

VENTURE COLLEGE AT BOISE STATE UNIVERSITY

Kevin Learned
BOISE STATE UNIVERSITY

Abstract

Boise State University's Venture College brings students into the heart of Idaho's business community, where industry leaders and entrepreneurs guide them as they attempt to launch their own businesses and nonprofits. The college is a skills-based program that prepares our students, especially non-business students, to start enterprises of economic and social value. It is a university-wide initiative independent of any academic college and structured as a concurrent, non-credit program for degree-seeking students.

The Venture College began as a pilot project in August of 2013 and became a standing program of the university in December 2014. This paper describes the program and its outcomes over the 18 months since it began.

Introduction

Dr. Mark Rudin, Vice President for Research and Economic Development at Boise State University, conceived Venture College. His vision was that the university could provide strong guidance and support to currently enrolled students, regardless of field of study, enabling them to launch businesses while pursuing their coursework. He believed that Venture College could achieve two objectives:

- Impact the economy through the creation of businesses
- Help Boise State students acquire skills valued by employers

Dr. Rudin provided seed funding for Venture College from the Research and Economic Development budget.

On November 1, 2012, Dr. Rudin hired Dr. Kevin Learned, a retired college president and an experienced entrepreneur, business counselor, and angel investor, to direct the program with the intent to launch in fall 2013. Shortly thereafter, he and Dr. Learned hired Ed Zimmer as Associate Director, also an experienced entrepreneur and angel investor, as well as a former Entrepreneur in Residence with the Division of Research and Economic Development. Mary Andrews, Director of Economic Development for the university and a former venture capitalist and angel investor, was assigned to the team on a part-time basis as an additional Associate Director. Together, these three individuals designed the Venture College program, recruited the initial entrepreneurs, and launched it concurrently with the opening of the fall 2013 semester.

Philosophy

In consultation with Dr. Rudin, the directors established the following parameters for Venture College:

- 1. Not Academic-Based.** While Venture College enjoys excellent relationships with the College of Business and Economics and other academic programs, the college itself is part



of the university's Division of Research and Economic Development and does not report to Academic Affairs. This decision was made to clearly indicate to the university and business communities that the Venture College is not bound by traditional academic boundaries.

- 2. Non-credit.** The program is supplemental to the entrepreneurs' academic studies, not part of them. This frees the program from academic requirements, allows it to be flexible, and provides the student-entrepreneurs the freedom to proceed at a pace that works for them.
- 3. Campus-wide Eligibility.** All undergraduate and graduate students, regardless of major or class standing, are welcome to apply.
- 4. Competitive.** Students must apply to the Venture College Admissions Committee, which is made up of local business people, and convince the committee of their serious commitment to launching a business.
- 5. Skills-based.** Venture College is a skills-acquisition program, rather than a traditional knowledge-based program. Skills are acquired through practice. Thus, the program is action-oriented and experiential, with the entrepreneurs engaging with potential customers immediately upon entering the program.
- 6. Lean Startup.** Lean Startup principles guide our entrepreneurs. These principles are grounded in the view that a startup is a temporary organization in search of a repeatable, scalable, and profitable (or resource-attracting, in the case of non-profits) business model. This search is conducted primarily through customer discovery (interviewing potential customers) and customer validation (offering a product or service to the market) (Blank 2013; Blank and Dorf 2012; Osterwalder and Pigneur 2010; Ries 2011).
- 7. Flipped Classroom.** There is a body of knowledge that successful entrepreneurs must acquire, but Venture College entrepreneurs are expected to study and acquire that knowledge on their own. For example, we encourage, but do not require, participants to take the Udacity course "*How to Build a Startup*" (Blank and Mullaney n.d.). When the cohorts gather, the focus is on discussing their experiences with customers, suppliers, and partners, not on the body of knowledge.
- 8. Personal Networks.** An important resource every entrepreneur will need is a personal network of helpful contacts. Venture College helps our entrepreneurs accelerate the acquisition of their own networks through frequent networking events with local business, non-profit, and service provider communities. Their personal networks are also enhanced through our mentor program and business community involvement in governance.
- 9. Mentoring.** More than 400 members of the local business and non-profit community have volunteered to serve as mentors. Some will meet with an entrepreneur once, while others will establish long-term relationships.
- 10. Governance.** The business community is included in our decision-making processes, including general governance, admissions, investments (micro-grants), and badge defenses.
- 11. Micro-grants.** Venture College has a modest amount of funding available, which it uses to make micro-grants to those entrepreneurs who need monetary assistance to complete their business model investigations. The entrepreneurs must "pitch" to our Investment Committee, made up of local business people, to be considered for funding. In keeping with our philosophies

as an educational institution, funds are granted to the entrepreneurs without a requirement to repay the program. However, the entrepreneurs who are successful are encouraged to do so.

