial knowledge, skills, and behaviors. How does one reconcile these rather expansive concepts with the relatively narrow perspective of starting scalable new ventures that permeates business school thinking? Very few individuals will ever successfully start a sizable new business and only a small sliver of businesses will ever utilize venture capital (Shane, 2008). Yet entrepreneurship texts and classroom instruction seem to give these characteristics far greater importance than their influence in the real world (e.g., Timmons & Spinelli, 2009).

MYTHS OF ENTREPRENEURSHIP

Let's examine some of the current thinking about the nature of entrepreneurship thinking and education. A recent discussion of entrepreneurship education appeared in the July 2011 edition of Jeffrey Cornwall's (Belmont University) blog. Dr. Cornwall concludes that entrepreneurship education at the university level requires six elements:

- Experiential learning must be taken well beyond the classroom.
- Be flexible when and where our students learn.
- Be flexible how we teach each student in our classes.
- Just in time learning.
- Become a lifelong teacher.
- Create a community of peer learners.

The key word here is *flexibility*: flexibility of teaching, flexibility of learning. This implies the need for the proliferation of many more options than are currently employed.

More specifically, it is pertinent to ask the question of whether entrepreneurial thinking and behavior is something valuable for a wide range of students or not? To address this question

it is interesting to examine some of the findings of Scott Shane in his recent book *The Illusions of Entrepreneurship* (2008). Some of the conclusions Shane draws after surveying the entrepreneurship statistics and literature include:

- The rate at which start-ups are created in this country is actually declining over time.
- The United States isn't one of the most entrepreneurial countries in the world.
- Most new businesses are not started in glitzy, high-tech industries but rather in a few subsectors of pretty mundane, run-of-the-mill industries.
- Entrepreneurs don't select industries because they are good for start-ups but rather because they know these industries and because it is easy to start businesses in them.
- Studying business isn't that important to becoming an entrepreneur; studying things that correspond to occupations in which a lot of people run their own businesses is just as likely to increase your chances of starting a business.
- The typical start-up is a very ordinary, not-very-innovative, home-based business that starts and stays tiny.
- The typical new business established in the United States takes less than \$25,000 in initial capital.
- Venture capitalists provide money to less than one-tenth of one percent of all start-ups and account for less than two percent of all small business financing.
- The industry in which a start-up operates has a large effect on its performance.
- Working in an industry before starting a business in it will improve your odds of success.

These observations/conclusions suggest that: (1) overall entrepreneurship is not increasing and has been relatively stable over time, (2) most successful entrepreneurship will be in industries familiar to the entrepreneurs, (3) most start-ups will be relatively modest and remain so over time, and (4) venture capital will not be a source of funding for the vast majority of start-ups. These discussions suggests then that entrepreneurship education might do well to focus on (1) developing entrepreneurial capabilities in students in a variety of fields in which they have expertise (perhaps business students are not even the best targets), and (2) scalable, venture capital funded start-ups should receive relatively modest attention in entrepreneurship curricula. Therefore, this paper proposes that an entrepreneurship program might be more effective if it focused on (1) providing entrepreneurial opportunities for students in their disciplines or at least in their interest areas, (2) stressed modest bootstrap venture development rather than scalable, venture-backed opportunities, (3) provide practical knowledge and skill-building instruction that will help improve the probability of success, and (4) provide opportunities to learn along the way that are holistic in nature and occur as the student needs to learn.

The remainder of this paper presents an alternate structure for an experiential entrepreneurship program that is more closely aligned with *business* and *entrepreneurial* thinking rather than *university* thinking and therefore more pertinent to the budding careers of students and needs of potential employers searching for creative doers. This type of program

may be especially relevant in a liberal-arts-centric university with few built-in incubators of large, scalable ideas.

THE TEACHING ENTERPRISE NETWORK (TEN)

Although the idea of business conglomerates comprised of primarily unrelated business has fallen out of favor in the business and investment community, it may be prudent to contemplate its revival in the university community as a significant part of an entrepreneurship program. All businesses and industries need renewal and entrepreneurial activity. A university already has numerous disciplines in which students can major and prepare for (hopefully) gainful employment. Exhibits 1-3 illustrate the basic structure of an experiential entrepreneurship program that provides entrepreneurial opportunities in a variety of popular disciplines.

