



Freie Universität



Berlin

INTERNATIONALE AKADEMIE

für innovative Pädagogik, Psychologie und Ökonomie gGmbH (INA) an der Freien Universität Berlin

Prof. Dr. Günter Faltin

Prof. em. Dr. Jürgen Zimmer

Innovative Entrepreneurship & Entrepreneurship Education

**A Dossier for the
WORLD ECONOMIC FORUM**

May 2012

International Academy for Innovative Pedagogy, Psychology and Economics gGmbH (INA)

at the Free University of Berlin • President: Prof. Dr. Jürgen Zimmer

Malteserstraße 74-100, House L, 5th floor • D-12249 Berlin

phone: +49-30-838 55679 • Fax: +49-30-838 52130 • www.ina.fu-berlin.de • e-mail: info@ina-fu.org – kirchberger@ina-fu.org

Contents

	Introduction	6
A	INNOVATIVE ENTREPRENEURSHIP	7
	1. Entrepreneurship as an Innovative Process: About Initial Ideas, Concept-Creative Founders, and the Entrepreneurial Society (Günter Faltn)	
	2. The Stepchild Concept: It Pays to Fine-Tune Your Concept (Günter Faltn)	12
	<ul style="list-style-type: none"> 2.1 Not inspirations or passing fancies 2.2 Developing your own concept 2.3 The difference between invention and innovation 2.4 The difference between entrepreneurship and business administration 2.5 Patents and new technologies are only the raw material 2.6 What good entrepreneurial design must accomplish 2.7 Working at the puzzle 2.8 Creating an idea that is a work of art 2.9 Understand the principle and you can start many businesses 2.10 Successful companies originate in the mind 	
	3. Avoiding Overload (Günter Faltn)	32
	<ul style="list-style-type: none"> 3.1 The entrepreneur as Jack-of-all-trades-and why we have to get rid of this old saw 3.2 Recognize your own ignorance, or: the art of judgment and cooperation 3.3 Where startup consultants fail: the example of Dorothee the artist 3.4 "A business of your own means the business owns you" 3.5 Follow the simplex business principles 3.6 Make room for different ideas 3.7. The adventure restaurant. <ul style="list-style-type: none"> 3.7.1 Entrepreneurship and political dogma 3.7.2 Learning outside the classroom 	

	3.7.3 The idea 3.7.4 Getting rid of the fanciful ideas	
4.	Building a Business with Components (<i>Günter Faltin</i>)	47
	4.1 Launching a company – live! 4.2 Working with components 4.2.1 Startups with wings 4.2.2 An example 4.2.3 The company as an idea construct 4.3 Eliminating growth crises 4.4 Making use of "embedded knowledge"	
5.	Playing in the Big Boys' League (<i>Günter Faltin</i>)	59
	5.1 Can you imagine building an industrial facility? 5.2 Buying a service package 5.3 Composing your company 5.4 An example: making toothbrushes cheaper 5.5 Short of capital? 5.6 Personality, not anonymity 5.7 So, now do you want a little company of your own? 5.8 Market leader overnight	
6.	The Departure from Myths (<i>Günter Faltin / Jürgen Zimmer</i>)	73
	6.1 The myth of the state 6.2 The myth of the resource 6.3 The problem with charity	
7.	The Economics of Morality (<i>Günter Faltin / Jürgen Zimmer</i>)	79
B	LEARNING IN THE MARKET (<i>Jürgen Zimmer</i>)	80
1.	The Failure of the Educational Profession	80
2.	Emergency Education	85
3.	Understanding the Children of the Poor as Entrepreneurs	88
4.	The Earthworms of Crussow	101
5.	The Little Dying Factory	105

C	ENTREPRENEURSHIP EDUCATION - SCHOOL FOR LIFE (<i>Jürgen Zimmer</i>)	106
	1. Little History 2. At First Sight 3. Characteristics 3.1 National, international and intercultural education 3.2 Discovery learning and individualized teaching 3.3 Education for innovative entrepreneurship 3.3.1 Entrepreneurship: criterion for educational reform 3.3.2 Innovative Entrepreneurship 3.4 Education for intelligent modesty 3.5 Community education 3.6 Value education	106 107 108
	4. The Family & Community Concept 5. Kindergarten 6. Schooling and Deschooling 6.1 The one curriculum or the other 6.2 Learning in projects 6.3 When children do research - mind mapping 6.4 Dynamizing the day 6.5 Getting out of the classroom 6.6 From kindergarten to university	119 121 123
	7. Learning Through Life 7.1 Centers of excellence 7.2 Curriculum development 7.3 The Life-Situational approach	129
	8. The Seven Centers of Excellence 8.1 Center for Body & Soul 8.2 Center for Cultural Heritage & Development 8.3 Center for Technology & Ecology 8.4 Center for Culture Sensitive Tourism 8.5 Center for International Communication 8.6 Center for Nutrition & Health 8.7 Center for Organic Farming	133

	9. Think Tank and Master Student Workshops	140
	10. The Setting	141
	10.1 Open learning village	
	10.2 The masterplan of the village	
	11. Teachers	143
	11.1 Teachers & community development	
	11.2 Masters as teachers	
	12. Guests	144
	13. Partners	145
	13.1 Thai communities	
	13.2 Thai authorities and advisors	
	13.3 International partners	
	13.4 School for Life Chiang Mai	
	14. Transfer of Innovation	146
	14.1 Basic problems of school and three answers	
	14.2 School for Life as a model	
D	HOW TO WORK OUT YOUR OWN HIGH-POTENTIAL CONCEPT: THE ENTREPRENEURSHIP LABORATORY (<i>Günter Faltn</i>)	149
	1. Opening up the Idea	150
	1.1 Finding out what really motivates the founder	
	1.2 Trying out new perspectives	
	2. Seven Techniques for Working Out an Entrepreneurial Design	153
	2.2 Discover potential in what exists already	
	2.3 Function, not convention	
	2.3 Recombining what already exists	
	2.4 Fulfilling more than one function	

	<ul style="list-style-type: none"> 2.5 Seeing problems as opportunities 2.6 Turning work into fun and entertainment 2.7 Turning visions into reality 	
	3. The Sense and Nonsense of Business Plans	161
	4. And How Can I Draw Attention to my Start-Up?	163
	<ul style="list-style-type: none"> 4.1 Going from zero to one 4.2 We are the brands 4.3 Flaunting your idea 4.4 ...but you can also do without 	
	5. The Idea of Building with Bottles	169
E	PERSPECTIVES (<i>Günter Faltin / Jürgen Zimmer</i>)	171
	1. Asking the Social Question Anew	171
	2. Market versus Power	176
	<ul style="list-style-type: none"> 2.1 Talking about the market and preventing the market 2.2 Archeology of the market 2.3 From monotony to diversity 	
F	ABOUT THE AUTHORS	185
G	FOOTNOTES	191
H	SOURCES	197

Introduction

At one of the Global Agenda Councils of the World Economic Forum in Abu Dhabi, in October 2011, a South-American participant who was speaking on the subject of 'Entrepreneurship' said that in his country, a politician who wanted to win the next election had quickly arranged a funding program for Entrepreneurship just before the election, of which nothing then came. An African participant commented that if someone in his country founded a small business and employed one person, this employee would carefully study how the product is developed and marketed before handing in their notice, starting up another small business, copying the product and selling it slightly cheaper. It just wouldn't work.

It seems paradoxical: although the subject 'Entrepreneurship', which thirty or forty years ago was still an outsider, has gained a lot of ground, it also seems to have given rise to much dilettantism and all the disappointments that come with that. Anyone can be an entrepreneur, we claim - but on the other hand, entrepreneurship is no child's play. It is asking to be learned.

This dossier aims to deal with some of the basic questions concerning successful entrepreneurship and to outline the consequences for Entrepreneurship Education. In so doing, it hopes to deliver arguments for economic policy which neither hinders entrepreneurs through jungles of bureaucracy, nor makes it sluggish through its subventions; it also wishes to provide arguments for an education policy which, if it wants to fight poverty partially through "Entrepreneurship for All", must get rid of the counter-productive structures and contents of the 'museum' school.

There is unanimity amongst economists and economy policymakers that entrepreneurship has positive effects on economic growth and employment figures. This does not apply to "me too" start-ups. The opening of the 76th restaurant on the outermost ring-road of the Thai city Chiang Mai might spice up the competition, but also leads to other collapses, and doesn't create jobs that can be counted upon in the long-term. We need innovative start-ups, and we should demand entrepreneurship as a basic qualification. This is the chance for the grassroots economists, the intelligent have-nots, the little agile fish who chase after the terrain of the big fish. The more of the poor who are armed with the basic qualification of entrepreneurship, emerge from the informal sector and overcome the barriers which Hernando de Soto described so powerfully, the greater the effects on growth and employment.

This dossier is divided into the following parts: section A is concerned with "Innovative Entrepreneurship"; section B deals with the failure of the educational profession and the realization that we can see the children of the poor as entrepreneurs and support them as such. Section C suggests preliminary paths for Entrepreneurship Education, illustrated by the two Schools for Life in Thailand, whose concepts were deemed by UNESCO a "much needed world class innovative effort in the field of education" and a "new

standard of educational excellence for the world community of the 21th century". Section D covers Adult Entrepreneurship Education in the form of an Entrepreneurship Laboratory. In Section E we revisit the social question, conduct a little archaeological study of the market and analyze the chances of the small business.

A) INNOVATIVE ENTREPRENEURSHIP

A) 1. Entrepreneurship as an Innovative Process: about Initial Ideas, Concept-Creative Founders, and the Entrepreneurial Society

The topic of entrepreneurial startups does not immediately bring Peter Drucker to mind. Rather, it brings to mind the many advisers who will tell you how to get started successfully: determine the company's legal framework, set up an accounting system, make decisions on marketing, staffing, financing, and much else. And the founding idea? Not the decisive factor, say the advisers. Ideas are a dime a dozen, they say – it's the implementation that matters. What matters are the managerial competencies that direct all your business processes.

Sounds reasonable, says Drucker – but it's actually wrong-headed. Don't start from the conventional processes that come with a start-up, let alone from the paperwork you have to take care of. Think from the angle of your innovation: what is the substance of your idea; what are the reasons for wanting to create an entrepreneurial start-up?

So was I thinking about Drucker, in my own field of expertise, that of entrepreneurship? No, I wasn't. Of course I had heard about him, had read him, as the management guru, the visionary, who articulated many things so much more clearly, less pretentiously, than some of today's expensive consulting firms.

Every great business starts with a small entrepreneurial idea. This sentence from Drucker I had picked up because I liked it. Yes, a flash, a small idea is what gets you going. A starting idea, so to speak. It doesn't let go of you if it has potential. You do research; you work on the idea; you mull on it. It grows; it gains depth and scope. The outline of a concept emerges. You reject some parts; you redesign: you experience breakthroughs, setbacks, real and imagined barriers. You push the parts of your concept around, like pieces of a puzzle, until – at some point – you get them to fit together.

The starting idea: couldn't one offer tea for much less money? An intuitive flash, a conjecture only, and yet the beginning of something larger. Tea leaves the plantation as an end product. It does not need to be roasted or ground, like coffee. No further processing required. Just packaging. Then why is the product so expensive in the tea shop? What makes it expensive are the many middlemen. Can you circumvent the wholesalers, importers, exporters? Not if you offer a large and diverse assortment of

teas. In that case, you buy such small amounts that the retailer cannot avoid dealing with a wholesaler. So: reduce the assortment; reduce it radically. Limiting yourself to just a few kinds of tea would let you buy in larger quantities. In fact, it would be best to stick to just one kind of tea. But who wants to drink just one kind of tea? Probably no one.

So, start again. Or not? After all, the idea of radical simplicity would make the tea much more affordable. You have found a lever on the problem; the idea has seized you and won't let you go. But the whole thing doesn't fit together yet. Start from scratch. You don't have to skimp on the purchase price of the tea; that's almost immaterial. What makes the tea expensive is the series of intermediate trading steps. Hence, buy a good tea. Better yet, a very good tea. But will customers believe your peculiar company's assertion that the tea is very good? After all, every trader in the market claims that his product is the cheapest and best.

Eventually even your own colleagues and friends begin to look at you as a little strange, if not weird. But if you are persistent enough, at some point everything comes together. "Things fall into place," as the saying goes. How about buying the best tea there is? As a benchmark, and to make the point? Is there such a tea? Is it sufficiently known and recognized? Back to research once again. Your findings: the tea-growing region of Darjeeling, and the first pick after the winter break – the legendary First Flush. There's an indisputable measure of quality.

Looks pretty good, doesn't it: the best tea in the world, at an unbeatably low price. Pretty persuasive to the customers, right? So that you can buy enough to order directly in the country of origin? Better still to replace the customary small packages with large ones, to reduce the price for the consumer even further.

Now you can't sit still anymore. In your mind, you already envision the collapse of the established competitors. Time to get going! "Zarathustra descends from the mountain, glowing and strong like the morning sun that emerges from dark hills." You yourself are completely convinced; to others, however, the concept looks fishy, if not foolhardy. Time and again, this has been my experience, but also that of the founders in my acquaintance. If you think radically in terms of functions, rather than conventions, you face incomprehension. "You are a fool until your idea becomes a success," as Mark Twain already knew.

The starting year of Teekampagne: 1985. Just one kind of tea, and that only in large packages. "People, don't you see how crazy the fellow is" – thus a student, when she heard the concept introduced in one of my classes. The colleagues in your discipline put it a bit more elegantly. You become an outsider, part of the lunatic fringe. In that place, it is good – both for your own self-image and for your professional reputation – if you can cite an older brother, the guru of all management gurus, who said, "At the beginning, there is a little idea."

The topic of entrepreneurship only shows up once in Drucker's work, in the title of a book published in 1985: *Innovation and Entrepreneurship*. This publication is not among his most famous writings, but rather a reference among insiders. But it contains a number of insights that are at odds with the mainstream of the entrepreneurship literature; views that one still has to do battle for.

“Professor, the world needs hair dressers and car mechanics too, not just your creative types.” True. We also need electricians, roofers, and house painters. Self-employment, owning your own business, cannot be the chief common feature of entrepreneurship. Drucker explicitly distinguished between the *small business owner* and the *entrepreneur*. Most start-up mentoring in Germany puts the small business owner and the conceptually creative entrepreneur into one and the same category, just as if *imitative* startups required the same tools as *innovative* ones. English usage has a better categorization: it distinguishes between *business administration* and *entrepreneurship*. Whereas the first term focuses on the organizational and administrative aspects of a business, the term “entrepreneurship” directs your attention to the New – to the creative and innovative dimensions of a start-up. An imitative start-up naturally encounters strong competitive pressure. In order to succeed, it has to utilize all possible managerial and organizational efficiencies. An innovative start-up is not subject to competition in the same measure. Since the innovation itself constitutes the competitive advantage, it makes sense to focus one's competencies and resources on that innovation. Unfortunately, the term “entrepreneurship,” long accepted internationally, still gives us a headache in Germany. But where you lack precise terminological distinctions, precise comprehension and implementation are slow to arise. Our terminological stewpot called “entrepreneur” often also includes executives who are employees, but not owners, of a company.

And who, I am then asked, is fit to be an entrepreneur? Don't we all agree that not everyone is suited for this role? There must be tests! Tests for the qualities that constitute the true entrepreneur¹: sharp elbows; a dominating personality; profit motivation; egocentrism – a list of such qualities is quickly generated. But the reality is quite different. There is a plethora of empirical studies, with the same conclusion: it is *not* possible to identify typical characteristics of successful founders. Entrepreneurs come in all different kinds. If at all, characteristic traits emerge in the *process* of longer-term, persistent engagement in the field of entrepreneurship. It is a folly, therefore, to focus on selection and characterize the entrepreneur as an unusual, rare (or even peculiar) figure. Drucker clearly rejected the clichés that make up our image of the entrepreneur. The entrepreneur, in his view, neither needs to be a genius, nor has to come up with a powerful, grandiose idea. *Attitudes and skills can be cultivated*. The entrepreneurial process, says Drucker, can be explained and follows certain principles. Most importantly, it begins with innovation. Drucker names seven sources of

¹ The German word is “Unternehmer” – another empty shell of a word that belongs in a museum of imprecise, outdated terminology.

innovation. He emphasizes that innovation can be approached *systematically* and – following Schumpeter – should not be equated with inventions or patents. Which takes us back to the ideas and concepts.

Sometimes it is even sufficient to transfer something familiar into a new field or context. The founders of Skype demonstrated this principle. Their company uses a standard software, VOIP, that has been around for years. The innovation lay not in their independent development of a product, but in their user-friendly elaboration and the improvement of interfaces – a relatively small effort, by the standards of developing a new technology. The decisive factor was that the founders could apply their experience in transporting large amounts of data, which they had acquired in running the Kazaa website.

If you radicalize this approach, you end up with the components concept: to piece together a new enterprise from building blocks that already exist. We can then imagine entrepreneurs as composers. They compose a new work from pre-existing elements – analogous to musical notes or the instruments in an orchestra. It is the simplest way of founding a start-up, and it has striking advantages: the founder can rely on proven elements that are professionally organized. Intensive division of labor and specialized services have prepared the field for this. Drawing on the construction kit that is already available, and that is daily supplemented by new parts, tools, and variations, we invent new combinations. The founder, then, has three tasks: one, to come up with a concept that can be composed of components; two, to find the right partners who can provide these components in a professional manner; three, to coordinate and control the interplay of these components. Investments are hardly needed anymore; mind has superseded money.

A related keyword is *simplicity*. *Successful innovators*, says Drucker, *start small and, above all, simple*. This is advice you cannot take seriously enough; it is supported by an even higher authority – Leonardo da Vinci's dictum that "*simplicity is the highest perfection*."

However, simple ideas usually appear at the end, not at the beginning of the creative thought process I have described. As a rule, they are preceded by seemingly endless thinking loops, from which at some point the core aspect emerges. Entrepreneurial ideas like those that created Gottlieb Duttweiler's Migros in Switzerland, Aldi in Germany or Ikea in Sweden, but also Teekampagne, are examples of concepts that are ultimately simple, but that have been thought through tenaciously for a long time.

Simplicity is a helpful principle. Most mistakes after an initial start-up occur as a consequence of unmanaged complexity. Processes become complicated on their own; the trick is to reduce them to simplicity again. Complexity is the founder's foe and needs to be resisted. Especially in phases of rapid growth, problems multiply and lead to those crises that are so frequently found in new enterprises. As the proverb has it, *any*

fool can complicate things. It requires more brains to think things through so that they remain simple and manageable.

Drucker spelled this out quite clearly and emphatically. Here is an excerpt from an interview with the German *manager magazin* (4/2002: “I feel sorry for managers”):

mm: Can one even say that multinational concerns like Daimler Chrysler are manageable?

Drucker: No, certainly not, the way they are organized today ...

mm: Why?

Drucker: Because it becomes ever more difficult and expensive to marshal all the expertise required to manage all the various tasks. Nothing complicated works. Only simple things work.

mm: You are just being provocative.

Drucker: I am serious.

But there is yet another aspect that matters to Drucker: the social dimension. In the words of noted Amazon book reviewer Werner Fuchs, “Recent events in the world of business and finance have diminished the reputation not only of managers, but also of their advisers. Many so-called business theorists are silenced or are busy refashioning their narratives. If Peter Drucker were still alive, he would have no need to do that.”

Drucker saw the biggest difficulty in reconciling the interests of different groups of stakeholders: *Investment funds urge companies to drive up short-term profits. At the same time many people who invest in shares for their retirement seek long-term company profitability. This conflict between a long-term orientation and short-term profits has caused a crisis for top management.* These are statements, articulated long before the present crisis, that could not have been more prescient.

Drucker has no patience with a perspective that is narrowly focused on one’s own enterprise. He has a pragmatic argument: *Many managers still live in the nineteenth century, when many innovations came out of a particular company or industry. Today it’s essentially the changes outside and around the company that shape its fate.* Innovations, he says, arise not only from progressive developments and patents within one’s line of business.

Far more than in earlier times, social developments need to be recognized as triggers of innovation. This is of timely relevance. To bring it to the point: an exclusive focus on sales and profits can become a *barrier* for entrepreneurial success. At the beginning of the 21st century, successful firms establish themselves not solely through managerial rationality, but through ideas for the future and sensitivity to the values of the society in which they exist. Teekampagne would be less successful if it only considered its short-term self-interest. The notion that *ethics pays* is received wisdom in management literature. The thesis that *market should become moral* is gaining acceptance. Mohammad Yunus’s appeal to larger companies to get involved in *social business* meets

with open ears, as business leaders recognize the need to position themselves not only in their markets, but also in their societies.

Drucker is the management theorist who has delineated the boundaries of management science – one could almost say, who has put it in its place. The *entrepreneurial society* envisioned by Drucker may yet lie some distance in the future. But what we can already do today is to make entrepreneurial thought and action more easily understood, more attractive and more accessible. “Entrepreneurship for many” is still a vision at the moment, but getting close to the touch.

A).2. The Stepchild Concept: It Pays to Fine-Tune Your Concept

What role does the concept play in founding a company? Neither the research on entrepreneurship nor the practical advice given to startup entrepreneurs places much weight on the underlying idea. Ideas are a dime a dozen. What could an idea be worth anyway?

There is, however, a whole array of very well-known businesses which originated from a new concept. Examples include the German discount supermarket chain Aldi, the Swedish home furnishings company Ikea, Anita Roddick’s The Body Shop and Duttweiler’s Swiss supermarket chain Migros, not to mention Skype and YouTube. We call them *Concept Creative Startups* because they did *not* spring from a patent, from new research findings or from a new technology, but rather represent a whole new species of business.

The idea itself can be quite simple: Aldi and Ikea each revolutionized their own industry by doing without expensive business furnishings or by having buyers assemble their own furniture. However, those simple ideas usually come at the end of the thought process, rather than at the beginning.

A) 2.1 Not inspirations or passing fancies

When I tell people about the Tea Campaign concept, they often say, “That’s so simple! Why didn’t I think of that myself?” An understandable reaction. People think it was an idea that was self-evident. Far from it! What looks simple as an outcome was in reality the result of a process that was not at all simple and was often very time-consuming.

When you work tenaciously to achieve a goal, using as few resources as possible, many ideas will gradually be reduced to the essence of their entrepreneurial concept. Just as Picasso was capable of creating a portrait using only a few brush strokes, in the end a good idea may appear as simple as it is masterful. But as a rule, getting there has taken you through protracted thought loops, from which a key element eventually emerges.

You are perhaps wondering why homely business models like Gottlieb Duttweiler's Swiss grocery chain Migros, our own Tea Campaign, or Holger Johnson's Ebuero have enjoyed such resounding success? Ultimately they are all typical of simple but well-thought out concepts.

In the case of the entrepreneurial concept for Ikea or Aldi, you could also ask yourself, "Why didn't I think of that?" But if we look closer, we see that very fundamental considerations stand behind these deceptively simple ideas.

Can you imagine furniture that the customer has to assemble himself? Can you design furniture that can be assembled without woodworking machinery or specialized tools? Doesn't this require a complete rethinking of how to make wardrobes, tables and chairs? Are customers even willing to put furniture together themselves? Do they have the time and inclination to do so? Do they dare? Isn't it unreasonable that people suddenly be required to assemble their own furniture? These are among the many novel questions that scarcely anyone before Ikea founder Ingvar Kamprad had ever asked. Did he get spontaneous positive feedback on these concerns from his circle of friends and acquaintances? I'm sure he didn't. The solution looks simple, but it demanded unconventional questions and a lot of mental effort before answers emerged: yes, customers were willing and able to assemble their furniture and, yes, the price incentives were sufficient to induce them to purchase furniture like this. Kamprad asked questions that, if they had even been asked previously, had elicited only negative responses. Kamprad had to challenge common sense and prevailing views, and he had no industry experts standing at his side. He had to rethink his furniture completely in order to figure out how to construct it so that ordinary consumers would be able to put it together at home.

Thus it's not a matter of inspiration or flashes of genius; it's about hard mental work. As long as you believe you have to wait for brilliant ideas, you won't get anywhere. Copernicus figured out that the earth revolved around the sun. The idea is really quite simple, isn't it? But to gain this insight required painstaking calculations and a change in very fundamental beliefs, which also proved to be highly dangerous for the astronomer Galileo who promoted this theory by Copernicus.

A few words about the 1950s. By then people in Germany were buying nice furniture again, replacing the makeshift solutions of the post-war period. Why would stores forego the aesthetic appointments that, the advertising people say, are needed to appeal to our emotions? Doing without such refinement was not a self-evident idea when the Albrecht brothers in Essen opened their first Spartan-looking stores, without all the store fixtures that had been customary up to then. It went counter to the views prevailing at the time, and no one would have believed that this would become the most successful grocery chain in Germany.

What can we learn from these two stories? Most people associate the word “idea” with inspiration. But this isn’t what it’s about. Apparently one can approach the development of an idea systematically and bring it to a successful conclusion. The magic formula is: “function, not convention.” Use function as the starting point; do not follow conventions, however established.

Duttweiler demonstrated this for us. He sat in the City of Zürich’s Statistical Office and combed through thousands of statistics, compared retail prices with those of other cities, calculated them backwards and forwards, and mapped out a concept that reads like a detective story in numbers. The title? “How Zürich Grocery Retailers Managed to Make the City the Most Expensive Area in Switzerland While at the Same Time Keeping the Citizens Indifferent.”

Duttweiler, with some friends, founded the Migros Company in 1925. On August 25, early in the morning, five trucks rolled off to deliver their goods to the people. The trucks were loaded with only six products – coffee, rice, sugar, noodles, coconut oil, and soap. All in large packages. A flyer explained why these goods were so inexpensive, despite their high quality. The trucks and their drivers were a kind of consumer education on wheels. Duttweiler, the diligent researcher and discoverer of the obvious, proved to be a successful entrepreneur of the first order with his breakthrough as price cutter.¹

Duttweiler can also be regarded as a pioneer in matters of efficiency. The Migros trucks were designed so that goods could be loaded into one side of the truck and conveniently unloaded from the other. Goods could be sold in odd quantities so that all prices could be in round numbers, which greatly facilitated making change. And prices were calculated to show the cost per 100-gram unit, creating price transparency despite the large and odd-sized packages. Those are little strokes of genius around the edges, but they show that Duttweiler thought in terms of a new simplicity. The world is becoming more complex every day, and we would have been overwhelmed long ago if occasionally someone hadn’t appeared to make things simpler. Above all, Duttweiler thought systematically, and from that developed a concept that revolutionized the Swiss retail trade.

When people think of creativity, most think of brainstorming or sudden inspirations. Time and again I have found that good ideas are not spontaneous inspirations, but rather the result of systematic deliberation. Louis Pasteur knew that “fortune favors the prepared mind.” When you have thought about a problem systematically, it can happen that the brilliant idea finally comes to you when you’re taking a walk, playing tennis or just daydreaming. Creative minds and methods are stimulated and promoted by an *enriched environment*, that is, by a context rich in stimuli. Everyone needs a certain latitude and time-out during which you are not pursuing any narrowly focused goal-oriented activities.²

Karl Vesper, an American professor who researched more than 100 successful startups, also came to the conclusion that one can work *systematically* on the development of an idea and that this method makes an essential contribution to the success of a new business.

One can approach the development of an idea totally purposefully and systematically.

KARL VESPER

Below, we describe what we call the intelligent path to success. The only thing you need is a brain for thinking, and a certain tenacity.

However, I can guarantee that you will not be the first to go this route. By now, there has been an impressive number of startups of this kind. This book will report on a few of them. Take these people and companies as an inspiration and as role models. And recognize that startups can be very diverse – and a lot of fun. You could even say that starting a business is like starting a new love affair.

A) 2.2 Developing your own concept

Your new love affair will begin completely risk-free. You don't need to invest anything and there will be no lean times to get through, nor long periods of work to put behind you. Start with an idea that you have had for a long time. What irritates me about some products? "Irritation is a great source of energy," according to Anita Roddick.

What do my friends and I lack? Couldn't we make certain things simpler, better, cheaper? What would I like to do, in collaboration with others? It's a question of finding an initial idea, selecting one from among the subjects you've already thought about.

Anyone who is actively creative – no matter what the field – knows that often the best ideas arise in moments of solitude, especially when the task is to work on a new puzzle rather than on an existing one. There is another situation that may help illustrate this principle: a school child who reads a classmate's essay is already caught in the web of that essay's thoughts.

Often original ideas arise only when you are working with a blank slate. Thus totally new ideas are not likely to be born when you put three experienced engineers together for three hours. While it's true that they will have a wealth of ideas, they will operate within, perhaps even be ensnared by, their own knowledge and the conventions that give meaning to their situation. Innovation is more likely to arise where established practices are challenged radically.

Now you're thinking: good; what I need is something radically different. Doesn't that mean that I need an invention of my own? No, you don't. Coming up with an invention and starting a business are not the same thing..

A) 2.3 The difference between invention and innovation

Invention and innovation appear to be closely related. Many people believe there must be an invention at the beginning of every entrepreneurial success story. "The rest" is then merely a question of "implementation." This approach may seem plausible, but it's highly dangerous. In the history of new business ventures, there have probably been more failures of promising but immature ideas than there have been successful startups.

I know of no historical tale that illustrates the difference between invention and innovation more clearly than that of Charles Goodyear.³ He hears about the properties of rubber, is fascinated and starts to work with this material. He has no money; to the contrary, he's had to flee from his creditors (much easier in his day than in ours). The year is 1833, and we're in Roxbury, Massachusetts. As promising as natural rubber appeared to be at first, and as infinite as the possibilities for using this material seem to be, it proves to be very difficult for Goodyear to manufacture usable products from it. Some of the material always remains soft and gummy, especially when it's hot. But in winter, when it gets very cold, it becomes brittle and hard as stone.

Goodyear begins to try out all sorts of substances, adding them to the natural rubber and conducting experiments. His family suffers. The three children get scarcely anything to eat. His wife lives with them outside of town and doesn't even have the money to visit her husband. By chance he comes upon a tip that sulfur is a good substance to improve the properties of natural rubber. Later he tries lead oxide. Once again, through luck and by chance something happens that will give rise to many legends in the history of research. By accident, a piece of rubber falls on the hot stove – and lo and behold, the heat transforms the material. Later Goodyear goes down in history as the man who invented the vulcanization of natural rubber.

In spite of this the company is not very successful. Goodyear's first promising order, 150 bags for the US Post Office, raises his hopes for revenue, but it turns out that the material doesn't have the properties required for the bags. One setback comes after another. One of the children falls ill. Goodyear can't afford a doctor, and the child dies. There's no money for a funeral either. His son is buried, and according to the neighbors, it's the most pitiful burial they've ever seen.

After many years his experiments show some success, and with the help of investor financing he's able to build a small factory. But fate strikes again. An unscrupulous businessman gets hold of Goodyear's knowledge: an angry shoemaker to whom Goodyear owes money reveals most of the manufacturing secrets. Because of the

imitator, business is poor, and finally it becomes necessary to bring legal action – which Goodyear wins. Now you're thinking: here comes the happy end. He'll make money for the first time and the infringing competitor will have to pay the patent royalties retroactively. But then Goodyear falls gravely ill. His many years of working with lead oxide have taken their toll. He dies.

Where's the happy end? After all, we all know that there's a big company by the name of "Goodyear." How come this company isn't part of the story? Very simple. It has nothing to do with Goodyear – at least not with him as the founder. Many years later, two German immigrants made use of his knowledge and started a company with his name, in memory of him.

The story of Charles Goodyear is not an isolated case. The number of inventors who never managed to implement practical applications because some detail or other was overlooked, or whose invention was successfully implemented by someone else, is legion. The economist Schumpeter has drawn a crucial distinction from this: invention and innovation are two fundamentally different processes. According to Schumpeter, when we speak of establishing a business, it is the innovator, not the inventor, who plays the leading role.

A) 2.4 The difference between entrepreneurship and business administration

At this point, it will be helpful to take another look at the relationship between the terms *entrepreneurship* and *business administration*. While the latter describes the organizational and administrative aspects of business, I propose that we use the term "entrepreneurship" to highlight the creative, innovative components of establishing a new business.

To conceptualize new things, it is necessary to have new tools, new language. The prospect of opportunities that will result from economic changes should not be sabotaged by the past. Accordingly we need new terminology. This isn't a question of merely redefining the terms, but rather showing that we are able to look at the entire field from a completely different perspective and gain new insights through more precise terminology.

There is no German word for entrepreneurship.⁴ The term "*Unternehmer*" often translated as "businessman," "industrialist" or "contractor," embraces three very different functions:

1. the ownership function (who owns the company);
2. the management function (how the company is run from a business perspective);
3. the innovation function (the concept upon which the company is founded and further developed).

It is important to differentiate clearly between them because these tasks are very different and in the modern world can be addressed from a division-of-labor approach. Let us stay with “entrepreneurship” and direct our focus to the creative components that drive an innovative startup. Which idea, which concept enables me, as a newcomer, to challenge established competitors?

The advice usually given to people starting businesses⁵ still emphasizes mastery of business administration. But where is the founder’s concept for the enterprise? It is mentioned only marginally. The prevailing view is that the founder brings the idea. “You want to have your own restaurant? Have you really thought it over, with all the competition that’s out there?” “Good – now you have to address the business administration aspects: management, administration, financing, marketing, and much more.” The idea itself is more or less regarded as a given. The crucial step, we are told, is to acquire the necessary business administration expertise in order to implement the idea with realistic performance targets.⁶

“What is an idea worth anyway?” Perhaps this is to some extent determined by the connotations of the word “idea.” It sounds like an initial thought, something fleeting, theoretically detached and maybe somewhat idealistic. That an individual’s own carefully thought-out idea could be the decisive factor for the success of a new business is not taken seriously in this literature..

However, it is possible to find literature that is more open-minded in this respect. If you take Timmons’s model,⁷ then the factors for success can be summed up in three groups: people, ideas and resources. Here at least a place has been made for a well-thought-out, well-developed idea. But even this approach places the emphasis on the organization of resources and on the business administration expertise of the founders and the management.

Only after the spectacular failures of numerous startups of the New Economy does it appear that people have begun to rethink this approach. Many of the startups between the years 1995 and 2000 drew upon the best management talent in the USA and enjoyed generous financing. Thus those factors could not be the grounds for their failure. No one will dispute that the Internet offers outstanding entrepreneurial opportunities. Private investors readily accept risk. Why then the high proportion of failures?

There was a lack of well-conceived and fully developed entrepreneurial concepts. A technology by itself does not provide an adequate concept for starting a business, and where such a concept is lacking, capital and management cannot make up for its absence. This is the lesson from the first Internet boom.

A) 2.5 Patents and new technologies are only the raw material

Let's take these thoughts a little further. Until now we have tacitly assumed that startups originating from innovative concepts are neglected or overlooked by mainstream researchers and consultants, whose primary focus of attention has been on the so-called *technology-oriented* startups. An invention, the patent based on it, or a new technology, seemed to be a solid basis for establishing a new company.

But is this really true? Is a patent or new technology really a sufficient foundation for a new company, an invention that merely requires commercial implementation? Of course it is natural to demand that the many patents developed at universities and research facilities be implemented in entrepreneurial initiatives. As reasonable as such a demand may appear to be, based on the fact that so much money and work have been poured into the development of these patents, the critical issue has been overlooked. *What is decisive isn't the quality of an invention or technology, but rather its acceptance in the market.* The inventor or researcher may have achieved an exceptional breakthrough. He or she may even have received a Nobel Prize for it – but the economic success of a product is determined by the buyers, not the Nobel Committee. Research follows a different logic than the marketplace.

The essential link between an invention, research finding or a new technology on the one hand, and economic success in the marketplace on the other, is the entrepreneurial concept. This is the critical nexus between research orientation and market orientation. We will refer to this as *entrepreneurial design*.⁸

Success Factors for Startups		
“Raw Material”	Entrepreneurial Design	Market
Invention, Research finding, New technology	Developing an Entrepreneurial Concept	Competition Customer acceptance
	Commercial Failure	Commercial Success

Importantly, entrepreneurial design is *not* commercial implementation. What is required in entrepreneurial design is an instinct for societal changes, a sensitivity to market developments. What you need are “truffle pigs,” that is, a good nose plus intuition. Patents and new technologies are the raw materials, but recognizing how they fit into an

entrepreneurial design requires precisely those competencies that the economist Schumpeter identified in his model of the innovative entrepreneur.

Consequently it will not suffice just to give the inventor or researcher her own business consultant or MBA, who is then supposed to “transfer” the patent or new technology into practice. It is not self-evident that a line manager in a business really can master this task, even - and especially - if he is an illustrious “master” of business administration. Here we are not asking whether the current content of a business administration curriculum is tailored to the task of fostering an “instinct for future developments,” whether a businessperson’s ability to weigh risks can be learned through mathematical formulas, or whether this can be learned at all in an academic context. We are dealing with a different issue.

In the past the inventor-plus-business administrator model functioned well. The markets of the nineteenth and twentieth centuries concentrated on production. To be sure, sales didn’t happen on their own, but they were not the main issue. Economists speak of a supply-oriented market when supply is the main focus of attention. Management and financing stood in the foreground. The brilliant engineer and the equally talented administrator together created a successful new company. The huge amounts of capital needed for the construction of steel plants, shipyards or textile factories made it necessary to procure the needed capital and to devote a great deal of attention to the financing needed to set up the business, and to accounting after it had been set up.

Today the bottleneck is no longer production but demand. There are more producers worldwide than ever before, and in many sectors there is surplus capacity. Competition is keen, and demand determines the market; economists refer to this as a demand-oriented market. Under these market conditions the critical task is to correctly assess the psychology of the markets and their changes, and to develop concepts that will survive in such a challenging environment.

This is something different from the competencies that constitute the instructional core of the training for a “Master of Business Administration” degree. The very term “administration” reveals from the outset that this training involves direction, but from a commercial-administrative perspective. Business Administration originated in order to maintain the oversight needed in large-scale businesses. This is where its strengths lie, not in working out innovative concepts for establishing new enterprises. The inventor-plus-administrator team was a successful model in an era when totally different conditions prevailed.

This also explains the lack of efficiency of the so-called transfer offices at universities and research facilities. It’s not about brokering or transmission tasks. It is the transfer itself that requires true entrepreneurial imagination! And this requires entrepreneurs, not bureaucrats.

According to a study published in 2006 by the *Institut der Deutschen Wirtschaft* [Cologne Institute for Economic Research], “In Germany there are very many good ideas that find their expression in inventions and patents. However, problems often arise in the realm of implementation.”⁹ This sort of statement, found in many publications, appears to be perfectly reasonable – but is actually very misleading.

One could just as well say, “Humans are of divine descent and noble disposition. *However, problems often arise in the realm of implementation.*” Most certainly there is a divine spark in human beings, most of whom also want to behave well. But everyday life with its conflicts and complications shows us quite a different picture. The divine and the noble aspirations are at best raw material. The critical issues come to the surface only during implementation, or more precisely, in the *conception* of the implementation. Which political system is most suitable? What system of education? Which legal system? What form of penal administration? The word “implementation” clouds the real issues and makes it appear as if the most important issues had already been resolved and required only one very simple step, namely, implementation.

Patents and inventions are raw materials. Whether and how one can make use of them, what will prove its worth in the everyday life of the market – all of this remains unanswered.

This doesn’t mean that there are no inventions and research results that can be easily converted into marketable products. But this isn’t the norm. Even brilliant inventions or research findings are not automatically marketable. Research logic and market logic are fundamentally different.

A) 2.6 What good entrepreneurial design must accomplish

We have to make high demands on entrepreneurial design because it must provide solutions to a whole range of problems faced by startups.

What good entrepreneurial design must accomplish

1. Work out clear market advantages
2. Secure a head start over imitators
3. Protect against technological obsolescence
4. Protect against commercial obsolescence
5. Minimize financing costs
6. Include marketing as an integral component of the entrepreneurial design

The first and most important criterion is that the concept demonstrates market advantages over established competitors. Business administrators are familiar with the marketing concept of the “unique selling proposition,” that is, the feature that makes a product or service stand out from its competitors in the marketplace. But there is more to it than that. The greater this market advantage is, the greater a startup’s chances of success. Thus it pays to tinker with the architecture of your design until you can work out a *significant* market advantage. Let’s take an example from the Tea Campaign – the low price. Naturally, the more obvious your advantage over your competition, the better. But the advantage must also be clearly *identifiable*. Every butcher maintains that his pork chops are the best and the most reasonably priced. This means the customer must be able to perceive the advantage you offer and be able to judge its scope. In the case of the Tea Campaign, this was the selection of a type of tea well known for its high quality.

If you are successful, one thing is guaranteed – there will be imitators, and they can be very dangerous. If they have established sales channels, lots of capital and generous advertising budgets, there is a great risk that they will overtake you. Would a patent protect you here? The modern answer is yes, but only for a short time. As soon as the competition recognizes that there’s a new solution, they too will devise other methods. According to Mitchell and Coles, a technological innovation will give a company an advantage of only six to twelve months at most. An advantage in the concept will have a longer effect, especially if you continuously refine it further.¹⁰

Let’s take a look at the 1998 Berlin-Brandenburg Business Competition. One of the first prizes was awarded to the “Cortologic” Team, which had developed a speech recognition module that won praise from the jurors. And they weren’t alone. Financial backers also found the concept convincing and invested in the company. Was this company still in existence ten years later? The answer is “no.” Was this a surprise? Likewise, “no.” Research on improved speech recognition technology is underway all over the world. Under these circumstances it was no mean feat that the team from Berlin was at the forefront of these developments – even if only for a short time. For how long? Tomorrow or the day after, in Taiwan, Singapore, Silicon Valley or Munich, there could be a breakthrough – or even just some minimally improved technology. In fact, there is a high probability that this will happen. From this perspective, it is highly risky, even futile, to hope to remain permanently in the vanguard. You have to meet the challenge of rapid technological obsolescence. If you are operating in a well-established and highly networked international research context, this may be realistic, but what about the rest of us ordinary mortals?

Even if we manage to stay at the top technologically, that by itself is not enough for success. The company also has to hold its ground against economic obsolescence. If tomorrow some item is produced in China in a larger series, with better economies of scale, your company may be left in the dust.

Paradoxically, what follows from these considerations is that a startup's chances of survival increase if it does *not* place its bets on its own hi-tech developments, but instead remains open and flexible and always purchases the technologically best-developed or most economically advantageous solutions on the market.

Naturally there are successful technologically oriented startups, but to be fair, in light of the intense research and competition worldwide, it's necessary to stress the high risks that exist for startup entrepreneurs with a high-tech product.

The smaller the financing burden your entrepreneurial design requires, the better it is for you. Not only are you spared the humbling treks to banks and other financial backers, but you are better off overall. In particular, the less outside financing you need (that is, capital you will have to pay back, capital which will not be counted as an asset of your company), the less danger there is that you'll be forced into a liquidity squeeze because fearful bankers precipitously lose confidence in your prospects for success and call their loans. It pays to spend the time to puzzle out how to keep capital costs as low as possible. It's important that you make the size of capital expenditures a measure of the quality of your entrepreneurial design.

The same applies to marketing, a function that also belongs in your concept. We can formulate this as a principle: the more unusual the idea, the greater your chances of attracting the public's attention. In marketing, being a bit offbeat is a positive factor. What does your market advantage have to look like for your marketing to be easy? Above all, it's your concept that determines how successful your marketing can be. Marketing must go hand in hand with the development of your idea; it cannot be an afterthought, a mere add-on. Marketing is an integral component of a sound entrepreneurial concept. It should not be, "We've got a product – now how are we going to sell it?"

If we keep all these points in mind, it becomes clear how much more is involved in a concept than a mere inspiration or an incipient idea. Abraham Lincoln is said to have once declared, "If I had ten hours to chop down a tree, I would use the first eight to sharpen my ax." This should also be the approach for starting a company. In the realm of concept-creative startups, it is the quality of the entrepreneurial design that decides the success of a company.

Your entrepreneurial design will be truly excellent if you are able to adhere to three additional principles in working out the puzzle that is your idea.

Principles for a High-Potential Entrepreneurial Design

- Scalability
- Simplicity
- Minimization of Risk

The concept must permit scalability. The output must be replicable, if possible in such a way that if growth does occur, capacities will not have to be expanded proportionately, but synergy effects will kick in. Software is the best-known example for this. Professionally programmed software makes this possible. Even in the event of an unexpectedly large expansion, programs don't have to be rewritten. (Quite a contrast from the Tea Campaign's first years, when as we grew we had to start from scratch three times with totally new software.)

Simplicity is a helpful principle. Most of the errors associated with startups arise from complexities that have not been brought under control. In newly established companies problems multiply, especially when there is rapid growth leading to the typical growth crises. As the old saying goes, "Any idiot can make things complicated." It requires brains to think things through, to keep them as simple and manageable as possible.

Complexity kills.
It sucks up your energy, flow and creativity.

Author unknown

"Be ready to take a risk!" This is an often-heard, but nonetheless really foolish statement – at least when told to startup entrepreneurs. Instead, the principle should be, "As an entrepreneur, avoid risk as much as possible."

We can illustrate this through the example of a mountain climber. To climb a challenging mountain, you must not only prepare well, but you must also, as far as you can, eliminate all foreseeable risks. Enough risks will always remain, even for the experienced mountaineer. Precisely because you're moving in high-risk territory, you have to avoid as many risks as possible. A single misstep can mean death; the failure rate is high. Down in the lowlands, or as civil servants we may be more willing to tolerate risk, but as entrepreneurs we can't afford to.

"Many problems can be identified only in actual practice." Yes, that is a true statement. "The moment you have started, all hell breaks loose," noted the experienced startup founder Guy Kawasaki. But the implication can only be that since hell breaking loose is to be expected and you knew about it in advance, you should be well prepared, having considered the foreseeable risks. Incidentally, Winston Churchill is a good advisor in such situations. His advice? "If you go through hell, keep going!"

Of course, theory and practice are very different. Imagine being asked to walk on a tightrope. To the left and the right, you are looking down into a void. Your coach tells

you it's very easy. You only have to keep your balance. And he's right. At least in theory. He can even write the formula for balance on the blackboard. And the formula is right, too. But what good does that do you? Is it really about balance? When you walk across a rope that is only 10 cm above the ground, it's easy as pie. When the rope is stretched 20 meters above the ground, theoretically it is still a matter of balance. But practically there is a huge difference. Fear comes into play; childhood failures are re-awakened, and your ability to perform under stress plays a huge role. You should look for role models or advisors who have walked that tightrope, and as many times as possible.

Let me re-emphasize: you need a very sound and fully developed concept. That takes time. This doesn't mean you should work slowly, or be overly hesitant. However, perfecting the concept under time pressure may not work well. And you may need to turn a deaf ear to friends or acquaintances: "You've talked about this for so long, why don't you finally just do it?" Keep working until you are ready.

A) 2.7 Working at the puzzle

Good entrepreneurial design is the result of a search process much like trying things out and piecing together a jigsaw puzzle. The process is similar to creating a composition where you keep working until everything fits and every false note has been eliminated. But where do you get the faith that at the end of all this work you'll find a concept that will leave your competition in the dust? Haven't many others already tried? How can you, perhaps an outsider without years of experience, hope to find a winning solution? After all, you're a perfectly ordinary human being, without special evidence of genius or luck, aren't you?

I want to share a little story with you. I'm a student and I'm driving through southern France in my old VW. A hitchhiker is standing by the side of the road. I'm alone and I pick him up. We get into a conversation, and I ask him what kind of work he does. He says he's a disk jockey – in the Seychelles. Wow, I say, a DJ in the Seychelles – what a super job. The guy looks totally normal. How do you get a job like that? He says it wasn't particularly difficult. Not hard? I ask. There have to be ten thousand people dreaming of a job like that! How did he manage it? He says he looked up the addresses of hotels on the Seychelles, he drafted a letter, and one hotel wrote him to come out there. Sure, I say, but thousands of others must have done the same thing. No, he says: he was the only one!

Haven't you heard people say to you (and perhaps you are saying this to yourself!), "Don't think for a minute you're the first person with this idea!" Think about the Tea Campaign. Did I invent economy-sized packaging? Was I the one who discovered you could avoid the middlemen? No. But these two puny ideas, neither brilliant nor creative, applied to a field where no company had ever used them before, has made the Tea Campaign the biggest importer of Darjeeling tea in the world.

So look for a field of your own and start to analyze it. What principles could change the conditions in this field to your advantage? Don't let yourself be deterred by well-meaning friends and acquaintances who don't want to believe that you have found something that works.

But if you get to the point of giving up, take a tip from Daniel Goleman, an psychology professor who made a name for himself with his study of emotional intelligence. He describes the difference between a genius and an ordinary person. There is but one small difference, but it's decisive. Both persons work on a problem, and neither one can solve it. Both have to decide whether to give up because the problem seems intractable. But here is the difference. The ordinary person gives up, which seems reasonable, in light of the time wasted and the hopelessness of the task. The genius, according to Goleman, also gives up – but not entirely. He pushes the problem back into the recesses of his subconscious – and waits. And it so happens that a pattern turns up at a totally different place than the path where he had been looking for it. Because he didn't abandon the problem totally, he now has a chance to recognize the pattern and apply it to the problem on the back burner of his mind .¹¹

Is there a guarantee that you'll find a solution to your problem? Not at all. How long should you stick it out? Persevere: after all, it doesn't cost you anything to keep a semiconscious thought in the back of your mind and check on its progress from time to time.

I believe it's helpful to treat this mental activity as a form of recreation, just as you would work a real puzzle. After a little practice, it gets easier to move the pieces around to see if they fit. You should get just as much pleasure from this as a child who enjoys puzzles and takes satisfaction each time the pieces fit. It is a game or a sport. The Danish philosopher Søren Kierkegaard worked simultaneously at six separate desks because he found that when he was writing one text, ideas would come to him for the other texts he wasn't working on at that moment. You, too, can play at a number of puzzles at the same time.

