

# Are business plans so bad?

An analysis of the benefits of business plans in entrepreneurship education

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# A Provocative Topic!

- o Email from a faculty member viewing NCIIA conference titles (November 2013)

*“I noted your catchy/provocative theme. My gut reaction is “Usually” (ha).”*

- o Driven by growing “anti-business plan” sentiment in favor of a movement towards “lean” methodologies

# Business Plans and Education

- o Until recently, business plan creation was the most popular learning activity across entrepreneurship courses and programs (Henry, Hill, & Leitch, 2005)
- o Questions:
  - What is their educational value?
  - Are we throwing the baby out with the bath water?



# Origin of the Presentation

- o Derived from project examining the business plan as a pedagogical tool
- o Mapped learning outcomes associated with business plans to Bloom's Revised Taxonomy of Learning
- o Bloom's Taxonomy is a multi-tiered model of classifying thinking according to six cognitive levels of complexity
- o Valuable to developing learning outcomes and assessments in entrepreneurship education

# What's wrong with biz plans?

- They are static documents
- They try to predict unpredictable things
- They don't survive first customers
- They value planning and writing over action
- In the classroom, the analysis and assumptions on which they are based may not be rigorously derived or evaluated



# What's right with biz plans?

- Simulate the business development process
- Expose students to many elements of a new enterprise
- They are required for some types of funding, and in some industries
- Research suggests that business plan development has been a valued takeaway from entrepreneurship education among students



# Feedback from Students

- o *“The practice of making business plans and presentations - very useful!”*
- o *“I learned how to write and critically analyze a business plan.”*
- o *“Taking a business idea from the beginning stages of brainstorming all the way to developing a full business plan and presenting to business professionals.”*
- o *“The most beneficial fact to me is coming out of the program with a business plan in hand.”*

Source: Purdue Entrepreneurship Program Exit Survey Data

# Engineering Student Feedback

- o “Putting that business plan together, it makes you think outside of the one thing that you're focused on, and in engineering, that's the technical aspect of a business...it gets you to think outside of that and then try to at least understand what the other things that you need to consider are, and that's ... the most valuable part. It just got you to think outside – gave you the ability to think big picture instead of having tunnel vision.”*
- o “I would say it was perspective, and it was just an introduction to a lot of stuff that I had no clue even existed before.”*

Source: Wheadon, J. & Duval-Couetil (in progress) Engineering Entrepreneurship  
Alum interview data



