

Abstract

Courses in entrepreneurship are vital components of a business school curriculum and typically contain experiential learning techniques in concert with traditional teaching methods. Empirical studies of the effectiveness of these entrepreneurship courses at developing future entrepreneurs, however, have found mixed results. This paper makes the case that two important aspects of experiential learning, a whole person focus and contact with the environment, are too often neglected in the pedagogy. Incorporating these two oft-neglected aspects results in a five-step model of experiential entrepreneurship education that has shown promise in developing future successful entrepreneurs.

Keywords: Entrepreneurship, Experiential Learning, Pedagogy

Introduction

Entrepreneurial organizations are understood to be important actors in capitalist economies. They play a vital role in the renewal process that defines market economies and are dynamic organizations that drive innovation, change, and productivity growth. Van Praag and Versloot (2007) identify four economic benefits of entrepreneurship: job creation, innovation, productivity and growth, and the potential to increase the “utility” of people by increasing satisfaction or income. The Small Business Administration (SBA) calls entrepreneurship the “social glue” that binds together both high-tech and “main street” activities (SBA, 1998). Entrepreneurial organizations are about prospects for the future, not about the inheritance of the past (Kuratko & Hodgetts, 2004). They represent hope, equal opportunity, and upward mobility.

Given the widely accepted notion that entrepreneurial ventures are the key to innovation, productivity, and effective competition (Plaschka & Welsch, 1990), the question is whether entrepreneurship can be taught. Most business educators and professionals have evolved beyond the idea that entrepreneurs are born, not made. Peter Drucker, recognized as one of today’s leading management thinkers, has said, "The entrepreneurial mystique? It's not magic, it's not mysterious, and it has nothing to do with the genes. It's a discipline. And, like any discipline, it can be learned" (Drucker, 1985, p. 18). Additional support for this view comes from a 10-year (1985 to 1994) literature review of enterprise, entrepreneurship, and small business management education that reported, "most of the empirical studies surveyed indicated that entrepreneurship can be taught, or at least encouraged, by, entrepreneurship education" (Gorman, Hanlon, & King, 1997, p. 63).

If entrepreneurs can be taught, does the current iteration of entrepreneurial education really work to create new business ventures? The answer to this question is mixed. For instance, a recent review and methodological critique of the empirical literature regarding the effects of entrepreneurship education demonstrated a variety of methodological weaknesses in current research that cast doubts on whether entrepreneurial education can, in fact, produce entrepreneurship (Rideout & Gray, 2013). Another common criticism is that research in the field of entrepreneurship has tended to run ahead of theoretical developments (Henry, et al., 2005). On the other hand, recent studies have also found a significant relationship between entrepreneurial education and both human capital assets and entrepreneurship outcomes (Martin, et al., 2013). One important aspect in common with most empirical studies of entrepreneurial education is the finding that pedagogical technique matters.

Ronstadt (1987) proposed that entrepreneurial programs should be designed so that potential entrepreneurs become aware of barriers to initiating their entrepreneurial careers and devise ways to overcome them. He proposed a continuum that suggested that success in entrepreneurship is dependent not only on personal knowledge but on the network of individuals with whom an entrepreneur is connected. He contended that an effective entrepreneurship education program should show students both how to behave entrepreneurially and should introduce them to people who might be able to facilitate their success (Ronstadt, 1987).

In one of the most comprehensive analyses to date on entrepreneurship education, Solomon, et al., (2002) stated: “entrepreneurial education must include skill-building courses in negotiation, leadership, new product development, creative thinking, and

exposure to technological innovation (McMullan & Long, 1987; Vesper & McMullen, 1988). Other areas identified as important for entrepreneurial education included awareness of entrepreneur career options (Donckels, 1991; Hills, 1988), sources of venture capital (Vesper & McMullen, 1988; Zeithaml & Rice, 1987), idea protection (Vesper & McMullen, 1988), ambiguity tolerance (Ronstadt, 1987), the characteristics that define the entrepreneurial personality Hood & Young, 1993; Scott & Twomey, 1998), and the challenges associated with each stage of venture development (McMullan & Long, 1987; Plaschka & Welsch, 1990).” More importantly, Solomon et al., (2002) found that the use of experiential learning is widespread and diverse in its application from the literature. This paper builds on the findings of Solomon et al., (2002) and suggests that a refocusing on two particular aspects of experiential learning, contact with the environment and a whole person approach, are key to an entrepreneurial education program that achieves greater success in spawning new venture creation.

