

# Chapter 16

## Entrepreneurship Education, Business Plan, and the Pyramid Principle

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### ABSTRACT

*This article focuses on the teaching of a business plan as a tool for entrepreneurship education through the structure of the pyramid principle, seeking to find out how this framework was used to teach the preparation and communication of the business plan. The case study involved 332 students grouped into 104 projects, developed as a part of the degree in management at the Polytechnic Institute of Coimbra for ten years. The study is qualitative and quantitative and shows that 97.1% of the projects were based on customer needs. The method of teaching students was to guide them to effectuation, implying the application of the contingency model to teach the business plan. However, only 28.4% of the students in the sample indicated an increase in awareness for entrepreneurship and 20.9% stated that learning how to prepare the plan would be useful in the future.*

### INTRODUCTION

Teaching entrepreneurship has become widespread at institutions of higher education in many countries, including universities and polytechnic institutes (Fayolle, 2013; Honig, 2004; Kuratko, 2005; Morris & Liguori, 2016; Neck & Greene, 2011; Pardede, 2015). However, Kirby (2005) argued that traditional entrepreneurship education actually made it more difficult to develop the requirements, attributes and capabilities necessary for creating entrepreneurs. He suggests that there is a need to change the learning emphasis from educating “about” entrepreneurship to educating “for” entrepreneurship, and that entrepreneurship should not be synonymous with new enterprises or small business management, but rather be related to creativity and change (Kirby, 2005).

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The teaching of entrepreneurship has followed a variety of methods, including the use of cases, business simulation, business planning and various hands-on approaches (Gorman, Hanlon & King, 1997; Vesper & McMullan, 1988). One of the most widespread formats is teaching and monitoring the preparation of the business plan (Bhidé, 2000; Hills, 1988; Honig, 2004). However, despite being widespread, neither the teaching of business plans nor the plans themselves are sufficiently justified on the basis of the theoretical or empirical literature (Honig, 2004) and the debate about their relevance is intense in many studies (Brinckmann, Grichnik & Kapsa, 2010; Dimov, 2010; Honig & Samuelsson, 2014, 2015). Other studies claim business planning teaching activities, as generally employed, are not adequately documented in the literature (Honig & Hopp, 2016).

The teaching of entrepreneurship in higher education courses requires an effort of communication with students in order to motivate them, make them aware of the opportunities that arise in society, and allow them to master the best tools to plan any future business (Fayolle, 2013; Nabi, Liñán, Fayolle, Krueger & Walmsley, 2017). Thus, with the purpose to fill this gap, the main objective of this article is to understand how the Minto (1996) pyramid structure can be used to teach the preparation and communication of the business plan in higher education courses.

The article is divided into five sections. Section 1 which introduces and contextualises the study is followed by a section reviewing the literature on entrepreneurship education, business plan teaching models, plan preparation and communication.

Section 3 describes the methodology used in the case study, and in section 4, the case of entrepreneurship teaching at the Polytechnic Institute of Coimbra is described. The applicability of the pyramid principle structure as a method of preparation and communication of the business plan is discussed here.

The conclusion emphasises the pertinence and applicability of the pyramid principle structure as a method of teaching entrepreneurship, based on the students' awareness of opportunities and capitalising on the logic of hierarchical and joined-up thinking with business plan information, rather than on actual business creation.

## **LITERATURE REVIEW**

### **Education for Entrepreneurship**

Many researchers have taken an interest in entrepreneurship education (Bae, Oian, Miao & Fiat, 2014; Bechard & Gregoire, 2007; Carbonell, Hernandez & García, 2014; Gorman et al., 1997; Honig & Samuelsson, 2012; Kuratko, 2005; Leitch & Harrison, 1999; Liñán, 2004; Morselli, 2018; Peterman & Kennedy, 2003; Weber, 2011). These studies have focused on a variety of audiences, such as secondary and higher education students, students involved in various courses, people from different social and demographic backgrounds and with different levels of motivation and aspiration, participants from disadvantaged or underrepresented groups (women, the unemployed and immigrants) and even entrepreneurs and small business owners.

Entrepreneurship education has been defined by Fayolle, Gailly and Lassas-Clerc (2006, p. 702) as “any pedagogical [program] or process of education for entrepreneurial attitudes and skills”.

In general, engaging in certain types of entrepreneurship education increases the intention of self-informed individuals to start a business (Fisher, 2012; Neck & Corbett, 2018). The development of assessment skills in students' learning also impacts motivation in venture creation (Wenninger, 2019).

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