BUILD A BUSINESS...IN AN HOUR OR LESS: GETTING CLOSER TO REALITY INTO THE CLASSROOM

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ABSTRACT

This paper presents a process for students to create businesses in the classroom. Handouts guide students through systematic procedures to create a website that looks as real as that of an existing business. The conceptual content corresponds to a portion of a business management course covering startup, planning, execution, and organizational structure. This approach provides an experiential and virtually real way to have students engage with key concepts. A series of forms represent five discrete lessons to guide students through the process. Examples of student outcomes, the forms, and an instructor assessment sheet are included.

INTRODUCTION

The advent of the Internet and ease of free website development platforms has opened the door to a variety of new classroom activities. In business management classes students can experience the process of building businesses in ways that seem real. Although the resourcing and actual operation of the business is simulated, the creation of a website representing these operations and resources can be as real as that of an existing business. In one case, the students in a group felt that their outcome was so real that they blocked public access to their website, opening it only for the instructor to complete an assessment.

The goal of this approach to building a business in the classroom is to create an experiential exercise in order to cover some of the basic concepts in a business management course. Experiential learning is the "process whereby knowledge is created through the transformation of experience" (Kolb, 1984, p. 41). As with any experiential process, the hope is that students will learn more as the result of applying the concepts in an experiential fashion (Bonwell & Eison, 1991; Morgan, Martin, Howard & Mihalek, 2005). It is also believed that students can better apply skills learned experientially to future projects (Leong & Crowley, 2007), thus enhancing learning in other courses. As the AACSB continues its demands to get students engaged in their learning experience (Biggs & Gulkus, 1988; Boscia & McAfee, 2008), the use of experiential approaches is appealing. Although the empirical relationship between learning and performance in experiential ex-

ercises is not always evident, the capability to differentiate degrees of performance among students can be useful and even attractive to prospective employers (Bernard, 2004). While other portions of a course might remain traditional, the opportunities to realize "pedagogical pluralism" (Windsor, 1984) through various complementary teaching methods should be pursued (Lord & Newson, 1977).

COURSE CONCEPTS

The first priority in the design of this exercise was to ensure the effective coverage of course concepts through a means that would enhance learning beyond that achieved through traditional classroom methods. While a barrage of new concepts in a short period of time can seem intimidating to learners, participant centered learning can make the process less threatening, more effective, and even enjoyable for the students (Franklin, Peat & Lewis, 2003; Grasha, 2002; Weisskirch, 2006). Experiential exercises promote interest and allow the flexibility to accommodate various student learning styles (Moore & Dettlaff, 2005). These activities can promote creativity, varying degrees of healthy competition, and improved levels of engagement in group work (Davis, Shepherd & Zwiefelhofer, 2009).

The *Build a Business* exercise was conducted approximately midway through an introductory management course using Daft's (2012) management textbook. Exhibit 1 lists the basic concepts that were covered across five chapters in the course text. Exhibit 1 also compares content covered in five other management textbooks. Two of the other five books (cf. Griffin, 2011; Robbins, Decenzo & Coulter, 2011) dedicate a chapter to the basic concepts used in this exercise. The remaining books (cf. DuBrin, 2012; Jones & George, 2011; Williams 2012) dedicate partial coverage to the concepts of strategy and new ventures within a chapter, with the exception of the Williams (2012) book which does not specifically identify new ventures as a topic in the detailed table of contents. In general, the sampling of books suggests a somewhat uniform coverage of these business topic areas, which indicates that this exercise, as presented here is transferable to various introductory business or management courses.

The particular forms distributed to students (see Appendix) show the detailed coverage of concepts for each of the five areas, so they will not be repeated in detail here. Instead, the major theme behind each handout is discussed as follows. The first form, entitled "Build a Business . . . in an hour or less" is targeted toward the coverage of new venture formation. Although students are not required to build their entire business on a website within one class, the objective of limiting their first activity to an hour is to show that they can rapidly determine the type of product or service they will sell including the rationale for believing it will be successful. They are also asked to determine, in general terms, their target market, their competition, how the business would work financially, and how they will distribute work amongst their team. Finally, they are challenged to have a website up and running before the end of the class period in an hour and 15 minute class session.

Once they have decided upon their business idea, the second handout distributed during the next lesson focuses upon developing a vision, values, a mission, and objectives. They are directed to add these items to their website in order to show the application of planning and goal setting concepts. In the next and third lesson, students engage in strategy formulation and execution by assessing their environment and determining a strategy based upon the vision, mission, values, and objectives established in the prior lesson. The students are told to include the strategic management information in a section of the webpage designed for access by potential investors.

