



UNDERSTANDING ACCESS TO CAPITAL ISSUES FOR ENTREPRENEURS THROUGH SIMULATIONS

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Introduction

Pitchfest is an interactive game to teach entrepreneurial thought and access to capital using real props and fake money. The goal is to reinvent an existing product, teach creative, entrepreneurial, “out of the box” thinking, instill basic business planning steps, develop an “elevator pitch,” and introduce the concept of bookkeeping or accounting on the road to winning. The winner of Pitchfest is ultimately the group that develops, pitches, and raises the most capital for their product.

The original design of Pitchfest was to teach players how to “think outside the box” when approaching access to capital issues that limit their ability to grow their business. Coaching the participants to understand the importance of unlimited creativity with re-inventing a product is also at the core of developing the habits of how an entrepreneur’s mind works (Chick 2012). The expert lens of Cook (2011) demonstrates there is an ongoing exploration of the entrepreneur’s mindset and creativity that is essential to strategy and ultimate success.

Short Simulation to Teach Entrepreneurship & Small Business Game

While simulations have limitations on their connectedness to reality, short simulations and the excitement of games aid in building intellectual competence that can be fostered and grown with the notion there are higher goals at work, especially when teaching entrepreneurial skills. One goal with short simulations is to build mental models and to solidify abstract concepts into a framework that will allow a learner to continue and broaden their learning horizons. Interactive learning and short simulations are ways to enhance knowledge and determine learning levels, while especially bringing invisible forces to the forefront of learning and exposing them to the learner (Psootka 2013). According to Robert Horn, pioneer of simulations and games, in a standard reference book for the field of learning games, it is paramount that learning games have a solid design, consider player data (such as age appropriateness, number of players or groupings), devise rules, and has clear objectives and established roles (Horn and Zuckerman 1977).

As more and more digital natives are coming of age, the reality of the effectiveness of and the important need for powering up creativity with short simulations is hinged on the premise of a game because of the impact it has on these learners (McGonigal 2011). Hence, a strategically well-crafted entrepreneurial game, rooted in business education fundamentals and executed in a controlled or timed environment, allows educators to quickly instill complex processes in the minds of learners. For instance, according to McGonigal:

Marc Prensky, author of *Teaching Digital Natives*, describes the current educational crisis like this: “‘Engage me or enrage me,’ today’s students demand. And believe me, they’re enraged. All the students we teach have something in their lives that’s really engaging – something that they do and that they are good at, something that has an engaging, creative component to it ... Video games are the epitome of this kind of total creative engagement. By comparison, school is so boring that kids, used to this other life, can’t stand it. And unlike previous generations of students, who grew up without games, they know what real engagement feels like. They know exactly what they’re missing.”

To try to close this gap, educators have spent the past decade bringing more and more games into our schools. Educational games are a huge and growing industry and they are being developed to help teach pretty much any topic or skill you could imagine, from history to math to science to foreign languages. When these games work – when they marry good game design with strong educational content – they provide a welcome relief to students who otherwise feel under-engaged in their daily school lives.

Pitchfest took the simulation model with clearly defined roles and rules to teach a variety of entrepreneurial skills that apply to participants of almost any age group.

Goal: Think like an Entrepreneur

Thinking like an entrepreneur is the foundation of Pitchfest and requires participants to understand the importance of “framing” one’s mindset to essentially deconstruct academia in order to embrace the creativeness of the entrepreneurial spirit, which is very important. Players must youthfully

“think outside of the box” because academia has a tendency to erode this youthful thinking over time while placing boundaries on “how we play the game” – so to speak – and removing these boundaries are essential to optimizing the game and experience (Dieckmann 2009). Fundamental to the game, as well, is using action methods in the re-invention of products as the players role play the “elevator pitch” because research has shown this is highly effective in culturing a learner’s mind toward teaching communication skills, which are necessary to winning the game with a catchy “elevator” or sales pitch (Baile et al. 2015). Therefore, creative thinking juxtaposed with a strong business plan with limitless uses for the products and action methods with developing the “elevator pitch” will set the stage for a competitive, fun-filled environment.

