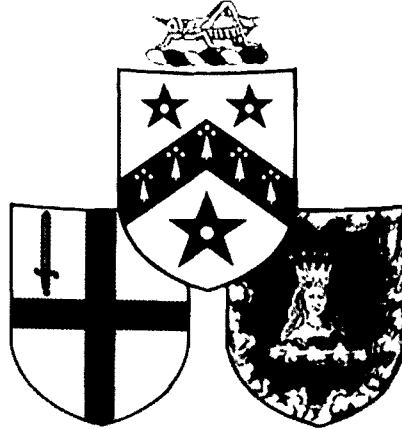


*G R E S H A M*  
*C O L L E G E*



Reproduction of this text, or any extract from it, must credit Gresham College

**EDUCATION FOR ENTERPRISE**

Lecture 2

**I DIDN'T HAVE ANY EDUCATION  
SO I HAD TO USE MY BRAIN**

by

**PROFESSOR TOM CANNON CIM FInstEx FRSA FCIM  
Mercers' School Memorial Professor of Commerce**

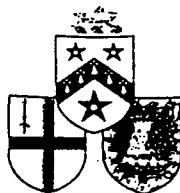
26 November 1997

# GRESHAM COLLEGE

## Policy & Objectives

An independently funded educational institution, Gresham College exists

- to continue the free public lectures which have been given for 400 years, and to reinterpret the 'new learning' of Sir Thomas Gresham's day in contemporary terms;
- to engage in study, teaching and research, particularly in those disciplines represented by the Gresham Professors;
- to foster academic consideration of contemporary problems;
- to challenge those who live or work in the City of London to engage in intellectual debate on those subjects in which the City has a proper concern; and to provide a window on the City for learned societies, both national and international.



*Founded 1597*

Gresham College, Barnard's Inn Hall, Holborn, London EC1N 2HH

Tel: 020 7831 0575 Fax: 020 7831 5208

e-mail: [enquiries@gresham.ac.uk](mailto:enquiries@gresham.ac.uk)

Web site : [www.gresham.ac.uk](http://www.gresham.ac.uk)

## Tom Cannon: Mercers' School Memorial Professor of Commerce at Gresham College

### *I Didn't Have Any Education So I Had To Use My Brains*

In last week's lecture, the notion that there existed within education an implicit and, sometimes, explicit hostility to the "spirit" of entrepreneurship and enterprise was explored. Martin Weiner<sup>1</sup> sees this as a factor in the shift in priorities in the UK from a nation committed to exploiting the potential of industrialisation, technology and enterprise to a country that became dedicated to defending stability and tradition. The tension could be seen when the UK was the leading industrial power. While Samuel Smiles could say that:

*England was nothing, compared with continental nations, until she became commercial ... until about the middle of the last century, when a number of ingenious and inventive men, without apparent relation to each other, arose in various parts of the kingdom, and succeeded in giving an immense impulse to all the branches of the national industry: the result of which has been a natural harvest of wealth and prosperity.*

Dickens could endorse the potential but question the underlying values in his description of *Dombey and Son*:

*The world was made for Dombey and Son to trade in, and the sun and moon were made to give them light. Rivers and seas were formed to float their ships; rainbows gave them promise of fair weather; winds blew for or against their enterprises; stars and planets circled their orbits; to preserve inviolate a system of which they were the centre.*

---

<sup>1</sup> Weiner M (1981) *English Culture and the Decline of the Industrial Spirit* London, Penguin

Hardy went even further in condemning the merchantile and entrepreneurial class:

*The money-getting bourgeois class – who take thought for the morrow and sacrifice present for the future, who condemn vice because it is expensive or may cause a scandal, who make marriages like contracts in business, who ideals are respectability and material efficiency, the pursuit of which then encrust themselves more and more stiffly with the mud of this planet.*

Against the volume of this criticism, how have and do entrepreneurs respond?

### ***Answering Back***

Andrew Carnegie was both a great entrepreneur and a powerful supporter of education. He funded so many Carnegie Libraries and educational institute that a fellow Scot remarked that Carnegie would fund the Parthenon if they would name it after him. Carnegie supported the notion that education could provide a spur the entrepreneurial success but only if wedded to determination. Education, itself, was not enough:

*I would almost as soon leave a young man with a curse as burden him with the almighty dollar. It is not from this class that you have rivalry to fear ... look out for some boys poorer, much poorer than yourselves, whose parents cannot afford to give them the advantages of a course in this institute, advantages which **should** give you a decided lead in the race – look out that such boys do not challenge you at the post and pass you at the grand stand. Look out for the boy who has to plunge into work direct from the common school and who begins by sweeping out the office.*

Richard Branson never needed to sweep out the office but he:

*Felt, like all kids do, that the education we were having stuffed down our throats was quite inappropriate to what we were interested in and what was useful as far as the outside world was concerned.*

Branson's parents invested in an expensive public school education but he found little to interest him from the cadet corps to his studies according to a friend " he was a totally independent-minded personality, a free agent. He'd just go wherever he could use up his energy. Only when he started Student, his magazine, at Stowe did he get "the sense of purpose, of vocation, which had been absent since arriving at Stowe."