Lesson four, and its corresponding handout involves a process that varies from the prior lessons because it does not require particular additions to the website. This kind of lesson can be made optional by some instructors because it focuses upon decision-making behavior. Instructors might want to leave that discussion to another part of the course. In our case, it was used during the *Build a Business* exercise in order to allow teams the time to catch-up on their website development, while also pausing to reflect upon the decision-making models employed by their group in reaching the current state of their business.

In the final lesson of *Build a Business*, students are tasked to develop the organizational structure that will best serve to execute the strategy developed in the third lesson. In reference to the course concepts, students must assess the environment and their strategy to show how it determines their choice of organizational structure. They are also asked about technology and work processes relative to a selected structure. The final task is to develop their organization chart and post it to the website.

BUILD A BUSINESS EXERCISE

There are four basic components to this exercise. First, students must be able to create a website, which requires prior student knowledge of the process or some guidance from the instructor. Second, a series of forms are given to students to guide them through the course concepts which must be considered when starting a business. The forms also direct the students to develop particular aspects of their website in order to effectively represent their business. Next, students must develop and display their website. Finally, the instructor must be able to access the student websites via the Internet and conduct an assessment based upon the desired concept coverage. The time allotted for the conduct of this exercise in the particular case described here was five one-hour and 15 minute class periods. At the start of each class, the instructor took time to cover

Exhibit 1
Business Building Concepts Coverage by Chapter
in a Sample of Management Textbooks

Concepts	Daft (2012)	DuBrin (2012)	Griffin (2011)	Jones & George (2011)	Robbins, Decenzo, & Coulter (2011)	Williams (2012)
New Ventures	✔	Partial*	✔	Partial*	✔	
Planning/Goal Setting	✔	✔	✔	✔	✔	✔
Strategy Formulation/ Execution	✔	Partial*	✔	✔	✔	✔
Decision Making	✔	✔	✔	✔	✔	✔
Organization Structure	✔	✔	✔	✔	✔	✔

*Covered in at least a section of a chapter

the basic concepts that were important to that lesson. Then the students were directed to apply those concepts in developing that part of the website.
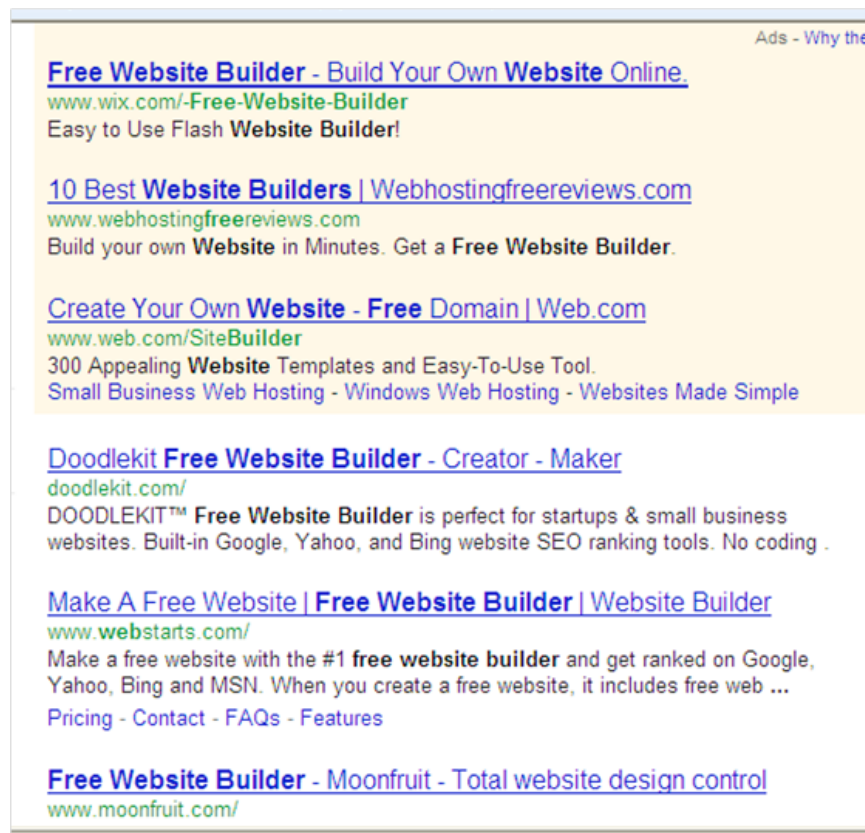
CREATING WEBSITES

