

IN-DEPTH

MBAs
+
Entrepreneurship

The Entrepreneur's Guide to the MBA

B-school isn't just for I-bankers. Educators and entrepreneurs discuss the benefits of business education for founders and innovative thinkers. **SARAH ASP OLSON**

About a week into his second year at the University of Southern California Marshall School of Business in Los Angeles, Jordan Meinster quit his job at Citibank after six years in the industry.

He entered Marshall's MBA

program with his eye on a career in investment banking. But during an entrepreneurship class, Meinster listened to a speech by LA Boxing founder and Marshall alum, Anthony Geisler. Geisler's personal story of successfully launching a fitness brand motivated Meinster to give up his steady paycheck

and pursue an idea that he'd been kicking around since his days as an undergrad.

"It started when I was a freshman in college," Meinster says. "I always played pickup basketball. I've lived in Baltimore, Denver, San Diego and Los Angeles.... It's the same no matter where you go."

Meinster found himself frustrated with the process. More than a dozen guys would show up at a gym or park to get in on a game, but “there was no organization to it,” he says.

Wouldn’t it be great, he thought, if there was a gym that specialized in organizing basketball games, staffed refs and made the experience more enjoyable for participants? He thought about it a lot over the years; he even did some research, but he ultimately shelved the idea as his career in banking took off.

“I didn’t have the wherewithal to get it going,” he says. “I didn’t know what I was doing and definitely didn’t have access to capital.”

After his first year at Marshall, though, Meinster began to see a way forward for his idea. He was surrounded by entrepreneurial energy—including alumni like Geisler, who became his mentor—and he was learning how to create a business plan, raise money, market and grow a business. He quit his job in October 2011 and opened the first PickUp USA gym the following June. The company is now signing its first franchise agreements across the country.

“I don’t think I could have launched this business without [an MBA],” Meinster says.

He’s not alone.

A recent Graduate Management Admissions Council survey of busi-

ness school graduates and alumni found that students who have entrepreneurial plans in business school “credit their graduate management degrees with helping them embark on their entrepreneurial journey. . . . These entrepreneur graduates overwhelmingly attested to the importance of their graduate management education to their career plans.”

THE ENTREPRENEUR’S SECRET SAUCE

Unlike Meinster, Daniella Reichstetter entered the MBA program at the Tuck School of Business at Dartmouth in Hanover, New Hampshire, already a seasoned entrepreneur. She was the fifth employee at Method home cleaning products.

Reichstetter, who now serves as executive director of entrepreneurship at the Center for Private Equity and Entrepreneurship at Tuck, had been thinking about an MBA for years. Then, when she jumped headfirst into a start-up, her need for general management training became apparent.

“I see a lot of entrepreneurs, and I was one of them, who get very good at winging it for lack of a better term, figuring out how to pull things off,” she says.

That scrappy approach and being a risk-taker is important for an entrepreneur, but equally important, Reichstetter says, is solid general management training.

“It’s an excellent counterweight to the approach of winging it,” she says. “If you have the entrepreneurial mindset, grounding that in practicality is kind of the secret sauce.”

No, you don’t need an MBA to start a business. But the notion that an entrepreneur has to learn by trial and error rather than benefitting from research and experience available within an MBA program is unfortunate, says Helena Yli-Renko, director of the Lloyd Greif Center for Entrepreneurial

MBA GRAD PROFILE

SCOTT PALADINI

FOUNDER AND CEO, BEAR MATTRESS
University of Florida, MBA, 2013



Scott Paladini, 36, learned the ropes of retail early on when working in his family’s mattress business, but he entered the world of finance after school. When he decided he wanted to start his own online mattress company, an MBA seemed like a good place to start.

AS A NEW ENTREPRENEUR, WHAT PROMPTED YOU TO PURSUE AN MBA?

Getting my MBA was the best way to build a foundation for the future. Without the leadership, management and operational concepts I learned, my company wouldn’t have been able to grow into the profitable, sustainable business that it has become today. I had to get the MBA first in order to set the proper goals and direction of the business from day one.

WHAT HAS BEEN THE PRIMARY BENEFIT?

An MBA helps you solve problems better. [Your instructors] don’t [hand you] a blueprint on how to start an online mattress business, but when you’re thinking about your marketing strategy, they [ask]: “How can you make it

more efficient? What should you look at? What’s worked in the past?” You just think through problems differently having gone through an MBA program.

