Entrepreneurship: A head start for young start-ups

High-schoolers with big ideas get intensive training in realities of business in Governors School for Entrepreneurs

By Frank Goad

It has been said we are in a new golden age of entrepreneurship brought on by traditional job disappearance since the 2008 financial crisis, by the amazing array of resources at our fingertips, and by a social shift back to self-reliance and away from corporate life. Still, though, knowledge about what it takes to develop an idea and start a business is important, and many entrepreneurs have little or no exposure to that.

Some have a business degree, and a few have the experience of working for a start-up. Others attend “the school of hard knocks,” which is to say they dive right in, learn from mistakes and with a bit of luck, survive.

Students, or more commonly teams of students, are admitted to the Governor’s Schools for Entrepreneurship in part on the strength of a proposal they have for a specific business idea to develop, which they present to their fellow students.

What if budding business hopefuls could learn the fundamentals before leaving high school? Some students in Kentucky can now get that chance.

The nonprofit Kentucky Science and Technology Corp. offers high school students the opportunity to experience the start-up process in an intense lab situation called the Governor’s School for Entrepreneurs (GSE). The program has two older siblings: The Governor’s Scholars Program and the Governor’s School for the Arts.

All are intensive, three-week live-in programs held at colleges during the summer, when campuses are mostly empty. GSE launched in 2013 with 49 students on the campus of Georgetown College in Georgetown, Ky. It returned there this year, and enrollment rose to 62. So far 72 percent of participants come from rural areas.

“We are not teaching a subject, so much as we’re teaching them how to think, approach problems and how to react when things don’t go well,” said Laurie Curry Daugherty, GSE’s executive director. “For
instance, we want them to learn how to ‘fall up’ by successfully learning from their experience and thinking of ways to profit from that. Over time, we’ll see how they do and measure the impact of our program.”

A program aim is to help students understand the realities of commerce, and a long-term goal is to track participants throughout their subsequent careers and measure the program’s impact.

**What it takes to attend**

Students invited must be in the ninth through 11th grades and complete a three-part GSE application that presents an idea for a new business. They may apply individually or present an idea as a team with up to five members.

There are three main idea types:

- Information technology – such as mobile applications, video games, web-based platforms, etc.
- A product or service – either new or an improvement to an existing product (e.g., adding a flashlight to a pocket knife), or
- A new method or business model – such as college books being delivered electronically rather than on paper. Students are welcome to apply with ideas that vary little from a current business model but that they want to start after their schooling.

GSE students are taught the framework that a new business must work within, the skills and thinking required to run it, and learn to see it as an adult entrepreneur would. The program is unusual in that being a top student isn’t a requirement; students can apply online completely outside their school and they can include life experience as part of their qualifications.

Although their grades are not part of the application, these are bright kids. The 20 students from 2013’s GSE who graduated in 2014 had ACT averages of 26 (vs. 21 nationally), a GPA at high school graduation of 3.74, and six are involved in their own ventures – with one getting national attention through The Huffington Post news website.

**Three main hurdles to get in**
Tom Welch, faculty member for the Governor’s School for Entrepreneurship, addresses the 62-member class during the 2014 session, which took place during the summer on the campus of Georgetown College.

The application’s requirements are fairly rigorous and require a wide variety of information, including classes taken, awards, hobbies, personal accomplishments and responses to essay questions. Each student must submit two recommendations from adult leaders (e.g., teachers, coaches, etc.); for team applications, each member of the team needs two recommendations plus one for the entire team. Obviously, recommenders must know the applicant student(s) pretty well.

Part three of the application process requires the student or team to create a two-minute video that; a) describes the idea for a new and innovative product or service; or b) outlines the entrepreneurial talents and interests that make an individual a valuable member of the team.

As the GSE application states, “Applications will be reviewed and evaluated on a number of criteria, including the merit of the ideas and the balance of skill sets. … The best applications will be sincere expressions of who you are and why you want to attend.”

The program

Once there, students are totally immersed in learning real-world business skills from college instructors who teach entrepreneurship, owners of successful start-up companies and professionals who help people develop new businesses.

Students in the 2014 class made up 14 teams for the classroom and activity portion, and those teams presented their plans on the last day to an outside panel of judges that included entrepreneurs, investors and business development professionals. From there, the top five scoring teams gave their “pitches” to the Lexington Venture Club – an organization dedicated to helping real-world, aspiring start-ups find investors for their ideas – where two teams won cash prizes of $1,000.

At least four teams are continuing their venture after GSE, meaning nearly 30 percent are on the path to being bona fide business owners.

Beyond class activity, the students take field trips to see what active entrepreneurs are doing and how they are continuing to innovate. Site visit locations included Biologics in Covington, a bio-medical business incubator; Awesome Inc. in Lexington, a business incubator; and established businesses that started small, such as the headquarters of Papa John’s International in Louisville. During visits student are encouraged to ask questions and get a view of what starting a business is like from the inside out.

