

The Generator II project

An International entrepreneurship collaboration based on the Venture cup contest and financed by the European Union INTERREG program

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Abstract - A bachelor program in technological entrepreneurship and innovation was created at the Østfold University College in 2003. The curriculum was developed around the “Young Enterprise- Graduate program” and the aim was to create new ventures and companies during the three year program. Product development was a central part of this program, based on multidisciplinary knowledge in engineering disciplines as mechanics, electronics and product design. This program needed a “laboratory” for entrepreneurship with the necessary tools to create new companies. An entrepreneurship program called “Generator” was developed for students in 2002. This program was a structured idea generation and business plan development process, aimed at delivering business ideas to the national business plan contest called Venture Cup. See: <http://frontpage.venturecup.org/>

This program was a success, but the Norwegian Venture Cup organisation went bankrupt in 2003 due to marginal participation from Norwegian trade and industry. This left the Generator program without the necessary target and venture capital network.

This disaster gave birth to an international student collaboration between Norway and Sweden. Through the European Union INTERREG-program, founding and connection to the Swedish Venture Cup contest was set up, and a collaboration with the University College of Borås, UCB in Sweden started. It was now possible for Norwegian students to participate in the Swedish Venture Cup contest, if at least one of the idea owners was Swedish. This gave birth to the first international ventures/companies owned by Norwegian and Swedish students in partnership. Another advantage was that the Swedish students came from the Faculty of Economics, which gave a multidisciplinary collaboration between engineering and economics faculties in two countries. This new international, Generator program created 15 ventures/companies and involved 80 students and mentors from both countries. See: <http://www.generatorn.com> Venture Cup has never received so many business plans from the university before, despite that the university had been doing research on the topic for several years.....

Index Terms – Entrepreneurship, Young enterprise, Interreg, Venture Cup, international student collaboration.

BACKGROUND

The Generator concept was born at the Østfold university college in the winter of 2002, due to lacking results in a development program given to the university by the Norwegian research council. This program “FORNY”, was a national program aimed at creating new business ventures and working places around in the regions, where universities and national colleges was situated. New ventures were to be created in collaboration between universities and industry. By December 2001 a lot of money was spent, but no new working places were created, in fact almost no ventures had been created. The fatal conclusion was:

- Universities was unable to create business ideas
- Industry and universities was unable to cooperate
- Venture capital was not invested in universities

Much of these problems were connected to the fact that governmental development funds was mostly used to produce reports, endless numbers of papers analyzing situations and giving conclusions’ that generated new analyzes. Universities and research organizations was used to analyze, not to create anything. Creating new ventures was dangerous business that the industry should undertake, not universities. But “The industry” is not an organization of members with the same goal, in fact they compete, and common interests with universities is often hard to find. Creating new business that possibly would compete with existing industry was not welcome. At this time many industry organizations in the region barely existed. Industry leaders was not interested in the future and welfare of the society they existed in, they was all hanged up with the day to day tasks of existing in their market.

Another problem in the universities and research organizations was also stopping the process; too many scientists got their payment from analyzing, not creating.

- Scientists are paid for analyzing

NEW TOOLS NEEDED FOR DEVELOPMENT

The project manager for the “FORNY” development program was in trouble; new ventures had to be created because the money was granted to do this. New ideas were hard to find in the university, and especially ideas that could create business. Something had to be done to create new ideas, a process was needed, and money had to be directed from analyzing towards development and people that made things happen. This was totally new and hard to accept for the establishment. Before this hundreds of thousands of kroner (kroner, kr, Norwegian currency) could be used on conferences and scientists directing and analyzing results from the process, off course resulting in a report which no one did any thing with after. A conference was regarded as undisputable success, not what happened afterwards. In fact no one in the public administration and in the universities regarded themselves as responsible for making things happen, they was not being employed to do that. The politicians were responsible for making it happen, and they again were crying for action from the industry. The industry was again blaming the politicians for lack of responsibility and too little money for research and development, and they wanted no new competing business. Creating new jobs was not their task, their occupation was rationalization, getting rid off ineffective jobs.