Overall Structure (See Exhibit 1): The skeleton of the structure is built around a portfolio of new product development ventures representing disciplines/industries appropriate for that particular university. Exhibit 1 displays a structure built on a rather large subset of eight industry/subject areas (music, communications/publications, sustainable enterprise, information systems, business consulting, import/export, events management) and one general retailing venture that could be applicable in many university environments. In this example the program has developed entrepreneurial ventures in each of the eight areas. In each venture a new product/service would be developed and introduced each year, to be funded from an endowment for that particular venture or from a central fund. This would be the entrepreneurial project for the group of students who joined that venture. For example, the music venture could produce a new recording (CD and/or album for download). The communications group could publish a book (This was done at Elon University in 2004. See Strempek, 2005), develop a website, or sponsor a writing contest. The events group could sponsor one or more events or concerts each year. The international group could import and market a product discovered in a study abroad trip or identified by a participant or other member of the university community.

Another idea that may have applicability in many university environments is retailing of products that are not readily available close to the campus. This could include specialty clothing, used CDs, videos and games, or fraternity/sorority products. Belmont University has had some success with student-run retail stores. One could also think about retailing as a general store concept, where several of these product groups could be sold under one roof. Students at Elon University twice developed business plans that demonstrated the feasibility of this concept.

These are just eight of many possible business ideas that could be woven into an entrepreneurial conglomerate within a university program. Some other ideas familiar to this author include: talent representation (music, literary, art), art gallery, laundry/dry cleaning services, on-campus after-hours food delivery, and photographic/graphic design services.

Venture Structure (See Exhibit 2): Each division could be supervised by (1) an entrepreneurially-minded professor or (2) former/retired business owner/entrepreneur. This person would lead the creative process of generating each year's new project, facilitation of the venture, and mentoring of the group leaders and members. They could hold an endowed position (in the case of a faculty member) or be a compensated (or uncompensated) practitioner. Each new project would require the development and approval of a formal business plan.

Program Coordination (See Exhibit 3): Coordination of the program might be accomplished through an entrepreneurial advisory council comprised of (1) the supervising professors/entrepreneurs for each venture, (2) an overall program director who, in some cases, could be an endowed professor (although the combination of program/center director and endowed professor in one job has proven problematic in some instances), and (3) other appropriate individuals (additional deans, professors, advisors, university representatives). Some of the responsibilities of the advisory council could be to review and approve venture plans, recommend the addition of new venture areas, supervise resource allocation, etc.

Program and Venture Funding and Sponsorship (See Exhibit 2 and 3): One source of program funds is, of course, product/service sales revenue once a venture is up and operating. However, initial startup funding and, for some projects, seed funding will be required. A program structure of this type potentially opens up additional avenues of funding. Typically, academic programs have been endowed by individuals and named appropriately. Since this type of program would be divided into industry/discipline-based divisions the opportunities for corporate sponsorship and naming becomes more numerous and attractive. For example, the events division could be funded by a corporate entity that undertakes heavy events promotion activities as a part of their corporate marketing programs. Soft drink companies like Coca-Cola or Pepsi, or cellphone companies like Verizon Wireless or Sprint might find sponsorship and naming rights to the entrepreneurship venture an attractive feature. So, the events division might be named *Verizon-XYZ University Concert Promotions* or *Pepsico-XYZ College Events Management*. Similarly, a publishing venture could become *McGraw-Hill/XYZ University Books* or *Penguin/XYZ College Publications*. Therefore, several funding and naming opportunities are generated in addition to the funding (and naming) of the overall entrepreneurship program/center. Of course, opportunities for individuals to endow any part of the program are always available.

Continuity (See Exhibit 3): In this author's experience one of the most troublesome aspects of an experiential (project/venture-based) program is business continuity: the disruptions to business activities (primarily order-taking, fulfillment, and recordkeeping) caused by frequent school breaks and personnel turnover. If commercially viable products are available it is a shame not to be continuously selling those products in order to maximize contribution to the ventures and overall program. Of course, these activities will require a certain amount of full-time

administrative resources. Funding would come from a combination of product sales and endowment income.

Core Traditional Program Activities (See Exhibit 3): One of the key benefits of the TEN program structure is that it does not preclude the undertaking of most of the activities of traditional entrepreneurship programs. Academic majors, minors, concentrations, and course offerings in just about any configuration can be offered. Other activities such as business plan or idea competitions are possible as is sponsorship of one-time venture development (those that don't fit into the conglomerate structure). Research opportunities are always available and possibly enhanced by the existence of numerous industry-based activities and multiple entrepreneurship faculty and mentors. Outreach opportunities are similarly not precluded and probably enhanced by the diversity of activities.

