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# A $10 Startup Challenge for Teaching Entrepreneurship

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**KEYWORDS:** Management, Teaching Methods, Entrepreneurship.

Students use just $10 each plus resources they already control to identify an opportunity, build a business model and launch a real venture.

This exercise is a semester-long project that gives students the opportunity to experience the excitement and challenges associated with identifying an opportunity, developing a startup plan and executing the plan.

In this experiential learning exercise, students employ fundamental concepts related to opportunity identification, bootstrapping, lean startup, and the business plan canvas to move rapidly through the process of identifying a problem-based opportunity, developing a solution for the opportunity and starting a venture in an attempt to capitalize on this solution.

This exercise integrates nicely with lean startup and business plan canvas material, but can also be used to teach traditional business plan concepts. It is optimally designed for an undergraduate Introduction to Entrepreneurship course over a 16-week semester. However, it can be altered to fit a shorter time frame -- perhaps as short as six weeks -- by reducing the number of opportunities considered in Stage 2, by combining Stages 1 and 2, or by reducing the run time in Stage 4. The exercise can also be easily altered to focus more heavily on specific topics such as entrepreneurial finance or marketing.

**Step 1:** Over the first two weeks of class, students are introduced to the basics of what constitutes an attractive opportunity and they are encouraged to identify problems in their everyday lives. Over this time students keep a journal of problems they encounter on a regular basis and potential solutions to these problems.

**Step 2:** Over the next 3-5 weeks of class, students are required to complete and pitch (a 60-second pitch) three opportunity screens, one each week. These opportunity screens must be focused on a problem they have identified and how they could solve the problem and monetize the solution. The students are required to focus on businesses they can start with a $10 contribution from each potential group member, with no more than five students per team, and any other non-monetary assets they currently own or control. Note, simply engaging in crowd-sourcing (e.g., driving for Uber) does not qualify as an appropriate endeavor for this assignment.

**Step 3:** Students form into self-selected groups ranging from 1-5 people around the ideas they find the most interesting. By the end of week 6, each team must submit a three-page assignment that details their venture's value proposition, basic business model and major goals and that provides a one-page cash flow projection.

**Step 4:** Students run the company for weeks 7-11. Each group reports once a week on their progress and lessons learned. They are required to keep an activities log and a team journal on lessons learned.

**Step 5:** For the end of the semester project, each team submits a final report and gives a presentation that provides:

1. A comparison of their pro forma cash flow with their actual cash flow.
2. A summary of the lessons learned, major activities performed and goals reached.
3. A statement of whether the business could be an ongoing concern. If so, what, if any changes would need to be made and what are the next steps moving forward? If not, what could be done to make it a successful ongoing concern?
4. A revised business model based on what they

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discovered.
5. A copy of a business license if the students plan to continue their business.

In evaluating the assignment, grades are assigned based on students' ability to complete course assignments and to leverage course content to make sense of why their business performed as they did. Bonus points are awarded to students who earn the highest ROI on their initial investment.

From our experience, the best-performing students can gross over $4,000 during their operations. For example, one student took his $10.00, bought some framing materials and used a collection of wine corks he had gathered over the years as a bartender to sell wine cork boards online. By the end of the class he had taken orders for over $4,000 worth of merchandise. Another set of students started a post-party cleaning service that was quite successful, grossing over $1,000.

## More ideas

College business professors looking for more ideas to enrich the classroom experience can find them here (https://eiexchange.com/eix-in-class) .

**Additional Search Terms:** entrepreneurship courses, teaching ideas, teaching resources, classroom ideas, entrepreneurship classes, business schools, business school classes, entrepreneurship students, professors

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