

This story is by Kelly Toughill, associate professor at the School of Journalism, University of King's College, Halifax.



Media Spark's MicroBusiness game makes business fundamentals fun and easy.

What Journalism Students Learn by Selling Lemonade

By Kelly Toughill

I was three weeks in to teaching the first course of our new program in entrepreneurial journalism when I realized that my students didn't have a clue what I was talking about.

Specifically, they didn't understand the difference between collecting money from customers (revenues) and how much money was left over after paying the bills (income). It wasn't like I had glossed over that basic concept. They had in-depth readings. We'd even analyzed an income statement from a Canadian newspaper company, but still, they didn't get it.

That's when I decided to rip up the outline and start over again. I built version two around a simple business simulation game. This year, my students not only got the basic concepts, four weeks into the course they had the skills to build a two-year budget for a journalism organization with multiple revenue streams and calculate the monthly cash position and financing requirements.

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The University of King's College launched Canada's first entrepreneurial journalism program in 2011. Officially, it is called the Master of Journalism (New Ventures). It combines instruction in digital journalism with a specialized stream of business studies, capped by a professional project in which students get ready to launch their own journalism venture after graduation. It all begins with an intense, five-week-long summer course called Business Fundamentals for Journalists.

For the last few years, the core of that course has been a very simple online game sold by MediaSpark Inc. Students can choose to sell hot dogs, ice cream or clothes, and set up a cart at an arena, a factory or a shopping district. So what does this have to do with journalism? Everything.

Each three-hour class includes three parts: business theory, practice and relating the theory to journalism. The first hour includes a lecture and discussion of a core reading. Then the students play the game with a specific assigned goal. We compare their game results and discuss their decisions. Then comes the most important part—relating those concepts to journalism organizations.

Here's an example of a class designed to get students to think about how and why journalists choose to serve different audiences. The students read Segmentation and Marketing by Sunil Gupta, offered online by Harvard Business Publishing (\$7.95 US). After a full discussion of targeting, they boot up a game and try to capture the largest market share. The results of the game lead to a discussion about pricing and advertising and whether capturing the biggest slice of the market is always the best strategy. (It isn't). Usually, we get a few aha! moments here. (It's easy to capture market share if you sell below cost. You may be able to generate more profit with higher prices and a lower market share. The actions of your competitors may dictate your market share more than anything you do yourself.)

Then we discuss niche journalism versus mass-market journalism and I ask them to come up with examples of both. We explore why and how different media companies choose to serve different specific audiences. I usually tell them about how the Toronto Star abandoned its national and international audience in the early 1990s to focus on Southern Ontario. It was an economic decision that dramatically affected editorial focus.

My students struggle mightily with the difference between value propositions and products and have great difficulty following Clayton Christensen's directive to provide solutions to problems. But if I ask them about the difference in two game scenarios—selling lemonade in the heat of the day at a busy park versus late at night on a deserted street—they get it immediately.

The first solution is about thirst. The second may be about safety. Neither sale is directly dependent on lemons and sugar.

One of my favorite moments this year came when a student discovered during an in-class exercise that her best-selling product was putting her out of business because she was selling it below cost.

I also use the game to teach students about financial statements, contribution margins, profit ratios, basic strategy, strategic tools such as SWOT, VRIO and Five-Forces, basic marketing concepts and advertising basics such as CPM and pay-per-click. One of my favourite moments this year came when a student discovered during an in-class exercise that her best-selling product was putting her out of business because she was selling it below cost.

I chose MicroBusiness because it is cheap, simple and includes good metrics. It is also a little cheesy, with graphics that look like they were designed in 1982 and music that could be repurposed for a CIA torture program. It's produced by a Nova Scotia company, so there's a buy-local imperative as well. At first I thought the simplicity of design was a drawback, but now I think the opposite. Many students enter our graduate program afraid of math and a little bit afraid of business. There is nothing intimidating about MicroBusiness.

Here's what one student had to say in the end-of-term game analysis:

“Before this trial run, I had no idea how the costs of goods sold and expenditures could affect the income of a business. It's as if in my mind the only thing that mattered was total revenue. This feeling is hard to put in words; when you have experience with something it becomes tangible, but before that it's as if it doesn't exist.”

Yes, I'm using the game again next year.

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