WHAT ADVICE DO YOU HAVE FOR WOULD-BE ENTREPRENEURS IN FINDING THEIR NICHE?

Look for the things you can leverage—I would call them assets—that can help you become successful. My passion is being an entrepreneur and running a business. The mattresses came from the fact that I had a lot of assets that I could leverage and start the business that way. You can follow your passion, but be careful to make sure your passions align with how [you can] be successful.

Studies at USC Marshall.

"Just as we educate general business leaders or doctors or lawyers or engineers, in the same way we can educate entrepreneurs so they'll be more successful," she says.

From creating a business plan to building a network to understanding how to speak the language of business, the benefits of an MBA are numerous for those with entrepreneurial aspirations.

ACCESS TO EXPERTISE

Core courses, such as finance, marketing and operations, are useful in the day-to-day operation of a business. The key advantage, though, comes from a program specifically designed for entrepreneurs, says Matthew Klein, director of the Spiro Institute for Entrepreneurial Leadership at Clemson University in Clemson, South Carolina.

Throughout Clemson's MBAe program, students discover and defend the value of their ideas and learn how to verify whether people actually want what they are selling. They get core curriculum training, but instead of learning from the examples of large corporations like Amazon or GE, "the case study is your business or your idea," Klein says. "That's where you have a real differentiator."

MBA students enrolled in the Goizueta Business School at Emory University in Atlanta, Georgia, have access to a sequence of four entrepreneurship classes that teach students how to write, fund and implement their own business plan.

Vanderbilt's Owen Graduate School of Management in Nashville offers a traditional MBA core, but what makes it an ideal place for entrepreneurs, according to

Germain Böer, professor of management, emeritus, and director of the Owen Entrepreneurship Center, is a "whole string of things we do outside the classroom."

Among other opportunities, Owen MBA students sit down to lunch with about 20 entrepreneurs each year. They ask questions, hear stories, soak up knowledge and get inspired. Often, says Böer, students collect business cards and follow up for advice or mentorship. Owen students also are encouraged to pitch ideas to entrepreneurs at one of the school's FireStarter sessions. They get valuable feedback, which sometimes translates into actual support.

"If the student has an idea and one of those entrepreneurs knows people who are working on something similar, they can connect to those folks," Böer says.

Some of the most valuable lessons Elizabeth Amini, CEO and co-founder of Anti-AgingGames.com, took from her MBA program at USC Marshall came from her interactions with entrepreneurs, especially those who did double duty as instructors. When an MBA program is taught primarily by working entrepreneurs, she says, "it's night and day."

Amini recalls one class in particular taught by then-program director Tom O'Malia, an experienced author, consultant and founder, most notably of ShopTrac Data Collections Systems.

"He literally would not give us direction," she says. "His whole thing was you need to learn how to function in high ambiguity... because that's what entrepreneurship is. It was one of the best learning experiences I've had."

Embracing the unknown also is taught at Emory's Goizueta Business School. "Our MBA classes teach students to feel comfortable with ambiguity and, in contrast to the MBA degree's reputation from

MBA GRAD PROFILE

MARK WALLACE

CO-FOUNDER, OWNER AND MANAGER,
PARLOR CUSTOM SKIS
Babson College, MBA, 2014



As a semiprofessional ski racer, Mark Wallace, 34, knows the importance of the right pair of skis. After he left the circuit, Wallace began a career in construction and built custom skis on the side. As he began to think about taking Parlor Skis from a hobby to a company, he knew an MBA was a good first step.

WHY BABSON?

I went and looked at Babson and it was a school where a lot of people were building things: breweries and food products. I felt like there was this really good ecosystem for a physical product business.

HOW HAS WHAT YOU LEARNED CONTRIBUTED TO YOUR SUCCESS?

[Babson's] mantra is just start, just do something to get things moving. That's something I've really been able to take into the

business. You don't know if it's going to work until you test it.

WHAT'S BEEN MOST VALUABLE ABOUT YOUR MBA EXPERIENCE?

For a lot of people, the MBA is a check box to a higher position at a bigger company. For me, I felt there were skills I needed that I didn't have. I could have started the business without it, but there are so many things that Parlor needed to be that I wouldn't have learned as quickly had I not gotten my MBA.

