JUN 3, 2015 @ 6:19 PM 193 VIEWS

Hundreds of Imaginary Companies Teach U.S. Students How To Run A Business

Laura Reston
FORBES STAFF

I write about leadership in the evolving American workplace. **FULL BIO**

When Mahmoud Khedr was a senior at Manhattan Business Academy, a public high school nestled between city blocks in southern Manhattan, other students started going to him for advice. They wanted to know what to wear to interviews, how to land their first jobs, and above all, when they could begin to think about starting their own companies. They turned to Khedr for one simple reason—he had helped build a company of his own from the ground up.

Versorna, the company Khedr had worked on, sells clothing for both men and women. It has a sleek website to hawk its wares and a managerial hierarchy with enough operatives to rival a Fortune 500 company. The only difference? Versorna has never actually sold a piece of clothing. It is a "virtual enterprise," an imaginary company that operates using pretend invoices and products.

Manhattan Business Academy is one of 500 schools nationwide that have installed virtual enterprises to give their students the skills to succeed in an evolving job market hampered by sluggish growth after the recession. Today, program administrators and students alike say that the kids who join virtual enterprise programs during high school generally enter the working world better prepared to deal with its challenges.

At a time when educators are increasingly acknowledging the need for better vocational training in schools, virtual enterprises may become increasingly popular.

They are not unique to the United States. The New York Times reported last week that European workers facing chronic unemployment have begun working for fake companies where they spend their days peddling imaginary wares, attending staff

meetings, and mapping out faux sales trajectories for the current quarter. Unlike in the United States, the people who staff these offices are generally older workers struggling to land another job after the recession and halting recovery edged them out of the workforce. Those workers hope that their experience at a practice firm will give them the skills they need to get another job.

Virtual enterprises first came to the United States in 1996, when Iris Blanc, then an assistant principal at a New York public high school, travelled to Vienna to observe a "practice firm" there that gave students a chance to build an imaginary company during high school. Impressed, she decided to take the program back to the United States, setting up similar virtual enterprises at seven New York public schools where educators were trying to create innovative new ways to engage their students.

"We were blown away by what they were doing," Blanc says. "[We thought that] implementing these programs would be a catalyst for changing how we develop the workforce and the way we train our kids."

The program took off, spreading to hundreds of other high schools around the country. Blanc now stands at the helm of Virtual Enterprises International, a network of about500 high schools and a few community colleges with these programs around the country.

For one hour every day, students at those schools leave their classrooms and enter what feels like an office. The virtual enterprise room as Fort Hamilton High School in Brooklyn, New York, for example, is decked out with cubicles rather than desks and a long conference table where students hold staff meetings, according to Mary Grace Alfredo, the school's virtual enterprise teacher.

Virtual enterprises can range from clothing manufacturers to catering services to media companies. At Francis Lewis High School in New York, Nolan Leung worked on a company called Nuapps, an imaginary programming firm, where students worked to created new online apps. Unlike many virtual enterprises, Nuapps ended up creating a real product: software that would allow other virtual companies around the country to feature shopping opportunities on their websites.

Many students bring their projects to Manhattan every spring for a virtual international trade show held in the cavernous exhibition space at the 69th Regiment Armory. This past April, about 4,000 students with 160 virtual enterprises from across the country attended the show, giving presentations to their peers and real business executives. Students could also purchase imaginary products using fake credit cards distributed to participants this year.

Although some students walk away from the show with prizes for the best sales pitch or best booth, Alfredo and Blanc say that almost every student they have seen go through the virtual enterprise program leaves with something more: confidence in his or her own abilities and an appreciation for hard work and entrepreneurship.

"Their self-esteem changes," Blanc says. "They may not have been engaged in school before, but they completely light up. They see the relevance of their education."

That was certainly true for Leung, the coder at Francis Lewis High School. His virtual enterprise changed how he envisioned his career unfolding.

"All through high school I wanted to work at Google," Leung says. "But I realized I didn't want to be a cog in a machine. I wanted to be a leader. I wanted to run the machine." He decided to major in computer science when he arrived at NYU Polytechnic this year, but chose to add a minor in business so that he can one day open his own company.