To illustrate the effectiveness of creative thinking when it comes to reinventing a product, here is a study about a paperclip. In the late 1960s, George Land conducted an experiment to test the divergent thinking abilities of the same 1,600 school children between the ages of 3 and 5, 8 and 10, and finally 13 and 15. The experiment simply gave the kids a paperclip and asked them to come up with as many uses for it as they could (Land and Jarman 1998). Between the ages of 3–5, 98% of the group ranked as “divergent thinking geniuses.” By age 10 only 30% of the same group of students qualified to such a level (Land and Jarman 1998). By age 15, only 10% of the kids were thinking at a “genius” level of divergence. Then the same test was given to 200,000 adults where only 2% tested at the genius level (Land and Jarman 1998). The lesson appears clear that creativity and thinking outside the box may be a learned behavior. It is evident that the way we educate kids seems to be great at encouraging linear thinking – memorization, multiple choice selection, repetition – but fails to teach or encourage creativity in the exercises.

What is Pitchfest?

The basis of Pitchfest is to develop a product to sell. To start the game, participants are provided random objects that they must use to create a product. For many participants, re-inventing a well-known product can prove difficult, and trainings to date have shown younger age groups (12–14 years old) have had more success with this facet of the training. The reality is that facilitating the mixology of information and elements of product re-invention and business startups are important pieces to winning the game and celebrating business success in the real world (Gruber 2014). Groups are then given 30–45 minutes to develop the product complete with a name, what it does, competitive advantage, and sales price.

This timed or controlled environment is key to successfully building a competitive atmosphere for learners to experience a walk down the entrepreneurial path. Hence, encouraging participants to lift the mental boundaries and truly get creative is arguably the most fun part of the simulation for everyone, including the instructor (no such thing as a bad idea in this phase of the simulation). Facilitating creativity sometimes requires asking open-ended questions without providing input. Lastly, to introduce the concept of peer-to-peer lending, each participant becomes an investor and must choose which of the products to invest in. The company that raises the most funds at the end is the winner!

Rules for Pitchfest

- Initial presentation of re-inventing products and the importance of capital for businesses to start and grow. We want to put participants in the shoes of entrepreneurs and introduce the creativity required to be one.
- Break into groups of 4–6 people, with no more than a total of 40–60 players for most effective game play.
- Create a business/product around an already existing item that is provided and selected by each team.
- Business planning:
 - 10–15 minutes – Business Concept, Planning, and Target Customer
 - 10–15 minutes – Identify Market Category and Identify One Key Product Benefit
 - 10–15 minutes – Identify Competition and Articulate One Unique Differentiator
- Develop a 60–90 second pitch for funding the product and business.
- Each team selects a sales person to present and an accountant that will collect and count the capital raised.
- Each team’s sales person has to deliver “the pitch” in less than 90 seconds.
- All participants are given \$100 of prop money and, once presentations are complete, they must give the prop money to the accountant of each product for accountability and reporting purposes.
- Players and teams cannot bootstrap (fund their own product) and invest in their own products.
- The business that receives the most funding wins!

The competitive environment of planning and developing the product adds to the learning experience in this short simulation. Pitchfest is best played when there is a minimum of 30 minutes for the game itself with smaller groups and up to an hour with larger groups. Ideally, a 90-minute session to include the presentation and instruction with an average group size of approximately 40–60 participants in the short simulation of Pitchfest.

Items Needed

- Toys, gadgets, knickknacks...basically any objects will work. We found that purchasing at a dollar store was the most cost effective.
- Prop money or some tangible paper to represent funds that participants will invest.
- Presentation materials on access to capital

Developing the Pitch

As we mentioned in putting people in the shoes of an entrepreneur, the entrepreneurial groups will select a sales representative and an accountant. The gist of this phase in the game is stressing the importance of focusing your business and presenting it to investors. Those who have a well-planned product and business pitch tend to have successful outcomes.