A) 2.8 Creating an idea that is a work of art

In Italy, the cradle of so much European art, there is the concept of *concetto* – the intellectual blueprint for a work yet to be created: the sketch or plan is referred to as the *disegno*. In German we have the concept of a *Gesamtkunstwerk*, a term used by Richard Wagner to express the idea that one can meld a variety of different arts into an artistic whole that is greater than the sum of its parts. The development of successful business concepts can also make use of these disparate elements. New approaches often come from people who stand outside a particular business sector or from newcomers to the market for whom the existing customs and usages have not yet become second nature, who can still question them critically.

Good entrepreneurial design is something that one might call *plain style*, where one has tightened, simplified and looked deeply into the substance of a work until one has eliminated every superfluous ornament. In economics, this means saving on manpower, capital, energy, materials, and transportation. Like good literature, good art or good music, good entrepreneurial design may draw its power from simplicity and clarity.

Simplicity
is the ultimate sophistication

LEONARDO DA VINCI

“Simplicity, simplicity, simplicity!” urges Henry David Thoreau in his most famous book, *Walden*. The counter-principle, complexity, requires much greater professional expertise and holds much greater risks. Thus a founder is well advised to keep his concept as simple as he possibly can: to endow things with a new simplicity that is economically compelling.

It is not knowledge or research findings that are traded in the marketplace, but rather products and services that embody a new physical or intellectual *gestalt*.¹² Thus we can also speak of *entrepreneurial gestalt*.

For designers a user-centered orientation is part of their profession; design is the link between object and user. This analogy transfers very well to our problem. A connection must be built from the invention, the research findings or the new technology to the user. Anyone who doesn't build this bridge may be pursuing a development that is interesting technologically, but he may drive right past the market.

The task of working up a good entrepreneurial design doesn't end with starting a company. Even a superlative entrepreneurial design doesn't mean that we can rest on our laurels. Market situations change and new technologies develop, which is why work on the entrepreneurial design is an on-going task.

Today, it is possible to have startups that are not defined by capital and technology but by the creativity and ideas of their founders, even if creative power and passion seldom go hand and hand with business administration. These days an entrepreneur is more like an artist than a manager. The close relationship between entrepreneurship and artistic endeavor is sometimes even reflected in word choice. See how Steve Wozniak, the co-founder of Apple, describes his work:

“A good engineer is like an artist. When you develop something, every detail is like a brushstroke that has to be exactly right.

Just as Ernest Hemingway worked at polishing his sentences for days and weeks, I work at Apple.

We composed like solo musicians.
 From notes come melodies, then stanzas and finally an entire song.”
 STEVE WOZNIAK

In the 19th century, many artists came to be seen as revolutionary, as antitheses to the businessman and his bourgeois moral philosophy. With the changes in industrial capitalism and the shift away from its bureaucratic notions of organization, modern management philosophies are oriented to ideals like flexibility, creativity and innovation. And with this shift more and more points of contact arise between these two worlds. According to the French sociologist Pierre-Michel Menger, the artist becomes the prototype and ideal. If art was deemed the rather exotic alternative model to the subordinate and alienating world of dependent labor, as the realm of freedom in contrast to the realm of necessity, it has since developed into a model for creative living.¹³ Entrepreneurship: the art of self-determination, the conqueror of conventions, the practice of creative destruction.¹⁴

A) 2.9 Understand the principle and you can start many businesses

The best evidence that one can successfully and practically separate entrepreneurship from business administration is the existence of “serial entrepreneurs,” that is, people who have established a whole array of businesses. While the “businessman = manager” has his hands full – and often too full – with the responsibilities of running only a single business, this species of multi-founders is able to lighten the heavy load through delegation.

Holger Johnson is just such a multi-founder. In addition to Ebuero AG, he has established, co-founded or functioned as a business angel actively engaged in the development of about 20 other companies. How does he do it? He concentrates on the entrepreneurial design, from which he formulates objectives and tasks and then supervises their execution. In this way he uses his head and his time in the area in which he excels. He knows full well that he must not permit too much complexity in his entrepreneurial design work. A high degree of complexity would increase susceptibility to error and require more decision-making on his part; it would sap more of his energy and divert his attention from the areas where his best talents lie – and from what he most enjoys.

If you look at Richard Branson, another serial entrepreneur, you don’t get the impression that he is overburdened with work. There is an air of originality about him; he seems to be having a lot of fun, and he pursues extravagant and expensive hobbies. Is he a total genius, a person who would always be successful, no matter what he tried? Don’t jump to any conclusions: anyone who has read his autobiography gets a very different picture. The beginning was difficult. For a long time he didn’t earn anything. He played cute with the customs authorities, got himself arrested and spent a night in

jail, followed by a big fine. What made the difference was the persistence with which he worked on his ideas. He didn't allow himself to be trapped in the little world of the self-employed, the someone-who-has-to-do-everything, the jack-of-all-trades. The title of his book, "Business is like Rock 'n' Roll," doesn't sound like bookkeeping, accounting and monotony. We urgently need someone like Branson in the world of entrepreneurship to "*bransonize*" the startup scene.

Muhammad Yunus, winner of the Peace Nobel Prize, is a serial entrepreneur in the social sphere. The Grameen Bank with its microcredits is only one of the many enterprises he has promoted. They include the solar energy company Grameen Shakti, as well as Grameen Phone, already a telecommunications giant, and Grameen Danone, a joint venture for the production of fortified yogurt, designed to make up for nutritional deficiencies typical among Bangladesh's rural population. The Grameen group even includes an investment company. Yunus uses the tools of capitalism because he is convinced that it is possible to use our economic system more efficiently than it is being used today. Anyone who has ever had anything to do with him perceives him as relaxed, amiable, totally present and *not* overburdened, even if his multiplicity of projects and duties would lead you to expect that.

The fact that founders can be trained to develop successful entrepreneurial designs and conceive of their second business more easily than the first has been confirmed by empirical studies of serial entrepreneurs.¹⁵ After the first startup you understand what it involves; once you get the hang of it, you can found multiple businesses. Each successive time Holger Johnson does it better, faster and with fewer financial resources. Just as you can learn to put a puzzle together faster and better, you get better at entrepreneurial design.

The principle is to develop ever more intelligent economic solutions, systematically and creatively, solutions that are profitable in the marketplace and create commercial assets both for the entrepreneur and for his customers. It's an enormously complex task that demands time and knowledge. And the required skills cannot be acquired through theory alone.

Anyone who arrives fresh on the market must be at least twice as good and half as expensive as the competition: that is Holger Johnson's motto. His Ebuero even works with a 90% savings for the customer. A process like this requires intensive analysis of an idea, but this way you can get all kinds of startups with great potential, not just hi-tech startups. In my experience this type of high-*potential* startup has even greater prospects of success than a startup based on hi-tech alone. Moreover, its need for financing and exposure to risk may also be smaller.

The clearer and simpler the result, the more work is needed in advance. It usually requires thousands of building blocks of information before an idea reaches conceptual

maturity. Often successful founders have spent years gestating an idea and have invested a prodigious amount of time and energy in this intellectual effort.¹⁶

It is important to work out the factors for success accurately, because so many startups fail. Depending upon which study you want to believe, the failure rate lies between 30 and 80 (!) percent.¹⁷

Anyone who doesn't have a competitive advantage will find it difficult to hold his own against companies already in the market. The competition already has a customer base and knows the distinctive features of the market; they have accumulated experience and financial reserves, and are also in a better position to assess the risks than a newcomer would be. In short, established competitors have advantages in all the important areas. So you have to come up with something special to make it in the marketplace: your innovative concept is the crucial factor. For us ordinary mortals it is the decisive trump card for a startup.

A) 2.10 Successful companies originate in the mind

Developing a good entrepreneurial concept is a challenge, whether it is the result of arduous work or cheerful contemplation.¹⁸ Many paths are traveled better in one's head than with one's feet. "Sometimes one needs as much as ten years and 50,000 pieces of information before an entrepreneurial concept is born," notes Professor Simon of Carnegie Mellon University. Simon's experience should not frighten us, but it demonstrates that a well-thought-out idea is not a trivial and fleeting thing that gains substance only after it has been implemented through "business administration."

This development is a process during which problems, possible solutions, alternatives and risks are sorted, sifted and weighed until a balanced and well-proportioned concept emerges, which can withstand the buffetings of the marketplace. This is not a fast process. "Today the fast devour the slow" is a fashionable mantra --but "faster" can also mean faster into bankruptcy. Letting an idea ripen does not mean wasting time. In the highly competitive hi-tech sector, time is indeed a critical factor, but this is not automatically true for all other areas of entrepreneurship. The "discovery of slowness" has also achieved good and lasting results, *e.g.* with "slow food."

It is helpful, even at the very start, to anticipate many of the typical scenarios that will emerge later, such as the problem of imitators, and to have solutions ready. Not because it is really possible to foretell market behavior, but because improvisation and planning complement each other.¹⁹ Most often, good planning is the prerequisite for good improvisation.

May I mention that good entrepreneurial design also includes personal life goals?

My students are usually amazed when I ask successful founders about the number of hours they spend working; these founders reply that there is relatively little work for them to do in their ongoing businesses – provided that there was a really good concept

to start with. In fact, empirical studies acknowledge that there are successful businesses not associated with intensive work. Thus the phenomenon already exists – but it has been overlooked, or downplayed because it didn't fit in with preconceived notions.²⁰

Like a patent, entrepreneurial design has intrinsic value, as shown by Ingvar Kamprad's Ikea concept and the Aldi brothers' model. When the word "patent" is used here, it is not in the sense of a protectable right, but rather as a thought process that has resulted in something new in which there is inherent value. Perhaps there will come a day when we will grant the same rights to entrepreneurial concepts that are currently awarded to patentable concepts in the engineering and scientific disciplines.

Successful companies originate in the mind. The better an entrepreneurial concept is and the more it is analyzed and fine-tuned, the more it will resemble a finished work of art and the more likely it is to be successful.

Architecture provides another example. Leading architects have always sought to create structures that fit in with the place, the era and available materials, most often under the constraint of limited resources. Thus the task begins with the search for a structural concept. Before construction begins, the building originates as a plan in the mind of the architect, who positions and repositions individual features, weighs options, makes selections and perhaps starts afresh, and works on the missing pieces of the puzzle until the separate pieces fit together. Of course it is true that many problems will emerge only during construction. However, it would be disastrous to conclude from this that construction should be commenced before the architect had worked out the structural concept and formulated a technically feasible plan. Good architecture expresses a sense of perfection. It is not without reason that architecture is not considered just a technical profession but is also admitted to have a creative, artistic component. It should be added that architect and builder represent two different functions – like the entrepreneur and manager; it is not expected that the architect erects the building himself.

The modern entrepreneur isn't the genius who must combine in his own person the abilities of a strategic commander, a scientist and a PR man. Even small ideas can have a big impact as long as they are good ideas. The field of economics is *not* an area in which all ideas have already been imagined and realized. It is a field that is *lacking* in ideas, a field much in need of improvement, from everyday products to major issues like transportation, environment and health.

Small is Beautiful was a famous book title from the 1960s, but its subtitle was even better – *Economics as if People Mattered*. We need an economy where people play the decisive role: one that places the advancement of mankind at its center. Economics as a discourse needs more precision, more *nuance*: a higher development, a refinement, a sophistication of the system.

Just as we have refined our taste buds on our journey from caveman to *haute cuisine*, so have our needs in the other areas of our lives become more highly developed and more demanding. We know that good cooks need more than bare cooking skills. They need imagination, a love of experimentation, the ability to recognize trends and to react to a new range of problems (the dream of an earthly paradise has given way to the dream of a slender figure). And last but not least, pleasure and satisfaction in the work itself are important prerequisites for success.

The economy I envision could be an economy in which the crucial impulses come from entrepreneurs who contribute economic, social and, yes, artistic imagination, using modern, efficient means to create value.

John Ruskin and William Morris, the founders of the Arts and Crafts Movement in England, recognized the de-humanizing trends of the Industrial Revolution. They urged that the achievements of technology and economics be used in the interest of higher-quality and more aesthetic products. This isn't a matter of a quest for paradise or utopia. It is much simpler – it is about fewer bad products that harm our pocketbooks or our health. Or fewer products with a short life span.

Thomas Hoof, the founder of the German company Manufactum, is also fighting for more quality. He points out that today the enemy of the good isn't the better, but the worse, the cheaper, the banal: there is scarcely a quality product that isn't jeopardized by pathetically poor but much cheaper competitors and knock-offs.²¹

“A thing ... should serve its purpose perfectly; that is, fulfill its function practically, be durable, cheap and attractive.” This quotation from Walter Gropius (1925) from the early Dessau years of the Bauhaus can continue to be our guide today. By pointing to more simplicity, it also offers us the luxury of reduced complexity. Architecture still has much to teach us about the relationship of form and function.²²

A) 3. Avoiding Overload

A 3.1 The entrepreneur as Jack-of-all-trades – and why we have to get rid of this old saw

So you want to start a company? What is crucial for this to succeed? Most start-up consultants are unanimous in their answer to this question: first and foremost, you should have good business administration skills! Getting this expertise and applying it correctly is critical! The better trained a founder is in areas like management, marketing or finance, the greater his chance of success!

Sound convincing? It's actually terrible advice.

What founders supposedly need: Areas of expertise traditionally required

- Bookkeeping
- Accounting
- Controlling

- Industry experience
- Labor, corporate and tax law
- Negotiating skills

- Management and organization
- Personnel management
- Inventory management

- Marketing and sales
- Customer communications
- Finance
- Public relations

The recommendation is that a founder should be a jack-of-all-trades. Not only does he have to be well-versed in accounting, but he also has to be familiar with finance, management, marketing, labor law, contract and tax law. He must be able to negotiate with banks, customers and suppliers. He should provide his staff with leadership and handle public relations adroitly. He must have a firm grasp of balance sheets and controlling.

Yes, here he is again, our extreme-sport personality with masochistic tendencies. He's supposed to be able to handle all of that – and his marathon gets longer every day. Although this catalog is impressive enough as it is, you have to keep in mind that these are only the general headings for entire fields of expertise; in some cases the required expertise is broken down into so many subfields that a single individual could scarcely cover all the bases (take labor law or tax law, for example). These are areas for which you need months or years of solid training to be able to perform with sufficient competence.

In addition, these subject areas are constantly expanding in breadth and depth, so what might have been realistic in the past, i.e. to perform more or less competently in these fields, is no longer feasible. In this situation there is no other solution than to compensate somehow for one's personal lack of expertise.

So before we urge all you non-economists to familiarize yourselves with this mass of material – as conventional start-up consultants would do –, we should stop and think for a moment. The following statement was made by the founder of Body Shop:

If I had gone to business school,
I never would have started the company.

ANITA RODDICK

We suspect that not only Ms. Roddick, but many other potential founders as well are deterred by the prospect of having to train themselves in all those diverse business fields. But not every one has Anita Roddick's courage to simply leap over this hurdle. But this catalog of job requirements which, after all, is not off the mark, does not need to be fulfilled by a single person. Only a genius could meet all those requirements, but mere mortals would inevitably fail. What management theoretician Fredmund Malik says about executives can also be applied to entrepreneurs.²³

You can describe the ideal type, but you won't find him in the real world. So you have to pose the question differently. "How can we enable ordinary people – because ultimately we'll never have enough talent – to deliver exceptional results?"²⁴

And another objection: those fields are so large and so challenging that you'd be in danger of ending up as a dilettante, and dilettantism is even more dangerous than admitting you have not mastered the field.

And the list above isn't even complete. Totally absent are the crucial competencies that *founders* need in order to be able to hold their own in the market. Founders must recognize new trends and sense market changes in a timely manner, while continually adapting their business concept to match new market conditions. They must make their ideas plausible and convincing and kindle their employees' enthusiasm. They must *lead* their companies.²⁵ This is quite different from organizing and managing the day-to-day aspects of a business,²⁶ which already includes more than enough tasks to fill a single individual's workday.

A modern entrepreneur needs to be able

- To develop an innovative concept of his own
- To implement his concept
- To continue to develop his concept
- To adapt his concept to changing conditions

- To inspire his employees with enthusiasm for his concept
- To monitor the market
- To recognize new trends and technological developments early on
- To prepare and make decisions on direction
- To be the authority for all fundamental decisions

Modern companies are based on a division of labor, and this didn't just start yesterday. The moral philosopher Adam Smith recognized the increasing division of labor as a condition for national prosperity, or "the wealth of nations," as he put it. The first factory based on the division of labor was a shoe factory located in the kingdom of Philip II of Macedonia, from which Philip's son, Alexander the Great, is said to have drawn the inspiration for his art of war. Why, then, do we continue to demand that a founder be proficient in all conceivable management, social and legal functions?

A) 3.2 Recognize your own ignorance, or: the art of judgment and cooperation

You ask, and rightly so, how you can delegate a task that you yourself are not acquainted with. How can I place bookkeeping in someone else's hands and still control it? How can I delegate something and demand quality if I haven't mastered the subject myself? Won't I be taken in by charlatans, by swindlers and crooks? Won't the control of my own company be wrested from my hands? Or will the company sail into straits I wish to avoid? Will I be able to stay on top of things, or will I get into situations I can't master?

There are, of course, a thousand good reasons why such competencies are important, so it seems thoroughly justified and plausible when conventional wisdom tells us that becoming well-versed in business management areas is indispensable. But is this an insurmountable problem? Not at all.

The objection:

How can I judge qualifications
when I myself don't have
the relevant experience?

Let's stop for a moment and examine our daily lives. There are many other areas of life where knowledge and specialization have increased to such a degree that it is no longer possible to become fully competent in a multiplicity of areas. Do we recognize any

analogies to this problem? What could we borrow by way of analogy from other areas of our lives?

Imagine you go to the doctor. Naturally you want a skilled diagnostician. How do you assess the quality of a doctor? It's obvious, isn't it? You have to study medicine. But please, not just the first four semesters – or you'll be convinced that you yourself have every disease in the book. Now imagine you go to a lawyer. How are you supposed to judge his competence? Law school is a must. Your next appointment takes you to the dentist, an auto mechanic or an architect. How are you going to assess their qualifications? All of these are daily occurrences in every modern society. You've been making these judgments without prior relevant experience for a long time without even noticing. How did you manage?

You ask friends and colleagues, you refer to the relevant literature, you google it on the Internet. Or you create your own impressions, evaluate the reactions of the parties involved, and so forth. Can you transfer these observations to our problem? I think you can. In the same way that we are already working with a variety of specialized professionals in our own daily lives, we have to imagine the entrepreneur functioning in the future.

You don't have to be an ox
in order to judge beef.

KARL KRAUS
Literary Critic

To delegate effectively, it is important to find partners who understand your undertaking, share your enthusiasm for it, and also have the required expertise -- demonstrated by the fact that they can present their specialized knowledge in a way that can be generally understood. (Except perhaps in Germany, scarcely anyone is deemed knowledgeable if he cannot express himself clearly.) You know from your own experience that it is important to cooperate with your attorney and that being in the right, by itself, is not enough. Your attorney instructs you that you must collect evidence and that you must be objective. And you would do well to follow his advice.

You must delegate to qualified people (not necessarily your own employees), and you can do this just as you do in other aspects of your life. To Enzo Ferrari, the motor sport legend, is attributed the following statement:

I've never understood much about engines.
I have my engineers for this.

ENZO FERRARI

You can perform outstandingly even in an area where you don't understand the details. At the beginning of this third millennium of the modern era, we are confronted every day with situations in which we must act quickly and knowledgeably even though we are not trained in a particular area of expertise. Strangely, this idea has not yet been accepted in the realm of entrepreneurship.

But why shouldn't this principle apply especially to entrepreneurship? The model of a businessman as a multi-talented jack-of-all-trades is passé. The modern division of labor, along with virtuality, provides innovative start-ups with a new contextual framework. Today the founders of a company or their team don't need to do everything themselves. They only need to know where they can get reliable information, how to inform themselves sufficiently to assess its quality, and how to evaluate advice objectively. Good, old-fashioned common sense and instinct often help more than expertise in all sorts of specialties.

You will surely accrue knowledge and develop expertise in individual areas in the course of working in your company. Our point is only that too much is demanded of you as a *founder* if you have to develop expertise in all these necessary subjects.

Google is a good example of how a company can develop a superior concept and prevail against established search engines. The two founders, Sergey Brin and Larry Page, concentrated on the search for the best search results that would combine customer wishes with market logic. Google is not managed by its founders, but by the experienced professional manager Eric Schmidt – an example of a successful division of labor between entrepreneurship and business administration.

Doesn't leadership require a certain distance from the daily grind, a bit of downtime? How are you supposed to keep your eye on the horizon and identify new developments quickly if you are totally wrapped up in the organization?

The difference between business administration and entrepreneurship is extremely important because these terms delineate two different fields of activity. At issue is not whether one can separate the two fields for practical organizational reasons, but rather that each field imposes a different set of requirements. In its essence entrepreneurship is a creative act. According to Timmons, it is the ability to create something out of practically nothing.²⁷ Thus entrepreneurship demands a creative, visionary mindset,

while business administration requires organizing, controlling and administrative abilities.²⁸

Because most people do not possess both kinds of abilities, it is asking too much of founders to perform both kinds of activities. Instead, a division of labor will enable the founders to turn to the creative aspects of the business.²⁹ As a founder, then, you must work *on* your business, but not necessarily *in* your business. The notion that founders must be able to do everything is a relic from the last century – actually the century before last. It is high time to give it up.

A) 3.3 Where startup consultants fail: the example of Dorothee the artist

Dorothee is the daughter of a colleague of mine. She was an English major but didn't want to become a teacher. In her free time she creates vases, large ceramic pieces. She asked me whether she couldn't make a little business out of this. I asked her a whole series of questions. Did she really enjoy doing it? Did she enjoy it so much that she could imagine doing it over the long term? Are people willing to buy these vases with their own money? And much more. Dorothee explained that she really did enjoy working on her ceramics. That there are people who are buying her vases already and that she is earning money with them, even when she calculates all her expenses and her own work time. And that if she wanted to, she could ask for more money.

This didn't sound bad. In fact, it sounded very convincing. Dorothee would probably be happier with her vases than she would be working as a teacher in a job she disliked. My advice: do it. Don't let yourself be dissuaded; bet on your artistic talent.

I ran into her again a few months later. Curious, I ask her about her business. "I'm not suited to be a business person," she tells me. "How so?" I ask, amazed. Dorothee explains that she took a course in starting a business, but – "I failed the balance sheet analysis."

Balance sheet analysis is something valuable. Nobody who wants to understand the financial situation of a major company like Siemens can skip the balance sheet analysis. But what Dorothee needed isn't a balance sheet analysis. What she needs to know is whether her work is generating enough income. Every street kid in Manila, every woman in Bangladesh who gets a microcredit from the Grameen Bank, has the business smarts for this, without formal business administration concepts and techniques. A formal requirement just frightens people off, especially creative, artistically inclined people. The start-up consultant would have given better advice if he had simple told Dorothee to collect the receipts for her expenses and her income and take them to a bookkeeper, or to pay a student to do her income tax return. With Dorothee, a promising business founder was derailed because of an incompetent startup consultant.

A) 3.4 "A business of your own means the business owns you"

A business founder cannot and must not be able to do everything. At least not these days. It is instructive to examine the situation of many small business owners from this perspective. They start a restaurant, a beauty salon, a clothing boutique or a copy shop, and then they nearly work themselves to death. As imitative start-ups without clearly identifiable market advantages, businesses like this lose out to the competition because they have little or nothing of their own to compete with. Instead of leading (and that means identifying market developments early on and improving their products), they get worn down in the minutiae of the day-to-day business. They didn't develop a concept of their own, but instead simply started a business and now they can barely keep their heads above water. Unfortunately, the witticism that "a business of your own means the business owns you" is all too applicable to their situation. As a rule, those students of mine whose parents are self-employed are the ones who most resist the idea of starting a business. The images they grew up with, the burdens and the risks, the stress of keeping up with bills, the problems with employees, the complaints about high taxes, the anxiety about the next inventory, are all too familiar to them and scare them off.

It makes a big difference whether or not you are doing something that you chose yourself, according to your own inclinations. This is especially true for entrepreneurship. One kind of entrepreneur is like a surfer, filled with enthusiasm for the sport, and with optimism in the face of a challenge. For him, it is a pleasure to be in the wind and the waves, which are taken as positive challenges. If something goes wrong, the surfer gets back on his surfboard as quickly as he can and keeps going. He learns from his mistakes and does not experience setbacks as defeats. He is receptive to learning and builds on his inclinations and talents. He naturally reaches out for all the knowledge and innovations he can grasp, and reworks them in a creative and efficient way.

Now let us imagine someone who, whether by fate or because there was an unfilled niche in the market, is doing work that is *not* in line with his inclinations and talents. He is more like a person on a sailing ship in heavy seas who can't do anything at all with the waves and the water. He feels that all the elements have conspired against him, and he curses the waves and the wind. Not only is he in a difficult situation, but he is in a desperate mood too. He only sees the storm and wishes he were somewhere else. He is not very receptive to ideas on improving the sail, the rudder, or his skills.

The same set of facts may be perceived very differently by two different individuals, and their reactions as well as their willingness to learn from their experience may be diametrically opposite. It's not difficult for us to foresee the results of their actions.

Of course, not all people are fortunate enough to be able to follow their own inclinations and talents. What we are saying here is only this: as a founder, you must take into account your own personality, your own inclinations, your strengths and weaknesses. A

sense of duty and work ethic alone will rarely give you the high energy required to found a business. The idea and the field of activity must fit the founder.

Against this background, you will understand why you won't read much about the concept of market niches in this book. The advice that founders look out for a niche in the market is short-sighted. If there are only three copy shops located in my neighborhood and if the number of residents and their level of income would support a fourth copy shop, should I start one? The market-niche view says yes, this is a good opportunity. To some entrepreneurship theoreticians, nothing is more important than the concept of "opportunity recognition." My advice is: "Don't do it!" Recognizing opportunities is not the same as working out a concept. You should not spend your working life doing something that you don't enjoy, something that deadens your spirit. Holger Johnson says, "I hate opportunities; they are dangerous." They distract us from well-thought-out plans, without opening up long-term prospects. Opportunities are ephemeral phenomena. Starting a business may well be the road to your own bondage. Finding an idea and developing it is different from looking for opportunities and niches in the market.

Yet another problem crops up if you take on all those management tasks. It is never easy to become the boss and lead with authority the very people with whom you've been interacting on an equal, collegial level. For this reason, some founders don't want to lead because they long for the friendly camaraderie of the past. But most *cannot* lead because they are already overwhelmed by trying just to organize and discipline themselves. With my students I have observed time and again that if the founding team has previously worked together, they are fairly able to cope with this. If, however, additional staff are hired – who as a rule are less motivated and not accustomed to the informal working style of the founders –, clearer instructions are needed, and the founder must have the will and ability to stick to the founding concept, especially an innovative concept that may not be self-evident or make sense to everyone.

This is a classic problem when you hire staff coming fresh from the university, where it is axiomatic to question and discuss everything. In a start-up, however, what is critical is to implement a concept that has been conceived and vetted by others (the founders) – and to do this quickly before financial resources are used up. Because you are often dealing with the same people (professors, assistants, fellow students) you worked with before, but now you are wearing a different hat, conflicts are pre-programmed.

This problem is particularly acute if the founder comes from a social milieu where business thinking is foreign and suspect. Such a person experiences role conflict, which he can survive only at great personal sacrifice. Many people in my social and professional circles have well-thought-out, innovative concepts as well as the intellectual capabilities to implement them, but they sense instinctively – and correctly – that they would suffer personal conflicts which would make the effort too costly.

The Austrian writer Marie von Ebner-Eschenbach (1830-1916), famous for her *Aphorisms*, once wrote, “Our greatest cowardice is that we want to be loved by everyone.” While I agree with her observation, her interpretation strikes me as extreme. It is our human nature, not cowardice, that we want to be liked, especially by our friends and acquaintances. One young founder gave me this reason for her failure: “I just couldn’t stand being the boss anymore.” This is very human – but is it cowardice?

No. Because of this natural inclination we all have, I urge founders *not* to hire friends, acquaintances and fellow students. Or at the very least, founders should anticipate certain sources of conflict and agree on how to handle them. More than a few friendships have been shattered by such tensions.

To return to our main argument: no one is questioning that business administration is necessary. Business administration offers valuable instruments that have been tested and proven themselves. The issue here is only whether it is the *founder* who should always be burdened with these tasks, or whether a division of labor would be better, given the scope and complexity that modern business administration presents for the non-economist.

The opportunities for a highly developed country like Germany lie in new and forward-looking ideas. Tens of thousands of “Masters of Business Administration” are leaving our institutions of higher education. Where are the “Masters of New Ideas”? We should not discourage the few we have, or the even smaller number brave enough to start a new company, and we should not turn them into business administration dilettantes.

And for all these reasons, we should abandon the primacy of business administration when potential founders come looking for advice.

A) 3.5 Follow the simplest business principles

Experienced practitioners will object that it is very important for founders to be frugal with their resources and not, for example, regard the cash register receipts as surplus and use them rashly for expenditures that are not absolutely necessary. This is certainly an accurate description of the naïveté of many founders. But do you learn thriftiness by acquiring business administration techniques? Frugality is an important virtue. But since when are virtues derived from instruction? Do class materials bring about more virtuous behavior?

Frugality is important, but business administration neither invented it, nor does it induce more frugal behavior. Handling resources wisely and recognizing liquidity problems in a timely fashion are not things that must necessarily be learned through business administration techniques. If these techniques are easy for you, you will find them to be a valuable tool, but you shouldn’t hesitate to employ homemade means or outside help

as well. This applies, mind you, to the start-up phase of a company, especially when you have a simple but compelling business model.

The slum children in Manila, whose business behavior my colleague Jürgen Zimmer and I observed, could neither read nor write. And certainly not do math. At least that is what their teachers and social workers told us. But when they sold tourists cigarettes and chewing gum from the hawkers' trays around their necks, they made correct change to the peso. How were they able to do that? It will forever remain a mystery to their teachers. The American teacher Herndon reported about one pupil who had failed his math class. One evening he ran into him working as a helper at a bowling alley where he was calculating the bowlers' scores with lightning rapidity and total accuracy. Such examples have been described frequently in the literature.

Expertise is not always acquired by established methods. Mathematics is a good example. A preeminent discipline and the cornerstone for all modern science, it allows you to express certain relationships with the utmost precision and clarity. Nonetheless, for most ordinary people the effort required by the mathematical form is greater than the insight gained through this means of expression. While a small segment of our fellow humans finds the mathematical mode of expression simpler and clearer, apparently this is not the case for the majority of us. We understand better when the facts are described to us in words.

The situation is similar for business administration. It is invaluable for complex interrelationships. But what does it do for the ordinary person? The head of the University Clinic in Hannover told the newspaper *Die Zeit*: "As a physician, one can quickly acquire the little bit of business administration that is necessary..." Half of what is taught in business administration relates to things so trivial that one could understand them without it, and the other half is so complex that it doesn't yield any benefit.³⁰

Mark Twain, well known for his insight into young people, and also a knowledgeable entrepreneur, addressed this topic over a century ago. He warned founders about getting involved with traditional economists. He had the worst opinion of bankers. "A banker is a person who lends you an umbrella when the sun is shining and wants it back the minute it begins to rain." Such a conventional, play-it-safe mentality is incompatible with new, unconventional ideas.

Anita Roddick, the founder of Body Shop, was of the same opinion. "A bank manager is just about the last person you should ask for advice in business matters because he is only the person who administers the money, a steward if you will. For him it is always a question of percentages, profit and loss; he will never address the *idea*, much less get enthusiastic about it."³¹

Entrepreneurship and business administration do not get along well together. One builds on new ideas and unconventionality, and the other seeks order and may be the enemy of ideas that are out of the mainstream.

A) 3.6 Make room for different ideas

Nothing against business administration. It is necessary. Business administration teaches techniques that are tried and true. But they must be applied in a way that leaves room for new and different concepts. Anyone who comes with committed, precise ideas that are at all different has a hard time resisting conventional business advice. If I had listened to the consultants and bankers, there wouldn't have been any Tea Campaign. It's as if they want to take an enthusiastic engineer and turn him into a bookkeeper or salesperson. They are not doing him any favors to have him dabbling in a challenging area foreign to his gifts. Accepting the economic calculus is indispensable, but this is not the same as mastering a difficult set of tools designed for another purpose.

If you don't watch out, business administration will triumph over a sound, original concept. But there will be consequences. If I yank the teeth out of a concept, it will be toothless – as in the following story.

A) 3.7 The adventure restaurant

The year is 1986. My colleague Jürgen Zimmer and I have been charged with developing a new kind of school in the Philippines. New, “productive community schools” are supposed to help street kids to earn a living by themselves and to teach them academic subjects more or less as a by-product: learning as a process, not through a predefined curriculum. Jürgen had set up the contacts with the local partners, and I came on as an economist and entrepreneurship expert.

On the Philippine side, the teachers and social workers hired were mostly members of left-leaning organizations. Thus we constantly had to deal with committees, with bureaucrats. Meetings were time-consuming, and ultimately they revolved around a kind of litmus test whether our project followed their political lines.³²

A) 3.7.1 Entrepreneurship and political dogma

We didn't have the right political “smell.” I came to the project essentially to develop practical entrepreneurial ideas with street kids. Jürgen, too, wanted get into the practical work, but any progress was hard-won.

After we managed somehow to pass the political inspections, another hurdle awaited us. The idea that young people could become successful small businesspeople pursuing micro-entrepreneurship was incompatible with local beliefs. The work of Muhammad Yunus or Hernando de Soto was unknown, or rejected as politically suspect, dismissed

as “neo-liberal.” Yunus demonstrated that women in the villages of Bangladesh, even under the most adverse conditions, could successfully start small businesses using microcredits. For Peru, de Soto described how the greatest impediments to successful economic activity for the poor were bureaucratic barriers and lack of access to the market that shunted them into illegal sectors with no future.

We sensed that the goal was actually not qualifying children for successful economic activity, but rather a certain political consciousness-raising. The message young people kept receiving was something like: “By yourself you don’t have a chance. You are a nothing.” Naturally this was expressed more politely and with a helpful gesture, but the real point was clear: only with the help of our political organization can you change your life.

At this point it’s not important to me whether their political approach was right or wrong . What was important to me was the message to the young people. For me the implicit message that “you are a nothing” is devastating. Our young people were very well qualified to earn their own living without outside help. You could point to a whole list of characteristics in which they were clearly superior to middle-class children of the same age. They had an enormous instinct for good business and spoke bits and pieces of a number of languages -- learned, of course, not in school but on the street. To be sure, the street kids weren’t able to write correctly, and they didn’t have a basic foundation in mathematics, but they had a unique and genuinely admirable life skill: to be able to take care of themselves at a young age, completely on their own.

Even if the political argument were correct, educational measures envisioned for such a population would have to build up young people’s self-confidence, would have to recognize existing skills as well as genuine needs, instead of disqualifying from the start the assets these young people already possessed.

A) 3.7.2 Learning outside of the classroom

Another front opened up. We wanted to get started in a practical way and viewed the children’s learning processes as connected to, and growing out of, their daily life. The local teachers and social workers, however, wanted the curriculum first and then some practical implementation. It took a while before we recognized that we were threatening their self-image. The pedagogues and social workers were not at all prepared for helping the children learn to earn a better living. It took all of our skill and our professorial status to convince them that learning can take place outside of the classroom and the curriculum.

Turn the children of the poor into businesspeople? In our opinion they already were in business. If we wanted to benefit them, it would be done sooner by sharpening their economic skills, giving them general knowledge and showing them the way out of the informal, often illegal sectors, into regular markets where they could earn more money.

Not to establish a charity with donations for the poor, but rather to undertake something that aimed at sustained participation and opportunities in the market.

Finally, we thought, we could start with the practical implementation. Not that we had been particularly impatient – the project extended over several years. The street kids had long been on our side. I had already worked out a first project with them. We wanted to catch the rugged little fish in the filthy oil-laden canals of the city, where they could barely survive, and sell them in aquariums.

I already had gathered experience at Chiang Mai University with this kind of fish, the guppies popular with local tropical fish breeders. They bred well even in small aquariums. The children were also familiar with the fish and were constantly asking when things were going to get started. But nothing was happening with the teachers and social workers. It was no doubt beneath their revolutionary dignity to be involved with small fry.

A) 3.7.3 The idea

Fortunately not all ideas ended like that. One in particular took shape – the adventure restaurant. A group of young people from Mabini Street, a well-known Manila red light district, thought it up. Their basic idea was that the customers came from far and wide and were looking for adventure, so you had to offer them something adventurous. Food, for example. A campfire could be burning in a corner of the restaurant, where you would be able to broil your own steak. Hungry customers could crank their own Italian spaghetti through a noodle machine. In the Filipino part you could catch your own fish and lobsters out of a big basin.

Next to the restaurant, the young people thought, there should be a school for artists, and the restaurant itself should have a stage. Here they could perform acrobatics and theatrical pieces, dance and sing. That was the concept, and not a bad one either. There had never been anything like this before, so this was giving them a real competitive advantage. Moreover, through the young people and their unjaded imagination the restaurant had a good chance of being authentic and lively. And you could also expect a certain sympathy factor that would help the business get publicity and gain customers.

Which entrepreneur should create the restaurant based on this concept? Obviously, the young people themselves. But no, the pedagogues decided that an adult had to put in charge, to guide, to lead and to implement the idea with them.

It wasn't easy to find someone who could – and would – implement someone else's idea, not to mention an idea conceived by street kids. We looked for a long time. Finally we found Imee Castaneda, Dean of the Business Administration Department at Trinity College in Manila – a business management expert; it sounded good.

How do you guide a restaurant to success? You apply what you learned in business administration! OK, you draw up a high marketing budget. What constitutes a restaurant that aims to compete with middle-class restaurants? The answer is obvious: it has to be clean, the help has to be neatly dressed and, of course, the food preparation must look hygienic. So our street kids were put into uniforms similar to what they would wear for confirmation. They were taught to place the fork on the left and the knife to the right. The girls had to make a little curtsy to the guests, and so on, and so forth.

A) 3.7.4 Getting rid of the fanciful ideas

And where was the campfire? Much too dangerous. The artistic performances? Could you do a somersault in your confirmation suit? Any fanciful ideas had been taken away from the children before they were even aware of it. The concept of the adventure restaurant was dead on arrival.

There had to be an intervention. Things couldn't go on like that. Remove Ms. Castaneda? Replace an adult with a teenager? Give the young people's fantasies free rein instead of following proven management formulas? Jürgen and I argued night after night. An intervention by professors who wanted to show the natives how entrepreneurship worked? Once again, two experts from the West who think they really know what it's all about? The end result? No intervention. To echo the words of Karl Valentin, a great German comic actor of yesteryear: we surely would have liked to do it, but we didn't dare to give ourselves permission.

Managed in accordance with business administration principles, was the restaurant a success? It opened on February 14, 1992. The impression the children made in their confirmation suits was awkward and inauthentic. That they spent their nights sleeping with their parents under a bridge had to be kept secret. The potential advantage of this restaurant as compared with countless other restaurants had been turned into a disadvantage. What could be done? Support and goodwill actions were the watchwords of the day. Media contacts were exploited. Everyone's colleagues, friends and acquaintances were invited to come to the restaurant. The public was informed and also called upon to participate in the "good cause."

The action yielded a lot of public attention for the project – and proved that you can move a dead horse. But only so far. The enormous goodwill that we were able to mobilize helped for a while. Even President Cory Aquino visited the restaurant. But you can't survive on goodwill alone without a convincing concept. Despite the great commitment of all the participants, the restaurant was an economic failure. It suffered an exemplary death: death by conventional economic thinking, with no room for the original imaginations of the Filipino street kids. In 1994 the adventure restaurant was finally laid to rest.

A) 4. Building a Business with Components

We have argued that the process of developing an entrepreneurial design is similar to composing a piece of music; it is a process in which you continue to hone, polish and refine until everything is in tune and every false note has been eliminated. The image of the composer fits our analogy in yet another way. As we understand the concept of entrepreneurship, we can take advantage of prefabricated components in the same way we put together melodies to create a musical whole. We actually “compose” a company.

A) 4.1 Launching a company – live!

From long years of experience I know that people without a background in business cannot imagine how to put their ideas into practice – that is, how to start a company – without the prior study of business administration. As a result I have given a lot of thought to how one could address this issue convincingly and in a way that leads to direct experience, to dispel the understandable fears that are stirred up again and again by conventional business advice. We’ve also worked on this problem in our project workshops at the Free University of Berlin.

Talking about music
is like dancing about architecture.

STEVE MARTIN
ACTOR

Let’s imagine a television program: “Launch your own business – Live!” There will be some similarities to the popular German program “*Wetten, dass...*” [“Want to bet...”]. Although we’ll have to use our imagination here, our program will be totally realistic, and even more entertaining than Thomas Gottschalk’s TV success.

Three would-be business founders will step up to the plate; each one is selected based on the quality of his or her concept.

- Founder A has done the research and determined what goes into making good soap. He has identified sources of supply for ready-made soap (or alternatively, where he can have such soap made). He plans to offer the soap without individual packaging in economical 20-bar boxes.

Motto: rationality rules.

- Founder B was irritated at how outrageously expensive state-of-the-art variable focus lenses are when purchased from an optician. She had to pay 1198 Euro for hers. After extensive research she finds that she can offer glasses like this for only 169 Euro.

Motto: make the expensive affordable.

- Founder C has noticed that salt from the Red Sea is beneficial for many types of skin problems, and has identified a number of sources of supply.

Motto: a healthier life for everyone.

All three candidates have straightforward ideas that are not complex; their sources of supply are on the Internet. They have compared offers by various suppliers and decided on the one that was most advantageous. Our founders have a worked-out concept.

Now it's a matter of implementation. They have to launch their company, set up an office, establish bookkeeping and accounting systems and make arrangements to ship their products. Here we can observe how easy it is to establish a company in today's world.

1. The camera zooms in on our start-up entrepreneurs as they use the Internet to set up a limited liability company as the legal form for their business. For example, the company *Go Ahead* offers this service and will handle all the bureaucratic details for them. (And later, if their concepts prove to be successful and our entrepreneurs need more capital, they can convert this low-cost limited company business form into a more sophisticated legal form.)

2. As the next step our start-up entrepreneurs must set up an office, perhaps using Holger Johnson's *Ebuero*. The camera reveals that less than five minutes later a secretary is already answering the telephone in the name of the new company.

3. Our entrepreneurs then call an e-commerce supplier to manage the new company's ordering system.

4. Next, our entrepreneurs contract with an established service provider to handle shipping logistics.

All the basic bureaucratic requirements necessary to launch a business are taken care of in this first phase, which takes only about an hour – during which not a single expensive business consultant, attorney, or finance officer is to be seen.

We now come to customer contact. The audience is permitted to bet on which of the three ideas has the best prospect of success.

5. The entrepreneurs now set up an order page that they can call up in final form from their e-commerce contractor. Behind this page is the software for a full online shop that is integrated with an accounting system and handles all the administrative work for our entrepreneurs.

And from this moment forward the TV viewers can order the products!

On three status bars, the audience follows the number of orders received. Whoever gets the most orders wins.

This could be the start of a mass movement: entrepreneurship for everyone! Not only can the founders of these businesses become successful entrepreneurs right out of the gate, but the audience also learns how they themselves could launch a business. It's like watching an instructional film, but much more exciting. The economic incentive is enormous. With this initial start-up, even if it only appeals to a few hundred buyers, the company is already worth something; an enterprise value has been created.

Entrepreneurship as a new popular sport?!

A) 4.2 Working with components

The composer did not learn to play every instrument, just as today the captain of a ship is not a machinist, software specialist and navigation expert all rolled into one. What is critical is a general mastery of the tools in order to be able to assemble them in new combinations and to be able to adjust and coordinate the individual instruments, rather than a total mastery of each individual instrument. We can imagine the entrepreneur as a composer who envisions a goal and who understands how to use his instruments. Until now we have rarely encountered “composers” like this as founders. However, this is the simplest way to launch a start-up – with professional components from the very beginning.

The Entrepreneur as Composer	
Purchase through standardized markets, exchanges or contract production	Outsource administration and accounting
Use an office services provider	Use a logistics services provider (transportation storage, packing, shipping)

I've chosen the figure of the composer because successful entrepreneurs often don't invent anything new, but rather take things that already exist and recombine them in a different way, that is, they assemble existing components to create something new.

The founders of Skype demonstrated this in the hi-tech sector. Skype uses a standard technology that has been known for years, thereby competing with the big telecommunications companies, but at prices far below theirs.³³ The company's key innovation lay not in developing its own product, but rather in the user-friendly development and improvement of interfaces. Measured against the standards of new technological developments, this is a relatively meager achievement – but with a prodigious economic result.³⁴ Skype is an example of how the results of a creative concept start-up can shatter all previous conceptions of value creation. This dramatic example clearly demonstrates the potential impact of creative concept start-ups.

A) 4.2.1 Start-ups with wings

Sometimes it's necessary to make a radical break with familiar ideas. The dream of flying is probably as old as mankind itself. Until about 1890 all attempts to fly were based on observing birds in flight and devising constructions that imitated the flight of birds, that is, apparatuses with movable wings. All struggled with the problem of making those wings strong enough to compensate for the weight of humans.

The breakthrough for flying came about very differently, with *fixed* wings. It was fixed wing construction that succeeded in working with either *pull* (propellers) or later with *push* (jet engines).

Let's draw an analogy. The prevailing notion is that a company is a tangible entity made up of buildings, staff, and workplaces. It makes products or provides services. This requires organization and management.

For the moment let's erase the notion of "company" from our brains. We can now approach the subject of "founding" a business very differently. The question we must ask ourselves is: What *new entity* can I create out of the many components that already exist? Whether this new business will require premises, whether it will need a staff, and what resources will be necessary -- all these questions remain open at first. The crucial work is taking place in your head. What is critical is discovering new combinations and more efficient processes – in any possible mix you can imagine – using the building blocks that are available to you, a kit that's growing by the day in terms of the number and variety of its components.

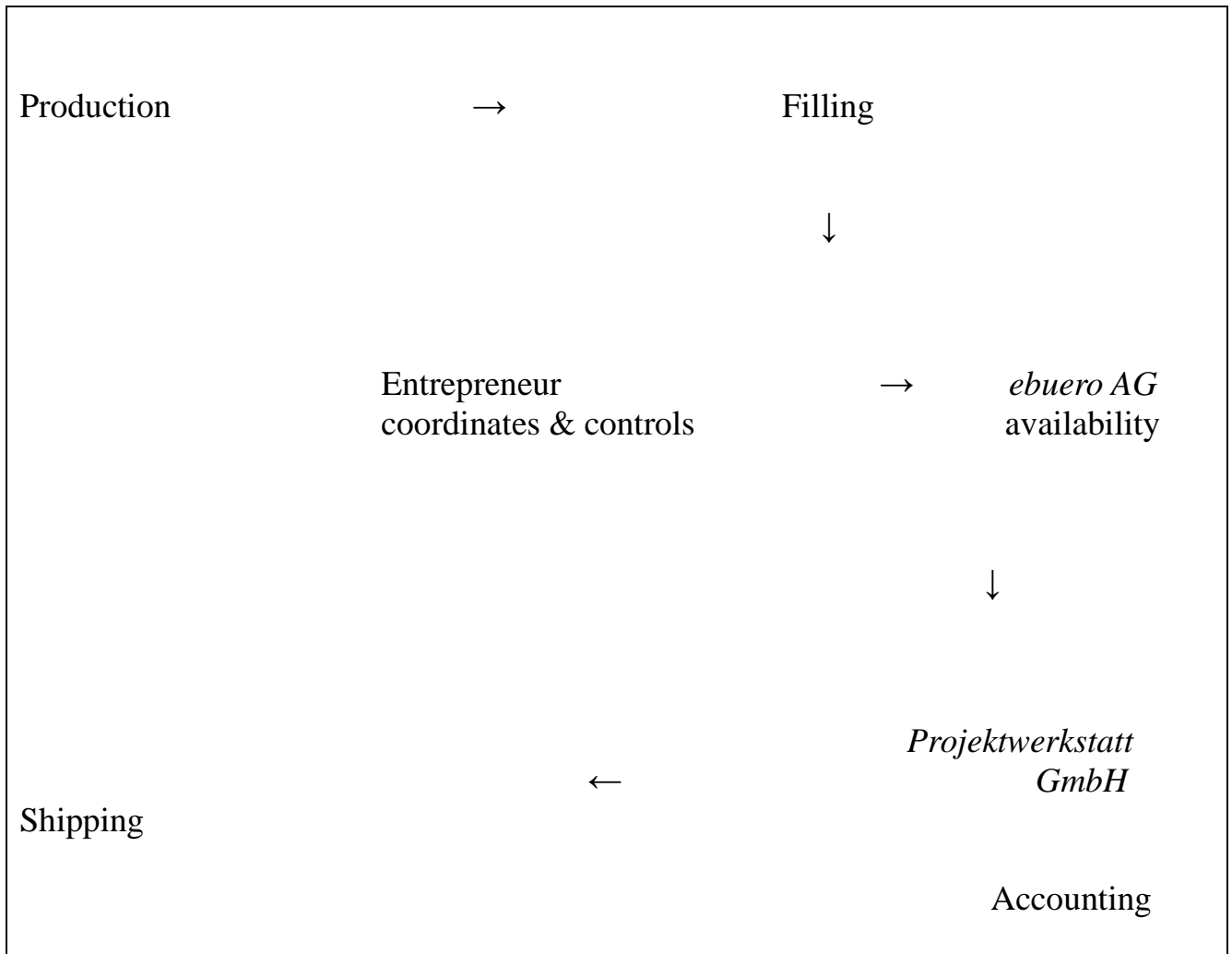
Economists may prefer to explain this paradigm change through the theory of transaction costs. In the past, in light of the high transaction costs it made sense to keep most activities within the company. These days, however, because of increasing specialization and the low cost of communications, you can take advantage of pre-existing components outside the company.

