

## Life Lessons: Educating the Next Entrepreneurs

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**A**s he crisscrosses the country to talk with students, parents, teachers, and school administrators, Secretary of Education Arne Duncan repeats a particular refrain. “We have to educate our way to a better economy,” says the secretary to each new audience. The words ring true—people recognize the relationship between academic performance and earning potential—but what exactly does it mean to “educate our way to a better economy”?

Many interested in this question fixate on the first half of the secretary’s statement. They highlight the need for more rigorous learning standards in math and English, or point to the importance of recruiting, supporting, and rewarding effective teachers. But before jumping to these strategies, we should take a closer look at the second half of the sentence. What is the goal? What does a “better economy” actually look like?

A better economy must be more closely attuned to the demands and rhythms of twenty-first century markets. Today’s markets rapidly follow innovations, while staid institutions and static business models quickly become obsolete. Technology disrupts one thing after another. To succeed in this new, dynamic environment, a workforce must be comprised of individuals who have both the academic foundation and the creative mindset necessary to spark innovations. These employees must be able to recognize opportunities amid obstacles, set and achieve goals, and refine the skills necessary to solve real-world problems. Furthermore, with all net new jobs over the last 30 years generated by startups, individuals joining the workforce for the first time are likely to be employed by small businesses that will depend on them to perform multiple functions. In short, a better economy is one that prospers through the innovations of entrepreneurial citizens.

If we share this vision, then we must define the obstacles to achieving it. What stands in the way of educating the next generation of young people to build a better economy driven by the engine of entrepreneurship? We face twin challenges: raising the performance of all students to the level of the world’s best, and more closely aligning the expectations of school systems and markets.

U.S. students’ achievement lags behind that of students in all of our developed-world competitors, and those lagging the farthest behind are students at the bottom of the socioeconomic ladder, most of whom are from minority households. These persistent achievement gaps deprived our economy of as much as \$2.3 trillion—or 16 percent of GDP—between 1998 and 2008. The

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most significant contributor to this problem is the achievement gap between middle-class white students and the predominantly black and Latino students in low-income communities. On the National Assessment of Educational Progress (NAEP), the largest nationally representative and continuing assessment of what America's students know and can do in various subject areas, nearly half of African Americans and Latinos score "below basic" in math in fourth and eighth grade; only 1 in 5 white students scores in that range. At the upper end of the spectrum, less than 1 percent of top-scoring twelfth graders are black or Latino. As the U.S. population shifts to "majority-minority," as has already happened in California and Texas, our international achievement gap will become even more pronounced.

However, closing the gap associated with race and income is not enough. If our vision is of achieving a sustainable, entrepreneurial economy, we need to look beyond the skills that are being taught in our schools today. NAEP measures math, reading, and other foundational subjects, but succeeding in today's global arena requires knowledge and skills beyond algebraic equations and sentence diagrams. Our schools are still captive to an industrial-era approach to education, moving students through an assembly line of arbitrary grade levels without pausing to consider what skills the market demands of the young Americans they produce.

"Training the workforce of tomorrow with the high schools of today is like trying to teach kids about today's computers on a 50-year-old mainframe," Bill Gates said when asked to comment on the state of American high schools. Many U.S. districts are undertaking a wide array of education reforms, but they are largely focused on the question of how schools should be structured and managed, whether that means encouraging school choice, devolving school budgets to principals, giving teachers incentives, or building online systems that provide teachers with real-time academic data.

While structural reforms are certainly needed, we must also turn an ear to students, who are disengaging as early as middle school. We can shake our heads at stubborn, shortsighted teenagers, or we can acknowledge that they are on to something. More than 80 percent of dropouts in the United States tell us that they would have stayed in school if they felt it was applicable to real life. Meanwhile, 37 percent of young people already report having interest in starting their own business. One can only imagine what would happen if we start entrepreneurship education programs early enough in schools so students see the entrepreneurial path as viable. Structural reforms will not make school relevant or rekindle the entrepreneurial spirit. How and what we teach must be better aligned with how students learn and what is necessary for their future success.

### SEEDING THE ENTREPRENEURIAL MINDSET

We have created a vicious cycle. The perceived irrelevance of education reinforces students' decisions to drop out or set low personal goals. Students' poor performances in turn reinforce educators' narrow focus on the fundamentals of core subjects, such as math and English—making school feel even more irrelevant to students. Breaking this cycle is critical to our ability to “educate our way to a better economy.”

My experience in leading the Network for Teaching Entrepreneurship (NFTE), where we have worked with more than 350,000 students in middle schools and high schools worldwide, suggests that entrepreneurship education can set in motion a virtuous cycle that surmounts these twin challenges and moves us closer to the entrepreneurial economy we envision.

**Students stay in school and are more successful if they believe that what they are being taught is relevant to their lives and can lead to success.**

Entrepreneurship education reframes core academic lessons in a way that demonstrates their relevance to future earning potential and happiness. Pricing a product or service that will earn students some spending money engages them in learning algebra in a way that is highly relevant to their lives—especially for those from

more challenging socioeconomic backgrounds. Building a business plan for an original idea asks students to demonstrate skills that are rarely emphasized in our education system. Creative thinking, market research, opportunity recognition, strategic planning, goal setting, and all types of communication are key to building a business plan and presenting it to potential investors.

As students make the connection between what they are learning and the successful future they can achieve by using these skills, they also learn the mindset of ownership. No longer are they passive consumers—they take the initiative, solve problems in the face of obstacles, and hold themselves accountable for success. Along this journey, they learn the basics of personal finance through a highly experiential curriculum that allows them to earn, invest, and see immediate returns. These experiences lead students to greater academic achievement. More than that, they move us closer to an economy of self-starters with the knowledge and skills to generate value for themselves, their communities, and society as a whole.