DISCUSSION

The TEN program structure yields several advantages over many of the more traditional structures. First, putting a focus on large scalable business ventures into proper perspective, TEN expands the horizons of entrepreneurship beyond the inherent limitations of that focus. Second, it opens up opportunities and linkages to subject areas across the university or college. Third, it provides ideas for expanded development of potential donors by opening up funding/naming opportunities for many parts of the program depending upon the potential donors' (both corporate and individual) interests. Fourth, the core venture activities of TEN emphasize the development and operation of real businesses with commercially viable products and services.

The complexity of the TEN structure certainly poses some unique implementation challenges. First, the network of activities can become quite extensive. However, the program will necessarily be built incrementally and opportunistically (ventures will form as donors become available). This will provide the luxury of time to work out the kinks. Second, the identification of faculty and practitioner/directors could be a challenge. Third, some adjustments in the normal thinking about academic incentives may be needed.

In conclusion, the greatest advantage to the TEN structure may be the dynamism and excitement that could be generated across the university. The connection between academic disciplines and practical commercial (job producing) opportunities could become less opaque.

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Exhibit 1
Teaching Enterprise Network – Basic Structure

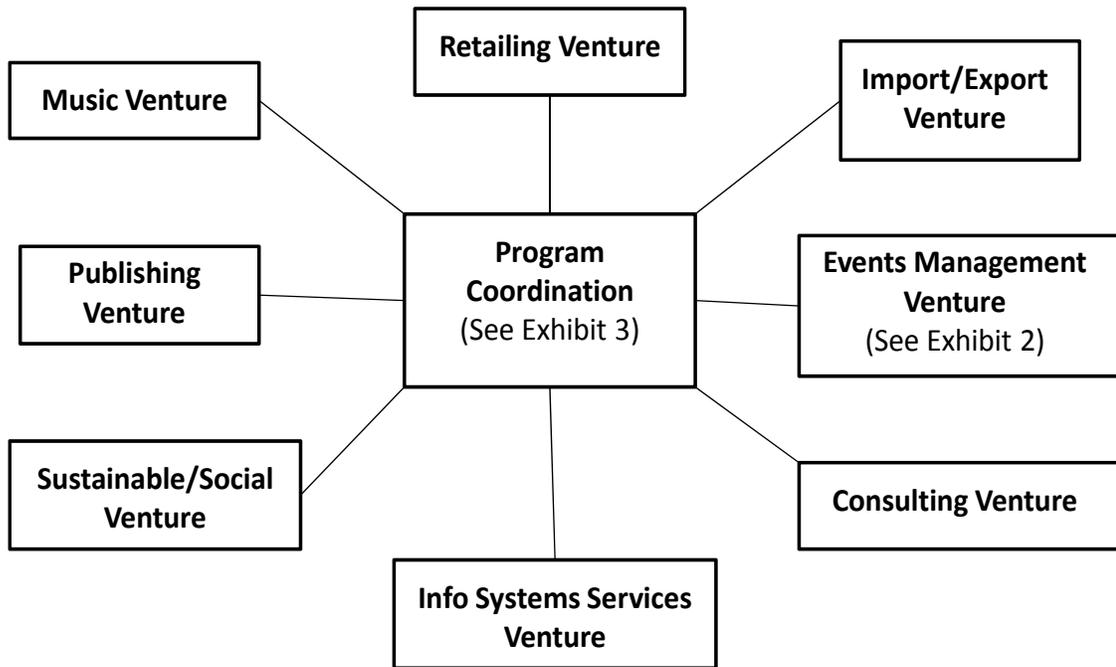


Exhibit 2
Teaching Enterprise Network – Venture Structure (Example)

EVENTS MANAGEMENT VENTURE

Leadership: Endowed Professor or Practitioner/Director

Sponsorship: Verizon Wireless, Coca-Cola, PepsiCo, or individual

Possible Name: *Verizon* Productions at XYZ University

Possible Activities: Concerts, Exhibitions, Shows, etc.

Exhibit 3
Teaching Enterprise Network – Program Continuity/Coordination

