



CASE study



Coaching to reduce business-startup failure rates

Johnson C. Smith University

An Interview with Linette Fox
Professor of Business Management
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Biddle Hall
Johnson C. Smith University

“Almost every student in this class has told me they want to start a business after they graduate,” says Linette Fox, a professor of Business Management at Johnson C. Smith University in Charlotte, North Carolina. “Two of them have started businesses already.”

A class full of ambitious, entrepreneurial go-getters would seem like a dream proposition to many professors. And while you might guess that Fox would be content to share some business wisdom with her students and offer them lots of encouragement, she is conflicted. Fox knows from her research that 90% of startups will fail. The question then: How should she coach her students to reduce that failure rate?

“I started thinking that business simulations might be part of the solution,” says Fox.



Professor Linette Fox
and student

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Fox’s doctoral entrepreneurship research fueled her interest in enhancing her curriculum with experiential learning opportunities in running a business. In her assessment of 107 junior and senior business majors at Johnson C. Smith University, 95% indicated that they wanted to start a business someday. As a result, Fox revised her small-business management course to focus more on entrepreneurship.

“I did a lot of research online, reading about simulations in general and some specific ones. I contacted the people that offer GoVenture CEO. We talked. I asked for a webinar. I liked what I saw and I liked the tone and content of our discussions. GoVenture CEO has been powerful in heightening students’ awareness of the factors that impact entrepreneurial failure and success.”

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At first, Fox intended to use GoVenture CEO to address this coaching issue surrounding the failure rate of business startups. "I do think that GoVenture CEO reflects real business processes," says Fox. "And, the ability to fail is important."

One of the great things about business simulations is that you can experiment with processes and strategies and risk spectacular failures without ever losing a cent of real money.

"I don't really grade my students on their success in the simulation," says Fox. "I grade them on their critical analysis of the gameplay. I want them to explain the advantages and disadvantages of working on a team. I want them to tell me what playing GoVenture CEO tells them about the high rate of failure of startups. I want them to tell me if they can learn from their mistakes. Do they have what it takes to succeed?"

Apparently, Fox's students have concluded they do indeed have the right stuff.

The GoVenture CEO simulation is quickly approaching a decision deadline. The simulation progresses in turns called periods. When a decision deadline arrives, the simulation advances by weighing all the player decisions for that period and reporting back how each company fared against its competitors.

The current top-seated team is determined to remain on top. The other teams are equally determined to claim the top position for themselves.

"It's interesting," says Fox. "In this competition, the top team has opted for low ethics." This is a strategic gamble for the top team. It saves them some cash in the short term, but leaves them wide open to potentially-costly legal actions.

"I am not a bit disappointed by their decision," says Fox. "This triggered a lot of discussion about the actual consequences of low ethics in the simulation and in society. I think it gave the students a chance to articulate their feelings about business ethics in new ways."

Fox's coaching efforts are supported by the many reporting functions in GoVenture CEO. Some reports help students to better succeed, while others can help instructors quickly spot deficiencies.

"I could tell from the Rubric Report whether students were participating," says Fox. This is an effective use of the Rubric Report, which delivers a score for each student based on their performance in 10 key metrics. "If I saw a problem with the Rubric Score, I would arrange a student meeting to 'nip it in the bud,' as my grandmother would say."

In the end, the learning solution presented by GoVenture CEO is just a starting point for better in-class discussions and more-effective coaching. Fox reports that in the interest of continuously improving her student learning outcomes, she uses students' critical analyses to revise her syllabus.

"Next time, I think I will spend more time practicing with the simulation and coaching my students on how to work together as a team," says Fox, who produces a final report of her own. "In their class evaluation, every student responded that yes, they would recommend GoVenture CEO to the next class of students."

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