- Conferences was regarded as a success
- Analyzing was the major development tool
- Civil service blaming politicians blaming industry
- Absence of people taking action
- Lack of entrepreneurship

The industry managers was also struck by the syndrome that resided in the Civil Service, they had never been employed to create something totally new, they should manage what they was given. The grand old entrepreneurs that had created most of the industry in Norway were all dead, and their knowledge was gone, together with their responsibility for development of the society. The society was starting to feel the absence of entrepreneurship.

IN SEARCH OF ENTREPRENEURSHIP

By the year of 2000 politicians’ took charge and worked out new plans for national development and education. These plans did not only call for new innovations, but also for entrepreneurship. The colleges and universities were to educate and create the entrepreneurs of the future, quite a challenge for organizations that never had created anything but paper. Almost no formal competence existed, and if it existed, it was not well regarded by their fellow professors. The universities did also lack the social climate and the attitude of the entrepreneurs. Analyzing had created an attitude of searching for problems, not solving them.

- Universities was to teach entrepreneurship
- Scholars had to create new attitude among students
- Need for problem solvers, not problem finders.

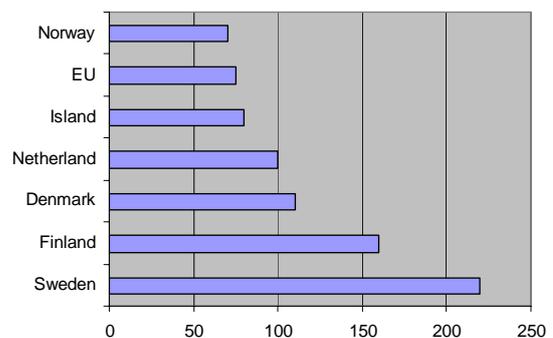
A totally new culture was to be developed inside the universities, and several national programs was started to do this. The already mentioned “FORNY” program was one of them. This program had been involved in creating a student organization for entrepreneurship, called “START”. Such a student organization was established at the Østfold University College, but at this point no new ventures were created, the organization was lacking money and the students had nothing more to do than inviting speakers and making debates about the subject. But it was quite popular and had several members. To attract new business ideas, the government started to support an organization called “Venture Cup”. This organization was established in all the Scandinavian countries, and was originally founded by McKenzie. Venture Cup carried out a yearly business plan contest, divided in two phases. A business idea was to be sent to phase 1 in March, and if accepted a whole business plan was to be delivered to phase 2 in May. See table I.

TABLE I
VENTURE CUP BUSINESS PLAN CONTEST

Contest phases	Delivery	Deadline
Phase 1	Business idea description	March
Phase 2	Business plan	May

The winner of the phase 2 contest got a reward of 250.000.-kroner (30.000,- Euro) and access to venture capital. Several influential companies were supporting this organization because of their interests in new business-ideas and market opportunities. This organization looked like the ideal solution for the student entrepreneurship organization “START”. It had an attractive reward in money, gave network and business relations. This seemed to be everything that the students wanted, but only few plans were sent in to Venture Cup from universities and colleges around the country. Money was spent on creating organizations like START and Venture Cup, but the anticipations were not to be fore filled. The amount of new business ideas did not rise as accepted. In Norway this was a more serious problem than in Sweden, since Norway already was the lousiest guy in the Scandinavian family regards to creating new patents. Sweden produced over 220 patents for every million inhabitants in 2001, Norway only 70!

TABLE II
APPLIED PATENTS PER MILLION INHABITANTS IN 2001



As seen in table II, figures were not good for Norway, also under the average in EU, European Union.