The “company” that is the theme of this book consists of the intellectual agility required to fit external components into a concept. What remains as the management task is coordinating these components and harmonizing them with one another.

This is possible under the technological and organizational conditions that are evolving today, and thinking in terms of a *virtual* company will become something we’ll take completely for granted.

The old question was, “What do I need to establish my company and organize it successfully?” The new question is, “What new thing can I compose out of modules that already exist?”

A) 4.2.2 An Example



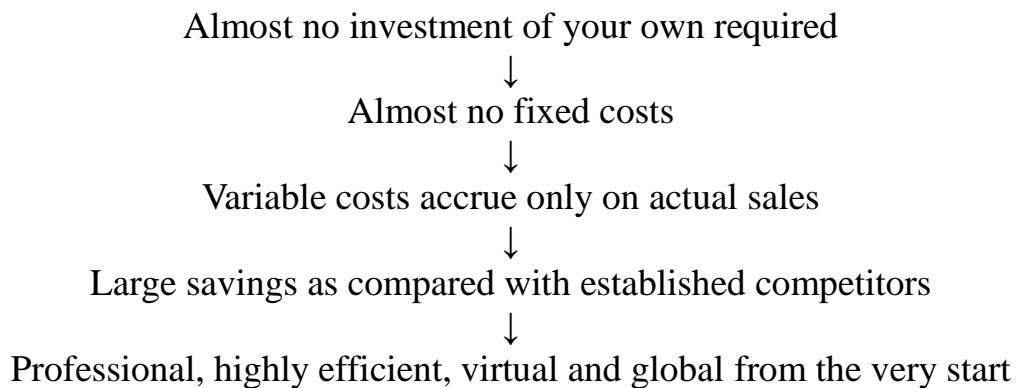
A start-up created out of components: let's use *RatioDrink AG* as an example.

The diagram illustrates the components of a company modeled on the already-mentioned *RatioDrink*. Moving clockwise from the upper left, the apple juice concentrate is purchased from the producers and put into 3-liter bag-in-box containers at a filling plant. *Ebuero* takes the orders, and all bookkeeping tasks are handled by *Projektwerkstatt*. Shipping is also outsourced.

All the components mentioned here are offered by professional operations or by professional service providers.

In a model like this the founders' job involves: (1) conceiving a concept that can be put together from components; (2) finding partners who offer these components at a professional level; (3) coordinating and controlling the interplay of these components. You can see immediately what tremendous advantages the component model offers:

Creating a company with components



Instead of making you into an overworked small business owner, this model transforms you into a *powerful entrepreneur*. Almost no investment is necessary. Your operation functions at a highly professional level from the very beginning. As a rule, variable costs arise only if actual orders are received. You don't have a large administrative apparatus that you must set up and finance. Instead, you are professional and highly efficient from the start because your components are provided by experienced partners who themselves have already achieved economies of scale. Compare for yourself the contrast between this and starting a company in the conventional manner with respect to the financial expenses, risks and workload for the founders.³⁵

Professional support for founders is an absolute necessity. Studies of successful start-ups highlight repeatedly how important is the division of roles among the lead entrepreneur and the professional management team. The founder as lead entrepreneur must be able to concentrate fully on the concept and its further development, while the management must handle the day-to-day business operations.

If a founder cannot establish this type of professional support, his start-up concept is, in my opinion, not workable. This does not necessarily mean that you need large amounts of capital for start-ups. "Workable" means that the concept is distinguished by clearly identifiable market advantages that will permit the business to attract customers and generate the revenue it needs to pay for professional staff. Anyone who believes that he cannot afford professionals should give it a try with "unprofessionals!"

If you are now in the mood to jump up and get started, armed with your laptop: go for it! You are not reading a novel, an economic fiction; you are firmly based in reality, with both feet on the ground.

A) 4.2.3 The company as an idea construct

What all this amounts to is a permanent break with tradition, a change in the way businesses are viewed. Up to now attention has been focused almost exclusively on resources. How much capital did the company have at its disposal? What manufacturing facilities, what machinery did it have? The term *human capital* reveals the extent to which capital has been the starting point for any analysis. Even people were regarded as a form of capital, as a resource. Human capital, so to speak, was merely a dimension of the capital required to operate a business.

This is the *resource-based view of the firm*.

But the balance has shifted. These days you can launch a business without the traditional resources. Now, increasingly, the sum total of the ideas and their realization is what matters. Today we can regard companies as idea constructs.

Which of the ideas flowing into its products make up the strength of a company? How much public esteem does the company enjoy? With what attitudes or by what actions has the company been able to garner goodwill for itself? How did it succeed in winning the hearts and minds of its employees (instead of sending them to motivation workshops)? What concepts will determine the company's future competitiveness? What will make it difficult for imitators to become a danger to the company?

In the past, the size of the company as expressed in its economies of scale was a decisive advantage. Today, even large companies can get into trouble overnight because they relied too heavily on their resources, their superior capitalization and their market position.

“At the beginning of every big company was a small idea,” notes Peter Drucker. Does this mean that at the end, after the company has grown large, there will be big ideas? Or do large organizations, with big bureaucracies, tend to suppress new ideas? Could it be that large size and originality are not compatible? Are large organizations more inhospitable to employees' unconventional, offbeat and unorthodox ideas than small, young organizations would be? Could it be that the call for *corporate entrepreneurship*, that is, the solicitation of more entrepreneurial initiatives within a company, is itself a sign of a company's creeping bureaucratization that follows increasing company size? This doesn't mean that resources are unimportant, but that they are becoming less significant. An approach that emphasizes only resources is increasingly missing real possibilities. What we need in addition to resources is an *idea-based view of the firm*.

A) 4.3 Eliminating growth crises

Our component model has yet another significant advantage. It is well known that young firms pass through several stages in which the company is often plunged into

crises.³⁶ Each growth stage creates its own crisis, in which management must react quickly to a newly emerging business situation, and the reaction to each looming crisis lays the foundation for the next crisis. If the right reaction does not occur, the company will be threatened with ruin.

A study covering the years 1983 through 2002 concluded that the insolvency rate for start-ups is particularly high during the first six years. In fact, only about 50 percent survive until year six. As the reasons for this the authors cite limited company size and lack of experience.³⁷ Market newcomers tend to start with companies that are too small (*liability of smallness*).³⁸

In the light of these facts, we can see how establishing a new business using components reduces the start-up risks. When we make use of components, we avail ourselves of established, experienced entities that operate on a large, efficient scale. In the initial phase management issues are not yet a problem. The founders more or less keep to themselves. Communications are informal, adequate and uncomplicated. The style is collegial. The founders and the staff, which is still small, are highly motivated and perform their duties willingly and generously. At this early stage customer contact likewise remains direct and unproblematic.³⁹

If growth continues, new staff will be hired, and the old informal working style will become problematic. Moreover, the new staff members will be less enthusiastic. The company requires stricter management. Without it, a “pioneer crisis” threatens. The founders, frustrated by the new management demands, look back on the “good old days” with nostalgia. They cling to the informal style of the start-up phase, which now produces strife among the founders. It becomes necessary to transition to a professional management team organized along functional lines.⁴⁰

With further growth, the next crisis emerges. Operations become more centralized, and top management is divorced from day-to-day operations. Organizational units and managers are frustrated and demand a greater voice. The “autonomy crisis” has arrived. The response is decentralization, in which the lower levels are given more authority. Continued growth brings on the next challenge: top management fears losing control, subsystems become independent, and centrifugal forces are released. A “control crisis” threatens.

In this phase of a company’s growth it becomes necessary to establish control mechanisms; horizontal project groups are formed and more complex forms of organization established. The result is more red tape. Jurisdictional disputes arise more frequently and administrative work grows disproportionately. The “bureaucracy crisis” is at the door.⁴¹

According to Schreyögg, companies fail mostly as a result of management errors. Founders systematically underestimate management problems. This assessment is

supported by the fact that re-starts are more successful than first-starts. From these typical growth crises, Schreyögg concludes that professionalization of management is crucial.

For start-up entrepreneurs these empirical observations are highly valuable, *but only if they establish a company in the conventional manner*. But what if they launch a business using components? With components, they are buying professionalism from the very start. From day one they work on an efficient operational scale and with a higher degree of professionalism. The crises mentioned above won't even come up. There is simply no basis for them. And this significantly increases a new venture's likelihood of survival.

This method provides yet another crucial advantage for the founders: now they can concentrate on the entrepreneurial design and develop it further, instead of exhausting themselves with the day-to-day administrative tasks. Professionally delivered components make up for the inexperience typical of many founders. Business consulting entities could take on a new and valuable role – identifying experienced, professional companies suitable to be used as components.

An examination of the typical growth crises also shows that there is a clear advantage to putting a simple entrepreneurial design into effect, because most of the crisis manifestations are the result of increasing complexity.

Get big, but remain small

The principle is “Get big, but remain small.” This is the advantage of making use of large, efficient units without having to establish and operate them yourself. Your company grows, but the core activity that you control remains small, and thus coherent and manageable.

A) 4.4 Making use of “embedded knowledge”

We have already seen that the majority view considers the founding idea not a significant factor for the success of a newly founded business. “In entrepreneurship, ideas are really a dime a dozen.”⁴² Venture capitalists play the same tune when they choose a first-class team with a second-class idea over a first class idea with a second-class team.

What's correct about this perspective is that you don't need an idea on the magnitude of Bill Gates's plan for Microsoft in order to be able to start a successful new venture. But to draw the opposite conclusion, that a constitutive idea has only minor importance in

the launch of a business, ignores the potential of creative concept start-ups. Is the idea really of secondary importance?

[It is important] to have a great idea and to pursue it with a passion. You can be successful even if the most promising doctoral students, the most famous universities and companies do not believe in your project in their wildest dreams.

STEVE WOZNIAK, Apple co-founder

Let's look at the topic of "implementation" a little more closely and from a different perspective than before.

Imagine the following scenario: you're a businessman and you have the idea of buying low-priced goods in Madeira and selling them at high prices in your domestic market. That's the founding idea. What's critical for the idea to be a success? The answer seems clear: the implementation.

You need a ship. You must know how to sail, and sail well. The ship must have been built with care. You know the requirements for your crew and you recruit your personnel carefully. You have the knowledge and experience required to lead a crew, even under difficult conditions. You've familiarized yourself with the route and its many hazards and hardships. You've purchased supplies and are guiding your ship along the route responsibly and with expertise. A multiplicity of considerations and judgments are necessary, and whether you'll ultimately reach your goal depends on you, your crew, your ship, your collective expertise, weighing all the foreseeable risks and perhaps a little bit of luck.

Obviously, in this example the idea pales in comparison with the difficulties inherent in its implementation. Isn't this clear proof that it all comes down to the implementation? And don't these considerations sound as if they could easily be applied to the position of a business that has to steer through difficult situations in the market and competition, where leadership, products and staff are crucial, and where the prudence with which this organization must confront setbacks and unanticipated situations is needed on a daily basis? The analogy seems so obvious. But is it really? Does a modern businessman wanting to buy goods from far-away Madeira still have to go about getting ship, crew and handling all the details a project like this entails for himself?

Of course not. Our scenario is not from our own times, but from a bygone era. Today an entrepreneur is no longer obliged to concern himself with all these details. A modern businessman works with service packages that are standardized and include many types of expertise that in the past he himself would have to have mastered and put into

practice. But today he is free to ignore many of the aspects traditionally involved in implementation.

The fact that we can assemble components to start a business changes the problem of implementation radically – both quantitatively and qualitatively. Implementation can be delegated to professionals through the choice of components. Implementation is now reduced to combining components.

We can call this “embedded knowledge,” that is, the knowledge we have at our disposal when we make use of such components. When we use a clock to tell the time, we are relying on the function of a complicated mechanism as it has developed over centuries at the hands of highly skilled craftsmen. One may regret that we no longer have the knowledge of all the details, as perhaps a collector of old watches does, but we are much more efficient when we make use of this embedded knowledge without having learned all its details for ourselves.

The first step is to have an idea and to work on it until a compelling concept emerges. The second step is to find pre-existing professional components with which you can bring the idea to life in all its artistic details.

Concept plus components

A carefully thought-out concept plus professional components – that is the magic formula with which we can challenge the major players of the economic world.

A) 5. Playing in the Big Boys' League

A) 5.1 Can you imagine building an industrial facility?

I'm sitting in a plane headed for Asia. My seatmate, as it turns out in conversation, works in industry, at the large German conglomerate ThyssenKrupp. His assignment is to coordinate the construction of a cement factory in Saraburi, north of Bangkok. I listen to him attentively, but naturally my thoughts are full of launching businesses using components. I take a deep breath and ask, "This might sound totally absurd to you, but can I tell you how I, as a layman, would build a cement factory?" He says nothing, so I continue: "I'd look for an engineering firm that has the know-how and experience building cement factories. And then I would ask them to buy all the parts you need for a cement factory, that is, the machinery, conveyor belts and everything else you'd need, wherever these things can be bought on the best terms. The engineering firm would have to put the parts together or coordinate the construction. What do you think of that? But please – since I know nothing about cement except that I've seen bags of it, be very candid. What do you think of the idea?" My seatmate responded very calmly, "In principle we don't do it any differently than what you've described. We get an engineering firm, we already have the one we're going to work with, and then, generally speaking, we get everything we need from all over the world. Naturally, the parts we can make ourselves, we get in-house." "Please," I say, "another silly question. Won't the whole thing be less expensive if *I* build it than if a big company does?" "Of course you're cheaper," he says. "You're not saddled with the whole apparatus we're forced to finance. The Chinese we built a cement factory for are now doing it this way too. Now they're our competition in Dubai." "Listen," I say somewhat concerned, "what does this mean for ThyssenKrupp?" There's a short pause, then he says, "I'll be retiring in a year and a half."

A) 5.2 Buying a service package

If even you can build an industrial facility, then you can do a lot of other things, too. We don't have to start off with a cement factory. These days many things come bundled in a service package that can be purchased ready-to-go. For example, a single telephone call to the shipping offices of *Deutsches Seekontor* was enough to get tea from Calcutta to Berlin. I merely had to give them the Calcutta address where the tea was stored and a delivery address in Germany. Hapag-Lloyd or some other shipping company would provide the expertise and take on all the other responsibilities – the quality of the ship and container, training and duties of the captain, choice of international sea route, details of warehousing, loading the ship in Calcutta and processing in Hamburg,

including the customs paperwork. This system turns you into an “importer,” and now you can devote yourself to the *why* and *how* of selling your tea.

In the old days, if a merchant wanted to purchase Egyptian cotton, he had to have the quality checked on site in Cairo. Then he had to arrange payment, shipping, export, import into his own country and paying the customs duties, just to mention a few of the most important steps. A lot could go wrong in the process. You had to find trustworthy business partners, but even then the risks remained high and difficult to predict. Getting launched as a newcomer was extremely difficult, if not impossible. The business not only required lots of money and experience, but it took years, if not generations, for it to grow to a size that permitted it to operate successfully in the international sphere.

Today you can buy a cotton contract on the New York Mercantile Exchange. The quality level is precisely defined; you can rely on compliance with basic terms like quantity, quality, agreed-upon price and the subsequent settlement of the transaction. Payment transactions are likewise standardized and reliable. What was previously a bold and expensive undertaking is now very manageable and can be set up with only a few telephone calls. What you previously had to do for yourself, at great risk, you can now delegate. You can outsource these tasks and transact business with much lower inherent risk.

This is the critical difference from the world of yesterday. In a modern economic system you can think and act in ready-to-go components, while in the past it was necessary to master a multiplicity of complex processes and risks. But this isn't all; the system also gives you access to a playing field where the big boys don't operate any differently than you do.

A) 5.3 Compose your company

Let's start with a small, manageable example. Rafael Kugel explains:

Scientists at the University of Essen discovered that the process of removing the rapeseed's bitter hull made it possible to extract pleasant-tasting oil. The valuable properties of rapeseed oil, now more commonly known as canola oil, have long been known, and the German Society for Nutrition (Deutsche Gesellschaft für Ernährung) expressly recommends its consumption because of its nutritional benefits: it contains 60% monounsaturated fatty acids and high levels of vitamin E, as well as polyunsaturated omega-3 and omega-6 fatty acids. After the discovery of how to make the oil palatable, I thought it would be possible to help canola oil achieve a new

economic life. If you packaged this oil in large containers and marketed it directly to the consumer, instead of selling it over the counter in small containers at high prices, wouldn't that convince consumers to buy their canola oil by mail order from me? The Tea Campaign model transferred to canola oil?

My calculations showed that I could offer high-quality organic cold-pressed oil at almost half the customary price. I would have to create a webpage of my own, but I didn't want to have to deal with the daily administration of my little business. Internet orders are directed to and processed by the Projektwerkstatt company's ordering system. Filling the canola oil into 3-liter bag-in-box containers is handled by a professional packager in Hamburg, one who also prepares the orders for shipping and delivers them to the post office parcel service. This type of specialized division of labor has decisive advantages. Although at present my company still does a relatively small volume of business, I am working with the technology and thus the efficiency of the "big boys." This means that without a major investment of my own I can play in the big leagues with established companies – efficiently, professionally, and at a cost far lower than if I took over all these tasks myself. Costs are incurred only if there are orders to be processed. Thus my risk of failing due to high fixed costs in conjunction with too few orders is very small. But above all, my mind is free for true executive functions, such as ongoing monitoring of outsourced activities, fine-tuning my concept, or contacts with the media.

Established in August 2005, my business reached the break-even point after only three weeks because of its low fixed costs. Most startup consultants had predicted that my workday would be up to 14 hours long, but the reality is quite different. Routine activities require no more than half an hour a day. This means there's time left for other important things: my thoughts are already focused on founding that next company.

By the way, I was a failure in the business plan competition – they said my financing plan wasn't realistic.

What are you waiting for? Start to compose your own company. Can you delegate, compose and outsource everything that was once thought of as implementation differently now? Indeed you can.

The following tiny company established by our serial entrepreneur, Holger Johnson, is the absolute microform of a company that works with components. Once the components have been set up, it functions virtually by itself.

What was the idea for this tiny company? To provide telephone systems with the music that callers listen to while waiting on hold – and to relieve the operators of these telephone systems of the burden of dealing with GEMA, the German performance rights and royalty-collecting organization similar to ASCAP (*American Society of Composers, Authors and Publishers*) in the US. Holger had a CD with appropriate music burned and set up an online shop. Shipping logistics are handled by a service provider. How do the customers find the website? The answer is simple – through search engines. It seems that music for callers on hold is a typical product people look for on the Internet.

What remains is the coordination between the individual service packages, which is handled professionally. Once coordination has been set up and routinized, the job of the entrepreneur is limited to quality control of the individual service packages agreed upon. Thus he gains time to concentrate on his real tasks, *i.e.*, observing the market, reacting to market changes and focusing his attention on wider horizons instead on the day-to-day business.

We live in a time of perfect means.

ALBERT EINSTEIN

There are components for almost everything, even of very high quality. First, there are professional markets where, until now, the major players have done their purchasing. There are exchanges or auctions with standardized products and standardized levels of quality. But there are also informal structures like Internet platforms that make it possible to gain access to producers, even if they are apparently producing at the other side of the earth. Above all, there are professional service providers who save us the packing and shipping. Not to mention virtually free channels of communication by e-mail, telephone or videoconferencing, which radically improve making contact while minimizing its costs. Basically, we have an enormous toolbox at our disposal, plus an almost limitless number of building blocks, from which we can create an infinite number of new combinations. Just as in the last century Stanislaw Lem composed science fiction novels out of hi-tech elements, today we can write *economic fiction* in which people synthesize their own visions out of an existing tool kit and its components.

Things fall into composition.

Attributed to the novelist Henry James (1843-1916)

Production isn't the problem. There's an excess of production capacity. Almost every producer is overjoyed to receive an order. Even brand name manufacturers, if they operate the production themselves, are happy when they can work at full capacity, and are willing to produce items for you, even if you are selling virtually the same product but under your own brand name.

Operating their facility at full capacity is more important to them than competition with some "no-name," which is, of course, what you are. At least at the beginning. Later, when you are conspicuously successful and achieve a market share worthy of note, this may change. But by then you will be large enough and will have long since researched alternatives.

A) 5.4 An example: making toothbrushes cheaper

Not far from Bonn is a factory that makes most of the toothbrushes sold in Germany. A number of well-known brands have their toothbrushes made for them there. You, too, can have your toothbrushes manufactured there and sell them under your own name or under some other fancy name. Get together with your friends and acquaintances and start a Toothbrush Campaign. You know that toothbrushes should not be used too long; otherwise they will damage your teeth, no matter how expensive or scientific their design. You yourself need at least ten toothbrushes a year. So your own circle of friends and acquaintances is sufficient for a small campaign. Why should your friends buy their toothbrushes from you? You can already figure it out. Not because you're attractive and likeable and can talk your friends into buying them from you, but because naturally your toothbrushes are much cheaper than the toothbrushes they're buying for themselves, even at the discount store. Materials and production cost almost nothing. Toothbrushes become expensive because of the advertising to develop the brand and sales.

How should you sell your toothbrushes? Set up an online shop so that the acquaintances of your acquaintances can buy a year's supply, or else you can distribute the toothbrushes in person when you go for a visit. Don't be afraid that your friends will laugh at you. They'll only do that at the beginning before they understand the concept. After that, they'll either be green with envy or they'll immediately start looking for a product to use for a little campaign of their own. If you brush your teeth with an electric toothbrush – and we hope you do – the enterprise will pay off that much faster. You've

certainly already been irritated at how expensive those little brushes for the top of the handpiece are. Ideally you should sell the motor right along with it. It should be rugged and have a long service life, and the device should be designed with sensor technology that adjusts the pressure on the teeth, which is usually too strong. In this way you'll have eliminated the problem created by brand name electric toothbrush manufacturers, which is that a different toothbrush head must be purchased for every brand of electric toothbrush.

Now you start to think of a brand name. Take "Green" for example. Yes, "Green." You can't call your electric toothbrush "Braun [Brown]" (Braun is the name of a famous German company with a reputation for high-quality products). But "Green," maybe you could. To be safe, look for someone whose name is "Green" and name your company after him. (Keep looking under "Green" in the telephone book until you find someone who is willing to go along with this experiment.) If when you try to register the name, they tell you that the name "Green" isn't allowed, bring a legal action. If the brand "Brown" is allowed, "Green" has to be permitted too. What I'm really trying to say here is that you should choose a memorable name that is as simple as possible and not let yourself be dissuaded too quickly by statements like "That won't work" or "There's one like that already."

The Tea Campaign never had any difficulty buying good quality tea, not even when the tea merchants tried to use their market power against us and attempted to influence tea producers to stop selling to us.

These days production is no longer the problem. So what *is* the problem? Packaging and shipping? This is handled by professional packagers and shippers. The *Projektwerkstatt* offers this service – we already ship more than 100,000 parcels each year. We have the entire infrastructure. Your few dozen or several hundred packages won't make any difference. As far as the costs are concerned, you'll be getting involved with an enterprise that's already operating with extreme efficiency. Even the postage will be cheaper for you. While you'll quickly shell out six Euros for a single package mailed parcel post at the post office, the same package will cost only half as much with us – and you'll save yourself the trip to the post office and the time waiting in line. Obviously the cost of packaging material is also lower because we buy in quantity. It's a real win-win situation. You'll save a lot of money, and we'll utilize our existing capacity more efficiently, and later, when you're sending a thousand packages, our costs will be even lower because now we'll have larger volume and better purchase discounts because of you. But check around to see whether you can find another service provider

who might be even cheaper than we are, or who is in a better position to meet your specific needs.

What's left is operating and administering the online shop. Here the solution is even simpler. Set up your own online shop by using software that releases you from all the administrative duties. At the end of the month you'll get a report on how much you've sold and earned. If you're curious and want to check on your business every night, you can call up the latest data yourself any time you want to. Nowadays, you will find professional service providers who offer this service.

What are you waiting for?⁴³

A) 5.5 Short of capital?

Instead of working on their concept idea and fine-tuning it, many founders still think that market success will come through large production volume. This belief is widespread, whether it's because you've heard that the big boys swallow the small fry, or because as an economist you are familiar with economies of scale (*i.e.*, in order to produce cheaply you have to produce in large quantity and that this is the way to beat out the competition in the marketplace). The standard argument made by tinkerers and would-be start-up entrepreneurs is, "If they made my product by the millions, it would be low-cost and competitive in the market." What follows this statement is almost automatic: "What I need is an investor who gives me the millions I need to do this." I, too, often get such requests. My answer is blunt: "I wouldn't give you the capital – even if I had it." Today size alone is not enough, and apparently I'm not the only one who says this. Most other rationally thinking people do, too. You could just as well expect an investor to go to the casino, put two million on Red 17 and hope the roulette will stop at 17 in the next round.

I bring this up only because it helps us better understand the phrase (or perhaps we should say "myth") of the "lack of capital for start-up entrepreneurs." Now before you throw this dossier down in disgust, I'll grant you that there are exceptions. When research and development in the hi-tech area is necessary, you will need large amounts of capital. The same holds true in pharmaceutical research. An enormous amount of capital is required from the first research findings through clinical trials to the sale of a drug.

But even today start-ups in these segments represent only a small fraction of the new businesses actually established. This share would be even smaller if we included the

many potential start-ups that are obstructed or inhibited these days through misconceptions.

Is there enough capital available for start-up entrepreneurs? These days there is a goodly number of institutions that provide venture capital. Banks have set up departments specializing in this. In my own circles I am not aware of a single case in which a start-up was not undertaken for lack of financial resources. In fact, the opposite is the case. Investors, like venture capital firms or business angels, are actively pursuing promising concepts.

Take a look at the Deutsche Gründer- und Unternehmertage (German Founders' Fair) in Berlin or similar events in other parts of Germany. You'll find an almost inconceivable array of offerings, but scarcely any start-up entrepreneurs. And even fewer good start-up concepts. The situation may have been different a few years ago, but today capital is no longer the bottleneck.⁴⁴

The fact that many start-ups fail due to liquidity problems should not mislead us to draw the wrong conclusion. Cash-flow problems are the final act in a failed start-up, but not necessarily the cause of the failure. When a patient dies, the heart finally stops, but it would be wrong to conclude from this that he must have died from heart failure.

In an information society capital is found in people's brains, and only secondarily in the bank. During the industrial age ideas derived their power from the capital that stood behind them. The pioneer Friedrich Harkort's idea to cover Germany with a network of railroads was a profitable idea in keeping with Germany's economic and logistical situation. Its successful implementation depended on the (enormous) capital resources required. The contemporary counter-example is Skype. Linking up the entire world by Internet telephone required astoundingly little capital.

Today ideas reach their fruition through the efforts of our brains, not through capital. Not because we implement them in the language and techniques of business administration (the way business plans do), but because the ideas are well-conceived, improved, reworked, and maybe even scrapped and replaced with better ideas. Today the laurels are awarded for mental effort, for the ability to think and act unconventionally, for new perspectives and new combinations. And sometimes for the ability to think like an outsider, to be regarded as crazy – and the capacity for enduring this.

Of course, the dinosaurs also win from time to time. Mass has weight, and weight also counts. Some dinosaurs are adaptable and can reinvent themselves. After all, the mass that has accrued also includes the money to buy good brains through high salaries. Is it possible to make them our own? One side says the “war for talent” can be won with money. But according to the other side, new professional standards are developing, standards involving lifestyle and self-realization, criteria that are not always compatible with large organizations. My own observation at the university is that these days students feel much less attracted to the big names in industry than they were in the past.⁴⁵

A) 5.6 Personality, not anonymity

There are many people who perceive the market and competition as faceless, as a game to be played by the big and the powerful, where brutality prevails and capital and power interests dominate all other values. It’s just not their “world.” Their aversion is expressed in their lack of interest and scant inclination to involve themselves in the realm of business.

But are these conceptions still correct?

Today size is no longer the be-all and end-all. Flexibility decreases as organizations grow, while bureaucracy increases, and with it the type of manager who would rather let people go than conceptualize something innovative, the type of manager who plays politics without any entrepreneurial vision, who keeps whole divisions applying for government subsidies but fails to recognize fundamental market shifts or notices them only as the crash begins. Not even business school professors believe in the gospel of size any longer. The advantages of large series are not endlessly expandable. On the contrary, size means more complexity, which often results in costs in excess of what higher sales can bring in. Only the managers at conglomerates maintain their steadfast belief in size. Actually, the number of small firms is growing all over the world, and they are also responsible for creating more jobs. In Germany, the number of jobs at big companies has been *declining* continuously since the beginning of the 1980s.

Anyone not convinced by these arguments should read Martin Suter’s book *Business Class*.⁴⁶ Where departments intrigue against one another, where a manager’s chief preoccupation is with solidifying his own position, one has to ask oneself: how are these dinosaurs going to survive in an environment focused increasingly on competition and performance? Skype’s two founders taught the telecom giants fear. We have known for

some time that innovation and trail-blazing ideas do not commonly originate in large organizations.

And must companies always be impersonal and “unfathomable?” There are other models. A company can also have a face. It can have individuality and reveal the founder’s personality and his convictions. The market and competition need not be brutal and faceless. The market can also be a contest of ideas. Today, when founders and small companies enjoy virtually the same access to information and know-how as the major players do, as capital and intrigue are losing their significance in the knowledge society, the rules for success are being re-written.

Gottlieb Duttweiler, founder of the Swiss company Migros, was the first to recognize the signs of a new era. He did battle for good products and low prices with the entire retail industry in his country. He refused to reduce product quality in order to offer his goods at bargain prices. He wanted to keep quality high, but save on transport and packaging in order to eliminate unnecessary expense. His customers understood that. When in January 1926 a phalanx of retailers fought back and undercut his prices in a major dumping campaign, the Zurich housewives saw through the maneuver. Even though they had to wait for Duttweiler’s trucks in the icy January weather when they could have made their purchases at lower prices in the warm shops of his competitors, they remained loyal to Duttweiler. If they hadn’t, Migros would have disappeared permanently from the scene that first year and Duttweiler would have gone down in the annals of the retail trade as a failure. Without the person of Duttweiler, the success of Migros cannot be explained.

In art it’s obvious that the work also reveals the artist, his way of seeing things, her individuality. Success isn’t a result of uncritical, abject accommodation to the market and popular taste, but rather of new and different ways of seeing things through the originality of the artist. Can this be transferred to companies?

In the Tea Campaign the customer was not king; instead, the focus was on rationality. If we had accommodated ourselves to the desires of the customer, today we would have a wide assortment of many kinds of tea in small packages, and accordingly the costs and prices would be just as high as those in the conventional tea business.

Perhaps this makes it understandable why even concepts as simple as the one devised by the Migros founder, the Ikea idea and even the Tea Campaign were destined to be such resounding successes. “In the kingdom of the blind, the one-eyed man is king,” goes the saying. Where the world of the market is dominated by an obsession with sheer

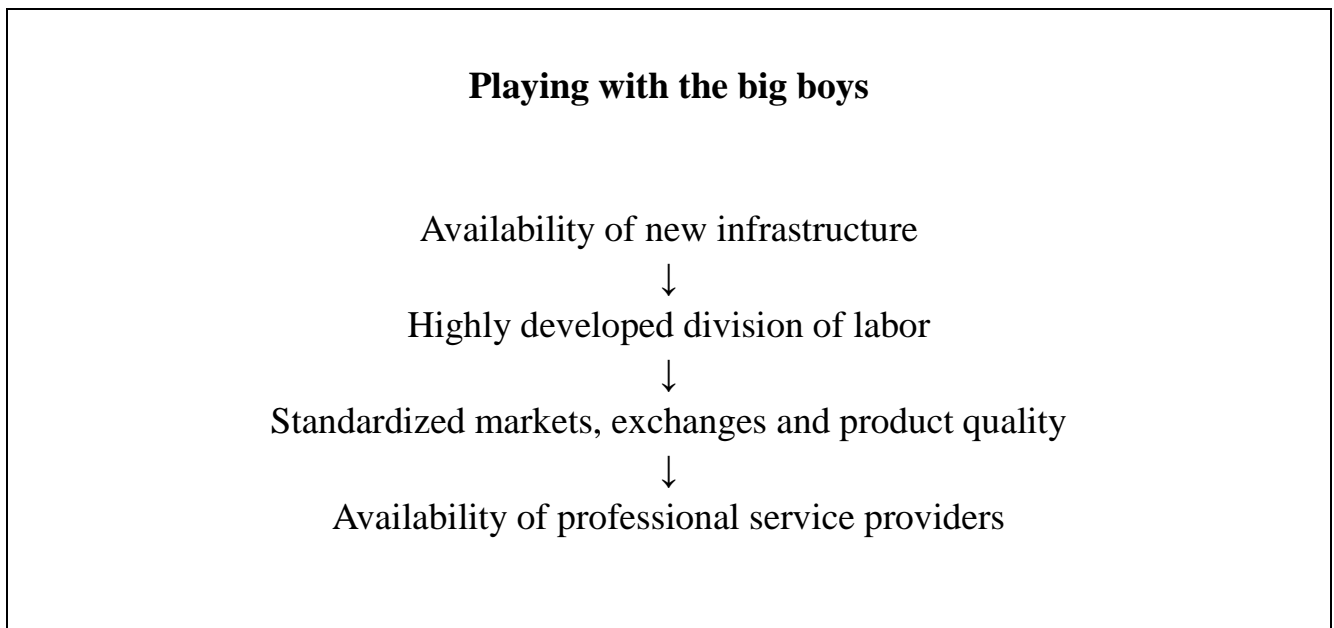
profit maximization, even tiny ideas have great possibilities. From the world of art we know that being business-minded by itself does not necessarily lead to success. Could it be that this also applies to economic life?

A) 5.7 So, now do you want a little company of your own?

“Small is beautiful” – that may be true, you concede. Maybe you are more flexible than the big boys and you’re not saddled with a huge administrative apparatus. But doesn’t a small company have definite economic handicaps? Small batches, high unit costs, no money for research and development or for marketing?

Marketing and infrastructure have changed in a way that has made the traditional perceptions of large and small obsolete. This is because of the openness and transparency of the modern markets, as well as the new professionalism and process reliability.

Thus, and this is the decisive factor, founders have access to the same market and on practically the same terms as the big companies. Our schools seldom discuss the workings of the commodity exchanges, if they’re not even dismissed outright as instruments of speculation. An example of this is the documentary film “September Wheat” [*Septemberweizen*] (1980) by German



director Peter Krieg, which is still shown in German schools today. The film singles out from the broad spectrum of business the most speculative area by far, the September

deadline for wheat futures trading. Using this extreme example, it suggests that modern exchanges are merely the playthings of speculators, but it fails to recognize the inherent opportunities that arise from the modern trading systems.

So would you like to have a little company of your own?

Buy yourself a heating oil contract at ICE Futures Europe in London. The oil will meet the exact specifications of the DIN standard for German heating oil. A contract means 100 tons of heating oil, that is, 110,000 liters. The broker requires a financial margin of 5% of the amount traded plus a commission of about 1%. Now, for all practical purposes you are trading at approximately the same conditions as Exxon or Shell. Tell your friends and acquaintances that, effective immediately, they can buy their heating oil from you at a pre-set price that will be significantly cheaper than that charged by their heating oil company. At the same time you have to contract with a tanker trucking company to pick up the heating oil at the port of delivery, usually Rotterdam, and then immediately fill the oil tanks of your friends and acquaintances.

The calculation is simple and you'll know it before launching your little campaign. It will be the cost of the oil contract, the broker's commission, cost of shipping, about a dozen phone calls, and a file folder. At first, 110,000 liters may seem like a lot, but in actuality it isn't. The oil tank for a single family home holds 3,000 liters, and often more. Tanks for apartment buildings have a capacity of 30,000 to 50,000 liters, so that just a few agreements with your friends will be enough. (You'll have to make sure that your friends make a binding commitment to actually take the oil, or else you'll need to have a back-up list of prospects.) The first time you'll be totally stressed and you might not sleep well at night. The second time, when you are familiar with the broker's and shipper's rules and you have developed a basis of trust with your friends and acquaintances, you can continue your campaigns with larger quantities and higher margins.⁴⁷

Today you can take advantage of the services of specialized third party logistics providers. You don't have to check the quality of the goods yourself, you don't have to pack them yourself, and you don't have to ship them yourself. Modern service providers do all of these things competently and reliably and, above all, more cheaply than you could ever do it on your own. What has not been taken away from you is the puzzle, the idea, the concept, the design – and how you will exploit these possibilities.

You will certainly ask yourself: can I afford these experts? This is actually a question relating to the quality of your puzzle. If it's radical enough, if it's a disruptive

innovation, and if it works with a high enough margin, you certainly can afford professional support. (The small independent businessman, on the other hand, who is doing what everyone else is doing and is exposed to tough competition, won't be able to afford our approach and method of operating.)

You're probably thinking it's cheaper to do things yourself rather than using third-party professional service providers. In practice, however, experience has often shown that if you take all of your own costs into account, you can buy such services more cheaply than what it would cost you to perform them yourself.

In summary, as unlikely as it may seem to you at the moment, you *can* "play with the big boys." But you should be prudent and limit yourself to supplying a single product or a single service. Marketing experts will try to talk you into diversification so that you can spread your risk. But be careful – you'll be paying for this with mushrooming complexity and higher unit costs. It was not without reason that Andrew Carnegie said, "Concentrate your energies, your thoughts and your capital.... The wise man puts all his eggs in one basket and watches the basket." The opportunity for you to become an expert in a single subject, keep track of your business and be superior to existing conventions in this one thing outweighs the risk of non-diversification.

Later, when you've gathered more experience and your concept has been successful in practice, you can expand, diversify or even bring the outsourced functions back into your company. At that point your risks will be manageable and calculable.

Today the belief that size and efficiency alone are sufficient has faded. Companies of a certain size are no longer agile enough for many processes. In contrast, attention is turning to small, flexible units. Today's entrepreneur doesn't need much more than a laptop and a cell phone.

Anyone who has an idea
doesn't need anything more than a kitchen table.

JERRY AUERSWALD,
German guitar maker,
Maker of one-of-a-kind instruments for international stars.

A) 5.8 Market leader overnight

www.myphotobook.de. For many years photo albums with lovingly selected memories delighted both young and old. They were close at hand and always on the shelf waiting for you. In contrast, the modern world of digital photography operates with USB sticks and folders on your computer. Goodbye photo album – or maybe not? Two young men from Berlin-Kreuzberg discovered it was possible to revive the idea of the photo album, but in contemporary form. You take your digital pictures, make a selection, e-mail them to myphotobook.de, and back comes a bound notebook or a book or a wallpaper mural, and all of a significantly higher quality than the photo albums of yesteryear.

What did they need to do this? Did founders David Diallo and Jan Christoph Gras invent or develop something new? Every child knows that you can use digital data to print and bind pictures. Do you need a high performance printer for this? Not necessarily, in any event not at the launch of the company. The same holds true for the bookbinding set-up.

But myphotobook.de adds yet another, completely different aspect to entrepreneurial design. It was a kind of super business model that gave it an extravagant launch in the market. This was because it provided many companies and their customers an additional benefit without their having to lift a finger.

The “normal” situation for start-up founders runs along these lines: you start a company, no one knows you, and probably no one has been waiting for you either. Now you have to draw attention to yourself. You’re starting from zero and slowly work your way up to a profitable order of magnitude. myphotobook.de was different. Instead of opening a shop in Kreuzberg and maybe later expanding to Schöneberg, the founders thought about what company in the area of photo developing had the most customers. They determined that it wasn’t a photo chain, but the drugstore Schlecker who was the market leader for digital photos. The founders contacted Schlecker and presented their proposal – that Schlecker offer its customers a *Schlecker photo album*. How would that work? You don’t have to worry about that – we’ll handle everything for you behind the scenes. This gave Schlecker an attractive new product to offer its customers, but freed it of all the organizational tasks needed to provide this benefit.

The advantage for myphotobook.de was that the young entrepreneurs became market leaders in Germany overnight and that they had a white label model they could offer to others in the photo business. But not only they – any other company or website could also offer their customers photo albums, for example, the German TV channel, “Pro7-

Photobook.” myphotobook.de became the market leader in Europe, held in high esteem in expert circles.

What components do you need to do this? A high-output printer and a binder for the loose pages. Machinery for production like this can be leased; it probably doesn't pay to buy this equipment at the beginning. This is certainly not the only example demonstrating that you can practice virtuoso entrepreneurship by applying pre-existing technology. What is special about it is the coordination needed to create a highly interesting entrepreneurial concept out of pre-existing components. Schumpeter observed long ago that many innovations that we sooner or later comprehend with surprise or amazement have long been in existence. Only a tiny fraction is really new. Most are a recombination of existing ideas and products.

Concepts like www.myphotobook.de have a turbo effect. The company www.spreadshirt.com administers more than 1,000 mini shops in which mini entrepreneurs create and sell their own sweatshirts. Anyone can open her or his own shop and get a share of the sales proceeds from the printed T-shirts. Today there are more than 200,000 shop partners.

A) 6. The Departure from Myths

A) 6.1 The myth of the state

In theory, everything went just fine. The best thing to do with brutish capitalists is to take away the ground they stand on. Above matters such as the mere interest in profit, the state becomes an economist, exacts more and more terrain, takes over the key industries, communizes all means of production, and substitutes the necessity of the market through planning. The myth of the other – closed – system had ultimately been incited by the leagues of gentlemen in the Central Committee of the Socialist Unity Party of Eastern Germany. And because a theory like theirs can so easily depart from the ground without being noticed, forming a sectarian cloud from within which those who reign over the government abolish the reality principle, it can escape attention for a long time that prices are calculated unrealistically and competition only happens on paper, workers have little say in anything, consumer criticism is non-existent and ecologically irresponsible production abounds. So much for socialism in practice.

What remains? Our gaze falls on the West, and we see that there are still plenty of fragments of real-socialism. They jut out like erratic blocks in the landscape, inspired by their creators' beliefs that clerks possess more of the intelligence needed to make investment decisions and run companies more efficiently, that there is no need for competition. In theory it might sound plausible, but in practice bureaucrats are the

opposite of entrepreneurs, and hardly better in character: they can be seduced by money and privileges and not even they are beyond corruption. Above all, they like to do away with unconventional dealings and long-term strategic imagination, replacing them with a dense and obsessive-compulsively operated forest of complicated rules. It plays a secondary role whether they make a profit or steer a company into the red. Like the clerks themselves, their businesses face little risk.

What remains of the state? Still enough: it acts as referee over the level playing field and sets concise sociological and economic frameworks for economic trade, aiming to be as far-sighted as possible.

A) 6.2 The myth of the resource

Despite being bargained up to a high price in prosperous times, coal loses its value when the demand sinks. What about the coal mine itself, with all its workforce? The opponents of the market say that this is such a valuable resource in itself, one should just subsidize coal to secure the turnover. This is erroneous. Resources don't form stable values – they can lose value as products.

Coffee doesn't sell well because someone owns a plantation. A dozen workbenches donated by Germans will rot along with the entire furniture factory in a Bolivian village in the Andes if they can't sell their products, and the workers will earn nothing.

There is a temptation to orientate ourselves toward the resource rather than the market. We give the resource a value, regardless of the relationship between supply and demand, but the resource – coal mine, shipyard, steelworks – then becomes a trap when the demand sinks. While its value plummets, we cling to its conservation amidst the ever-growing overestimation of its worth. An uncommon error? No, a widespread one, and one which carries a plethora of social implications.

When large industrial works are regarded as resources, they are concerned above all, intensively and constantly, with self-preservation. The overview of movements going on outside their own gates gets blurred, preoccupied as they are with the inner world. They approach the abyss sluggishly, and just before the catastrophe (in the case of the shipyard, the moment when it becomes obvious that high-tech ships can be produced more cheaply in the Far East) the call for subventions becomes louder, the value of the resource, factory, and workforce is sworn upon and the production of products which no one wants to buy at their real price continues. Doped resources are a nonsense. The catastrophe is often prolonged, but at some point the trap snaps shut after all. The nearer a giant is to the abyss, the less time remains to develop alternatives and new perspectives, the more difficult and expensive it becomes to change over to them.

The EC-agricultural policy is a large-scale example of resource-orientation. Not only are superfluous goods subsidized, but the environment is also damaged through over-

fertilization and the use of chemical pesticides. Large systems react slowly. On the contrary, the market means reacting quickly on a small scale. If more lettuce is planted in a village than can be sold, the farmer – without the EC – will quickly adapt. The EC-agricultural policy is different: it clutches onto the resource and neutralizes the market. It practices waste, where the market – if it was given the chance – would long since have prescribed limitations and thereby necessitated the search for alternatives.

Since German coal is much more expensive than the coal which is traded on the world market, and because the coal mine was recognized far too late as a trap and then put under protection as a national monument, German coal had to be protected from imported coal.

Market-orientation or resource-orientation? Opinions are divided. In the market, those who want to maintain their ability to learn cannot afford to maintain structures regardless of their cost. Sometimes it's obvious: those who produced horseshoes for horse-drawn railway horses had to find new ideas when electric trams ousted the horses. But the catastrophe often approaches in a hidden way and necessitates a far-reaching and self-critical view, imagination that reaches out far into the distance to recognize the hidden land mines with long-delay fuses early enough to detonate them or change course. Many talk of the market, but really mean its resources and the continuity thereof.

A) 6.3 The problem with charity

In July 1986, the social worker Tony Santos trudged through Smokey Mountain with his German visitor. Poisonous wafts of smoke hang over Manila's giant trash heap. The gas from the trash, so Tony tells him, keeps on self-igniting. Smokey Mountain lies on a bay like a giant carcass whose flanks leak a blackish broth in the rainy season. Below, surrounding the mountain, 20,000 people live in crates and containers, many of the huts standing on stilts in the sinking bog. Trucks heave themselves up the mountains in long rows, tip off the trash and shoo away clouds of flies. The people live from the trash. Children and adults in rags poke around in newly-peaked mounds, collecting and sorting plastic, pieces of iron, paper and bones, packing sacks full and dragging them along to the middle-men who have set up camp half way up the mountain. Many of the children live only a short life, and many of the families only earn enough for one meal per day; Europe's problems disappear far beyond the horizon. The people on Smokey Mountain are friendly and offer their guest a bowl of rice. "We are organized", they say: somewhere between one and three thousand families have joined forces to form the People's Council of the Smokey Mountain. Life on Smokey Mountain is one that leads to death, the entrance to Hades plastered with ripped plastic bags, carcasses, beer cans, rusty metal, shards of glass and human excrement.

Tony Santos belongs to the Institute for the Protection of Children (IPC), which is run by his wife, Elvie Santos. He says that they are a group of grassroots educators who run

projects with the children of the poor to help them out of their crises. In Ermita, the red-light district of the city, they have a Drop-in Center for child prostitutes, and here at Smokey Mountain they want to start livelihood projects to boost the income of the children.

Shaken by the deprivation, the visitor starts running through ideas in his head about how he can get hold of money and start up meaningful projects. Members of the IPC and related organizations take him to other social hotspots – to Tondo, a slum of giant proportions, to Sta. Mesa, where people have set up their containers along a railroad, or to the Pushcart Community on Roxas Boulevard, the poorest of the poor who live under trees and have nothing but a wheelbarrow which they can call their own. The visitor sees the child prostitution, girls and boys with scarred arms showing the traces of drugs; he observes the customers, the noisy clientèle of the bars of Ermita, and feels deeply moved by the IPC's work with these children. In a nearby park there is a house which is open for the children, where they can sleep, play and seek protection.

Various projects are put forward: a recycling project for the kids of Smokey Mountain, a little productive school for the kids of the Pushcart Community, the development of educational toys, science kits and toolkits with which children can use to learn how to use electricity (even if it has been illegally siphoned off), to build more stable houses out of the materials available, to plant vegetable gardens in lead buckets or to produce and use biogas. The IPC wants to manage the projects.

The first funding begins to flow. The visitor, now back in faraway Europe, receives a first report: the IPC is working away with success, though conditions are difficult, the contracts of the social workers need to be extended, and the money isn't enough at either end. But a lovely old man has been teaching the kids from the Pushcart Community, and on Smokey Mountain, empty neon tubes are being recycled, and a local donor has donated some workbenches for the production of educational toys.

Nine months later the visitor returns to the Philippines. He has landed early and asks the taxi from the airport to stop at Roxas Boulevard. The Pushcart Community is there, but there is no sign of the teacher. Everything looks just as it used to. The visitor asks where the teacher is, and the answer is that on the first day when he should have come, all the children and parents waited under a big tree on the road, but he didn't come. Later he once came by for a few minutes, and since then he has never returned. Everyone was very sad about it.

At Smokey Mountain a father provides information: yes, the story with the neon tubes started off well, the kids from around two dozen families participated in it and several adults too. They didn't look for neon tubes on the mountain anymore, but rather from the janitors of public buildings in Manila. But then they met with corruption and didn't make any money anymore. And the equipment for making the toys? The donor took them away to use elsewhere because the IPC hadn't use them.

The visitor speaks to the representatives of the IPC about the state of the project, keeping his findings to himself. Yes, the IPC is at work with success, though the conditions are difficult and the contracts... .. Elvie Santos is there with the representative of a Danish charity. The visitor notices that with the Danish woman who wants to take care of the children of Manila, Elvie Santos uses other names for projects which are obviously the same ones. The visitor guesses that Elvie Santos has two – or even more? – sources for the same, differently-named plans, without the knowledge of the donors.

