

Homegrown entrepreneurs

Midwestern states are considering or adopting policies aimed at training the next generation of business leaders

by Laura A. Tomaka (ltomaka@csg.org)



In hopes of inspiring more young people to pursue studies in entrepreneurship, Midwestern states are considering a number of policy actions to improve education in this field.

The Midwestern Office of the Council of State Governments supports several groups of state officials, including the Midwestern Governors Association and the Midwestern Legislative Conference, an association of all legislators in the region's 11 states. The Canadian provinces of Manitoba, Ontario and Saskatchewan are affiliate members of the MLC.

At the University of Iowa, students in business, health sciences, engineering and liberal arts have decided to close their textbooks and leave the classroom behind.

But they're not dropping out of school — they are taking advantage of a program designed to nurture their entrepreneurial talents, and maybe even turn them into the business owners of tomorrow.

While continuing with their chosen field of study, more than 2,000 students also enroll each year in an entrepreneurship education program at the John Pappajohn Entrepreneurial Center.

In addition to learning how to start and run a business related to their career path, students apply their knowledge and ideas through hands-on experiences such as business-plan development, field-study projects with early-stage companies, internships, mentoring and residencies.

The center has been one of the leaders in the nation in making entrepreneurship education available to students in all fields of study. And this model of “experiential learning” is increasingly used at all levels of education in order to teach students how to be and think like entrepreneurs.

Beyond teaching theories of business, entrepreneurship education engages students in hands-on learning that builds crucial skills such as critical thinking, collaboration and problem solving. Not all entrepreneurship students will go on to start their own businesses, but they will be equipped with skills that are

increasingly valued in today's workplace.

Entrepreneurship has long been a key driver of the U.S. economy. Entrepreneurial firms, though a small percentage of the nation's businesses, create two-thirds of new jobs, according to the Kauffman Foundation.

As many Midwestern states work to reinvigorate their economies, they are looking to entrepreneurs to provide new and innovative business models that spur economic growth. As a result, educating young people about entrepreneurship is growing as a priority among state policymakers.

In the 1970s, few entrepreneurship education programs existed on college campuses. Today, more than 4,000 colleges and universities offer entrepreneurship education, according to the Aspen Institute Youth Entrepreneurship Strategy Group.

And entrepreneurial education is being included more and more in the K-12 curriculum as well, in hopes that early exposure to this type of education will foster a greater sense of entrepreneurial spirit in the future workforce.

States are considering or taking a number of different policy approaches — instituting academic standards and curriculum requirements related to entrepreneurship education; proposing new scholarships for budding entrepreneurs; and creating new programs and partnerships among businesses, K-12 schools and postsecondary education systems.

Inside, we highlight efforts in Midwestern states to develop the skills of the region's next generation of entrepreneurs. ★

Supporting businesses of tomorrow

State efforts and proposals focus on fostering a culture of entrepreneurship among students, training teachers and developing new partnerships

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Creating opportunities in higher education

Institutions of higher education have long been centers of entrepreneurial education, and several Midwestern states have developed or considered ways to offer training opportunities to more students.

This year, **MICHIGAN** legislators are considering a bill (HB 4806) that would help educate unemployed people in entrepreneurship in hopes that they can translate those skills into a new career. The program would pay for education and training courses for aspiring entrepreneurs who have incomes under \$40,000, as well as workers who have lost their jobs or are about to become unemployed.

In order to qualify, recipients cannot have graduated from high school in the last two years and cannot be full-time students. As of early November, HB 4806 was stalled in committee.

Since 2003, **SOUTH DAKOTA** state universities have offered an undergraduate minor in entrepreneurial studies. In the 19-credit-hour program, students learn business-leadership skills and how to transfer technology ideas into commercial products.

Because entrepreneurial skills are valuable for careers in all fields, one emerging trend is to provide programs for students

Poll: Young people interested in business

In 2007, the Kauffman Foundation commissioned a survey of nearly 2,500 young people, ages 8 to 21, about entrepreneurship. Below are some highlights of that study.

