

Teaching Entrepreneurship Gets an Incomplete

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Abstract: Case studies were the preferred teaching method in medicine before Dr. Eddy figured out that you need statistical evidence to test the validity of what's being taught.\n

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Full text: Many colleges and universities across the country offer courses and programs in "entrepreneurship." Are they worthwhile? Entrepreneurship is apparently an occupational category now, yet when it comes to judging the value of what they teach, its practitioners are flying blind. They and their students could learn a lot from how the medical field evolved.

A century ago, nobody had ever evaluated physicians based on patient outcomes. Then Dr. Ernest Codman proposed in 1914 that Harvard University, where he taught, host an annual conference on morbidity and mortality so that medical innovations could be evaluated by their effectiveness. The suggestion was unwelcome. But Dr. Codman kept meticulous records on his surgical patients and reported his results publicly, calling his method the "end results theory." Harvard dismissed him from the faculty.

In 1974, Dr. David Eddy of Duke medical school discovered that only a handful of studies supported the widely taught approach to breast-cancer surgery. He then began looking into the empirical basis for many standard treatment methods, and found that much of the course material for medical school lacked reliable evidence, such as results of a controlled clinical study. A decade later, thanks to Dr. Eddy's pioneering research, nearly every therapeutic act -- from prescribing drugs to recommending surgery -- was subject to scrutiny. Using empirical evidence to predict outcomes is now the standard in modern medicine.

Where's the Dr. Eddy of entrepreneurship? Thousands of institutions -- universities, community colleges, even high schools -- offer courses that purport to prepare students for careers as entrepreneurs. Yet there is no employer demand for people trained in the "art" of entrepreneurship, nor does the training offer any recognized value in other jobs. Indeed, one can receive a Ph.D. in entrepreneurship even though there is no academic consensus on what works for starting a new business. Not surprisingly, as the number of entrepreneurship teachers grows, the number of new businesses continues to decline.

At least part of the problem stems from the content of courses, which were invented by business-school professors. The first entrepreneurship course was offered at Babson College in 1967. There are now at least 1,957 full-time professors of entrepreneurship, according to 2014 membership data from the Academy of Management. The teaching approach, cobbled together from strategic-planning and venture-finance insights, is more prescriptive than objective, telling entrepreneurs what they should do instead of teaching business basics. For instance, there is now a narrative about how a new business should begin. Success, it is taught, hinges on writing a business plan. But most of history's exemplary businesses didn't have a plan when they began. Most guides to entrepreneurship presume new businesses will need venture capital. Yet venture financing is important to a very small percentage of startups. Everyone knows, the textbooks say, that college-aged students are the progenitors of all great startups. (That may explain why it's an undergraduate course.) In reality, the nation's fastest-growing businesses are started by 40-year-olds. Nearly 75% of new entrepreneurs are over 35, according to a 2012 report on entrepreneurial activity by the Kauffman Foundation (an organization I used to run). And while Silicon Valley gurus believe a startup must begin in California, the same Kauffman Foundation report showed that in 2012 there were more startups per capita in Montana, Vermont and Nevada than all other states.

Case studies are commonly accepted as the best way to teach entrepreneurship. Case studies were the

preferred teaching method in medicine before Dr. Eddy figured out that you need statistical evidence to test the validity of what's being taught. Teachers of entrepreneurship can cherry pick cases to find examples that conform to their beliefs about how businesses should start. Yet just like in the days before evidence-based medicine, there are no significant data to confirm that graduates of entrepreneurship programs go on to start successful businesses.

It is time for an evidence-based revolution. Entrepreneurs are the only doctors who can nurse the economy back to health, creating jobs and wealth. That makes what future business builders are taught all the more important -- and right now it isn't clear that the student entrepreneur or society is getting a good return on investment.

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