

Colleges become startup factories

They are stepping up support of budding entrepreneurs with courses, mentoring, networking and awards.

By Steve Garmhausen
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When Nihal Parthasarathi and Katie Kapler won \$75,000 through New York University's New Venture Competition last spring, the partners knew immediately what to do: They quit their part-time jobs to immerse themselves in their dot-com startup.

"One of the greatest gifts you can give an entrepreneur is time," said Mr. Parthasarathi, co-founder of CourseHorse, an online catalog of classes available in New York City, from dance and acting to computer programming.

But money wasn't all that NYU's Stern School of Business provided the pair. Throughout the months-long process, they received extensive coaching and mentoring from a total of 20 veteran entrepreneurs and other experts. The result is a business that has generated revenue from the day it opened, said Mr. Parthasarathi.

And Mr. Parthasarathi's story is not an isolated one: In recent years, New York's colleges and universities have ratcheted up their commitment to supporting budding entrepreneurs. With courses, mentoring, networking and cash awards, they are growing crops of would-be entrepreneurs that they say are far better prepared than their predecessors.

One of the latest manifestations of the trend: the February launch, by Pace University's Lubin School of Business, of an entrepreneurship lab that aims to facilitate collaborations between students in schools as diverse as nursing and business.

"The idea is that it will involve all Pace students and faculty from all the schools," said Bruce Bachenheimer, director of the lab and of Lubin's entrepreneurship program. "We're stressing an interdisciplinary, hands-on experience to find new ways to solve difficult problems."

Yet even as the city's entrepreneurship programs grow, it's difficult to measure exactly how effective they've been—or whether they can even teach what many insist is more nature than nurture. Just look at the likes of Steve Jobs, Bill Gates, Michael Dell and Mark Zuckerberg, all of them wildly successful without the benefit of entrepreneurship classes—or even a college degree.

Indeed, seasoned entrepreneurs typically trust their instincts more than any course or textbook. When he speaks to graduate students, serial entrepreneur Robert LoCascio says he tells them they should be using their money to build companies, not pay off academic loans.

“A lot of us who actually do it don't subscribe to this method of building companies. The only way to be an entrepreneur is to go through successes and failures,” said Mr. LoCascio, who built one failed venture on credit cards before he succeeded with LivePerson, a public company with more than \$130 million in revenue. “You can't teach failure.”

Even those doing the teaching acknowledge that some things can't be taught.

“One thing that's absolutely vital, and that you cannot teach, is passion,” agreed Cliff Schorer, a professor and entrepreneur in residence at Columbia Business School's Eugene Lang Entrepreneurship Center.

Judging from the offerings at Columbia and elsewhere, however, entrepreneurship programs are trying to teach just about everything else. The most straightforward subjects include writing a business plan and doing financial, competitive and market analysis.

When it comes to the harder stuff, such as the ability to recognize opportunities, Pace and other schools use case studies, brainstorming lessons and other exercises to nurture that skill.

“It's kind of like teaching music or painting,” explained Mr. Bachenheimer.

Jon Mason, managing director at startup Trace Visual Effects, said the M.B.A.s in entrepreneurship that he and a partner earned from Baruch College were pivotal to securing \$250,000 in startup capital last year.

“It definitely does give you credibility with investors,” he said. “Without it, you can't talk about the business in a way that's going to interest them.”

In a sign that teaching entrepreneurship is here to stay, Baruch's Zicklin School of Business rolled out a Ph.D. program in 2010 to go with its bachelor's and master's degree programs in entrepreneurship. The school's 16-year-old Lawrence N. Field Center for Entrepreneurship currently touts 24 courses, a staff of 42 and a total of 500 undergrad and graduate majors.

A CENTERPIECE

Pitch programs - in which teams of students, alumni and others vie for cash prizes by developing and pitching business ideas - are a centerpiece of the entrepreneurship push among the city's schools. Columbia's Lang Center, for example, uses an annual competition to choose 24 participants for a semester-long Entrepreneurial Greenhouse master class, led by Mr. Schorer, in which budding entrepreneurs get everything from practical advice to legal expenses to meetings with investors.

NYU's Stern School of Business' annual contest had so many worthy contestants that the school added a Tech Venture category alongside its New Venture and Social Venture categories last year.

“We'd found that it was hard to choose winners,” said Jeffrey Carr, who heads NYU Stern's Berkley Center for Entrepreneurship & Innovation. “So we decided last year to pull out the tech competition [into a standalone category].”

Pitch contests have also proved to be a great way to network and meet investors. The most recent contest at Pace drew an audience of 400, including venture capitalists, angel investors and bankers, said Mr. Bachenheimer.

As for venture capitalists, most of them heartily approve of colleges' increased focus on entrepreneurship.

“What it's doing is training people to be prepared mentally and, from a skill-set perspective, to work in startups,” said Roger Ehrenberg, founder and managing partner of IA Ventures. Mr. Ehrenberg added that his firm has successfully staffed young companies with Columbia entrepreneurship students.

In another sign of the symbiosis between investors and entrepreneurship programs, NYU in 2010 tapped venture capitalist Frank Rimalovski as managing director of its in-house venture fund. The NYU Innovation Venture Fund, announced in May 2010, has a goal of \$20 million, which it's raising from within the school and from alumni and others. The fund's goal is “to make NYU as central to the startup system as MIT, Harvard, Stanford and Berkeley are in their respective areas,” said Mr. Rimalovski.

The fund has invested in three startups so far and will eventually fund about half a dozen annually, he said.

SUCCESSFUL INVESTMENT

Columbia has a similar investment fund—it has invested \$2 million over 10 years—and the success of target companies has been enough to make the fund self-sustaining, said Mr. Schorer.

Meanwhile, schools are grappling with the question of how to gauge the success of their entrepreneurship programs. Definitive data are hard to come by, but there are indications that graduates are at least taking the first steps.

For example, surveys of Baruch graduates suggest that about 25% have their own businesses within two years of graduation, says Edward Rogoff, academic director of the Lawrence N. Field Center. And of those who have won NYU's pitch contests over the past two years, 50% are still in business, said Mr. Carr.

But university officials say many former students fall out of touch, making it impossible to know whether their training has paid off. Furthermore, failed businesses can re-emerge as repurposed businesses, and failed ventures can be followed by successful ventures.

And by one definition, entrepreneurship training doesn't have to result in a business launch to be successful. If a person is trained to size up opportunities and take initiatives, he and his employer have an edge, said Mr. Bachenheimer.

“The nature of work is changing dramatically,” he said. “There's no more 'Give me a job and tell me what to do.' ”

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