

The Business Education Paradox

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Statistics of business failures suggest that only one or perhaps two of every five start-up businesses in the United States manage to survive their early years. Explanations for this high failure rate published by banks and accounting firms boil down to much the same thing - incompetence. For instance, a Bank America publication lists managerial incompetence or inexperience as underlying 90% of all business failures, going on to list poor record keeping, reckless money management, lack of formal planning, poor use of management time, insufficient marketing talent, etc., as specific instances. While such characterizations are undoubtedly valid, might not they also apply to businesses that have succeeded?

In forty odd years as an owner of small businesses I have far more frequently encountered established businesses that astonish me by their ineptitude and sloppiness than by the high quality with which their operations are managed. Thus my experience in the business world leads me to believe that a high level of management competence is the exception rather than the rule and thus not an essential attribute for successfully surviving a business start-up. By directing attention to technical aspects of business operation are we missing something of far greater significance? I believe we are.

The truth of the matter is that overwhelmingly, those who choose to start their own businesses are woefully unprepared. In this sense, all are equally "incompetent". Those who survive the minimum necessary learning curve are merely the more fortunate ones. The occurrence of unforeseeable, highly favorable and timely events, rather than sound management and good planning, most frequently distinguish the environment of those who survive from those who do not.

In my experience, people who choose to start their own businesses possess some exceptional skills and abilities and are certainly not lacking in intelligence. The question that screams to be answered, then, is why so many basically competent people fail to appreciate until too late how unprepared they are to undertake the task of starting a business. The answer to this question surely must be sought in the general perceptions of society about business, and the impact of general business education on this perception. The fact, for instance, that a plethora of educational books and courses purporting to explain how to successfully start a business coexist with a seventy percent failure rate cannot be without significance. Why does current business education appear to be so irrelevant?

I became interested in this question many years ago. In looking back over my own business career, I recognized that it really was unforeseen and certainly unplanned events and happenings that carried my business through its early years.

Like so many others before and after, I too started my business in glorious ignorance of just what starting a business was all about. Thirty years later, however, I was very confident that nothing but extremely improbable and unlikely events could cause my business to fail. In the course of those years, therefore, I had managed to transform a business that required an exceptional quantum of fortunate circumstance in order to survive, into a business that would require an inordinate amount of bad luck to fail. To account for this transformation, a logical presumption is that I must have learned some important lessons over this period.

Some thirty years ago I began a serious examination of just what it was that I had learned. This was no easy task. So much of what we call experience arrives in such an amorphous manner that it is only with great effort that related pieces can be merged and overall patterns made articulate. I doubt whether I would have achieved useful results had I not been able to draw upon my training and practical experience as a research scientist. I confronted my business experiences with information derived from a great deal of reading not only of business texts but of the current business literature as found on the pages of such publications as the *Wall Street Journal*, *Forbes Magazine*, the *Harvard Business Review*, and a host of publications prompted by the arrival of entrepreneurship as a buzz word. I experimented by teaching business courses. I was involved in the establishment of the *Vermont Small Business Network* - a group consisting largely of people who had started their own small businesses. This network provided a forum for interactive discussion offering me a rich source of anecdotal and practical insights.

Gradually, with the help of these resources, I found my own experiences beginning to coalesce into recognizable patterns, and equally gradually I have found the words to articulate the content of those patterns. The exercise was enormously valuable to me, since it brought into clear focus important business practices that previously had been more instinctive than recognized. This made possible a calculated extension of such practices (to the great benefit of my business) well beyond anything that could have been conceived by my prior awareness.

I cannot say that my analysis is complete. Each passing year brings new insights, new lines of thought. I do believe, however, that what will come in the future will augment rather than overturn the ideas which I have thus far managed to bring to focus. I believe that these ideas explain why current business education has proved so irrelevant to the success or failure of those who start businesses. And I further believe that these ideas represent the basis from which a new form of business education can be developed, that when in place will greatly reduce the frequency of failure of those enterprising people who start their own businesses. The on-line programs of the Vermont Small Business Training Center represent this new form of business education.