
Education Matters—But Does Entrepreneurship Education?

An interview with David Birch

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For most entrepreneurship scholars and quite a few policy makers David Birch is well known, even though very few of today's scholars in the field have actually met him. His research in neighborhood and community development in the late seventies paved the way for the work of many of today's entrepreneurship scholars. In essence his findings were simple and easy to understand for policy makers: New and small businesses create the lion's share of new jobs. His finding became the foundation for government initiatives to support growing high-growth small firms—what Birch called "gazelles." To be able to continue research and to build his database in order to analyze the development of businesses, Birch left MIT in 1983 to set up his own research company, Cognetics, Inc. Cognetics was subsequently sold to Publicis 3 years ago and became Arc Analytics. In 1996, David Birch was named the first recipient of the International Award for Entrepreneurship and Small Business Research.

How did your interest in entrepreneurship start?

I had a degree in engineering and applied physics with a particular interest in particle physics. And when I went back to take an MBA and doctorate in business the step to study the particles of business was not too long. I really wanted to see what made the economy tick, and I could not think of a better way than studying where the jobs came from.

In your research on entrepreneurial "hot spots" in the United States you have stressed education and culture as two very important features for entrepreneurship to flourish. Let us focus on education. What is your view on the possibility of teaching people to become entrepreneurs?

I think these are teachable skills, but I do not think the schools are teaching them and that the people teaching them are the right people. Not everybody will love me for saying that, but that is the way I feel. But before I say more about this, let me give you an example on how educating the skill set of the labor force can make a difference.

In 1980 I was in Louisville, Kentucky to give a talk when somebody in the audience asked me the following question: If you had \$30 million to spend, where would you spend it: extending the runway,

building another bridge over the river, or putting computers in the school system? I answered: "It's a no-brainer—put computers in the schools—that would do more for your city than anything I can imagine." At that point they only had two computers in the entire Jefferson County school system. They really got started and created a program that started from first grade and worked up. Every year they moved it up one grade. They created a whole institute to get teachers up to speed.

At that time when we first started publishing *Entrepreneurial Hot Spots*, Louisville was in the bottom third; now they are in the top ten list of entrepreneurial cities in the United States. Of course there are other factors as well, but improving the education system has had a big effect there by increasing the skill set of the labor force by having computers permeating the entire curriculum.

Let us go back to entrepreneurship education. Can entrepreneurship be taught?

If you want to teach people to be entrepreneurs, you can't. If you want to teach people to work for entrepreneurs you could. If you want to encourage entrepreneurship, it should be through some kind of apprenticeship. That would be a wonderful experience.

Quite a few business schools teach you exactly the opposite of entrepreneurship. They teach you to do the quarterly numbers for Wall Street, teach you to conserve, teach all the wrong motivations for being an entrepreneur, teach you to take something that is there and make certain that it does well on Wall Street. Basically, business schools teach you to work for somebody. Few people end up being the person people work for; most people end up working for someone. Being a good servant is what business school teaches the students. We can train people to work in entrepreneurial company and even develop their skill set to take a managerial role in an entrepreneurial company. But that is not teaching them to be an entrepreneur. That doesn't create a Michael Dell or an Anita Rodrick. Teaching people to work for entrepreneurs is quite different from teaching people to become entrepreneurs.

What skills does an entrepreneur need to have?

There are three skills that an entrepreneur needs to know and master: selling, managing people, and creating a new product or service. And none of them are taught in the business school. I have never come across a course in any business school called Sales. If you do not have a course on selling, how are you going to be helpful to entrepreneurs?

Think about it. It is either you as an entrepreneur selling yourself to venture capitalists or other providers of resources for your company, or selling your idea to potential customers and employees or partners.

There is a lot of knowledge that goes into sales. I remember early in my business career I didn't have a clue how to do it. I snuck off to take a 2-day course in sales. It was just mind boggling, and it totally changed my view on how to run the company. I thought: "why hasn't anyone told me this before?" And I have an MBA and DBA, and I taught MBAs for several years.

After leaving academia I have had many opportunities to give talks around the world. When I have one or more business school deans in the audience, I always ask them to raise their hand if they have a course on sales in their curriculum. So far, I have never had anyone raise his or her hand. Unfortunately, they do not understand what the process is about.

In what way should the curriculum change?

For entrepreneurs to succeed they have to create a needed product or service, sell it, and work with people. So, a change in curriculum is needed. The

first course is sales—how do you make sales? The second course is on how to lead people and to get people to go with you to do something. The third should be how to create a product or service that people or companies need. If any curriculum is going to be relevant for entrepreneurs-to-be, it has to have these courses.

One could also think about differentiating between the needs of people with the aspiration to start mice versus gazelle companies. The mouse is the one started without any ambition to grow; the ambition is to create income. The gazelle is started by people with the ambition to create wealth. I am saying this because I think that there are some courses that are totally irrelevant for aspiring gazelles. For instance, is there anything less relevant to entrepreneurship than accounting?

You can hire someone to write your business plan. There is nothing special about that. And financing is quite simple—you take in more money than you spend!

So, the three things that are critical are nowhere in the curriculum, and everything else that is in the curriculum is something I, as an entrepreneur, can delegate—something I can hire people to do.

From what you are saying it seems to be a lost cause that entrepreneurship can be learned?