When instructing about “The Pitch” it’s important to use the Pitchfest template or something similar. Further, when instructing others on the how to pitch their business and product, the importance of storytelling should be incorporated. “Once upon a time” causes an emotional connection just hearing the words and to find a way to embrace storytelling creates a sense of “good old fashioned” conversation and a sense of community that is difficult to challenge in a competitive environment (Khoo 2012). Khoo further demonstrates the interconnectedness of learning to tell powerful stories of inspiration and motivation because it is a skill rarely taught and often forgotten or glossed over. Research and observation has shown storytelling can engage people more than any pie chart or spreadsheet or data-driven opportunity. Quite simply, it is well established that stories foster a deep human connection leading to epic business outcomes. Regardless of the environment, whether it is face-to-face or on the internet, storytelling is a highly influential and convincing tool.

Since the defining legislative moments of business education in the 19th century and progressing into the 21st century digital dawn of technology, a challenging and competitive pitch with a well-devised story and plan embraces several elements that are natural to some salespeople; however, these elements are also skills that can be taught (Hankins 1939). According to Hankins, these elements and skills inherent to the pitch are:

Pitchfest and Beyond

Taking entrepreneurialism beyond Pitchfest to other realms of business education and learning can be found in a variety of opportunities that all educators should consider, especially those in post-secondary learning and academia, such as Extension agents or university faculty, where resources and access to information may be more available (Holcombe and Muske 2000). Other components that educators should consider spawning or promoting in their communities are:

1. Be the brand and be excited about it.
2. Embracing and exuding the nonverbal laws of attraction.
3. The “power of packaging.”
4. A pitch that quickly captures one’s attention, a.k.a. “the grabber.”
5. And the “power close” by telling a story, saying something funny, and/or using visuals like the props provided for re-invention or ideation.

The energy of the sales person doing “the pitch” and the synergy with the audience debatably lends itself to the success or outcomes in garnering the most investor prop money. It is well established and understood that a dynamic, fast, fun, creative presentation or pitch is a pivotal aspect in selling the product in less than sixty seconds, and instructors need to ensure players get that information when facilitating the planning sessions as we previously discussed in the “Shoes of an Entrepreneur.” Therefore, when presenting the Pitchfest template, it is important for instructors to remind the business planners to select a sales person who is good at “interactive games and activities specifically designed to: build rapport and warm up the audience..... to get people’s blood flowing..... reinforce the key points of your message in an enjoyable way, and win back an audience that’s tuned out.” (Newstrom and Scannell 1998).

Education’s Role with Entrepreneurs

With parameters for Pitchfest in place, the role of educators with business education can be compartmentalized. Framing the aspects of business education in a way that is easy to present provides us with tools to identify or develop additional opportunities with curriculum dissemination. Through entrepreneurialism fundamentals and the exercise of Pitchfest, educators can let players know they have essentially learned and experienced the various “Investment Models” such as the following:

1. Peer-to-peer lending (everyone in the room is friends or acquaintances, usually).
2. Bootstrap lending (remind them not to do this, BUT also remind them this is an access to capital opportunity).
3. Crowdfunding (although the simulation is in real time it allows a brief opportunity to discuss the complex art and science of online crowdfunding).
4. Venture capital.
5. Angel investors.

There are a few key elements for an instructor to keep in mind. First, the instructor needs to obtain some interesting existing products (used, re-purposed, and dollar store toys) so the players can choose a product to re-invent. Second, the instructor needs to consider purchasing legitimate quality and “certified” prop money (with a real look) because this aspect adds to the competitive entrepreneurial atmosphere and spirit of the game (Brabeck 1994). Third, the instructor needs a bona fide prize for the winning team. Once everyone is put into groups and has selected their items, the game begins using the Pitchfest template to develop the “elevator pitch.”

Creativity and re-inventing are key elements of Pitchfest, so facilitators must remember that facilitating creativity sometimes requires asking open-ended questions without providing input. Some good questions to ask the groups in order to prompt product re-invention while migrating around the room are:

- What would your children do with that product?
- If research and development in a perfect world existed, what would that product REALLY do for you?
- If there were no limits to its capabilities, how would this product serve as a much-needed aspect of society?
- Always ask each other, “What if? What if? WHAT IF.....?”

