Crowdfunding in the Curriculum

Enterprise Education White Paper

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Contents

Abstract

Since January 2016, five universities have worked with Crowdfund Campus to introduce crowdfunding to the curriculum. Educators have used a reward crowdfunding platform and a virtual crowdfunding platform, and applied them to undergraduate (UG) and postgraduate (PG) modules across faculties from entrepreneurship to fashion to sport.

This paper discusses how and why crowdfunding was implemented into the modules, how it was assessed, what the results were, and what was learned.

Context

What is the current situation?

The UK government is looking to universities to be a significant breeding ground of entrepreneurs. Lord Young's 2014 report recommends that every course "should include a core module on starting a business so that all graduates will leave with the necessary skills"[1] to gain employment or start a business.

Beyond the UK, EU[2] and World Economic Forum Policy[3] state that every student should develop enterprise skills as part of their university course.

There are an increasing number of entrepreneurship courses being offered by Higher Education Institutions (HEIs) in the UK. Masters Portal[4] list 109 master's degrees and What Uni[5] lists 132 undergraduate degrees, but these are isolated courses rather than integrated skills within every student's educational experience.

Entrepreneurial finance is changing rapidly. Reward crowdfunding emerged out of the US in 2009 with the creation of platforms like Kickstarter, for creative projects, and Indiegogo, for causes. In 2012, two platforms in the UK became the first to enable businesses to sell shares to the general public in return for investment, and in April 2014, it became a regulated industry. In that time, equity crowdfunding has overtaken Angel Finance and Venture Capital as the biggest source of seed-stage finance in the UK[6], but, despite this, crowdfunding is often missing from the curriculum.

The so called 'Post-1992 universities' and old polytechnics have been quicker to embrace 'enterprise education'. These 'teaching' focused universities are using enterprise as a way to distinguish themselves from the red brick and 'research' focused universities.

But, entrepreneurship still largely remains an extra-curricular activity, with the exception of entrepreneurship and innovation courses designed specifically for this purpose.

For a very thorough examination of the context underlying this whitepaper, please see the QAA guidance on Enterprise and Entrepreneurship Education.[7]

[1] *Lord Young (2014) Enterprise for All, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/338749/EnterpriseforAll-lowres-200614.pdf*

[2] *23 European Commission (2008) Entrepreneurship in Higher Education, Especially in Non-Business Studies: Report of the Expert Group, available at: http://ec.europa.eu/enterprise/policies/sme/files/support_measures/training_education/entr_highed_en.pdf*
UNCTAD (2010) The importance of entrepreneurship, available at: www.unctad.org/templates/Page.asp?intItemID=4320&lang=1

[3] *World Economic Forum (2009) Educating the Next Wave of Entrepreneurs: Unlocking entrepreneurial capabilities to meet the global challenges of the 21st Century, Report of the Global Education Initiative, Switzerland.*

Problems

1

Enterprise skills are not yet a part of every student's HE experience.

2

Where there are entrepreneurship courses, they often focus on outdated methods of assessment that don't allow for creativity or develop real-world entrepreneurial skills. Current assessment methods like business plans do not accept failure. Instead they link the success of the idea to the academic success of the student. But it is at the point of failure where there is the greatest opportunity for learning.

3

The biggest reason for start-up failure is making something nobody wants.[8] According to CBInsights, who undertook 101 post-mortems of start-up companies, an astonishing 42% were found to fail because their products had no market need. It is not enough for universities to create more entrepreneurs and more businesses if they are not ultimately successful.

4

Entrepreneurship education often lacks practitioner input, which is required alongside academic teaching to ensure students obtain both a theoretical and practical understanding of entrepreneurship. [9]

What are the potential benefits to a university of addressing these problems?

Providing students with enterprise skills will:

- Enable them to adapt to the fast-changing digital economy, where the jobs of the next 20 years will be significantly different to the jobs created over the last 20 years.
- Encourage them to create their own start-ups, some of which will become job creators over the next 20 years.
- Attract entrepreneurial students to the university by building a strong reputation for enterprise education, as entrepreneurship becomes an increasingly 'fashionable' career choice.
- Improve a university's ranking in the league tables, in line with a new government white paper, 'Success In The Knowledge Economy', linking university performance to employability skills and teaching quality.

