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Is university the place to learn to be an entrepreneur?

By SIMONA CHIOSE

Universities are working to kick-start a new generation of entrepreneurs – and prompting critics to question the wisdom of even trying

Neesha Desai is an award-winning entrepreneur with a problem. After designing a simple computer program to help her niece with math homework, she set to work on making a computer-writing program that encourages children to develop their vocabulary.

The idea won \$20,000 in an innovation competition, and Ms. Desai and several partners spent most of the past year turning Alieo Games into a business that is launching this fall.

So, what's the problem? She did all this while she was supposed to be finishing her PhD dissertation in computer science at the University of Alberta. "If you asked me a year and a half ago," she explains, "I would have never said I want to start my own business." Now, even with a supportive graduate-thesis adviser, she has to do a lot of juggling.

And she is hardly alone. Campuses across the country are racing to provide homes for budding entrepreneurs – incubators, labs, accelerators, and classes where students with business ideas can connect with others of their species, and receive mentoring and advice from senior business people. But as they do so, some observers are expressing caution, questioning whether the programs are proliferating before universities know how to teach entrepreneurship successfully, or even if it can be taught at all.

There is no doubt that Canada needs more entrepreneurs – both to drive productivity and to close the innovation gap. In its annual report on prosperity, the Conference Board of Canada compared the ability of 16 countries to create companies that demonstrate some of the basic building blocks of innovation: investing in R&D, gaining access to venture capital, and successfully taking their business global.

Canada ranked behind all but three countries (at the top of the list were Switzerland, Sweden and the United States). When it came to the venture-capital metric, we came in second-last. Universities are hoping they can improve those outcomes. And governments are keen to demonstrate that they are doing something about underwhelming labour-market outcomes for younger demographics: In its spring budget, Ontario found \$51-million for student and youth entrepreneurship; and across the country, money like that is buying a lot of what prior generations would see as campus career centres on steroids.

Ontario is home to two of Canada's most high-profile tech incubators: Ryerson University's Digital Media Zone; and the University of Waterloo's Velocity lab. In recent months, the U of A has launched eHUB, a centre to help budding entrepreneurs; Ms. Desai went to eHUB often over the course of the summer, when she had questions about taxes, accounting and licensing. It is much like the University of British Columbia's Entrepreneurship@UBC and the

Imagination Catalyst at OCAD University in Toronto, which takes in recent graduates and entrepreneurs from the community. Many such programs are targeted at science, technology and the digital economy, which tend to incubate companies that grow their earnings and employee numbers quickly.

Do entrepreneurs go to school?

In virtual space, there are long lists of entrepreneurs who dropped out of college, giving rise to the trope that the most risk-taking among us are stifled by the classroom. (Dorm rooms are another matter: Facebook was conceived in Mark Zuckerberg's; and Kik Messenger, a successful messaging app, was born in Ted Livingston's residence at the University of Waterloo's Velocity lab.)

Venture capitalist and PayPal co-founder Peter Thiel feels school can be a waste of time and money, and every year he is awarding \$100,000 each to 20 students under the age of 20 to help them start a business rather than go to college or university. As he has put it, higher education "has become a way to avoid thinking about the future." The returns to education for American students have also declined, he has said elsewhere, even as tuition rises every year.

Not everyone in Silicon Valley agrees. After all, the Valley would not exist without the tech and engineering graduates of Stanford University (Mr. Thiel himself is a Stanford alumnus, albeit in philosophy, as is Google's Larry Page). Last year, big-data billionaire Michael Baum responded to the Thiel challenge by giving the same amount to 10 students each year if they start a business and *stay* in school. (Some of those initial recipients already have their companies up and running.)

"Why not stay in school, finish your degree, and use the environment of the university to bootstrap your company?" Mr. Baum recently told the magazine Fast Company. "Universities," he added, "have gotten a lot smarter about opening up resources to student entrepreneurs."

On a whiteboard at Ryerson University's Digital Media Zone someone has written "Everything is awesome," and its space in a building overlooking Toronto's Eaton Centre holds the detritus of long nights: mega-size bottles of Omega-3 pills, takeout containers. The DMZ, launched in 2010, is one of the country's most prominent incubators, home to dozens of start-ups each year. While only half of all businesses launched in Canada are still alive five years later, almost three-quarters of DMZ grads are still in business, or have been bought out. The centre provides frequent networking opportunities for its entrepreneurs to meet potential clients, and now has businesses in development that include remote-controlled planes the size of your hand able to survey and film large areas; a restaurant ordering and delivery app; and a company that provides open-source educational content.

The hard job of defining success

There are no failures at the DMZ, says executive director Valerie Fox, who worked in the private sector before moving to Ryerson. "So-called failure is where you hit a barrier, but there's no full stop in entrepreneurship ... it's about iterating, changing."

That view – shared by many entrepreneurs – can make success difficult to define. A report this summer from the Higher Education Quality Council of Ontario found that entrepreneurship programs are growing explosively in all disciplines, but they are doing so with very few models of what works and what doesn't in such programs. Finding common metrics is especially important if universities want their entrepreneurship programs to be seen as more than just another mildly effective vaccine against a bumpy labour market, offering students the skills to start a small business but perhaps not measurably improving national innovation.

Doubts over how much universities can do on their own to incubate tomorrow's visionaries even extend to some of those who have linked entrepreneurship with higher learning. "Innovation is not the top strength of a university education," says Reza Satchu, managing partner at Alignvest Management Corporation and one of the co-founders of The Next 36. An elite entrepreneurial training program for undergraduates and recent grads from across the country, it awards \$50,000 for participants to see their idea come to life.

