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JULY/AUGUST 2005  
TEN DOLLARS

# To Become the Next Steve Jobs...

... don't spend two years and \$50,000 getting an MBA.

By Larry Farrell



I'm about to save you a lot of time and money. It may come as a shock to the business-education establishment, but the essential knowledge to become a successful entrepreneur is not business know-how. Rather, it's knowing how to invent a product or create a service that the world needs and is willing to pay for. Of the thousands of entrepreneurs I've interviewed and researched over the past twenty-two years, 99 percent have no MBA. Most never took a single management course before starting their successful companies.

So why are America's B-schools falling all over themselves to create entrepreneurship centers and offer degrees in entrepreneurship—when the *real* place to acquire the knowledge to be a successful entrepreneur is the biology department, the computer-science department, the engineering department, or a trade and technical institute where you can learn how to make and repair stuff? Entrepreneurship is Walt Disney becoming a cartoonist. It's Soichiro Honda learning to be an auto mechanic and race-car driver. It's Ross Perot studying engineering at the Naval Academy. It's Ed Penhoet and all of the other great biotech entrepreneurs earning doctorates in biology and chemistry. And, of course, it's Bill Gates dropping out of Harvard to teach himself about computer software.

The bottom line is: B-schools are the last place to get the necessary skills to become an entrepreneur. (The inevitable exception:

With an MBA, you'll be all set to start up the next great management-consulting firm—just what the world needs!)

The scope of the current misdirected effort by B-schools to create entrepreneurship centers really hit home recently when I got involved in creating one myself at the request of Tom Love, a good friend and great entrepreneur from Oklahoma. Love's Travel Stops & Country Stores, founded forty years ago by Tom and Judy Love with one broken-down gas station, is now on the *Forbes* list of America's largest privately owned companies. Tom called me early Saturday morning—on Labor Day—last year. (One of the first things you learn when working with this no-frills CEO is that he doesn't keep nine-to-five hours. Another thing you learn is that anything he gets involved in has to be flat-out practical—which was the reason for his call.) Tom was considering making a sizable gift to Oklahoma City University for the creation of an entrepreneurship center. He wanted to know if I thought entrepreneurship could actually be taught in a university and, if so, how it should be done. He was a bit mistrustful of it all, having been, in his own words, “a spectacular failure, twice, as a university student.” But he would put up the money if we could figure out how to develop more Oklahoma entrepreneurs—and help create a more entrepreneurial economy for the state.

I was fresh off an assignment of teaching entrepreneurship to the graduating class at Caltech. While there, I also served on a panel,

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along with a couple of Caltech professors, a venture capitalist, and a United Nations medical team, to advise the six winning teams in a student competition. The competition involved inventing and building a working, commercially viable product for raising health and hygiene standards in the poorest ghettos of the Third World. The panel was assembled to give the teams advice on how to market their products. The students, all brilliant scientists, engineers, and designers, were committed to their mis-

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sion, and their prototype products were incredibly innovative. Caltech has no B-school (a plus in my opinion), but, as an institution, it is obviously eager to have its graduating students consider entrepreneurship as a career alternative—using the technology they have learned and the products they have invented. This is the perfect setting for teaching entrepreneurship, and I told Tom that if we were to use this as our primary model—versus teaching entrepreneurship to a bunch of MBA students who have no technology or product expertise—we could create an entrepreneurship center that would meet his criteria for producing practical results.

As part of Tom's entrepreneurship-center project, we reviewed the curriculum and programs at some three hundred B-schools that have an entrepreneurship center or an extensive entrepreneurship curriculum. While not exactly a surprise, what we found was pretty amazing. About 90 percent of the B-schools make no mention whatsoever of the necessity of knowing how to create a product or service upon which to base an entrepreneurial venture. A handful offer some interdisciplinary programs in entrepreneurship for students in other parts of the university who might actually be learning something that could become a product or service. And a few have outreach programs for non-university entrepreneurs. But we could find only one school, MIT—Caltech's East Coast counterpart—that requires its students to create a product prototype to enter its entrepreneurship-center program. The results of this unique, product-driven orientation are eye-popping: MIT-educated entrepreneurs have an unparalleled record over the years of creating companies that today have an annual combined revenue of \$232 billion. To be fair, some other schools, including Babson College with its trade-school origins, U.C. Berkeley with its strong Silicon Valley and biotech connections, and

Rensselaer Polytechnic Institute, less well-known than MIT or Caltech but still a technology powerhouse, do offer courses on commercializing technology. But you can count on one hand the number of schools that make it absolutely clear that being able to invent a new product or create a new service is the key to entrepreneurial success.

My humble suggestion is that MBA-driven B-schools should stick to teaching management to future managers—which they're designed to do—and stop wasting the time and money of aspiring entrepreneurs. Short of that, they should at least come clean and make the following announcement to their entrepreneurship students: "Welcome to the business school's entrepreneurship program, and thank you for your \$50,000. We want you to know that we will not be giving you the most important knowledge you will need to become a successful entrepreneur."

To propose to teach people how to become entrepreneurs and then leave out the most important thing they need to know—how to create a product or service that someone will buy—is not only a fatal flaw but an outright fraud against the students who are paying to learn.

Tom Love wasn't about to let that happen in his entrepreneurship program. Fortunately, he had an innovative ally in Tom McDaniel, president of Oklahoma City University. McDaniel is himself a non-academic who retired in 2001 as vice chairman of Kerr-McGee, where he earned his stripes in the rough-and-tumble oil-and-gas business. He readily agreed to break with conventional wisdom and has established Love's Entrepreneurship Center as an independent campus program, unrelated to the business school.

The first priority of Love's center is to equip all other OCU students with the entrepreneurial spirit to apply to their chosen field, be it liberal arts, sciences, health services, or even the nationally recognized performing-arts school. The second priority is to reach out across the state of Oklahoma and provide entrepreneurship training to all aspiring entrepreneurs, including non-college-bound high-schoolers. Third, the center is to help existing Oklahoma companies re-instill high-growth entrepreneurial practices throughout their organizations. Of course, B-school students are welcome too, but they will be told the truth: "If you really want to be an entrepreneur, stop wasting your time and money getting an MBA and start learning how to make something the world wants to buy. Once you do that, come and spend a few days with us at the Entrepreneurship Center, and we'll help you get started. And here's the best part of all: The \$50,000 you're about to save can be your seed money!" ♦