



## **In Depth: Tales from the dot-com dead**

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# **Campus courses reflect dot-com downturn**

## **Students aren't nearly as interested in e-commerce or Internet business classes**

George Erb Staff Writer

On campus, dot-coms have gone from hip to zip.

Fewer students are signing up for university courses that concentrate on Internet startups, and business professors are more likely to mine the dot-com phenomenon for cautionary tales about business practices worth avoiding.

The dot-coms' fall from grace came with stunning rapidity. The bubble began to burst in the spring of 2000, when tech stocks swooned. In recent months, scores of dot-coms have either closed or merged, displacing thousands of workers.

At Puget Sound business schools, student attitudes about budding Internet companies have waned with the reversal of dot-com fortunes.

"It's gone from unbridled enthusiasm to cautious optimism. And that's just in the last year," said Jim Rand, a professor at the Seattle Pacific University School of Business and Economics in Seattle.

At Pacific Lutheran University in the Tacoma suburb of Parkland, so many students signed up for an e-commerce course three years ago that the School of Business started a waiting list. Today, the same course has 10 students.

Suzanne Erickson, an associate professor of finance at Seattle University, two years ago taught a course on entrepreneurial business that attracted more than 45 students, forcing the university to keep a waiting

list. This spring, her class has 28 students.

Many of Erickson's MBA students are young professionals with families and mortgages - and an aversion to plunging into the dot-com world.

"I think they view it now as very high risk," said Erickson. "Probably none of them wants to be involved."

For academics, the dot-com bubble offers lessons aplenty about sound - and unsound - business practices. In many cases, Old Economy fundamentals are finding newfound respect in the classroom.

Some of those lessons include:

- Scrutinize the business model. Many dot-coms failed because "they didn't have viable business models and feasible long-term strategies," said Chung-Shing Lee, an assistant professor of technology and innovation management at Pacific Lutheran University.
- Develop a strategy. Too many dot-com executives launched their companies without a coherent strategy; as a result, they spent too much time on the mechanics of starting up and not enough time thinking about where they needed to go.

"They didn't even think strategically about the products," said Seattle Pacific University's Rand.

- Embrace profits. According to conventional dot-com wisdom, startups could forgo profits for years while they built market share. These days, Seattle University's Erickson tells her students that startup companies should have a positive cash flow within 18 months.
- Ask the marketplace what it wants. Too often, dot-com executives with a high-tech mindset were so enthralled by their new technology that they failed to ask whether the marketplace even wanted their products.
- Look for alternatives to venture capital. Entrepreneurs have fallen in love with venture capital in recent years, but the vast majority of startup companies are ill-suited for venture financing, Erickson said. Venture capital prefers companies that could grow quickly in enormous markets - a recipe that does not apply to most startups.

As for everybody else, Erickson tells her students about some old-fashioned ways of finding startup capital: launch your company with its own revenues, take out a second mortgage on your house or get a loan from your parents.

Of course, hindsight is always 20-20. At the peak of the dot-com craze, business professors were struggling as hard as everyone else to make sense of it all.

"I couldn't explain it," Erickson said. "I think it was a euphoria."

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