[4] *Master Portal Search Results available at http://www.mastersportal.eu/study-options/268927062/entrepreneurship-united-kingdom.html*
[5] *What Uni Search Results available at http://www.whatuni.com/degree-courses/search?subject=entrepreneurship*
[6] *Beauhurst presentation at 2nd ERC funded Alternative Finance Workshop: "Entrepreneurial Finance Day", Hertfordshire Business School - 23 March 2016*
[7] *QAA Guidance on Enterprise and Entrepreneurship Education, available at http://www.qaa.ac.uk/en/Publications/Documents/enterprise-entrepreneurship-guidance.pdf*
[8] *CB Insights The Top 20 Reasons Startups Fail, available at https://www.cbinsights.com/research-reports/The-20-Reasons-Startups-Fail.pdf*
[9] *Beauhurst, 'Building Successful Collaborations: The SME's Viewpoint on Partnering with a University' covered by John Elmes and available at https://www.timeshighereducation.com/news/academics-lack-understanding-make-business-university-links-work-says-study*

Solutions

At Crowdfund Campus, we have built two online platforms that enable students to test ideas quickly, safely and cheaply with their peer group or with the wider world. The platforms use crowdfunding as a tool for enterprise education.

This technology is being used to get enterprise skills into any curriculum where students are generating ideas. The platforms accept failure and remove the link between business idea success and academic success. They are built by graduate entrepreneurs for student entrepreneurs, and are often accompanied by practitioner-led workshops. They have been applied to undergraduate and postgraduate modules across faculties from entrepreneurship to fashion to sport.

1

## Sandpit - A Virtual Crowdfunding Platform

www.sandpit.cc
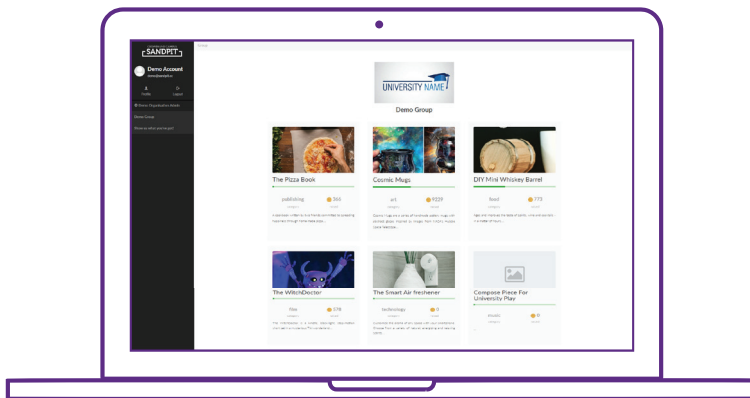
Students can post their ideas to an enclosed crowdfunding platform, only viewable to the class and the educators. Students set a target based on how much money they need to raise to achieve a hypothetical business goal (e.g. build a prototype).Their pitch can either be a sales pitch (reward crowdfunding) or an investment pitch (equity crowdfunding).

The Sandpit uses a virtual currency and feedback mechanism to test ideas with the peer group, who have the opportunity to play the role of customers or investors. The currency is scarce and so most campaigns fail, enabling the educator to assess the students' reaction to this failure.

