

BizFed

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A portrait of Shelly Lazarus, a woman with short blonde hair, smiling, wearing a dark pinstriped blazer over a black top. She is positioned in the center-right of the cover.

Ogilvy & Mather's Shelly Lazarus

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Prison Break

Executives, business professors, and students mentor prison inmates who hope to become entrepreneurs after serving their time.

by Gary Carini
and John Jackson

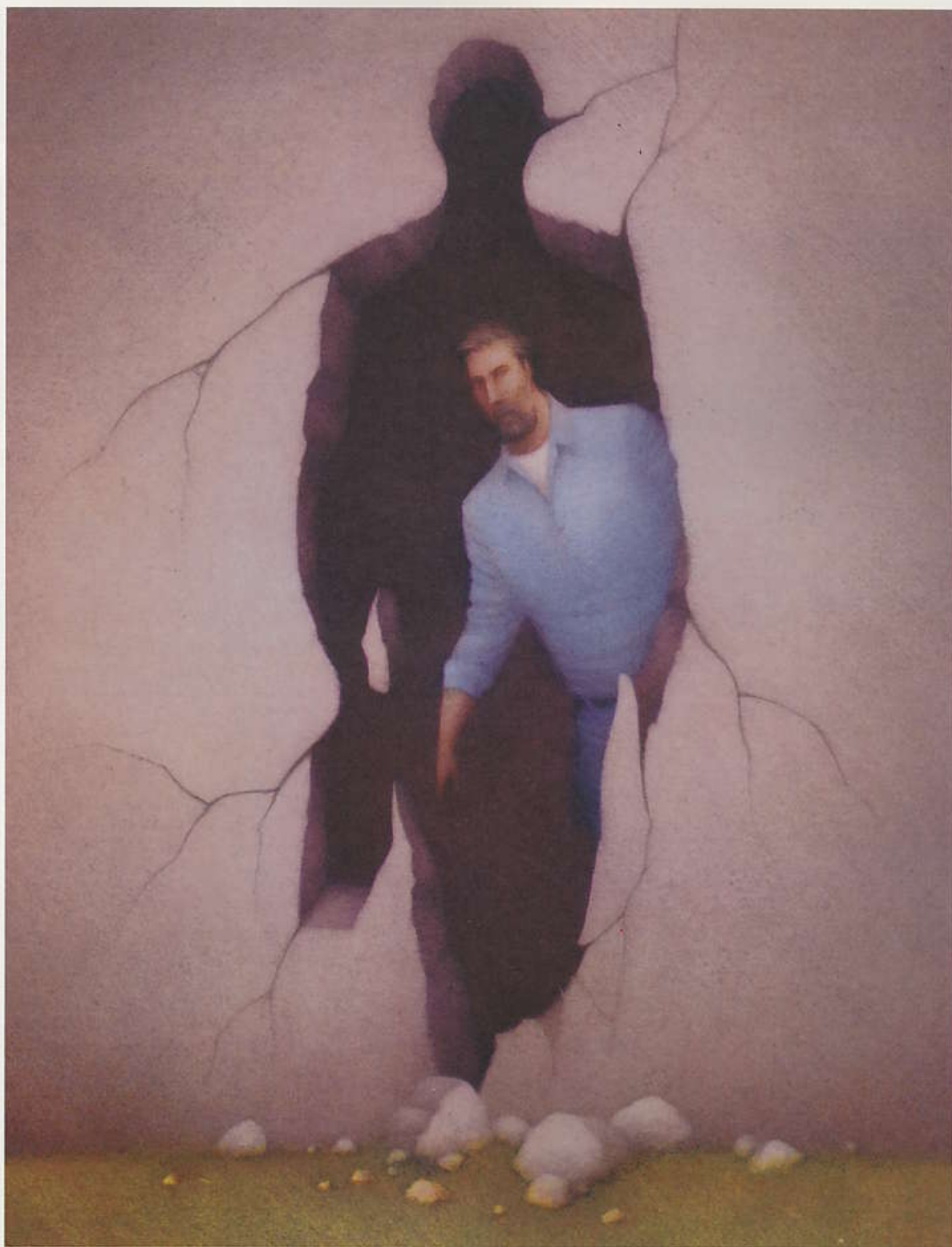
When MBA students hear that their professor is going to prison, they're usually incredulous. They're even more astonished when he asks them to join him. Yet their attitudes change when they learn about the Prison Entrepreneurship Program, in which volunteer business consultants teach inmates the skills they'll need to run their own businesses once they're released from prison. In our own experience with PEP, we have found that both students and inmates emerge from the program immensely changed for the better.