BUSINESS INCUBATOR ESTABLISHED AT THE UNIVERSITY

To further increase the possibility for creating new ventures at the university and in the Østfold County, a business incubator was established inside the universities engineering department. This incubator started to work with the employees and the students in hope of creating new companies. The incubator, “Østfold Innovation”, was created after the inspiration from an incubator at the Grand Forks University in North Dakota USA. The City of Grand Forks has close relationships with the town of Sarpborg where the University has its engineering department. Østfold Innovation later changed name to Borg Innovation.

See: <http://www.borginnovasjon.no/>

To further support the incubator, a new bachelor program in entrepreneurship was created at the Østfold University College, and the Young Enterprise business development concept was adopted into the curriculum, called company program or graduate program for universities.

See: <http://www.young-enterprise.org.uk>

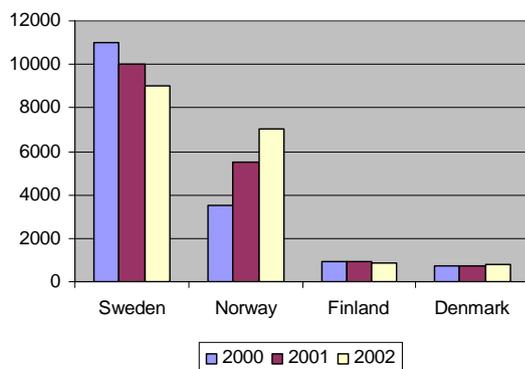
This is a one year long business establishment course where students start up companies, invest in them, earn money and run them for a year. A popular program.

The employees in the business incubator and the professors in the entrepreneurship program granted for the right kind of social environment for entrepreneurship. One would think that the county and the university were well equipped with instruments for creating new ventures.

- Incubator at the University
- Bachelor program in entrepreneurship
- Yong Enterprise graduate program
- Social environment for entrepreneurship
- FORNY, national development program support
- START, student organization for entrepreneurs
- Venture Cup, business plan program & contest

As shown in table III, Norway was gaining on Sweden in students participating in the Young Enterprise graduate program, being number 2 in Scandinavia.

TABLE III
STUDENTS PARTICIPATING IN YOUNG ENTERPRISE PROGRAMS



This looked very well, but the only new jobs created were connected to running incubators, organizations and education connected to the entrepreneurship development program. Business plans was not created outside the classroom!

PICTURE I
THE GENERATOR PROGRAM WEBSITE
WWW.GENERATORN.COM



THE GENERATOR PROGRAM & VIA FANTASIA

All the right tools for creating new business seemed to be in place, but something missed to motivate the students and the employees at the university to create business plans on their own. By January 2002 no plans from the Østfold University College had reached the Venture Cup business plan contest. Something had to be done, the national development program “FORNY” demanded results in form of new business opportunities and jobs.

At this point, employees from the business incubator and the university had undertaken courses in idea generation by a company called “VIA FANTASIA”. This company was basing their idea development on using fantasy and generating a process involving creativity and no borderlines. The fantasy process demanded no limits and totally freedom from borderlines and main objectives. The process had five phases as shown in table IV.

TABLE IV
VIA FANTASIA IDEA GENERATION PROCESS

Phase	Process
1	Fantasy
2	Testing
3	Refining
4	Critic
5	Action

This process was remarkable, and it also created new enthusiasm for the participants. Managers often complained that it was difficult to bring the employees “down on the ground again”, after participating in programs’ undertaken by Via Fantasia. See:

www.u8.no/forsiden/lucky_opplevelser/hvorfor/viafantasia/

This method was to be a major tool in the Generator program because of the positive and inspiring atmosphere it created, and also the amount of new ideas it created. This had to be used on the students, and when it was accepted to use money on conferences for employees, why not use some of it on the students, the employees did not create anything after all. We felt we had the tools, and we needed the right environment and place. Problems with conferences are that people go home in the evening, and if they stay, they are not interested in doing any kind of work except hanging around in the bar. We needed an isolated place which made it

impossible to go home in the evening and a reward that motivated the participants to work with business plans in the evening and not to “part all night long”. This was students, and keeping them from partying is almost impossible, so why not reward them with a party?