The visitor's heart is filled with fury and sadness. Over the next days he is forced into the role of Sherlock Holmes to research the goings-on. The IPC has changed its address, from the run-down office in a backyard to an attractive house with a garden. Inside, social workers sit at computers and write letters to funders in Europe and North America. An older man is also sitting at a keyboard, supported nicely by the salary that he receives as the teacher of the children from Roxas Boulevard!

By the end of his research, the visitor has unraveled the mystery: it is not the poor who have run livelihood projects or acquired new knowledge, but rather the IPC. Social workers have made a career for themselves by becoming middle-men and creaming off the funding. Social workers? Of the 34 members of the IPC, the visitor finds out that 31 of them are related, and even the nice old man is someone's father. The "educators" employed in the Drop-in Center are actually the nannies of the children of the IPC clan, and it could well happen that the Danish woman and her church community from Jütland will end up funding these nannies.

The IPC must also have got hold of Terre des Hommes for their address list at some point. In no time at all, German schools and solidarity groups will receive masses of advertising booklets which explain that Terre des Hommes works with a grassroots Filipino organization called the IPC, with a project at Smokey Mountain where children at a productive school repair neon tubes. Terre des Hommes wants to send a positive signal to these children, and calls on everyone to support the project.

By now, the visitor realizes that Smokey Mountain is a good trademark, and that the IPC is more the rule than the exception to it. Although not every case is so very corrupt down to the finest detail, "foundations" and "institutes" are sprouting up all over the Philippines where charities turn up on the Western horizon wanting to ease the hardship. The belt of poverty around the globe is full of intermediary organizations which cream off donations by the rich and use them primarily to secure a living for themselves, involving the poor only to the extent necessary in order to keep up the facade. While European and North American donors are becoming mistrustful of dubious collectors, a mafia of middle-men has quietly been established on the side of beneficiaries, who live well off the motto "help them to help themselves".

Donation corrupts the character. Perhaps not everywhere, but even in cases where the money does reach the poor, where projects are not just simulated but really carried out, their effect is often fatal. Donations dequalify the poor in their entrepreneurial skills. They learn that it is easier to ask for donations than to earn money. The donation habit in the West has become a dequalification program for the poor, where even the first donations can act like a drug and lead to addiction. The economy of the informal sector, with its tough competition and therefore modest turnover, is left behind in favor of a simulated economy. The widespread practice by which Western development workers - without an inkling of entrepreneurial spirit or knowledge of the field - gather a few women around a few new sewing machines and get them to sew T-shirts, and then ask themselves why the T-shirts are so difficult to sell, ends at the same place that it began: instead of a bottom-up economy, we simply have dilettantism from above. When donations end up not helping the poor help themselves, but rather funding an occupational therapy program for the poor, it would be better not to have collected the donations in the first place. It would be of more use if the church communities, instead of the Christmas collection or any other season, took a stance against fortress Europe and the abolition of import charges and demanded quota rules for developing countries as well, called for the development of alternatives for German farmers, and were prepared for their own country to face world-wide competition and to really tighten their own belts.

We don't want to throw the baby out with the bathwater: help amid crisis and catastrophe, support of the disabled and those needing protection - these remain undisputed. Even the poor who want to liberate themselves from the informal economic sector through bright business ideas often need some start-up capital, but better a loan than a donation. This preserves the ability to manage a tight budget and prevents the lethargy of body and mind which can otherwise set in before the real competition has even started.

Smokey Mountain in 1992: 27 "foundations" and "institutes" now work there, only five of which are real and leave visible traces, the others mailbox-firms for the collection of donations. In the meantime, some of the poor have learned how to deal with donations. Some mothers have managed to secure two or three sponsors from two or three countries for the same child. A pop group which has nothing to do with the place calls itself 'Smokey Mountain' and performs all over Asia. The Filipino government's plan to close the trash dump on Smokey Mountain, to make it greener, to build houses there for the poor and work with them to develop new career alternatives - this meets with bitter resistance from some of the "grass-roots organizations" who fear losing their beneficiaries.

TV crews turn up time and again to take home photos of the children of Smokey Mountain. Back home, the scenes touch the hearts of the donors from France to Canada. In 1992, a Berlin student who wants to do an internship in the slums of Manila asks for information material from Terre des Hommes. She receives a prospectus with the same

descriptions of the children, their recycling school, and the solidarity required from us all. Later, when she arrives in the Philippines, she is surprised to find out that the IPC no longer exists, having changed its name to the 'Institute for the Rights of Children'. When the accountants of the various donor organizations started knocking at her door, Elvie Santos simply changed the sign. Her husband Tony might have felt the pangs of his conscience at some point: evidently, they have divorced and he has left the company. When Elvie travels to international events and moves the audience to tears, she takes her children and her nannies with her, and the church members from Jütland may well still be helping to finance the ticket, in good faith that their donations will pay the salary of the educators at the Drop-in-Center in the Red-light district of Ermita.

A) 7. The Economics of Morality

Is the market really a collection of villains, as many see it? For sure, there is a common species of bad economists who replace innovation and quality with crude elbow behavior and play a mean game which borders on fraud and preys on stupid consumers. What to do? Join in the dirty game? Is it possible to fight with the same weapons on the good side, or does it just risk near-collapse for the small-scale entrepreneur of sturdy character to fly the flag of morality?

"Corporations realize that it pays to be good." In the Asian newspapers, and elsewhere, we can increasingly observe pointers towards the realization that morality and the market don't have to be at odds with one another; that the market (and the non-market) doesn't just reward good deeds in heaven, but offers attractive benefits in the immediate future. "Ethic pays" – at least in the longer term. Scoundrels live with risks: if not of blowing their cover, then at least of losing their credibility.

There is an economy of morality. When market means management of scarcer resources, economy also demands ecology. Scarce resources must be protected; he who pillages them without keeping an eye on the distant future saws off the branch he sits on. Whoever thinks that this only applies three generations later, risks being punished by critical consumers and ending up with a mound of unsold products. When McDonald's announces in giant advertisements that "Not a single cubic centimeter of the rain forest is lost in McDonald's name", when Kellogg's funds environmental protection projects in South America and even the foundation of the sewing machine factory Pfaff devotes itself to the topic, these positive developments stem from the market, from – in the case of McDonald's – the repeated concerns of consumers as to where the cattle grazed before being made into burgers.

Entrepreneurs from below need the motivation to be a thinking company, and not to organize the company against the nature of the people working there, but rather to integrate this nature. Imagination and dreams, usually repressed in the black box of the company, are desired and used productively. Just as the traditional school tries to drive the individual will out of the children, the originality and uniqueness of the workers in a

conventional company are also crushed. This is both inhumane and pointless. The indomitableness and uniqueness in dreams, penchants and passions contain boundless energy which can benefit a company and its workers if they are used in loyalty to the entrepreneurial idea.

Generating profit is a good thing in principle, as investments are made and jobs created. He who squanders these profits deals badly. It isn't profit that should be taxed, but luxury consumption. Young people should be encouraged to become entrepreneurs because they bring frugal habits with them, at least if the situation demands it. It's high time for a re-think: as long as society continues to acknowledge the consumption of luxury, it fosters the craving for more and more.

Producing a good product on a tight budget, heeding consumers' wishes as well as making some profit out of it – this is a good deed as long as no one suffers either directly or indirectly, and our planet doesn't get destroyed any further. Quality doesn't have to mean recklessness. Competition is a good tool for putting morality into practice. The competitors and increasingly also the consumers have beady eyes on how the company works.

The market is an efficient instrument for taxing resources, and is superior to other instruments such as central planning. The principle of minimizing complexity and with it the consumption of resources is all well and good, but the market is also superimposed by a mechanism which isn't included in the economists' models, namely the spiral of increasing expectations in which our aims constantly change and get bigger and bigger. New "needs" are constantly being teased out, buyers driven to addiction to more and more – and neither happiness nor satisfaction are increased. This unwanted side-effect becomes crucial.

This is the point at which economy and ecology drift apart, and the rational management of resources slips into the ravaging of them until the point at which consumer desires – and this is where a politically set framework is necessary – are brought back down to an environmentally sustainable level.

The necessity to be sensitive to the social and ecological consequences of our own doings demands socially active and environmentally conscious businesspeople. Those with these characteristics are often ambivalent towards economic practice and try to make themselves useful in other areas of society. This is inopportune, if not fatal. For it is they who should become entrepreneurs, contesting the field of those who are only out to make money and don't give a hang for all that surrounds them.

In Christianity, the blueprint for the ideal human is mainly based on the anomaly of Jesus of Nazareth. Even two thousand years later, this still stands. Socialism took less than a century to prove that little remains from the new, all-round developed, ethos-inspired personality. On the contrary, the construct had hardly crumbled apart before

many people threw adherence to the rules of *fair play* and principles of humanity overboard. The market is less based on premise, teaches more exactly, monitors adherence to the norms not through self-incrimination or confession, but through competition and the rules of the *level playing field*: increasingly so, the more this really exists. If we want more morality in economics, we need more market and a state which protects the market and its rules unwaveringly, without succumbing to seduction.

Does someone who makes good bicycles harm other bicycle manufacturers? Only if the others make lower quality bicycles, in which case they will earn less. But the market only drives them out through over-capacity. That isn't a moral problem. When it occurs, it offers the opportunity for change.

When there are fewer winners or losers, but instead lots of first, second and third places on the home straight, this naturally gives rise to a social network. The entrepreneurially-destined *citoyen* is one who can work inside the rules with imagination and freedom. We see the chance to work practically on the development of an anthropology in which there are ultimately no weaknesses, or at least far fewer than those who swear by Social-Darwinism would like to make out. There should be far fewer losers – children, young people and adults – If education concentrates earnestly on fostering obsessions, peculiarities and individuality before it's too late. The market means variety; it means always giving the outsider a chance, whether individual or group. What applies to the Indian in East Africa or the Chinese in South East Asia also applies to the outsider in our society. The maladjusted can become capable entrepreneurs, from the youths who lack the perspective of a job or don't see the point in having one, to the immigrants who wish to escape from dependency work. We aren't born into a caste of dependents and the administrators: the option to jump overboard and learn to swim remains.

Entrepreneurs are neither better nor worse than other people. If they want to do wrong, they might have more opportunities to do so at first. But in the long-term, ill will brings about a loss in credibility and simply accelerates the downfall, especially in the face of the competition which the market entails.

Small businesses have a special chance: when they practice morality, the consumers notice, and this means an increase in credibility and trust. Small-scale entrepreneurs have to be robust, and remain steadfast even when the competition tries to trip them up, spread rumors or play nasty tricks on them. Small-scale businesses which stay on course and don't allow themselves to be provoked or corrupted force their opponents towards the thing they fear most: competition. It turns out that morality and economics go together well. Putting morality into practice acts in itself as an excellent marketing concept.

B) LEARNING IN THE MARKET

Learning in the market means learning amidst insecurity. In every business decision, a risk is inherent. With a wrong decision, economic sanctions will sooner or later come into effect. Good decisions lead ultimately to higher takings. Entrepreneurship is a serious game.

The market is like a school without a schoolhouse, which sometimes manifests itself as an obstacle course, a complex labyrinth, sometimes as a place for lightening-quick decisions, a workshop for tinkerers and inventors, an Ashram for the reception of otherworldly inspiration, an office for unusual measures, a stock exchange of ideas, a show-ground; it allows input from school-less teachers in various roles: as competing entrepreneurs, bureaucrats, managers, business partners, inventors, customers, enemies and friends. The teaching and learning materials stem from reality and are often home-made. This school, having next to nothing in common with the institution of the same name run by educators, finances itself.

Oh yes, and neither are there grades – the customers express their approval or displeasure in Euros and Cents. Exams are no longer short-term events with dubiously little long-term value: the consumers continue to spread their praise or their aspersion. The consumers force entrepreneurs to keep on learning, to constantly gain new competences in their field and produce new ideas. If they take the first early warning signals seriously enough, producers usually have enough time to readjust to the increased or changed demands of their customers before failing to meet the class target – ending with a balanced account sheet. Repeating the grade does happen when entrepreneurs pay too little attention to the market or get out of their depths, but there are no permanent expulsions from this school – new beginnings are also possible. And no one who's there as an entrepreneur needs to be motivated because they're motivated already, and the more fascinated they are by the game, the less they worry about timetables and vacation, they want to be there day and night.

B) 1. The Failure of the Educational Profession

The market as a school is a dream which only occurs in life after school. In normal, 'schoolish' schools, the children are protected by their educators, and aren't allowed to play games that have a serious nature. Teachers are no entrepreneurs. On the contrary: they belong to the institutional species. If they were unlucky enough to be born, let's say, in Berlin-Neukölln, they probably landed in an all-day nursery at the tender age of a few weeks, transferred to an all-day kindergarten group for 3- to 4-year-olds, and then the preschool group for five-year-olds, followed by all-day primary school, all-day middle school and all-day high school; after all this, they can go on to university to train as – school was apparently so homely that they can't imagine anything else – a teacher, in order to stay forever young. From here, they go straight into teaching practice and back to school. No one threw these students out in time. Even if they hadn't attended the

nursery or kindergarten, they could urgently have done, at some point or other, with a rest from the long march through educational institutions, even if just for a while. The occasional trip to Lanzarote or the Engadin does not suffice.

Do teachers show children how to become young entrepreneurs? Do they support the obsessive passion, the stubborn pursuit of unusual ideas, the calculation of risks? No, they do not. The basic qualification of entrepreneurship is domesticated by educators and transformed into the ability to exist as an employee, thus producing illiteracy in all things entrepreneurial and thereby an educational catastrophe with dire consequences. Even the design of their institutions is a counter-productive model: schools run up costs without having the chance to earn.

Across the globe, the majority of schools favor repetitive learning in fake security: the teachers are familiar with exercises and solutions, which pupils study with ever-decreasing interest, trudging along the well-worn paths that their teachers have trodden before them. The complexities of reality are reduced down for didactic purposes, assigned to subjects and distorted almost beyond recognition into adages such as 'if five workers take ten days to build a small house, how much time do 500 workers take'?

Decades ago, in his essay "Sysiphos, or the boundaries of education", Siegfried Bernfeld wrote: "The school – as an institution – teaches. It is at least one of the teachers of the generation; one of those teachers, who – making a mockery of all the lessons given by teachers, great and small, of all the teaching programs and conferences, decrees, sermons – makes each generation what it is today, what it is again and again, and what it should definitely not be after all the demands and promises... ..and that is the ludicrousness of the teaching situation. With all the thinking, writing, experimenting and diligent campaigning in the world, the teaching profession cannot see that all of this is pointless because it is happening in the wrong place. Meanwhile – and this is what is so objectionable – it maintains the status quo by diverting all the attention away from the enemy through all this distraction and activity elsewhere. All these hours of work in vain. No, not in vain. It serves the to preserve the status quo."

Subject-based learning (as opposed to situation- and problem-oriented learning), in individual competition and inside the parameters of would-be security, is relatively non-transferable. The difficulties of reality take their own course, and overcoming them often requires teamwork, and the inventive process of inquiry learning where theory and practice are intimately connected. Pupils whose horizons stretch only as far as the next piece of homework, for whom learning is disconnected from their own social (and economic) context, whose motivation to develop their own initiative dwindles, experience an education which prepares them only for work in dependency.

Many educators are frightened by entrepreneurs: they are something from beyond the grave. When they read the newspaper, they skip the economy section; their general knowledge ends at the feature pages. Instead of supporting better businesspeople and

applying the discussion of values to concrete economic projects, an anthropology of the businessperson is assumed, stemming historically – at least in part – from antisemitism and based on presuppositions such as that businesspeople are the product of flaws in biography or character, and certainly not of educational success. When entrepreneurs emerge by accident, this is beyond the bounds of educational responsibility. Although educators like to be highly paid, German teachers earning the second highest teaching salaries worldwide, they regard the earning of profit as rather indecent; getting really rich even more so. They don't like competition either – imagine the uproar amongst German educators if they earned according to a ranking system.

Entrepreneurship education doesn't take place at university either. Business Administration Faculties pretty much ignores entrepreneurship. Students of Business Education have difficulties explaining entrepreneurial initiatives later on because they have already become strangers to risk through their choice of studies. If universities really wanted to support high quality business initiatives, they would need to lose much of their bureaucratic superstructures and arranged marriages of high-school teachers in scientific institutions, and become productive, competitive, administratively and economically nigh-on independent units: universities as – amongst other things! – a collection of intelligent businesses doing science, living from an ingenuity supported by science, in which both professors and students learn to take risks. University as a volcano which constantly erupts with new, visionary ideas? University as a collection of the entrepreneurial Avant-garde, professors who finance at least part of their post themselves, students who instead of becoming eternal youths, start up the subsidiaries of their Alma Mater? Aha, far-fetched? Probably.

A little flashback which is more connected to reality: a conference room in the Free University of Berlin, about a year after the Reunification of Germany. Professors from East and West sit opposite one another. Outside, the landscape is already being shaken by earthquakes – collapsing companies fire their workforces, tenants fear financial strangulation by the former owners, the spending sprees are followed by the hangover of high repayments – but what are the gentlemen doing in there? They are talking about the problems of artistic motivation in class. Some of the colleagues are on the case of such meaningful questions as whether in the future one will be able to say in English "I will" instead of "I shall", and whether storage represents an application-oriented subject within the field of IT, or if one can carry out a quality control in chemistry on the subject of Neutralization.

Learning in real situations easily ruptures rules and rituals. During a public event at the Bielefeld Upper School Campus, a leading island of reform in an otherwise dreary educational landscape, there was talk of state schools also being schools *in* the state and that they should get involved in what's going on outside. When someone proposed that the staff should get involved in the campaign against the building of a sports plane airport in a nearby marshland, a teacher of social/political studies protested that the campaign would surely exceed his workload. Exactly! And when, later on in the

discussion, an art teacher complained that his plan to paint a fountain in Bielefeld with his class had met with local-political rancor and bureaucratic entanglements, others in the audience say "So what?". The children learned other important things: that decisions aren't just made in the meetings of the responsible committees, but also in corridors, in telephone conversations, on the way home from bartering sessions verging on political obscurity. Maybe the pupils had learned something about administrative inefficiency and how it could be done better. Lessons about local politics instead of art? That might be what happens when the school wants to become part of the state.

For children who want to do business, now or later, school acts like a giant cheese grater: you can only develop a business idea in spite of it or even in defiance of it. For teachers, though, school is like a magnet which constantly threatens to pull them back in and end each foray they make into the world outside the school gates. For all teachers? No, even amongst teachers there are some socially-minded entrepreneurs. Those who want to connect school with life, who favor open lessons, involve their children in projects that have a serious character, want to reestablish the connection between school and neighborhood; teachers who base the learning processes and experiences also on key economic problems and situations – it is they who need support.

B) 2. Emergency Education

It is night in the suburbs of Rio de Janeiro, where the Favelas are and Black prevails. The Movimento Negro, the Afro-Brazilian movement, has sent out an invitation to an exercise. The aim is to encourage the bandits (who go about their handy work whether the Movimento Negro like it or not) to more humane hold-ups. Fourteen- to twenty-year-olds have got lined up ready, a bit like the descendants of the robber Lampião and his band, the Cangaçeiros, who used to spread unease in Sertão, the dry northeast of the big country, many years ago. The Maria Bonitas are also there tonight, the girlfriends who enjoy witnessing lessons such as these. Bandits shoot fast, often out of fear. They usually shoot when tourists move too fast, like when they reach too quickly into their bum-bags and the bandits don't know whether they're getting out their money or a pistol. So what they need is to loosen up the situation, to tell the tourists to please in a relaxed way, in the here and now, slowly and with no erratic movements, get out their money, best of all from the front pocket of their shirt, but when they have it in their bum-bag round the back, then please turn round slowly with hands up, so that they only reach into their bum-bag while the robber is looking on. But what if it's complicated to get the money out of stingy tourists? What about if it's stashed away in their shoe or a hidden pocket somewhere? How can a bandit, under stress himself and not particularly good in English, communicate his message in a precise but at the same time relaxing way to his shocked victim? How fast – no matter how slow the movements – does the whole thing have to take place?

The night sees a lot of smirking. The aim wasn't to stop the bandits from attacking people – it wouldn't be at all realistic, the conditions are just too bad – or to encourage

them to become entrepreneurs and start making an income (for which, though we might prefer it, there is not enough time), but rather to decrease the death toll. In another city, São Paulo, a German development worker convinced a young bandit to take up work pushing wheelbarrows of cement on a building site. Three weeks later he was back on the street, and when she asked him what he really wants to be, if he's already done with the wheelbarrow job, his answer was "a big game hunter in Africa". This answer holds an important tip for educationalists: you can't replace an adventurous life with dreary pedagogy. It must be an education which doesn't cause the clientèle to either nod off or to get the hell on out.

Staging a show of boredom is directly opposed to emergency education. In cases of emergency, adventure is a familiar element. There is no didactic filter between the learner and reality, and those doing the teaching learn alongside their clientèle, expose themselves to real situations and run projects which have a point. This doesn't mean that learning in the market happens without protection though. A protective framework is necessary for entrepreneurial projects, because a collapse can be more dramatic than simply slipping down a grade. The protection just needs to come, unlike in school, at the right place.

At the beginning of the 1980s, the Hermann Lietz School on the German island of Spiekeroog – a comprehensive school founded in the 1920s – was on the brink of collapse. In recent years, amid ever-decreasing motivation among teachers, parents had preferred to send their children to boarding schools and the islanders held the school behind the dunes in less esteem than ever. The school founder's motto "Living and Working" had been fully forgotten until a new school director, Hartwig Henke, arrived on the scene and saw the school's financial difficulties as an educational opportunity. "Living and working" now meant surviving. The school needed to act entrepreneurially, and the pupils were suddenly important because the fate of the sinking ship depended on them. What a beacon of opportunity on the German educational landscape! Survival meant using idle wasteland around the school and enriching the lunchtime menu with nutritious vegetables, building up a farm with sheep and highlands cows, repairing the dikes, protecting the school from storm and flood, using the wind as a source of energy, and finding out whether it is profitable to collect the trash (not just from the school but from the whole island) and take it to a recycling scheme.

After the first trials, the pupils suggest turning the school (which is already registered as a limited company) into several small firms, turning classes into small businesses, ransacking the curriculum for useful material for their projects. Homework would take on a totally new meaning: for example, how can you use solar energy to optimize the relationship between the angle of tilt on the roofs of the greenhouses and the position of the sun? Or find out why the wind turbines built by large companies (which must obviously be run by landlubbers) corrode so quickly in salty sea air, and which materials prove to be more resistant?

Entrepreneurial ideas are vented: since driving is forbidden on the island, we could design solar-driven vehicles. Or pushcarts with rollers and caterpillar tracks for families on vacation who sink into the sand with the little wheels on their pushchairs. The school could open a café for walkers who are hungry and thirsty after roaming the mudflats.

And the teachers? They could be shareholders or business managers of the classroom-firms and share the profits with the pupils, the pupils suggest. The old subjects should still exist, but in reduced form. The really important knowledge can be learned in the small firms outside of the 50-minute rhythm of the regular classes: that's where the real learning begins. If you want to manage a couple of hectares of agriculture under glass roofs instead of digging up frozen vegetables in the winter, then even the planning stages require a sound knowledge of economics, geography, biology, chemistry, physics and mathematics; you have to do market analyses, research customer behavior, calculate probability sums, factor in climate and water, examine soil conditions, and become acquainted with the growing of vegetables that don't only look good but also, most importantly, taste good and are full of nutrients.

Curriculum commissions are not all-knowing. The curriculum doesn't tell you how to prepare the best ground in the conditions at Spiekeroog, ground which isn't just rich in nutrients but also holds water for long enough because of the added lime. But the islanders know. With their help and their expertise in the field, the projects should be able to avoid failure.

Thought up, discussed, proposed, and often carried out as well. Teachers and pupils, in conjunction with the commune of Spiekeroog, set up an Education and Information Centre in the Lower Saxon Wadden Sea National Park, and receive over 12,000 visitors in a year. They built a solar power station to produce usable water for 100 people and worked with the commune again on a larger wind power station which could produce not just 20 kilowatts like the previous one, but 200 to 300. A pupil shop opened but had to close again because of parasites in their own ranks. A small museum brought in 5000 Euros in its first year. The café for hikers now exists, with its profit and loss account. These days, the Hermann Lietz School on Spiekeroog is long since out of deep waters. It has a future, and the islanders are proud of it once again.

Ultimately, it's not so much the pupils who have difficulties with the economy as the teachers. Few of them want to be shareholders or managers of little satellite companies around the school. Some dream of the good old life back at the grammar school, the status of civil servant. And when a pupil noticed a little gap in the market on the island, which has many bicycles but nowhere that repairs them, and set up a private workshop to which people began bringing their broken bicycles, and business flourished and the pupil began to earn more and more, some of the teachers turned up and banned the business, deeming this way of earning money for himself unacceptable.

If educators aren't entrepreneurs or don't want to be, it would be a great help if they at least allowed children and young people who have a passion they want to follow to do their own thing without constantly bothering them. Or as Ivan Illich says, "Most learning is not the result of lessons. It is more the result of unhindered participation in a relevant environment."

B) 3. Understanding the Children of the Poor as Entrepreneurs

Brazil, Minas Gerais Province, in May 1987: As part of a conference in Belo Horizonte, a group of Latin American educationalists set off in rickety cars towards Betim. Over the next hour, the road leads them to the flipside of wealth. They stop in Bairro Santa Lucia in front of the *Salão do Encontro Artesanato*, a "school" which – thank heavens – is no longer recognizable as such. The education specialists know: Brazilian primary schools have a dropout rate of eighty percent in the first four years. Children from the Favelas often come to school simply to collect the school meal in order to share it with their family.

The educationalists are shown around the Salão for two hours before driving back to their conference. Some turn up their noses at what they have seen, regarding it not as an *Escola Comunitaria Produtiva*, but rather as a business based on the work of both children and adults, and owing its economic success to the fact that the salaries are so low. As the conference comes to an end, other educationalists demand funding from Europe for their projects, arguing that Europe bears a historical responsibility for Latin America, and should be treated like a cow ready for milking.

The Salão seems to have two sides. We can see it in this way, but – as in Akira Kurosawa's Film "Rashomon", we can also see it in a completely different way. For us, the story unfolds as follows: in the middle of the 1970s, the teacher Noemi Gontijo left her job at an old-style school. Along with a few poor neighbors and their children, she set up some workshops and began to hand-produce and sell carpets and wall-hangings. Later, furniture was added to the production line. And since Noemi knew what the wealthy inhabitants of Minas Gerais have a fancy for – rustic pomp for their villas – and what they were willing to pay, her people got their hands on railway sleepers, millstones, cattle harnesses, wagon wheels, tow bars and heavy iron chains – everything you need to install countryside kitsch. Since then, they build home bars: bar fortresses, piled up high and with overhanging flanks decorated with spokes and chains - bars which can be placed in the middle of large rooms. At first sight, they resemble the disemboweled mechanics of a windmill, but if you take a second look, you catch sight of the bottle- and glass-holders, the flat counters and built-in seats. These bars are a major success, and with them, all the real artwork that the company produces: carpets in natural colors, wall-hangings in unique, expansive, fantastical patterns.

From a small initiative, a middle-sized one has emerged, both philanthropic and highly professional. Three hundred and fifty people between the age of eleven and nineteen

work there, and another 1000 neighbors can eat there twice a day for free. The customers can expect a waiting time of four months, and everyone who comes to collect their product knows that they will first be sent for an hour-long tour of the company in order to talk to the artists – old and young – about how their ideas for the design and production came into being.

There are no professional teachers in this school: everyone is both teacher and pupil. The fourteen-year-old teaches the eleven-year-old to read and write, who in turn shows the three-year-old in the company nursery how to handle hemp and bast. A nineteen-year-old acts as accountant, and despite having no formal knowledge of accountancy, he has developed his own personal, sophisticated visual theory of calculation and accounting. The wooden walls of his office are plastered with giant tables and ciphers which allow him an overview of the entire production process and the names of all those who are involved; like this, he can find out who is producing what and how long it will take. The warehouse manager is also a layman, having likewise used the principle of trial and error to develop logistics which now run smoothly. No one in the workshops stays empty-handed when they need a refill of wool, paint or railway buffers.

One of the rules of the company is that each part of the whole sustains itself so that it does not become dependent on subsidies. This applies to the nursery as well. Here, without a trace of the brutality of the child labor in 19th Century European factories, the children weave small carpets and tapestries on little looms. These looms were built for them by the older children, just like the little pottery wheels they use to make children's crockery. From production techniques to price calculation, the children learn everything that is necessary to run the business. The adults have bought a circus tent, and the children work alongside trainers to put together a program which they then give paid performances at schools in the region. At the edge of the street there is a disused railway carriage which they use to sell their products. The numerous visitors who are on the lookout for chairs, tables, beds, cushions, tapestries or ceramics which match the bars on display in the Salão, buy what the children have to offer: they are instant souvenirs without the need for a waiting list.

The Philippines, Luzon Province, in October 1987: The village is called Cardona and is situated at the edge of the shallow Lake Laguna, not far away from Manila. At the lake, illegal large-scale land holdings have become increasingly common. The rich have erected dense bamboo fences around hectare upon hectare of the lake and breed fish there. The lake resembles a honeycomb. Watchtowers with armed security guards mark out the borders between one person's property rights and the next. The small-scale fishermen of Cardona are left with less and less of the lake for fishing, their catch no longer enough to survive on.

Purita, a teacher, is beset with the idea of starting a school in Cardona which can generate enough income for both the children and herself to live from. Not by catching fish, but by rearing ducks and pigs. These sell well on the market. The children and

fishermen should learn not to be dependent on the lake anymore, as it becomes more and more out-of-bounds, but rather to use the land.

As teacher, Purita knows that she has to throw her colonial educational ideas overboard. Despite the task being relatively clear, the solutions are far from being so. The lack of capital – the pesos they have scraped together are just enough to buy a pig – must be compensated for by additional knowledge. She and the children need to become local experts in the rearing of pigs and ducks. They have to ask farmers and vets, read books (which go nowhere near explaining everything there is to know about pigs and ducks) and observe the animals, and learn how to make calculations which are based on more than just wishful thinking.

The contours of the pig and duck rearing school of Cardona are becoming clearer. Everything becomes part of the curriculum: building the school and the pens, market analysis, looking after the animals, marketing, investment policy, calculation and accountancy, organization of work and of their own administration structures. Elementary cultivation techniques can be learned within the production framework. Writing diaries about pigs makes more sense when it has a direct effect on the well-being of the animals and on the overall financial situation. The old subjects are no longer meaningful, at least not in terms of how they offer up their contents. The new subjects, says the teacher, are oriented towards the key problems of breeding. The new subjects have names such as "How to make pigs happy", since – according to the children's theory – happy pigs have lots of piglets, and when they are big, they have even more babies. Hence the need to learn everything there is to know about the psychology of pigs, to observe them up close and see that they are like you or me, sometimes jealous, sometimes in a bad mood or up to tricks, definitely sensitive things.

Another subject, "How to make the most cost-efficient food chains" takes the pupils on the hunt for water hyacinths that grow as weeds which form little fields on the lake, in the grey-zone this side of the bamboo fences. "Water hyacinths", says one neighbour, "can be dried and fed to the pigs". The result of the experiment: the dried fibres turn out to contain no nutritional value. But the ducks? There is a fish, like in Thailand, that regards the excrement of ducks as a delicacy. And there are snails that are partial to the excrement of fish. And ducks, in turn, like to eat snails. Homework: how many ducks can swim in one pond if enough oxygen is to remain below the surface of the water so that the fish do not suffocate from the ducks' excrement? How many fish are needed for how many snails, and how many snails for how many ducks? Where do they come from, and under which conditions do they reproduce? Can research-based learning of this kind make do with the insights of the Philippine national curriculum? Never in a million years? Exactly.

Nothing goes according to plan in plain old reality. The vision on the horizon can disappear in a puff of smoke. Pigs can be carried off by disease, snails can be swallowed up by the mud after the next typhoon, never to be seen again. It may be true that happy

pigs have a lot of offspring, but the question is whether the children can wait that long without starving themselves. Who can teach them to minimize unproductive time, and to produce and sell peanut butter while the pigs are pregnant? Who can protect them from the false hope of quick profit, who can lend them the stamina, or explain to them that they have no option other than serving their communal undertaking day and night like poor fools, that a concept of self-reliance economics cannot rest on the laurels of the initial idea and wave of enthusiasm alone, but rather has to be made reality step by step, pebble by pebble?

A few months later, the little school in Cardona gives up the ghost. The single pig - albeit happy, pregnant and soon to give birth - couldn't stand up to the economic pressure, not even with the help of its offspring. When the piglets were fat enough, each child took one home with satisfaction and felt that the school had fulfilled its purpose.

Developing productive Community Schools is like building a flying machine and learning to fly. With a lack of skill, robustness or ascending current, those involved suffer a fate like that of Berlinger, the tailor of Ulm. It may be a steep descent, but the crash is usually bearable, because one either lands like Berlinger did, on the water of the Danube, or like the children of Cardona, in the informal sector from which they came.

Making the children of the poor into entrepreneurs? They already are. Supporting them is more about working on the economic ideas, allowing them to gain an overview and to find ways out of the informal sector into the regular sector, to the places where there is more money: not a business run by poor for the poor, but rather one which aims to harness the buying power of the whole market.

Poor children can't afford a childhood. Millions of them live on the streets, support themselves and sleep in doorways or under bushes. They work for themselves or illegally in factories. They know how to deal with corrupt police officers and how to ensnare customers. They help each other out and pay protection money. They form gangs and go on the hunt for bounty. They practice their own version of justice and have pity. They develop their own playthings. They sell bananas and drugs, newspapers and chiclets, they harvest cotton, clean shoes and carry stones. Their life is full of risks; they can be eaten alive by parasites, beaten up or starve. At the same time, it is full of adventure, better than the bleak hut that cannot offer them a home or the grim prison of aid. The children of the Third World have more abilities than the children of imaginary childhood.

The story of the street children of Manila reminds us more of the successful glider flight of Otto Lilienthal than of the tailor of Ulm; they took it upon themselves to set up a restaurant in the red light district of Manila, Ermita. It is a story in several chapters, and still has an open ending.

We find ourselves – *in September 1986* – in the Mabini Street: arrival of the customers, just after 6pm. Jeepneys and taxis bring the stream of people who have come from afar. They are the consumers, the pedophiles, homosexuals and sex tourists who have made Manila into a second Mecca, to be topped only by Bangkok. Since years ago, when Francis Ford Coppola filmed "Apocalypse Now" somewhere out in the jungle over a period of years on end, the pedophiles among his staff have been using the villages in that region for their own devices and turning the children there into prostitutes. Today, several thousand children live on the streets of Metro Manila, many of them living from prostitution.

Commotion: a husband grabs his wife, who is hustling on the streets. Bars, drinking booths, girls, visitors, children. We wander along the street with Victor, a social worker, and wait to be approached. One boy, Diego, greets Victor – they know one another. Diego's job is not in prostitution, but to help the customers who arrive in cars; in return for watching out for their cars he earns 50 centavos. Like the prostitute boys, he sleeps on the streets.

He goes to get Ronny, a second boy. "My visitor is coming in a moment" says Ronny, "he's going to wait for me on the other side of the street". Opposite is a fast-food place, a marketplace for the buying and selling of love. We talk about the customers. "Mine" says Ronny "wants to take me to France. He's already been to my family and given them money. He wants to send me to school." Hope? Or just a load of hot air from the customer?

When are the good times, when are the bad times? "At the weekend it's rush hour here". That's a good time, it brings in money, much of which goes to their families. The bad times are not just at the beginning of the week, but also when the gangs of older children demand too much protection money from the younger ones. What do they want to be when they're older and the visitors don't want them any more? "Engineer" says one. "Work in an office" says another. Office: executive management, a Mercedes with onboard phone and lots of money. How will they make it? "Well..." says Diego, "maybe by going back to school".

Diego is like Huckleberry Finn: dirty, foolhardy, a worker. Ronny is a dreamer, looks charming, is cleanly dressed. Both are twelve years old. The others who join us later also call themselves workers or prostitutes. "There's my friend" calls Ronny, and we tell him to go over and fetch him, we'd like to talk to him. Ronny goes. We doubt that the customer will risk coming over, but he does. "What do you want?" he asks, "are you from the police or journalists?". We assure him that we are neither. He, Pierre, is from Lyon, a lanky man in his mid-thirties, academic qualifications, own company, travels a lot. "Manila is my dream, the boys here are the best". "You want to take your boy to France?". Pierre turns to Ronny and hisses at him: "You talk too much". We tell him we don't care whether he takes him to Lyon or not, no need to get worked up.

We tell Pierre that the boys want to go back to school and become engineers or suchlike, since in a couple of years pedophiles won't be interested in them anyway. Pierre laughs: "They wouldn't go. Ermita is their school, life is their school. It's more exciting here than going to classes". We insist: all this sounds great but nonetheless, pedophiles are pedophiles and boys grow up. And that unlike their rich clients, the boys won't have many opportunities if they don't learn anything else. School doesn't necessarily have to be as dreary as it was back in Lyon. Question: "How would you run a school, if you were its director?" Pierre refuses to answer the question, but does go on to talk to Victor, the boys and us for an hour about this other kind of school in Ermita, the school that prepares its pupils for the time "after". Pierre thinks it should have flexible hours: because if he, the customer, wants to fetch his boys to bed in the morning, that has got to be possible. "Yes, and don't ever make school be on Friday and Saturday" says Diego, "the beginning of the week is better". So a Monday and Tuesday school, one with open planning, one which connects with the abilities of the children; a school in which they can make money as well as learning something new. The concept of the Productive Community School in the red light district of Manila is taking on its first, still unclear contours.

October 1987: Kojak is the bald-headed top-dog of the district: Chinese, executive, a kind of local mayor. It is late evening in Ermita. We say we would like to organize an event with the children from the street. "How many do you need? Boys or girls?" We explain to Kojak that we're not planning a sex party, and that we're asking him not as middle man, but as Barangay captain. We want to do a workshop about the time after. After all, he is also of the opinion that the children should go somewhere in life when they're older. We need his protection and his knowledge. Nothing would change for him economically: the protection fee would still be paid, and if the kids earned more, could maybe even be increased. Kojak blinks and says nothing. We're sitting on chairs next to the Blue Hawaii with beer bottles in our hands. Opposite, a tourist is leaving the Thriller with Sally Diaz on his arm: he gave 75 pesos to the Mamasan inside and should give Sally another 75. The district police will get some of the takings, and the hotel staff, Kojak and his friends will surely get a share of it too.

The Mamasan in Pips next door is excited by the idea. Her go-go dancers Theresa de la Cruz and Emmy Solajes want to speak at the workshop. Outside, in front of the bar, children are begging with sleeping babies on their arms. "Boss", says one boy, "I'll look after your car". Kojak has drunk half of his beer. He's in, he says.

At around three in the morning, children on the square next to the well-frequented restaurant Aristocrat are talking about how they'll tell other children about the workshop and bring them along. Some of them do cartwheels and somersaults. They can all sing and dance, they say. They are standing in front of the restaurant and selling flowers or offering - "do you want a nice girl?" - their older sister.

A few days later on a hot afternoon. Next to the Ermita church there is space for benches and chairs, a microphone and speaker's stand. Street children and prostitutes, the priest, Kojak, social workers, pimps and police officers – many people have come to collect ideas for the school for the time after.

It is the moment when the idea of the street children restaurant is born: school as a restaurant full of life. The clients come from far away to seek adventure, say the children. So we have to offer them something adventurous. Eating as an experience, an event: in the Canadian corner of the restaurant, perhaps a camp fire would be burning, where you can fry your own steak. Hungry people could wind their own spaghetti through a pasta machine. Sitting on Korean mats you would smell the scent of sizzling Bulgogi. Yes, and in the Filipino part you could fish your own fish and lobsters out of the pool, with a huge choice. The Philippines have lots and lots of islands, and they're cooked differently in each place.

Next to the restaurant, say the people taking part, there should be an acrobatics school, and in the restaurant a stage. Here, the children can perform acrobatics, dance, sing and act. The East Side story, the Soap and Jeepney Opera, with Diego, Ronny, Sally, Theresa, Emmy and Kojak in the main roles and the customers in the supporting roles?

November 1987: The German Society for Technical Cooperation (*Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ*) in Eschborn receives an application for funding for Productive Community Schools in the Philippines. According to the application, these schools will educate entrepreneurs from the bottom up, entrepreneurs with sociological imagination and economic knowledge. Productive Community Schools would act as an intelligent business, and rather than having an indifferent relationship to their products, would produce them with social and ecological responsibility and orient themselves towards delivering quality rather than substandard products. By gaining essential knowledge they would become superior to conventional companies and be able to grasp their chances on the market.

September 1990: Filipino educationalists are also apt to run for the hills when they see entrepreneurs coming. There are no few educational experts who see the market as the work of the devil. They wouldn't mind running the school as a school, but are less keen on running the school as a business. No, we say, the essential drive of an entrepreneur from below cannot be delegated: we need all hands on deck. Discussion with the Filipino educational experts runs through difficult terrain. They shun the idea of this attack from below, especially by the risks involved.

August 1991: The GTZ takes just under four years to digest the application, to cut it drastically and to transfer the first installment. One well-meaning spokesperson says that they hadn't been able to see eye to eye on the approach. Meanwhile, in the Philippines, the Association for Productive Community Schools (APCS) is looking for a manager for the project. Over the next few months, the manager will claim his money

but set nothing in motion. The search is on for adults who are really driven. *Who will be the entrepreneur?* Who is truly willing to work *personally* with the street children rather than delegating the work? Who will take the risk of opening a restaurant with street children and steer it through the bountiful competition towards success? Time tells that the funding from the GTZ is miserably insufficient.

Prophecies of doom ring out. Bahay Tuluyan is a charity which runs a drop-in center for street children and child prostitutes. Two of their workers want to take part in the founding of the children's restaurant and to offer the children support. The committee of the charity has experience in collecting donations for its work and knows how to run a drop-in center for street children, but children as entrepreneurs? Perish the thought! And a restaurant that wants to contend with the restaurants of the middle class? A culture shock for the street children! The widespread view seems to be that the poor are best suited to projects that won't make them rich. That way, the donations will keep on flowing thick and fast.

February 1992: Grand Opening on the 14th. Come and dine at one of the most unusual restaurants in town, Hapag Kalinga! The name means something like caring banquet, and invites everyone to sit down together and to watch out for one another. According to the prospectus, it is a professionally run restaurant with both Filipino and international cuisine. But it's more than that: *It is a street children restaurant where children learn how to be first class entrepreneurs with social responsibility.*

No, the Canadian campfire is nowhere to be seen, and nor is fondue being served in front of a backdrop of the swiss alps. Spaghetti there is, but no pasta machine. The tables are covered with clean table cloths and serviettes adorn the plates artistically. The decor gives a modest impression, everything is spotlessly clean and slightly sober. Maybe that's what the Filipino middle class families want. Perhaps otherwise they would stay away from Hapag Kalinga, expecting to be served by grubby children in a grubby restaurant.

Who will be the entrepreneur? Imee Castaneda dared to take the plunge. In her other, rather more conventional job, she runs the department of Business Administration in Trinity College. Now she spends almost more time here – at the edge of Ermita – than there, on the spacious campus. Her colleagues tolerate the project. Luis, Bernito, Ana, Liza, Eman, Julieta and Micheal are the names of the children who want to become entrepreneurs. For the time being there are six of them, this should soon grow to become eighteen. At night they sleep under a bridge, two kilometers away from the restaurant. There, hovels and crates are crammed like swallows' nests between the stinking river and the concrete arches of the bridge, the home of parents, brothers and sisters, relatives. It's the destination to which the landless farmers from Visayas have been driven. Above, the traffic thunders by, leaving behind thick clouds of smog.

At Hapag Kalinga, the children open the door for the guests and say "Manandang tanghali po. Tuloy po kayo". They sound, as Nancy T. Reyes later writes in the Manila Chronicle, "a lot better than those perfunctory Good Afternoon, sir, m'am (sometimes 'good noon' even) department store types. By the door they stood, beaming in their new *balintawak* costume, their excitement betrayed – how quickly and with wide smiles they flung open the door for the guests".

Here, three generations work together: adults, whose at first still unpaid work ensures that Hapag Kalinga can get off the ground without a trial flight; students from the nearby college of hospitality; and the children, who will replace the students after one year and should later take over the management of the restaurant. During the opening hours – in the afternoon – there is time for the things that remind one most of school: they practise how to set cutlery, fold serviettes, decipher the menu, inspect the quality of fruit and vegetables, meat, fish and rice, read bills; in short, to understand the entire little universe of Hapag Kalinga, step by step. Later on, dealing with business will be more of a focal point, long-term strategic planning and how to handle risks and competitors. Although the children are not shareholders themselves, they will receive part of the profit. The aim is that later, when they leave Hapag Kalinga, they should have a modest sum at their disposal, to be invested in their own mini-enterprise.

The restaurant is situated in the district of Malate, on the corner of St. Andres / del Pilar Street. If you follow the street in the direction of Manila Bay, you pass the Aristocrat after a few meters, the restaurant with all the tables and - still - a good name, even though the service appears somewhat indifferent and the food can't keep pace with that of Hapag Kalinga. The other street leads to Ermita, only a few hundred meters away – and bars and hourly hotels crop up one after the other in a long, dull string of pearls.

The view from the restaurant is a pleasant one. The dignified Malate Church is visible from behind the trees. In front of it, wedding and baptism parties gather. The children have handed out flyers both there and elsewhere. *Hapag Kalinga would be happy to cook for such occasions; for reservations, just ring 521-54-99.*

There are primarily Filipino dishes on the menu, with an alternating regional emphasis. *Panama ni Nanay, literally mother's legacy, because this is grandmother's recipe handed down through generations: pork braised with a piquant sauce of soya, vinegar, spices and – a secret ingredient distinctly Hapag Kalinga.* To quench the guests' thirst, there are around sixty drinks, from Kalinga Serenade to Kalinga Veggie Sparkler, many of them fruit or vegetable juices. Without a shadow of a doubt, you can eat and drink well at Hapag Kalinga.

A low-ranking police officer enters, and begins a conversation: the restaurant is empty at night, right? Thieves and arsonists would have it easy. The wicker furniture would burn fast. It's too much work for the police to keep passing by the restaurant and checking everything is alright, because police officers earn so little that they're pretty

much on the verge of starvation during the day. The police officer is meanwhile sitting at a table and being waited on like a prince. After the meal, the deal is clear: no protection fee, but one free meal per day for two of the officers from the block. And no staff food: the same food that the guests are served.

In the countdown before the opening as well as the days after, there are small and large catastrophes to survive. The new cook has to be fired again immediately, after leaving the gas tap on and almost causing an explosion. One of the students prefers to act as a call boy than to do his work. The extractor fan in the kitchen breaks down shortly after being installed. With only one more week to go until the opening, Hapag Kalinga looks more like a building site. "We are a survival race" says Elisabeth Marcelino, one of the trustees of Hapag Kalinga. And this proves to be true – soon, the building site has been cleared, the kitchen scents are being extracted again and a new cook arrives. Everything is curriculum.

Horst Bauer, a manager who lives in Japan and is on business in Manila, discovers the restaurant more by chance than anything else; expecting a solitary evening, he instead experiences the real quality that makes this restaurant unique: here, it's not a case of staff waiting on customers, but people alongside people, who can talk with each other and feel comfortable together, the children involving the guests and drawing them into the extended family. This is not something which happens by itself, but demands educationalists who don't simply domesticate the wild charm of the children so that only well-mannered politeness remains. Hospitality is a quality which is not dependent on the size of the tip left by the guests as they leave.

November 1992: Many people have helped over the first few weeks. Students from the Free University in Berlin have scrubbed the floor, cleaned the windows and handed out advertising leaflets at theater performances to attract the night owls. Imee's sister Florita organizes the kitchen at the risk of conflict with her seafaring husband. The young psychologist Gladys is the children's good fairy: she is the class-teacher, or rather the restaurant-teacher. William is checking the bookkeeping with concentrated furrows across his forehead. Amihan Abueva, on the committee of the APCS and the general secretary for the Salinlahi Foundation, which is directly responsible for the project, begs her father – one of the country's most renowned sculptors, deemed a national artist during his own lifetime – to tackle the design at Hapag Kalinga and to bring his friends along. Corazon Aquino visits the restaurant while she is still the president of the Philippines.

Must restaurants which are only equipped with a small budget expect an untimely death? No, is the answer. The quality of entrepreneurship can evolve even under a climate of austerity. The crucial point is not to betray the vision of offering real hospitality, authentic regional cuisine, portraying the different regions through the changing decoration of the restaurant, seeing the children as artists and not falling for

the temptation to provide even worse imitations of the awful cultural shows put on by other restaurants.

Hapag Kalinga is one step on the difficult path towards the realization in the field of education that the social question needs not only to be asked in a new way, but also answered by new attempts. It is not by collecting donations, shunning the market and spreading anti-economical sentiments that we can help the poor, but rather by offering highly personal support in developing the economy from below and gaining access to the market.

Imee Castaneda is the heart of Hapag Kalinga. A heavy burden of worries often rests on her soul. The next catastrophe might be just around corner, but Imee knows that the process of learning in the midst of insecurity doesn't have to end in a safe harbor. The restaurant is often gapingly empty, and the battle to find clients can sometimes seem futile. But then, the place comes back to life and all seems right with the world, and it is as if Hapag Kalinga had always been a hub of so many friendly people.

