

Entrepreneurship: Not Just for Heroes

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Entrepreneurial drive is something many companies try to nurture, but can it really be taught? Our partnership with Credit Suisse explores the role of education in developing the mindsets of tomorrow's business leaders.

Liz Lightfoot

They are rich beyond imagination, their lives the stuff of fairy tales: Howard Schultz, lifted out of extreme poverty by his love of coffee; the late Steve Jobs, given up for adoption by his single mother; and Jack Ma, who tells how he applied for 30 jobs in his youth and was rejected for all of them.

Many famous entrepreneurs, the ones with staggering wealth and the most compelling backstories, are the tall poppies who have pulled themselves up by their bootstraps, striding out alone on their risky missions while the rest of the world marvels at their success.

When such stories capture the headlines, it is hardly surprising that so many people think that entrepreneurs are born, not made. But this idea is increasingly under attack by mounting evidence from the world's universities and business schools, which are increasingly embracing the idea that entrepreneurship and an entrepreneurial mindset can be taught.

The first step toward nurturing an entrepreneurial mindset is to explode the myth of the “hero” entrepreneur, says Professor Dietmar Grichnik, the first chair of entrepreneurship at the University of St. Gallen, in Switzerland. It’s something he takes very seriously.

“With my students—whether they be Executive MBA, MBA, masters or doctorate, undergraduate or postgraduate—I seek to demystify entrepreneurship and expose the biased thinking about hero entrepreneurs that persists. We definitely know from research we conduct, and from that done elsewhere, that entrepreneurship is something you can absolutely learn. The success drivers for entrepreneurship are knowledge and experience.”

Grichnik, who has written a book called *Entrepreneurial Living*, also offers a wake-up call for anyone taking his courses who is motivated solely by financial gain.

“Successful entrepreneurs are mainly driven not by money, but by love of their product, and by wanting to make an impact and change the world,” he says. “Today’s students might like to drive a Ferrari someday, but they want to make an impact.”

Another misconception Grichnik is keen to dispel is the popular modern idea that entrepreneurship is all about consumer products or services—the Mark Zuckerberg effect that has everyone dreaming of creating the next Facebook.

“If you look at the 500 fastest-growing companies in the United States, for example, you see that only 10—15 percent of them are business-to-consumer, and the majority are business-to-business,” he says.

A skill set, not an identity

Challenging the hero entrepreneur myth further, Professor Stelios Kavadias, director of the Centre for Entrepreneurship at Judge Cambridge Business School, in the U.K., says starting your own company is not even a prerequisite for entrepreneurship. He notes that a growing number of students have no intention of striking out alone, but want to improve their ability to chart new paths or challenge the status quo from within to become a driving force for innovation.

“Some of our students will found startups, but others will go into large companies,” explains Kavadias. “From my meetings with large corporates, I find that they want their employees to be more entrepreneurial, take more initiative and be more creative. At the Judge, we feel that entrepreneurship is a skill set to be had, rather than an identity. We are not training entrepreneurs, we are training entrepreneurially minded people, and that is what the world needs today.”

Kavadias draws parallels between the new thinking about entrepreneurship and the democratization of creativity since the turn of the century. He points to a new understanding that creativity is not something finite or only bottled up by artists, designers and musicians, but something inherent in every person that can be encouraged, amplified and explored.

By fully understanding the processes behind innovation, and by taking a broader approach to R&D, companies are better equipped to adapt their business models and to be decisive when managing resources and identifying their guiding principles.

“You can learn to be entrepreneurial, just as you can learn finance or marketing,” says Kavadias. “If we accept that there are many people out there who are not born entrepreneurs but can be entrepreneurial, suddenly

we have a much bigger pool of candidates encouraged to start companies, or to be entrepreneurial within big corporates.”

Another misconception about entrepreneurs is that they are supreme risk takers, according to Professor David Mawhinney, executive director of the Swartz Center for Entrepreneurship, based in the Tepper Business School at Carnegie Mellon University in Pittsburgh.

“People often mistakenly think entrepreneurs are great risk takers, but the great ones are really great risk managers,” he says. “They identify the risks and create plans to mitigate them, so they are better able to be creative and innovate in the face of risk.”

In contrast, larger companies use hierarchy and organizational structure to manage risk. One unintended consequence of this traditional approach, according to Mawhinney, is that individuals in these companies can become risk-averse because they are punished for taking any risks not allowed by inflexible structures.

Play to your strengths

As teaching about entrepreneurship has expanded over the last 15 years, the way that students are taught has evolved. The leading schools now employ practicing entrepreneurs as tutors or mentors. INSEAD, the multinational graduate business school, has several entrepreneurs in residence to help inspire and guide its students.

Steve Blank, a Silicon Valley entrepreneur, teaches at the University of California, Berkeley, at Columbia University and in the engineering school at Stanford. He is a strong advocate for a more practical approach to business, and advises startups to ditch five-year business plans in favor of

testing the market. “However painstakingly put together, business plans rarely survive their first contact with the real world,” he says.