It was decided to give the students a three day long stay at a hotel with all expenses paid. In return for this, the students should deliver business plans to the Venture Cup contest. If they did not deliver, we would charge them for the stay at the hotel. We then needed a first class hotel at the right place with the right social environment.

We found the ideal place on an isolated island called Hankø, where it was impossible to leave without using boat, and the last ferry left 2300 in the evening. This island had a famous hotel where the king and his family used to go and live in the summertime. For hundred years ago this was the place where the grand old entrepreneurs met, and inside the hotel, beside the fireplaces were contracts closed and decisions made which formed the future of Norway. This place had the magical “spirit of enterprise”. To make the right social climate, participants from the incubator, the entrepreneurship department at the university, and governmental representatives from development programs venture capital bureaus was invited. The incubator took charge of this event, and the follow up of the students after the hotel stay. They would ensure that business plans was delivered to both of the phases in Venture Cup in March and May, and to give the students help and support in the process. We then had:

- The right place, isolated and famous
- The right social climate, “spirit of enterprise”
- The right mentors in entrepreneurship
- An attractive reward, 3 days free stay at a hotel
- Reward/justice for delivering business plans
- Follow-up, Østfold Innovation incubator
- The right tools to generate ideas, ViaFantasia
- An attractive goal, Venture Cup contest.

PICTURE II
VIAFANTASIA AND STUDENTS IN IDEA SWARMING PROCESS



The marketing of the Generator program started some weeks before the hotel stay and all students in the county of Østfold was invited, almost 4000. The response was best at the engineering department where the incubator was situated, and where it had been worked with entrepreneurship for a couple of years. 40 students registered for the participation and risked to pay if they did not deliver a business plan.

The first evening, Via Fantasia, started to work with them, and carried on the next day. Despite that it was impossible to get the students to bed, everybody showed up the next morning and kept on working. Valuable contacts and information was established between students and mentors, and the dinner in the evening was an important meeting place. No one had heard about a university that paid the vine and dinner for a student at a famous hotel. The students felt themselves taken very well care of, and indeed they were. The idea generation process conducted by ViaFantasia was a great success and it also made students and mentors from different background to cooperate and share information. This process resulted in 10 business ideas received by Venture Cup in phase1, and 7 in phase2. In comparison, the university in Oslo with 20.000 students delivered only 5 business-plans this year. A lot of experience was gained in this process, and the Generator program was repeated the next year with the same amount of students, and this time the results was even more impressing. 40 students produced 25 business plans to Venture Cup phase1, and 24 was accepted for phase2. This was extremely well done since not more than 110 business-plans were accepted from all over Norway! Our tiny county, with not more than 3500 students was in the leadership in Norway, producing more business ideas than the big universities. Almost 25% of the business ideas were coming from the county of Østfold fore a price of not more than 25.000 Euro.

TABLE V
BUSINESS PLANS ACCEPTED BY VENTURE CUP NORWAY 2003

Phase	Number of business plans	
	Østfold	Norway
1	25	161
2	24	110

This was a major break through and a huge stimulation for everyone that participated in this program. We had shown that we had the right tools and created the right motivation and spirit for generating new business opportunities. One of these ideas, “Life Link”, was later on rewarded nationally as one of the tree most promising ideas in Norway. The possibilities in the next Venture cup contest in 2004, was very promising! We knew how ho do it and we spent the money on creation, not conferences and analyzes. The students in cooperation with the right type of mentors were the optimal creators.