2

A Real Crowdfunding Platform

www.crowdfundcampus.com
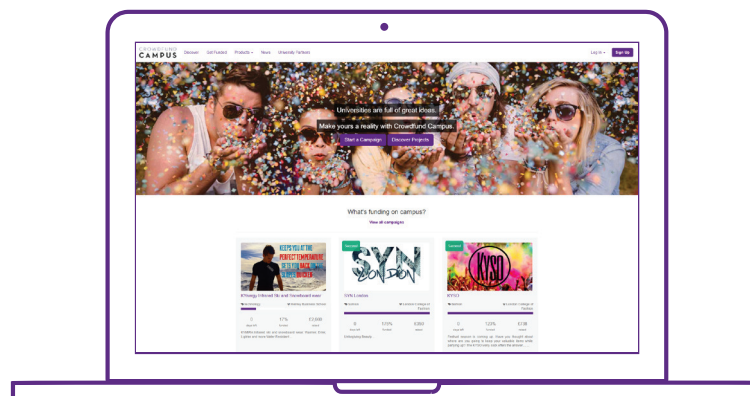
Students can post their ideas in the same way as they do in the Sandpit, but this time they offer real rewards; mainly products and services in return for a contribution. This tests to see whether their friends, family, customers, stakeholders and the wider world think their idea is worth pursuing. They back the campaign with real money, and the students are obligated to deliver on their proposal and reward the backers.

These solutions alone will not make a university 'entrepreneurial', and universities should consider start-up programmes, mentorship schemes, practitioner workshops and other tools recommended in Lord Young's report and the QAA Guidance on Enterprise Education to develop enterprise skills in the curriculum. However, these solutions do present one way to integrate enterprise skills into any module where students are generating ideas.

Benefits

1 Experiential Learning

The biggest source of learning in entrepreneurship comes from doing and failing. Students then need to be assessed on the actions they take, the creativity they show, the way they communicate their ideas and, should they fail, their willingness to tolerate failure, admit mistakes, learn and make changes. Through crowdfunding, students are able to fail, reflect on that failure, and be assessed on that reflection.

2 Market testing

"If you make something users want, you'll probably be fine, whatever else you do or don't do. And if you don't make something users want, then you're dead, whatever else you do or don't do," says Paul Graham, founder of Y-Combinator, the most successful accelerator in the world with a portfolio valued at over $76 billion.[10]

The most important aspect of entrepreneurship, then, is about finding a market need and a solution that meets that need. Successful entrepreneurs will try something, fail, learn, and try again. They will go through market tests until they reach 'Product-Market' fit. A market test is where the entrepreneur offers a potential solution and the targeted customer gives something back in return; this could be an e-mail address, a sign-up, or, in the best possible scenario, actually handing over money in the form of a pre-order (crowdfunding). Enterprise educators need to put greater emphasis on market tests.

3 Knowledge of early stage capital

Crowdfunding has dramatically reshaped the funding landscape in recent years. For many entrepreneurs, crowdfunding represents the only place they can turn for early-stage finance. But there are many myths surrounding it; that it is quick, easy, and only a bright idea posted online is enough to convince global netizens to fund it. By running a campaign, whether virtual or real, students will learn the truth about this form of funding: its benefits and pitfalls, and its suitability for their own ideas.

4 Develop a litany of practical enterprise skills

Creating and running a crowdfunding campaign requires a student to develop a number of practical enterprise skills, from marketing (including digital marketing, video production, copywriting, etc.), sales, strategy, social media and PR, as well as operational planning (sourcing, logistics, costing and delivery). In effect it is a mini-enterprise which, if successful, can be scaled and repeated to form a business.

[10] *Stats available at: https://blog.ycombinator.com/yc-stats*

Case Studies

Five case studies from universities that have used these solutions in their modules from January 2016 to May 2016.

University of Bradford

This information is taken from a case study written by course lecturers Rana Tassabehji (r.tassabehji@ bradford.ac.uk), Caroline Parkinson (c.parkinson4@bradford.ac.uk) and Shahid Rasul (s.rasul1@bradford. ac.uk), 'Nurturing Innovation and Future Entrepreneurs: A case of crowdfunding in University teaching'.

Tool: Sandpit

Department: School of Management

Level: Masters

Module: Entrepreneurship and Innovation

Time: 12 weeks

No. of students: 30

Participation: Individual

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Application of crowdfunding

Our aim is to cultivate an entrepreneurial mindset amongst our students and to provide an environment in which entrepreneurial practice can occur. This initiative links the opportunities offered by crowdfunding with practice-based approaches to entrepreneurial learning through experience.