The children are the very model of happiness. They have not been touched by the prophesied wave of culture shock. Their school is like theater and cinema all at once, with the only difference that they don't sit and watch, but rather choose the roles themselves. Some of them have scars on their faces, writes Nancy T. Reyes, some are missing teeth, have pock-marks on their legs and their hands show the signs of hard physical labor. "Not talent material for a McDonald's commercial. But take a second look. You might catch a confident smile, and an emerging cheerful disposition. The sparkle in their eyes reveal the beauty of their new-found worth. What picture can ever paint that?"

February 1993: In the GTZ in faraway Eschborn, the frustration is rising. The rent that Hapag Kalinga is paying is far too high, they say. "Regarding the situation of Hapag Kalinga" writes Elisabeth Marcelino, who has meanwhile been voted Outstanding Woman in the Nation's Service, "it has actually improved and picked up financially this month although December was not so good. The prospects are really good in the coming months since there have been lots of reservations and there are days now when the place is really full and jam-packed with people. I really think it's just a matter of time and good management."

The end of the story, for the time being, comes about not only because of the owners of the building, but also by Fidel Ramos, the new Filipino president. The owners demand a rent which is dizzyingly high by local standards, around 1250 Euros, and Fidel Ramos squashes the red light district flat, and with it, drives the life out of the whole district. The problem is not solved – poverty can't be removed simply by making new restrictions. The area now looks like an old, disused film set. Hapag Kalinga doesn't exist on the corner of St. Andres / del Pilar Street anymore. Imee Castaneda writes that they want to re-open somewhere else, that the children are doing well, have found other

jobs for the meantime, their entrepreneurial vigor still fully intact and being further trained elsewhere.

The more highly-conceptualized an income-generating school is, the more risky: children and adults earn their living being able to depend on long-term subsidies. This is hard enough for the children, not to mention the adults who are unused to it, especially for those who only earned a modest salary beforehand.

It is for this reason that softer forms of Productive Community Schools are also being piloted. Like the phoenix rising from the ashes, a new school arose at the foot of Manila's Smokey Mountain: the Binting Pangarap Productive Community School for small-scale entrepreneurs, which was founded in 1991 with 14 dropouts. Iluminada Woellhaf, the Filipino wife of an immigrant carpenter, financed the building and the small salaries for the adults involved. The various mini-enterprises of the school are run solely by the children. Some are tricycle couriers, others print T-shirts, others sell food in little mobile street-kitchens. The businesses are mostly run in the early morning and in the middle of the afternoon, leaving time in between to gather together, talk about their business deals, conduct small market analyses, check if the kids next door are earning more than them, and to get to grips with bookkeeping, legal questions and cultivation techniques. Seasonal businesses often spring up, and it might be that Joy tells Mrs Woellhaf "M'am, Clarissa won't be coming to the meeting because she got so tired scavenging last night", or that Dionisio tells Ronny Oblepias, the young, capable manager of the school, that he won't be there for the next few days "because I'm called". A ship full of cement has arrived, and he, Roberto and Speedy are all off to unload the sacks for the next few days.

In the Binting Pangarap Productive Community School, there are meanwhile 43 small-scale entrepreneurs who are training for the big time. First, selling half-incubated duck eggs, which are treated as a delicacy, or working on the pier, selling rice, breeding rabbits, trading soft drinks as an answer to the drinking water problem at Smokey Mountain...but the longer-term plan is to open up a bakery together, not one that sells spongy white bread but rather first-class, dark bread, aiming its products at the buying power of Manila's business world. But before this, the small businesses are expanding, such as the basket weavery in the school - outstanding through its design and quality - which has made agreements with 15 partners.

Productive Community Schools could be a thousand colorful flowers, a thousand variations and ventures, experiences which go hand in hand with the growing insight that it makes sense to pick up the children of the poor with their entrepreneurial skills *where they already are* rather than disqualifying their skills through conventional schooling.

Primary school teachers in the Badagry Province of Nigeria are aiming to become a special variety. Their chief school inspector Yemi Oyeneeye observed that not only many

of the pupils, but also the badly-paid teachers were playing truant during lessons in order to tend to more economically viable jobs – as taxi drivers, tailors, fruit sellers or smugglers over the nearby border with Benin. For this reason, he called together school leaders and teachers in order to think about the question of how they could turn their regular primary schools into productive ones, and by developing economies which are attractive for all concerned, could increase the amount of time spent in school - combining learning and earning, and raising the income of all stakeholders. The collective brainstorming about entrepreneurial ideas was both fruitful and enjoyable; the teachers no longer had to keep their ulterior lesson plans secret, but could instead partake in an open discussion as to how well the school's potential new trades - for example bamboo furniture, radio repair or coconut extracts - would have to work in order to bring home more than the risky business of smuggling.

In Brazil, Miriam Caetano, a speaker of the Movimento Negro, is lobbying for the introduction of various kinds of *Escola Comunitaria Produtiva*, with the plan to produce amongst other things Afro-Brazilian toys which can be sold on the still untapped ethnic market. In Thailand, it is the economist and Buddhist Apichai Puntasen who is advocating a kind of rural Productive Community School. In his opinion, the schools from the formal educational sector in rural areas contribute to the destruction of qualifications and skills already held by the children. He is less concerned with founding new schools outside of the established educational system than with deregulating existing schools. "Informalizing all formal schools in rural areas into productive community schools", is in his opinion the most important educational reform.

Two productive schools that have started to run in Nakornrachasima not only struggle along, but are even showing the first signs of success. The economic activities are accompanied by a small curriculum reform, since the aim is to apply interdisciplinary academic knowledge to the key problems of the productive process and at the same time to use the experiential knowledge of the population. The International Community Education Association has promised a total of 5000 Dollars for both schools combined, to be used as a means for investment. The Bumaka school has planted a tree nursery and installed a pond the size of a swimming pool in order to breed fish, as well as beginning to rear cattle. The nursery is already profitable after running for two years and the number of cattle has doubled, still bringing in a profit despite falling prices on the cattle market. Only the fish cultivation brings home less cash, as most of the fish are eaten by the pupils themselves.

The teachers at Bumaka are trying hard – with success – to return the money that was invested quickly into a revolving fund in order to start up new projects. This meant at first that they abstained from paying their pupils and had to learn that pupils, as entrepreneurs, also need economic incentives in order not to lose their motivation. The Gudbost school didn't have these teething problems – they concentrated on rearing chickens and after four production cycles – four generations of hens – had made enough

profit not only to replenish their startup capital, but also to plant a tree nursery, having learned from Bumaka's success. New teaching materials arise and are sold to other schools; the text books are not called "Reading", "Writing" and "Arithmetic" anymore, but rather "Fish farming", "Cattle farming" and "Tree nursery", and furthermore contain plenty of the hows and whys of business.

The deregulation of schools works better, naturally, if one does not have to go completely against the grain of the old type of school, but rather can found new ones with an entrepreneurial calculus. And these attempts to walk and fly are more pleasant if they are supported for a while by reliable salaries for the teachers taking part. But how do you motivate teachers to earn money with their pupils? Well-paid teachers with the comfortable status of civil servant would most probably have to be dragged kicking and screaming, and so it may well be some time yet until the circumstances stir up the entrepreneurial vigor of the pedagogical league in this country.

B) 4. The Earthworms of Crussow

So to make the proletarian German common worm happy, you have to set up a wormery with a range of different layers: wet newspaper on the bottom layer, for example, and over that various layers of soil, kitchen scraps and grass - a kind of menu in the the shape of a Christmas tree. And then you let the worms dig their trenches and tunnels up and down, all over the place; and since a happy worm lays 500 eggs, the whole worm farm will soon be wriggling full of worms, old and young, and if it wasn't for the flies who are so partial to worm eggs, it would be the most wonderful wormery ever.

So what shall we do about the flies? Chase them off. And how are we going to do that? If you're one of the children at the kindergarten in Crussow, out in the middle of nowhere in deepest Brandenburg, then discovery learning will spring to mind, and after a bit of back and forth, zig-zag, trial and error, you'll find out that if you put old motor oil next to the wormery then the flies don't like the smell one bit and will stay well away, and it doesn't really matter if the whole kindergarten stinks of motor oil - the important thing is that new worms hatch out of the 500 eggs laid by each happy worm, and that they all wriggle around the wormery, and you can gradually estimate how much you'll earn when you sell three worms for five cents to the local fishing club in Angermünde.

But first you have to harvest the grown-up worms, and it would be a logistical nightmare to have to pick out the old worms one by one after having tipped out the whole contents of the wormery, messing up the multistory menu and ruining the happiness of the worms which are not yet fully grown. So another back and forth, zig-zag, trial and error, until you find out that when you shine a bright light onto the wormery, the older worms come up to the surface and roll themselves into a ball-like formation which you can simply pick up and take away. The harvest is over.

But you're left with a funny feeling in your tummy: because the local fishing club in Angermünde will surely buy plenty of worms from you, but only to make them writhe around desperately on the end of a hook, so the happy worms become very unhappy worms, and you ask yourself why you made so much effort to create them their little paradise on earth. So once again, back and forth, zig-zag, trial and error, until you realize that the soil in Brandenburg is far from fertile, and could profit from any number of worms; and instead of using hooks, the farmers let the worms do useful underground work like the Heinzelmännchen of Cologne, the mythological gnomes who slaved away while everyone else was asleep. So let's sell the worms to them. Ethic pays.

Then, someone who has just come back from holiday on the Canary Islands tells you about an aristocratic worm of sizable proportions, and how this worm could mean a quantum leap on the Brandenburg fishing or agricultural market. And someone else tells you that there's a similar worm called the Canadian dew worm, which you could introduce, for example, to Berlin-Marzahn, and let it plough through the earth polluted by construction waste between the high rises and make it fertile again... So you get hold of these worms and try to make them happy in a second wormery, only to discover that they don't like it there at all and certainly don't lay 500 eggs. Damn! But if you want to keep them in the open, and you let them loose in the Brandenburg soil and they dive down 7 meters and lay their 500 eggs there, the question is whether you'll ever see them again and be able to harvest them. Another back and forth, zig-zag, trial and error process, culminating in the finding that these damned dew worms won't come back to the surface for all the world, preferring to stay seven meters underground, to hell with your economic interests.

But since the entrepreneurial dealings were such a lot of fun and you have one idea after the next whizzing around in your head, you look around Crussow and notice even with all these bicycles in the village, there isn't a bicycle repair workshop. So with all of your five years, you get together with the kids from the after-school club, the nursery teacher Petra and a few of the parents, you take the basement of your Kindergarten, and you set up a bicycle repair workshop there. You learn everything there is to know about mending bikes and off you go, the people bring their broken bikes to you and you've already forgotten all about the disappointment of the disappearing dew worms, because you're setting sail for new territories.

Enough about Crussow.

But the kids at the 'Sparrows' Nest' Kindergarten in Frankfurt-Oder aren't bad either. It was their fate to attend a nursery school which, originally state-owned, was about to go into liquidation in the nineties. But before the state could oust the nursery, the nursery ousted the state, and 25 nursery staff transformed into 25 entrepreneurs with the common aim to become self-reliant. This meant raising their own stakes of 30,000 DM in the first year, expanding the range of services they offered, and learning - through a course of back and forth, zig-zag, joy and tears - how they could make additional

income: and no, not through parental contributions. By the third and fourth years, they were already earning so much that they didn't want to announce it publicly for fear of the city treasurer becoming covetous. This isn't about the adults and their ideas, but rather about the social-entrepreneurial environment at the Sparrows' Nest that rubbed off on the children. 25 nursery teachers seized by the entrepreneurial spirit - and then another 240 children also seized by entrepreneurial spirit – now that is quite something. And so it came about that the children made a successful appearance on the local market by selling Christmas and Easter presents, helped organize company parties and opened an experimental water museum. Soon enough, it seemed strange when a couple of nursery teachers asked for help to cover the travel costs for the Child Welfare Conference in Leipzig that they were planning to attend. We're all earning money here to safeguard our facilities, and now you want to spend it on a trip to Leipzig? Us Sparrows' Nest kids will show you how to get there for free.

Two or three weeks later, in an otherwise little-frequented hall at the fringe of the event in Leipzig, a jostling crowd of people can be seen buying lottery tickets at the 'Market Of Opportunities' stall of the Sparrows' Nest. Every ticket won, the children having made a little prize for each such as a tiny tree standing on a slice of wood decorated with moss and a little fence around the outside. The nursery teachers had soon sold all of the tickets, and told the people standing around that they had to thank the children and their wonderful ideas, which had not only raised the travel costs but even some extra income. And because the buyers and winners themselves wanted to know what kind of kindergarten has children like that, word spread on the fringe of the Child Welfare Conference that entrepreneurship means something like a grassroots economy. So an entrepreneur is someone with nothing, someone who gets an idea in a kind of feverish flush, an idea that doesn't let them go so they ponder and puzzle over it and want to improve it and make it reality. Where? On the marketplace. That's the difference between an entrepreneur and a non-entrepreneur. An entrepreneur is not a businessman. The latter start out by thinking about how they can make a lot of money with mediocre ideas, while the former are busy thinking about how to realize their ideas rather than thinking about money, but at the end - thanks to their brilliant ideas - can create more jobs than a whole bunch of businessmen.

An entrepreneur - someone with nothing - is used to a tight budget. That's why what you might call 'education in entrepreneurship' is an education in intelligent thriftiness: no longer being a slave in the spiral of consumption, but rather having entrepreneurship as a tool to enable better living standards when resources are thin on the ground.

This is a basic qualification which is desirable in every child and every adult. After all, it's better to create jobs for oneself and for others than to chase after non-available ones. And it would be a definite improvement if it wasn't 10% of the German population making jobs for the other 90%, but say 40% or 50%. Like that we could get out of the dirge of economic stagnation.

My requests to education policy? Allow madness into the schools, madness that leads to brilliant entrepreneurial ideas and their realization! Understand that the companies aiming to profit from the education sector by selling milk at break-time have nothing in common with entrepreneurship! Look more closely at what has come of the Turkish youths who failed to pass the PISA test: any number of entrepreneurs! Perhaps not all of them with dazzling ideas, but we failed to polish them beforehand. We, the educationalists, who can't escape the market just by shopping at the organic food store instead.

Entrepreneurship is not the doctrine of the nasty capitalist over there on the other side of the river, but rather an ability which is applicable to us all. We can't teach it if we don't take risks ourselves. That's why schools could – in fact *should* – become social-entrepreneurial institutions. It rubs off on the pupils. And dusts them off. And breaks down walls. And clears our vision.

B) 5. The Little Dying Factory

In 1989, the curriculum developers at the *Secundaria Nocturno* department of the Nicaraguan Ministry of Education found themselves in a state of pedagogical emergency. They were supposed to be developing a less boring curriculum for their clientèle - 50,000 evening-class pupils who work during the day - than the secondary curriculum which had also been used for the evening classes until then. They asked their adult pupils for key themes and got the answer: the death of the small factory. Lots of the pupils reported that they work in small, self-managed companies during the day, and many of them were experiencing difficulties in the face of aggression and economical embargoes.

The curriculum developers approached a clothing factory at the edge of Managua. Out of the 140 sewing machines there, only seven or eight were in action. Seamstresses were sitting around and waiting for the end. As the curriculum developers conducted conversations to inquire more precisely into the causes of the descent, they found out that the story of the life and death of the little factory had less to do with aggression and economical embargoes, but rather with the insecurity of revolutionaries as to which is the right way. Right after the victory of the Sandinistas, said the workers, they had discovered a few sewing machines left in the house of a Somocista who had fled, and they began to sew and sell clothes. They had organized everything themselves, from securing a loan through to production, and over time they began to make everything needed in daily life, from children's clothes to bedding. They were both workers and company directors. The number grew from a dozen to well over a hundred. Later, though, the government decided that small businesses should be put under the safekeeping of the Communists. The mayor of Managua sent a young administrator who didn't have a clue about anything but presided over everything. Instead of their previous variety, they now only made uniforms for municipal workers, were dictated quotas, and lost all of their autonomy. And now, just recently, the administrator had suddenly told

them that the municipality didn't need anything more and didn't have any other ideas, so now they were on their own.

The curriculum developers saw this story as an expression of the surreal course of events of the revolution and started to plan a curriculum in cooperation with the workers and the evening school pupils, entitled 'How to breathe back life into a dying factory'. But that's not something you can do at a desk. No one knows just how to do it. So the curriculum developers started to mobilize the knowledge of those who had experienced crises and survived them. They decided not to evaluate their curriculum just any old where, but with the seamstresses at the factory on the edge of Managua; to win back lost ground, to send the administrator back to the mayor, to restart their own autonomous administration, to reconstruct lost knowledge, to carry out market analyses, to drum up funds for investment, and to buy an old truck so they can take the blouses, trousers, dresses, shirts, sheets and bedding to market again themselves. We can call our curriculum good, say the seamstresses, if it helps bring us back our work. It is a curriculum of discovery learning with an uncertain outcome.

C) ENTREPRENEURSHIP EDUCATION SCHOOL FOR LIFE**C) 1. Little History****School for Life Chiang Mai**

The School for Life was founded in Northern Thailand in 2003. It accepts children from difficult backgrounds. Aids orphans marked the beginning but by now, other children have joined: orphans who have survived the Tsunami; children, whose parents have died or disappeared on the run; and children, who have escaped situations of brutality and abuse. Around 150 kids have found their way to the School for Life as of February 2008.

The School for Life is located on the Suan Suoi Fha Sai (clear skies over beautiful garden) Farm in an attractive natural setting deep inside a royal forest in the Doi Saket Mountains, about 45 minutes from Chiang Mai und 4 kilometers from Pongkum Village. The farm has been dedicated to the development of ecological farming.

The School for Life is not a short-term project but needs to be established in a sustainable way.

- The first priority is for the children to regain happiness. They grow into a strong community, similar to an extended family. Visitors describe this community using expressions such as “love and care for others”, “trust in one’s own strength”, “self confidence”, “passion”, “peacefulness”, “culturally rooted”, and “open mindedness”.
- The School for Life wants to secure the existence and the well-being of the children entrusted to its case, to give them a new home and to offer them plenty perspectives for their lives.
- The School for Life wants to support children in a way that enables them to catch up and get to the top, starting from apposition of disadvantage. Thus the concept is not poor education for poor kids but an education of high standard and learnings as adventure.
- A goal of the School for Life is education towards entrepreneurial spirit and towards ecological and social responsibility. Children and youths are thus preparing for situations later in life in which they will have to break out of the cycle of poverty and create their own employment rather than chasing jobs that are not sufficiently available. This should not imply that they will

join a rapidly expanding consumption bubble but are rather educated towards an intelligent modesty with the goal of high living standards using little resources.

- The School for Life is not a spaceship. It is down to earth and includes people from surrounding villages, creates employment, and combines community focused learning and idea development.

Hanseatic (former Beluga) School for Life in Phang Nga / Thailand

Right after the Tsunami in December 2004 a cry for help reached the School for Life in Chiang Mai from Ban Namkem, a village north of Khao Lak that was widely destroyed. A team of the School for Life started their work with surviving children and adults "under the tree". The first step was the development of a new, close-held community. Many conversations with survivors were held, in order to identify the outline of the development project and to decide on the next steps.

This is how it became clear that another School for Life had to be founded. The Chancellor of Germany recommend the "School for Life under the tree" in a press conference, and a German agency which was put in place by the German Government introduced Mr. Niels Stolberg, owner of Beluga Shipping Company in Bremen, to the team in Ban Namkem. On February 10th 2005, Mr. and Mrs. Stolberg flew to Thailand to see the project. Two days later they decided to underwrite the entire "Beluga School for Life in Phang Nga" including the purchase of the land, the construction and a guarantee for the running costs for ten years. Since the Beluga Shipping Company ran into insolvency, from 2011 on new sponsors from Hamburg and Bremen became responsible for the further well-being of the school under the new name 'Hanseatic School for Life'.

The Hanseatic School for Life focuses on the education and support of

- Tsunami orphans and survivors;
- Children without relatives or with relatives below the poverty line;
- Children who where forced into child-labor;
- Children without access to formal education.

www.hanseaticschoolforlife.com

C) 2. At First Sight

Whoever wants to apply knowledge creatively has to gain it sufficiently beforehand. Hence subjects and subject interrelations are both extensively and intensively studied. International curricula may be applied, but whenever appropriate with reference to real-

life problems, in order to assess possibilities of application not in simulated, but in economically, socially and ecologically meaningful projects.

Think globally, act locally: the Open Learning Village is connected with the world, works for international understanding, prepares both for national and world citizenship, yet maintains a local profile: Thailand is reflected in the school curriculum as well as in daily life, with its cultural heritage and its questions concerning non-destructive modernization.

Sympathy and understanding for global concerns and the work of those international organizations which embrace such goals, a culture of entrepreneurship, the treatment of locally and regionally important developments such as the nature of tourism or ecologically responsible industrialization: in short, this is the School for Life to prepare talented, entrepreneurially-oriented young people for socially and ecologically responsible democratic leadership. To quote Confucius, it is far better to light a candle than to curse the darkness.

C) 3. Characteristics

In the international discussion about schooling, certain unsolved problems come up again and again which have gone unanswered since the pedagogical reform movement in the beginning of last century. The quantitative extension of public education in many countries during the 60's and 80's has undeniably brought about a certain amount of success, but at the same time led to a large-scale spreading of qualitative shortcomings, such as high dropout levels, rigid forms of teaching, the poor relation between some curricula and reality, and an examination system blown up out of all proportion. The School for Life wants to make use of its particular profile to search for solutions to some of these problems, and point out ways to overcome them.

C) 3.1 National, international and intercultural education

Intercultural education means educating for international understanding right at one's own doorstep. School for Life will be a place where children of different nations, religions, and socio-cultural origins can learn to live together in an atmosphere of tolerance and solidarity. Intercultural education means on the one hand making sense of your own culture, finding your identity in your own culture - to understand culture not as something from a museum, but a living force and source of new impulses without ripping out the old moorings. On the other hand, intercultural education includes the ability of looking beyond your own horizons to comprehend that we live in *one* world together, and desire to accept each other in peace and mutual freedom.

In 1974 the 18th meeting of the UNESCO General Conference passed its "Recommendation for International Understanding, Co-operation and Peace and Education Relating to Human Rights and Fundamental Freedoms through the Teaching

of Ethical and Humanistic Values". The School for Life intends to make its particular mark in the implementation of these recommendations, and to share its experience with other interested schools as well.

In her preface to the 1986 edition of the Curriculum "World Concerns and the United Nations", developed by the United Nations, Adelaide Kernochan writes: "[Today] society is becoming more and more internationally, consequently the international dimensions of education are becoming increasingly important. As stressed in the resolutions and studies of the United Nations and UNESCO

- Students need to be aware of world developments and their effects on people's lives;
- International education involves not only knowledge but also attitudes, values and behavior and therefore should be integral to all aspects of the school experience;
- Learning about UN aims, concerns and activities can help young people to understand and participate in the growing world community."

Among the basic concepts fundamental to this curriculum are "world community" and "international education". Just as for the United Nations the term "world community" explicitly does *not* mean a kind of world government or administration, similarly "international education" does *not* imply interfering with local or national education. Both concepts must be understood as an invitation "to understand major world problems and the related aims and actions of the United Nations family of organizations" (from the 'Introduction' to the curriculum).

The Development Forum (Vol. XVI, No. 2, March 1986) of the United Nations reported on the development of the so-called life-situational approach in the context of preschool and intercultural education in different countries, and pointed out the transferability of such ideas to the concept of international understanding promoted by UNESCO: the ideas and techniques inaugurated here can be translated and developed for international education at any level in any subject. By focusing on universal experiences, students develop empathy and a sense of the oneness of humankind.

Appreciating and learning from diversity is basic to international education, no matter what the topic. Community experience can help students to understand the new internationalism - a world in which all can contribute in their own ways, where 'we' (not we/they) work together to better the community as a whole."

C) 3.2 Discovery learning and individualized teaching

Some schools can be heard from far off: the teacher loudly speaks phrases, the whole class answers as one. Old-fashioned schools of this kind are to a large degree products of the colonial era, their classroom teaching methods still reflecting the spirit of the 19th and early 20th centuries. Teachers concentrate on covering each small portion of the fixed curriculum, and try not only to tame the horde of young lions in the class, but also

bring them all to do the same thing at the same time. The style of mechanical learning employed is the most unsuitable conceivable for making sense of interrelationships, retaining what one has learned (even after the next exam), and applying knowledge gained. This is where a disastrous vicious circle of dequalification must be broken: insufficiently trained teachers behave like slaves to a detailed prescribed curriculum and force their students to reduce the great diversity of learning and experience down to the learning of textbooks by heart. When this mechanical system, which clearly contradicts the fundamental discoveries of modern learning theories, is then further underpinned by frequent tests and exams, one could even maintain that such a school is in the position of actually mutilating the qualifying potential of the next generation. Good test results achieved within this mechanism reveal very little about the ability to retain what one has learned, or creatively apply it in any given real situation.

Frontal class teaching will hopefully be a seldom occurrence in the School for Life. Instead, relying on the knowledge gained in modern learning theory, a researching, discovering, active kind of learning is favored. Learning will take place individually or in small teams, and the biography and learning background of every child will be taken into account. In contrast to repetitive learning which takes place within parameters of false security (where problem presentation, solution route, and solution itself are always already known beforehand), here the learning processes are of a much more open nature. Naturally there will still be some 'right' and 'wrong' answers. But in real-life situations there are often a number of different options which have to be compared and considered before making a decision. In any case, learning in connection with entrepreneurship also means learning how to think strategically while dealing with uncertainties, practicing to take calculated risks.

There is a veritable arsenal of teaching methods and forms of pedagogical organization that serve these goals: teaching in small groups, learning and acting in projects, open or informal education, orienting the time frame to the task at hand and the current project (and not the other way around), team teaching, mixed-aged groups and cross-generational learning (where it makes sense to do so). Classrooms can be transformed into learning workshops.

At the same time, the limits of traditional school spaces will be dissolved: all the students will work with laptops and personal computers, and be able to communicate directly with teachers and other students electronically. Everyone will have access to libraries all over the world. In this interactive learning development, the concept of "classroom" will surpass the traditional classroom. In developing their projects, students will also be able to make use of multimedia designs, computer assisted drafting, the information highway, and graphic and desktop publishing tools.

In this regard it is important to correctly evaluate the instrumental role played by electronic media: Such tools are an enormous help but not an end in themselves. Real experience is always more important than virtual reality.

C) 3.3 Education for innovative entrepreneurship

C) 3.3.1 Entrepreneurship: criterion for educational reform

In many countries the relationship between the educational system and the employment system is badly out of balance. The European myth fed by its privileged past, that the educational system would prepare qualified workers and the employment system subsequently offer the appropriate jobs, has turned out to be just as deceptive a belief as the hope, for example, which university graduates harbor in developing countries, that they will automatically receive jobs in the administration of large companies or in the civil service. In view of ever keener competition on the world market, education will increasingly only then mean better jobs when people learn to land on their own feet and to create jobs appropriate to world market conditions. Among other things this presupposes that professional pedagogues - hitherto used to an almost lifelong secure march through pedagogical institutions, and usually defensive by nature - also learn this lesson for themselves and act as appropriate role models. It is not enough here to limit oneself to advancing qualified *employees*, as if to imply that employer qualities such as innovative marketable ideas simply fall from heaven. Instead, it is necessary to promote an education for entrepreneurial behavior, an education for economy from below which begins at an early age and perceives entrepreneurial activity less as a personal peculiarity, and more as a basic qualification of the *citoyen*.

With this in mind, educational processes, subjects, and institutions can become counter-productive problems in themselves: the processes, as long as they adhere to a type of learning which barely accounts for the uncertainties of learning in real situations; the subject matter, as long as they ignore and suppress key problems of life under difficult conditions; the institutions, as long as they tend to represent the opposite of an entrepreneurial model in regard to structure and organization. "The weakness of our education system", said I. Patil, Director of the Institute of Management Studies of Bombay University, "is that it does not prepare young graduates for self-employment and business entrepreneurship. It encourages the students to follow the tradition of job seeking."

Hernando de Soto, the Peruvian economist whose research work on the importance of the informal economic sector has attracted worldwide attention and in the meantime led to practical political measures in a growing number of developing countries, argues that relevant portions of economic income are produced in the informal sector, and that in order to release economic potential, legal barriers must be removed (dismantling

administrative obstacles in founding companies and awarding property titles), and a decisive change made in the education system. The entire structure and program of colonial-style schools counteract the entrepreneurial potential of the majority of the population. As it is, one could argue with de Soto that aspiring countries on the development threshold can just bear this sort of education system, because the learning opportunities of the economic environment are large enough that graduates can complete their actual apprenticeship out in the world. Aware of this chance, they don't run much of a risk of becoming permanent youths at some pedagogical institution. De Soto's vision of converting schools and universities into business enterprises and making entrepreneurship the decisive criterion for educational reform is finding increasing acceptance.

The School for Life will serve to create a culture of entrepreneurship with its program (the curriculum) as well as with its organization and structure (the setting). Entrepreneurship is understood here as a fundamental force in the socially and ecologically responsible formation of the world: *ethics pay*.

The enterprising School for Life will be trying to promote from childhood on is a visionary who recognizes a problem, develops an entrepreneurial idea arising from it, and tests and implements that idea on the market. The School for Life will support children, adolescents, and involved adults in further developing entrepreneurial ideas. It is a resource for the generation of such ideas - the plan is to realize projects locally with local partners, hence contributing to community development. It would certainly be desirable when students who have graduated from the school take their ideas with them as spin-offs to be implemented elsewhere.

The few countries that have recently made entrepreneurship a matter of educational policy usually begin at the university level. In the USA many professorships for Entrepreneurship have been set up, and business schools - foremost Babson College - are now offering Entrepreneurship programs. In Europe, such initiatives are represented by facilities such as the *Centre des Entrepreneurs der Ecole Superieur de Commerce* in Lyon, the British Durham University Business School, or the *Laboratory for Entrepreneurship at the Free University of Berlin*..

C) 3.3.2 Innovative entrepreneurship

A good idea is the best venture capital. And: small is more efficient. Here lie the chances of entrepreneurs from below, the chance for the small fry against the big fish, to take over a chunk of territory. New small businesses create new jobs. Respect is due to those who can create his or her own place of work; even more recognition is earned by those who go further and also create jobs for others. Creating jobs is not the norm, but rather the exception. Innovative entrepreneurship education focuses on those entrepreneurs who develop and realize ideas for improving the quality of life, who invent a meaningful service or a more intelligent product.

In analyzing biographies of entrepreneurs it is striking to note that the great majority of people who risk the big jump into entrepreneurial business were already possessed by certain ideas ever since their childhood, and so developed a craze as well as the power of deep reflection, with the addition of imagination and tenacity to implement these small visions. Most of them made their first entrepreneurial experience in a microcosm, doing business on a small scale, witnessing a market response to their ideas and feeling strong personal gratification throughout. The power of reflection means the process of repeatedly dealing with an idea, "fiddling" with it, refining it, evaluating the experience and reactions of others, responding to an urge to design and develop. According to Peter Goebel, who has studied the biographies of numerous young entrepreneurs, reflection of this sort can be experienced as a kind of intoxication, making work deeply enjoyable. Idea formations emerge, whose inner logic is researched with increasing exactness, until implementation becomes a calculable risk. Mavericks are needed, children and young people who feel a strong impulse to act creatively and independently, and who are not prepared to be neutralized by pedagogical occupational therapy.

The analysis of entrepreneurial biographies also makes clear that many had trouble in school as children, experiencing difficulties with the regimentation of their desire for independent thinking, and bothered by constant interruptions to their urge to follow their own ideas. Such people often had to struggle against adverse circumstances in order to stick to their own designs and their implementation. Pedagogues in traditional schools as an early hindrance to entrepreneurship?

Entrepreneurial qualifications are not to be equated with management qualifications. The training of managers aims at creating dependent employees who can rationally implement certain prescribed goals. A manager, no matter how good he may be as an organizer, is not yet an entrepreneur who opens up new horizons. A capable businessman will consider such problems as environmental pollution, chemicals in food products, and the situation in developing countries, and take these issues into account in decision-making. He will attempt to deal with social problem areas and trends, as they are often better recognized by outsiders and non-conformists. New ideas shift the point of view of reality, and often enough creative persons are thought to be crazy. A young person who recognizes social problems, confronts them and wants to do something practicable about the situation, is to some extent comparable to an artist. Just as in art, where innovative performance not unseldomly demands a certain obsession with an idea, and like an artist, who wants to project his own style to the world, an entrepreneur with a new idea, product, or sales form must often withstand a phase of social rejection. Again and again one hears about such chapters in the personal biographies of great artists and writers as well as famous entrepreneurs of the first generation. This phase, often bringing with it personal sacrifices, daring experiments and the pitying smiles of the establishment, develops into a stimulus and sense of risk in the life of an artist or entrepreneur. Without such uncertain beginnings, when new ideas are developed and promoted despite obstacles, demanding much in the way of courage and stamina in the

face of odds, later success is generally not forthcoming. The quality of the entrepreneurial idea is of decisive importance here. Whether one can become successful on the market or just keep above water, hence resorting to elbow-shoving and the use of many little swindles and tricks, depends largely on the quality of the concept offered in the first place.

The figure of the entrepreneur in scholarly literature, even in the literature of economics, is strangely ignored. Even Joseph Schumpeter, the theoretician of entrepreneurial behavior, says very little about the necessary qualifications, and instead studies the connection between business cycles and the increased appearance of innovative entrepreneurs. Nevertheless the respective literature includes a few illuminating facts. One of the most apt descriptions talks about the discovery of what is already available. To discover what is already there means that it is not uncommon for successful business founders to return to ideas which have long been known, but which can be transferred in some way to a new context, in new combinations, or to a new area. The lay-person's idea that it is always great inventions that lead to new successful business enterprises is to the most part a wrong one. Schumpeter made a difference between inventions and innovations. The great inventions are often not marketable for a long time, have many small defects, and thus easily fail in the first attempt because they are technically immature; other inventions are not recognized as to their potential importance, or at least not accepted at first by consumers. An example from the recent past is the telefax. This invention has been around for a long time, yet in the past few years it has been introduced worldwide with enormous success by completely different companies than those who invented and originally tried to market the technology.

We are talking about the new ordering of existing knowledge, to rubbing this knowledge against the grain, or the transfer of familiar ideas to completely new areas of application. This is a field in which the whole educational system need not consider as strange territory. To recognize specific skills and talents and promote them accordingly, to understand and accept individual characteristics of a growing person, has long been the concern of pedagogical endeavors.

The innovative entrepreneurship education of the School for Life intends to work with future and currently budding entrepreneurs from the student body and neighborhood. Business Administration does not stand in the forefront, but the development of ideas and visions, including their realistic implementation.

C) 3.4 Education for intelligent modesty

Normally the business will have bottom line in which being considered from cost and profit of business operation. In order to educate students to be the entrepreneurs in the future, it is necessary to consider the environment, resources, and the happiness of the individual and society which is not necessary be money of material. This happiness is not derived from consuming but is derived from precepts, concentration, and wisdom.

This happiness will emphasize in efficient production to reduce the waste and to save resources. The profit or material return will not be the main issue but the strong community that supporting each other will be the main issue for peacefulness of the society.

The aim is: discovering the quality of intelligent modesty. The market does not have to mean that needs must always be elaborately stimulated and that we must become slaves of an ever more relentless spiral of consumption. The market offers a chance to make enlightened and economical use of scarce resources.

When teen magazines spend most of their time informing readers what's "in" and what's "out," when teachers do not draw their students' attention to the topic of fashionable obsolescence, when parents capitulate before their children's fixation on computer games, then it is time for what Buddhism calls happiness - a process of creating awareness that allows adults and their children to realize that quality of life does not come about through the accumulation of more and more high-tech products, but rather, for example, when people overcome their speechlessness, rediscover their neighborhoods, express their feelings, or become artistically and entrepreneurially active. Entrepreneurs as artists who contribute to the enrichment of life do not create mountains of garbage or drive the production of products through the roof, but devote themselves to non-destructive areas.

Entrepreneurs in the spirit of intelligent modesty become inventors and supporters of products and services that put a stop to overproduction and the squandering of resources, and so ensuring that quality of life is increased rather than reduced.

If the actions of the western countries were more strongly influenced by such intelligent approaches, then the people of the newly industrializing countries, still marked by the after-effects of colonialism, would find it easier to rid themselves of the final remnants of the inferiority complex that drives them into a spiral of consumption and fixation on the western style of life. Asian cultures have enough resources of their own to develop a distinctive quality of life sufficiently special and attractive that entrepreneurial initiatives of the future could draw on cultural diversity in the tertiary sector as well in the quaternary (one need think only of philosophy and religion) and serve to promote diversity at the same time. This opens a way forward to futures that could be more fascinating than the previous guiding principles of the type "mine is bigger than yours" or "I want one of those too." Intelligent modesty requires education, comprehensive understanding of the world, the aim of undertaking one's own life, a search for the self, and cultivating curiosity about trips to the center of the world.

Entrepreneurs who submit to the insight of the finitude of natural resources are not divorced from the market but well in advance of it when they concentrate on the development of high quality understood in such a way. In the process they can place their faith in the dialectic of the enlightenment, in the growing unease of customers who

still believe in the dangers of environmental exploitation, who are at least interested in the re-use of packaging, and who desire and can be provided with information about where to find the best of all products and be satisfied with it for the rest of their lives.

The cul-de-sac from which we must escape is familiar: even with higher consumption there will still be fewer and fewer jobs because increasingly efficient machines are taking on more and more human work. Needed are entrepreneurial initiatives in other areas, initiatives by artists, creative scholars, philosophers, and non-conformists. They have to replace the dummies that are not only shy of competition but also colorless in their ideas about how we can reshape the world so that it does not become a junkyard of civilizations.

C) 3.5 Community education

The community orientation, the opening of learning venues to the social environment, the interpretation of learning as participation in local development, the connection between learning and community development all act as bridges between the situation approach and community education.

Community education involves a holistic approach which supports the learning in, with and for the community. It counts on self-reliance, mobilizes the power of communities and focuses them on sustainable development, on the solution of social, cultural, technological, economic and ecological problems. All the social and all the age groups of the population can be involved. That is why community education overcomes the separatism of "hyphen-pedagogies", when the project allows it; it is more than just adult education or vocational training. It works in an integrating way.

The key problems and situations of the people in the community are the starting point of the learning processes. As key themes, many of these problems and situations have more than just a local meaning, they also contain supra-regionally relevant parts. The search for local alternative forms of energy can be a contribution to preventing global climatic changes. Many local problems (with their global aspects) cannot be solved without the supporting approach or community education. This is true for family planning just as much as dealing with our natural resources in a responsible way.

Community education is never just education, but always organization and action as well. Thus the application of acquired knowledge and abilities in complex real life situations becomes an integral part of the learning process. Not only is the subject the point of concentration, but also the situation that should be dealt with and improved. That is why community education never just aims at the qualification of people, but also at a constructive dealing with the reality in which these people are living.

Community education is an answer to specific weaknesses of institutions and curricula in the formal education sector. Learning as participation in sustained development does

not need any artificial motivation. It is easier to put new insights into reality. Academic knowledge is used for concrete problems and not taught in an alienated form. Community Schools are referring to local needs with their curriculum, they reconstruct the relationship to the neighborhood and lead children and adolescents at an early point and more intensively than traditional schools to social fields of action.

Community education contributes to an opening of educational institutions to social action fields without being fixed to educational institutions. Here it is accepted that important social learning processes are taken beyond the walls of educational institutions.

Community education thus means interventional learning in the *polis*, and interprets pupils as socially, economically, ecologically, and politically active members of the community. Such education ascribes to the point of view expressed at the UNO 1992 in Rio, that necessary sustainable development can best be attained when problem solutions are implemented at a local level and carried out by many people. Impulses are generated at the local level as well, which call for the participation in the solution of global problems. Community education means empowerment, and is dedicated to the idea of participation, in which both learners and teachers are subjects of local conditions and development; the acquisition of new knowledge takes place within an authentic process of experience. To make these processes easier, pedagogical institutions will be opened and networked with learning venues and resources within the community: community schools are in expression of this intention. One can distinguish between more pragmatic and more decisive versions of the community education approach - they range from an inexpensive multiple usage of previously purely school-dedicated buildings to combining community education with community business. If one ascribes to the principles of the *Treaty on Environmental Education for Sustainable Societies and Global Responsibility* as it was passed at the Environmental Summit Meeting of UNO in Rio, then sustainable human development cannot be achieved without working in conjunction with the economy, environmental ecology, and community education.

A particular goal of the School for Life's community education approach is to explore how the community school can itself become an open learning community and, at the same time, become a focal point for enabling, supporting and connecting other learning communities within a larger learning system. Ever since the Jomtien Conference in 1990, UNESCO has tried to promote community schools worldwide. However it had to come to the sobering conclusion that, in no small number of cases, there was a misunderstanding about what exactly a community school is. At any rate it is not simply a conventional school which has been built and is supported by the community. Rather, community schools which have earned the right to the name develop with the following characteristics:

- They integrate school and adult education: day school and adult school do not only share the same space, but work together conceptually as well. The schools are

public schools (often with an open, project-oriented form of teaching) and especially offer additional courses and activities in the afternoon and evening for certain age groups or mixed age groups. Such offers are directed towards children, adolescents, families, and neighbors.

- They thus make their resources (classrooms, workshops, kitchen, assembly, sport facilities) available to their new clientèle. These schools are used multi-functionally: as school, adult education venue, recreational facility, advice bureau, and base for self-help.
- They are networked with the municipality or rural district, develop satellites, and work together with public facilities, companies, and groups of all kinds. They increasingly react to incidents, problems, and topics arising from the social environment, and develop a local profile on issues.
- They work against various forms of segregation: the segregation of old and young, natives and foreigners, handicapped and non-handicapped, between school insiders and outsiders.
- Aside from teachers and adult educators and lay pedagogues, people from the neighborhood with special knowledge and skills work at the school.

Community schools are in the position to do much in the way of reducing the alienating experiences of children and adolescents regarding the institution of school. This also applies to families and neighbors, especially in multicultural school districts.

Community schools are considered to be an important part of social and infrastructural development, since they support neighborly relationships and promote self-help. They can develop close social networks and stimulate and promote the formation of a school community. Real-life problems are not kept out of some hidden curriculum, but rather confronted and dealt with. Cross-generational experiences are promoted, and isolation and loneliness counteracted with participation in joint projects. The pupils and adults participating in designing the program increasingly experience that the school and neighborhood are involved with *their* concerns.

The School for Life is by nature an Open Learning Village, consisting of an ensemble of different learning venues. Consider the relationship of the whole school, the Centers, and the communities involved in the network: they participate in projects with each other and their environments in a constant creative relationship.

C) 3.6 Value education

The School for Life assumes a consensus concerning basic values of a democratically organized community. Children and young people can claim the right to handle situations with increasing autonomy and competence; at the same time they are challenged to show solidarity with others or act with ecological responsibility.

The School for Life can be considered as a *polis* in the sense borrowed from ancient Greece: a small-scale model of a democratic state. The pupils increasingly take over functions and responsibilities and share these with the adults. Life in the Open Learning Community offers many chances of bringing a strong sense of self and an equally strong sense of community into a healthy relationship with each other, and preparing decisions by means of a democratic process of consensus building. Democracy does not exclude leadership - on the contrary, democracy depends on good leadership. Business enterprises also need strong leadership and the loyalty of their employees, but it is to the advantage of any business to keep up a meaningful dialog with its teams. The leading international boarding schools, founded by such personalities as Kurt Hahn, have long recognized the pedagogical opportunities offered by communal life. There are elected offices and duties, school parliaments and school speakers. Politics is learned by assuming responsibility in the community.

The pupils will live separately according to sex, but not according to ethnic or cultural heritage. Tolerance and respect is thus a highly valued virtue. Social responsibility is practiced, for instance, by work in some social or technical service such as a rescue service, the school fire department, technical relief organization, social services or environmental conservation service.

The members of the Open Learning Village will orient themselves on social virtues represented by universal ethics that can be understood by people of various social and cultural heritage. Among such universal truths are for instance values such as respect for others, the innate worth of every human being, truthfulness, respect for nature, fairness, the readiness and ability to help, consideration and attention of others, willingness to work and achieve, a modest bearing, the ability to abstain and aspire to a certain intelligent asceticism, peaceable behavior, solidarity with the weak, perseverance, and the ability, as Kurt Hahn puts it, to learn to assert yourself for something you think is right "in spite of discomforts, dangers, boredom, momentary impulses, or stress, in spite of the scorn from others, in spite of general skepticism."

The School for Life will support children, adolescents, and adults to practice their own religion and learn more about it in religious classes. The experience of one's own religion can lay the foundations for respect and tolerance of the religious convictions of others.

C) 4. The Family Concept

Serving in the fight against poverty, Schools for Life take on children from deprived backgrounds. This often means not only economic hardship, but also – to take Thailand as an example – stressful and often traumatic events: child labor, child prostitution, sexual abuse, the alcoholism or drug addiction of family members, violence. Particularly serious is the loss of parents through death due to disease, accidents,

disasters or military conflict, or through inaccessibility - for example due to the long-term imprisonment of parents, rejection (such as when a second husband throws the children of the first husband out of the house) or despair, when a single mother with no social safety net or support just can't survive with children. The School for Life in Southern Thailand was set up in the aftermath of the tsunami disaster, many children having previously experienced burdens which the catastrophe of the tsunami exceeded to an extreme degree.

Given this initial situation, three aims are of particular importance. Firstly, to recognize the children's rights to experience happiness and loving kindness, and to support them in developing new confidence and hope. Secondly, to provide a therapeutic framework that allows the gradual processing of the events of the past. And thirdly, to encourage the children not to bear the flag of trauma for the rest of their lives, but to turn their biographical scrapyards into gold, in the very broadest sense.

Children who attend the School for Life are offered a combination of "family building" and "peer education". The children live with families in houses on the campus, each with one or two mentors, in single-sex, mixed-age groups. The time between late afternoon (after lessons and projects are over) and early morning is spent in the families, who are also responsible for activities for the weekend, especially on Sundays, as well as making plans for holiday periods.

This is supported by the promotion of "peer education", learning and living in mixed-age groups, and the concept of Guardian Angels. These are older children, chosen by younger ones, who look after a group of three to five small children, and who share in the responsibility for their welfare. The inspiration for this feature was the observation that older children, especially boys, began to form groups which lacked empathy and solidarity with the younger children. Guardian Angels need training and supervision, for example in training camps or Guardian Angel conferences, and can also be voted out of their posts.

With a Children's Parliament, a President and Cabinet Members, Class- and Project speakers, Guardian Angels and Mediators, the development of a Republic of Children depends on both the success of the balance between the acceptance of youth culture and the acceptance of the supporting role of adults, and the threshold at which each child can turn to a trusted person if something goes wrong and the rights of the child are in danger of being compromised.

Transparency, supervision and the principle of "many eyes" also apply with regard to the prevention of abuse, violence, discrimination or racism. Children need loving attention. They need closeness without the transgression of boundaries.

A School for Life with children who are "at risk" combines the rebuilding of a reliable family life with "community building", with the development of a community of

solidarity, one for living and learning, in which all children and adults are included. In UNESCO terms, each School for Life is an Open Learning Village.

C) 5. Kindergarten

200 years after Friedrich Froebel, the founder of the kindergarten idea, the situational approach has developed a concept which combines positive elements of the traditional kindergarten with modern pedagogical and developmental-psychological insights. The kindergarten will emphasize and promote the creativity, curiosity, and motivation of the children. It will allow the children to be children without babying them. It will promote and encourage them, not through mechanical drills, but by helping them in their own discoveries of their inner and outer worlds. The following characteristics of its pedagogical concept are the most important:

- *Learning in real-life situations:* Children learn how to cope with situations here and now, not some hypothetical situation in the distant future, not adult situations. And coping does not only mean surviving in situations, but also being able to grasp them as alterable and oneself as effective.
- *The connection between social and factual learning:* this works against alienated learning. Away from separating initial mathematical operations from social contexts, away from promoting a kind of speech that has nothing to do with own experience, away from learning that is devoid of sense. The primacy of social learning applies. Factual learning is important, but is to be integrated into the process of social learning and whenever possible with reference to social contexts. The children acquire knowledge, skills, and abilities necessary to understand and create real-life situations. Atomized, tailored learning which does not lead to comprehensible meaningful connections is avoided.
- *Children take part in creating situations in which they are involved, and in the life within and outside the kindergarten.* They cooperate in selecting and planning activities; not everything is simply arranged for them by the kindergarten teacher. They are encouraged to influence situations and change them. Self initiative and responsibility are promoted,
- *The children experience the sense of norms in real-life situations.* They do not receive lectures on norms, but are given the opportunity of making sense of them in context, and to negotiate their activity in them correspondingly.
- *The kindergarten teachers secure a promotion of basic qualifications appropriate to the stage of development,* taking into account the individual characteristics of each child and their different levels of development.

- *The kindergarten teachers promote the diversity of the children's' expressive possibilities.* They encourage activity involving all the senses, diverse forms of movement alternating with quiet and thoughtfulness, free play as well as creative and artistic activity, the expression of feelings and emotional intelligence.
- *Children have a right to increasingly understand the world, themselves, and their social environment.* They gradually become acquainted with their own culture and learn to respect the cultures of others, step by step they become more familiar with the world of the spirit, tradition, and religion.
- *The children live and learn in mixed age groups as much as possible.* Three-year-olds often accept more from five-year-olds than from adults, and older children can develop real empathy for the needs of younger children. Outside in real life, everything is learned among people of mixed ages. On the other hand the mixing of age groups is no dogma - there can also be situations in which peer groups want to be among themselves.
- *The kindergarten teacher assumes a partner-like, impulse-giving role with regard to the children.* She is curious and encourages curiosity, full of initiative and promotes the same in the children, and learns along with them. She plans the pedagogical events openly, with input from the children. There are no fixed planning models - a specific design of activities no longer acts as corset to the normal kindergarten day.
- *Learning for life situations also means learning in life situations.* Hence fields of activity outside of the kindergarten will be integrated, so that the kindergarten truly becomes a part of the social network.
- *The kindergarten teacher remains in close dialog with parents and families.* The parents are not just onlookers, but rather personal authorities on the situations of their children. They take part in the kindergarten whenever they want to. In order to do this, it is important that the kindergarten be flexible with parents with regard to time and organization.
- *Children of different ethnic background grow up together.* Integration does not mean giving up your own origins and culture. On the contrary, it means respect for each other as the key for international understanding and mutual cultural enrichment.