Experiential Learning

The effectiveness of experiential learning can be expressed through the following quote attributed to Confucius, “I hear and I forget. I see and I remember. I do and I understand.” John Dewey discussed “learning by doing” (Dewey, 1915) and Wolfe and Byrne used the term “experience-based learning” (Wolfe & Byrne, 1975). The AACSB Task Force has further defined applied experiential learning as “a business curriculum-related endeavor, which is interactive (other than between teacher and pupil) and is characterized by variability and uncertainty” (Carter, et al., 1986, p. 3). Contact with the environment is another key component of the AACSB’s conception of experiential education.

A structure of experiential learning proposed by Wolfe and Byrne (1975) includes four phases: design, conduct, evaluation, and feedback. The design phase sets the stage for the experience and includes outlining learning objectives and selecting activities in concert with the students. This phase is necessary for the applied aspect of experiential learning so that the student can view the experience in proper context. The conduct phase involves controlling the design so that the experience can be structured and closely monitored. The evaluation phase is important to involve both the student and instructor regarding what has been learned from the experience. Finally, the feedback phase is an ongoing process that includes fostering positive aspects of the experience while still allowing for the opportunity for students to fail.

While Wolfe and Byrne's process remains useful for structuring an entrepreneurial course, true experiential learning should not be described simply as a cognitive endeavor. Perhaps the most widely cited definition of experiential learning states, "Experiential learning exists when a personally responsible participant cognitively, affectively, and behaviorally processes knowledge, skills and/or attitudes in a learning situation characterized by a high level of active involvement" (Hoover & Whitehead, 1975, p. 25). Embracing this idea of a multi-layered connection with the material is a particularly important lesson for entrepreneurship education.

Given the problem-solving orientation of most management education, there is a natural tendency among business faculty to emphasize the cognitive dimensions of the subject matter. Considering the importance of interpersonal skills, determination, personal risk tolerance, and lifestyle choices to potential entrepreneurs, a whole person emphasis is paramount. Experiential learning approaches (as opposed to traditional

lecture and class discussion formats) are extremely useful in identifying and growing personality traits that enhance entrepreneurial success.

In order to foster a whole person approach to education, entrepreneurship teachers must be more than cheerleaders. We must be more than naysayers. We must endeavor to recognize the unique characteristics of our students and tailor our pedagogy to meet individual needs. Is the student an unabashed optimist with utter confidence in his/her idea? The teacher's goal in this case could be a realistic discussion of potential obstacles, risks, and challenges without diminishing the enthusiasm of the budding entrepreneur. Is the student risk averse? The teacher's goal is very different in this case since the student likely possesses a sober view of the risk/reward criteria. Encouragement coupled with a thorough overview of the business prospects and likely obstacles is a more appropriate tact.

Entrepreneurship educators must also attempt to introduce students to the entrepreneurial environment in which they will operate. Contact with the ecosystem is missing in traditional teaching methods and is a critical component of effective entrepreneurship education since "real world" experience informs budding entrepreneurs about their likely responses and reactions to environmental cues. This "real world" contact is difficult to duplicate with simulation games, role-playing exercises, or case studies. Even business internships can fail the "real world" test since they typically fall short of giving the students actual decision-making authority or allow the students to experience genuine risk.

A Model for Experiential Entrepreneurial Education

A five-step teaching model was developed in an effort to create an

entrepreneurship education pedagogy that fully embraces the lessons of experiential learning. This model was originally conceived of during work at the Small Business Development Center (SBDC) and has been used to teach students at New Mexico State University (NMSU). The five steps of the model build from a foundation of the two most commonly neglected aspects of experiential learning: a whole person approach and contact with the environment.

Insert Figure 1 Here

This entrepreneurship education model describes a process that allows students to confront the stress, competition, and risk inherent in entrepreneurship and provides them with a sober view of the work required in starting a business. While a dose of reality may serve as a hindrance for some budding entrepreneurs, most students report that discovering their own innate capacity for creativity and problem solving significantly enhances their excitement for the project. The five aspects of an effective experiential education in entrepreneurship will be discussed in detail in the subsequent section of the manuscript.

1. Enhancing self-awareness and developing intellectual capital
2. Networking
3. Determining the target industry
4. Business Selection
5. Developing a marketing system.