20 years ago, teach students to be action oriented,” says Douglas Bowman, senior associate dean for working professionals MBA programs at Emory.

Amini was inspired by the action of USC alum Torin Pavia, founder and chairman of Arbitech, who drove three hours to teach entrepreneurship classes. At one point, he looked at Amini’s business plan and encouraged her to think bigger. “He said, ‘Do you think a person making \$100 million works 20 times harder than the person making \$5 million? No, they’re working the same, they’re just shooting for different things,’” Amini recalls. “That was the main thing Marshall provided; it just made you shoot bigger.”

CAMPUSWIDE COLLABORATION

University campuses house a wealth of talent beyond faculty and guest

speakers. In fact, one of the MBA’s biggest selling points for entrepreneurs is a classroom full of curious, creative people with diverse backgrounds who are eager to collaborate.

“Professors love these self-motivated students who have a personal stake in learning everything they can to give themselves an edge,” says Glenn Omura, associate dean for MBA and masters professional programs at Michigan State University’s Broad College of Business in East Lansing.

“You learn with a cohort of other people who are hungry to learn and improve their business skills,” says John McVea, director of the executive MBA and health care MBA at The University of St. Thomas’s Opus College of Business in St. Paul, Minnesota. “That’s very hard to do on your own and it’s hard to do in the workplace. Going into an MBA class-

room and interacting with a group of . . . students [who also are] struggling with business problems and learning, it’s an exciting, thrilling education and it inspires people.”

An entrepreneurially minded community was one of the primary draws for Mark Wallace when he entered Babson College’s MBA program in Wellesley, Massachusetts. The co-founder, owner and manager of Parlor Custom Skis recalls a specific in-class incident that shaped the way he eventually marketed his company.

“When we started, it was Parlor Handmade Skis,” he says. “I was in marketing class testing slogans. We tested Parlor Custom Skis versus Handmade Skis—one person liked handmade skis, 40 other people liked custom skis. We were totally wrong about the value of our product. That’s a moment where, in business-speak, it would be a pivot.

The product is the same, what we’re doing is the same, but how we talk about it and how we’ve grown that message [is] totally different coming out of that class.”

Wallace still stays in touch with his cohort, often teaming up with other Babson alumni for events and promotions.

While a diverse cohort can offer tremendous value, business schools don’t exist in a vacuum. Universities are full of resources and ideas to be mined. That’s what Reichstetter found when, as a student at Tuck, she launched the business Gyrobike.

“At the end of my second year I started working with some students in the engineering school,” she says. “I licensed the rights to a technology they invented in one of their engineering classes.”

Reichstetter commercialized the technology, brought it to market and ultimately sold the rights. Now,

as an administrator on Tuck’s campus, she is even more keenly aware of the benefit of cross-campus partnerships.

“We really encourage Dartmouth-wide collaboration and working together on the entrepreneurial front,” she says. “[We focus on] sharing the resources we have, and that cross pollination ends up being an effective way for us to support all students and get the best ideas out there. Gyrobike is a good example of that coming to fruition.”

The University of California San Diego’s Rady School of Management also takes a collaborative approach to entrepreneurship education. Among other programs, such as the core course sequence Lab to Market, “students can take part in the Rady Venture Fund, a student-run venture capital fund that pairs students with seasoned

venture investors and provides real capital to start-up companies,” says Joleen Schultz, director of marketing and communications at the Rady School of Management.

The result? In the past decade, students have launched 115 start-up companies that are still in operation today.

AN ONGOING NETWORK

Scott Paladini, founder and CEO of the online retailer Bear Mattress, lives and works in Hoboken, New Jersey, but he chose the MBA program at the University of Florida in Gainesville, in part, he says, because of its strong alumni network: “If you meet [another] Gator, the person will jump through hoops to help you out.”

Amini was another student who instantly recognized the benefit of an alumni network. She also was convinced that other alumni CEOs

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would be interested in connecting and supporting one another.

Amini emailed Marshall alumni who had started companies with an idea: the Trojan CEO Network, which would offer alumni entrepreneurs a portal for continuing education and support. She sold out 100 openings within three days. The network now includes CEOs, presidents, founders and executive directors. Most are USC alumni, but there are some parents of USC students or in-class speakers. Members have access to continuing education and peer-to-peer learning in-person, online and via teleconference.

