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BUILD

CULTIVATING ENTREPRENEURS

DAVID NEEDLE interviews **SUZANNE MCKECHNIE KLAHR**,
founder and CEO of one of the fastest growing and most
respected nonprofits in Silicon Valley—**BUILD**.

Suzanne McKechnie Klahr is the hard-charging founder of BUILD, an innovative nonprofit she started in 1999. Based in Redwood City, Build's mission is to help disadvantaged youth learn about starting a business with a hands-on approach that encourages entrepreneurial thinking. Sitting down for a talk at Build's eclectic office space, Klahr discussed how the organization is helping high school kids realize their dreams, and what's next for the organization.

David Needle: *Let's talk about the journey of why you created Build and how that's played out.*

Suzanne McKechnie Klahr: I grew up in New York City. My mom was a public school teacher in Harlem and my dad was an immigrant who came over on a boat and made it in the business world. Looking back, I think the juxtaposition of their expertise in education and business informed my development and career path. While I was at Stanford Law School, the dotcom boom was in full swing, so I had a front-row seat during the amassment of extraordinary wealth. Simultaneously, I was doing my clinical work in East Palo Alto. It struck me that there was entrepreneurship all over, but the residents of East Palo Alto didn't necessarily have access to capital or the networks of people to get off the ground. They had a lot of skill, but access was lacking, while only a few minutes away in Palo Alto companies were easily getting multimillion valuations for dotcom ideas.



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DN: *You wanted to get involved?*

SMK: Yes. I started working in legal services for adult entrepreneurs and it was going not very well for multiple reasons. In the meantime, I received an offer from Skadden Arps in New York to do mergers and acquisitions, but I also won a fellowship from them to do public interest law. A group of students approached me who wanted to get a business off the ground. They weren't excited about school and I made a deal with them that if they committed to staying in school I would help them get their business off the ground. That's how BUILD was born.

DN: *Did that experience with those kids serve as a template for how to help others?*

SMK: In the beginning I thought it was a project I'd do for a year and then go to the law firm. But it became really clear when two kids became four, 12, and then 16 kids that young people were really inspired to start businesses.

DN: *What's standing in their way?*

SMK: In the United States there are so many young people who have tremendous potential who are not graduating high school, or when they do graduate they are not achieving college or career success because they don't have the skills they need. Everyone talks about the entrepreneurial mindset, but how do you teach entrepreneurial skills? At BUILD we teach students how to start a business and demonstrate the skills required to be successful in college and in a career.

There are half a million young people dropping out of high school every year and millions of others who are not prepared for the world of work. BUILD had an insight that starting a small business is very exciting for young people and that maybe we could use that process to teach not just academic skills, but social and emotional skills as well.

DN: *How is that quantified?*

SMK: BUILD focuses on six skills: Communication, Collaboration, Problem-Solving, Innovation, Grit, and Self-Management. We use a very powerful curriculum and we partner with schools. We embed our model in the schools. We teach the 9th grade class as a credit-bearing elective in the school every day.



DN: *So key to this is cooperation with the schools?*

SMK: The partnership with the schools is critically important.

DN: *How do students find their way to BUILD?*

SMK: Our target demographic is comprised of students who are not always identified as those who would be successful in college programs. We target the disadvantaged students, but also those who are disengaged from the school experience. The goal for BUILD is to show the extraordinary potential of so many students who are being left behind.

DN: *But it's up to the student to be motivated enough to select BUILD as an elective?*

SMK: When the kids see an opportunity to learn how to start a business and make money, that becomes a very compelling option. And we work with guidance counselors to identify those who are at high risk of dropping out of high school.

DN: *The class is every school day?*

SMK: Yes, and one evening a week with mentors. We used to have an incubator space, but we found you can't support the school if you are outside the school, so now we have youth business incubators embedded in the public schools we work with.

DN: *And this isn't like fantasy sports—these are real businesses they are trying to create?*

SMK: Right, these aren't simulations; these are real businesses and products. Our kids are getting seed capital and it's so much better for the kids to get experiential learning—they are so much more inspired.

DN: *When I was in high school, there were shop classes, home economics, and other things besides the college track.*

SMK: I think kids need an extraordinary community around them. There are no silver bullets, but I do believe that there is something very powerful about the entrepreneurial experience. So while the arts, music, literacy, math are all critically important, those don't necessarily teach the skills that research has shown is fundamental for success.

DN: *What are those skills?*

SMK: You can teach collaboration and communication and how those are important in business. Everyone now is talking about grit and the importance of resilience. We believe our kids possess grit. Many of our students go through traumas that would bring many of us to our knees, so they have grit and resilience. But how do we translate that into [furthering] their academics or to success in their careers?

DN: *There's a movement of people like (PayPal cofounder)*

Peter Thiel who say it's okay to drop out of college or not go at all.