12. Dedicated Space. Venture College operates in its own space located a half mile from campus in the heart of Boise's downtown entrepreneurial community. Our entrepreneurs have twenty-four hour, seven day a week access to the space.

13. Desired Outcome. Entrepreneurs who proceed through the program will gain skills not only useful in evaluating business ideas and creating their own jobs, but also of value to employers. While we expect many of our entrepreneurs will successfully achieve revenue status, even those who fail initially will gain valuable skills in the process of trying. They may choose to take those skills to an employer, or may deploy the skills in another startup at a later date.

14. Credential. We offer the Boise State Venture College Badge as evidence of competence for those who master the skills of proposing and testing assumptions about a business model, and who can successfully pivot when assumptions are proven wrong.

Customer Segment

There are Boise State students who have an intense desire to create their own businesses. Some will leave the university prematurely to engage in this passion if we do not assist them in achieving their business goal. For example, the local paper wrote about a young person who dropped out of the university to pursue the goal of owning his own business. He "grew up near Idaho City and attended Boise State University. He dropped out after two years. 'I decided I liked to make money more than spending it,' he says." (*Business Insider* 2012)

Our target customer segment is a student

enrolled in a degree-seeking program at Boise State University who intends to create a business and who would like to do this while continuing his or her education. We purposely do not limit the candidates to any specific course of study or class standing. Each applicant must present and defend a business idea to gain admission. However, we do not evaluate the idea itself. We believe our opinion of the idea is unimportant; the entrepreneur will learn if he or she can build a business on the idea by engaging the marketplace. We seek individuals who are passionate about and committed to their idea, and whom we believe will persevere in spite of the many discouraging things they will learn while pursuing it.

We have now admitted 59 entrepreneurs in four cohorts (with the fourth beginning in January, 2015). Every college on campus has been represented:

	COUNT	%
Art & Science	1	2%
Business	18	31%
Education	1	2%
Engineering	17	29%
External	8	14%
Health Science	5	8%
Social Science	7	12%
TECenter	2	3%
TOTAL	59	100%

While maturity is an important characteristic for our program, we have no class standing requirement. Below are the standings of the 59 entrepreneurs accepted into the program:

	COUNT	%
Freshman	2	3%
Sophomore	2	3%
Junior	9	15%
Senior	17	29%
Grad	19	32%
Alum	7	12%
Community	3	5%
TOTAL	59	100%



Program Pace

This is an intense program. We ask the entrepreneurs to devote at least ten hours per week, but many put in substantially more time.

Based upon Blank and Dorf (2012) and the experience of the directors, Venture College has four phases, as documented in the following table.

PHASE	1	2	3	4
Name	Customer Discovery	Customer Validation	Customer Creation	Company Building
Question	Do I have product/market fit?	Will customers pay?	Is business model repeatable?	Is business model scalable?
Methodology	Interviews	Minimum viable product transaction	Marketing and sales strategy	Execution
Outcome	Verified business model	Validated business model	Create and/or find demand	Profitable growth
Capital	Venture College grants, own funds		Bootstrap, own funds, family and friends, crowd funding, debt	Earned income, equity investors, debt

We begin a cohort twice a year, at the start of each semester. Launching a business does not, of course, follow a set timetable. Therefore, while the program has a beginning, it has no set ending, as each entrepreneur proceeds at his or her own pace and decides when to move to the next phase, to abandon the effort, or to stop with what is perhaps a hobby business.

For fourteen weeks, a cohort has a weekly cycle. Using the Business Model Canvas (Osterwalder and Pigneur 2010) and cloud-based LaunchPad Central software (<https://www.launchpadcentral.com/>), entrepreneurs are expected to record their assumptions, test their assumptions primarily through customer interviews, and pivot when appropriate.

