

The business of going solo

Della Bradshaw



When Abhishek Mitra and Chandrani Chakrabarti left their jobs in the Californian information technology industry to return to India, they were looking for an opportunity to set up their own business. So just a couple of months after the husband and wife team enrolled on the Indian School of Business MBA in April last year, they decided there was a real opportunity to be had in developing healthy drinks for the Indian market.

“There was lack of healthy food and drink on the campus,” recalls Ms Chakrabarti, who points out that fruit-based drinks such as smoothies are a relatively new experience in India. The couple worked on their business plan for six months and in December launched Zing, a range of nutritionally fortified drinks based on fruit and wheatgrass.

Although Ms Chakrabarti and Mr Mitra had always planned to set up their own business, many of their peers at ISB in the class of 2009, and at other top schools round the world, are finding that with traditional jobs in banking and management consultancy in short supply this year, working for small entrepreneurial ventures, or setting up a company, is becoming an increasingly viable option. In particular, the opportunity cost of relinquishing a middle manager’s salary in order to start a company is far lower than giving up an investment banker’s salary.

At the Wharton School at the University of Pennsylvania, for example, there is increased interest among first year students in working for entrepreneurial companies instead of the traditional corporate internship this year, says Emily Cieri, managing director of Wharton Entrepreneurial Programs. Last year, almost 100 students supplied their details for the résumé book to be entrepreneurial interns. This year, more than 200 of Wharton’s 900 first year students are actively looking for internships with small companies.

“Most of that is due to the economy,” Ms Cieri says. “Students are looking for other options.”

This year, the school introduced a bidding system for the aspiring entrepreneurs – based on the system students use to select their preferred elective programmes – to match students to companies, most of which are technology start-ups. Elsewhere, the Wharton Small Business Development Center, which provides business assistance to small businesses in the Philadelphia area, has placed 20 interns in local companies for the summer.

In Europe, the dominance of small and family-owned businesses means that placing students in smaller companies is more common. At SDA Bocconi in Milan, full-time MBA director Valter Lazzari says some students always return to the family business and a further 10-15 per cent embark on entrepreneurial ventures instead of the traditional internship.

In Spain, Esade is working with the local Barcelona government to give students who want to start their business locally the tools to do so. "What we're trying to do is get our students to set up innovative businesses," says Camila de Wit, director of career services. The school is working with the Creapolis innovation park to provide space for entrepreneurial students to set up their companies.

While venture capital funds are in short supply this year, government backing for new ventures is available, says Cathy Butler, careers director at the Judge Business School at the University of Cambridge. The wider availability of talented potential employees in a recession is a further advantage, she says. At the Judge, at least 10 per cent of this year's graduating class of 150 will set up their own businesses, most in high-tech ventures.

For Mr Mitra and Ms Chakrabarthy, ISB has provided space in its incubator unit to support the company and a basic stipend. The ISB "ecosystem" has also supplied Zing with a lot of connections within the industry, Ms Chakrabarthy says.

The couple have a booth on campus and plan to open further outlets in Hyderabad and other Indian cities in the next five years.

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