PEP was founded in 2004 by Catherine Rohr, then a young Wall Street investor. After she and her husband offered to help a former inmate hone his business skills, she realized that hundreds of prisoners could benefit from similar one-on-one time with businesspeople. Since that time, PEP has worked with more than 300 inmates and graduated its seventh "class" in December 2007.

To participate in PEP, prisoners must fill out a 23-page application, take four tests, and undergo 11 peer and staff interviews. Only 56 percent of applicants are accepted into the program, and 70 percent graduate. Each class includes a group of about 50 prisoners who move through a four-month business curriculum that culminates in a business plan competition. According to Rohr, the employment rate among the PEP graduates exceeds 93 percent, a far cry from the 11 percent average for former inmates. Moreover, the recidivism rate is less than 5 percent, compared to the national average of 70 percent.

Rohr has recruited approximately 800 executives to act as consultants for the inmates as they develop their business plans. She has also established PEP partnerships with 12 MBA programs, including Harvard, Stanford, Wharton, MIT, the University of California at Berkeley, the University of Texas at Austin, Rice University, Texas A&M, the University of Dallas, Baylor University, University of Oregon, and the University of Maryland.

We believe that participating in PEP gives business students a chance to apply their newly learned skills to real business situations, while simultaneously giving back to society. It also allows individuals such as the two of us—a professor and a CEO—to share our knowledge and bring some tangible good into the world by doing more than simply writing a check.



The program illustrates the truth of the George Eliot quote:
"It is never too late to be what you might have been."



Baylor MBA student Catherine Gruetzner listens to an "elevator pitch" given by one of the prisoners.

The B-School Connection

Prisoners who participate in PEP have already demonstrated key entrepreneurial skills—strategic vision, marketing, leadership, innovation, an understanding of financial viability, and the ability to network—but in the past they applied these skills to unlawful ventures. When prisoners are ready to redirect their formidable abilities to legal ventures, outside business consultants can have a profound impact on helping them achieve their dreams.

Rohr emphasizes that impact when she regularly visits college campuses to describe PEP to students and faculty in a heartfelt and emotional presentation. "If you died today, what would you have to show for your life?" she usually asks. "Would you have made a difference in the world?" Often, the audience is so impressed that a handful of students and faculty sign up on the spot, and more join the program in the following weeks as their friends and colleagues talk about the experience.

When students sign up for PEP, their job is to help inmates prepare the business plans they will be entering in the next business plan competition. Students from all over the country come to Texas to participate. Until recently, most of the entrepreneurship programs have been held at the Hamilton unit in Bryan, but PEP has recently expanded operations and moved to a unit in Cleveland, near Houston. During their first visits to the prison, students listen to the 30-second "elevator pitch" that each prisoner has developed.

In a recent class, prisoners presented a wide array of business plans, including those that focused on running errands for busy professionals; mobile, quick-response addiction counseling; carpet cleaning and restoration; custom desktop computer building; IT staffing and recruiting; auto registry services for dealers who sell to auctions; lawn care; and dog obedience, boarding, and breeding.

Hearing the elevator pitches can be deeply moving for stu-

dents. Drew Byrd, an MBA student at Baylor's Hankamer School of Business, was especially impressed by the courage that the men showed. He says, "As they introduced themselves to us for the first time, we noticed that some were very excited and others were scared to death. Multiple men forgot their business slogans mid-sentence, and the motivating roar of applause from the crowd would push them through their words."