The life-situational approach, internationally in demand because of its sensitivity to each culture, requires high pedagogical qualifications and a corresponding education and additional training of kindergarten teachers capable of working with the concept. The Institut für den Situationsansatz der Internationalen Akademie Berlin ("Institute for the Life-Situational Approach of the International Academy" in Berlin), which authentically advocates this approach, has offered to take over the supervision of such

kindergartens, assure quality standards, and provide a certified training of the situation approach for interested institutions and persons in Asia.

C) 6. Schooling and Deschooling

The decision to found the School for Life as a "Private Social Welfare School" – and thus to define it as part of the formal education system – is primarily based on the wish to leave the road open to nationally-recognized qualifications and further and higher education institutes. A radical alternative which would waive the possibility of recognized qualifications was out of the question because it would mean that the marginalization of the children and young people would become educationally set in stone. In principle, the long-term goal of making Schools for Life into Elite Institutions for the poor is to enable children of these origins a way into governments, successful entrepreneurship, science and research. Certainly not all of them, but the many talented and motivated ones. Using the image of a long-distance race, the children start the School for Life much further back, so they need to run a much longer distance and to be better than the children from more privileged families who start with social and economic benefits. In essence, this means academic excellence. But is that enough? Definitely not.

The old-style school which also dominates in Thailand requires paradoxical interventions that aim to deschool, to open up schools, to enable learning that engages with real life and situational challenges. Paulo Freire speaks of generative themes, of learning being guided by key situations, of supporting marginalized people to enter into history – this is impossible to do within an academic, subject-structured curriculum. One can and must teach the subjects whilst at the same time building bridges – again and again – to real-life problems and solutions.

C) 6.1 The one curriculum or the other

In terms of curriculum, there are two opposing systems of reference: one is a curriculum structured into subjects, the other a curriculum structured according to generative themes. In the case of the School for Life, the national curriculum represents the one side, while the other side is represented by a curriculum which is being developed on location, based on key issues and contents defined by the generative themes of the Centers of Excellence.

Bridges between the subjects and real-life problems can be built more easily if the school develops a preference for discovery-based, action-oriented learning and the subjects are understood not only as stocks of systematically structured and arranged knowledge, but also as a kind of quarry. During a workshop on curriculum development, a Nicaraguan teacher developed a fitting image for this: all the knowledge is gathered up into a mountain. When she and her children need something, they knock at a large door that leads inside the mountain, wait until the door opens, take the

knowledge they need and then quickly close the door again. In other words, if there is a problem connected to the Mekong River, this is a good reason to tap into the necessary knowledge, but there is no need to make the children learn all the tributaries of the Mekong by heart.

In contrast to purely academic schools, the School for Life is primarily concerned with the matter of learning in the classroom to cope with **real** problems rather than artificial problems. The trick is to create challenging realities, settings that are challenging and yet manageable, where there is no other option for the students than to learn – on their own accord – because the problem makes sense to them.

C) 6.2 Learning in projects

The Project as a pedagogical method was developed by John Dewey and William Heard Kilpatrick and is still relevant today. Although there may be some doubt as to the historical accuracy of recounts of Kilpatrick's typhoid project, in its essence it is still an excellent example. It concerns an incident in a rural American school, from which two children from a farm were missing because of typhoid fever. The class wondered why diseases occurred so frequently on this farm, and sent the class representative to the farmers to ask if they could inspect the farm to find out the causes of the typhoid fever. The farmer agreed, and the class began to collect information on typhoid fever and its causes. Translation: they took pieces of knowledge from relevant subjects and, still dissatisfied, questioned those people from whom they hoped to gain useful information, wrote to a university in the hope of finding out everything about flies (which transfer typhoid bacteria). They acted, over the course of the project, like the Nicaraguan teacher envisaged, and as a result of their research they were able to form hypotheses about the cause of typhoid fever on the farm: it could be polluted water, contaminated milk, or the flies.

Armed with these hypotheses, the class went to the farm and reviewed the conditions. It couldn't be the milk, because there weren't any cows. There was running water. But there was a lot of garbage lying around open, the windows to the kitchen were open and had no protection against flies, and there were clouds of flies traveling freely from garbage to food and back.

The knowledge as to the cause of typhoid on the farm was followed up by action: the students measured the window, asked the store about the price of wire mesh and calculated how much would be required. They built a model of a closed trash container and a fly trap for the window. They wrote a report for the farmer with detailed recommendations about what could be done in order to prevent typhoid fever in the future. They visited the farmer, presented their report and recommended him to act accordingly. The farmer thanked him and promised to implement all of the recommendations. Since then, no more cases of typhoid fever were reported on the farm.

In the Dewey / Kilpatrick sense, something becomes a project if it stems from a real problem and contributes to its solution. From the perspective of School for Life, a project is not something that is done solely for didactic purposes. A project is not designed just to illustrate the material of the curriculum.

With projects, we can run into surprises. Interventions in reality don't run in straight lines or according to plan from A to B. No, what happens is an almost never-ending story of learning, with surprising turns: in the School for Life there is a small swimming pool and the problem of keeping the water clean. In the first chapter of the story, filter pumps were used, but these gobbled so much electricity that they were removed again. In the second chapter, Günter Faltn's favorite theory – that of the "natural swimming pool" – was applied: a swarm of little black rice field fish and some water plants were put into the pool and everyone stood back to watch what happened: the water became crystal clear, because unlike gold fish, the rice field fish don't make the water dirty, but rather eat the organic particles that are floating about. So that is what happened: the fish multiplied, the water was clean, and the children could bathe – in small numbers – in it.

In the third chapter of the story, the number of fish started to decrease. Little green water snakes could be observed, squirming around among the fish and eating them whenever hungry. In the fourth chapter, after many discussions with the children, larger fish were introduced into the pool, based on the philosophy of "rather cloudy water and fish to eat than a pool full of little green snakes."

In chapter five, a cobra family settled down near the edge of the pool, with a particularly aggressive Cobra mother. The number of fish decreased once again, and even approach the pool was risky. In the sixth chapter, a small earthquake caused cracks in the pool wall, the water ran out, and for a while the pool was empty and neither fish nor Cobras were to be seen.

In the seventh chapter – inspired by a biology lesson – the pool was repaired and an attempt was made to clean the water with microbiological agents. Fish were put in once again, in order to be introduced later in the canteen. The number of dogs on the farm had now increased so much that the snakes had decamped to further away, and fish could grow and multiply. It was then that the oxygen problems appeared: you could see them in the early morning with their mouths stuck half out of the water, gasping for air. So a sprinkler system was built, and the fish lived happily ever after - or rather the learning experience did, as most of the fish end up in the wok.

So the difference between the typhoid project and the project of how to clean the pool is that the prevailing circumstances are not always as expected, but that nevertheless – or perhaps even because of this – a lot can be learned. It may be that the objectives change over the course of the project - from swimming to rearing fish, for example - or that alternate routes need to be taken.

C) 6.3 When children do research - mind mapping

These alternate routes shouldn't be understood as aberrations, but rather as opportunities. It is all about ensuring that the curiosity of the children does not meet with barricades. It is about the discovery, and - in the Humboldtian sense – the assimilation of the world, about developing a curriculum with the children, so-called "Mind Mapping". Curricular maps are drawn up with stations for particular learning interests. Since the project "How can we clean the pool" doesn't take up eight hours a day, there are plenty of opportunities for this.

And thus, questions arise that ask to be addressed through research and experimentation, such as: can fish sleep? Why don't they sink? Don't they breathe? Why do fish float in water, but not stones or wood? Why does a stone sink more slowly in oil than in water? Why can birds and butterflies fly? Do they sometimes crash? Airplanes fly too - how? Why do they sometimes crash, why don't they glide down to the ground if they have wings? How do rockets fly? And when fish get hungry, what do they eat? How do they have babies? Do they lay eggs, like birds? Don't the eggs float away? Why don't people lay eggs? What is an egg, actually? If we don't eat the fish, but we sell them, where and for how much? Why only 20 Baht for a fish and not 200? Money is so easy to get, you just put a card into a machine and press a few buttons... And so on.

Mind mapping means agreeing with the children, based on the maps which represent the learning interests they expressed, on priorities and paths, because experimental investigation with an intimate relationship between theory and practice takes time and requires didactic imagination and preparation. When preschool children at the John F. Kennedy School in Berlin asked their teacher Nancy Hoenisch how rain is formed, she took a pot with water and put it on the stove; when the water boiled and steam rose, she took an aluminum tray, put on some ice cubes and held the tray over the steam. Now the children could see how droplets of water formed on the underneath of the tray and fell down, and Nancy could explain to them how rain occurs.

This brings with a problem into focus that requires much training to resolve. There is talk of inadequately trained teachers in Thailand (and elsewhere), who are used to standing passively at the front of the class and lecturing rather than promoting exploratory, experimental learning. But you can't enable an understanding of a swim bladder and gills without dissecting a fish, and you can't explain the recoil principle of a rocket if you don't build one yourself. On the outskirts of Jakarta, there is a now-famous School of Nature, where the entire Indonesian curriculum is taught on a field with only a few shelters for rainy weather. To explain the reaction principle of a rocket to the children, the teacher took an air pump and jammed it into the opening of a plastic bottle. The kids then pumped until the bottle shot up dozens of meters into the sky with a loud bang. Or the example of floating and sinking: the children drew a measuring scale onto a small board, attached a rubber band to the top and lined it up with the zero line. Then

they attached a stone to the end of the rubber band and lined up glasses full of various liquids. The children noticed that when the stone was dropped into the various liquids, it fell to different depths, which is strange and requires an explanation.

A teacher is a good teacher if he or she succeeds in enlivening even the national curriculum, constantly referring it to the children's explorations and expeditions, large and small, and using it like a quarry: a treasury of knowledge which, regardless of which subject it comes from, helps to enlighten and shape our environment.

C) 6.4 Dynamizing the day

With museum-like structures – lessons in 45- or 50-minute intervals, with fixed timetables, sitting quietly in the classroom – this is hard to do. There are other possible rhythms, ones that are stretched over the entire day. A pilot study led by Professors Dietrich Benner and Joerg Ramseger at the full-time elementary school in Munster-Gievenbeck, Germany, demonstrates how child-friendly rhythms can be combined with the school day and old patterns can be given up: the children can play in the morning as well, and systematic and situational learning can occur alternately.

In the case of the School for Life, a rhythm sometimes forms within the sequence of teaching and center-oriented project learning: lesson – project – lesson – project, for example, or a lesson unit in which theme-oriented, interdisciplinary learning takes place through team teaching, alternating with an intense phase of the project. Team teaching in block periods about, for example, "fire and fire prevention" or "over-fishing in the Andaman Sea" requires careful preparation and research, both of which children can already be involved in.

Basically, the whole day is there to be used. The rough division into morning classes and afternoon projects and mini-enterprises is no longer relevant, this is the most unimaginative way of shaping the school day. Even the old relict of same-age class groups can be replaced with theme- and project-based groupings which disregard age.

C) 6.5 Getting out of the classroom

Something else is important: the escape from the classroom, those good-for-nothing places where the frontal teaching situation is so tempting. In the School for Life, the Centers of Excellence are constantly changing, providing constant temptations to leave the school and the classroom and to make the entire campus into an arena of learning. Institutions such as the laundry, and its problem with organic detergent, or the campus as a territory for snakes, and how to drive them away. There can be wandering classrooms, or ones that pitch their tent at times in the theater, at other times under trees or on the beach. This mobility keeps everyone awake, but there is no rule that says that a class can't sometimes spend a day in a quiet corner of the campus for the purposes of pursuing matters of philosophical depth.

The concept of a School for Life is not dependent on the classroom, but rather on places for meeting, learning and living, like little home harbors for the members of a class who have something in common for some while. The Green School in Bali is one of Avant-garde here, and shows that the "classroom" doesn't need to look like a classroom, but can be an adventurous bamboo structure with cave-like depths.

When the School for Life began, there was a great deal of approval on the national level in Thailand, from the Education Commission to the Ministry of Education, of the concept to leave the classroom behind. This position was later contradicted by the provincial education administration, which insisted on the construction of classrooms, in line (as always) with the standard regulations. But the compulsion to follow convention acts as a reason for movement: even if there have to be classrooms, they will only be used when it really makes sense. The more productively the teachers use the situation approach, the more learning opportunities they will discover beyond the classroom.

C) 6.6 From kindergarten to university

The School for Life has the chance to develop a unified educational approach from kindergarten to university, based on the principles of the situation approach and avoiding ruptures between the steps on the educational path.

The buildup is gradual, beginning with the kindergarten and primary school (grades 1-6), followed by the Junior High School (grades 7-9) and Senior High School (grades 10 - 12). The Ubon Ratchathanee University has developed a program of "Entrepreneurship" which allows a Bachelor and a Master's degree – the latter is possible if parallel to their studies, the student establishes a company that meets not only economic but also social and environmental criteria.

With the prerequisite of bilingualism (which in turn is only possible when the communication takes place bilingually from kindergarten onwards, and 'native speakers' assume a major role), it might be possible in the distant future to offer the alternative of a double qualification: the national exams after the 12th grade and the International Baccalaureate. This qualification, nowadays recognized globally, would require the establishment of a two-year IB college. Thus, the graduates of the School for Life would be well-equipped not only nationally, but also as a 'global players'.

Another option is to expand vocational education for those who aren't interested in or suited to a high school degree on the basis of their learning history. Here, it is important not to simply borrow conventional models of vocational training, which would leave the students no better off than if they received the Thai vocational education – a rather weary enterprise marked more by poor quality than by innovation.

The alternative ideal route for innovative thinkers of any provenance, therefore, is the startup: the founding of one's own company with the School for Life as point of departure. If the idea is sophisticated, the "entrepreneurial design" carefully considered and the orchestration of the components right, this can represent the most sustainable way of breaking the cycle of poverty.

C) 7. Learning Through Life

C) 7.1 Centers of Excellence

The Centers of Excellence (see 8) are the decisive and unique answer to three problem areas in education: first, the rigidity of a subject-oriented curriculum with its lack of interdisciplinary connections and its insufficiently problem-related approach to the acquisition of knowledge; second, the weak connection between theory and practice found in many schools and universities; third, the resulting inability to transfer what has been learned to a changing and diverse reality.

Topographically, the Open Learning Village is clustered around the school and the Centers, which in fact are thematically oriented *resource centers* with special libraries, media, workshops, laboratories, work rooms, exhibition display cabinets - all material equipment which can serve a productive, entrepreneurial kind of learning and resulting practical activities.

Increasingly high demands will be made on the thoughtful powers of contemplation, creativity, incentive spirit, the ability to puzzle things out and experiment, as well as the overall perseverance of the students. The individual Centers are each dedicated to a specific curriculum, in which the necessary basic knowledge and methodical procedures are acquired; the "electives" are based on this "compulsory" foundation of the school.

Entrepreneurially skilled and pedagogically experienced adults will be available to assist and support the students in each Center. The teachers will disseminate their special knowledge in interdisciplinary contexts. One of the most important, impulse-giving roles will be played by the presence of national and international personalities - masters of their field and guests, who will work with particularly gifted and highly motivated students in various workshops: such workshops can be considered as forges both for high quality and new ideas.

It is not a matter of course, but rather an honor, for a student to work in a Center of Excellence. Age will play only a secondary role - mixed age groups will certainly participate together on certain projects. Of primary importance is talent, knowledge, commitment, and the ability to accept a challenge and preserve it. This is education of the best, without regard to nationality, skin color, or social background.

C) 7.2 Curriculum development

The international discussion about school curriculum and its further development refers to, among other things, the following shortcomings and weaknesses:

- The curriculum is geared too one-sidedly to academic subjects and the scientific disciplines underlying them, risking a loss of connection with reality.
- The style of repetitive study and learning material by heart is not suited to promoting the transfer of knowledge or encouraging the skill of applying what has been learned to complex real situations. One studies for the next exam, not in order to act competently in a real-life situation.
- A networked, interdisciplinary mode of thought is hampered by the fixation on subjects with their own inherent logic. The segmentation of learning material into small units hinders the ability of recognizing interconnections and relationships. The sheer amount of subject matter makes concentration on fundamentals even harder.
- The development of the school curriculum takes too little account of social developments and requirements; time is not taken to make well-researched situation analyses, and too few studies examine the kinds of situations in which graduates must later be qualified to work.

No one will deny that the history of the curriculum which has culminated in its present, internationally widespread structure contains a great deal which makes sense, and that a goodly amount of expertise has been gathered on the subject. Nevertheless the question remains how one can preserve some important advantages of current subject structure and yet considerably reduce the serious problems touched upon here.

In view of the solution of such questions, we should consider the internationally much discussed alternative draft proposal of Shaul B. Robinsohn on the structural concept of the curriculum and the resulting situational approach. The concept is based on a three-step program:

- 1) Identification and analysis of situations and situation areas in which school graduates can act in the future.
- 2) Determination of qualifications which enable persons to act in an autonomous, competent, socially and ecologically responsible manner in such situations.
- 3) Development of curriculum elements which promote such qualifications.

C) 7.3 The Life-Situational Approach

The life-situational approach extends this concept by three important components:

- Learning is oriented towards real-life situations. "Learning through life" means that learning processes should be encouraged in such real-life situations as much as possible. In this case, learning takes place not so much within parameters of a didactically arranged pretense of security (where problem presentation, solution route, and solution itself are already known beforehand), but rather in the openness of complex reality. It is an experience-oriented, inquisitive, experimenting, discovering type of learning in which theory and practice, reflection and action are all intimately interconnected with each other.
- Children have a right to learn material in context, to relate social with factual learning, and not be helplessly subjected to merely reduced and tailored forms of knowledge, but rather be encouraged to understand and explain the social contexts of meaningful activity. Paraphrasing an idea from the philosopher Gottfried Wilhelm Freiherr von Leibniz (17th century), this aims at dismantling the classical separation between the *Humaniora* and the *Realia* - between philosophical and scientific areas of knowledge - in order to increase a more holistic understanding of natural contexts.
- Children have a right to take part in designing situations in which they learn and act. They want to be challenged in their strengths, and not spoon-fed with pedagogical tranquilizers of occupational therapy. They have a right to be children and regarded as such (but not subjected to infantile treatment). Those who desire to help children on their way should do so with awareness of their individual development and chances of growth.
- To be empowered in real-life situations does not only mean possessing the necessary survival techniques, but also includes enhancing personal strength and the ability to entertain radical or different thoughts; it can also even mean the unhindered development of a craze or passion, the encouragement of wild play, or deep involvement in the arts, or expressions of feelings and bodily senses, movement and consciousness.
- Norms will not be mechanically deduced and taught, but dealt with in concrete situations and made more transparent. The context of normative behavior is to be explained over and over again, to counteract the split between 'moral' and 'technically instrumental competence'.
- Educators and teachers do not behave as if giving orders from the command post, but rather as partners and impulse-givers: asking, curious, sensitive, also learning. An open, situation-dependent planning replaces the usual rigid ritual.

- As with their children, the parents also take on a more central role in what is happening. To the extent that they can be present and want to be involved, they act as participants and active experts. Parents can offer a great variety of competent skills in key situations. They help build bridges to the community.
- The life-situational approach reacts sensitively to minorities, opposes segregation, favors the integration of handicapped persons, invites interaction with other strangers, and values cultural variety in one world.
- The life-situational approach is always a form of community education, aims to open up pedagogical institutions and remove walls that block our view. It counteracts the exclusion of childhood and youth from real-life activity, interprets learning as an integral part of community development, depends on the cooperation of professional pedagogues and competent members of the entire community, and taps learning venues within the community.

With the life-situational approach and the structural concept of the curriculum, a decisive step is attempted to make reality (to the extent it contains facts relevant to the issue) the immediate reference point for the development of educational processes and subject matter. This approach draws on sources of knowledge - academic as well as experience-based - and focuses them on real-life situations with their concomitant problem areas. The curriculum is hence organized according to key topics, problems, and situations and not according to subjects or departments. It does not follow the structure of any academic discipline, but rather instrumentalizes relevant methods and subject matters in order to explain and manage the situation. The life-situation approach corresponds here with forms of learning which are, for instance, common in modern enterprises for obvious reasons.

The *Development Forum* of the United Nations has published a report on the life-situation approach with the title "For Third World countries, life-situational approach makes more sense" (Vol. XVI, No.6). The paper reports on kindergartens and schools in European, Asian and Latin American countries which work with this approach. In this report we find: "Probably the greatest difference between academic schools and community schools (kindergarten or productive) is that the first is an institution and the second a dynamic process. The gathering together of concerned groups, learning about experience, finding resources and sometimes a little seed money, the participation of parents, students and community at all stages, identifying life-situations and turning them into curriculum-elements, dealing with the situations, recording and evaluating the work undertaken, planning further projects for production and development, the growing solidarity of the community as people find they can act effectively together - all these are part of the community learning process. One cannot overestimate the importance of this work. These kindergartens and schools have shown that education can encourage creativity, self-reliance and constructive community action - that through an imaginative and practical combination of life-situations and fact-based learning the

three R's can be taught without drilling, stress or overtaxing the students. This is only the beginning. What these groups have done should inspire changes in static, irrelevant and beleaguered systems of formal academic schooling, wherever they are."

How does the School for Life plan to deal productively with the tension between organizing one curriculum according to subjects and another by key topics? How should the transfer of knowledge gained be best promoted, and the relationship between theory and practice made dynamically effective?

The main venues of these transfers will be the Centers of Excellence, where information is gathered from the store of subject knowledge and put into an interdisciplinary, comprehensive context. The subject material itself is not invalidated - only its elements put together in a more effective manner, with reference to questions which can be solved in real life. One can picture the relationship between subject or topic versus problem-oriented curricula like this: information or bits of knowledge are taken from the store of subject material and transferred to a curriculum that is designed in an applicable manner according to the theme of the respective Center of Excellence. The Centers will not be limited to stocking knowledge of the purely academic sort, but must also be able to have access to experience-based wisdom of the people, for instance the Thai cultural tradition.

The topical or situation/problem oriented curricula of the Centers of Excellence consequently are fed with information from appropriate parts of the subject-oriented curriculum. The actual realization of this important transfer belongs to the prerequisites of professionally implementing real projects.

C) 8. The Seven Centers of Excellence

C) 8.1 Center for Body & Soul

There is no question that people who desire to contribute to world change and let specific utopias become reality must be persons possessing both leadership qualities and team spirit, who live authentically and are able to anticipate and help create change, and who clearly demonstrate a high regard for quality and effectiveness. Building one's personality means empowerment, a strong sense of self identity, the ability to engage in balanced communication, to forego role-playing, to remain tolerant of ambiguity, while being capable of empathy and solidarity.

Body and soul belong together. Viewed in cultural anthropology terms, the body's entire range of expression has a great deal to do with cultural discourse, as well as with the person's emotional state. The body and the soul are continually interacting, and due to this fact the Center for Body & Soul attempts to take a holistic approach. Psychology, medicine, and physical education intermix here. It is a health center for the body and soul, and its program benefits not only students and teaching staff, but can also serve to

act as a form of training module for educating other groups of people as well. This Center emphasizes the human factor, demonstrates that people can discover their own potential and make valuable contributions. The Center is meant to help make new opportunities available, and means education for self-reliance and hence the overcoming of psychological blocks which obstruct the natural realization of one's own creativity and initiative.

As part of sport didactics offered at the Center, one has the chance of especially learning Asian sports, as well as engaging in sport activities which take advantage of the geographical possibilities - Outward Bound activities and being exposed to the natural elements of the seashore with wind, waves, and the entire underwater world. The medical part of the Center emphasizes the body, its nutrition and health. The psychological part will concentrate on promoting the personality and personal psychological hygiene and prophylactics, on developing the ability to both avoid and dissolve negative stress, on achieving a balance between strain and meditation, between activity and reflection. Human nature is indivisible, and the program to promote body and soul in an integrated manner is a natural response to this insight.

C) 8.2 Center for Cultural Heritage and Development

The prospect of being able to travel only with suitcases from Louis Vuitton, to wear Lacoste shirts or Benetton sweaters, a Rolex on the arm, using perfumes from Lagerfeld or Joop, of having our CD software from Philips and the hardware from Sony, many children growing up, convinced that Rambo is better than the Ramayana and mango juice worse than Sprite - the whole prospect of the world's glorious diversity shrinking down to the dullness of some insipid idea cooked up in the brains of a few managers of vast corporations, and this insipidness then puffed up to huge proportions by slick advertising the world over, is a gloomy prospect indeed.

The opposing thesis, which underlies the concept of this Center as well, is that difference is beautiful. The more contrast there is, the more pointedly cultural heritage and economic activity are brought into relation with each other, the richer the chances for both. The Afro-Brazilians in and around Salvador Bahia, with groups like *Olodum*, are currently developing one of the most interesting alternatives to the worldwide production of dull and stupidly repetitive Rockpop music, since their art is an expression of an independent social-cultural movement, just like the music of Puerto Rico in the 60's or of the South African Townships today.

Markets can be diverse, and they will diversify all the more, the more cultures continue to develop along their own contours, and not just ride the dead-end train to folklore or "tourist art". Developing the differences can open new markets, deviating from the unimaginative "me too" response can bring about an economic upswing, cultural contrast and economy can augment each other as long as one works under the

assumption that every culture contains elements which are felt to be enriching to members of another culture.

The Center for Cultural Heritage and Development ascribes to a dynamic concept of culture. It draws considerably from the Thai cultural heritage, searching for deeper understanding and access; it aims to convey impulses and work together with Thai and international artists, with the collaboration of students who learn through participation to release their own creative powers in stimulating further development.

The intention is to work on productions in the fields of music, dance, theater, painting, fine arts, and fashion, in which tradition and avant-garde, the culture of Thailand and other cultures of the world can meet and find a new kind of artistic expression. The school pupils are integrated in a plan involving all age groups, and have the opportunity to learn from true masters of the art or trade, not only abstractly and generally, but in specific artistic projects.

C) 8.3 Center for Technology & Ecology

Both the standards and resource consumption of industrialized countries are far too high: the age of modesty is called for now. The fresh wind of the world market will do the job. But the developing countries also cannot afford to simply go along with the misuse and wasteful destruction of our planet's resources.

It is necessary to discover the quality of intelligent modesty. The days of uncontrolled wastefulness of our natural resources are counted. The market concept does not necessarily mean that ever new needs must be enticed from us, making us slaves to an increasingly rapid-spinning spiral of consumption. The market also holds the chance of an enlightened and economical handling of scarce resources.

High-quality, simple, mature, durable products are needed. What is wanted is the maximum quality for *the* pair of pants, *the* washing machine, *the* light bulb, *the* television set. The most modern knowledge is necessary to find the simplest solution, not to promote the constant production of high-tech garbage. It is not the changing outer appearance, but the core of the product that is important. The accumulation of high-tech isn't what feeds our quality of life, but high quality itself. We need equipment of highly developed simplicity, which lasts a long time - preferably a lifetime - equipment built to be inexpensively maintained and easily repaired. Whoever buys less, can also do with less income. Intelligent modesty means preferring to purchase one high-class product rather than numerous second-class products right after another, to be free of craving for something "new" at ever shorter intervals, only because the product's facade is "out" and a new one has been deemed "in". An example would be the car, simple and yet highly developed in its basic conception, which could run without fossil energy fuel, and have spare parts designed for reuse, parts which could easily be replaced and overhauled at long intervals. Without the consumer insistence on continually new car models with

slightly modified marginal extras, the horrific vision of great auto graveyards of scrap metal would finally fade.

Future entrepreneurs, whose education School for Life will promote, could be active on the market of diversity and good sense as role models. On the way towards a leaner economy, they could draw from their individual cultures to discover, invent, and promote those products and services which counteract overproduction and the unnecessary consumption of resources, so that the quality of life as a whole is not reduced but rather improved.

If the activity of future entrepreneurs is characterized more strongly by this sort of astuteness, the people of developing countries, still marked by the after-effects of colonialism, could more easily shrug off the rest of that inferiority complex which drives them into the consumption spiral and sometimes into a regular fixation about imitating western style. The non-Western cultures contain enough potential to develop their own kind of attractive life style, so that future entrepreneurial initiative could draw on and serve the third sector as well as the fourth (think only of philosophy and religion). New perspectives then emerge which could be a good deal more fascinating than former guiding principles such as "mine is bigger than yours" or "I want one too". Intelligent modesty requires education, a comprehensive understanding of the world, the aim of taking life in one's own hands, to find oneself, and to journey with curiosity towards the center of one's own soul.

Entrepreneurs who accept that our planet's natural resources are limited are not out of the market, but ahead of the market, if they concentrate on the development of high quality in the above sense. They can count on the growing uneasiness of customers who still believe that products need to be replaced, but at least are interested in recycling the packaging and can and want to be both informed about where they can acquire the best product and be satisfied with it a life long if possible.

We know the dead-end we are in, and know we have to find a way out of it: despite ever increasing consumption, there will be fewer and fewer jobs, since improved machines continue to take over former human tasks. There is demand for entrepreneurial initiatives in other areas, initiatives on the part of artists, imaginative scientists, philosophers and maverick thinkers. Such people will have to replace managers who not only avoid competition, but also can only provide mousy-gray visions of how the world might function so as not to end up as a civilized junkyard. There is a demand for the *citoyen* as entrepreneur and artist.

The Center for Technology & Ecology subscribes to the thesis that technology and ecology can be effectively combined. The Center concerns itself with ideas and first steps, considers small-scale examples, attempts to provide students with possibilities regarding the direction in which thought and action can take. The Center does not want to be Silicon Valley, but perhaps a kind of playground, in which occasional surprising

designs and ideas might emerge. Competitions similar to the German program "*Jugend forscht*" (Youth Does Research) - illustrate that young people are capable of astonishingly original and marketable technological solutions of ecological problems when one takes them seriously as researchers and challenges them accordingly.

C) 8.4 Center for Culture Sensitive Tourism

Diversity is beautiful, uniform homogeneity is not. The world is still rich in regional cultures; people travel to different countries not because they are looking for the same thing all the time, but exactly because they want to see and experience something completely different.

But they are increasingly disappointed. Instead of authentic encounters, happenings, and adventures they more often experience artificially staged productions, are kept prisoners of their hotel, participate in carefully shielded outings, are exposed to tourist-oriented marketplaces and stores, feel themselves surrounded by money-hungry barracudas, and generally experience the human qualities of hospitality and cordiality, attention and friendship only in brief happy moments off the trodden path.

The ethnic touch of hotels often begins and ends with the "native design" of the hotel entrance and lobby. The hotel management considers uncontrolled excursions, which could interrupt the boredom of the swimming pool and fitness rooms, rather economically risky. Group tourism has to face the undeniable reality that individual encounters are problematic to organize, special wishes of curious travelers do not fit into the plan, and that travel organizations often simply lack imagination. Tourism is frequently staged far away from the truly interesting situations and opportunities of the country.

Tourism *can* contribute to the destruction of regional cultures. We maintain, however, that properly handled tourism can support and promote regional cultures and contribute to their development, that an individualized, authentic tourism can act as culturally enriching and serve ethnic understanding, that it can provide great pleasure as well as be the economically better concept to make intelligent friends and partners out of the previous opposing "dumb tourist" and broad mass of "natives".

The Center teaches students how to organize culture sensitive tourism, while simultaneously taking care of guests. It shows the way into a most interesting reality. It allows its guests to do their own research which can lead to unexpected discoveries and experiences.

On the one hand the Center is a program which brings guests together with people of the local and regional area, and allows them to personally enjoy their hospitality. On the other hand it provides guests who are looking for social and cultural contrasts with expeditions and projects concerning various regional realities.

What are the common characteristics of such plans, and what are the attendant circumstances? All the projects have a playful and enjoyable character. The 'scholarly concept' of the Center is founded on elements of action research, discovery learning, and sensual experience. It does not assume expert knowledge, but only a healthy common sense, curiosity, and the joy of discovery. The research carried out by the guests makes sense, and is not intended as occupational therapy, and most of the projects are result-oriented for both the guests and the children. No guest must have the feeling of only standing around in the role of the goose who lays the golden eggs. The projects are variable in length. They can be long-term (in which case individual guests participate for a while, then leave) or as short-term as a single day.

These projects are dramatically designed according to a varied scheme, with climax, action, and relaxation phases. One of its essential aspects is that native people and guests get to know each other, and that guests make contacts among each other as well.

The guests can document the results of these activities themselves if they so desire. A guest library will be set up, so that the progress of the various projects can be followed and reconstructed for new guests who join in later, or for those guests who might return and who want to check up on what has been done in their absence. The activities will be reported on locally and internationally: on the local level, the native people experience the results of the projects (which could act as stimulus in the relationship between cultural heritage and modernization).

The students act as trace-seekers, the developer of paths into an interesting reality. They take care of the guests during their research activities and learn by direct participation. In doing so they also learn how to work with the guests in an articulate, culturally competent and imaginative manner.

The curriculum of this Center deals with general knowledge concerning tourism and management, as well as specific historical, religious, cultural, artistic, architectural, geographical, biological, and ecological knowledge of the region. Culturally authentic tourism as practiced here in a small-scale model also makes good sense. Tourists are no dumb animals in this model, but intelligent partners.

C) 8.5 Center for International Communication

This Center deals with printed and audio-visual media. The goal is to avoid having students slip into a passive role as media consumers, but rather to allow them to work with the media in an increasingly active, creative, and professional manner. On the one hand the Center will deal with the development and sale of printed materials, for instance a journal which for the most part is to be researched, written, edited, and marketed by students. The models here are journalist schools which professionalize

their students not only by imparting theory, but also by participating in the daily practice of real-life journalism.

Another emphasis will be the mastery of communication within worldwide data networks, the ability to access a vast store of information via modern communication means, and then to evaluate them, design interactions, and contribute own messages into the information flow.

A third emphasis will concern film and television, and the acquisition of skills in producing small and larger video productions, and the development of features which, if good enough, might even be marketed. How does one make a good documentary, or a lively video clip, what must be especially attended to in casting, how does one make a treatment or a screen play? In the best of cases such topics correspond with key topics in the curriculum, so that recourse can be taken to curricular knowledge and transfer processes thus promoted. One could interpret these Centers (as well as the others) as dramaturgical figures, which provide connections and personify and enliven the often somewhat dryer school subject matter.

C) 8.6 Center for Nutrition & Health

This learning area includes a restaurant, a bakery and facilities for food processing. The center works closed with the Center for Organic Farming. The children learn to produce healthy food for reasonable prices and to prepare them so tastefully that Junk Food won't have a chance. The practice will be enriched with theory. Knowledge of food science will be as important for intelligent cooks as biological or biochemical knowledge is. Good knowledge of chemistry is required in order to decrypt the content of "Ingredients" on the backside of the packaging of food. And mathematical knowledge is necessary to reveal the swindle for customers, e.g. when a fully blown up sealed package contains more air than chips.

The center works as an invisible restaurant management school. The students learn to cook very well Thai and international dishes, to provide friendly service, to calculate, to advertise, and to maintain standards of quality. How do they prepare a multi-course meal successfully? How can the students communicate with guests from abroad? Guests are invited from time to time to participate and get to know the richness of Indonesian cuisine.

There are already pre-experiences: In the eighties, "Hapag Kalinga" was founded in Manila, a restaurant in the upper middle class with dishes from different regions in the Philippines (see section B. 3). Under assistance from adults children were managing the "Hapag Kalinga". The schooling was about learning what to buy on the produce market in order to get good products for reasonable prices, to cook very tasty food, to serve friendly, to calculate, to advertise and to keep the quality. The guests – from President Aquino to the walk-ins – admired the professionalism and the charm of the children. In

the restaurant in the School for Life guests can not only observe the cooking of the children but also contribute with recipes from their home countries.

C) 8.7 Center for Organic Farming

In East Thailand, in the province of Isan, there is a well known village with the name "Asoke". A highly developed Buddhist community lives there following His Majesty the King's concept for organic farming and successfully practices "sufficiency economy" almost without needing any additional funds. When visiting the village the particular aesthetic is striking. Around the houses only growing vegetables can be seen, dense, healthy looking and penetrated with flowers. The flowers are special: with their scent they keep away insects which would be feeding off the vegetables otherwise. The ground is particularly good as the villagers are experts in decomposing. The area which is used for decomposing doesn't smell and is free of flies.

Recently those villagers were asked to reform a large compound close to Ubon Ratchathanee University which was an area covered with short grass. Within a few weeks they managed to produce so much organic vegetables that the students and staff are now supplied with it in the canteen.

The motto is: Away from ornamental grass, flowers and bushes to the utilization of every free area for organic farming! "Sufficiency Economy" means to practice farming for self-production following the motto of John Button: "Healing the earth with ecological solutions".

The Center will serve experimental research in possibilities for organic farming. Studies on growing agricultural products without using chemicals can be conducted here. Useful and damaging insects in agriculture can be a topic, or the process of reintroducing threatened types of butterflies and birds back into the area can be covered. The campus and its surrounding farmland is a learning-intensive setting that combines ecology and economy – besides creating consuming products, the goal is also to sell the products, to find niches in the marketplace in an environmental still dominated by chemically-dependant agricultural businesses.

C) 9. Think Tank and Master Workshops

From time to time the School for Life will organize a Think Tank, a place for the development of unusual approaches and ideas, a place for nurturing sudden impulses and contemplating their possibilities, a place for inventive dialog between scientists, artists, entrepreneurs, and maverick thinkers. Internationally known personalities, leaders in their fields, will be invited here - to forge ideas together. The discourse serves to transmit and analyze key regional and global questions and invent future solutions.

The members of the Think Tank will be invited to give Master Workshops to particularly gifted and motivated students, working together with the Centers. This could involve, for instance, the composition of music for a CD, or working up ethical standards for genetic technology, meditation or philosophical studies, insights into the research of biospheres, drawing up architectural drafts for building with bamboo or handling problems in processing pineapple stalks to textile products. The experts can suggest a topic to which they themselves are eager to devote their attention, and which incites student interest, challenging them without overtaxing their capabilities, and which can correspond in some way to the curricula of the Centers or at least create a productive dialectic with them.

C) 10. The Setting

When the concept of a School for Life was to be realized for the first time in Bali in the second half of the nineties, at that time under the name of "National and International School Bali – NISBA", and in partnership with Bradley Gardner ("Begawan Giri") the commissioned architect Yew Kwan was urged to refrain from building anything that might look like a school, but rather to build an Open Learning Village. The realization of the project on 16 acres of land was slowed down by the Asian financial crisis in 1997, but the ideas of the Open Learning Village remained and became the basis of the master plan for the School for Life.

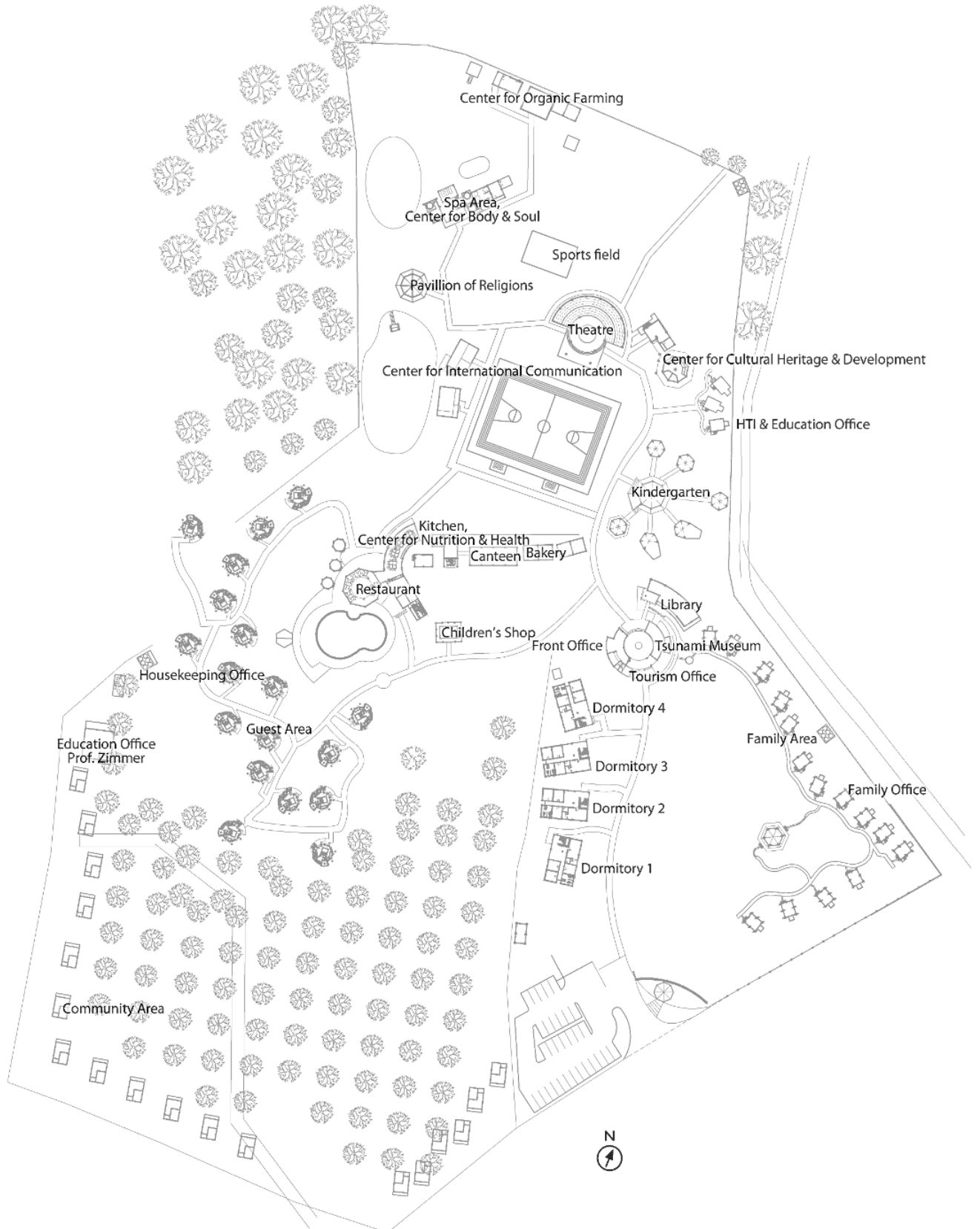
C) 10.1 Open Learning Village

If you didn't see the sign at the entrance of the campus in Southern Thailand which says "School for Life", it wouldn't be obvious that it is (amongst other things) a school. It is a village with a number of areas: family houses, dormitories, Centers of Excellence, accommodation for guests, a restaurant, cafeteria, theater, sports facilities, the pavilion of religions, a school wing hidden behind the theater, but not one of the box-shaped conventional school buildings, and behind a plantation of rubber trees, the houses of the community, mainly those adults who survived the tsunami and moved onto the campus.

Many of the organizations are like optical illusions: the canteen is a canteen, the bakery is a bakery, but both are also places where learning takes place in the Center for Health & Nutrition. The guest bungalows, restaurant and reception area serve the guests and at the same time are the learning site of the Center for Culture Sensitive Tourism. With its theater, the Center for Cultural Heritage has a particularly dramatic character, as do all the Centers of Excellence. It would be foolish to design the Centers as classroom-like spaces. For teachers of the School for Life, the composition of the Open Learning Village acts as a daily invitation to free themselves from bondage to the curriculum and to use the learning opportunities of the village.

C) 10.2 The masterplan of the village

Hanseatic School for Life – Masterplan of the Village



C) 11. Teachers

C) 11.1 Teachers & community development

One of the most decisive teacher training reforms of recent history took place in Turkey during the 40's, with the setting up of village institutes. At that time the illiteracy rate in Turkey figured around 85%, agriculture was very backward and produced only poor harvests. The village institutes were facilities for community development and training centers, whose students came from the surrounding villages and also returned there after their studies. They became teachers and community developers in the course of a spartan, strenuous, but highly productive training program which gave them an abundance of agricultural and craft trade skills, and technical and medical knowledge in both theory and practice. Every village institute functioned as a company and was self-supporting. The teachers trained there moved to the villages, founded schools according to the same model, and sparked regional development. Many of them became pedagogical reformers of top quality. Even though the movement was broken off as a result of a change in government, it has left many cultural traces of good work.

The village institute movement can be understood as a logical answer to the *déformation professionnelle* of the teaching profession; instead of the teacher with white collar consciousness, now a teacher who can combine reflection with action: instead of teachers fleeing the land for the cities (a problem in postcolonial developing countries) a teacher who considers teaching in the rural community to mean participation in the development process; instead of a subject-bound lecturing teacher, one who works on projects with pupils and employs different kinds of knowledge in the process.

For the pedagogues Ismail Hakki Tonguç and Education Minister Hasan Ali Yüce, the initiators of the village institute movement, teachers are community developers; for Shaul B. Robinsohn teachers are teachers. "All teachers are teachers" means that there is a common basis in all teaching professions, recommending an integration of teacher training in which educational theory and curricular as well as pedagogically relevant social aspects join with a more "clinical" training (in the sense of a theoretical reflected practice and practice-oriented theory).

Professional biographies show that teachers are generally characterized by a more defensive than offensive personal history, and only in exceptional cases could be called risk-takers. Their consciousness of being *employees* of the state is rather a counter-productive model for students who want to grow up within a culture of entrepreneurship.

You can lead a horse to water but you cannot make him drink. For the school, what is important is selecting outstanding Thai and international teachers, highly qualified with regard to both expertise and pedagogical skills, who are eager to fully dedicate themselves to the whole project and in fact to no small degree bring along the basic

qualifications for entrepreneurial behavior to the job themselves. These teachers do not only participate in an ongoing service training - the project itself is already continual advanced training. Whoever takes part here and contributes to developments, gains additional skills which cannot be acquired at any other teacher training facility.

C) 11.2 Masters as teachers

Personalities and masters of their fields - the conductor, composer, choreographer, architect, writer, painter, sculptor, dancer, physicist, philosopher, engineer, chemist, politician, economist, psychologist, athlete, journalist, entrepreneur - all of them are important teachers from life off campus, who can offer unique stimuli and greatly supplement the work of the permanent teaching staff.

These professionals are guests of the School for Life, who take pleasure in working together with talented young people of the school in special workshops with the goal of creating some common work or product, in short to leave their mark. The wide world comes to Thailand, taking something from the area and leaving something of value in return. The gift consists of knowledge and experience gained in other venues of the Global Village, and which can be of use here.

C) 12. Guests

The role of guests has already been outlined in section 8.4. Not all, but a certain number of guests contribute to the important experience of receiving guests. This experience is reminiscent of one of the famous sentences attributed to Martin Luther: "If the world would end tomorrow, I still want to pay my debts today and plant an apple tree." In the early days of the School for Life in Chiang Mai, Jim – a member of the U.S. Navy – appeared, sad-faced because his Japanese girlfriend had run away from him. On a walk through one of the Akha villages, he saw a little boy with a bloated belly and in bad shape. It had recently become known that the boy suffered from Hirschsprung's disease, a terminal illness: a part of the bowel was no longer working and would lead to a process of self-poisoning if no operation was performed. Jim offered to lead a "rescue team" and take the child to the hospital, where Jim would finance the operation. The real difficulty was not in the operation, complicated enough though that is, but rather to overcome the bureaucracy involved due to the fact that the child had neither Thai citizenship nor could show any other identification documents such as a birth certificate. In the end though, the child was rescued, and Jim forgot his grief over the lost girlfriend.

The manager of a chocolate factory from Switzerland outed himself as a compost specialist who, along with the children, set to work on the difficult task of composting teak leaves. A young theatre director from Bavaria who had studied "Cats" in her native village, put on parts of the musical with the children. A retired English teacher fascinated the children with a dramatic and theatrical English lesson. A dentist and his

wife carry out screenings with the children and want to come back next year.

Guests who plant apple trees and come back to see whether they have grown are very welcome in a School for Life.

Last and not least, they also help the School for Life to be able to generate revenue of an increasingly significant scale – on the road to a "self-sufficiency economy", as favored by Thailand's King.

Culture sensitive tourism and the School for Life are not at odds with one another, but rather form a synergy.

C) 13. Partners

The School for Life depends on national and international cooperation. This will consist of a process of mutual give and take. The school will function as a model, whose individual elements are transferable elsewhere. At the same time the school needs expert knowledge of other institutions and the knowledgeable support of responsible political government departments of the country.

C) 13.1 Thai communities

The villages around are an important integral part of the Open Learning Village. The connection can grow out of working together on a specific project, through outsourcing or cooperation in taking care of guests. The goal of working together in this way is community development, all within a framework of awareness, respect, and creative promotion of the Thai cultural heritage as well as everyday customs. This is not a one-sided relationship. Just as the schools can convey important impulses with their Centers of Excellence, the members of the villages can also function as masters and teachers.

When selecting Community related project topics, the school depends on the participation of representatives from Thai society: they are the experts for priority question complexes, and are co-responsible as experts in evaluating and implementing project results.

The School for Life deals with local and regional key problems, and these are largely related to the tourist industry. This predominantly effects the regions of Phuket and Phang Nga, and is changing the area from day to day, exposing a long cultural tradition to an outright cultural invasion. One cannot simply define away the strained relationship between indigenous cultural heritage and modernization which can include cultural self-destruction. One *can* take up the idea and deal with it offensively, and work on reasonable solutions. The School for Life will become more and more rooted in the region as an institution which will contribute to the further development of the region's

cultural heritage and thus, in a liberal-minded spirit of tolerance, contribute to its cultural identity.