- Four in 10 young people indicated that they have started or would like to start their own business.
- Of the young people who want to have their own business, their top reasons for doing so were to: use their skills and abilities (92 percent), build something for their future (89 percent), be their own boss (87 percent), and see their ideas realized (81 percent).
- Thirty-seven percent of respondents want to invent something if given the opportunity.
- Sixty-three percent of students agreed that, if they work hard, they have the ability to successfully start their own business.

from a wide range of academic departments. According to advocates of this approach, the most innovative entrepreneurship training programs are no longer housed exclusively in business or management schools.

For example, the University of **IOWA**'s John Pappajohn Entrepreneurial Center offers an undergraduate certificate in entrepreneurship to students from liberal arts, business and engineering schools. The program requires 20 hours of coursework.

Entrepreneurship education growing in K-12

Entrepreneurship education has traditionally been more prevalent at the postsecondary level. But elementary and secondary instruction in this subject area is becoming more common, and in recent years, new statewide K-12 requirements and guidelines have been adopted as well.

In 2002, Nevada became the first state to incorporate an entrepreneurship component into its high school competency exams. States in the Midwest, meanwhile, are using different methods of their own.

Schools in Iowa and Michigan, for example, must infuse entrepreneurship into their elementary- and middle- curricula. Michigan high schools also must offer entrepreneurship as a formal course; in Iowa, it is incorporated into instruction in other subject areas.

In addition, high schools participating in the Iowa Jobs for America's Graduates program — which aims to strengthen students' transition from school to work — include entrepreneurship curricula in their instruction. Two years ago, one of the state's charter schools began offering a complete program for entrepreneurship education in grades 9 through 12.

MINNESOTA's School-To-Work program also includes youth entrepreneurship among the career-oriented curricula that schools may implement. The state, too, has created optional entrepreneurship programs for K-12 students.

INDIANA high schools offer students an elective entrepreneurship course in conjunction with the business and marketing credits required for graduation. In order to satisfy these requirements, students can take part in the Indiana Entrepreneurship Academy, a specialized sequence of courses that focuses on the skills necessary to develop, start and manage a business. The curriculum covers the importance of business ethics and the role of entrepreneurs in the economy, and students are taught how to develop a written business plan.

States seek partnerships to develop talent

Another state strategy is to develop partnerships with the private sector and nonprofit organizations.

More than 20 high schools across **KANSAS** are currently participating in Youth Entrepreneurs of Kansas, a yearlong program that immerses students in hands-on entrepreneurship experiences. Students in grades 10 through 12 participate in activities such as writing a business plan and engaging in mock business-negotiation sessions. The program, which is operated by the Charles G. Koch Foundation, also focuses on business ethics, goal setting and leadership.

Several states have also implemented initiatives that encourage students to develop and implement real-world business plans through award and recognition programs.

NORTH DAKOTA's Marketplace for Kids program, for example, is considered one of the best youth entrepreneurship programs in the nation. The statewide program allows elementary students to develop and showcase their new business ideas during an annual event that includes training classes, educational exhibits and hands-on projects. The program currently serves more than 15,000 North Dakota students in grades three through six.

Similarly, South Dakota's Launch program — a one-day event aimed at advancing entrepreneurship education throughout the state — includes training for young people and teachers. The program's sponsors include the Governor's Office on Economic Development and South Dakota State University.

Iowa's Pappajohn Center provides small seed grants (up to \$400) to help local leaders set up their own "entrepreneurship competitions" to foster interest among young people.

In Michigan, the state's Economic Development Corporation provides \$40,000 in annual support for the statewide Business Plan Competition held at the University of Michigan. Ideas developed through this competition have attracted the interest of angel and seed investors.

Efforts focus on supporting educators

Assisting teachers and instructors is another essential component to effective entrepreneurship education.

Because postsecondary schools have been more active in teaching entrepreneurship, some states are trying to better connect all levels of education to improve the quality of K-12 instruction. The Michigan Entrepreneurship Education Network (MEEN) — established by the Michigan Economic Development Corporation — is an example of a "working partnership" that links entrepreneurship educators from the K-12 system and the state's two- and four-year higher education institutions.