Enhancing self-awareness and developing intellectual capital

Perhaps the most critical step in the process is conducted as the outset in order to

challenge the entrepreneurship student to go beyond a rational assessment of a potential business opportunity in the quest to become an entrepreneur. The student is asked to reflect about his or her own capabilities, desires, weaknesses, and talents in order to assess intellectual capital. Intellectual capital can be defined as the ability of an individual to add value to an activity, organization, business, or enterprise. Simply measuring academic credentials or work experience is not sufficient to determine the ability to add value since factors such as personality, likes and dislikes, and temperament each affect creativity and interpersonal skills.

The process of enhancing a student's self-awareness and developing intellectual capital is what introduces the whole person approach to entrepreneurial education. It helps to identify the skills and experiences that would be helpful to that student in running a business but also goes beyond the cognitive to an ontological assessment of fit to the business. It allows the student to identify the type of business that accommodates his or her particular lifestyle choices and latent strengths. It simultaneously widens the student's creative horizon to increase possible opportunities and illuminates the expertise needed to achieve those opportunities.

A first-order pedagogical technique that has been used effectively to assist in enhancing self-awareness is a personal assessment. A personal assessment is a review of the student's life experiences from the perspective of starting and operating a business. It works to identify specific industry knowledge and establishes life preferences that can be measured against the choices of business. It also works to define the functional business skills and personality characteristics to be strengthened during the course of the entrepreneurial venture.

Another technique that takes this assessment further builds from the foundation of resume creation. Students are simply asked to complete a thorough resume outlining the skills, experience, and abilities they possess for a job in their chosen industry. They are then instructed to eliminate all identifying characteristics so that the resume is completely anonymous. Resumes are then shared randomly among classmates who discuss the perceived personal qualities of the person highlighted on the resume. This has been a remarkably instructive exercise for demonstrating how the student is presenting him or herself to others. Since business ultimately involves selling in some capacity, it shows the students how they are selling themselves. Additionally, it serves to illuminate those blind spots where self-perception does not equate to another's objective view.

Networking

A critical aspect of experiential education is contact with the environment. In entrepreneurship education, this translates to direct contact with current customers, competitors, and stakeholders residing within or on the periphery of the chosen industry. It is of vital importance for students gain relevant industry experience to augment their business skill set. They should be encouraged to seek out immersion opportunities within competing businesses whether through internships, apprenticeships, part-time jobs, or volunteer opportunities.

Another important facet of the networking phase is for the students to seek out counsel that can be utilized during the business start-up stages. Teachers can arrange opportunities for students to visit with the SBDC or the Service Corps of Retired Executives (SCORE) consultants at the Chamber of Commerce to gain valuable insights and connections. Experienced entrepreneurs, business bankers, and angel financiers

should all be sought by the teacher of an entrepreneurial course to assist the students in making contact with their future entrepreneurial ecosystem.

In addition to the traditional “pounding the pavement” means of networking, a vast array of social media opportunities exist for budding entrepreneurs. Websites such as Entrepreneur Connect, PartnerUp.com, Start-Up Nation, Young Entrepreneur, Cofoundr, and Perfect Business provide valuable opportunities for students to connect with other prospective entrepreneurs, potential funders, programmers, web designers, and executives. Utilizing these networking opportunities encourages students to not only share ideas with other professionals but also to improve their business sales pitch and develop or enhance their social media presence.

Industry Choice

If the two previous steps in the model were developed to achieve the aspects of experiential learning that are often missing in traditional entrepreneurial education, then the final three steps are used to shift the students to the pragmatic nuts and bolts of starting a business. The enhanced self-awareness gained by students completing the first phase of the course typically brings with it a relatively concise determination of the industry within which a student would consider a business opportunity. The most important criteria for choosing an industry are the student’s own passions, strengths, and intellectual capital and a teacher should endeavor to encourage those decision points. Beyond internal characteristics, however, several external factors should be considered when making the industry choice:

- Projected industry growth rate
- Barriers to entry

- Fragmentation
- Recent legislative changes
- Tax breaks and government investment
- Appeal to capital investment

There are many ways to approach the question of industry choice with students and the strategic marketing literature is quite useful in this regard. Demonstrating examples of market segmentation such as Campbell Soup's spicier version of nacho cheese and Burger King's breakfast burrito that are targeted exclusively for the Southwest provide valuable insight into understanding the competitive environment. Walking students through product positioning exercises to identify an under-served niche also encourages a strategic mindset that helps students acknowledge where their product or service fits into the larger marketplace.

