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## The College Dropout Turned Billionaire Entrepreneur

It isn't likely, despite the attention on tech founders such as Mark Zuckerberg. The data show that those who graduate have a much higher likelihood of making it

By [Scott Shane](#)

In an April [blog post](#), "Want to be an entrepreneur? Drop out of college," Caterina Fake identified a number of successful tech founders who had quit school. The co-founder of Flickr ([YHOO](#)) and [Hunch](#) then argued that aspiring entrepreneurs should drop out of college and apprentice.

While Fake's headline is provocative, the data don't support her assertion. Statistically speaking, entrepreneurs are more likely to be successful if they graduate college than if they don't.

### EDUCATION INCREASES ENTREPRENEURS' PERFORMANCE

A 2008 [study](#) by Vivek Wadhwa, Richard Freeman, and Ben Rissing that surveyed chief executive officers and product development heads at more than 500 high-tech companies showed that "education provides an advantage in tech entrepreneurship." Specifically, the companies founded by college graduates had twice the sales and employment of the companies founded by people who didn't go to college, on average. These numbers are consistent with [many other studies](#) that show that founder education reduces business failure rates and increases profits, sales, and employment.

Moreover, many studies show that better-educated entrepreneurs are more likely to receive external financing. The [2002 Census Bureau's Survey of Business Owners](#) shows that two-thirds of business owners whose businesses have received an external equity investment had a college degree or higher, but only 40 percent of the founders of all startups had that much education. Similarly, an analysis of the [Kauffman Firm Survey](#), which tracks the 2004 cohort of new businesses over time, found that 57 percent of business owners whose companies received an equity investment from an external source in their first year in business had at least a college education, as compared with only half of all businesses.

### WHY COLLEGE WON'T TEACH YOU TO BE AN ENTREPRENEUR

Fake argues that you don't need to go to college to become a successful entrepreneur because "entrepreneurship works on the apprenticeship model." You learn how to run a successful startup by working with people who know how to build companies, rather than from reading books and hearing lectures.

Fake makes a fair point. We have no solid scientific evidence that studying entrepreneurship in college makes anyone a better entrepreneur.

But that doesn't mean you should skip college. Going to college will make it easier for you to learn to be an entrepreneur as an apprentice. If for no other reason, getting an education will help you get a job where you can work with successful entrepreneurs.

### COLLEGE AND THE APPRENTICESHIP MODEL

If you're like most people, you're going to need to work for a while before you can start a successful company. Few people have the business ideas, skills, and networks to start successful high-tech businesses right out of high school. Wadhwa and his colleagues found that the average tech company founder doesn't become an entrepreneur until 16 years after he finishes school.

Working will help you to develop business skills and networks and to learn about the business opportunities that you will need to become a successful entrepreneur. Much research shows that new businesses have lower failure rates and achieve higher levels of profits and sales if their founders have more experience working in the industry when they start the companies.

Fake argues that "industry knowledge can only be picked up by observing other startups and using their products, talking to other entrepreneurs, watching their presentations, attending conferences where they are speaking, and most importantly building stuff yourself, and learning from peers who are doing it better than you are."

Even if this is true, you don't have to be the founder of a company to learn from other people in your industry. You can do it as an employee.

This is where going to college comes in. What you can learn as an employee depends a lot on what kind of job you have. A job that puts you in meetings with your company's chief executive officer, for example, will teach you more of what you need to know to be a successful entrepreneur than a job stocking shelves in a warehouse.

College graduates tend to get the better jobs. This makes them more likely to learn entrepreneurial skills, build the right business network, and be exposed to new business opportunities as employees. In fact, numerous studies show that new businesses are more successful if their founders previously held management or supervisory jobs.

## THE IMPLICATIONS

Sure, there are some very successful tech entrepreneurs, like Michael Dell and Mark Zuckerberg, who never graduated from college. But these examples don't mean that you will be a more successful entrepreneur if you quit college or don't go at all. Rather, the data show that going to college will improve your odds of entrepreneurial success.

Besides, if you're going to ignore the data, then why stop at college. After all, [J.R.Simplot](#), who built a \$3 billion company off his invention of the frozen French fry, quit school at age 14. Do you really think he was successful because he dropped out?

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