The platform was open for a 12 week period and the campaigning and crowdfunding experience was linked directly to the module assessment. Students were asked to build crowdfunding campaigns around ideas generated, give and receive peer feedback, act on that feedback, critically appraise their idea, and reflect on the learning experience. The Sandpit activity was central to the module, supported by lectures, tutorials and formative feedback opportunities.

The five phases were:

- **Idea generation and formulation:** students generated initial innovative ideas around a problem or opportunity.

- **Early validation:** after researching their initial idea, the students had to consolidate, refine and communicate their idea to the class in a strict one minute elevator pitch.

- **Demonstration:** students then created their campaigns and organised their supporting material and launched them to the platform.

- **Reflection:** each student was expected to provide critically constructive feedback on at least three of their peers' campaigns. They were asked in their assignment to reflect on the feedback they in turn received on Sandpit, as well as from tutors previously in tutorials and formative feedback sessions.

- **Development:** this extra-curricular phase was open for all students wishing to take their ideas forward and allowed them to apply their learning from the Sandpit and realise their entrepreneurial competencies.

Challenges

1. **Idea generation:** students and tutors had different perceptions of the time needed for generating ideas.

2. **Fear and uncertainty:** students expressed an early reluctance to share or publicise their ideas.

3. **Articulating value:** a major challenge was in getting the students to think about and articulate the 'value' of their concepts from an external perspective.

4. **Creating effective campaigns:** we found that few students used all four main features of the campaigns to communicate their ideas to their audience. Surprisingly, in a social media world, there was reluctance to produce short videos.

Results

Overall, from an educator's perspective, this pilot has highlighted a need to help students out of a dominant mindset of criteria compliance into a mindset of experimentation, discovery, and learning by doing.

Feedback from a focus group and end-of-module review indicated that the students found the initiative to be a highly positive learning experience. In particular, they enjoyed the practical aspects of the activity. Importantly for evaluating the initiative, students told us that using the Sandpit platform genuinely validated their idea and that there was a real outcome at the end of the module – i.e. a potential idea to take forward.

Next steps

Having launched this initiative locally within the Faculty of Management, the future plan is to disseminate our experiences university-wide, to faculties such as engineering, computing, health, peace studies, biological sciences and others. Our intention is to develop an integrated curriculum for entrepreneurship and innovation teaching through multi-disciplinary programmes at master's and undergraduate level.

For more information, please contact the case study authors.

University of Birmingham

Written by the course lecturer, Natalia Vershinina.

Tool: Sandpit

Department: University of Birmingham Business School

Level: MSc Management: Entrepreneurship and Innovation

Module: Entrepreneurship: Business Start-up Module

No. of students: 95

Participation: Team

Application of crowdfunding

The idea of introducing the crowdfunding simulation into the module was to enable students to understand alternative sources of funding, and practice development of crowdfunding campaigns. Students also engaged in investing their 'campus coins' into the best business ideas. The Sandpit enabled the students to meet the learning outcomes and experience crowdfunding in a secure, simulated environment.

Students had to work to deadlines in groups, finalise their business propositions, and complete key templates that enabled them to transfer information to the group campaign pages. They had to be creative about the company name and visual logo, whilst also learning to create video materials using a number of additional software packages and identifying businesses in which to invest their campus coins.

Challenges

Getting all of the 89 students to sign in to the Sandpit has proved a challenge, and a number of students needed to be nudged to spend their campus coins.

Assessment

The campaign was assessed through four elements: the quality and clarity of the information on the campaign page; the quality and clarity of the video pitch; the reward system, and finally their ability to achieve the minimum amount of campus coins.

Results

It was a perfect fit for the module. The students have reported that this "game" was great and they felt involved in a competitive process. They felt that they have learnt skills relevant to contemporary society, and a lot of them would now consider setting up their ideas and using crowdfunding websites in search of funding.

Next steps

We have already had conversations with the Crowdfund Campus team, and not only are we going to utilise Sandpit again next year, but also we have requested small modifications in terms of the types of campaign (reward vs. equity). We have also suggested that additional reporting features be developed, in order to make it easier for the administrator/module leader to monitor student engagement. As a business school we are adopting a slightly different version of the Sandpit for our first year undergraduate module on entrepreneurship.