While there are many more moving parts to these aspects of investing and entrepreneurialism, in less than 30–45 minutes players in the room experienced more channels of funding and access to capital than many young small business owners.

Pitfalls

Pitchfest has been taught to all age groups from middle schoolers to experienced professionals and been well received. The hands-on nature and innovativeness of the game have helped it receive great reviews each time. One pitfall would arise if the facilitator does not monitor the time and continue to move the groups through the process. It is the facilitator’s responsibility to engage the groups and ensure that pitches are developed in the allotted time and groups utilize creative re-invention ideas for the items they picked. Asking open-ended questions will prompt the participants to continue to reexamine their pitch. Use of sample pitch videos has been effective to illustrate what a pitch looks like.

Pitchfest and Beyond

Taking entrepreneurialism beyond Pitchfest to other realms of business education and learning can be found in a variety of opportunities that all educators should consider, especially those in post-secondary learning and academia, such as Extension agents or university faculty, where resources and access to information may be more available (Holcombe and Muske 2000). Other components that educators should consider spawning or promoting in their communities are:

1. Creating Environments for Networking and Support: think tanks, visioning taskforces, makers’ spaces, project places, hosting or facilitating public meetings, involvement in area chambers of commerce, place-making.
2. Providing Research and Data to Entrepreneurs and Small Business Owners: consulting on evaluations, survey design, conflict resolution curriculum, organizational development information, spawning succession planning.
3. Provide Workshops Based on Identified Need: educators actively engaged in small business, business education, or the dynamics of main street should always be looking to bring people together under this umbrella.
4. Endorsing and Promoting Research Based and Validated Projects or Products: bio char, bio mass, bio fuels.
5. Measuring or monitoring community outcomes and progress with small business.

Those in the business of teaching business education should always be on the lookout for a good case study. In this case, through the lens of Pitchfest, these authors can demonstrate the impact of this short simulation on small rural communities in less than one year:

1. Orient, WA every Friday is entrepreneur day and they have created a “mall” that is secured in a closet and opened once a semester to sell the re-invented products as a fundraiser for the school.
2. As fostered by the Kauffman Foundation, Republic and Curlew, WA, participate in and celebrate Global Entrepreneurial Week with a series of workshops, presentations, and activities. Thus, elementary and middle school children are being coached on small business fundamentals that will help them whether they are an employee, who should respect the work of a business owner, or an actual business owner, who is faced with the challenge of building sales to keep employees on the payroll.
3. Some of the schools and 4-H Clubs will be embracing the Lemonade Stand campaign as well, which is a simple interactive activity for teaching youth how to work with investors, creating a unique product, establishing a successful location, and how to put capital to work for saving, donating, and profiting.

The energy of the facilitator or educator leveraging Pitchfest should be cognizant of the high impact of short simulation games on the player, while maintaining a watchful eye for case study opportunities or qualitative data with the longitudinal outcomes of those being coached. When facilitating the game, the educator should consider a discussion specifically highlighting what has been learned, as well as a discussion of why the winners of the game were successful and why those elements were successful.

Conclusion

With an introduction to the entrepreneur’s mindset, getting into the shoes of an entrepreneur, and then embracing the pitch to walk a mile in those shoes, we have all the rules and elements necessary to execute the short simulation game, Pitchfest. As an instructor or facilitator, the bottom line of the Pitchfest short simulation as a game is simplicity. Therefore, to make this simple for any educator, it’s important to know the history of business education, as well as fundamentals with business plans and access to capital, in order to facilitate and execute the rules that step facilitators through the short simulation with almost any group.

Pitchfest is intentionally designed to be easy to execute and fun so anyone can play the game and walk through the simulation. Understanding the spectrum of business education available for the variety of today’s learners is important in developing strong entrepreneurs because small business and the entrepreneurial spirit is a major driving force in a free and capitalistic market that lead to job creation and building wealth (Bagley 2012). In conclusion, it was once said by an entrepreneur many years ago, “Success is everything. I measure success and keep score with others in the game of life by counting dollars.” This is the premise of Pitchfest.

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