Featured School:

University of Utah
David Eccles School of Business
Salt Lake City, Utah, United States

www.business.utah.edu

March 2012
AACSB International
The Foundry

The report of the AACSB International Task Force on Business Schools and Innovation, Business School on an Innovation Mission, acknowledges the role of entrepreneurship in the development of innovation in business, and highlights the enormous opportunity for business schools to contribute to this vitally important aspect of the economy.1 The David Eccles School of Business at the University of Utah has taken to heart this prerogative of business schools to contribute to innovation with an inexpensive, highly imitable and successful new model for business incubation that they have dubbed The Foundry.2

The Foundry Concept

According to the Department Chair, Professor Bill Schulze, the idea for this novel concept in business incubation began as a follow-up to revamping the undergraduate entrepreneurship curriculum at the Eccles School. He and his colleague Dr. Rob Wuebker, the Academic Director of the Foundry, were working to give the undergraduate entrepreneurship curriculum greater emphasis on “doing and taking action.” They felt that their students should be able to have actual experience in the entrepreneurial process. Professor Schulze says that their hypothesis was that there are two reasons that talented people create businesses that fail. The first is that they lack the knowledge and experience in self-management required for business success. The second, and most important, is that they fail to rigorously test their business concept (a process Professor Schulze and Dr. Wuebker call “business concept validation”) before launch.

Based on this working theory, they began the Foundry as an incubator, with approximately 40 students in the first cohort (F1). Participants in the Foundry’s program do not have to be students at the Eccles School, or the University of Utah, or even students at all. Professor Schulze says that the initial idea behind throwing the doors open to the general public was to build excitement about the program, by offering it as a “pay-it-forward” measure to promote innovation in and for the greater Salt Lake community.

Rather than treating the Foundry as a standard classroom with a teacher-to-student pedagogical approach, however, they felt that the students would get more out of a peer-focused learning environment. Professor Schulze characterizes the role of the Foundry team as that of “organizers, not lecturers.” Unlike other incubators that focus on direct instruction from professors and/or guest speakers, or on helping budding entrepreneurs to secure resources or launch companies, the Foundry concept is built around the process of “Venture Discovery,” or the peer-led validation of the business concepts of the participants.
The Foundry Process

The Foundry team endeavors to select applicants with interesting ideas which will make solid foundations for learning, according to Professor Schulze. He quips that whether or not the ideas are actually any good is a secondary consideration. This is because the ability to recognize the need to start over when an idea is not viable is a critical part of the learning experience for entrepreneurs. Most participants with such ideas tend to recognize this by the fifth or sixth week of the program, he says, and subsequently adapt them, begin again with new ones, or aid other participants with theirs.

The curriculum of the Foundry has three critical elements, or what Professor Schulze refers to as the “three legs” of the program. The first such element is a series of 15 weekly meetings, in which the participants divide into small, self-selecting teams to discuss and rigorously validate their business concepts. As the program progresses, the students are required to take more and more responsibility for the running of the meetings, with the eventual goal of becoming self-sustaining without direct faculty involvement.

Participants are required to meet for one hour each Monday morning at 7:00 AM, local time. Twenty-four hours prior to each meeting, the participants are required to file weekly management reports, so the other members of their team will have time to read them before the meeting. The reports are filed using a simple but robust managerial reporting system patterned after that used by Oracle. The two elements of the reporting systems are the MOKR (Mission, Objective, and Key Results), and the weekly management report. The MOKR outlines the participants’ objectives, and is used as the application form for the program. The weekly management reports document their progress toward achieving those goals. Specifically, the management reports cover each individual participant’s activities over the past week, the status of their goals, and a statement of any obstacles or problems with which they would like to receive help or advice from their team. These documents are carefully monitored by Foundry Director Wuebker.