This notion of purpose, or lack of it, recurs in the views entrepreneurs use to describe their schooling, or anxiety to quit. Lord Forte acknowledges that at the Monforte School he:

*Was treated as somehow special – as a member of the family ... (but) By the time I was seventeen I had decided what I wanted to do – to follow in my father's footsteps. I could visualise no other career ... Nor was I cut out for the academic life. At that age I wanted to be a successful businessman.*

There is little doubt that Bill Gates had the aptitude to follow the academic life. As early as his tenth grade, "he was hammering away at Maestretti (his science teacher), telling him he was wrong about a physics point ... and Gates was winning the argument." Another science teacher once commented that "if a teacher was slow, Bill always seemed on the verge of saying, 'but that's obvious."

This sense of impatience is not confined to European or Anglo Saxon views of education or enterprise. Akio Morito expressed the same perspective but linked it to his own interest in electronics:

*In fact, I became so engrossed in my electronic tinkering that I almost flunked out of school. My mother was called to the school often for conferences about my poor academic performance ... I was always seated up front under the eye of my teacher, with the slow learners.*

This was not through lack of academic ability:

*I used to be called to the principal's office to be talked to about my uneven work. When it got really bad, my parents would scold me and order me to put away my electronic toys. I would obey until my grades began to get better, and then I would go back to the things I liked best. ....*

There is wider evidence that the link between ideas and application is a vital part of the entrepreneurial mind set. Alan Sugar fits into most people's idea of the archetypal trader/entrepreneur but he speaks warmly of those early educational experiences that let him turn ideas into action:

*I could still to this day build a brick wall if I had to. And I can still recite parts of Shakespeare. I can turn a lathe and read or draw a technical drawing. It was an amazing school. It's died off, that kind of school.*

Across the Atlantic Ted Turner shows the same warm affect for his old school.

*I love McCallie (his old school) ... probably no single thing or institute has influenced my life more.*

This love is not always evident at the time. Ted Turner's mother says "Ted hated McCallie. I had to buy him new shoes every time he came home. He wore them out walking punishment tours. Nor is the regard always returned. One of Alan Sugar's teachers say that , "if anyone had asked who was going to beat the world, I doubt if anyone would have picked Alan Sugar."

### ***~Paradox***

This paradox of ability but inability to express with the formal educational system it recurs in the entrepreneurial literature. Some authors link it to broader aspects of the entrepreneurial personality.

*Is everyone who starts a small business ipso facto an entrepreneur? Are upstarts like Bill Gates, Steve Jobs, or David Packard still fulfilling an entrepreneurial function after they became titans of industry? Can university scientists or*

*economics professors perform entrepreneurial functions? How about political operatives? According to Drucker's definition of "opportunity seekers," all these individuals might easily be called "entrepreneurs."*

There remains considerable debate about the nature and drivers of the entrepreneurial personality.

*In the face of such uncertainty about what entrepreneurship is or who performs it, we can hardly isolate the factors that "produce" entrepreneurial talent. Yet, if entrepreneurship is the critical "engine of creative destruction" that Schumpeter suggests, we have reason to explore the origins of entrepreneurial talent. Does "nature" endow certain individuals with "animal spirits" or do identifiable experiences and forces nurture entrepreneurial dispositions? If we could identify the origins of entrepreneurship, we might be able to "invest" more resources into entrepreneurial development.*

Various drivers or characteristics have been identified they include:

An Achievement Motivation	A Desire to Control Externalities
Search for or Acceptance of Risk	High Self Esteem
Search for Independence	Opportunity Seeking

But there is little hard empirical evidence to support the notion that these traits truly drive entrepreneurs or that they are uniquely associated with entrepreneurial activity. The data is confused further by the evidence that many more people than start enterprises aspire to start their own business, 65% of American adults "own or say they've dreamed of starting a small business."

### ***A New World***

The evidence quoted last week highlighted the role knowledge and knowledge entrepreneurs in the emerging economy.

*Several studies have suggested that technology-based, start-up companies are more innovative and effective at job and wealth creation than large companies in capitalistic economies such as those of the United States and England. In an extensive series of studies, Roberts (1991) has demonstrated the importance of spin-off entrepreneurship to the evolution of the first great American technopolis of metropolitan Boston. Spin-offs from MIT and its related laboratories as well as other universities in the area have not only accounted for jobs and local wealth creation but also the development of local support infrastructure such as venture capital. Other studies, such as that by Smilor, Gibson and Dietrich (1990), have described the role of university and laboratory spin-offs in local economic development.*

In this environment, barriers between entrepreneurs and education become major barriers to economic success. New generation entrepreneurs shared some traditional characteristics of traditional entrepreneurs. Ted Turner of CNN spoke for generations of entrepreneurs when he said that his prime motivation lay in "finding out what you could accomplish if you really tried. His interest "was always in why people did the things that they did, and what causes people to rise to glorious heights." Like his heroes Turner "just wanted to be the best." Ted Turner saw that information, news and knowledge would dominate future markets long before his rivals. "I can up with the concept of a new channel even before my Superchannel (1977) was up on the satellite. Business is like a chess game and you have to look several moves ahead. Most people don't. They think one move at a time. But any good chess player knows when you're playing against a one-move opponent, you'll beat him every time."

