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A Real Business Competition for Teaching Entrepreneurship

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Students start businesses, earn revenue, face elimination and learn from failure while applying entrepreneurship research and concepts in real time.

Historically, entrepreneurship teaching methods have emphasized producing business plans. These plans have been widely criticized because they haven't been proven effective and because high-level funders often do not read them (Kirsch, Goldfarb & Gera, 2009). Nonetheless, many colleges still require students to write business plans, maybe because they are similar to traditional academic deliverables. Other colleges are emphasizing pitch exercises rather than business plans. More recently, launchpad type courses based on customer discovery have also begun to appear.

Whether the emphasis is on business planning documents or on launchpads for new businesses, each classroom approach has benefits and shortcomings. Business plan courses are excellent tools to teach theoretical frameworks, but they fail to provide the practical skills students need to know in order to become entrepreneurs. Moreover, students don't get to experience the entrepreneurial environment. Launchpad courses provide students with real-world experience through various challenges and the associated theoretical content. But launching "big ideas" is often difficult within the timeframe of a course. The approach often does not allow students to experience more than the very initial stages of the entrepreneurial life cycle. It also increases the costs of failure if students choose their "big idea" as the subject for their business. It does not allow students to experience entrepreneurship within a safe academic environment.

A More Hands-on Option

This article proposes an approach to teaching entrepreneurship, along with a curriculum that allows students to learn entrepreneurial skills in a hands-on way before launching their "big idea" in a future setting. Students in the course experience the intensity, ambiguity, anxiety and roller-coaster excitement associated with starting a new business. This encourages and allows for self-discovery. Some students learn they are not interested in becoming entrepreneurs, while others discover they are. Such self-discovery, in the context of a university course, is far better than stumbling along, experiencing a real-life plunge and then living to regret it...or worse yet, never taking the plunge and wondering "what if?"

The course is an entrepreneurship competition. Students start real businesses, and the student(s) whose business earns the most money receives an "A". Throughout the course, business teams are eliminated based on specific performance dimensions detailed in a series of challenges designed to teach academic content. Thus, business failure is built into the course, which enhances emotional attachment to the business-building exercise and consequently, learning.

A safe learning environment is achieved by awarding "Karma Points" based on alternative performance dimensions in the challenges. For example, in the pitch challenge teams deemed most likely to be successful win the competition and advance to the next round. Those business teams with the best technical pitches are awarded the most Karma Points. Final grades are awarded as a function of a student's maximum class rank along either dimension: money earned or Karma Points. Thus a student can receive a high grade even if their business fails, which encourages risk-taking in the business. Individuals belonging to eliminated teams become part of the "labor pool" and must join surviving teams. This feature implies that success in the contest requires business growth strategies to accommodate additional team members. The earnings ranking is a function of a student's personal earnings and is allocated based upon the equity stakes negotiated

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between student/"founders" and student/employees. Karma Points are awarded individually based on challenge and assignment performance.

A Safe Place to Fail

#RealEntrepreneurship combines the best of both worlds through making the teaching and experience of entrepreneurship the priority, as opposed to providing a platform to launch businesses. The course structure compels students to develop business ideas in the short time frame of the semester. While this limits the types of businesses that can be launched, it forces students to generate revenue within this short time frame using minimal startup capital – thus emphasizing effectual strategies employed by expert entrepreneurs. Students are required to be resourceful in a resource-poor environment. Success requires learning how to connect with customers quickly. Importantly, since this isn't a launch pad course, the long-term costs of failure are attenuated. Instead, motivations to pursue the business come through the competitive nature of the course. These features afford students a safe environment to learn entrepreneurial skills and explore their personal fit with the entrepreneurial experience. Those with good personal fit learn how to reduce their chances of failure when they eventually pursue their "big idea," while those with poor personal fit safely learn that entrepreneurship is not for them.

Key to the learning experience is the student's emotional involvement in the class, knowing that failure is an inherent possibility in the competition. Shepherd (2004) suggests that a key entrepreneurial skill is developing the emotional intelligence necessary to learn from failure. He suggests several vicarious experience methods to allow people to experience grief and reflect on it. In our experience teaching the #Real Entrepreneurship Competition, students' emotional involvement is sufficient to allow them to experience the ups and downs of business success and failure *first hand.* Students mourn when their businesses fail. However, consolidating learning requires several strategies. First, learning is significantly enhanced by coaching students following failure and helping them work through their grief. This allows them to come to terms with their failure, identify whether their failures were due to mistakes or simply bad luck, and draw general conclusions. Second, students are required to blog about their failed businesses and explain why they believe they failed. This enhances vicarious learning. These two strategies -- discussion and writing -- are suggested by grief researchers and reflected in Shepherd's writing. Our anecdotal experience from teaching the course is that the emotions associated with experiencing failure were critical in achieving strong learning outcomes. Time is required in each of the challenge presentation sessions to discuss the failures and lessons learned.

The role of writing is key to consolidating the learning experience. One challenge of running the class as a competition is that some business experiences may be idiosyncratic, and hence learning may not be distributed evenly. The course incorporates the use of social media and blogging tools to allow students to share their experiences and to increase student engagement in the course. It also provides a mechanism for the instructor to monitor activities of the student teams in real time. A search on Storify.com for #real660, a hashtag used in the MBA version of this course, will show several of the course businesses, student experiences and the instructor's reflections on the course.

Learning Critical Skills in Real Time

The entrepreneurship competition is used as a platform to impart evidence based lessons (challenges and assignments) aimed at improving entrepreneurial outcomes. Lessons are based upon conclusions and recommendations drawn from academic scholarship, while at the same time teaching a vocabulary and language to communicate with practitioners. For instance, students receive almost no startup funds, which forces them to use effectual methods to bootstrap resources from a common, minimal start-up endowment (Sarasvasthy, 2000). They consider key issues in the formation of startup teams based on empirical results (Wasserman, 2012), as well as engage in active negotiation simulations over equity splits. They then apply lessons to the equity negotiations of their own companies. Students evaluate and mobilize their existing social networks in the service of resource acquisition (Hallen, 2008, Pfeffer, 2008). Students utilize leading ideas in digital marketing to understand how to construct contagious memes about their businesses (Berger 2013). They articulate, iterate and present versions of their business model (Osterwalder and Pigneur, 2010, Blank, 2013) based on their experience with the challenges. Moreover, this leads to understanding fundamental problems of entrepreneurial finance (Kerr, Nanda, McQuade, 2015).

The restrictive timeline of the course -- in which

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business ideas must be presented and chosen, teams formed, and sales occurring -- puts everyone under pressure on similar timelines. This allows the introduction of relevant materials in real time.

Complete materials of challenges and syllabus are available, and a downloadable student handout is attached.

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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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