MEEN was created in part to address the unequal access to entrepreneurship education among young people living in different parts of the state. MEEN holds annual training conferences that bring together teachers from all levels of education to help them share ideas and design complementary curricula.

In **ILLINOIS**, teachers can receive support through a state initiative aimed at promoting entrepreneurship. The Illinois Institute for Entrepreneurship Education was created by the

Best practices in entrepreneurship education

State K-12 and higher education systems still have a long way to go before entrepreneurship education becomes available to most or all students. Advocates of strengthening this type of education recommend that state policymakers consider several actions. Ideas include:

- introducing entrepreneurship training in all schools, at all grade levels, beginning as early as kindergarten;
- adopting statewide standards for entrepreneurship education;
- increasing funding for teacher training, curriculum and professional development as well as better evaluating program designs and outcomes; and
- developing partnerships among all levels of education, as well as between schools, businesses and community groups.

The Consortium for Entrepreneurship Education, a group that advocates for entrepreneurship education for people of all ages, has established a set of content standards for use by policymakers, educators and organizations in developing curricula. Created in part by a group of business owners, the standards are geared toward equipping students with the skills they need to be successful entrepreneurs.

The standards have been used by institutions across the nation as a basis for curricula at all levels of the education system. Several Midwestern states have implemented these standards, through programs such as North Dakota's Marketplace for Kids and Youth Entrepreneurs of Kansas (see main story for details).

Visit the Consortium for Entrepreneurship Education Web site (www.entre-ed.com/Standards_Toolkit/index.htm) for a complete set of standards and a curriculum tool kit.

legislature to advance entrepreneurship education and has been instrumental in training teachers and improving instructional materials.

The institute provides college-level entrepreneurship training courses and professional development activities for teachers, as well as the staff of nonprofit organizations that provide entrepreneurship instruction. Governed by a 15-member board representing education, business, government and labor, the institute also helps develop and disseminate educational materials.

Iowa's Pappajohn Center offers teachers a summer training program to develop their skills related to entrepreneurship. Participating teachers have access to online course materials, presentations and lessons as well as curriculum support during the school year. ★

Midwestern states' rankings of entrepreneurial competitiveness

State	Entrepreneurial change ¹		Entrepreneurial vitality ²		Entrepreneurial climate ³	
	2002	2008	2002	2008	2002	2008
Illinois	8	45	19	31	21	18
Indiana	17	41	33	45	46	44
Iowa	36	34	48	44	30	38
Kansas	16	37	45	30	32	40
Michigan	44	19	31	43	41	32
Minnesota	32	44	29	16	22	22
Nebraska	31	28	43	41	49	37
North Dakota	9	29	50	48	24	27
Ohio	45	43	34	24	12	16
South Dakota	28	32	49	47	27	49
Wisconsin	34	22	40	38	20	17

¹"Entrepreneurial change" measures entrepreneurial growth or decline in a state's economy over the past three years, such as the change in the number of and total payroll of small businesses.

²"Entrepreneurial vitality" measures a state's level of entrepreneurial activity relative to all other states, such as the number of people who are self-employed and how many businesses are created at universities in the state.

³"Entrepreneurial climate" represents the capability of the state economy to foster entrepreneurship, including the availability of capital in the state.

Source: GrowthEconomics, Inc.

SOURCE GUIDE

For more information on entrepreneurship, please visit the following Web sites:

Consortium for Entrepreneurship Education
www.entre-ed.org

Illinois Institute for Entrepreneurship Education
www.iiee.org

Kauffman Campuses
www.kauffman.org/entrepreneurship/kauffman-campuses.aspx

Kauffman Foundation
www.kauffman.org

National Foundation for Teaching Entrepreneurship
www.nfte.com

Rural Policy Research Institute — Center for Rural Entrepreneurship
www.energizingentrepreneurs.org

Stanford Technology Ventures Program
<http://stvp.stanford.edu>

The John Pappajohn Entrepreneurial Center at The University of Iowa
www.iowajpec.org

World Economic Forum's Global Education Initiative
www.weforum.org/en/initiatives/gei

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