Business Selection

Students should be encouraged at this stage to conduct an in-depth review of the prospective competitive advantage of their business. Will they be using an alternative different distribution channel to their competitors? Will they be adding special product features? Do they have a pricing strategy? Are they implementing innovative products or processes? Does their business add convenience or speed? Are they improving packaging, advertising, or service features? Market niche and distinctiveness should be well thought out during this stage.

It is important to re-emphasize that selecting a business is more than finding the next revolutionary idea, chasing the "hot" industry. Instead, students ought to focus on a business that piques their interest and meshes well with their past experience and

identified talents. Switching industries away from an area of expertise to focus on the prospect of profitability available in another industry will likely only result in new frustrations that the student is ill prepared for.

The goal in selecting an entrepreneurial venture should be to take advantage of the full spectrum of a student's intellectual capital, including personality, likes and dislikes, and lifestyle choices. The student should focus on a business that has the prospect of remaining challenging and interesting in both the short and long run. It is important to take financial means to handle start-up costs into consideration at this stage as well. Once those criteria are met, encourage the students to consider a business that they can realistically initiate within the next 6 months. This will encourage the students to contemplate practical entrepreneurial opportunities, whether they get off the ground in that timeframe or not.

Developing a Marketing Strategy

The final stage of the experiential entrepreneurial education model is the creation of a marketing strategy. An effective entrepreneurial marketing strategy demystifies the customer acquisition process, requires little capital, and begins with a survey of the prospective marketplace. The reason why franchises are so popular is that one aspect of starting a business that frightens prospective entrepreneurs is the marketing problem.

It is useful to begin by describing what an effective entrepreneurial marketing system is not. It is not akin to the marketing plan touted by most marketing textbooks: a rigid document that treats marketing as an activity accomplished by professional sales staff and which often results in a list of activities and sales tools that the business will use to tell its story through an advertising medium. Most marketing plans do not incorporate

an understanding of the different dynamics of newly formed businesses as opposed to those that have a track record and some degree of market penetration. Unlike these marketing plans, the marketing strategy used for entrepreneurial ventures must assume that very limited funds are available to spend on advertising.

It is also important to note that an effective entrepreneurial marketing strategy is non synonymous with word of mouth or guerrilla tactics. Word of mouth referrals originate from customers who have informed others of their own positive experiences with the business and, thus, are the result of simply serving customers well, not the successful implementation of a marketing strategy. Conversely, while guerrilla marketing can be successful in driving curiosity to a business, the link to sales is speculative and it should be used as a tactic within a robust marketing strategy as opposed to the sole technique implemented.

An effective entrepreneurial marketing strategy does not start by lauding the praises of a product or service but rather starts with the expertise that will be converted into solutions for customer's current and potential problems. The goal is to create a dialogue with each customer that focuses on needs and whether the business can address them sufficiently. The ability of a business owner to solve a customer problem is an apt example of the use of the intellectual capital developed in earlier exercises. As the entrepreneurial organization grows, its policies, procedures, and training materials will enable other employees to achieve sales and marketing goals as they begin with an intangible asset that a prospective customer will value.

The first step in crafting a marketing strategy is to engage a normative process. The goal is to gather and document information about what competitors are doing to

acquire and serve customers. This encourages students to reexamine fundamental assumptions about their product or service relative to the market place. It also reinforces the importance of continually reflecting on the business.

The second component of the marketing strategy is analytical and involves the collection of market data. Most business owners, when pressed, cannot explain how they receive referrals or new business nor can they cite specific activities that may have created them. During this stage, the entrepreneur should gather all relevant demographic, competitor, and customer data and then develop a system by which to routinely analyze it to seek out trends, changes, and market opportunities. It is often the case at this stage that determining what data to collect is more difficult than the data collection process itself.

Third, the student needs to define the distinctive attributes of the business that address customer's needs. These definitions should be precise and clearly indicate a perceived benefit of the product or service offered. Generic terms such as "high quality" or "convenient" should be replaced by specific characterizations of the customer solution. Who is your ideal customer and what specific characteristics of your business appeal to him/her?