# Experiential is good!

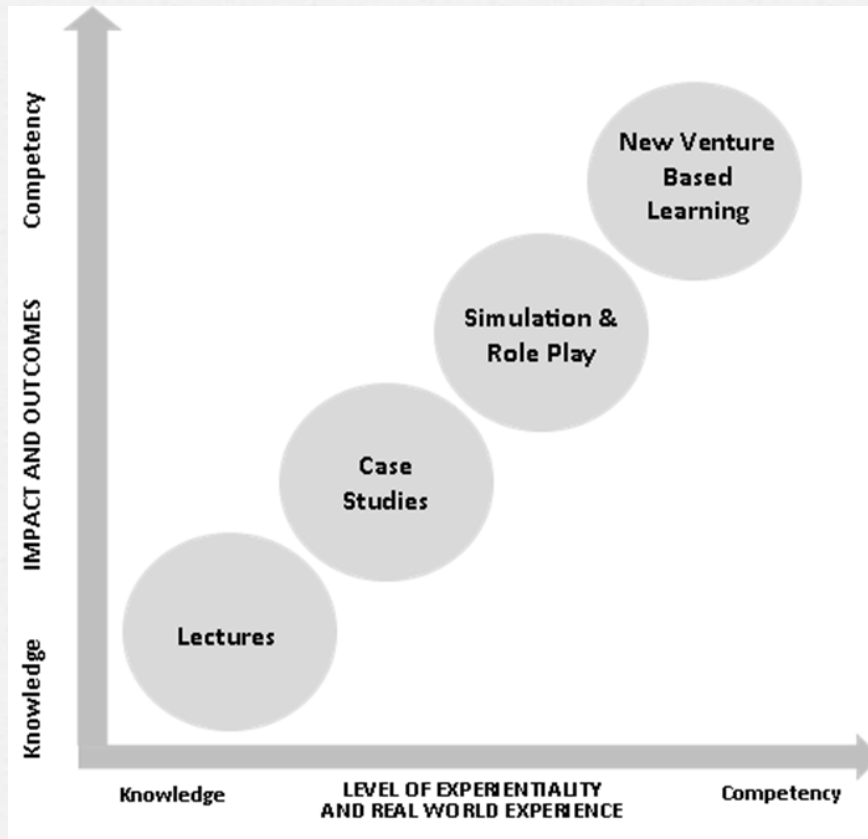


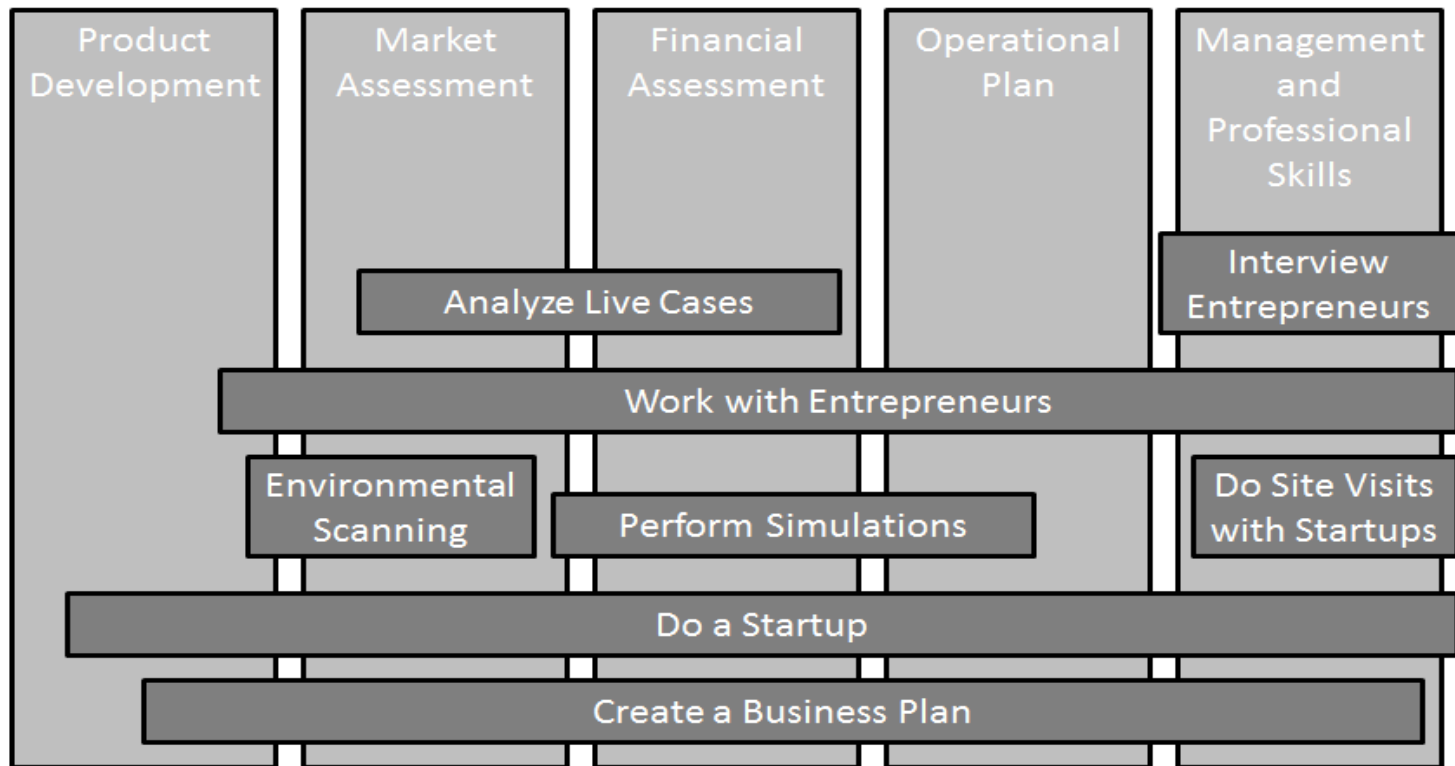
Figure 4. Experiential learning and entrepreneurial impact

(Adapted from Thompson Scott and Gibson, 2009)

## CHALLENGES

- Doing it “well” takes time and experience
- Difficult to develop truly “authentic” activities given constraints of institutions, faculty and students