Various hosting services exist with which to create websites. These can be accessed and used simply by creating an account at no charge. It is beyond the scope of this paper to assess and analyze the extent to which any particular service is better than another, so this is left to both the instructor and students' discretion, as determined by personal preference. Since the instructor in this course was familiar with WordPress.com, that particular website was suggested for students that did not have knowledge of such services or any particular preference. The advantage of using a service that the instructor is familiar with is that the instructor can offer assistance, when needed. Exhibit 2 is a snapshot of a Google search page showing results from a search of the phrase "free website builder." The search generated more than a dozen different services that could be accessed for free in order to build a website.

Some students showed concern about being able to build a website since they had never done it before. The instructor allayed concerns by demonstrating the relative simplicity of the process. Although some of the more sophisticated functions require an investment of time and energy, it is possible to establish an account and generate a website in just a few minutes even if an individual has never done it before. By the end of first class period devoted to this exercise, all four groups had gone to the computer lab, established a product, a company name, and a website with varying degrees of information posted. The instructor also encouraged students to continue to work on the website outside of class, which some students did simply out of curiosity and interest in a process that most had not done before. Out of 25 students in four groups, only three students had indicated some experience with website creation.

USING FORMS TO INTEGRATE COURSE CONCEPTS INTO THE PROCESS

Five forms were distributed to students as handouts, which reflected the fundamental content of each of the five chapters being covered in that portion of the course. These forms are included in the Appendix. In each case, the instructor reviewed the fundamental components of each chapter in order to ensure that critical concepts were presented in detail on the form. This approach gave structure and order to the lesson to ensure coverage of particular

Exhibit 2
Examples of Free Website Creation Services Generated
by a Google Search of "Free Website Builder"

concepts that were not explicitly integrated into the development of the website. For example, when considering the vision for the business the second handout included the external and internal factors important to determining an organization's direction. Although these factors would be considerations in determining the vision statement to be posted to the website, they would not be included on the website. This approach ensured adequate coverage of the concepts. Other examples of this include the categories of various objectives, environmental assessment models, and organizational theory ideas.
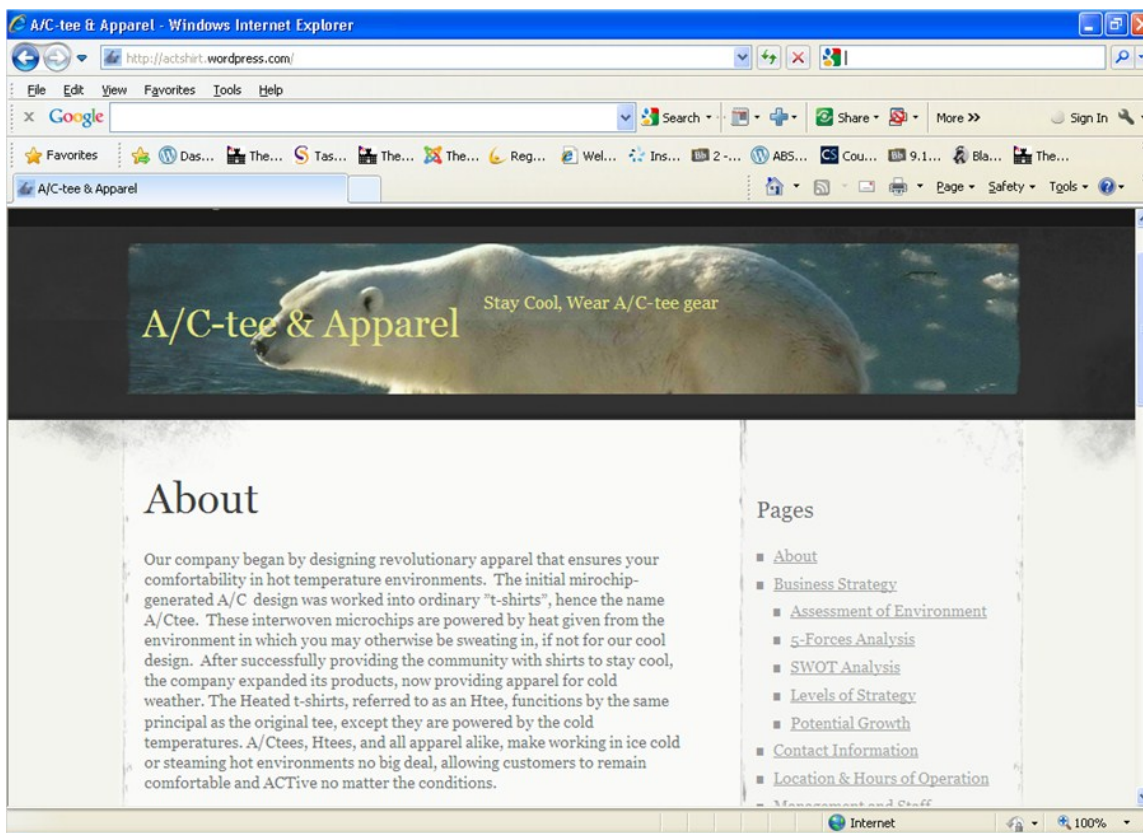
EXERCISE OUTCOMES

