

## Student entrepreneurs earning \$\$\$ *and* degrees

By [Julie Sturgeon](#) • Bankrate.com

Since fall 2000, lucky students chosen to live in the University of Maryland's Hinman dorm have had everything they need to start a legitimate business.

Sponsors pledged \$2.5 million for a state-of-the-art wireless building where up to 100 students can roam the halls with their laptops, and where they have access to a computer lab featuring expensive business software as well as a conference room complete with cherry table and leather chairs. Once a week, professionals ranging from lawyers to venture capitalists visit to share their experiences and lend a helping hand.

But other college kids are learning they don't need such trappings to create wealth -- or at least earn enough to pay their tuition. There's Syracuse University's Brian Bushell, who hated his dorm room bed enough to create a Memory Foam mattress topper and sell it to friends. Andy Szatko attends classes at the University of Nebraska in Lincoln and runs a landscaping company, started with a 1989 Ford truck and a few hand tools. Today he needs to hire employees to keep up with demand.

Twins Andy and Chad Baker hit the Indiana University campus rarin' to make ends meet by producing coupon cards, an advertising tool for local merchants. Jennifer Nies earned her way through St. Cloud State University in Minnesota by running an aquarium service that involved everything from maintenance to growing her own coral reefs for these tanks.

Despite these success stories, the actual number of students choosing to become boss rather than wage earner remains nebulous.

"Nobody knows what's going on with business starts among college students," says Sharon K. Bower, director of the [Global Student Entrepreneur Awards](#) at St. Louis University. "In my opinion, a lot of kids who run small businesses in college aren't legitimate. They aren't registered, tax-paying entities. It's about cutting hair in the dorm rooms."

According to Karen Thornton, program director of Maryland's Hinman CEOs, roughly a third of the current 89 students whose business ideas earned them the right to live in her dorm are pursuing engineering degrees, another third are business majors and the remaining third cover everything from English to criminology majors.

Officials turn away twice as many students as they can admit.

"These kids come up with business ideas all the time, and we'll send them off to do market research: Does it solve a pain, will people buy at this price?" she says. "What's wonderful is that it's not just business students learning to ask these questions. It's the government and political science students, too."

### Timing Is Right

"Starting your own business carries more social acceptance these days," notes Gen Tanabe, author of "1001 Ways to Pay for College" and founder of [supercollege.com](#). Sexy stories like those of Yahoo's David Filo and Jerry Yang mean "your roommates don't look at you as the weirdo kid who doesn't have a grasp on reality," he adds.

And, in the last 20 years, entrepreneurship courses and clubs have popped up on campuses. In fact, there are more endowed entrepreneurship chairs than people to fill them, says Bower. The Internet, laptop computers and cell phones broke down the barriers that held back previous generations.

Most college businesses fall into five popular categories:

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## Paying for college

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**1. Tutoring.** Service angles work well because students rarely can get their hands on funding outside of maxing out credit cards.

**2. Music.** Those who can sing or play instruments offer their skills at parties and upscale campus functions. One group in Tanabe's experience even billed themselves as the "Off-Key Singing Telegrams," capitalizing on their lack of talent.

**3. Baby- and Pet-sitting.** Graduate students and professors travel and someone has to keep the home fires burning.

**4. T-shirts.** College humor is very specific to a generation and campus, Tanabe points out, so who best to turn out an in-demand product that highlights it?

**5. Ebay Sellathons.** The Internet's yard sale provides the perfect place to peddle everything from cameras to handmade jewelry. The true winners in this category sell other people's stuff on consignment. One energetic young man in the Hinman dorm pulled in \$500,000 in 2002 reselling textbooks.

The trick to choosing, says Jeffery Sloan, managing partner of [StartupNation.com](#) in Birmingham, Mich., lies in your personal time constraints. Tutoring often requires face-to-face time; Ebay stores allow you to fill orders in the middle of the night.

### Keys to Success

But some things never change. Even young business owners need to understand the fundamentals to succeed, says Sloan. Books can convey much of the business plan and bookkeeping information. They also need viable ways to collect money owed. Since most dorm-room ventures can't accept credit card payments easily, Sloan suggests checking out PayPal and similar online intermediaries to secure the upfront payments.

"We have found in every business that we have been involved with that people don't like to let go of their money," the Baker twins warn future entrepreneurs. "If you can figure out a way to trade services, you may still end up with something of great value, even if it's not in the form of cash."

They exchanged advertising for a 36-inch flat-screen television, restaurant meals and car washes.

Students taking this path also must show an ability to multitask. "You need a passion for what you're doing, and you must be disciplined," Sloan says.

Indeed, Bower finds herself amazed at the teens who win her competition. "They are dynamite. The words 'can't, won't and don't' aren't in their vocabulary," she says. That's one reason why the GSEA recently published "Student Entrepreneurs: 14 Undergraduate All-Stars Tell Their Stories," highlighting its winners' stories and advice.

The profits can be iffy. Because the independence allows students to work around class and social schedules, Bower believes the lifestyle makes up the differential when these risk-takers don't make quite as much as their fast-food counter colleagues. In the final sifting, Tanabe estimates most student business owners make about the same wages as the hourly crowd.

"It all depends on your goals," Sloan says. "If you are not interested in growing this business, I have to tell you quite frankly that you may be better suited to taking a job."

And beware the final bugaboo: You could succeed in business but fail all your classes, Tanabe warns.

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