Entrepreneurship: Part of a Liberal Education

By Andrew Phelps and Evan Selinger

Innovation is one of the hottest buzzwords in academe, and colleges and universities promote it in two basic ways. They infuse innovation ideals throughout the curriculum. And they support it directly by sponsoring "incubators" for budding entrepreneurs and "accelerator" programs to help inventors get their ideas into the marketplace.

Most of the focus is on campus incubator programs for faculty members and graduate students with advanced research ideas that their university hopes to support and profit from. But another type of innovation program, which gets less attention—and whose potential is the least understood—is the student-business incubator, which helps undergraduates create their own start-up companies and put products in front of the public.

Too many universities proclaim that innovation is for all, yet restrict the participation of undergraduates in incubators to a select few. We believe that every student deserves the opportunity to participate in an entrepreneurial start-up activity—regardless of major—as an extension of a classical liberal education.

Let us back up and describe the nature and purpose of student-business incubators. In this digital age, they tend to focus on making software, as it is relatively cheap to produce and easy to distribute. Students hoping to become the next Mark Zuckerberg or Sergey Brin flock to campus incubators looking for office space, mentorship, legal advice, and, of course, enough "angel investment" to secure patents and advertise. Universities, in turn, provide the goods needed to accelerate an idea's commercial development, promoting synergy between experiential education—the best way to learn what it is like to run a start-up is to actually
run one—and financial self-interest. For every student company
that universities sponsor, they obtain a percentage of the eventual
valuation or intellectual property.

At face value, that seems like an ideal arrangement. Students get to
work for themselves on projects they are passionate about with
minimal exposure to risk and liability. And universities get to make
home-grown investments. Those investments can secure the good
will of alumni—the folks who make generous donations to their
alma maters. Successful ventures also can become selling points to
attract the next generation of tuition-paying students and parents.

If anything ever were to be amiss behind the scenes, one would
imagine it would be in the contractual details. Hypothetically, a
university could subject students to exploitative terms, taking
advantage of their vulnerability and limited connections.

But even when the quid pro quo is fair to all parties directly
involved, a problem remains: Student-business incubators are
usually disconnected from the direct and focused educational
oversight of the academic-affairs arm of the university. Institutions
tend not to give much, if any, attention to the learning objectives of
an undergraduate’s business idea when they assess whether it
would be successful. That doesn’t mean students who create start-
up companies in a campus incubator can’t find ways to earn
academic credit for their efforts. But it does mean that the profit
imperative—creating a favorable return on investment—is often
the highest, and sometimes the only, ideal.

The laserlike focus on profit does give students a taste of how the
business world works. However, it also creates a powerful barrier to
participation. The students who are granted entry into the
incubator aren’t necessarily the most interested, passionate, or
committed. They might not even be those who would benefit the
most from having an entrepreneurial experience. Incubator
enrollees are simply the students who can create business plans
that prognosticating university administrators believe will be
financially viable—that is, plans deemed likely to penetrate markets
or create new ones.
But what about the students who don’t meet that requirement? Is it wrong for universities to decide that those students will just have to learn entrepreneurial skills in the classroom or by trying to land internships?

Here are two (of many) reasons that it’s a bad idea to limit participation in these incubators to a select few:

First, start-ups have the right structure for preparing students to thrive in the reputation-centric, product-oriented social sphere of the modern economy. It may seem too crass to admit this, but: Every student who graduates (and even those who don't) is inevitably forced to confront the arrival of the self-publishing movement. In the digital age, success flows from managing your career—regardless of the field—like a personal brand. A good online presence and a stellar professional reputation that circulates throughout diverse networks are critical assets. Having start-up experience in a campus incubator program teaches students how to cultivate those assets, among others.

Second, start-ups are an ideal outside-of-the-classroom capstone experience for undergraduates. Such experiences are often described as valuable for students majoring in computer science or engineering, but they are essential in all majors and fields. Creativity is typically learned through a process that begins with copying; students are introduced to a subject through activities that recreate or mimic its established forms and outputs. As their education deepens, they move to advanced skills: synthesis, modification, extension. Innovation stands at the end of that long series of experiences, and relies upon the creative ability to see new options—ones that can't be explored through deductive thinking alone, but require immersion in inductive or abductive reasoning. Participation in a start-up entrepreneurial activity provides an experiential crash course through all of those phases. It also offers a reflective lens to examine and assess ways in which classroom insights turn out to have real, applied value.

What needs to happen so that more students can have the opportunity to participate in incubators?
Universities give lip service to the idea that students are being trained to develop fresh perspectives that can be translated into new methods, goods, and services. But the truth is: Significant learning is being sacrificed at the altar of short-term commercial viability. To do better, institutions must come to terms with that fact. Participating in an incubator should be seen as an essential part of the curriculum and the educational experience of every undergraduate.

Instead of focusing solely on the short-term profit potential of a student’s start-up venture, campus incubators should assess the project through metrics that give serious weight to whether it meets learning objectives and educational missions. Conceptually, that means universities have to stop treating student-business incubators as if they were the same as university incubators and business accelerators, and measuring all of those varied programs by the same (or strikingly similar) metrics.

In practice, that means incubators for undergraduate ideas should be more centrally engaged within the academic-affairs arm of the university and directly integrated into its structure. Invest in people, not products, and truly prepare students for the future.

Will there be a payoff for the university that takes this approach? Absolutely. Well-educated, well-supported graduates become alumni favorably disposed to giving back to their alma maters.

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