

Classroom Exercise: Creating a Venture in 10 Days

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KEYWORDS: Innovation, Teaching Methods, Entrepreneurship.

The Innovation Project exercise enables students (within 10 days) to experience every step of the venture creation process (searching, screening, planning, financing, setup, startup, ongoing operations/growth); and through this process to create their own “living case.”

After they are formed, groups meet outside of class. Generally it's best to permit friends to work together if they wish. At the end of the competition, each group reports on their project, on their actions during each phase of their “venture,” and then each group is given a (hypothetical) \$1,000,000 to invest in any venture but their own. (The investment matrix appears in the Appendix as Figure 2.)

Instructions for Teachers and Students

Innovation is a critical component of successfully financing an entrepreneurial venture. Students will form groups of five, and will have the open-ended task of creating a new venture by conducting an actual innovative activity: extracting commercial value from an idea by choosing a product or service, and then proving its marketability by selling it.

Here is how professors might use this in class:

First, the group must come up with a “new combination,” and “product-market match” (See Appendix, Figure 1) that fit these definitions, and how they do it is up to them.

Second, they must fund this idea (See Appendix, Figure 2). Groups are limited to \$5.00 in total capital which may be raised from members of the group. Third, they must identify a product/market match. Fourth, they must make this as successful an innovation as they can in the time (usually 10 – 14 days) allotted for this assignment. They are responsible for determining and justifying their own definition of success.

Each team's job is to show the commercial viability of their idea by producing and selling it. The NET PROFIT for an Innovation Project Competition (in the experience of instructors who have used this) varies from \$50 to \$6,000. Not every group comes close to this amount. Some even have losses. The important thing is for students to learn how to create a new combination with a product-market match. **If they do not begin the class with this experiential knowledge, the course value is cut in half...so encourage them to go for it!**

Limitations (Do Not Neglect This)

NO CREDIT WILL BE GIVEN FOR PROJECTS THAT UTILIZE OR INVOLVE ALCOHOL, TOBACCO, FIREARMS, EXPLOSIVES, OR WHICH IN ANY WAY ENDANGER THE SAFETY OF GROUP MEMBERS OR THE REPUTATION OF THE UNIVERSITY, OR WHICH VIOLATE THE CODE OF PROFESSIONAL CONDUCT.



Appendix

Figure 1

| New Combination | Product-market Match |
|--|--|
| Joseph Schumpeter (1936) describes five kinds of new combination: | A product-market match is defined as follows: |
| <ol style="list-style-type: none">1. The introduction of a new good or a new quality of a good,2. The introduction of a new method of production,3. The opening of a new market,4. The conquest of a new source of supply of raw materials or components, or5. The reorganisation of any industry. | <ul style="list-style-type: none">• Without a product-market match, an idea or product/service is NOT the basis for a business. Instead, it is the basis for either a research project or a charity.• The critical test of this condition is often quite simple. It begins with the question: Will people buy it? |

Figure 2

INNOVATION PROJECT INVESTMENT MATRIX (Optional: Each group is asked to invest a hypothetical \$1,000,000 in any project but their own)

| | Group 1 | Group 2 | Group 3 | Group 4 | Group 5 | Group 6 | Total |
|---------|---------|---------|---------|---------|---------|---------|-------|
| Group 1 | | | | | | | |
| Group 2 | | | | | | | |
| Group 3 | | | | | | | |
| Group 4 | | | | | | | |
| Group 5 | | | | | | | |
| Group 6 | | | | | | | |
| Total | | | | | | | |

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