Non-linear, triple-bottom-line learning

“Throughout the programs, students are taught about sustainability and being socially conscious through the ‘triple bottom line’ of people-planet-profit,” Daugherty said. “At the end of the day, it’s not just about profit. It’s about your community – that’s the people part – and planet, which is the sustainability and environmental part.”
A key goal of GSE is to foster the innovation and creative problem solving considered essential to Kentucky’s economic future success.

“The kids we see ‘get’ this and care about giving back in a variety of ways. They understand that and definitely care about how you’re giving back. … And you can tell by the questions they ask the speakers: How does their company give back to their customers and communities?”

To her point, “One of 2014’s teams brought a community garden (business) concept, and another team’s idea sought to develop technology to help people identify allergic substances.”

One faculty member is Tom Welch, who lives now in Chicago and owns a consulting company but lived in Central Kentucky and was a teacher and principal in two counties. He worked in the Kentucky Department of Education and at one point held a position with what he calls “the best title of any position in state government: Director of Seeding Innovation in the Office for the New Economy in the Cabinet for Economic Development.”

Welch has owned businesses, not all glowing successes he readily relates, and has development experience.

“A focus of ours is to cause learning to occur. These aren’t your average learners, and they get ‘non-linear thinking’ – an important component for entrepreneurs – so we do many things here they don’t do in school,” he said.

“From the first day, they look at all 10 components of the lean start-up course and rate themselves on their knowledge of each one. They’re diagnosing themselves from the first day, so they’re not learning in a linear fashion. Only 20 to 30 percent of the time are we up front in the classic teaching mode. The rest of the time they’re exploring, examining problems and working as a team to solve problems.”
Raja Bhattacharya is a native of Kathmandu, Nepal, and a faculty member of Western Kentucky University, where he teaches classes on many facets of entrepreneurship. He is a serial entrepreneur with several successful businesses to his credit and a list of numerous other accomplishments.

He has been on the GSE faculty both years and when asked what strikes him the most about the students, he immediately said, “The most fascinating thing for me is how innovative these kids are. People often think of the West Coast as being the center of creativity, and most of these kids are coming from rural areas and their creativeness is amazing.”

GSE faculty consider the long-term impact of their three weeks with students in the summer, Bhattacharya said.

“One of our goals is to help them develop an entrepreneurial mindset. The number of kids who will go on to start a business isn’t very high, but learning to think ‘outside the box’ no matter what they do is critical to the learning process,” he said. “It’s important to their career to be able to foster innovation and engage in creative problem solving – that’s what we do here above all else, and it’s important to our state’s future.”

**Students’ big ideas**

The list of ideas students brought to 2014’s GSE session is too long to list, but they are impressive in their practicality and potential to create broadly applicable benefit. Here are two student ideas:

A student team from Edgewood, Ky., led by Matt Tarka, right, came to GSE 2014 to advance their plans to commercialize a small computer-numeric-controlled machine tool that can make precision cuts.

Xiaowan Chu’s team is a bit unusual. A student from Lexington, her idea and one from another team member were merged to arrive at something better.

Chu’s idea is for an application that helps online shoppers get correctly sized shoes regardless of the brand. Many people buy shoes over the Internet in the size they’ve worn for years only to have them arrive and not fit.
Another team member had an idea for an online trading platform for avid shoe collectors.

“We’ve decided to use the shoe sizing app as the ‘hook’ to get people involved, and then they’ll discover they can trade them and do other things,” Chu said. “Another team member suggested we add a rating system to weed out people who sell fakes or poor quality goods. We’ve taken all of our ideas and come up with something much better than by themselves.”

Asked what stands out about her GSE experience, Chu replied that students learned to appreciate not knowing everything.

“Tom (Welch) said we’d find out that the more we know, the more ignorant we’ll feel. At first everyone is idealistic but, as we move along, the more holes in our plans we see,” she said. “Even though we learn more, we see a bigger picture and know we have to do much more work. We see that the more we know, the more we need to learn and get what Tom meant.”

Chu reflected on what stands out most from her participation.

“Learning from people who have started businesses is amazing,” she said. “Hearing the speakers and going to Papa John’s and learning about all the things they went through, how they overcame problems, and seeing where they are now is amazing and inspires me to work harder.”

Another student, Matt Tarka of Edgewood, is different from most students because he’s had at least one business since he was 12 years old. The first was a car detailing business that he still runs. He and a partner have developed a desktop computer numeric control machine tool that can create precision parts. CNC machines are usually quite large, but theirs is sewing-machine size. With the advent of 3-D desktop printing, this device is a natural companion for making parts the 3-D printer can’t.

GSE’s biggest impact, Tarka said, is learning “so much about being an entrepreneur and business in general. The speakers are very influential to me, and this was my first opportunity to sit and talk seriously with a successful entrepreneur. Hearing one tell me what they did and describe their experience really gets your gears turning. ‘What do we have to do to get where they are?’”

He says it also will help overcome stumbling blocks he experienced before coming to GSE.

“Getting seed money, for instance, was a mystery to me,” Tarka said. “When I go back home, I’ll be able to talk to potential investors. This is just the most awesome opportunity and I’ve learned so much. It’s given me the confidence to go back and really move this forward.”

The Governor’s School for Entrepreneurship could turn out to be a good investment.

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