The cohort meets together weekly for two hours in “Friday Lab,” based loosely on Blank, Engel, and Hornthal (2013). At Friday Lab, each entrepreneur makes a short presentation to the cohort and the directors on what the

entrepreneur thought his or her assumptions were at the beginning of the week, the number of interviews conducted during the week, what the entrepreneur now believes, and what the entrepreneur intends to do during the next week. Immediately following the formal Friday Lab with its structured presentations, the directors hold a two-hour “Open Lab.” Open Lab is an opportunity for all entrepreneurs in the program to discuss particular issues that may be causing one or more of the entrepreneurs to struggle. We also bring in subject matter experts from the business community such as public relations or accounting specialists to share their expertise.

Each entrepreneur is required to meet for 30 minutes during the week with one of the directors or one of our successful entrepreneurs who has earned the Venture College Badge. At that meeting, the entrepreneur has the opportunity to seek

counsel from an experienced counselor, and the directors obtain feedback on the progress the entrepreneur is making. Once a week the directors also meet for two hours. At that meeting, they discuss each entrepreneur and agree upon any information or direction they believe needs to be communicated during the director’s weekly meeting with the entrepreneur. This direction may range from encouragement to those discouraged, to advice for those struggling to make sense of their interview data, to a stern lecture for those not engaging in the process, to making a connection to a member of the business community who may be in a position to help the entrepreneur.

For an hour each Wednesday afternoon, we bring in an entrepreneur from the business community to tell his or her story. These “Wednesday War Stories,” open to any student on campus, allow those in attendance to hear from and ask questions of experienced local business people. As the story unfolds, one of the Venture College entrepreneurs records what he or she believes to be the key business model assumptions on post-it notes placed on a large copy of the Business Model Canvas. The session concludes with the Venture College entrepreneur presenting his or her understanding of the business model to the business community entrepreneur, followed by a discussion. This exercise gives the Venture College entrepreneurs practice in discerning the business model of a successful business.

At the end of the fourteen weeks, many entrepreneurs have completed the Customer Discovery Phase and have a reasonably verified business model. Some have begun to validate their model by bringing a minimum viable product to the market. Others have concluded their model is not viable, or simply dropped out. At the beginning of the next semester, a new cohort begins Phase 1 of the program. Those members of earlier cohorts who are still in the Customer Discovery phase

may chose to continue with the new cohort in Friday Lab.

Community Involvement

A hallmark of our program is the deep involvement by the local business and non-profit community. We use volunteers extensively for mentoring the entrepreneurs and for providing specialized resources such as legal services when they are needed.

This involvement grounds the program in current business practices and provides our entrepreneurs with the means of developing their own personal networks. During our first year and a half, more than 400 community business leaders agreed to serve as mentors to our entrepreneurs and advisors to Venture College, and more than 100 of them directly engaged with one or more of our entrepreneurs.

Various subsets of these community leaders help us with governance by serving on our Advisory Board and inject realism into our processes by serving on our Admissions, Investment, and Badge Defense committees.

Admissions

Each applicant to the program must “pitch” to the Admissions Committee. We do not have sufficient resources to accept all who want to participate in the program. Therefore, the entrepreneur is asked to tell the committee why he or she should be accepted into the program. This interview is conducted in a formal board-type room with the entrepreneur speaking to a group of about ten business community members and standing for their questions. The committee votes on each applicant. We have accepted about two-thirds of those seeking admission based upon criteria set jointly by the directors and the committee members.

Investment

We have a modest amount of capital available to the entrepreneurs when they need financial resources to effectively test their business



model. For example, two participants received travel support to interview key customers attending a national trade show. Another received support to produce a minimum viable product. The committee listens to pitches from the entrepreneurs seeking financial support and decides whether or not and under what terms and conditions to award the resources.

Badge Defense

The Venture College Badge is discussed below. The Badge Defense Committee evaluates the skills of the entrepreneurs required to earn the badge.

Badges and Skills

Transcripts are awarded for progress through academic courses of study and signify that a student has mastered a body of knowledge. Badges are a credential that signifies the holder knows how to do something, as opposed to knowing about something (Carey 2012). Long used by the Boy and Girl Scouts, badges are relatively new in professional and academic settings. Part of our program design was to pilot the development and awarding of this new credential for Boise State University. To successfully earn the badge, a Venture College entrepreneur must demonstrate proficiency in applying the principles of Lean Startup (Blank and Dorf 2012; Ries 2011): proposing business hypotheses, testing those hypotheses through customer interviews, and pivoting or modifying the hypotheses as necessary. Proficiency is demonstrated through a public defense made to the directors and the Venture College Badge Defense Committee.