“One of the most important com-

ponents is the Trojan CEO Forum, where groups of Trojan CEOs from anywhere in the world meet for two hours a month over a teleconference line to discuss their obstacles and opportunities in a confidential setting and help each other,” Amini says.

BEYOND THE START-UP

The entrepreneur’s path is very rarely a direct one. It’s unlikely, St. Thomas’ McVea says, to expect to graduate from business school, get an IPO and land on the cover of *Time* magazine. “Most entrepreneurial businesses do not start like that,” he says.

It’s more typical for MBA graduates to go to work for someone else to

hone their skills and expertise. Then, when all the elements align—context, timing and a good idea—an entrepreneurial employee may make the decision to start a business.

And if that doesn’t happen? What if you have no designs on starting your own business? Don’t rule out an MBA in entrepreneurship.

“These skills are useful to people who are in existing organizations whether they’re family businesses, big businesses, small businesses [or] nonprofit organizations,” says Andrew Corbett, professor and chair of Babson College’s entrepreneurship division. “You need people in that organization with an entrepreneurial mindset.”

That’s what Rick Seidman found when he decided to go back to school in Clemson’s MBAe program. Seidman is the CEO of Quoizel, a family-owned company that he joined more than 25 years ago. Already a CEO,

Seidman wasn’t planning to advance his career. Nor did he want to start something new.

“I didn’t need an MBA to further my education in finance or accounting,” he says. “I wanted to hear about what they’re teaching entrepreneurs for start-ups because I really believe the principles involved in being innovative and starting a business directly apply to an intrapreneurial standpoint.”

Given his position in the company, Seidman was able to immediately implement what he was learning at Clemson into day-to-day operations at Quoizel.

After taking a class on forced innovation, for example, Seidman approached his design team and challenged them to approach the process differently. Instead of looking at furniture trends, architecture and competitors’ lines, he asked them to seek out fashion for inspiration. That

experiment yielded several promising concepts, including a grommet-inspired line that was picked up by a major home furnishings retailer.

Not all intrapreneurs are in a position to affect real-time change within organizations, but a vast majority of employers today are explicitly looking to hire people with an entrepreneurial mindset.

“Nobody is hiring people to sit in a cubicle and literally just to do what they’re told and process systems,” McVea says. “If they’re hiring an MBA, they expect them to be innovative and just as creative as they would be if they were running their own business.”

The benefits of an MBA in entrepreneurship, agrees Clemson’s Klein, are tangible and long-lasting for both intrapreneurs and entrepreneurs, founders and employees.

“[You] learn how to identify and shape opportunities,” he says. “That’s with you for the rest of your life.” ▼

MBA GRAD PROFILE

BLAQUE REILY

FOUNDER/OWNER, PORTMANTEAU JEWELRY COLLECTION
Vanderbilt’s Owen Graduate School of Management, MBA, 2016



Blaque Reily, 32, hails from Alaska. Her parents were both photographers and entrepreneurs who owned a commercial fishing site. When Reily decided to pursue an MBA, the environmental science major had her eye on a career in resource management. During her program, she began working for local sustainable fashion brands, all while making and selling her own jewelry on the side.

DID YOU PLAN TO OPEN YOUR OWN COMPANY OR DISCOVER A PATH TO ENTREPRENEURSHIP AT OWEN?

I saw my parents go through the process, for sure, and didn’t necessarily expect that to happen for me. But once I started—people talk about catching a bug for it—it’s really satisfying.

WHAT DID YOU GAIN FROM THE PROGRAM AT OWEN?

It really supported the technical skills I needed for entrepreneurship. Then the other half of it is networking. The people I met were really inspiring and I began to grow my circles. That’s a rewarding part of having your own business—getting to

collaborate with other people.

YOU CAME INTO AN MBA PROGRAM WITH A DIFFERENT CAREER IN MIND. ARE YOU SURPRISED BY WHERE YOU ENDED UP?

I wouldn’t say surprised so much as really excited and grateful. I always wanted something a little different. It wasn’t clear what that was [until] halfway through my MBA.

The environmental part is still there; there’s a lot of work to be done in fashion and supply chain, and my business can be a part of that. So I don’t feel like I’ve abandoned that track. It’s just a little different than I thought.



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