In the case of this particular classroom exercise, four groups were formed with six or seven people in each group. Each group produced a distinct business idea and accompanying website. The businesses included a high-tech T-shirt company, a plumbing company, a lawn service company, and a manufacturing company to produce and distribute a high-tech personal device. A snapshot of one select webpage from each of the businesses is included in Exhibit 3.

EXERCISE ASSESSMENT

A form for assessing the websites is offered in the appendix, along with the handout forms distributed to students. It offers a five-point scale plus a category for "not applicable," since not all of the concepts would necessarily apply to a particular business. The five-point scale offers the instructor the capability to rate each portion of the website as excellent, good or complete, average, fair, and incomplete or missing. In the exercise examples shown in the prior section, the instructor felt that the results ranged from average to fair, since the websites were deficient in various areas. Each group was able to produce a webpage presenting company information in the section entitled "About Us." Each business displayed adequate product or service information, locations and hours of operation, and contact information. The extent to which the websites revealed pricing information, management information, target markets, competition, and financial information varied. All the businesses were able to present some form of values, vision, mission, and objectives, but the quality of these presentations was poor. A common deficiency among the groups was the lack of effort to describe or define explicit and measurable financial and strategic objectives. The strategic analysis also varied amongst groups ranging from existing to missing, and if done at all was limited in its application of the related concepts. Finally, the effort by groups to thoroughly analyze and present their organiza-

Exhibit 3
Student Group Business Webpage Samples

tional structure was disappointing. Although some businesses depicted an organizational structure, its relevance to strategy was inaccurate or unclear. It is likely that the level of abstraction found in organizational theory concepts might have impeded the students' ability to apply these concepts in a concrete way.

The overall quality of the websites was assessed using the last item on the assessment sheet. In the case of the particular section of the course being discussed here, the instructor scored three of the websites as fair and one as average, in terms of general appearance and achieving the objectives of the assignment. The capability exists for an instructor to assign particular points to each item on the assessment sheet. These point assignments could also be shown on the handouts given to students. When the instructor deems that particular concepts are more important than others, higher point values could be assigned to those particular items to illustrate their higher priority. The assignment of points to various categories prior to the exercise would make the assessment process more objective.

DISCUSSION AND CONCLUSIONS

At the completion of the classroom exercise, students felt that their websites represented something very real. The main difference between their business and a real one

amounted to resourcing and actual operations. Some students also indicated that they were motivated to pursue this approach in order to begin building and illustrating business plans or ideas that they would like to execute as entrepreneurs in the future. Although no particular quantitative analysis was done in this case, the anecdotal evidence suggests that students perceived a relatively high degree of reality in this exercise. During a brief period of time they were able to build a business as represented by a website. Given the number of concepts covered, this proved to be an efficient use of class time.

In contrast to the perception that the *Build a Business* exercise is an effective activity, there remains the issue of whether students actually learned the concepts through this exercise and according to the course objectives. At the date of this writing, students have not yet taken the course final exam, which will assess their knowledge of the concepts applied in building a business through this exercise. The instructor's assessment of each website according to particular criteria and concept coverage revealed variations in performance and some disappointments. Although the websites were up and running by the due date and represented the virtual existence of a business, critical components of the websites were not well developed and in some cases missing. The results suggest that the students either needed more time to assimilate and apply the concepts or that the instructor could be more involved in monitoring

progress along the way through measureable milestones. In either case, there is need to further develop and refine this exercise. On the positive side, the initial deployment of the exercise revealed that students have the capability to quickly learn and develop live websites. In turn, this capability can be employed in an active exercise to apply course concepts by building a virtual business.