C) 13.2 Thai authorities and advisors

The Thai government, represented by its responsible ministries, especially by the Ministry of Education is a particularly important partner for the development and design of the school. The government will be requested to grant the school the necessary freedom for development, and at the same time is invited to stand by as consultant and promoter and, to the extent it seems sensible, to take up positive experiences of the school as models and be supportive in transferring these concepts to other pedagogical institutions.

Leading personalities of Thailand and the international world are invited to participate as consultants and active guests in the development of the school.

C) 13.3 International partners

The School for Life is a practicing prototype of international understanding and peaceful cooperation. At the same time it will be an example for educational reform, especially with regard to making the learning process dynamic and promoting a culture of entrepreneurship. The model can be of special interest to countries whose educational system encourages too little in the way of entrepreneurial skills. The question arises how conventional schools and even universities can make training in entrepreneurship, and the setting (the institution itself as entrepreneurial model) mutually compatible. The promotion of entrepreneurship by pedagogical institutions could become one of the most relevant themes in future developments of educational systems in many countries. Schools and universities help decide on the entrepreneurial potential of coming generations, by either promotion or neglect.

The services will include advice for the adaption of the modul under local circumstances, curriculum development, teacher training, and the guarantee of quality performance standards.

C) 14. Transfer of innovation

The School for Life will be a development workshop and the results can be fed nationally also into the international transfer of innovation.

C) 14.1 Basic problems of school and three answers

The School for Life can answer to three basic problems of the school.

First Problem: Distance to Life

A centralized curriculum development with a rigid orientation towards subjects and a standardization through quizzes and exams leads to the fact that students are increasingly unable to apply academic knowledge to problems in real situations and solve those problems.

First answer: The Situational Approach

The curriculum is oriented towards key situations and problems.

Scientific and empiric knowledge is focused on those problems in order to contribute to solutions.

This way, students learn to meet challenges of reality, solve real problems in a competent manner, and transfer the experiences that they gained in the process. Situations are understood as something that can be influenced and shaped. Learners become constructors of reality.

Second Problem: Museum-like Setting

The scholastic setting mainly dates back to the 19th century. Learning in today's reality is different.

School, in its organization and learning methods, trails about 200 years behind modern developments of the learning environment.

UNESCO's 1990 call for 'Education for All' has led to quantitative spread of the 'museum of school', not to its reform.

Second Answer: Centers of Excellence

The setting of the School for Life is designed in a way that supports learning that is exploring, researching, problem-solving, and relates to reality.

Centers of Excellence that are oriented towards key topics become bases from where students can research, explore, develop, and act in a way that closely relates theory and practice.

School is no more ghetto, but an institution that combines learning and community development.

Third Problem: Misjudgement of the Labour Market

Most school- and university-graduates hope for the provision of jobs in the labour market.

They often chase jobs in vain instead of creating some themselves.

They are not equipped with entrepreneurial qualifications.

Many of their teachers are in fact economically incompetent and have anti-economic emotions.

Third Answer: Entrepreneurship Education

The goal: Educate pupils to develop their entrepreneurial spirit.

An innovative entrepreneur is a person without particular resources who develops and refines an entrepreneurial idea and carries it out on the marketplace.

His best capital is a good idea.

This entrepreneur acts socially and ecologically responsible.

The School for Life wants to create a setting for students to develop and attempt entrepreneurial ideas in a playful setting and without the pressure of having to secure one's existence.

C) 14.2 School for Life as a model

The School for Life as a model makes up the foundation for product-development, -adaptation, and -dissemination.

The model serves the development of a transferable product. The operational manual and the related services will contain information regarding the following:

- Curriculum
- Learning methods
- Setting-design
- Construction and furnishing
- Teacher training
- Related laws
- Costs and financing

The services will include advice for the adaptation of the model under local circumstances, curriculum development, teacher training, and the guarantee of quality performance standards.

D) HOW TO WORK OUT YOUR OWN HIGH-POTENTIAL CONCEPT: THE ENTREPRENEURSHIP LABORATORY

Up until now little attention has been given to the systematic thought processes that must take place before launching a company. The focus of attention has not been on drafting, developing and refining the idea concept as an essential prerequisite for success. I find this amazing because entrepreneurs and their investors make a long-term commitment of time and capital. Therefore, attempting to reduce the risk through a systematic and effective process of entrepreneurial design serves an important function.

Our goal in the development of an entrepreneurial design must be to increase the probability of success by ensuring that the idea concept stands on more than one leg.

This figure, which I use in my presentations, is intended to illustrate that entrepreneurial design contains aspects of both art and construction. The arrangement must be balanced in such a way that it has the flexibility to absorb external impacts and then return to a stable state.

In the market it is possible that competitors will introduce new advantages and that the founder's original market advantage will evaporate. Just when a concept functions well or a new technology is "in the air," it's common that a competitor offers a better price, higher quality or some other market advantage. Thus, if it is at all possible, a good entrepreneurial design should stand on more than one leg to survive such an external impact.

The little sculpture I use to demonstrate this idea can find a stable, balanced position on each of the four legs of the chair. In my own experience with the Tea Campaign, the real mainstay was a price significantly lower than what was charged by the competition. But if anyone had undercut our prices, we still would have had our other legs to rest on: the frequency and transparency of the chemical residue analyses; the guarantee that our tea was 100% Darjeeling; the Tea Campaign's efficient logistics (as a result of the simplicity of its concept), as well as our fair trade practices.

For many years the process of refining ideas has been the focal point of my Entrepreneurship Laboratory, a seminar for students and start-up founders who are already well along in their thought process toward launching a business. The Laboratory is a method to develop an initial idea into a mature and well-thought-out entrepreneurial design. The word "Laboratory," borrowed from the realm of the natural sciences, was consciously chosen to illustrate that this is a *systematic* process.

Participants are encouraged to stick with the system: Don't get off track. Work on the issues and sightlines, one after the other. Don't confuse this technique with "best practice"; that's a different method. Please keep Chapter 4.2 in mind. It is not about copying others. You have to work out a clearly identifiable market advantage over your

established competitors. If you start by studying what the competition is doing, you will be easily ensnared by their model. You should be working on “next practice” rather than taking over someone else’s “best practice.”

D) 1. Opening Up the Idea

In Germany, in a meeting with a conventional start-up adviser, the would-be founder brings the idea; the idea, so to speak, is simply “there.” In the Laboratory, on the other hand, the idea is questioned, examined, refined. Like a sculptor, a founder can work the raw material and create an intellectual abstraction that reflects not only the concerns of the “artist” more clearly and more precisely, but that also develops a better view of the market. It is important to work out something that’s “a better fit,” something that dovetails with the personality of the founder, something that “feels” better to him or her than the initial idea.

In each case, we try to figure out what will truly engage the participant over the long term: what reflects his inclinations and desires, even those desires of which he might not be fully conscious. The method is akin to Frithjof Bergmann’s concept of New Work, where the question posed is: “What do we really, really want?” Thus the goal is not simply to accept the idea and then address possible steps to implement it, but rather to treat the initial idea as the raw material whose potential still needs to be explored.

In this sense, the initial idea is only a heading, a first indication of where we can start looking for the ingredients that should ultimately yield an idea concept. I regard it as the modeling clay out of which you can create many forms. Accordingly, it is not uncommon that the discussion with the prospective founder takes a turn which that person does not expect. Although she is often convinced that she is at the end of the idea process and is already thinking about its implementation, I try to get a feel for whether she herself has actually considered the perspectives that have opened up with her idea. Following such a discussion, it is not uncommon that the founder ends up with ideas totally different from those she originally came with. The job of a consultant is not to give answers, but to ask lots of questions, especially questions that open up new perspectives. The founder must find the answers for himself. It has to be *his own* intellectual baby, not an idea from the consultant or one triggered by the funding guidelines.

Starting a new restaurant is a textbook example I am fond of using. A potential founder comes with an idea: “I’d like to launch a restaurant featuring Egyptian cuisine.” A conventional business consultant would then ask about everything that’s important for *operating* a restaurant. For example, the competitive situation, or the founder’s competence in the areas important for running a restaurant. Implementation will be the focus here – to open a restaurant, you need money for decorating the premises, for a decent bar, and for the kitchen. Thus the question of capital comes up relatively soon.

The next problems are finding a good location and suitable staff for the restaurant. Now the founder is preoccupied by three things – his capital requirements, finding a suitable location, and selecting the appropriate personnel. The idea of an Egyptian restaurant now plays only a secondary role. It can be anticipated that the concept of the restaurant, if realized, will at best consist of only a few specific interior design elements; perhaps the chairs will be reminiscent of a pharaoh's throne, or a few pictures of Luxor may hang on the walls.

In spite of what appeared to be appropriate planning, which considered a variety of aspects, there's still a high degree of risk in this type of start-up. A lot of capital is required, and much advance preparation is needed, all of which will require financing. In addition, there are high operating costs like rent, interest and personnel. Unless there are a lot of customers immediately, as well as over the long term, there's a danger that this start-up will end up the same way that many other restaurants have ended up in the past. As far as the likelihood of survival goes, it's like placing bets in a casino – in both cases, the chances of success are statistically low. I put all my money on Red 19 and fervently hope it wins. If my restaurant doesn't work out, then I'll lose all of my own money, my borrowed capital, and all my work will have been in vain. I call this *launching a business à la Roulette*. Not recommended.

D) 1.1 Finding out what really motivates the founder

My methodology is different. I start with the initial idea and ask the would-be founder probing questions: "Why do you want to run a restaurant? Because you like to be with people? Because you like to cook? Because you want to run your own business? Because you have pleasant associations with Egypt? Because you are fascinated by Upper Egypt?" His answers give me an initial sense of why the founder came up with this idea at all. Depending on his answers, I follow up with more relevant questions. If, for example, his answer was, "I like to be with people," my next questions would be "What do you find attractive about that? What role would you like to play? In what situations do you feel most comfortable with people? What kind of people would you like to surround yourself with? Are you single? Married? What are your hobbies?" If the founder replies, "I am very interested in Egypt," I would continue with my questions, "What was it that attracted you? Was it the people, the culture, the history, the food, the climate, the exotic history surrounding the pyramids and the pharaohs?"

What's important to me is to find out what motivates the potential founder and what was behind her original idea. Certainly you can imagine that it's possible to follow up on each line of questioning with many more questions. Ultimately you'll have an initial framework that will be on a solid footing because it's based on the inclinations, talents, desires and passions of the person in question, an approach that can tap the hidden energies of that individual.

Nonetheless it is a relatively open framework, and it still needs many pieces of the puzzle in the form of information, contacts and assessments of the potentialities before we will have built a durable edifice that can stand up to the storms of changing fashion, imitators, established competitors and bureaucratic hurdles, as well as the many other obstacles, both expected and unexpected, that inevitably arise when you start a new venture.

Thus it is not an inspiration or a sudden epiphany that makes for a good entrepreneurial design. It is based on *systematic* work -- the more, the better. Only when the entrepreneurial design addresses as many aspects as possible would I recommend a start-up. In my experience it is often the case that introspection or a closer examination into one's own as well as the customers' desires are more promising than chasing trends or opportunities.

The verdict is that it's much too fast to go from initial idea directly into business administration implementation. The potential created by working through the initial idea into a well-thought-out and mature entrepreneurial design should not be neglected.

D) 1.2 Trying out new perspectives

I start the process in the Laboratory by asking questions; later on, members of the audience join in. Take Egypt, for example. What impressions are evoked by this name? A trip to Egypt? Can you imagine a totally different trip to Egypt? Perhaps a virtual trip? What do we know about Tutankhamen's daily life from archeological finds? Could you work with the local Egyptian museum? Can you imitate the life of the Pharaohs?

At this point, where archeologists are held back by their academic standards, you (as a travel agent, restaurant owner or event planner) are free to speculate wildly without fearing a negative impact on your career. Just like a filmmaker, you can create the pharaoh out of a mixture of science and fiction.

Here we see another advantage of entrepreneurship emerging. You can draw creatively from all kinds of areas, whether science, fantasy, movie props, literature, humor, or anything else.

I am often asked: how do you know when an entrepreneurial design is mature? And I say: you'll feel it in your gut. When you've developed a good design with clear market advantages, one that addresses possible imitators and their vulnerabilities and all the other things that a good design should achieve, when you've thought everything through and found the answers, then you won't be able to sit still any longer.

At this point you can't shake the anxiety that you might miss out on this opportunity if you don't get started immediately. You want to start running. And just as with a child who's ready to be born when the time has come, you'll want to introduce your

entrepreneurial baby to the world. As long as you have doubts, don't launch a start-up! Take your doubts seriously; look for solutions.

I know my advice here is diametrically opposed to that of conventional business consultants. But my years of experience tell me that I am right. Too many failed start-ups. Too many half-baked ideas. Too much readiness to take on obligations that can't be worked off through commercial activity. High indebtedness and low conceptual potential – this is too little to work with.

Of course there are different paths to success besides developing a creative entrepreneurial design. Even a snack bar can be successful if it's located on the right corner. There are also profits to be had from a me-too idea that merely imitates, or from an import-export business taking advantage of the arbitrage effect. However, a more elegant route is through creativity. In a post-industrial society, land, capital, or labor become progressively less important as resources; what is becoming more important is creativity.

“How would the world look if I could ride on a beam of light?” -- thus began Einstein's ponderings on the theory of relativity. He was 14 years old at the time. Encountering a problem, considering a variety of routes and choosing the most practical – this type of mental agility can be taught.

Does entrepreneurship demand exceptional and highly creative people? No. All of us occupy ourselves with more or less creative activities every day. Every child is creative as an artist. According to Picasso, what we must ask ourselves is how that child can remain an artist once s/he grows up. Not all people are equally creative, but in many instances, their original potential for reasoning and creating is underdeveloped, buried or blocked. Creativity is not a mystical, god-given talent, but a competence that can be systematically guided and taught.

In his play *Le bourgeois gentilhomme* the playwright Molière tells the story of a man who asks what prose is and to his astonishment learns that he has been speaking it all his life. The same holds true for creativity; half the people in the world believe it is a mysterious quality possessed by the other half of humanity.⁴⁸ However, many studies show that everyone is able to make use of his or her creativity.

D) 2. Seven Techniques for Working Out an Entrepreneurial Design

This book is not the place to describe techniques for improving one's creativity. There are hundreds of books on the subject with many useful recommendations; but please permit me a few remarks.

The American doctor, psychiatrist and author Frederick Flach points out that the creative act is not something that comes out of thin air; rather, it re-arranges already existing facts, ideas and systems, combining them with one another. The capacity for

creativity in many people has become stunted, whether it's because the environment in which they grew up disapproved of creativity and originality, or because they were molded by a school system that promoted intellectual conformity, or because they worked in organizations that didn't permit any imagination in structuring their own activities. Another source of inhibition lies in the erroneous notion that you must have a unique talent for creativity. In contrast to this, Flach emphasizes that the ability to think and act creatively is a universal human strength. The author cites two important rules that I, too, have found to be reinforced again and again in my workshops. First, at the start you must postpone your own judgment, and second, quantity results in quality. Of course it goes against the grain to hold back criticisms during the search for ideas and simply to develop as many ideas as possible, especially ideas that might at the start seem unrealistic and illogical. But it is precisely these two rules that are important, because the ideas that come to us first are usually stereotypical and do not bring us as far along as the ideas that will come to us later. All of us have a tendency, both regarding our own ideas as well as the ideas of others, not to let them stand, but instead, after they have barely been articulated, to immediately analyze and criticize them. The arguments might indeed be very good ones, but they will block the development of new and better ideas.⁴⁹

Anyone who studies creativity in depth will be confronted with a profusion of theories, methods and techniques.⁵⁰ Over the years I have worked out seven techniques for developing successful idea concepts. They are selected from an almost infinite number of techniques that are known, and in my opinion they are especially suitable for the subject of entrepreneurial idea development. I have tried to give them names that are as simple as possible, so please don't be put off by how elementary they sound. A technique is not made better by giving it a pretentious or cryptic name.

Commonly imitation and arbitrage⁵¹, that is, the transfer of successful models that already exist in a region or other country, are two approaches that initially sound reasonable and were successful for a long time.

These days imitation and arbitrage are less suitable for start-ups. Why? Because information is no longer available only to you. It's public knowledge that's accessible to all. Generally others will be quicker than you are due to the instant dissemination of market prices, *e.g.*, on the Internet, or international trend scouts who are on the lookout for market opportunities for large companies, not to mention the big budgets that the major players invest in imitating successful business models. While you're still fiddling with your web page, a giant competitor with concentrated market strength may already be offering the product for sale. To be sure, you can attack the big guys, but not in the areas of arbitrage or imitation.⁵²

D) 2.1 Discover potential in what exists already

Successful entrepreneurial designs are often innovative without inventing anything new. The innovation lies in re-combination. Early on, Schumpeter drew a distinction between innovations and inventions. It often takes quite some time before great inventions are market-ready because they harbor minor defects that make them fail. This is because when they're first introduced, they haven't yet been perfected technically, their significance may not yet be recognized, or they haven't been accepted by the public. This is the reason why successful business people are generally not inventors but innovators. They rely on what already exists.

The American economist Israel M. Kirzner⁵³ emphasized this as well; he regarded “discovering what exists” as the entrepreneur’s core business. This concept only appears to be a paradox. Something that already exists doesn’t have to be re-invented, but its significance and potential can nonetheless be interpreted in a fresh way and re-discovered. A famous example of this is the fax machine. The invention has been around for a long time,⁵⁴ but ultimately it was introduced worldwide by companies other than the inventor or the companies that had initially tried to market it.

Skype is a good example of the Kirzner theorem built on Schumpeter’s theory. Another example is Sergio Rial, the Brazilian bank manager who was sent to China to establish the ABN AMRO Bank there. He learned about the country’s banking sector, but in the process he became aware of something totally unrelated – chicken feet. Yes, chicken feet, which are eaten in China. Not just the thighs and legs that we eat, but also the claws, which are regarded as a delicacy. What every other visitor to China had already seen, Rial viewed with more alert eyes. In Brazil nobody eats chicken feet. Nor do they eat them in Argentina and the other South American countries. And Brazil and Argentina are among the world’s leading producers of chickens. What happens to the chicken feet there? They’re thrown away. You can imagine how the story ends. You can read all about it in a brief report in the *Far Eastern Economic Review* – Rial started coordinating the stream of chicken feet going from South America to Asia. He discovered something that already existed and ensured that the chicken feet would be used well.

D) 2.2 Function, not convention

Many of our examples demonstrate the entrepreneurs’ independent spirit above all. They are either free from, or are able to shake off convention. Conversely, this means there is promise of success if I regard everything I find in place as convention, at least until the opposite has been proven. I examine the processes without being intimidated and ask myself whether those things that were still thought to be reasonable in the past can now be organized more simply using modern methods. I don’t settle for making a service or product a little cheaper, better, more efficient, smarter or more environmentally friendly, but instead I challenge the entire process, that is, I start to

fundamentally rethink how it would be possible to organize the functions under current conditions.

I described this process in detail using the Tea Campaign as my example. Holger Johnson's Ebuero also falls into this category, as does Ingvar Kamprad's approach to rethinking the furniture business.

Years ago a major tea dealer, with a nod to his family's tradition, showed me a diagram – today we'd call it an organizational chart – of how the international tea business is structured, how he had learned the tea business during his apprenticeship. In his wildest dreams he would not have imagined that this could be altered so radically. He told me, "It was necessary to have someone like you, a total outsider, who could analyze the accustomed processes without any undue deference."

But in fact the technique is very easy. If you want to deal in a product, do *not* ask about the details, for example about the packaging, wrapping the pallets, retailers, wholesalers, importers, exporters or other marketing structures; simply ask yourself: how can I bring the product from its source to the customer, how can I organize the process as simply as possible and make use of components? So that the only thing that remains for me to do is to organize the components.

With this technique your chances are best if you're a newcomer to the field and not yet inhibited by occupational blinders. Function, not convention doesn't require a great deal of previous knowledge, only rigorous thinking and an objective disregard of what has come before.

If you are rigorous in your focus on function, then this question will arise on its own: what can you leave out? What in the conventional form is superfluous – and only costs money? Here I am not necessarily talking about giving something up. Quite the opposite. An entrepreneur's ambition should be for the best. If you don't have money, you must be creative.

Simplicity is a good principle. Complexity is the entrepreneur's enemy. If you believe that "paring down" and "simplicity" are too basic, not impressive enough, and not at all grand, then remember Leonardo da Vinci: "Simplicity is the ultimate perfection."

D) 2.3 Recombining what already exists

The example that I find to be the most illustrative is the following :

"Think ceramic," says Thijs Nel, an artist in Magaliesberg near Johannesburg. His art form is ceramics. Confronted with the slums in his vicinity, he got an idea for how to build better houses. Traditionally the residents of this South African township built their homes out of mud, with the walls reinforced with stakes and branches. However, when

the termites eat the wood, they create excellent channels for water, and the houses don't last long in rainy weather.⁵⁵

You could describe Nel's entrepreneurial idea as follows: Imagine a cup. Turn the cup upside down. Make the cup bigger and bigger in your mind's eye. Now imagine holes in this cup. Now let's call this cup a "house."

Now like other ceramic wares, this house-sized cup with holes as windows must be fired at a high temperature. The firing can be organized with the help of other villagers. The result is a house that's much more durable than traditional huts, but hardly more expensive.

The artist as architect and entrepreneur, with an idea, astoundingly simple and demonstrably practical. Everyone can be his own builder, potter, and artist. It's even highly likely that the townships will be more attractive than the accomplishments of many trained architects.

Now you may say, that's nothing new. Many peoples, such as the Hopi Indians, built in this manner. That's right, Nel also didn't discover anything new, but looked for an inexpensive, traditional material for his cup idea, a material you could find everywhere – and he combined something familiar in a new way. A technique as simple as it is effective -- which you can also come up with through systematic thinking.

D) 2.4 Fulfilling more than one function

In modern societies characterized by a division of labor, more and more functions are separated from others. This means that to eat, we go to a restaurant. There are youth clubs for young people and senior clubs for the seniors. Every function has its own space. To buy things you have to go to a store. You borrow books in the library and go to the office to work. Plays are presented in the theater; audacious directors bring extravagant productions – where? To the stage, in a theater.

The isolation and loneliness that exist in modern societies are related to this division of labor. Everyone is sitting in his or her own space. Why are we so delighted by the tiny French villages we know from our vacations? Young and old sit together; some read, others play cards, and somewhere in the midst of this a barber is cutting somebody's hair. In many places our work world is so streamlined and so differentiated that it offers us the opportunity to reintegrate functions.

Many years ago I held a workshop on the subject of business hours where without any preconceived ideas the participants examined multiple uses for buildings. What events could you hold in a supermarket? Why isn't a law office used for exhibitions during the day and as party space at night? How can you make use of space that is unused part of

the time? Perhaps a bed store as a place to test-drive a mattress overnight, or maybe even as an unconventional hotel?

Being able to serve more than one function has significant economic advantages. You don't have to build, furnish, illuminate and heat these spaces. The only limits are set by your own imagination.

Reintegration brings not only economic advantages, but it also serves a good societal function. It counteracts isolation; it brings people together who would otherwise have little to do with one another.

We can learn from nature, which uses things many times over. It is rare that something has only one function. From the biologists and ecologists we learn that a blade of grass fulfills at least six functions. Applying this notion to an entrepreneurial idea, you should be asking yourself: what things are piling up in some place that I can utilize for free somewhere else? What I'm talking about isn't waste recovery, but a good eye for things that were devised for other processes, which I can reuse for my own purposes for as low an investment as possible. In nature, multiple uses are the norm, and highly diverse forms of cooperation have developed which have made mutual economic uses possible.

During my student years I often didn't have an apartment of my own; instead, I moved into friends' apartments as a room sitter. Not only did this provide me with variety, but it was also very luxurious. I didn't have to set up housekeeping or pay for it, and I got acquainted with books, art and objects of everyday use from all over the world that I would never have encountered in my own apartment. And my hosts were happy, too, because I was careful with their things, watered their plants and at the end gave them a generous gift. A present that cost only a fraction of what I would have had to have paid in rent. Luxurious also because I did not have to deal with landlords and gas and electric bills, bureaucratic things that all of us dislike.

For a long time I lived out of a suitcase and later made an entire move in a VW Beetle with a sunroof. It is similar to hitchhiking: before I had my own car, I met lots of people, and every day was a great adventure. Later I drove my own car, and from then on I had to worry about repairs, taxes, and insurance bills. Every unfamiliar engine sound could be an ominous sign that some repair would soon be needed. This is not even primarily about money, but about effort and loss of focus, about complexity. The focal point of my ideas is how to do the most with the least effort. I'm not speaking in favor of freeloading, but of intelligent combinations that create a win-win situation for everyone.

D) 2.5 Seeing problems as opportunities

Problems are a wonderful hook to develop ideas for their solution. For beginners: while most people are annoyed when it starts to rain, the entrepreneur says: now is the best time to sell umbrellas. For the more advanced: when the Berlin Wall fell, there emerged what we called “wallpeckers,” people who tried to hammer souvenirs for themselves out of the concrete. Most hammers weren’t up to the task. What did you really need? A chisel. You could make a bundle selling chisels.

Or take the example of the water hyacinth. In tropical climates it’s an invasive plant, a plague that flourishes in rivers and lakes, multiplies quickly and clogs the waters, causing great damage. For natives and tourists alike it’s an everyday sight. But it’s also a material that’s readily available. The raw material is simply there; you don’t have to plant it, fertilize it or fence it in. You simply harvest it – and do something useful with it.

A lot of thought, even supported by the UN, was given to how you could turn the water hyacinth into something useful. Theoretically you could use it as feed for pigs and for compost, but with a 98% water content and the rest a tough fiber, it was not economically useful, even for most other uses. Research on this plant, without practical results, could fill a thick volume.

Impressed by the silky sheen of the plant stems when forced through the rotating cylinders of a mangle, one designer began to work with the material. Woven artistically around a rattan frame, the dried stems can be used to make chairs that are both attractive and sturdy. For the designer, an interesting variation in material. But what does this mean for an economist? Not much if he focuses on the conventional questions asked in his field. Is there a growth market here? No. Perhaps a market niche where you can get started without much competition? Not really.

This is what makes the difference between the entrepreneur and the traditional economist. He recognizes the potential in something despite the fact that it doesn’t fit the recognized economic paradigm. Water hyacinths? No potential. Studied extensively but with no result. Chairs? The furniture market is already saturated.

It was only by chance that I became aware of the chair. The lovely piece was in the studio of the Thai designer Khun Tük. Neither part, the water hyacinth or the chair, was by itself particularly promising. Seen together, the two materials are a provocation – a weed becomes a raw material of unlimited potential.

Presented in this way, the water hyacinth could give rise to the impression that problems more or less solve themselves. This impression would be incorrect. Years passed between the initial idea, research and experimentation and finally the mature idea. It

took another three years from the first prototype to the sales launch of water hyacinth chairs in Germany. In the meantime a little industry has grown out of this in Thailand.

D) 2.6 Turning work into fun and entertainment

You remember the tale of Tom Sawyer, the hero of Mark Twain's 1876 novel. One day Tom is forced to paint the fence around Aunt Polly's house – and of all days, on a beautiful Saturday when all his friends are going swimming and sunning themselves. When his first friend saunters by, Tom isn't spared his sarcasm. But our hero keeps his head. Who would want to swim if he had the chance to paint a fence? Tom plunges himself into the work with enthusiasm, daubs a little paint here, studies a not yet perfectly painted spot there. His friend Ben gets curious, and wonders whether he'd be allowed to paint a little too.

By the end of the day Tom has convinced his friends that it's exciting to paint a fence. But even better, they pay him for allowing them to do the work. *Turning work into fun*. Can this little tale be transferred to entrepreneurial design? I think so; Tom managed to organize the job of painting a fence in a very special way. With a little imagination and talent for organization, Tom understood that you can turn even a punishment into a party.

Examples of designs like this are easy to imagine – a pub where the guests draft the beer, or vacations-on-the-farm where the visitors can milk a cow. For the farmer's wife who has to milk many cows every day, it's hard work, but for the visitor it's an adventure. If I intended to become a farmer, I'd try to radically rethink "farm." What animals are appropriate? What crops? How would you make sure that your visitors met and made friends with each other? What activities, celebrations or transformations will take place? What can you do to ensure your visitors will come back? What activities can the visitors take over in the long run? Don't start thinking about what's already happening, *e.g.*, picking your own strawberries. Approach it systematically. Not everything has to remain hard work; it can also be fun. It's helpful if in your mind's eye you can break down repetitive tasks into small manageable segments and make sure that there is variety. Even the old Romans knew that "*Variatio delectat!*"

D) 2.7 Turning visions into reality

Unfortunately, not all visionaries get to see their ideas transformed into successful companies during their own lifetime. But some do. Perhaps the most famous anecdote is the tale of a young man who for 18 long years tried to get a horse coach to propel itself forward in a controlled manner, using the power from the combustion of gasoline. He suffered one failure after another. His father thought his notion of seating people on an explosive device was dangerous and irresponsible; his friends and acquaintances thought he was incompetent, even crazy. They had proof of this when our innovator

wanted to drive his vehicle out of the barn. It turned out that his coach was larger than the barn door, and a wall had to be torn down to get it out.

In 1903 he took part in an auto race, and reached the finish line, which at that time could not be taken for granted. Only from that point on did people start paying attention to him. The name of our hero? Henry Ford. His ineffectual beginnings are missing from the books written about him later, and even from his own autobiography. Turning visions into reality is a technique for advanced adventurers, or for very goal-oriented people, but on a small scale, it applies to many founders.

Those were the seven techniques, and while not every technique is appropriate for every entrepreneurial design, it is worthwhile to approach your model from as many different perspectives as possible. Don't be too quick to say you are almost finished, because every model becomes better when you take advantage of more perspectives.

In my workshops I make sure the participants come from a variety of different fields so they can draw upon a wide spectrum of ideas and perspectives. It's helpful to invite people who have already been engaged in social or political issues because they can put their finger on conditions that could be improved. With them you feel their energy, you feel that they really want to change things. It's not uncommon that such participants, who want to make a difference, don't want to wait any longer for large organizations like political parties or interest groups, but recognize entrepreneurship as the appropriate vehicle to put their ideas into practice, faster and with more focus, and in the process even to open up economic perspectives for their own lives.

D) 3. The sense and nonsense of business plans

Now that it's been over a decade since my friend Sven Ripsas started the first Business Plan Competition in Germany, it's time to take stock. As it turns out, the results are quite mixed. An empirical study in the summer of 2005 asked all the winners of the Berlin Business Plan Competition from 1996 through 2004 about their business plans and the realization of these plans.⁵⁶

One thing that stands out immediately: looking back, many of those surveyed warn against a misguided belief in the business plan that founders these days must develop for the Business Administration office, banks, or to apply for start-up grants. It appears it wasn't made sufficiently clear during the competition that the business plan is actually less relevant than the process by which sound entrepreneurial design is ideally conceived. The recognition that the business plan by itself isn't of such great value isn't new in the international arena, but this insight does seem to have been lost over time. Jeffrey Timmons, one of the pioneers of business-plan-based start-ups, and one of the field's most prominent authors, stated very clearly that the written document should not be elevated to a mantra;⁵⁷ in principle, he said, a business plan is already out of date the minutes it emerges from the printer.⁵⁸

Many highly successful businesses were launched without a formal business plan, and this isn't very surprising. The value of a business plan, such as it is, lies in the thought processes that were set in motion. The effort to understand the market and, in the process, to conceive better products and a more efficient entrepreneurial design, is what's decisive.

But good intentions can easily turn into the opposite of what's intended, as the filling out of templates and the answering of questions found in every chapter of the competition guidelines requires a kind of mechanistic mindlessness among the would-be founders. Instead of working out one's own idea concept, they are asked to generate very precise answers to individual questions. Another problem is that by linking funding to the steps presented in the plan, attention to unforeseen market signals is limited and too little room is left for spontaneous learning.

The three-year projections presented in the business plan are yet another story. Start-up entrepreneurs are supposed to make assumptions about how sales, profits and financing will develop over a three-year period. A requirement like this sounds more reasonable than it actually is.

Imagine you're supposed to forecast minute 57 of a soccer game. Total nonsense, you say? Then consider the following. A soccer game takes place in a relatively simple and stable environment. The playing field is clearly defined. Both sides have eleven players. The rules of the game are known in advance and do not change in the course of the game. By contrast, what does the environment look like in which a start-up operates? The playing field *is not clearly defined*. It has an ill-defined connection with parallel playing fields, where similar products compete with your own, even if not directly. (Consider the cell phone market. There you are in direct competition with other cell phone providers, while you are in indirect competition with "adjoining playing fields" like Skype, Google Talk and of course the old land line system.) And what about the number of players? The answer is that their number is constantly changing. Whole new teams are added during the game, new start-ups as well as established players with new products. Some give up during the game and disappear. Even the rules of the game change. A big discounter enters the market, someone offers your product or your service on the Internet, or a technological advance suddenly changes both the products and the market.

Thus, you could argue, it would be much easier to predict the stages of a soccer game than the various situations a start-up might encounter, and that over the much longer period of three years. Why then cling to projections? The obligation to make such calculations, we are told, encourages thinking in scenarios, and that's helpful. Maybe so; however, 70% of all market assumptions in business plans turn out to be wrong.⁵⁹ Economists are aware that when it comes to the market, they are always operating with incomplete information.

According to Ripsas, who brought the idea back from Babson College in Massachusetts, the value of business plans is overestimated in Germany. The 2005 study mentioned above showed that five years down the road, even the winners of the Business Plan Competition don't deliver above average performance in the market.⁶⁰

What, then, is left of the business plan? A rite of passage perhaps, required to gain access to bank loans— if you really need them. For investors, it seems to be more a form of insurance in the event that something goes wrong and the start-up develops in a totally different way than was mapped out in the three-year plan. Then it can be said, in defense, that due diligence was followed and that the business plan had looked very persuasive.

D) 4. ... and How Can I Draw Attention to my Start-Up?

D) 4.1 Going from zero to one

Nobody knows you. Nobody has been waiting for you. To get from zero to one you need a mathematical factor of infinity. Quite demanding. In contrast: to go from one to ten is only a factor of ten. So the difficult stage is really the beginning. How can I draw attention to my company?

Forget about conventional marketing. Marketing, too, can be envisioned as putting the pieces of a puzzle together, but you don't have to pursue an extravagant, expensive marketing plan. After all, we want to make our products reasonably priced and not throw away money on marketing. But what is important here is to forget the word "marketing" because it evokes false ideas. Instead, let's just call it, "How do I attract attention to my cause?" What is the message I want to convey? *What am I shooting for?* What can I use to make my mission known?

Shoot for the moon.

Even if you miss, you'll land among the stars.

LES CHARM
Babson College

Use your head, not your pocketbook. The task of getting attention can also be approached as creating a masterpiece of ideas.

As we've argued, the heart and soul of your company is the idea concept. That's where you already have an advantage that distinguishes you from the other, conventional start-

ups. Your advantage is that you can promote an idea, not just some product. You have a cause, you're committed to an idea and you have to win your potential customers for this idea. In this situation, don't make the mistake of falling back on conventional marketing. You shouldn't make your pitch through putting advertisements in the newspaper, crafting ad placement campaigns or arranging for commercials. Before you listen to a so-called marketing expert and consider all the conventional advertising media mentioned above, ask yourself a few questions. What's persuasive about my idea? What means can I use to illustrate it? Precisely because you've developed your own concept, because you've created something new, you mustn't resort to conventional methods. You could say that each idea requires very specific, very individual methods to fit it.

Take for example Xing and studiVZ.⁶¹ How did they, in a field with many newly launched social networks, manage to become the two most successful social networks in Germany?

In an interview with Lars Hinrichs, Xing's founder, he describes how the question of how to bring people together better had been on his mind for many years. How you could make it easier for them to get into contact with one another. How to create an occasion, and what kind of information could be helpful to do so. According to Hinrichs, it was these elements that made the breakthrough possible.

Ehssan Dariani, who launched studiVZ, bet on his own unique way to stimulate interest. "*Gruscheln*" – a word he coined – is a kind of Internet pick-up. Contemporaries mock the word "*Gruscheln*," a composite made up of *grißen* – to greet – and *kuscheln* – to snuggle (in whatever way this may materialize over the Internet). He was sharply criticized in the media for a number of other provocative actions. Dariani himself calls this "*Radau* Marketing," which could perhaps be roughly translated as "in-your-face marketing." Around June 2006, the network enjoyed dynamic growth, in a little bit more than a month becoming the market leader among comparable services for students.

What interests us on the side is how significant these founders thought knowledge of business administration was. Even after being asked, both founders had little to say about this. Sure, you had to keep good books. Sure, expenses couldn't exceed your resources. Don't hire dilettantes for those jobs, thank you very much. But keep your brain available for more essential questions. And in both examples they weren't business administration questions, but rather involved social imagination, stages of experimentation and the belief in the practicability of their own, well-conceived concepts. A good concept is the best marketing tool.

As in the case of Duttweiler or Roddick, the economic result is a "byproduct" of the ideas. Profit orientation, business administration and management do not stand in the foreground, but one's own concept does, combined with an instinct for trends and deep

personal commitment. Today Xing's value on the stock exchange is set at nine figures, and the price Holzbrinck Verlag paid for StudiVZ was not much lower. These aren't wishful-thinking valuation figures from the time of the first Internet boom, but plausibly objective assessments of the value of extensive networks and their use potential, including their economic potential.

D) 4.2 We are the brands

Does it say in the economists' Bible that marketing expenses always have to get bigger? "How long," Seth Godin asks, "are we going to have to buy products for big money when we know very well that they're produced for a fraction of the price?" While the marketing experts tried to convince me that brands were becoming more and more important and that I had to invest much more money into the "Tea Campaign" brand, I was thinking in a totally different direction.

It would make sense to me if companies said, "we're investing enormous amounts in the quality of our products and are keeping the price as low as possible." I'd be happy to buy products like that, and I'd urge my friends and acquaintances to do the same. In reality something different is happening. Today, creating and "nurturing" a brand and drawing the public's attention to it swallows up significantly more money than the cost of the product itself.⁶² In the past I liked the products of a well-known company with a color in its name; its products were regarded as especially durable and attractively designed. After my electric razor and toothbrush kept wearing out at ever-shorter intervals, even though the company was more profitable than ever, I started to have my doubts.

Protect intellectual property? Yes. But allow ourselves to be lulled in by brand names, while having to pay for this out of our own pockets? No. Is talking about frugality, simplicity and personal initiative a relapse into bourgeois-conservative patterns? Is criticism of brands and their efforts to manipulate us hopelessly out-of-date, just leftover anti-capitalist rhetoric? I don't think so. On the contrary. There is a reasonable chance that we can "take back" a part of the economy and make it our own, that we can score points in the competition of ideas and concepts.

We need to show how the new perspectives opened up by entrepreneurship enable broad and active participation in the economy. Not just on some abstract, theoretical level, but with practical examples that the rest of us can emulate. It would be a shame if we were to leave these opportunities to the still relatively small number of business founders and their investors who occupy the playing field today.

Even in the field of fashion, I can imagine devising our own "brands," custom-tailored to ourselves. In part, this is because I'd like to be a brand of my own, instead of being forced to purchase my image, respectability or attractiveness by means of expensive watches and exclusive brand name trousers and shirts. The other reason is that I had the

good fortune to meet Professor Kambartel, at one time a professor of philosophy at the University of Constance.

Kambartel always wore the same light-colored trousers and a practical shirt equipped with many pockets. He explained that he didn't want to spend his limited time on earth on something as silly as poking around in the men's department of a department store. If he found something he liked, then on his next visit it wouldn't be there anymore. So he had decided to buy multiples of an item all at once, instead of starting over again every time he had a need for clothes.

I know considerations like this still sound strange to many people. Anyone who wants to while away his free time will feel right at home in boutiques and clothing stores. But what about the people who don't want to spend their time this way, but instead would rather occupy themselves with things that are important to them and who have the good fortune to be able to make this their profession? They're happy there are companies that maintain their product line unchanged over the long term. My assistant Barbara is an example. She always buys her lipstick from the same company because, for the past 15 years at least, this company has been making the same color, which is the one that looks most becoming on her. The lipstick has not gotten more expensive; nonetheless it's surely not unprofitable for the company if it's able to avoid frequent changes in its product line. Appropriately, the name of the lipstick is "Be Yourself."

Back to Professor Kambartel. First, I would like to stress that despite the sameness of his trousers and shirts, he was very popular with his students. His appeal came from his being different; he lived according to what made sense to him as a philosopher. And this resonated with his students, not because he was a professor, but because he was authentic.

Let's create an entrepreneurial idea from this. You bring your favorite trousers, your favorite shirt or your favorite blouse to "Kambartel," the company that creates charm through authenticity. Trousers, shirt and blouse are made for you in quantity, let's say 20 pieces at a time. You choose a good fabric, one that doesn't get baggy after five runs through the washing machine and doesn't stain the rest of your wash. Someone has carefully selected good quality fabric for you, and made it available at a reasonable price because it was bought in bulk. Catalogs aren't necessary because you, not the producer, are the one who is proposing the product. Shipping costs per item are also not significant. The company is not risking anything because it is making these items to order and not, as is customary in the fashion industry, putting something on the market, which one hopes will be bought, but which is expensive because the manufacturer knows that a portion will not be sold, and this must be factored into the original price.

Not a bad idea. "Kambartel" is a company with a genuine message instead of an artificial mission statement, which by now has almost become mandatory in the business world.⁶³ The risks are minimal, as are the capital outlays, since everything will

be paid for in advance. Moreover, the level of expertise required is within reasonable limits, since naturally we will be working with components for the fabric selection, manufacturing and shipping logistics. Brand cultivation, which represents a major share of the costs of stylish clothing, has been completely eliminated. We can choose whether we will have our products made in Düsseldorf, Hong Kong, Capetown, Dakar or Lima. Even goods made in Germany can be cheaper than comparable items sold in department stores because you will save many of the customary expenses.

Remember also that the conventional means of bringing something to market is extremely expensive. On the conventional playing field you don't have a chance. You simply don't have the financial means (and even if you did have sufficient capital, you should be spending it in a better place). Classical advertising media are available to large, established companies, but not to you as a start-up founder. It is fruitless for you to enter into a battle of resources with established competitors. You have wonderful opportunities to attack large competitors, but not in a battle of resources. As in the story of David and Goliath, you have to use your brains, your creativity and your wits, not the raw power of the giants.

D) 4.3 Flaunting your idea...

You can also approach marketing by way of flaunting your idea, of staging it extravagantly. There's no limit to our imagination. May I offer some examples? Ebuero AG offers attractive prices for office services. But don't you need professional marketing, considering the number of other providers already on the market? How do you make people sit up and take notice that you have revolutionized the way to run an office? What if you're a student, 22 years old, without much capital?

Holger Johnson filled one entire floor of an old factory building (which needed new flooring anyway) with 16 tons of Caribbean sand, then added palm trees, a bar, bocchia balls and Frisbees. Now the office was a beach. Barefoot, in a dark suit, he sat down on an empty tea crate to have his picture taken. It was this story, with this picture, that got more than 60 German media outlets to write about the new company. You wouldn't be able to pay for an advertising campaign like this! (By the way, the sand cost less than a new floor.)

One day in December I ran into a man making his way down the street dressed as a Christmas tree with lights. Baffled, I stopped and looked. Children were pointing at him, shoppers carrying Christmas gifts turned to look at him. I followed along a few steps behind him, then congratulated him on his costume and asked about his motive. Grinning, he told me, "I sell candles – since I got this costume, I really stand out." I invited him to the university so that I could get my students to come up with their own ideas instead of putting their trust in marketing textbooks. He actually showed up, with

a TV crew close on his heels. They only wanted pictures of him; they paid no attention to me. Instant stardom!

If there were an Oscar for self-promotion, you'd have to award it to Karl Lagerfeld. He understood how to establish himself in the public consciousness through minor breaches of convention. When he began wearing a ponytail, it was virtually unthinkable for a man to get himself up in such a feminine way. Even "worse," – and to this day still all but unique – he fanned himself with a hand-held Japanese fan. In my classes I regularly ask my students what makes Karl Lagerfeld's fashions special. No one can say, but they all know Karl Lagerfeld. It seems you can establish a brand known the world over through minor breaches of convention that harm no one but take the viewer by surprise. As for the economics of the thing: it can't cost much to put your hair in a ponytail, and the fan set him back 5 Euros at the most. Remarkably efficient, given the attention it produced.

There is something else about this story. Imagine that we engage an ad agency to conduct a survey about Karl Lagerfeld. What do people think about the fashion czar? Every time my own little surveys of my students yield one unambiguous conclusion: "Well, that business with the ponytail is pretty strange. And then that fan, too -- far out. Good grief. He really should stop that ." And imagine if we acted on the result of the survey. The customer is king, right? Lagerfeld without his ponytail and fan. How would that work? Lagerfeld is successful precisely because he is *not* following marketing surveys. His self-created authenticity is the reason he became a brand.

What is the common thread throughout these examples? The appetite for self-staging always plays a significant role. There is an element of playfulness that the candle salesman had to act on, just as Holger Johnson did for his Ebuero. The more original your concept, the easier it is for you to produce the attention that will help you later in dealing with the media and the public.⁶⁴

Incidentally, Tea Campaign's first attempt at setting its own stage outside the university was a total failure. We picked out Berlin's Winterfeld Market, known for its charm and located in a section of the city where we thought customers would be open to the idea of our Tea Campaign. To get a stand, you had to turn up shortly before 6:00 AM on Saturday morning and be inspected by the official Cerberus who had the power over the market. He assigned us a space for a stand, and we stepped up with our homemade signs and a table covered with wallpaper. The market master didn't like "students," that is, anyone who looked skinny, intellectual and "unconventional." And he liked us even less when we dared to argue with him. At this time he was also no longer sober, which made dealing with him a tad difficult. In brief, he amused himself mightily by assigning us a space between the two portable toilets, where we then stood with our "Darjeeling First Flush Finest Tippy Golden Flowery Orange Pekoe." The world's best tea in this environment! It took us much too long to eliminate the Winterfeld Market from our repertoire. Many of the people in Berlin who know us from those first days think that

we're a small alternative or student project, and ask with concern whether we're still around.

D) 4.4 ... but you can also do without

Sometimes you don't need any marketing at all --when you stay within your own group. Within your own circle of friends. In your own part of town or your own household. In your club or association. Then you'll save yourself a big chunk of expenses, which for a good many products makes up the biggest part of the price. Cosmetics are a well-known example of this; basically they're products for which a "brand" has been built with a lot of money. But you, too, can establish something quite exclusive, but something quite different. As in the following story.

It begins with the founding of Schloss [Castle, Château] Vaux in Berlin in 1868. In the years that followed, a company purchased the Château de Vaux and the adjoining vineyards located not far from Metz on the Moselle, establishing a German champagne house. For 50 years the Château was the basis for production, but then the owners had to give up their French residence. The company's new headquarters are in the "city of roses," Eltville on the Rhine. From then on Schloss Vaux has specialized in the Rheingau and making sparkling wines out of its best grapes.

In 1982 a small and exclusive circle of friends came together and purchased Schloss Vaux from a subsidiary of the Deutsche Bank. Gustav Adolf Schaeling, a bank president from Wiesbaden, chaired the board of directors and began to breathe new life into the famed champagne maker. Four years later, the partners converted the champagne producer into a stock corporation. A group of 60 shareholders was formed, all aficionados of Rheingau sparkling wines.. Since then the group has been meeting once a year in elegant private surroundings – and as a dividend, the shareholders take home bottles of the noble libation. How did I get to know the story? The general manager of a well-known business association requested entry into this exclusive group and received a polite rejection: additional shareholders, he was told, are not desired, nor is an expansion of the business model. If you stay within your own group, you don't need marketing.

D) 5. The Idea of Building with Bottles

What comes to mind when you see a bottle? You'll find the design of the bottle attractive or not; perhaps the color appeals to you, or perhaps you consider whether it might work as a decorative element. I have often thought about these designs and asked myself why no one has developed a much more obvious form, that is, a form that would permit bottles to be used as building blocks. One might consider glass, but also PET or earthenware as materials.

Glass blocks would be particularly suitable for Central Europe since our region is short on light and warmth. Clear glass bottles offer both. Put together to form walls, they would create rooms with lots of light, and double or triple glass windows would insulate well. Instead of melting the glass to recycle it, you would give the bottles a *second economic life*, and an extraordinary one at that. The whole thing would be free -- an ideal building material. Squared into blocks, with the neck of one bottle inserted into the base of the next bottle, the glass bottles would fit together securely. I'm not thinking of those unimaginative glass brick walls from the 1960s, but of very clear, high quality bottles that would make it possible to construct an aesthetically pleasant building.

To prevent overheating the rooms, you could cover the walls with plants on the outside. People planning to build themselves a house would drink out of rationally designed bottles for as long as it took to collect the building material. That material wouldn't be financed by a bank but would come from your own storage space, or if you yourself were not planning to build, some publicly accessible space where people could put their bottles so that other people who wanted to build could get them as free building material. I see whole villages arising before my eyes, created out of imaginatively shaped igloos or houses with vertical glass walls and wooden roof beams, all taking advantage of light and warmth. I've never understood why designers are hired to come up with the most eccentric forms, who yet leave the simplest and best forms unrealized. I know the German building code won't allow these bottle structures. The situation is similar in neighboring countries. In the tropics, on the other hand, it would get too hot in a glass or PET house. I know there have been efforts to build houses out of existing glass bottles, but I've found nothing in the literature where radically redesigned bottles have been conceived of as building blocks. Apparently there are conventions as to what a beverage bottle should look like, and these conventions don't favor the simple shape that could be used as a building block. Personally, I'd find it extremely stylish to have square bottles gracing my table. Well, at least one part of the idea has been realized with mustard jars, through subsequent use as drinking glasses. With bottle houses, homeless or slum shacks made of cardboard, leftover wood and corrugated sheet metal would soon disappear. Instead, there would be much more useful and more elegant glass houses.