SMK: It's been interesting to watch this movement encouraging people to drop out of college to become entrepreneurs. People give examples like Bill Gates, Steve Jobs, and Jack Dorsey. But all of them were accepted to college and decided to leave. Most of these examples include white men who were middle or upper class with a safety net to support them. To encourage young people who don't have those networks to drop out of school is imprudent. The likelihood that they can drop out and create the next Microsoft is highly unlikely.

DN: *Has BUILD been able to quantify helping high schoolers succeed?*

SMK: Yes, in many ways. When you look at on-time graduation, 81% of students nationwide graduate from high school on time, 73% of low-income kids graduate on time, and 96% of BUILD seniors graduate on time. So we're not only beating our target demographic, but also the national average. We've also found that 75% of our students enroll in college compared to 52% of their low-income peers. Our hypothesis is that by teaching them how to start a business we can embed academic and life skills that are critical to success in a very relevant way.

DN: *A lot of success stories?*

SMK: Our graduates are successful all over the country. And I'm especially proud that we have BUILD alums who come back and work here. We also have BUILD alums at Facebook, in aeronautics at Boeing, pilots in the military, the list goes on.

In the 9th grade, BUILD students understand return on investment and cost of goods sold and can do income statements and balance sheets and understand product placement. That makes finding a job so much easier. Our students who go into retail understand business so much better. The process of being



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an entrepreneur gives them an incredible head start whatever they do. Our goal is not to create all entrepreneurs, but we want every student to be imbued with the entrepreneurial spirit so they can take advantage of the opportunities out there. All of the students also get bank accounts so they understand banking.

DN: *Jack Dorsey of Twitter and other tech execs are advisors to BUILD. Do they give any of the kids in BUILD an opportunity to work at their companies?*

SMK: They absolutely do, and they've been incredible partners. We've had young people take on internships at tech companies and several of those companies have hosted our sales, so their employees can shop for our students' products. We've had tremendous support for our events. People volunteer to be business plan judges and review the work the kids are doing. It's been really inspiring to see the community galvanize around our students.

DN: *And you've opened other branches of BUILD?*

SMK: Yes, we have BUILD branches now in Boston and Washington, D.C., and we just announced that we're launching in New York with 500 young people in the program. Los Angeles is also in the works for fall 2017.

DN: *I think of Silicon Valley in particular as having an entrepreneurial startup culture. Is it more of a challenge to launch this in other regions?*

SMK: In this area, startup is sexy and exciting. Finding angel investors here for great ideas is just commonplace. I think that is spreading for sure, but there is probably more tolerance for risk and failure here, so it's fortuitous BUILD was started here.

DN: *That said, you're confident the formula and the framework will work elsewhere?*

SMK: No doubt. The American dream is founded on the entrepreneurial idea of what is possible and that extends across the country.

DN: *Are you looking into ways of helping girls specifically, similar to what Girls Who Code and groups of that kind are doing?*

SMK: We serve young men and women, but it is interesting when you look at our statistics that 52% of BUILD students are female and 60% of our seniors are female, which indicates girls are more likely to stay with the program and be a bit more inspired and entrepreneurial.

DN: *For any students interested, it starts in the 9th grade?*

SMK: That is the entry point. In 9th grade it's a one-year elective embedded in the school. For those students who don't feel that's a powerful enough inoculation, or they feel so inspired by entrepreneurship, we have a 10th through 12th-grade program that's after school. But you do have to finish the 9th-grade program first.

DN: *How many schools in the Bay Area?*

SMK: We're in 10 schools in the Bay Area and 33 across the U.S.

DN: *What if a student doesn't go to one of the participating schools and wants to get involved with BUILD?*

SMK: BUILD is very entrepreneurial itself and we're looking at training other partners with our pedagogy so we could train schools, community centers, or even community colleges. We're investigating these possibilities because there is so much demand for BUILD.

DN: *The person teaching in the school is not a BUILD employee?*

SMK: No, we are training teachers in the schools. We support them and we have mentors. The beauty of this is that, let's say, they are only teaching BUILD one period a day; they can bring the power of experiential learning to all their other classes and students so there's a ripple effect.

DN: *What's next?*

SMK: I've been doing this 17 years, and it's a marathon not a sprint. BUILD will not stop until we're improving the lives of every young person in every urban community in the country. We believe this is fundamental to our nation's success.

DN: *How does this work in other regions since you personally can't be in all these places?*

SMK: I appear like a Princess Leia hologram. (Laughs) We have executive directors in all the regions and they really run each region. They do fundraising and have P&L responsibility for their region, along with programmatic quality. But BUILD is a 501c3 nonprofit, which allows for tremendous quality control and also lets us be sure we are learning together in terms of all the innovations. We feel at BUILD like if we are not failing, we are not pushing hard enough. So we take risks and we're very innovative because we know no one has solved the problem of young people being disengaged at school. But we think we're on our way. ♦