The Next 36 is housed at the Rotman School of Management at the University of Toronto and is a non-profit, charitable organization. Classes and lectures at Rotman are part of the seven-month program, but participants receive extensive mentoring from business leaders and work remotely with other students in the program during the winter and spring. The only cost to attend is rent for a four-month summer term on campus, and scholarships may cover that.

The program's success will be measured in years, even decades, Ms. Satchu says, an idea that is seconded by Claudia Hepburn, another co-founder and the program's executive director. Begun with support from Jim Pattison, W. Galen Weston and the late Paul Desmarais, among others, it is deliberately focusing on a small number of high-potential people and teaching them, Ms. Hepburn says, to dream not of working for Google but of creating the next Google: "If we can produce one Jim Pattison or Mark Zuckerberg, we are going to move the needle on Canadian prosperity."

Artsies as entrepreneurs

Like entrepreneurs themselves, the programs now catering to self-starters are learning to think outside the box. Most universities offer broader-based entrepreneurial programs. Some schools have one introductory course that any student thinking of setting up their own shop can take, an expansion of the type of education that used to be available only in business schools. U of T, for example, has a course on the development of innovation that can be taken by students from the sciences, humanities and social sciences.

But at a time when only about 2 per cent of the population will found their own company, making a more intense investment in entrepreneurial education is a risk, says Deborah Streeter, a professor of personal enterprise at Cornell University in Ithaca, N.Y. "The creative tension in entrepreneurial programs right now is 'Do you put all your eggs into incubators and labs that produce start-up ventures; or do you take a longer view and train students to equip them with tools that might take decades?' ... I have students who call me after 15 years and tell me, 'Remember me? I took your course, and now I am starting a business.' We have to feed the short term but cultivate the long term as well," she says.

Exposure and experience with entrepreneurship might be all some students need to pursue that path, says Rob Annan.

He is the chief executive officer of Mitacs, a not-for-profit organization that works with universities and governments to encourage innovation and linkages between graduate students and business. PhD students who had a business internship through Mitacs were more likely to try out being an entrepreneur after getting a degree, an internal study discovered.

"The standard [academic] context is to really understand your research field and to identify the gaps in the academic knowledge. Your career is spent trying to fill them. ... Mitacs students can see the gaps in an applied or commercial context. They can ask, 'Am I interested in how a gene works, or do I see a cool application for how it works?' Most PhD students would love to turn their research into a career, and only 20 per cent will get to do that as a professor," he notes.

Not all start-ups involve high-tech.

The introductory entrepreneurship course started last year by UBC's Elizabeth Newton, a former entrepreneur who teaches marketing and behavioural science at the Sauder School of Business, draws students from all faculties. Kinsey Powell, 20, was among the initial class of 80. Inspired by her minor in history, Ms. Powell started a company that custom-designs what she calls "Renaissance" T-shirts. She compares her clients to the Medicis, "patrons" willing to let her design a logo she believes reflects their corporate identity without interference from them.

Businesses launched at OCAD University's Imagination Catalyst include many smaller-scale operations. "It's not artisan manufacturing, but it's not General Motors. We have 3-D printing companies and cultural enterprises," says Catalyst executive director Petra Kassun-Mutch, who ran a cheese plant in Ontario's Prince Edward County before closing up shop two years ago and moving to Toronto.

A generation innovation gap?

For Ms. Kassun-Mutch, entrepreneurship has become too much of a buzzword applied to anyone with a good idea. As a parent and former business owner, she embraces the educational trend but is worried that funding decisions flowing out of the new focus on young entrepreneurs may seed disappointment rather than economic growth.

Indeed, in spite of the money for and attention to Gen Y entrepreneurs, it is their boomer parents who are the fastest-growing demographic to be launching businesses. A 2011 Industry Canada study of mid-career entrepreneurs found that 50 per cent of boomers had secured angel investment compared to only 2 per cent of other cohorts. Statistics from the U.S. Bureau of Labour Statistics, meanwhile, show that businesses run by baby boomers are more likely to be in higher-paid industries and to employ others.

Indeed, Gen Yers seem to have lukewarm feelings about the sacrifice of work-life balance that going at it outside a corporation can require. One study last year found that the government of Canada was the second-most-desirable employer among this generation (Google was first).

Regardless of what demographic they belong to, entrepreneurs say that to succeed they need an ecosystem. Educational institutions are part of the solution, but shifts in longer-term business and national priorities are also necessary. Kik Messenger founder Ted Livingston, who has had to raise tens of millions of dollars to grow the business, donated \$1-million to his alma mater's Velocity centre as startup money for student entrepreneurs. "We found we had to reach out to United States venture capital," he said in an e-mail interview. Venture funds in the U.S., he adds, "have a better understanding of the way start-ups evolve, can provide good guidance during tough times, and don't get overly excited during the good times."

Many young entrepreneurs know not to get overly excited. They hope their ambition will carry them through, but remain pragmatic. Armin Mahmoudi, a Next 36 participant who designed an online platform for landlords and tenants has given himself only until January to make his business viable.

Ms. Desai isn't planning to make her Alieo Games venture full-time after she graduates from the University of Alberta. And if the company doesn't pan out? No regrets: She and her partners "have been in school forever," she says. "Building something that could have more impact in the world felt really good."

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