University of the Arts London: London College of Fashion

Written by the programme director, Dan Henderson.

Tool: Reward Platform

Course: Fashion Business

Participation: Team

Type: Real world crowdfunding

No. of campaigns: 4

Successful campaigns: 4

Total amount raised: £2,176

Average amount raised: £544

Total No. of backers: 65

Average no. of backers: 16.25

Average backer contribution: £30

Application of crowdfunding

We used a reward crowdfunding platform for a Fashion Business module, during the course of which students were required to raise funds and test their ideas in the real world.

In this module, students work together in teams to start a business. In previous years, teams were given £100 of start-up capital with which to buy material, produce a product and sell it. They could then reinvest the profits to grow this micro-enterprise. For those students (four out of eight groups) who were able to trade their product earlier, crowdfunding was used for its primary function: to generate income to scale the business, in this instance buying more stock for repeat sales.

An initial crowdfunding brief was delivered by Henry Jinman from Crowdfund Campus and the crowdfunding component of the module lasted a little over three months. The campaigns collected funds for up to 20 days. Preparing the crowdfunding campaigns took as much as three times longer than the campaign itself.

Creative universities such as ours are always trying to innovate through enhancing the academic curriculum with new ideas and technologies. Ultimately, we want our students to have the best learning experience possible whilst at the same time ensuring we equip them with the understanding and skills necessary for future employment.

In addition, there is a wider ambition whereby we would like all students who are keen on enterprise to use Crowdfund Campus whilst they are still in higher education.

Skills developed

By running real world crowdfunding campaigns, students gained an understanding of early stage financing of businesses. Crucially they learnt how reward crowdfunding can be used to test whether customers would buy their products and how this method can minimise risk of financial loss whilst validating an idea.

Other skills include: team work, resilience, confidence, financial planning skills, communication skills, applied strategic thinking, negotiation skills, taking the initiative, intuitive decision making, making things happen, networking, identifying opportunities, creative problem solving, innovating and personal effectiveness.

Results

- 52% of students engaged with Crowdfund Campus (this would have been 71% but one student team missed the deadline).

- 77% stated that crowdfunding should be used in the unit/other units.

- Out of 10 (being high), Crowdfund Campus scored 6 on average. Those that engaged with crowdfunding scored Crowdfund Campus higher, those that didn't scored Crowdfund Campus lower. This was in line with expectations.

- 42% of students want to continue their business once the teaching on this unit has stopped.

- 87% of students want to start their own business (one day).

- The response rate was 70% = 31/44 students.

Next Steps

The aim was more than achieved, especially as this was a trial. Next year the unit will be longer with more students and therefore we will be better placed to realise the potential offered.

We are looking to build on the successes this year and expand the use of the platform to a much larger cohort of approximately 150 students over a 12-week duration. Should this be successful we would then seek a fuller integration within the wider college.

University of Worcester

Written by the course lecturer, Paul Blakey.

Tool: Sandpit

Department: Institute of Sport and Exercise Science

Level: Undergraduate

Module: Sport Business Management BA (hons)

No. of students: 50

Participation: Pairs

Time: 5 weeks

Application of crowdfunding

The aim of incorporating crowdfunding into this module was to bring technology into the classroom, developing IT-related skills in a real world way that students could apply immediately to their sports clubs and teams. Although not an active consideration for the module, we recognise that these same skills are directly correlated to some of the employability skills in demand by graduate employers.

Amongst the 27 student ideas pitched on the platform, there was an outside gym, a park run, an archery club, a local marathon, bubble football, a ladies rugby club, etc.

The focus was on giving students an understanding of fundraising in sport, but additionally they were able to showcase their creative abilities by producing videos. This was a very important component of the campaign and we were really impressed by the quality of some of them. Students had to be innovative in their approach to offering value for the contribution in the form of rewards, and finally the whole campaign needed to be coherent, coordinated and communicated in a way that was a convincing sponsorship offer.