Yes and no!

The yes, because I think it is possible to learn by being an apprentice. I am a great advocate of this, and know that many entrepreneurs would support it.

The no is because I do not think it can be learned in the classroom. I would like to impose a rule that no one should teach in entrepreneurship if they have not done it themselves, that is, they have started and run their own company. The only faculty should be people that have successfully run their own company.

Think about it. We find many forms of apprenticeships. Most professions have different versions of it. It is a well-defined way of mastering your profession. I do not see anything like this for entrepreneurs and can't see why not. Entrepreneurship is in the same category—except that it is harder.

The three important things—selling, working with people, and creating a product or service—are also very difficult to codify and put into the curriculum. This is another reason why I think different models of apprenticeships should be developed.

I would like to see a model where the apprentice follows an entrepreneur for 2–3 years. Then the

apprentice would know if he or she really wants to take the entrepreneurial career path. After 6 months many would be breathless, find that it is too hard, and drop out. Some will say, "I can do better than this," and carve out their niche. To be able to follow the process very closely for a long period of time would really make a difference.

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You seem to be skeptical about researchers and scholars having a role teaching entrepreneurship.

Yes, I am. And it comes from my own experience. Before starting my company, I didn't have a clue what entrepreneurship was about. Not a clue! And I have more business education than most people. It was a challenge trying to figure out how to do it. Sometimes I did it right, many times I didn't.

Can you see any role for researchers and scholars in promoting entrepreneurship so we get more entrepreneurs to start and grow companies?

They have little or no role, I think, in directly getting people to start companies. Their role has to do with highlighting the importance of entrepreneurship in society and the economy. The role of researchers is to educate the public and policy makers about the importance of entrepreneurship, and thereby, make the environment for entrepreneurs more friendly. Here is a very important role for research: to educate the world on how important the phenomenon is. But to educate entrepreneurs is a whole separate matter. That's where I am very skeptical.

I get a tremendous kick every time President Bush stands up and talks about his economic program. He always brings up the role of small business, and how they create all new jobs, and because of that his administration is going to support small business. I feel good when I sit and listen to what he says. I know where he got that idea. By changing the way people think, you have a chance to have some effect. I never in my right mind would ever think that anything I did would create an entrepreneur. I might, however, be able to affect the climate in which the entrepreneur works.

Many governments around the world are looking into ways of getting more people to become entrepreneurs and starting their own companies, and education is one of the solutions used. What is your view on these efforts?

I do not think it is a particularly good idea to have people do something that they are not well suited for. It is just a way of creating grief. I am saying this since I believe that most people are not well suited to be entrepreneurs. It is very difficult. I would say they don't have the stomach for it. And I am now referring to the entrepreneurs that start and grow their company. Not the ones starting a local store or restaurant or a one-person consulting business.

Think about any company—is it always peaceful? Probably not! The entrepreneur needs to be able to handle risk, terror, and fear. How many times does the entrepreneur wake up in the middle of the night thinking about where the money is going to come from to pay salaries next week, the next negotiation with the major customer, and so on. How many people can deal with constant terror? Not many, I would argue. And whatever routine they go through to deal with this terror is what makes the entrepreneur successful. So, can you train someone to deal with constant terror, and can you train someone to learn the steps to do this? I do not think so.

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But, government and the education system can play a role to make certain that people are trained to support the entrepreneurs.

What can one do to increase the talent pool of potential entrepreneurs?

Not much in the short run. I think it is deeply rooted in culture. Let me contrast the United States and Sweden to exemplify. Most of the successful role models in the United States are entrepreneurs. We celebrate them and their success. Most role models in Sweden are not. They are taxed and their success downplayed.

You really have to think about the recognition you give people. How much reward do they get, both in recognition and in economic returns.

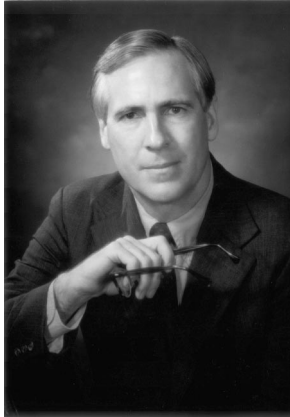
If you say, "I am thinking of starting my own business," the responses in Sweden and the

United States are very different. It is a deeply cultural difference. Think about it from a child's perspective. Children want to be respected and loved by their parents first of all. If they think that being an entrepreneur is not going to be respected by their parents and their peers, they are not going to do it.

Changing the culture is not very easy. How long do you think it would take to change the culture in a country so entrepreneurship is the most desirable occupation a child can aspire to? A long time!

Can you accommodate this change through entrepreneurship education?

I do not think so. You have to change everyone's basic attitude toward entrepreneurship. You need



David Birch

to have the cultural icons start hanging out with entrepreneurs. In Europe, the countries that still have royalties should have them make this a priority. It doesn't make sense educating people to start businesses if they are not going to be respected for it. It all comes down to respect and recognition.

I cannot see entrepreneurship education overcoming this. I can see an apprenticeship system overcoming it. It enables you to build a cadre of people that will be immune to culture. They will have an environment of their own where they would get recognition from each other and they would not care about the rest of the culture. This entrepreneurial culture could then trickle out and influence the general culture to become more entrepreneur-friendly.

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