It’s an approach that large companies can benefit from, as well, says Blank, although he does concede that his thinking about entrepreneurship education has shifted over the last decade, from regarding it as a science with repeatable methodologies to something more akin to a creative art.

“When people talk about entrepreneurial education, the first question is, ‘Who are we talking about, who are we educating and why?’” says Blank. “There are small-business entrepreneurs who open grocery stores or design apps. Another class of entrepreneur wants to start a large, scalable company; they want to be the next Google or Apple. Then there are those who take over the family business, or corporate entrepreneurs who want to do something within large companies. Each one requires different funding, different teaching, different skill sets,” he says.

Founders, he adds, can be closer to artists with their “vision, passion and drive” than any other profession. Employees tasked with innovating at established companies or those with a mandate to explore new ventures will still need to tap into the entrepreneurial spirit, but in a completely different context.

“It’s not that the tools we teach are wrong, but perhaps the assumption that everyone can use the same ones,” Blank explains. “Like artists or composers, the founders see something that no one else sees, and then surround themselves with entrepreneurial employees who are the talented performers who hear the siren call of the founders’ vision and help bring it to life.”

But that doesn’t mean that entrepreneurship is only relevant to founders. “We teach music, art and art appreciation in schools, but that doesn’t mean

everyone will become an artist any more than everyone who learns to play the violin will want to go to Juilliard,” he says.

A different type of education

Carnegie Mellon offers one of the world’s most established entrepreneurship programs, launched in 1971. Professor Mawhinney started his first company after taking its MBA course, and now runs the university’s Swartz Center, a resource for the whole university. He encourages students to work on their own projects and to help one another, within a credits-based grade system.

“Our approach is to introduce the tools and frameworks that are best practice for entrepreneurs, and then bring in current practicing entrepreneurs to share real-life case studies,” Mawhinney explains.

INSEAD, the business school with campuses in France, Singapore and Abu Dhabi, addresses the different regulatory regimes, cultures and customs in different parts of the world by offering electives with a geographical focus, such as building a business in China or India.

Professor Urs Peyer, dean of INSEAD’s degree program, says there is a tendency for startups to concentrate on the countries where the founders live, when, in fact, they need to understand how things work in other parts of the world where they might operate.

Pitching ideas to prospective investors and customers forms a large part of the INSEAD courses. “We want to make sure that our students do something smart, and we see it as our obligation to shoot at bad ideas so they change their models until they find one that people actually want that is also scalable,” Peyer says.

The new emphasis on mentoring and support is changing the way courses are delivered, with many schools offering flexible online, residential and blended courses, and even ongoing one-to-one mentoring for their alumni after graduation, to help during the early, most difficult, stages of a startup.

In China, the move away from super-rich “hero” entrepreneur mythology toward the development of an entrepreneurial mindset for the good of society is helping the country’s business schools embrace this shift.

Tsinghua University, in Beijing, has received funding for its x-lab startup incubator from the Chinese government, which wants to encourage more innovation to strengthen and diversify the country’s economy. Pearl Donghui Mao, executive director of the Tsinghua x-lab, distinguishes between “typical born entrepreneurs” such as Jack Ma, and “nurtured” entrepreneurs, of which she says there are many in China.

“Many types of entrepreneurs exist because people with different talents and potential pursue different paths,” she says. “We believe it is necessary to provide all young people with the learning opportunity and resources. We have tried hard to develop project-based action learning to develop skills such as problem solving, lateral thinking and teamwork.”

According to Mao, one of the biggest problems with most entrepreneurial courses is that they stop; there is very little support for graduates once they leave most institutions. Tsinghua x-lab actively supports its alumni through the difficult stages of building a new company, and is available as an ongoing sounding board and resource.

On the other side of the world, at the University of Pennsylvania’s Wharton School, professors Karl T. Ulrich and Christian Terwiesch published a paper in 2014, “Will Video Kill the Classroom Star?”, which explores

ways that business schools might evolve with technology. Among the suggestions is a curriculum available on demand throughout someone's career, rather than just within a two-year time frame.

Ulrich and Terwiesch recognize that in today's fast-moving world, it's hard to know what knowledge and skills you will need, even in the near future. The professors compare a Wharton degree to a Swiss Army knife: "You buy it today to use one day, but you know neither when you will use it nor which part of the knife you will use first."

In the future, perhaps our idea of the entrepreneur will move even further away from the image of a self-educated standalone hero, and be replaced by that of a perpetual student, linked to a university for life.

Entrepreneurial drive is deeply rooted in Credit Suisse's heritage and is needed now, more than ever, to master the challenges ahead. This is the first in a content and research series that will explore the nature of, and influences on, entrepreneurial mindsets.

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