After the plans are pitched, the prisoners form groups and wait their turns to talk to MBA students about their plans. They receive at least two

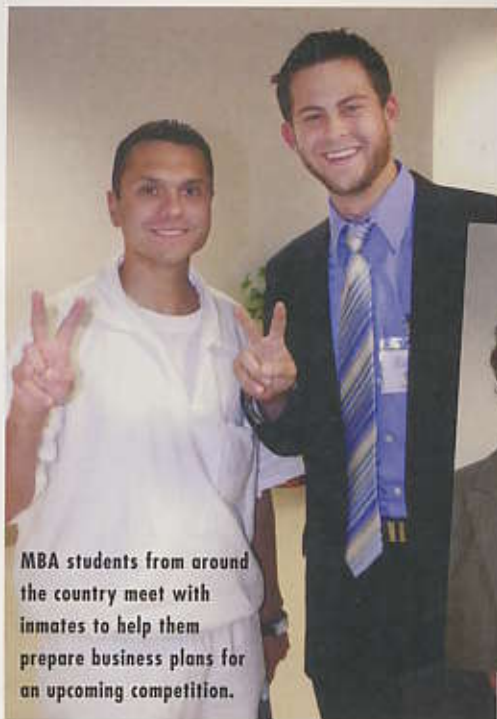
25-minute sessions with students, and each student handles four consulting sessions over the course of the day. Sometimes prisoners who have already finished their consulting sessions share what they've learned with other prisoners still waiting in line.

The Mentoring Challenge

When the group consulting sessions are over, students can choose to sponsor an inmate to give him even more help getting his plan in shape. Over the next nine weeks, those students will receive a weekly e-mail from PEP detailing a new part of the prisoners' plans; students review the plans and e-mail their comments to the inmates before the week is up. Students can also choose to participate in an on-site mentoring visit that takes place over a weekend a few weeks before the competition.

In their e-mails and on-site consulting sessions, mentors help the prisoners fine-tune their personal statements, mission statements, product offering descriptions, pricing and promotion plans, marketing research parameters, marketing plans, and leadership. Some recommendations might focus on basic business tools and strategies. For instance, Baylor student Chad Grief offered advice about supply chain management and inventory control to the inmate he was mentoring. Grief told the inmate to focus on one market at a time and expand only after developing a solid infrastructure. He also suggested that the new businessman join a local trade organization for its networking advantages and get immediate experience by taking a job in another company's planning, purchasing, or inventory departments.

Other times, students find themselves doing industry-specific research on behalf of their inmates, as was the case when Laksh Ranganathan worked with a prisoner who wanted to enter the tree-care business. "Most of my help for him was in the form of research about the tree-care businesses in Houston, his target city. I found forums that advised new



MBA students from around the country meet with inmates to help them prepare business plans for an upcoming competition.

The Prison Entrepreneurship Program exposes students to the idea that they should use their business skills to contribute to society instead of taking from it.



constructive feedback and beam with pride when they are sincerely complimented for their sound business thinking. Those who are not selected to go on to the next round show unwavering support for their fellow prisoners.

The winner doesn't actually walk off with a prize. According to PEP

entrants in this business about key challenges people have faced when starting a tree-care business, as well as fatal flaws to avoid. I also obtained information about memberships to accredited local and national tree care associations that could provide help and support for the business."

Ranganathan also offered input on various deliverables of the business plan itself. "I recently took a class on entrepreneurial finance, where we learned what to look for in a business plan and how to get funding. I used that knowledge to help the business plan stand out."

Choosing an inmate to mentor can be an agonizing task because so many prisoners need help. "I picked a 47-year-old man who had not been in the outside world for more than 19 years," says Byrd. The prisoner wanted to launch a business to manufacture handbags and accessories in the Houston area. Says Byrd, "I am convinced he will develop a sound business plan that will help him launch a successful business."