Yes, you surmise correctly, I've been thinking about this idea for a while. I've even filed a patent application. Title: "Containers for Liquids," application date, May 20, 1996.⁶⁵ But there hasn't been anything beyond the application because the costs for the next steps seemed too high, and I couldn't imagine that a patent would be given for such a simple idea. At home I have piles of cardboard models for building blocks from bottles and models for roof tiles where the opening of the bottle is in the shape of a boss for securing it to the roof battens. It's a real collection of containers which I've gathered over the course of years and which come close to the idea of glass building blocks. I have occupied myself intensively with this idea, but a truly coherent concept still eludes me. Not all ideas result in a usable outcome; others just take a long time giving birth.

E) PERSPECTIVES

E) 1. Asking the Social Question Anew

On the 28th of October 1990, *The Manila Chronicle* published an article by the Filipino journalist Maria Avenir – "Putting guerilla economics into practice" – about two Germans (we authors) who were busy carrying out economical attacks on the rich, together with the poor from the slums. Maria Avenir wrote how it was unusual that the weapons for these attacks came from an arsenal that the Filipino public usually associates with "capitalism". More or less between the lines: the New People's Army, the guerrilla movement of the Philippines, no longer believes in Marx and Socialism, preferring to get to grips with the economical weapons of the enemy and use them. Guns would be more of a hindrance.

At the time, we wrote a reader's letter suggesting that the journalist might have succumbed a little too much to her revolutionary dreams. But today, we still think she had at least one important point: it's time to ask the social question anew and to answer it in another way. The attack on the rich of this world must be reformulated and conducted in a new way.

Many have asked the social question and have come to a standstill half way. The world religions barely differ in their visions: the poor should be well-treated, wealth should be shared, a balance achieved. In practice, the rich give alms and it makes little difference if they are Buddhists, Muslims or Christians; ultimately, the rich of the world are quite alike. They don't want to lose any ground.

The vision of socialist revolutions and guerrilla movements was that all are equal and should be able to drink from rivers of milk and honey *before* the afterlife. In reality, after conquering over dictatorships of the old kind, they practiced bad economics and produced more poverty than before, so their theories dissolved into empty slogans that had to be protected by state security services.

The attempt to create equality through taxation stems from good intentions, but even where taxation is done progressively and extensive controls have been implemented, the endeavor still resembles the German folktale of the race between the hedgehog and the hare, wherein the hedgehog manages to "win" by placing a stand-in at the finishing line. Loopholes can be found and used faster than they can be filled in by financial management. The more complicated tax laws become, the more they resemble a jungle with perfect hideouts. And the richer one is, the easier it is to finance a tax consultant who is a virtuoso of hide-and-seek, who when necessary can even find hiding places abroad. The belief in bringing about the surrender of wealth through higher taxes has already been proven impossible in practice. Further, if tax systems work at all, then only domestically; they are in no way designed for redistribution on a global scale.

The European workers movement tried to tame the capitalists of the 19th and 20th century. It managed to exact from them higher wages, better working conditions and a welfare net, but simultaneously allowed itself to be domesticated and integrated. Seen globally, European businesspeople and unionists part of the feudal system. Both are at work to prevent the a redistribution of wealth between the rich north and the poor south; both fight to secure and expand privileges.

From an inner perspective it might seem as though the unions are campaigning for the poor of *their* countries, but from the outside, they are defending a relatively satisfied working class against the really poor of this world. They are maintaining not only employers, but also hegemonies, and asking for protection duties when the cold wind of the global market hits the face of the contracting party. Union policy in Europe is Eurocentric policy. Because this is the case, and because unions ask the social question only on a regional scale and not on a global one, the model of the union is an ambivalent one and constantly in danger of being monopolized by professional policies. Instead of international solidarity, a regional perspective of possession and class has become widespread.

If neither the religions nor the unions, then are the countries of the North deterred from the will for equality by the idea that the world can't afford a living standard like the one of the Europeans and North Americans because of a lack of resources? Is their policy guided by the understanding that not everyone in this world can be as rich as those in the North without the rapid ecological destruction of the planet? Are they basing their actions on the maxim that a reasonable level of equality would mean that the rich of the North would need to get poorer? Are they calling for a new modesty and new developmental paradigms to be tested, developments which go beyond the ever-tightening screw of the consumption of goods which show innovation only in the blurb churned out by the public relations department?

Ask the social question anew and answering it with developmental aid? This aid is a sham, even when the European ministers for development demand a whole new dimension of development and want to fight poverty at its origins. They still mean the consolidation of privileges in the North. In the German newspaper *Die Zeit*, the journalist Gabriela Simon describes it as: "the twenty percent of the global population, whose consumption of coal, oil, paper, milk, meat, wood and metal is five times higher per head than in the Third World, are afraid of the increasing consumption of resources in the South. In so doing, the North fears the consequences of its own model of progress."

So how about replacing developmental aid with competition on the global market and risking the loss of our own comfortableness in the North? Instead of making the poor have to immigrate, letting them compete in free competition on the market? It would be a new notion to let the countries of the north tear down the barriers around Europe and the other hegemonies and to accept the loss of their economical privileges. To open the

market for the competitive enterprises of the South would be the most important of all possibilities of developmental aid. This would mean, though, the relative impoverishment of the European workers and all groups of society who are directly connected to the economy. Whole industry branches would collapse and be swept away, just as were the state-owned factories and businesses of the former Eastern bloc. The accusation that the real-socialist countries had sectioned off their economies and thus lost competitiveness could be equally applied to the industrial countries of today.

Just as German merchant marine sailors no longer exist due to their lack of competitiveness with sailors from low-wage countries, workers in the German textile industry, the car industry and many more would also have to expect their wages to be influenced by the conditions of the world market. The German agricultural industry would disappear: its over-fertilized fields and bonsai-cut orchards would transform into beautiful parks – just like in England in the 19th century, when the grain trade was opened up and the price of wheat collapsed. At least textiles, shoes and other products which are easily produced in the countries of the Third World would be noticeably cheaper. The prices for agricultural products would drop dramatically. All in all, the new modesty might not suit the Europeans too badly.

Exposing the Europeans to the world market? Entering them into competition with Southern businesses under the same conditions? Any party who included this and all its consequences into their manifesto would be voted out even before entering parliament. The Europeans can't afford a free market anymore. The *small tigers* in Asia and their descendants are showing them that not only high quality for high prices is possible, but that it's all about high quality for low prices. The stagnant Europeans are afraid of the competition and are just trying to plug the leaks. This might help in the medium-run, but long-term, the downgrading effect will only increase; living in seeming security is deceives, but it doesn't eliminate inertia. Within the closed European market, the battle of distribution between companies and unions might lead to even higher wages, but on a global scale they are unrealistic, offer grounds for attack and will promote Europe's economical downfall.

What about the authorities of the South? They would have to take measures to liquefy and redistribute the wealth accumulated by the few. They would have to help the market economy to make a breakthrough on a large scale, exposing their super-rich to hot competition. Wishful thinking? De facto, the new super-rich are cruising the streets of Jakarta, Delhi, Lagos and Rio and showing that the divide between rich and poor is gapingly wide within the poor countries. De facto, it is also they who inhibit the market, often in collaboration with greedy politicians. The parliament of millionaires in Brazil differs little from the parliament of the Philippines when it comes to securing private privileges. Those who invest a couple of million Dollars to buy the votes for a position as senator or governor regard their action as an investment and expect a reasonable rate of return. The members of government in coalition with the national economy's powerful are contributing to the walling of the market, push orders back and forth

between themselves and try to possess the country. Even though the governments of the poor countries have an interest in suing the industrial countries for equal opportunities and freeing themselves from the stranglehold of high debts, they struggle with the deregulation and installment of a market economy within their own countries. As long as the rich are in government, they won't cut off the branches they sit on.

At least the poor countries' rich have good chances of catching up with the rich of the North, as long as they don't push for trade barriers around their nation or avoid international competition. The model is as simple as it is effective: you buy the machinery for shoe production in Europe, set it to work in Thailand and compete with high quality and low prices. Two important weapons coincide here: technology *and* low wages. As these enterprises are being established now, they focus their investments in modern and efficient technology. German businesses, founded thirty or forty years ago, have often put on a middle-aged spread. Back then, just after the war, they had an advantage: the exchange rate was very favorable, wages were low, the new factories were equipped with the latest technology, and the mood amongst the people was not reluctant but rather optimistic. This is how German industry was able to compete successfully with that of Britain and America. Later, wages rose and there was a lack of workers, but instead of outsourcing parts of the production into low-wage countries and initiating a technological surge there, immigrant workers were invited. The practice of the Japanese, Koreans, Taiwanese or Thai is smarter: outsourcing to other countries is not condemned but rather advocated, and receives governmental support.

The big fish eat the small ones? This might have been true twenty or thirty years ago, but today the vision that the redistribution of societal wealth can happen through the market, in that the smart little ones contest the market shares of the inert big ones, has become more tangible.

Will the rich of the South and the wealthy of the North form a new, global one-third population? Not if they are going to be attacked in turn. The unions demonstrate the rather classic approach. The increase in South Korean workers' wages by sixty percent over five years can be credited to their powers of organization. A second path – more entrepreneurial – takes the route of imitation: the employee of an Indonesian company learns for a while, accumulates experience in the strengths and weaknesses of the company and then sets up his own, offering the same assortment at the same quality but twenty percent cheaper, because he does away with some of the bureaucratic superstructure and manages smaller margins. It's a kind of trickle-down effect that increases the economical chances of the middle class, but doesn't have to end there. Much more effective than emulation is the development of new entrepreneurial ideas, the imaginative interpretation and anticipation of long-term developments, lateral thinking, inventing, obsession. A good idea is the best capital. And the saying *small is beautiful* gets modified: *small is more efficient*. This is the chance of the entrepreneur from below, the driven and intelligent have-nots, the small, flexible fish who steal away terrain from the big ones.

There is a vision on the horizon: only if the poor line up *en masse* for the attack and familiarize themselves with the weapons of their enemies and use them, rather than expecting their salvation in another life, if they stop holding out their hands to beg and refuse to be satisfied with meager alms; only then will there be movement on the frontier. If there is any chance of answering the social question at all, the answer must point in this direction.

Socialism was counting on the uprising of the workers. The attack of millions of small entrepreneurs would be more effective. The battle cry used to be "make one, two, many Vietnams!". No: send one, two three, many – or better off millions – of entrepreneurs onto the market! Let the rich feel how they bite. This would be the most effective way to create an equal distribution.

It is the entrepreneurs, rather than the unions, the social state or the religious communities, who are the worst enemies of other companies, especially if they have become as inert as fat carp: the more competition there is, the smaller the profit rate. In other words, the more people who become entrepreneurs, the more likely it is to create a lasting and effective redistribution of wealth. One of the morals of the market is to attack high profit rates. No sooner has a company begun to do well, does it start to magnetically attract the competition of the others. Economical Darwinism? More the demand to finally create a market. The result would be competition with commitment to the rules of the game and therefore a fairer outcome.

Our philosophy doesn't mean giving something to the poor, but rather continuously attacking the rich. The troops which oppose this movement inhabit the boardrooms of large firms. They are often incompetent, lame economical soldiers, who throw around their power and have often acted irresponsibly in the past, axing jobs without developing sufficient ideas, replacing vision with the illusions of advertising and at times simply living off their savings.

The poor as entrepreneurs? This is already a reality in the developing countries, where they are working hard and achieving high performance. Otherwise most of them would have starved already. Only: they are doing it under unfair circumstances. To liberate themselves, they need exact knowledge of the weapons. The right to be entrepreneurs with equal opportunities is always on their side, along with the right to eat the bigger slice of the cake that a much smaller part of mankind has baked for themselves.

Are there forces in coalition who push for the market? Yes – the entrepreneurs themselves, who operate globally and have no interest in being blocked by local barriers. They want to choose their partners in other countries according to criteria of quality rather than their belonging to the oligarchy. They want to import vendor parts for world market prices, not to pay customs duties only to protect low quality or expensive domestic industries.

So too is the enlightened (or still to be enlightened) state required to act as guarantor of rules which neither favor nor discriminate anyone. The discussion of the enforcement of a real market instead of its present distortion has hardly begun since the collapse of real-socialism, and is marked by confusion. The frontiers zig-zag through branches of the economy, parliaments and civil service apparatuses: part of the nature of this process of enlightenment is the fact that real learning often happens only when catastrophe is already knocking at the door and the traditional measures of defense no longer apply, when the migration of the starving poor take on unprecedented proportions or the hegemonies that felt safe behind protective barriers start to crumble like porous mortar.

E) 2. Market vs. Power

E) 2.1 Talking about the market and preventing the market

The market is the natural enemy of the entrepreneur. The more entrepreneurs there are on the market, the stronger the reign of competition and transparency and the less profit can be accrued. According to the model, complete competition and transparency lead to a profit rate of zero. In economics' history of ideas, the market acts as a counterforce to the entrepreneur's interest in earning a profit. Those who wish to grab the rich by the scruff of their neck need to ensure more market. Those who desire the redistribution of the mounds of wealth, those who are driven not by the vision of yachts and villas for the few but rather by smaller boats and nice little houses for the many, need to advocate more market. More market means more entrepreneurs, more newcomers, an increase in transparency and competition.

It may be that everyone talks about the market, but no one actually wants it. Those who operate within and swear by the market would actually prefer to live without it. These days, when entrepreneurs in this country are adherents of the market economy, it sounds peculiar. Their "market" doesn't seem to run contrary to their interests in making a profit, but appears rather to set a framework which brings competition out of action.

At a first glance, the process seems contradictory: entrepreneurs want to get onto the market, but once they get there, they immediately try to stop the market from taking effect. The talk of "market economy", when held up to the light of practice, is more of an expression of the desire to avoid the market. Many of those who enter as Dr. Jekyll transform into Mr. Hyde. If they were real supporters of the market, they would set about clearing away all the barriers and allowing everyone to enter. But actually, their deep-seated tendency is to join an unholy alliance. They want to be among as few as possible, to stay in their own company, and want a state which keeps global competition as far away as possible.

Unlike socialism, the market doesn't demand the all-new, moral personality. If the market model meant, amongst others things, the reign of total transparency and

comparability so that consumers had a detailed overview and could inspect and compare the quality of the goods on offer, then entrepreneurs would have to ensure this transparency and comparability, not through their own good will but through the necessity to comply. They would have to agree to be measured by referees according to these values. They wouldn't be allowed to employ smoke screens, but would have to inform consumers about their products to allow the formation of an accurate picture of the quality. They wouldn't be allowed to shy away from real, detailed comparison.

The mechanism of the market would stop them from abusing the different levels of information held by different parties, from using consumers' lack of knowledge to their own advantage, or from wiping away the traces that point to the real quality of the goods. Nowadays, even though it seems as if a comparison between products might be possible, a fine mist clouds the view. Coffee manufacturers produce poetry rather than information. The packet doesn't say precisely what quality of coffee – arabica or robusta – it contains. Instead, it boasts "gold", "finest", "crown", "premium" or "selected": fake jargon, slogans replace facts. There is no evidence to support claims such as "an exquisite blend of high-quality coffee beans", at least not in the explanatory notes. Often, the mixture has a rather different intention: a small quantum of good quality coffee is stretched out with a larger quantity of lesser-quality beans, to the furthest extent that the taste-buds will allow.

Everyone swears by the "market economy" and talk about the healing powers of self-regulation while in fact talking about the very sore itself. Old-style entrepreneurs would prefer to be feudal lords. Their "market" is a territorial division shared by only a few, with the tendency towards the enlargement or at least fortification of their own sphere of influence. Competitors are impeded wherever possible and either forced out of the market or bought up. If you believe in the variety of the supermarket, neither a first nor a second glimpse of the shelves will disclose the secret that diversity of products doesn't necessarily mean diversity of competitors. The market is rampant with such plants, shy of the light and with tentacles, whole entities springing up with the single intention of pinning down others and gobbling them up in order to secure themselves against third parties and make the market impotent. And this isn't happening on one of Stanislaw Lem's porous and billowing science fiction planets, but rather directly on our front doorsteps.

Marriages take place within the family when they help strategically to maintain a hold on property and knit new power structures. Can only the big ones survive? It is only the dinosaurs who can scare off competition?

Instead of facing competition on the internal and worldwide markets, undergoing a vigorous training in its course and becoming more competitive as a result, the gentlemen in the managerial department prefer to build national coalitions in the face of constant attack from external enemies. Everyone is connected to everyone else, they control each other, and try to avoid stepping on each other's feet. This multi-

dimensional, interwoven structure, now almost impenetrable and opaque, is supported by banks and insurance companies which hold shares in them and are involved, directly or indirectly, in many of these businesses. Together, they spin a cocoon within which stepping out of line for the sake of productivity as well as strong competition are seen as unfitting.

In this soothing climate of mild competition, whole branches become sluggish. It's easy to live amongst a collection of feudal lords as long as no movement of resistance threatens the horizon. A comfortable sleepiness sets in. The only thing is: the teeth get caries and the muscles get slack.

But the moment of truth is coming for these companies all over the world. As their loss of competitiveness glares through the red ink in their account books, they want help from outside, and are claiming protection from the state. Instead of regaining their strength on the worldwide market through entrepreneurial intelligence and increased efforts, they instead cry out for more barriers in the market. The state should now take hegemonic action to eliminate the market.

Market or no market? Let's stay in the North. Relationships between industrial nations vary depending on the circumstances: as long as the national branch is internationally competitive, a country demands a market and accuses those countries who are against the market of protectionism. If the branch is ailing, then the market flag is lowered to half-mast. The cry becomes louder for compliant politicians who will reduce the quotas for opponents, increase import taxes or even bar entrance to competitors entirely.

The politics of competition? The state as guarantor of worldwide equal conditions? No: politics dominated by individual interests, neutralizing competition. National "industrial politics" is constantly busy either raising or lowering the market flag according to the needs of each branch, a dancing forest of flags signaling the successes and failures of industry. Does this failure hurt? No – from a psychoanalytical point of view, the defense mechanism of projection comes into play here: the opponent is at fault. There are some magic words for this banishment of blame, such as "dumping" and "fair trade". The ailing branches are hailed as champions, flagship to be held above water whatever the conditions, especially through state subventions, even if their rigging is rusty and their planking rotten.

Those who call for subventions or protective barriers in times of crisis shouldn't be surprised when it is the uncreative civil servants and politicians who decide who is worthy of support. Businesses of this kind – the big and sluggish fish – depend on the intervention of the state in times of emergency. But these are interventions at the wrong place. They would be right, for example, if they set a consistent framework for environmental protection; but they are fatal when they try to compensate for a

company's incapability or try to do away with market-orientation in favor of *clientelismo*.

Nowadays, the term "dumping" is used almost as a synonym for the situation in which a competitor from outside offers better and cheaper goods. National "champions", are doped in the name of maintaining their advantages in quality and price. Frowned upon in sporting competition, doping is seen in economic competition as honorable, even indispensable.

The victims in this bleak game of the big companies and their politician friends are the small companies and above all the consumer. Taxpayers and consumers are cheated and pay for this pleasure.

Everyone is talking about the market, but which market? Despite all the praise for the market economy and irrespective of the glee over the breakdown of real-socialism, the market is becoming a constant perversion; trade contingents are replacing world trade, local-content-regulations become closed shops and national champions are sent off to receive their pension on state crutches.

E) 2.2 Archeology of the market

When Aristotle spoke of the economy, he might have had Athens' market in mind, or maybe more: perhaps the practice of market, in which producers and consumers meet face to face and the prices are agreed upon freely, based on the demand and on comparison with what other producers have to offer, a market which is transparent and offers an overview, allows comparison of service, and admits entrance to everyone.

Underneath the rubble of diverse faults and warps, we may search for this practice and expose its elements, rather than hanging on to the myth that modern practice cannot continue on the path of the old, that only complex models are compatible with the new, global reality. If this old practice has in many ways been given up on, then not primarily because of its inability to fit to the circumstances of our modern world, but because of the disappearance of the readiness to play by rules which offer the same chances to everyone.

Market isn't a lawless brawl of hitting and poking, but rather a competition which requires adherence to rules, a model to bring about a balance between the wishes of the buyer and the offers of the seller. Ideally, everyone wishing to buy is informed about everything on offer, in such a way that allows a real awareness of the real differences between the goods in quality and kind and enables their comparison; and one of real factual differences rather than of better and worse advertising slogans. Among these rules is that sellers do not misuse the customers' lack of information, nor may they disguise the real quality of their products or make them appear better than they really are; in other words, they cannot try to gain individual benefits by leveraging the market.

Competition – yes; but hitting below the belt of the competitor and tricking the customer – no. The market model needs rules, and applying these rules to the modern world means differentiating them, thinking about them intensively and constantly and enforcing them with tenacity and determination. The rules, which are the basis of our society, have names like trade control, laws against the unfair competition, anti-trust law; but they are insufficient, and the referees overlook them too often, doze off or – even worse – take sides.

Referees ought to be strong and mighty, precise, neutral and just. They are responsible for fairness as the many producers compete for consumers. For referees, market should mean fair play. They must be able to show the red card, for example when EC goods are so highly-subsidized that even the cheapest goods from developing countries are outbid, or when the EC hinders the import of bananas.

The set of rules should contain standards for human rights and environmental protection: those who buy children or imprison them and force them to work in factories should get a red card. Those who cause environment damage should have to clean it up again. Production methods that damage health should be subject to a verdict. Referees must insist that advertising follows the tradition of informing consumers and allowing exact comparisons rather than the inane modern practice of stultification. The more detailed the information about a product, the more transparent the consumer's decision can be. Advertising isn't a bad thing in itself, but rather the fog which it causes. The referee must be able to sense trickery and recognize, for example, when a seeming call to protect human rights and the environment is actually being employed as a tactic to keep other competitors out of the game.

The referee must do something else, too – ensure that there is a real fight, like knights in a tournament. Entrepreneurs and their opponents often meet with the wish of avoiding competition, preferring to come to agreements in order not to have to work so hard. So how can a referee ensure a real fight? By allowing everyone to take part who really want to. It's only the small enterprises that get the big ones back on their feet. That's why it's important to have sympathies for the small ones, to give the newcomers and the outsiders a hearty welcome when they enter the playing field and to save the mistrust primarily for the big ones. Those who become entrepreneurs against their will, those who have inherited a company as third or fourth generation and are trying to run it down, or are just trying to spend their savings, should be stopped from competing. Starting up a small firm must be facilitated, perhaps by having ropes at the ready to ease their fall in cases of mishap.

The market isn't a place where everyone can just do what they want. It isn't "free": it is based on rules. Those who trample on these rules, instead of insisting on their keeping, act out of political or economic calculation, abusing them, bending them or trying to introduce other rules for their own advancement. The desire for quick money and the

instinct to fraudulent behavior hover in the shadows everywhere, so it is vital that the set of rules is really made into constitution and stays valid.

Market doesn't mean that everyone can crowd onto the same space and foul against the others as they wish. The expression *level playing field* means an equality of opportunities and fairness. To stay with the analogy, the playing field may neither be inclined to one side, nor be flat on one side and bumpy on the other. Equal opportunities cannot mean playing up a steep slope while the upper part is occupied by the opposition and barricaded off.

We are a long way away from the level playing field. Competition demands a strong state. The state must keep the entrances open for new producers, otherwise power becomes established, and consumers are cheated and the incentive for producers to maintain their position through delivering quality is reduced or even ceases to exist.

When a newcomer enters the fruit and vegetables market with better, cheaper onions because the soil in his village is suitable for growing onions, the customers will develop a preference for him. This is by no means the end for the others. They will make efforts to offer goods which are not only in demand, but also grow especially well in the production conditions of their villages: artichokes, asparagus, or whatever this might be. Like this, there don't have to be winners and complete failures: many more can take the first, second and third places and still reach their finishing line. The rules of the game are simple: the profit should exceed the expenditure.

When the economist David Ricardo developed his theory of comparative costs in 1817, he had made an observation of a similar kind: it makes neither sense nor (much) money when everyone tries to produce everything; indeed, the division of labor, also on an international scale, can become a source of profit in itself. Back in the 19th Century when England produced toweling and Portugal produced wine, if England's towels were superior in quality and price to those of the Portuguese, and Portugal (being spared from the persistent rain of England) could produce good, cheap wine, then a sensible trade came into being. Portuguese businesses which wanted to produce towels soon noticed that the superiority of the English towel-makers was to their disadvantage, and had the option of growing olives, for example, if they didn't want to produce wine. If the Portuguese were still fixated on producing towels and called to the state, and if the state complied, then the English towel trade would meet with protective customs on the part of the Portuguese in order to give their own towels, inferior in quality and price, an artificial upper hand, at least on the internal market. All would again be well for Portugal's trade world, but there would no longer be a market.

That the comparative costs theory of 1817 has occasionally been elaborated on more pedantically than plausibly is unimportant. The point is that every national economy is better off when the people do what they can do best, in comparison with people elsewhere. The attempt to produce everyone in one country and to try and oust everyone

else out of the game is illogical because it is uneconomical. A country which focuses on producing what it can best and most cost-efficiently remains superior to a country which tries to produce everything and often flounders in mediocrity.

Comparative advantages are difficult to produce artificially. When India tried to produce their own technology without taking into account their own conditions and costs, instead of buying technology on the world market and letting their own people use this technology at their own wage level, it led to disaster. According to experience, attempts of this kind end in failure. Furthermore, they stop the poor countries from discovering and using their own strengths and advantages on the international market. Because these countries certainly have chances. In the end, as says Juergen B. Donges, director of the Institute for Economical Politics at Cologne University, with recourse to Ricardo's theory, "no country can have a comparative advantage in every branch of production, nor can every country (including developing countries) have comparative disadvantages in every area."

This doesn't mean that deregulation is called for whatever the price. Deregulation is necessary where interventions are canceling out the market. The market is an ensemble of playing rules. This system of rules and the sensible division of labor belong together. The more they go hand in hand, the fewer losers there are.

E) 2.3 From monotony to diversity

The Bahnhofstraße of Zürich is just as little of a market as Fifth Avenue or the Duty Free shop of an international airport. Monotony rules there, rather than variety – a lack of imagination. Managers don't have many ideas, not even in their personal lives. You can recognize them by the somber business suits they perpetually don, and one of the horrible effects of the dwindling dominance of the West is that Asian, South-American and African businessmen have also started wearing this drab uniform during the phase of post-colonial imitation along the lines of "what comes from the West must be better", and told their wives to ditch their traditional clothing, much more beautiful than every household Western style, and to dress themselves up (or down) like European and American secretaries. These are the late fruits of colonialism: the inferiority complex, the nagging feeling of not being able to escape the consequences of having brown skin. Much of the world's variety has already been sacrificed in return for Western lack of imagination.

As if the practice of disabling the market wasn't enough, it is added to by the disaster of cultural self-abandonment of the Third World. Regional and indigenous cultures are dying in rapid acceleration, marked by the introduction of transistor radios, satellite television and videos. In the North of Thailand, in the areas inhabited by the hill tribes of the Akha, Mong, Karen and Lahu, roads are being built at a frenzied pace because of military interests. These roads bring with them electricity and the outside world, and as much as the elders of the clans are against it, it only takes two or three years until the

beautiful formation of the villages has deteriorated into a faceless mish-mash of corrugated iron roofs and stalls selling plastic things and soft drinks, and the corrosion of communal life as everyone sits in front of the TV for hours on end and learns that paradise on earth doesn't have to do with guardian spirits after all, but rather with Mickey Mouse and Coca Cola.

Far down in the valley, the hill folk used to sell their goods on the night-market of Chiang Mai, products which were independently made and unique. They sold at night to avoid paying rent for the stalls. Now the night-market is dominated by two genres: tourist kitsch and fakes. Fakes: imitations, or imitations of imitations, Adidas becomes Abibas or Adidis, and everything from Cartier watches to Chanel no. 5 is offered in duplicate. In the tourist kitsch sector, anything can be combined with anything: rucksacks with the colourful fringes of the Akha and a Burmese elephant sewn on, Malaian fans with Hawaiian sunsets, dolls in Mong dress with Bambi eyes, and Daisy and Donald on T-shirts and Mick Jagger on both sides and Lux and Colgate and cassettes with pop of the worst kind.

It's easy to decimate peripheral cultures like the poor hill tribes in the Golden Triangle through the tremors of a commercial earthquake, but the diversity in world trade is damaged much more seriously when once advanced civilizations like Japan become stuck in the phase of imitation, and amidst this schizophrenia, drag along their own cultural paradigm for a while in the museum and the private sphere before abandoning it entirely to the historic blockbusters of the Nipponic film industry.

The artistic skills of the Balinese, an ethnic group which is still trying to hold its ground in the wake of growing numbers of tourists, already in their millions, is bearing strange fruits. Ida Bagus Wedha, a woodcutter in the village of Mas and a dozen years ago still in the scanty pay of his uncle as fifth son of the family, is now in charge of hundreds of woodcutting families who supply his two sales palaces from which containers of flamingos are shipped to the Caribbeans, and sold there with the label "Made in Bermudas". Ida is in the process of starting up a line of Brazilian parrots, too, and fishermen of Ilha Bella, off the South-Brazilian coast, will soon begin to wonder about the competition. Large, brightly-painted North-Thai umbrellas often look as if they have been tattooed by a Kung Fu fighter: "we do it because that's how the Australians imagine Asia" said one of the managers.

A Futon is Japanese. But what is so Japanese about Sony? Nothing. And what about a Mitsubishi car? It is the square, Western car philosophy of the Fifties, technologically catapulted into the Nineties. The functions have been optimized, but not evolved or radically changed. The Japanese fiddle around like the Europeans on functions like high speeds and on reducing journey times from ten to nine hours, but don't pay attention to the changing circumstances, or to the time that is spent inside the cars. What comes to mind – apart from Mercedes and BMW with their walnut dashboards and leather frills – when the Japanese and Koreans are reminded that there was a traditional art of

dwelling, gregarious living and interacting with one another, as well as just the art of archery? Where are the visions as to what you can do inside cars during routine journies or traffic jams? Where is the vehicle with an enjoyable and productive inner life, regardless if it is traveling at 50 or 120km/h? And how about freeing ourselves from daily routes and tiring highway journeys, running our fossil-fuel-dependent cars by remote control in a world without car accidents, where we can read our book or eat breakfast with friends or write contracts? What about on-board communication, what about our physical wellbeing, why are car seats set out like the seats of a missionary school? A lower air resistance might makes sense when a car is hurtling through the landscape at 210km/h, but that's becoming a thing of the past; in Europe and worldwide, the ecological bomb is ticking and forcing us to discover slowness, and the savings brought about by improved kilowatt ratings seem laughable in the face of car prices which range from 15000 to 35000 Euros for a medium-class vehicle. No, it is time for diversity and divergence in forms and concepts. We don't need Japanese or Korean or German engineers – we need divergent thinkers, entrepreneurs, and artists.

Whether Philips develops CDs which you can also use as a projector, or Sony produces digitally playable cassettes, this Western-style competition is focused on the peripheral details of the fight against boredom; it is not the expression of cultural diversity through truly divergent goods or concepts. The difference is beautiful. The more contrast there is, the more pointedly cultural heritage and economic activity are brought into relation with each other, the richer the chances for both. The Afro-Brazilians in and around Salvador Bahia are currently developing one of the most interesting alternatives to the worldwide production of dull and stupidly repetitive rock-pop music, because their art is an expression of an independent social-cultural movement, just like the music of Puerto Rico in the Seventies or of the South African Townships today.

When the market exists, it can be diverse, and will diversify all the more, the more a culture continues to develop along its own contours instead of dying and becoming immortalized in folklore. This requires an enlightened approach to our own ethnic group, not in the direction of sectionalism, but in the direction of regional diversity with open borders. Perhaps then the Japanese would be inspired to do more than build chips and watch "Heidi" cartoons.

Are these dreams of the past in face of the cultural melting pot we've long since slipped into? No, because developing the differences can mean more market, and straying from the uninventive path of "me too" can mean economic upturn, and if go with the assumption that each culture contains elements which are enriching to other cultures, cultural contrast and economy can enhance one another.

The tourism industry may be interested in difference, but it doesn't know how to deal with the real *experience* of the other culture. Everywhere they go, they end up staging artificial worlds. It's not Bali which comes into view, but its artificial substrate. Those who travel to tourist traps to meet people of other cultures and to experience their land

are protected from coming into contact with reality. Art becomes handicrafts, and handicrafts become kitsch; the excursions from the hotels are under the surveillance of tourist guides and end up in shops selling Batik or silver with a provision for the driver and the unpleasant feeling for the tourist that the path they are being led down doesn't lead them to the people beyond this stage production, but rather to little vultures. This is short-sighted, bad economics, despite the millions of victims it claims each year.

At Hotel Amandari in Bali, where guests pay up to 600 dollars a night to stay in this work of architectural sorcery which was inspired by the ambiance of a village, the management have forbidden the academically-educated chauffeurs to speak to the guests. Why? Because behind every chauffeur there is an intelligent Balinese, and behind this a Balinese family, and behind this family a real village; and the danger is that the guest, sheltered like a Chinese nightingale, might realize that he can only experience the real Bali if he does the unspoken and comes into contact with reality, which is full of stories and happenings and doesn't cost 600 dollars per night. The Amandari was born out of a dream of architect Peter Muller, who wanted to build a village for guests between the river and the real village so that the village's inhabitants would cross the open lobby of the hotel on their way to collect water from the river, deep down in the valley. The village would be a part of the hotel and vice versa. But at some point, the architect's financial river ran dry before he could complete the dream, and a league of *business as usual* gentlemen took over the hotel but ousted the idea, leaving the hotel cut off from the real village and protected by watchtowers adorned with radio telephones.

Still, Muller's dream points us in the right direction: it is not the hotel with its minibar and television which is the adventure, but rather the village. This is a place where the foreigner can be a guest, receive hospitality, experience everyday life as a cultural adventure and be a part of the goings-on. Ultimately, such guests will be prepared to spend more on that than they would on a sheltered life. They will appreciate the culture and give the natives the feeling that they are worthy of attention. Culturally sensitive tourism, rooted in difference and aiming for dialogue, can foster rather than destroy culture. A better concept also means a better economy in the long-term: this other way of life offers a chance for contemplation and a new quality of life. Thus, the village, the ashram or the free academy on the other side of the seven mountains and seas can become a place of sabbatical, even if it only lasts for four weeks.

F) ABOUT THE AUTHORS

Prof. Dr. Günter Faltin

Günter Faltin is Professor of Entrepreneurship at the Free University of Berlin. He was

invited as visiting professor, for workshops and keynotes to over 20 countries e.g. USA, Canada, Mexico, Brasil, Japan, South Korea, Thailand and India. As an expert for the project "Entrepreneurship Training for the Vocation School System in Russia and Ukraine", he conducted a series of workshops for the European Training Foundation (an institution of the European Union) in St. Petersburg and Kiew from 2000 — 2003. In 2010 he followed an invitation of the government of Bhutan for a keynote to the conference on "High-tech and Entrepreneurship".

He is a founder member of NFTE (Network for Teaching Entrepreneurship) Germany. The NFTE's mission is to provide programs that inspire young people from low-income communities to stay in school, to recognize business opportunities and to plan for successful futures. To date, NFTE has worked with nearly 350,000 young people from low-income communities in programs across the U.S. and around the world. In Germany NFTE cooperates with governmental agencies to supplement school curricula. The Foundation for Entrepreneurship also cooperates with the German car maker "Volkswagen" that organizes entrepreneurship competitions in German schools

In 1985, he started the Teekampagne ("tea campaign"), a venture that turned the German tea market upside down by betting on consumer education, transparency and traceability. Faltin introduced a new business model: selling pure Darjeeling tea, controlled for chemical residues, in large packaltes, by mail order, at extremely competitive prices, while supporting the economy and ecology of the region of Darjeeling. Today, the company is Germany's market leader in mail-order tea sales and the largest importer of Darjeeling world-wide.

Faltin initiated the Berlin-based "Entrepreneurship Lab" and has been a business angel for successful startups. *Through* the Faltin Foundation for Entrepreneurship, he promotes a new culture of entrepreneurship in Germany. In the United States, the Price-Babson Foundation recognized him with an award "for bringing entrepreneurial vitality to academe." In 2009, he won the Deutscher Gruenderpreis (German Founder's Award), as well as an award from Germany's Federal Ministry for Economics and Technology for his idea of „founding with components.“ In 2010 he received the Federal Cross of Merit from the German president for his pioneer work on entrepreneurship.

He worked with Prof. Muhammad Yunus — one of the board members since inception of the Foundation — for a workshop at Volkswagen in 2000 as well as at the Vision Summits in Berlin, 2008 and 2009.

In his best-selling book „Kopf schlägt Kapital“ (brain beats capital), he proposes a radically new approach to generating entrepreneurial ventures with an emphasis on ecologically and culturally sensitive issues.

Professor emeritus Dr. Juergen Zimmer

Current Appointments

Professor emeritus of Educational Science at the Freie Universitaet (Free University) Berlin

President of the International Academy for Innovative Education, Psychology and Economy at the Freie Universitaet Berlin (INA gGmbH)

Co-founder of School for Life and President of the School for Life Foundation in Chiang Mai / Thailand

Consultant of the Hanseatic School for Life in Phang Nga, Thailand

Director for International Affairs of the Rural and Social Management Institute (RASMI) in Bangkok / Thailand

Member of the Supervisory Board of the Hermann Lietz-Schule (Hermann Lietz Boarding School) Spiekeroog and of the High Seas High School

Member of the Global Agenda Council of the World Economic Forum

Member of the Academic Board of Carl Benz Academy in Beijing

Previous Appointments, Consulting, and other Projects 1965-2003

Professor of Educational Science at the Free University of Berlin with focus on international and intercultural education, early childhood education, community education, entrepreneurship education, curriculum theory and development

Scientific Counsellor and Professor of Educational Science at the University of Muenster

Founder of the Institute for Intercultural Education at the Free University of Berlin

Founder and main shareholder of the International Academy for Innovative Education, Psychology and Economy at the Free University of Berlin

Director of the Pre-School Education Department of the Deutsches Jugendinstitut (German Youth Institute) in Munich, planning and monitoring the nationwide reform of kindergartens

Executive Director of Education at the Beluga School for Life in Phang Nga / Thailand

Guest Professorships at the Universities of Tuebingen in Germany and São Paulo in Brazil

President of the International Community Education Association that was represented in more than 80 Countries and accredited to UNESCO (ICEA "in operational relations with UNESCO")

Head of the Department of Education at the Hamburg weekly newspaper "Die Zeit" (The Time)

Supervision of the development of intercultural kindergartens and primary schools in West Berlin

Head of the project "Kindersituationen" involved in educational reform of kindergartens and day nurseries in the five former East German States of the Federal Republic of Germany and the eastern part of Berlin, financed by the German Federal Government and the States

Head of a project reforming colleges for kindergarten teachers in the states Brandenburg and Mecklenburg-Vorpommern supported by the German Federal Government

Consulting and project work in countries of Asia, Latin America, Africa and Europe with special attention to:

- Early childhood education in Thailand, Malaysia, Indonesia, Hong Kong, Singapore, South Korea, Philippines, Ghana, Nicaragua, Greece, Italy and Croatia
- Cultural heritage and economics in Thailand (ethnic minorities) and Brazil (People of Guarani)
- Productive community schools in Nigeria, Argentine, Brazil, Philippines, Thailand
- Youth at risk in Mexico, Uruguay, Argentine, Columbia
- Community schools in Austria and Germany
- Intercultural and anti-racist education in Brazil (Movimento Negro) and Germany (migrants and immigrants)

- Re-forestation in India (Darjeeling); educational planning for transition in South Africa
- Moderating a dialogue between representatives from China and Hong Kong towards the 1997–integration of the Hong Kong education system

Consultant for the Thai National Education Commission for the development of Entrepreneurial Schools in Thailand

Consultant of the Volkswagen Foundation, Freudenberg Foundation, Friedrich Ebert Foundation, Schmitz Foundation, Charles Stewart Mott Foundation, Shaul and Hilde Robinsohn Foundation

Consultant of the Council of Europe

Consultant of OECD / CERI

Consultant of United Nations / Education Forum

Consultant of Deutscher Bildungsrat (German Education Council)

Member of the International Advisory Board of the Instituto Paulo Freire, São Paulo / Brazil, San José / Costa Rica, Los Angeles / USA

Co-founder and member of the Board of the Existenzgruender-Institut e.V. Berlin (Institute for Entrepreneurship Berlin)

Member of the German UNESCO Commission

Member of the Supervisory Board of the Berlin-Potsdam International School

Member of Supervisory Board of the Louisenlund Boarding School

Education and Research

Research Fellow at the Max-Planck-Institut fuer Bildungsforschung (Max-Planck Institute for Educational Research) in Berlin

PhD at the Free University of Berlin, Education Science ("summa cum laude")

Scholarship of the Studienstiftung des Deutschen Volkes (Foundation of the German people for gifted students)

Studies of psychology, educational science and law at the universities in Hamburg, Freiburg and Muenchen, Diploma in Psychology

Awards

Order of Merit of the Federal Republic of Germany

Joseph Victor von Scheffel Prize of Literarische Gesellschaft (Literary Society), Karlsruhe

Award of the Ministry of Education Baden-Wuerttemberg

Award for Education Innovation of Pfaff Foundation

Prof. Ramlal Parikh Award of the International Community Education Association

G) FOOTNOTES

- ¹ The origin of the Swiss grocery chain Migros is described in detail in Faltin/Zimmer 1996, pp. 161 ff.
- ² Cf. Gebhardt 1991.
- ³ The following description follows *Mission X: Der Kampf um die schwarze Formel* [Mission X: The Fight for the Black Formula].
- ⁴ *Gablers neues Wirtschaftslexikon* [Gabler's New Economic Lexikon] also concedes that there is no German equivalent for the internationally long-established concept of entrepreneurship.
- ⁵ For many: von Collrepp 2004.
- ⁶ This is normally undertaken by means of a business plan.
- ⁷ Cf. Timmons 1994.
- ⁸ The term *Geschäftsmodell*, a literal translation of the American term “business model,” appears to be prevailing in the German language literature – a very unfortunate word coinage. It reduces the thinking required/required intellectual activity to the word “business” while the concept “model” sounds like theory even though the concept must be measured against its suitability to be executed in practice.
- ⁹ *Institut der Deutschen Wirtschaft*, Cologne 2006, “*Wachstumsfaktor Innovation.*”
- ¹⁰ Cf. Mitchell/Coles 2003, p. 19.
- ¹¹ Cf. Goleman 1997.
- ¹² Like kindergarten or zeitgeist the German word *gestalt* is a concept used internationally.
- ¹³ Cf. Menger 2006.
- ¹⁴ Szyperski (2004) also emphasizes the parallels between art and entrepreneurial activities.
- ¹⁵ Cf. Jacobson 2003.

- ¹⁶ Cf. Goebel 1990.
- ¹⁷ Cf. Jacobsen 2003.
- ¹⁸ Cf. Gratzon 2004, who describes how he developed a successful concept out of his proverbial hammock.
- ¹⁹ See for example the recent interest in strategy considerations based on the interplay between planning and high ability to improvise, as they were carried by the strategies of Scharnhorst or Gneisenau.
- ²⁰ Cf. Jacobsen 2003.
- ²¹ Too bad that Hoof sold to the Otto Group. We will have to wait to see if the new owners continue the policy of the founders.
- ²² Cf. Birkenbach 2007.
- ²³ Cf. Malik 2006, pp. 17 ff. and Birkenbach 2007, p. 212 f.
- ²⁴ Cf. Malik 2006, p. 36.
- ²⁵ “Leading” in the sense of thinking ahead, setting goals – everything that is expressed in the English term “leadership.”
- ²⁶ Ingvar Kamprad, founder of Ikea, has said about himself, “I am a disaster as an organizer.”
- ²⁷ Cf. Timmons 1994.
- ²⁸ Szyperski also argues in favor of a separation. A good businessman requires an efficient manager.
- ²⁹ Cf. Faltin 2001, p. 127 f.
- ³⁰ *Die Zeit*, November 16, 2006, no. 47.
- ³¹ Roddick 1991

- 32 I still recalled with distaste such discussions from Germany. I remember one test particularly well. I wanted to go to Mozambique. After the Portuguese were replaced in 1976, a new type of school was to be established there, one that was supposed to combine both practice and theory before the backdrop of the country's enormous economic problems. My colleague Ludwig Gutschmid and I offered our assistance. We had already taken half a year of Portuguese classes, and now we still needed a visa. However, you could only obtain one if it was supported by the Akafrik Group, a solidarity committee for Africa in Bielefeld. Ludwig and I competed. A first-semester sociology student at the University of Bielefeld questioned us intensively about our objectives and motivation, and although we had studied the country, prepared conscientiously and were sympathetic to the anti-colonialists, neither of us passed this ideological test. The situation in Manila was not quite so dogmatic, but it was in essence similar.
- 33 Incidentally, you can offer this service yourself. In fact, for significantly less than 1,000 Euros you can install the technology, i.e. all the software and hardware, including the billing system, and even compete with Skype itself (www.outbox.de).
- 34 As we know, Skype was sold to eBay for more than US \$ 1.8 billion (plus additional consideration). With more than 300 million users Skype is currently the largest telecommunications company in the world by far, and this at telephone rates that the telecommunication giants cannot match. Naturally we all think in conventional categories, and in the case of Skype we are amazed how such a small team was able to achieve such an increase in value in such a short period of time. If, on the other hand, you look at Skype from the standpoint of market performance and measure it against the valuations of established companies, the purchase price is not surprising.
- 35 In June 2009 the Federal Ministry for Economics and Technology honored the concept "Founding a company with components" as one of the four best ideas to increase the number and quality of sustainable start-ups in Germany.
- 36 The following statements are based on a university lecture on entrepreneurship by Professor Georg Schreyögg at the Free University of Berlin during the 2006 summer semester.
- 37 Cf. Fritsch/Weyh 2006.
- 38 Cf. Aldrich/Auster 1986.
- 39 Greiner 1998, p. 60, cited in a lecture on entrepreneurship by Professor Schreyögg at the Free University of Berlin during the 2006 summer semester.
- 40 Greiner 1998, p. 60, cited in a lecture on entrepreneurship by Professor Schreyögg at the Free University of Berlin during the 2006 summer semester.

- 41 Greiner 1998, p. 62, cited in a lecture on entrepreneurship by Professor Schreyögg at the Free University of Berlin during the 2006 summer semester.
- 42 Bygrave 1994.
- 43 There are already first steps in this direction, www.silber-zahnbuerste.de.
- 44 Even in the USA, the birthplace of venture capital and business angels, a good 70% of the capital necessary for start-ups come from family and friends.
- 45 I remember one student who had worked on the Tea Campaign and needed a recommendation from one of his professors for an application. He asked me *not* to mention his (extremely valuable) collaboration on the Tea Campaign because he thought this would be damaging to this career.
- 46 Cf. Suter 2002.
- 47 If you want more details, see Faltin/Zimmer 1996, p. 102 ff.
- 48 Cf. Goleman/Kaufman/Ray: 2002.
- 49 Cf. Flach 2003.
- 50 Cf. Kniess 2006.
- 51 The purchase and sale of foreign currencies, products or securities between two or more markets in order to earn a direct profit by exploiting the differences between the various market prices.
- 52 To be sure, on the Internet there are a number of examples where the lightning-fast takeover of functioning concepts from the US was successful. Alando/eBay was one of the first of these cases.
- 53 Cf. Kirzner 1978.

- 54 According to the June 1938 (!) issue of the publication *Scientific American* (quoted from *Die Welt*, November 28, 1992) anyone who has a radio or a telephone can receive a newspaper by fax with the help of a “device in a small box.”
- 55 Cf. *The Nation*, August 7, 1995.
- 56 Cf. Ripsas/Zumholz/Kolata 2007.
- 57 Cf. Timmons 1994
- 58 Cf. Timmons/Spinelli/Zacharakis 2004.
- 59 Cf. Horx 2001, p. 146.
- 60 Ripsas/Zumholz/Kolata 2007, p. 2.
- 61 The interviews with the two founders Hinrichs and Dariani can be found at <http://labor.entrepreneurship.de/blog/category/video/>.
- 62 This seems to be the case even for the pharmaceutical industry, which maintains that it puts particularly large amounts of money into research. In his book *Kranke Geschäfte* [a book about the pharmaceutical industry], Markus Grill argues that twice as much money goes into marketing as is invested in research (Grill 2007, p. 15 ff.).
- 63 If you absolutely have to have a mission statement, download it free from Dilbert’s (nonsense) mission statement generator on the Internet.

- ⁶⁴ The “Ökonomie der Aufmerksamkeit” [*Economics of Attention*] (Franck 1998) is a newer, more scientific expression of this thought. In the struggle for success in the market, what is important is attracting the attention of the largest target group possible.

H) SOURCES

- Faltin, Günter, Jürgen Zimmer: Reichtum von unten, Berlin, 1996
- Faltin, Günter: Kopf schlägt Kapital. München 2011
- Zimmer, Jürgen: Das halb beherrschte Chaos. Berlin 2012

The dossier "Innovative Entrepreneurship & Entrepreneurship Education" was translated by Fritz Fleischmann and Sarah Howard.



Jürgen Zimmer



Günter Faltn