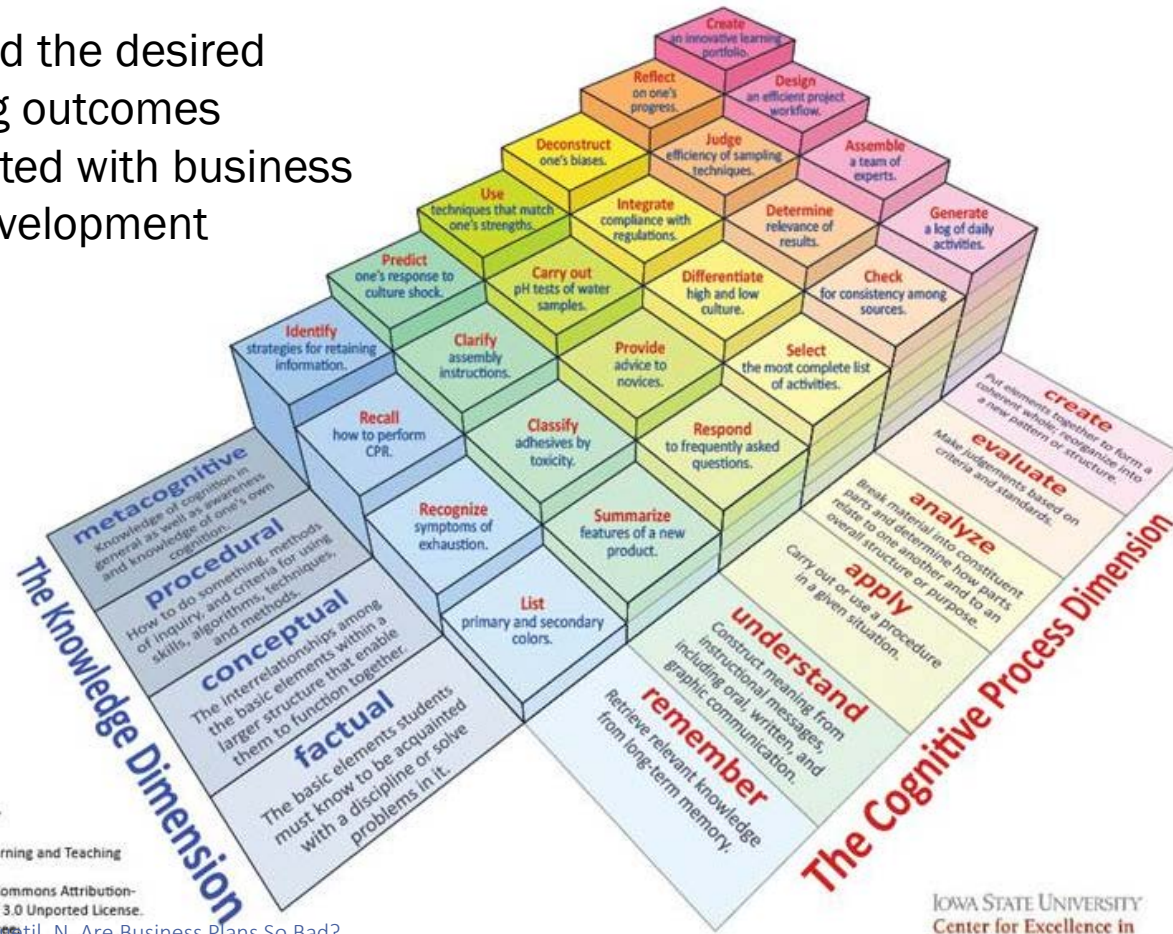
# Experiential Activities



Source: Wheadon, J.† & Duval-Couetil\*, N. (2013, June). *Analyzing the expected learning outcomes of entrepreneurship business plan development activities using Bloom's Taxonomy*. Proceedings of the American Association of Engineering Education Annual Conference, Atlanta, GA.

# Bloom's Revised Taxonomy

Analyzed the desired learning outcomes associated with business plan development



Model created by: Rex Heer  
Iowa State University  
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Updated January, 2012  
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Wheaton, J., & Davelosetti, N. Are Business Plans So Bad?  
[www.celt.iastate.edu/teaching/RevisedBlooms1.html](http://www.celt.iastate.edu/teaching/RevisedBlooms1.html)

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# Dissected the Business Plan



Source: Barringer & Ireland, 2010; Barringer, 2009  
Wheadon, J. & Duval-Couetil, N. Are Business Plans So Bad?

# What should students learn and to what level?

## Opportunity Recognition

Specific Learning Outcomes (SLOs)	Knowledge type	Remember	Understand	Apply	Analyze	Evaluate	Create
Common sources of new venture ideas	Conceptual						
Environmental trends	Conceptual						
Unsolved problems	Conceptual						
Gaps in marketplace	Conceptual						
Creativity methods	Procedural						

Cognitive process  
levels students  
should achieve



Levels that may be  
achieved within an  
undergrad course

# What should students learn and to what level?

## Marketing Plan

Specific Learning Outcomes (SLOs)	Knowledge type	Remember	Understand	Apply	Analyze	Evaluate	Create
Positioning	Conceptual						
Product differentiation/ competitive advantage	Conceptual						
Business model	Conceptual						
Pricing	Procedural						
Promotion	Conceptual						
Distribution channels	Conceptual						
Sales process	Procedural						

Cognitive process  
levels students  
should achieve



Levels that may be  
achieved within an  
undergrad course

# Where might business plans have value?

- Educational/pedagogical tool
  - Business literacy for non-business students
  - Simulation of the business development process
  - Expose novice entrepreneurs to a wide range of topics and considerations
- Program focus
  - Desired outcomes/learning objectives
  - e.g., startups versus professional development

# Where might business plans have value?

## o Population constraints

- Interests, motivations, demographics of students
- Time outside of class to work on projects
- Quality of ideas
- Level of “entrepreneurial maturity”

## o Institutional constraints

- Nature of institution
- Resources
- Reliance on adjuncts
- Faculty time available
- Availability of “team” necessary to support experiential





# Conclusion

- o Reject all-or-nothing thinking
- o Business plans have value as a way to simulate or scaffold the business development process
- o Analyze the benefits and drawbacks of all educational approaches
- o Assess methods according to characteristics of contexts and populations
- o Require more rigorous analysis and evaluation of the components of business plans when they are used as an educational tool



**THANK YOU!**

Wheadon, J. & Duval-Couetil, N. Are Business Plans So Bad?