The final component of the marketing strategy consists of detailed tactics that take advantage of the information gathered in the first three steps. The following is by no means a complete list and various tactics can be supplemented at will: a written description of the methodology used to obtain contact information for the most desired customers, specific activities and events designed to make contact with prospective customers, a budget that allocates time as well as expense for each marketing activity, and a tracking system to record results.

Conclusion

Entrepreneurship is the mechanism by which millions of people access the pursuit of economic success. "Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks--in terms of time, equity, or career: the ability to formulate an effective venture team; the creative skill to marshal needed resources: and fundamental skill of building solid business plan: and finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion" (Kuratko & Hodgetts, 2004, p.30). The experiential entrepreneurship education model discussed in this paper has proven to be effective at creating realistic expectations for prospective entrepreneurs while simultaneously enhancing excitement among students.

By the end of this experiential entrepreneurship course, many students have typically chosen to work or intern at companies with whom they have either directly networked or with other companies within the same industry. Most plan to start their own venture within 6 months but realize that they should first acquire more specific industry experience. Students also report that they have experienced some of the stress of starting a business through the coursework and have an entirely new understanding of business from the perspective of ownership. Perhaps most importantly, students speak of being emboldened by the excitement derived from discovering their capacity for innovation and creativity.

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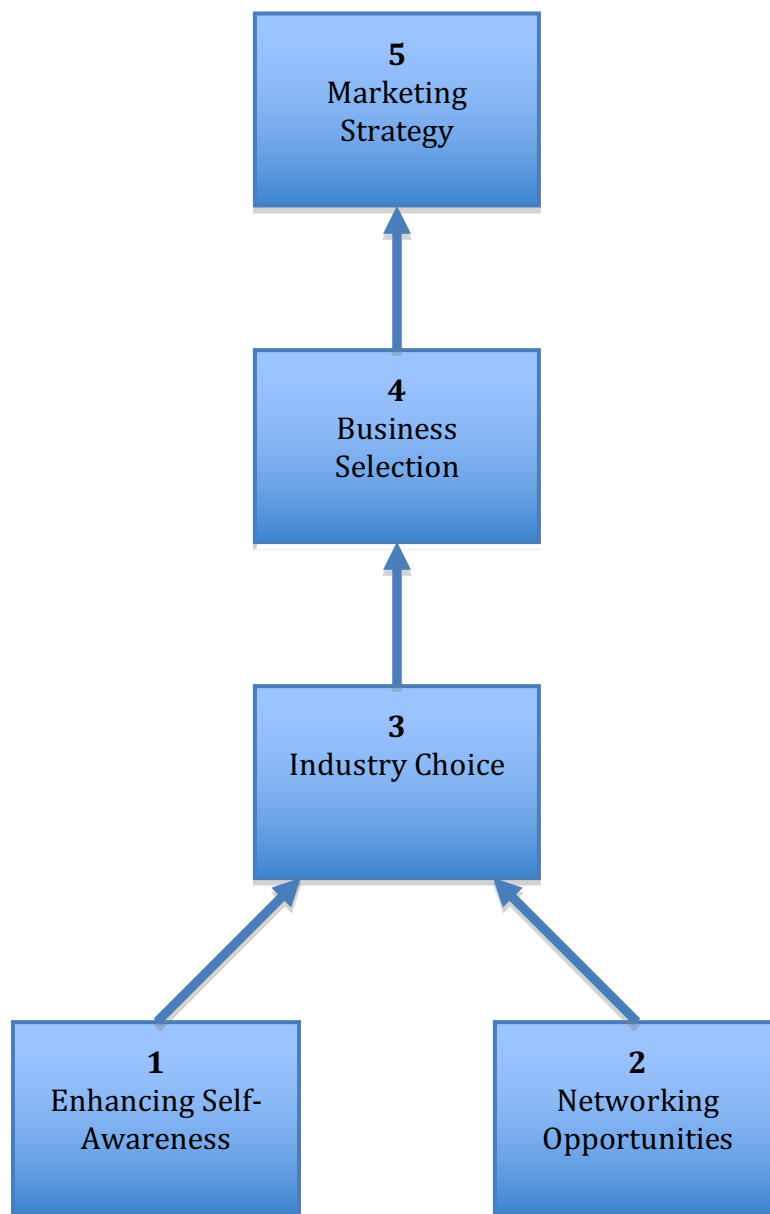
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Figure 1
A Five-Step Model for Experiential Entrepreneurship Education



Whole Person Approach

Contact with the Environment