Friendly Competition

While MBA students may come to the prison to watch the business plan competition that caps the program, only faculty and executives serve as judges. Both of us have acted as judges in the past, taking two days to review the first and second rounds of the competition.

In one competition, prisoners laid out plans for small businesses that ranged from a scuba diving operation to a brick laying enterprise to a golf club manufacturing business. One inmate had an idea that would require him to file a patent once his product had been developed. Each prisoner drew on existing business skills to come up with his plan.

To judge the business plans, the executives and faculty form four-person teams that provide feedback on the content of the plans and the inmates' presentation styles. In our experience, without exception, the prisoners humbly hear

administrator Kami Recla, "We tell the participants that they are all winners for taking this opportunity to better themselves. There is a strong sense of brotherhood within the class, and we want to make sure the competition does not affect that dynamic."

When the competition is over, the prisoners participate in a graduation ceremony. Many have never before put on a cap and gown. While some have family members in attendance, others rely on their fellow PEP members for appreciation. At this moment, it is unmistakable how valuable the program has been to all the participants.

Extraordinary Rewards

It is clear to us that PEP doesn't just benefit prisoners; it brings extraordinary rewards to the business consultants who participate. For executives and faculty like us, the program reinforces the idea that success is not about how much money we make or what positions we have, but about what we do with the opportunities we are given. Having watched prisoners pursue their dreams with so much passion and determination, both of us feel we have learned as much from them as the inmates have learned from us. For us, the program illustrates the truth of the George Eliot quote: "It is never too late to be what you might have been."

The benefits to the students are just as powerful. First, as students work through the issues of each prisoner's business plan, they are exposed to disciplines such as marketing, strategy, finance, accounting, and organizational behavior. In addition, because students are working with so many different types of proposals, they see how those disciplines can be integrated in a variety of ways. The students teach others, and in so doing, they learn.

In a sense, students who work with prisoners see what it's like to have a "direct report" in the business world. As the MBA students supervise plan development, they learn how

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to encourage prisoners by praising the parts of their plans that are strong. As they discuss the parts of the plan that still need improvement, they learn how to gently but effectively communicate their criticism of substandard work. Students learn how to lead, motivate, interact, and serve, which are all valuable lifelong skills.

In addition, students receive hands-on experience in writing and perfecting a business plan that requires complexity and rigor. If they come to the prison during the business plan competition, they are exposed to multiple ideas and multiple ways of thinking. Most of the prisoners write plans for small businesses that can scale over time. This approach helps students think about the various ways they could start and grow a business on very little capital.

Most important, PEP exposes students to the idea that they should use their business skills to contribute to society instead of taking from it. When she participated in PEP, Baylor MBA student Catherine Gruetzner found the program's mission both exciting and gratifying. "I was amazed at the creativity of the inmates," she says. "I was inspired by their sincerity and their passion about their ideas."

Business and Society

The PEP program brings together a great blend of talent—senior executives, MBA students, business faculty, and aspiring entrepreneurs. The opportunity for us to interact

with this diverse group has been wonderful, and we believe the inmates we have met will become productive citizens, fathers, sons, and leaders. We are excited every time we go to prison. We never know whom we will meet or what we will learn. We truly believe we have received more from this program than we have given.

Not only does PEP offer inmates aid with business plan development, but it helps them with reintegration services such as work readiness and executive mentoring; PEP also helps them find financing. We expect that, in the future, the program will only expand on all counts: It will draw more prisoners who have a strong desire to change, it will attract more executives and professors who see the potential of the program, and it will raise even more financial support to ensure the success of PEP graduates.

The state of California estimates that, within the next five years, it will spend more on the prison system than on education. Programs like PEP can alter that equation. When business executives, business faculty, and business students all work together, they can change the world. ■

Gary Carini is associate dean for graduate programs and professor of management at Baylor University's Hankamer School of Business in Waco, Texas. John Jackson is director of Exterran Holdings & Seitel Inc. in Houston, Texas. Additional details about PEP can be found online at prisonentrepreneurship.org.