VENTURE CUP LAID DOWN & GENERATOR II

Everybody at the Østfold University College was looking forward to the Venture Cup contest in 2004, and expectations were high. But then the shocking news came in, Venture Cup Norway was laid down! And only in Norway, in the other Scandinavian countries Venture Cup was well functioning and keeping on with their national contests. This was a disaster and a national shame, why? Because the industry in Norway was uninterested in supporting the contest, and that another competing contest had emerged, financed by one of the largest banks. The government had been the major financier for the Venture Cup contest, and shut down the

financing due to the missing engagement by Norwegian industry! The correct story about this disaster may have many sides, but the effect for us was disastrous; The Generator program lost its primary targets, the contest, the money, the network and access to venture capital. In fact everything stopped up because of this.

- Lack of support from Norwegian industry
- Major government finances stopped after lack of interests from the Norwegian industry.
- Venture Cup Norway laid down
- Generator program without primary target

The author was at this point connected to a development program financed by the European Union's INTERREG program. This program was a Norwegian – Swedish venture run by the Østfold University College and the university in Udevalla Sweden. This program was named:

*“Skarpe entreprenørielle prosjekter”
(Sharp entrepreneur projects)*

This program gave the opportunity to get in touch with the West Sweden Venture Cup organization. Was it possible for Norwegian students to participate in the Swedish contest? The first answer was no, and the Norwegian sponsors did not want to invest money in Sweden. But at this time the INTERREG project was in trouble. Like the Norwegian FORNY program it had promised results in form of new business ideas, but no one had emerged at this point. The project management needed results, and the Generator program was adopted because of the results made in Norway in 2002 and 2003. Financing was suddenly no problem, INTERREG paid. Could Venture Cup West Sweden be persuaded in any way? Yes! The answer was that if combined Norwegian and Swedish student groups sent business plans together, and a Swedish student was manager of the business idea, it was possible. After debating this new challenge, it was accepted by Venture Cup West Sweden that the student group could have a written contract among themselves, where the real ownership was assigned to the appropriate student. It was also accepted that a Swede could be used as a “dummy” manager for a Norwegian business idea as long as the owners had participated in the Swedish-Norwegian Generator program. This was extremely hospitable by the Swedish Venture Cup organization and the manager Cecilia Christensson.

PICTURE III
MANAGER CECILIA CHRISTENSSON OF VENTURE CUP WEST SWEDEN



The main differences between the Norwegian Venture Cup contest and the Swedish Venture Cup contest was that the Swedish had a large number of industry sponsors, was well financed and had three instead of only two phases where written documentation had to be delivered.

See: <http://frontpage.venturecup.org/>

TABLE VI
VENTURE CUP WEST SWEDEN CONTEST 2004/2005

Contest phases	Delivery	Deadline
Phase 1	- Business idea description - Customer benefit - Market - Competition 2 pages	November
Phase 2	- Market plan - Board of directors - Organization 12 pages	February
Phase 3	- Business plan - Financing - Profitability - Risk 20 pages	April

INTERNATIONAL COLLABORATION

The Generator program was quickly transformed from a national program to a Scandinavian international program, where students started to participate over the borderlines with developing a common web site, www.generator.com, as seen in picture 1, with the European Union flag up in the right corner. This ignited the collaboration between the Norwegian student union for entrepreneurs, “START”, with the Swedish counterpart called “DRIVHUSET”. This is a student incubator, run by students and paid for by the regional authorities. They had a common task, to develop and maintain the web page, market the Generator program and planning the process. The whole process was supervised by Østfold innovation, the incubator at the Østfold University College. Professor Rolf Dahlberg at University West (municipality of Trollhetan & Udevalla) was the responsible on the Swedish side, together with the manager of “DRIVHUSET”, Martin Hultman. Participants were:

1. INTERREG IIIA, European development program
2. Sweden:
 - a. University West - <http://www.hv.se>
 - b. DRIVHUSET - <http://www.hv.drivhuset.se>
 - c. Venture Cup - <http://vast.venturecup.se>
3. Norway
 - a. Østfold University College – www.hiof.no
 - b. Østfold innovasjon – www.borginnovasjon.no
 - c. START Østfold - <http://www.startnorge.no>

The Generator 3 day hotel stay was to be held in Sweden at Dals Ed, a small border town with a renowned hotel called Mühlbocks Hotell & Konferens. The manager of the hotel was Norwegian, so cooperation was no problem. 70 students and 10 mentors from both countries showed up at Friday 15. of October together with ViaFantasia.

