Incubating Entrepreneurship

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SUBJECT(S):  Entrepreneurship

GRADE LEVEL(S):  9, 10, 11, 12

OVERVIEW:
In this lesson, students will learn about a unique concept that one man has developed to spur entrepreneurial activity. They will read the Knowledge@Wharton article: “Incubating Silicon Valley-style Ideas in the Middle East,” and discuss what an incubator is and how it enhances entrepreneurial activity. Then students will get a chance to develop their own incubator that would enhance their community and another country of their choosing.

NBEA STANDARD(S):
- Entrepreneurship, VII. Global Markets

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Common Core Standard(s): Collaboration and comprehension.

Objectives/Purposes: Students will learn how to incubate entrepreneurial activity and how to apply this concept to global and especially developing markets.

Knowledge@Wharton Article: “Incubating Silicon Valley-style Ideas in the Middle East”

Other Resources/Materials:
- Butcher paper
- Permanent Markers
- Crayons

Activity:

1. (5 mins) Begin this lesson by having students reflect on the importance of developing entrepreneurship in developing countries and the underdeveloped areas of their own country. As a class, discuss potential ways an entrepreneur could do this.

2. (15 mins) Have students read the article: “Incubating Silicon Valley-style Ideas in the Middle East” with a partner, and ask them to discuss the following questions:

   - What is a Plug and Play Tech Center?
     - Plug and Play is among a growing number of tech-oriented incubators — or accelerators — including The Founder Institute, Y Combinator and Hacker Dojo, that help cultivate innovative enterprises.
• What is the function of incubators? What is their return?
  • The incubators take over the “grunt work” from entrepreneurs so they can focus on building products,” says Vivek Mehra, a venture capitalist at August Capital in Menlo Park, California, who co-founded Cobalt Networks in 1996. In return, incubators often demand as much as a 70% stake in the start-up.
  • “We can have more experiments and add value and see if an idea has commercial potential before paying a fixed rent and hiring dedicated administrative staff.”

• Is face to face communication still important in the age of the internet?
  • “There is nothing more powerful than getting ambitious people in a room together because they inspire each other and the atmosphere is really important.”

• What are some of the ways entrepreneurs can access funding?
  • With or without incubators, entrepreneurs now also have a range of funding that they can access. In the Silicon Valley lexicon, there are angel investors, super angels and traditional venture capital funds. Although there is no hard-and-fast rule, angel investors usually generate between US$25,000 and US$250,000; super angels US$250,000 and US$500,000; and venture capitalists US$500,000 and up.

• Why are these types of funding important?
  • “We feel there is an opportunity for more of a safer place to innovate [rather] than worrying about performance milestones for investors” by enabling access to funding that doesn’t come with onerous covenants attached such as the conditions that might be included in a bank loan.

• What are some challenges to entrepreneurship in the Middle East?
  • Middle Eastern entrepreneurs must find investors willing to try something new in a culture that favors slow change. “In America, if you fail, it’s a good thing, because the perception is that the next time, you will have the experience to do it better. But in certain cultures, if you fail, you are branded a loser for the rest of your life,” leaving many would-be entrepreneurs adverse to risk-taking.

After students have had a chance to discuss these questions with their partner, go over them as a class. Also, get students reactions to the concept of incubators. Do they think this is a good idea? Why or why not?

3. (5 mins) Show students the website for Plug and Play and take them through the For Startups page. This is to give them more information about how the incubator functions and will aide them in their next activity.
4. (15 mins) Now that students have more information about what an incubator is and does, you are going to have them develop their own incubator in an area of their interest. Remember that an incubator is meant to be a creative play space for entrepreneurs to meet up, do their work, share, and get feedback, so students will have to keep all these concepts in mind when developing their incubators. If you can, group students according to their area of entrepreneurial interest (environment, fashion, technology). Have them develop and draw/map their incubator keeping the following questions in mind:

- What is the area they are working in? (ex: fashion, technology)
- What will entrepreneurs working in that area need to create?
- Who are these entrepreneurs creating their products or services for? (developing market, industrial nation, health initiative, etc…)

Have students share their ideas and designs with the class.

**Tying It All Together:** As students develop their incubator, have them reflect on how and why it can have an impact on global markets. Also, have students think about why entrepreneurial activity needs to be encouraged in the industry they have chosen and the unique tools or space required to nurture entrepreneurs in those areas.

**Practice Outside of the Classroom:** What kinds of incubators do you see a need for and could start in your community?

**What Worked and What I Would Do Differently:** Students loved learning about incubators and having the opportunity to create their own. I had many students ask me if there were any incubators in the local area, so you may want to research that beforehand to point it out to students. Encourage students to set up an incubator in another country to spur entrepreneurship there. But make sure it makes sense for that country and culture, and also, resources are available for it there. Some of the examples of incubators my students set up are: one for aspiring chefs and another for aspiring fashion designers. Make sure students do not just tell you about the idea, but also provide you with the blueprint for how their incubator will be set up and exactly how it will function, including mentoring opportunities to find team members for collaboration and other events.