Research has found that participation in youth entrepreneurship education programs leads to an increase in business and entrepreneurial knowledge, as well as an enhanced sense of being in control of one's life. Harvard's Gradu-

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ate School of Education examined how students' participation affects educational expectations and occupational aspirations. The study found that NFTE students' interest in attending college increased by 32 percent, while college interest among students in the non-NFTE control group *decreased* by 17 percent over the course of the year. In addition, occupational aspirations among NFTE students increased by 44 percent, compared to an increase of only 10 percent among non-NFTE students.

Additional research has established the role of educational and occupational expectations in academic achievement in general and graduation from high school in particular. Specifically, studies have found that students' educational expectations were one of the strongest predictors of academic achievement and that adolescents' aspirations predict their educational attainment.

Simply put, students stay in school and are more successful if they believe that what they are being taught is relevant to their lives and that they can find a pathway to success. Entrepreneurship education succeeds in bridging the challenges we face by showing students how core subjects relate to a brighter future, while at the same time instilling the skills vital for the workforce of today.

The data speak volumes, but it is the personal story that really drives home the difference entrepreneurship education makes in the lives of our students. One of our prize students is a young man named Rodney Walker. Hailing from one of Chicago's poorest neighborhoods, Rodney spiraled through foster care and homelessness before finding a greater sense of purpose and the beginnings of academic success in his entrepreneurship class in a South Side Chicago high school. Rodney seized the opportunity to put himself in an entrepreneur's shoes, developed an original business plan, and entered in our annual competition, presenting his idea to panels of investors. He also became an A student, was elected senior class president, and is currently on the Dean's List at Morehouse College, where he supplements his scholarship by continuing to operate his business—he runs a video production company—and by accepting motivational speaking engagements.

## THE NEXT STEP

How do we replicate stories like Rodney's? What steps do we need to take to bring entrepreneurship education to scale?

Several components must be in place in order to deliver on the promise of entrepreneurship education. First among these is a curriculum oriented toward experiential learning (including, for example, activities that help students practice the skills and mindset of negotiation) and high academic standards, particularly in mathematics and related content areas such as economics.

Second, instruction must be delivered by effective educators who have completed training in entrepreneurship and experiential learning and continue to pursue ongoing professional development. Third, we need volunteers giving their time to reinforce experiential learning through business-plan coaching, field trips to businesses, and other means. Particularly in low-income neighborhoods, volunteers can open students' eyes, encourage them to set higher goals, and testify to the relevance of academic achievement.

This may all seem rather daunting, but in reality the first step requires only a simple change. We must integrate entrepreneurship education into the core curriculum required in our schools. Many states are moving toward mandating financial education; why not go one step further and offer young people a chance to become financially capable in the context of learning about financial opportunity and ownership? This would create a pathway exposing our young people to entrepreneurship throughout their educational journey, and would immediately result in dramatic changes in both attitudes and knowledge. How else can we expect young people to be prepared to be the workforce—and the entrepreneurial engines—of today and tomorrow? School leaders must dedicate resources and time to acquiring effective curricula and training their teachers to be the best ambassadors of this work. I have seen the return on this investment firsthand: Students re-engaged in school begin contributing to the school community, improve their academic performance, and are more likely to graduate from high school.

But school leaders cannot do this alone. The very businesses that highlight the lack of workforce readiness must commit to being long-term partners in this solution. We need a little time, talent, and treasure from the business community—small and large businesses alike. Volunteers must be in the classroom alongside our educators, supplementing a great curriculum with real-world examples from the businesses they work for or run. Entrepreneurship education will not be effective without the experiential activities like games, field trips, and business-plan competitions that too often schools cannot afford. Recently, on a long drive, I saw those ubiquitous Adopt-a-Highway signs. If businesses can commit to keeping the roads maintained, surely they can commit to the volunteer hours and other resources necessary to bring entrepreneurship education to life in classrooms across America.

The Obama Administration understands the power of entrepreneurship—and specifically the importance of entrepreneurship education in lifting young people from low-income communities out of poverty. The President himself has taken the time the past two years to honor the young entrepreneurs who have won NFTE's National Youth Entrepreneurship Challenge. Arne Duncan has been

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promoting the value of entrepreneurship education tirelessly. Treasury Secretary Tim Geithner and his team are supporting the President's Advisory Council on Financial Capability—formed to assist the American people in understanding financial matters and making informed financial decisions—and searching for effective ways of integrating this work with the need to create a financially capable citizenry. The list goes on and on, and includes the recent launch of the Startup America Partnership, the Administration's ambitious public-private initiative to use entrepreneurship as a key lever for creating jobs.

Despite all that, entrepreneurship education has not been brought to the forefront even as Congress debates the best path to economic recovery and to rebuilding our education system. Nor has it been a priority in the good work that the National Governors Association and the Council of Chief State School Officers are doing around common core standards. We have a chance to articulate “money milestones” for our youth. If every child in America learns the basics of business and personal finance through the lens of entrepreneurship education, we will fully open the door to opportunity for all young people regardless of their socioeconomic level. The President should use his bully pulpit to make this happen.

Together, school districts, the business community, and government at all levels can unleash the power of the ideas within our young people's minds and produce a workforce ready to adapt to the ever-changing economy of today and the future. The significant return on this small investment will benefit the bottom lines of commercial enterprises, our communities, and our economy for generations to come. Providing every child in America access to entrepreneurship education is the first step toward educating our way to a better economy. **■**