The weekly meetings help Foundry participants develop the skills they will need to succeed in entrepreneurial ventures in several ways. Professor Wuebker notes that working peer-to-peer to solve the problems outlined in the weekly MOKR reports develops the collaborative techniques necessary to business dealings. Articulating their weekly activities with their team forces participants to continuously evaluate potential risks, as well as what they need to know or do to see if their concept will work in practice. Professor Wuebker says that as the MOKR reporting process becomes iterative over time for each student, it allows them to prioritize their questions and work to answer them week-to-week, while becoming better and more disciplined managers through the repetition of the process. The participant teams gradually turn into a support network through the shared experience, building the community of entrepreneurs.
In addition to the weekly Monday morning meetings, participants are expected to attend several two-hour networking sessions, held on six Wednesday evenings throughout the program. These sessions often feature guest speakers from among the entrepreneur community, and according to Professor Schulze have included Foundry alumni in the past. In addition to the weekly meetings and the guest speakers, teams also participate in monthly project reviews in front of a panel that includes Professor Wuebker and a number of local entrepreneurs considered to be expert in the areas being explored by the presenting team. Professor Schulze says that the students have reported finding these reviews extremely important and helpful, in part because the format mirrors the type of presentations essential when speaking with future funding prospects. The local entrepreneurs who participate in those reviews also frequently become mentors for those students.

The second “leg” of the Foundry’s curriculum takes the form of a dedicated YouTube Channel, the “USparkFoundryTV Channel,” which is used to deliver additional educational content. Since the weekly meetings are dedicated to the discussion of the current challenges the students face, the Foundry makes over 150 three- to eight-minute video-recorded sessions on entrepreneurial topics available to participants (and the general public) for viewing at need. This allows for “just-in-time” answers to participant questions that arise in between meetings. Professor Schulze says the YouTube videos receive between 10-15,000 views per month.

The third critical element of the program is the suite of on-line resources made available by the Foundry to facilitate networking and communication by the participants. In addition to social media such as Twitter and Facebook (https://www.facebook.com/usparkfoundry), the Foundry coordinates its students’ use of free online services such as Dropbox, Google docs, and Jive (a virtual PBX system); as well as offering them free use of two fee-based services: Salesforce.com and QuickBooks. The Foundry holds a site-license for the fee-based services, and insists that students who are working with prospective customers and/or marketing products use these services while affiliated with the Foundry, to better manage risk.

Professor Schulze argues that the Foundry’s peer-focused learning model, and the network of entrepreneurial alumni that it builds, is also the reason that the incubator is sustainable. Even though the school offers all services of the Foundry free of charge to all comers, the model actually requires very few resources beyond providing a place for the participants to meet, and a structure for their activities. Professor Schulze says that the school spent less than 14,000 USD to send the F1 cohort through the program, most of which was spent on speaker travel and networking events. The School has since hired a part-time director, and occupies office space that was donated to them by the City of Salt Lake. The impact on the Salt Lake community, however, is greatly multiplied due to the fact that the Foundry essentially trains its students to be serial entrepreneurs, and several have gone on to become just that.
The Foundry Impact

The results thus far appear to bear out the Foundry concept. Since the launch of the F1 cohort in May of 2010, “three groups of students have examined 114 ideas, rigorously tested 69 business concepts, and launched 56 companies. As of September, 2011, 43 remain active and Foundry companies have cumulatively generated more than [4 million USD] in revenue and created more than 50 jobs.”

According to Professor Schulze, 22 of the active companies are already revenue positive, and some of those that are no longer active, are so due to acquisition. The fourth Foundry cohort (F4) has launched as of January 2012. Also in January 2012, the United States Association of Small Business and Entrepreneurship (USASBE) recognized the Foundry for innovation in entrepreneurship education by singling it out a prestigious award and “Special Recognition for Innovation in Entrepreneurship Education.”

Since the Foundry concept is both low-cost and easily transferable, the Eccles School has begun to export the idea to other institutions. Professor Schulze says that several other universities have expressed interest in the concept, both in the U.S. and abroad. New York-based Rensselaer Polytechnic Institute’s Lally School of Management & Technology, for example, has recently announced the opening of their version of the Foundry, and George Mason and Utah Valley State Universities have each begun one as well. A number of other universities, both within and outside the U.S., have contacted Professor Wuebker for advice on launching their own versions of a Foundry program. The Salt Lake City-based non-profit organization Women Empowerment Global Outreach (WEGO) has also employed the Foundry model for an intensive 5-day training session for female entrepreneurs in collaboration with the IAB Centre of Yerevan, Armenia.

Acknowledgements: AACSB International is grateful for the assistance of Dr. William Schulze, Chair of the Department of Management at the David Eccles School of Business and Professor Robert Wuebker, Academic Director of the Foundry.
End Notes