RESULTS FROM THE GENERATOR II PROGRAM

70 students participated in the program, 36 Norwegian and 34 Swedish. Of the 10 mentors were 6 from Norway and 4 from Sweden, and the crew from ViaFantasia with 4 persons. The project leaders had been worried about the mixing of the groups, but it was no problem. The groups were formed the first evening by the bar, and the mix was almost 50% - 50% Norwegians and Swedes on every group. It was created 18 groups, and the idea generation started with these groups on Saturday morning.

PICTURE IV
SWEDISH – NORWEGIAN STUDENT GROUP WITH BUSINESS IDEA



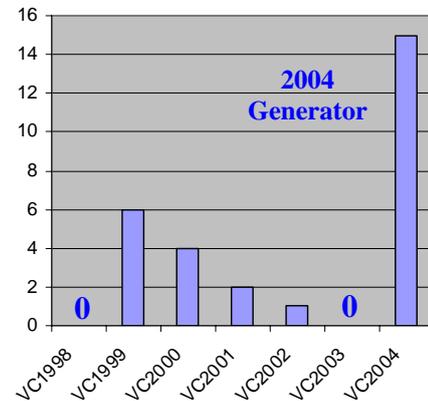
14 of these 18 groups worked very well together, but 4 of them did not deliver any plans as expected the last day. This was to be expected since this was the first time the groups worked together, and personal chemistry is often difficult to predict. They came from different countries, had different values, came from different faculties, engineering and economy, and they had different objectives. But there was no real problem, of these 4 groups, some members just left or participated in groups where they knew people. In fact this problem was not discovered by the project-leaders before the last day, when someone did not show up for the delivery. The students shielded their comrades, a positive attitude after all.

These 14 last groups produced 15 business ideas which was sent in to Venture Cup west via mail on Sunday evening. Venture Cup west received totally 259 ideas in phase 1. There are four Venture Cup organizations in Sweden, dividing the country among them, and they received almost 1000 business ideas totally for Sweden this year. A huge number compared to the 161 ideas which Venture Cup Norway received totally from whole Norway in 2003. This number 15 looked at first glance not so big, but for University West in Sweden it was huge. Never in history had so many business plans been delivered to Venture Cup from the University, despite that the University had been doing research in Entrepreneurship for several years, and that they every year conducted a big conference in entrepreneurship, “The Udevalla Symposium”. The Generator program had again shown its superiority in generating new business ideas.

The overall most important factor in making this happen was the idea generation process undertaken by ViaFantasia. Their ability to create a unique climate where fantasy, joy and laughter can furnish the creative process was essential. Without ViaFantasia, small results would have been accomplished. The founder/manager of ViaFantasia,

Hans Christian Medlien has accomplished a reputation in Norway as Edward de Bono has worldwide. We have been lucky to receive his services. As seen in table VII, business ideas generated from University West dropped from 6 in 1999 to zero in 2003. The Generator process more than doubled the best result they ever had, 6 in 1999.

TABLE VII
BUSINESS IDEAS DELIVERED FROM UNIVERSITY WEST 1998 – 2004



CONCLUSION

The Generator process has a drastic effect on generating new business ideas. This process has also been tried on industry and university employees with the same result. The most dramatic effect is achieved when mixing students and adult mentors from industry, university and venture/development companies/organizations. We have learned how to create new business ideas, the next step will be to learn how to finance them, and most important, carry them through. We must not only teach, but train our students to meet the demands of the entrepreneur, the ability to get things going despite all resistance and lack of money and support.

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- Professor Sissel Larsen, Østfold University College
- Manager Bjørn Horten, Borg inovasjon
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