



Stanford eCorner

Classroom Experiments in Entrepreneurship

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If you had five dollars and two hours, what would you do to make as much money as possible? In this clip, STVP Executive Director Tina Seelig recalls a classroom exercise in creative thinking and entrepreneurship that posed this quandry to student teams. The results were manifold and varied, often taking advantage of locally needed services, niche markets, and valuable time. These in-class experiments contain many valuable lessons on creative thinking in the start-up realm, including skills, ideas, and innovation as assets that always lend value.



Transcript

So a few years ago, I was at the d.School, the Design Institute at Stanford was just starting off. There was the first year there was a boot camp class. There was a whole cast of thousands of people teaching the class, and I was asked to teach one week that focused on entrepreneurship. "Tina, will you teach one week that gets folks understanding the general principles and the ideas of entrepreneurial thinking." So I thought, what can I do? So what I did is I gave the students every team an envelope, and in that envelope was seed funding. How many of you know this story? OK, we're going to get cut to the chase in the second and go on to the next stories, but this one is the first assignment I gave. They had an envelope and in that envelope was seed funding. They had four or five days to plan as long as they wanted, but as soon as they opened that envelope they had two hours to make as much money as possible. Now, for those people who don't know this, the folks who don't know the story, how much money do you think I gave them? Any guesses? Audience: 500 Tina Seelig: \$500, anyone else? Yeah. Audience: \$5 Tina Seelig: \$5. I bet you know this story, OK.

I know you know the story. So OK, let's cut to the chase here. I gave them \$5 and two hours to make as much money as possible. So what would you do if you were given this challenge? What would you do? Think about it. Does anyone have any ideas, any thoughts? Audience: Organize a party. Tina Seelig: Organize a party. Invite everyone and are you going to basically charge people? Audience: Absolutely. Tina Seelig: Absolutely. You charge people to come to your party. Love that idea, great! I'd love to come.

How much are you going to charge people? Audience: \$10. Tina Seelig: \$10, so how much is the party is going to cost? Audience: About \$50. Tina Seelig: About \$50 so you only need five people to break even. OK, good. Anyone else, another idea? What you might do with \$5 in two hours? First of all, you guys get gold stars because usually when I ask that question the first thing anyone ever says is, "go to Las Vegas" or "buy a lottery ticket." Really, they feel like, well I should take a really high risk for earning a big reward. Of course, we all know that the high likelihood is you're going to walk away with nothing. Well, let me tell you the clue. The teams that made the most money didn't use the \$5 at all. They realized that the \$5 was actually a limitation. They realized that that framed the problem way too tightly, and if that they looked at the skills they had and the opportunities around them that was worth a lot more.

So with that in mind, what do you think you would do? Any thoughts? OK, since you're being shy I'm going to tell you. I'm going to give you a couple of examples. One team set up a stand in the middle of the student union here at Stanford in front of Tressidor. They put up a little sign that said, "We will measure your bicycle tire pressure for free, but if you need air in the tires,

we will charge you a dollar." Pretty cool? Well, first they thought they were taking advantage of their fellow classmates because people could go around the corner and easily get their bike tires pumped up for free. But you know what, they realized halfway through the two hours that people were incredibly appreciative. And so what they did is they stopped asking for a dollar, and half way through they asked for donations instead, and you know what happened? People paid them much more. And they walked away at the end of two hours with a couple hundred of dollars. Pretty cool? Now there were some interesting things that fell out of this experiment. First of all they realized that iterating along the way experimenting was incredibly valuable. They could have stayed in their dorm room, written a business plan, and they never would have learned the fact all of these things they learned along the way that here by asking for donations they actually made more.

So by rapidly prototyping, experimenting, and trying things out along the way they actually learned a tremendous number of things. So let me tell you what another team did. Another team realized that on Saturday night there are all of these restaurants in Palo Alto that have really, really long lines. And so what they did is they made reservations at all of these restaurants, right? And as the time came up, they sold their reservation. It was a brilliant thing and again they learned some amazing things along the way. First of all, they learned that the women students were much better at selling the reservations, people trusted them more. And second of all, they realized this work best in the restaurants that have the buzzers that tell you when your restaurant reservation time is up because it was almost like a reverse hand grenade. It was something like "Here take this it's going to go off," and it was something tangible they can give. They was another added benefit there because once they give someone this buzzer they got that buzzer in return, and they now could trade that one and sell that one later in the evening, pretty cool. So again the students realized there was no excuse for ever having no money in their pocket.

All they had to do is look around and see the opportunities in their midst. But I have to tell you; the team that made the most money completely challenged all the assumptions. They realized that the most valuable thing they had was not the \$5 and was not the two hours. The most valuable thing they had was their three minute presentation time in class, which they sold to a company that wanted to recruit those students. Pretty amazing? It was brilliant and again the lesson here is that so often we frame problems way too tightly and if we keep unpacking and unpacking them we realized that we have resources that are much larger and more valuable than we even imagined. But we also realized that our own skills that we have and the opportunities around us are bigger than we ever thought at the beginning.