We designed this program specifically around the 4 Cs articulated by the Partnership for 21st Century Skills (n.d.):

- 1. Communications.** The entrepreneurs gain communications experience through cold calls and interviews with potential customers, weekly reports to the directors and fellow entrepreneurs, interactions with our mentor network, and pitches to the

Venture College Admissions, Badge, and Investment Committees.

- 2. Collaboration.** The entrepreneurs gain collaboration experience through the weekly lab, where they assist and support each other, interactions with their business partners, and the development of their personal networks of mentors and advisors.
- 3. Critical Thinking.** The entrepreneurs gain critical thinking experience through their daily assessment of their business hypotheses, testing them by conducting experiments, and making pivots in their business models when the data do not support their hypotheses.
- 4. Creativity.** Developing a new venture is inherently an act of creativity. The entrepreneurs gain creativity experience by proposing a business idea, testing the idea, and creating new ideas when the market rejects the original ideas.

Thirteen of our entrepreneurs have successfully defended for their badges and received the first badges awarded by any unit at Boise State University. There are other units at the university now investigating issuing badges, although none have done so to date.

Results

As a new program, we had no data to guide us in what results to expect. We initially decided to measure progress through the program, persistence in the program, and a set of outcomes. Following are the initial data that now provide us benchmarks against which to measure future results.

Progress

Are entrepreneurs progressing through the program? Below is the phase reached by the members of each cohort as of December 31, 2014.

	BEGAN PROGRAM	PHASE 1 CUST DISC	PHASE 2 CUST VALID	PHASE 3 REPEATABLE	PHASE 4 SCALABLE
Cohort 1, began Aug 2013	13	13	6	6	1
Cohort 2, began Feb 2014	9	8	5	2	0
Cohort 3, began Aug 2014	15	13	6	0	0
Total beginning phase	37	34	17	8	1
% beginning phase	100%	92%	46%	22%	3%

Not surprisingly, the earlier cohorts have generally progressed further, as it takes time to verify and then validate a business model.

Persistence

Do entrepreneurs persist in the program? Below is the progress of those still active in the program as of December 31, 2014.

	ACTIVE TODAY	PHASE 1 CUST DISC	PHASE 2 CUST VALID	PHASE 3 REPEATABLE	PHASE 4 SCALABLE
Cohort 1, began Aug 2013	4	4	4	4	0
Cohort 2, began Feb 2014	6	6	5	2	0
Cohort 3, began Aug 2014	10	10	6	0	0
Total	20	20	15	6	0
% active today	100%	100%	75%	30%	0%
% who began program	54%	54%	41%	16%	0%

The biggest drop off is during Phase 1. Generally this is due to the entrepreneur concluding that he or she does not have a viable business model; sometimes it is because the entrepreneurs realize that it is more work to launch a business than they had anticipated, or that their school schedule does not allow them to devote the time needed to launch a business. Eight of the entrepreneurs who began the program have dropped out. Five are currently inactive but expect to return to the program.

Some of the entrepreneurs absorb what Venture College has to offer and become independent. Four of the entrepreneurs who began the program are now operating businesses independently of Venture College. We expect this number to grow over time.

Outcomes

- 1. New businesses created.** Our definition of the creation of a new business is when that business begins to make sales or raises outside capital. As of December 31, 2014, eleven of the entrepreneurs had launched businesses. They produced revenue of about \$300,000 in calendar year 2014. Two had raised outside capital of about \$175,000. Full time equivalent employment by those companies, including the entrepreneurs who are mostly not taking anything out of their businesses, was about fifteen.
- 2. Jobs.** We recognize that not all of our entrepreneurs will successfully launch businesses, or even if they do, that they will be self-sufficient. We believe that our program will enable these nascent entrepreneurs to gain skills



that employers will find valuable in the event the entrepreneur does not wish to proceed with his or her business, or needs supplemental income. Eight of our entrepreneurs have obtained full or part time employment outside of their own businesses as a direct result of the skills they have gained and the connections they have made through their Venture College experience.

- 3. Skills.** We believe anyone participating in the program will enhance business start-up skills as well as the 4 Cs: communications, collaboration, critical thinking, and creativity. Thus far, thirteen of our entrepreneurs have demonstrated this by successfully defending for their badges.

Conclusions

Reflecting upon our first 18 months of operation, we have concluded the following:

- 1. Students can in fact launch businesses.**

About a quarter of our entrepreneurs who began the program had achieved some revenue by December 31, 2014.