Assessment

There were four assessment criteria including:

1. innovation and creativity of the campaign;

2. application of sponsorship theory;

3. 1000 word document on the value of the 'offer' and potential sponsoring donors;

4. likely success of the campaign based on the written work of the students.

Challenges

Facilitation. Maintaining a sense of control over a large group of users was always going to be a challenge. Concentrating on the task rather than the platform was a good strategy to use to keep the group 'on-task'.

Unspent coins. A large number of coins remained unspent threatening the authenticity of the validation through virtual currency. This was largely due to the time of the module within the year, and the timing of the exercise within the module. As the last exercise before exams, the students' focus was elsewhere and the assessment took place on the creation of the campaigns rather than the success or failure of the funding.

Results

The students really enjoyed the opportunity to submit work in a completely different way. It brought out their creativity, and the task stimulated the identification of real-world sports projects that could benefit from crowdfunding.

Next Steps

A really great learning experience that will be repeated next academic year. I would like to use this tool again on my module, and we are considering expanding its use to a Sports Entrepreneurship module at Level 6.

Henley Business School

Written by the course leader, Keith Heron.

Tool: Sandpit

Department: Henley Business School

Level: Level 6 and Level 7 Joint Class

Module: New Venture Start-Up Module

No. of students: 50

Participation: Teams

Time: 4 weeks

Application of crowdfunding

The Sandpit was applied as a second feedback generation test. We allowed 4 weeks for the exercise.

The aim was to provide a different opportunity for receiving feedback to a value proposition without incurring the costs of a real test and gaining access to peer opinions.

On the whole the aim was achieved, except for two groups who colluded.

It fit very well, as this start up module should really be called the 'steps to start-up', as it aims to simulate the decision making and feedback options for entrepreneurs attempting to reduce uncertainty and risk and preserve scarce resources fo the start up itself.

Students showed creative thinking, communication skills and benchmark analysis.

Challenges

1. Time. There was not enough time for students to commit for so few marks.

2. Communication. Many students used far too many words and detail.

3. Benchmarking in a way that is easy to understand, compared to a verbal presentation.

Results

It is a fun addition to a range of assessment options, puts the onus on proactive students and allows students to understand the rank order and why their idea is maybe less attractive.

Next steps

We intend to repeat it next year and extend to the Undergraduate programme.

Conclusion

This paper set out to identify the pressures and problems universities face when applying enterprise skills to the curriculum, and to put forward crowdfunding as a tool for applying enterprise education across faculties and year groups. Whenever and wherever students are generating ideas, crowdfunding provides a way to test and validate them. In doing so, students gain many skills that will equip them for employment or starting their own businesses.

Current assessment methods often do not allow students to show their creativity or accept failure. What's more, crowdfunding as the biggest form of start-up finance in the UK is often overlooked in the curriculum.

The case studies show that, overall, students enjoyed the practical nature of the exercise and felt as though they benefited from adding crowdfunding to the curriculum. There were challenges in every case: from unspent coins in the virtual platform; to facilitating the smooth transition of large numbers of students to a new platform; to wrestling students out of a mindset of 'criteria compliance' and encouraging them to be more creative and accept failure. However, educators felt it fit into their existing modules and that, on the whole, the aims and learning outcomes were achieved.

As a result, the University of Birmingham is expanding crowdfunding in the curriculum to undergraduate provision; the University of Bradford is using both real and virtual platforms over the next three years to create an integrated entrepreneurship programme; and Henley Business School is expanding provision to undergraduate entrepreneurship, using the virtual platform to feed its real crowdfunding platform. The London College of Fashion will expand the use of crowdfunding to further modules within the college and then the wider university.

Based on the feedback from these initial pilots, further developments to the two platforms will be made over the summer in time for the 2016/2017 academic year; thus leading by example and showing that market testing, responding to feedback and iterating on the product is the way to build a business in the twenty-first century.

For further information on the case studies please do contact the authors directly.

For more information on bringing crowdfunding into your curriculum, please contact Henry Jinman at Crowdfund Campus via henry@crowdfundcampus.com. He would be delighted to help.

Get in touch

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