By thinking ahead, Turner spotted that the technology and the need had converged. The technology to deliver 24 hour television news existed because of the convergence of satellite, cable, computers and other communications technologies. The hunger for instant access news has emerging and Turner was determined to deliver. "I think the people of America need this in-depth news service, and I'm willing to risk every thing I have to provide that service" was



Turner's view when he announced the launch of CNN in 1980. By 1997, fourteen of the fifteen richest people in North America had founded their fortunes in industries rooted firmly in the knowledge, information or communications industries.

The push of discovery, invention, innovation and change is only one aspect of the pressure on organisations to adapt and entrepreneurs to force change. The life cycles of products and services are getting shorter. In communications, for example, radio and film took almost seventy years to move from an interesting innovation to a mature technology. Television took thirty years to change from a technical curiosity to a mass market phenomenon. The personal computer took less than ten years to complete the same evolution. Portable telephones took less than three years to move from being a technical wonder to being a public nuisance. Products that once seemed like staples show all the characteristics of fashion items. Food stores are now dominated by products ranging from novel fruits to packaged meals that are treated more like fashion items than basic lines.

### **Herding Cats**

The pace of technological change and the ability of markets to absorb innovation means that industries, organisations and communities are in a constant state of flux. Periods of stability or consolidation are increasingly rare - if they exist at all. People and organisations that prosper are able to consolidate while changing. Stability is merely a platform for the next move forward. Organisations and management patterns are adapting to this new environment. New groups of workers with new values are growing in importance. The talent entrepreneurs - those people whose distinctive competencies, expertise or knowledge gives them freedom to choose where, for whom and how they work - is a new priority. Conventional reward and control systems have little effect when others are seeking their services or they work in a community whose internal values sustain them more than external demands.

In this environment, learning organisation created by entrepreneurs have a special prominence. They provide a creative environment in which talent works which giving the enterprise access to the knowledge and expertise that shapes the future. Learning organisations have adapted their ethos, values and actions to the dynamics of the new industrial revolution. The key features of these learning organisations are emerging. They include:

- Openness and transparency in operations so that creative links are built across the venture
- A minimum of bureaucracy and hierarchy enabling information and resource flows to move a need basis
- Team based systems that seek to tap into the total potential of all team members
- An emphasis on collaboration inside and outside the organisations to gain the best returns for all those involved
- People centred policies and operations
- Change orientation and acceptance that change is endemic

In sum, the education must develop entrepreneurs that build business that can must learn to learn.

Building entrepreneurial learning institutions is not a peripheral activity to support other tasks or functions, it is a redefinition of the entire venture.

David Garvin, in the Harvard Business Review, draws together the key features of this redefinition. He defines a learning organisation as “an organisation skilled at acquiring and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights. The more people understood the strategies being adopted - the easier it was for them to understand, contribute to and own the solutions.

Ultimately, the members of the learning organisation negotiate outcomes based on their learning needs and the fit between their learning and market or operational expectations. This pragmatic dimension to the development of the learning organisation gets lost in much of the development literature. Learning organisations will prosper if they are more effective in the new economic environment. Central to this shift are the five core skills of learning organisations.

- *Systematic problem solving*
- Experimentation
- Learning from experience and history
- Learning from others
- Transferring knowledge through organisation

Systematic problem solving concentrates entrepreneurs' attention on the patterns, which shape issues rather than the issues themselves. It is designed to link three distinct aspects of learning - recognition of the need to learn from past experience, awareness of pattern so that problems are prevented not solved and the accumulation of expertise. Experimentation is the creation of low risk learning environments in which variables are controlled and the implications of outcomes dissected, analysed and built into the experience of the organisation. Arie de Geus, planning director of Shell and pioneer of portfolio planning firmly identified the longevity of some companies as a result of their ability to conduct and learn from "experiments at the margin." These tests of entrepreneurs, their ideas and capabilities add to their competence and knowledge at low cost and little risk.

### ***The English Disease***

Within the UK, the question is the extent to which the problems of fitting entrepreneurship to education is an English or UK problem. This is well expressed by Chesterton when he says how:

*England certainly saw in recent centuries a progress in the sense of a process ... it was imperial in a merchantile manner: it seems now to be ending in (a) paradise of plutocrats ... But anyone attempting to show that this process affecting England actually was England, has to face and answer (the) arresting fact ... that every great Englishman with the gift of expression whom the world recognises as specifically English, and as speaking for many Englishmen, was in either unconscious contradiction to that trend or (more often) in furious revolt against it.*

This raises the question as to whether entrepreneurship or the entrepreneurial spirit sat comfortably with England or was an import from other nations.