- 2. Launching businesses does impact the local economy.**

Approximately 15 full time equivalent jobs have been created by Venture College entrepreneurs in the relatively short time we have been in operation.

- 3. There is a demand for the service.** About 75 students applied to participate in the first four cohorts. However, marketing is a challenge and we have not yet figured out the best way to let our student body know about this opportunity.

- 4. Diversity.** Entrepreneurs are a diverse group. In addition to students from every college and from all classes, 42% are female, and 15% intend to start a non-profit or a blended for-profit with a strong social purpose.

- 5. Alumni and community members.**

As our Venture College brand spread, both alumni and non-alumni community members approached us to participate in the program. We experimented with both groups and admitted seven alumni and three community members. Most have performed well. We will consider alumni and community members in the future, but will charge them a fee in keeping with the direct costs of providing services to them.

- 6. Timetable.** Launching a business does not follow a fixed timetable. Therefore, Venture College has a beginning date but not an ending date. Each entrepreneur proceeds at a different pace depending upon what he or she learns as they proceed.

- 7. Dropouts.** Eighteen percent of the entrepreneurs dropped out of the program before finishing the first phase, and another 11% are inactive as of December 31, 2014. Each had some type of life change or found that their academic program was more demanding than expected. Our Admissions Committee must carefully consider the desire and the capacity of each entrepreneur to successfully participate in the program.

- 8. Jobs.** Employers find Venture College participants attractive job candidates, both for paid internships and permanent employment. Eight of our entrepreneurs secured employment as a direct result of their participation in Venture College.

- 9. Grants.** Due to state and university regulations, we cannot invest or loan funds to the entrepreneurs. We made grants to them, but with the expectation that if successful, they would donate equivalent funds to the program. None have yet done so. Grants are problematic. Outside of Venture College, funding for entrepreneurs is in the form of loans and/or equity. Therefore there is an incentive for the

entrepreneurs to minimize the amount of such funding. Our grants are in essence “free money” and our entrepreneurs take no risk in accepting our funds. As such, grants are contrary to our philosophy to make the Venture College experience as close to reality as possible. Our Investment Committee must be diligent in determining that the entrepreneur has no other reasonable way to test his or her business model hypotheses before awarding a grant.

10. Scalability. Venture College consumes the resources of three full-time-equivalent employees plus a prime facility for a total of 34 active entrepreneurs. This is a ratio of about eleven entrepreneurs per employee. We intend to increase that ratio through the use of trained volunteers and the use of earlier cohort members as mentors.

11. Funding. The university committed funding to launch the program. Now that it has been made a standing program of the university, we will have to secure outside funding for the program to continue over the long term.

12. Publicity. An unintended consequence of the program has been superb media coverage. We have had more than 20 separate pieces appear in the local print and television media, in addition to countless tweets, retweets, and Facebook postings. Venture College and the university are leveraging this popularity to solicit both volunteer and financial resources.

We believe Venture College is accomplishing what it set forth to do: enable students to gain important skills while having the opportunity to launch a business at the same time as they pursue their education.

References

- Blank, S. 2013. “Why the Lean Startup Changes Everything.” *Harvard Business Review* 91(5): 63-72.
- Blank, S., and B. Dorf. 2012. *The Startup Owner’s Manual: The Step-by-Step Guide for Building a Great Company*. Pescadero, CA: K&S Ranch, Inc.
- Blank, S., J. Engel, and J. Hornthal. 2013. *The Lean Launch Pad Educators Teaching Handbook*. Washington, DC: NCI AA.
- Blank, S., and K. Mullaney. n.d. *How to Building a Startup: The Lean Launch Pad*. Accessed January 2, 2015. <https://www.udacity.com/course/ep245>.
- Business Insider*. 2012. “How a Boise e-book Author Became an Overnight App-design Sensation.” *Business Insider* (a publication of the Idaho Statesman). October 25, 2012: 3.
- Carey, K. 2012. “A Future Full of Badges.” *The Chronicle of Higher Education*. Last modified April 8, 2012. <http://chronicle.com/article/A-Future-Full-of-Badges/131455/>.
- Osterwalder, A., and Y. Pigneur. 2010. *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. New York, NY: John Wiley & Sons, Inc.
- Partnership for the 21st Century. n.d. *Framework for 21st Century Learning*. Accessed January 2, 2015. <http://www.p21.org/about-us/p21-framework>.
- Ries, Eric. 2011. *The Lean Startup: How Today’s Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses*. New York, NY: Crown Publishing Group.