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APPENDIX

Form 1: New Ventures

Build a Business...*in an hour or less* (1)

1. Determine what product or service you will sell.

2. Why will your product/service sell?

3. Who is your target market and why will they buy your product/service?

4. Who will be your competition:

    a. How will they impact you?

    b. How will you achieve competitive advantage? Cost, differentiation, e.g., location, quality, variety, uniqueness, etc.?

5. Show how this will work financially:

    a. All costs to do business

    b. Defensible income projections – Also, identify and describe an online service to collect sales income

    c. What is your source of funding to start the business?

6. Who does what on your management team: how will you distribute work according to talents?

7. Develop a website for your company/product* (record and report the website for us to view)

    a. About us – Company Information

    b. Product information

    c. Pricing

    d. Management/Staff

    e. Locations/Hours of Operation

    f. Contact Information

*If you don't know how to start/build a website, go to: http://wordpress.com/   Otherwise, use a source/ site of your own preference.

Build a Business... continued (2)

Develop Values, Vision, Values, Mission, Objectives
Place these 5 on your website and continue to Build-out Website

Values

State 3 core values for your Company:

Why those 3? i.e., how do they align with your business:

Offer a few sentences to describe what you mean by these core values?

Vision

Important factors in determining company direction (vision)

External Factors	Internal Factors
General Outlook	Ambitions for company
Changes in the market	Sufficient growth & profitability
New customer groups	Leverage strengths
Emerging markets	Resources – stretched too thin?
Abandon any products?	Technology – broad or narrow focus?

Vision statement criteria:

- *"Where are we going?"*
    - o Steers employees in a common direction
    - o Molds organizational identity
- *Distinctive* and *specific* to a particular organization
- *Avoids use of generic language*
- Triggers *strong emotions*
- *Challenging & uncomfortable*

State your Company's Vision: _____

_____

_____

Mission

"Who we are and what we do"
- Customer Focus:
  - Product/service
  - Needs being served
- Company Focus:
  - Employees
  - Processes (technology & business capabilities)
  - Philosophy
- Not necessarily both

State your Company's Mission: _____

_____

_____

Objectives

Well-stated objectives are:
- ***Quantifiable***
- ***Measurable***
- Contain a ***deadline*** for achievement

Financial Objectives:

- Financial $X\%$ increase in annual revenues
- $X\%$ increase annually in after-tax profits
- $X\%$ increase annually in earnings per share
- Annual dividend increases of $X\%$
- Profit margins of $X\%$
- $X\%$ return on capital employed (ROCE)
- Increased shareholder value
- Strong bond and credit ratings
- Sufficient internal cash flows to fund 100% of new capital investment
- Stable earnings during periods of recession

State your Company's Financial Objectives:_____

_____

_____

Strategic Objectives:

- Winning an $X\%$ market share
- Achieving lower overall costs than rivals
- Overtaking key competitors on product performance or quality or customer service
- Deriving $X\%$ of revenues from sale of new products introduced in past 5 years
- Achieving technological leadership
- Having better product selection than rivals
- Strengthening company's brand name appeal
- Having stronger national or global sales and distribution capabilities than rivals
- Consistently getting new or improved products to market ahead of rivals

State your Company's Strategic Objectives:_____

_____

_____

Build a Business . . . continued (3)

Develop Strategy

Assume you are looking for investors who will want to see and understand your plans . . .

<u>Place your strategy on your website</u> and continue to Build-out Website

Given your vision, mission & objectives, what is your strategy?

- Assessment of environment

- 5-Forces analysis

- SWOT Analysis

- Business-level strategy

    ○ Cost vs. differentiation

    ○ Value chain

    ○ Core Competence

    ○ Competitive Advantage

- Potential to grow through diversification

Build a Business . . . continued (4)

Decision Making
Continue to Build-out Website

Programmed decisions can be routine, while non-programmed decisions can require additional thinking.
Use the following to characterize your thinking when it comes to non-programmed decisions:

		Mostly 1	Sometimes 2	Rarely 3
1	I look for the right answer			
2	I avoid the non-logical			
3	I follow the rules			
4	I am practical			
5	I see play as frivolous			
6	I avoid things not in my area			
7	I avoid seeming foolish			
8	I avoid ambiguity			
9	I believe that to err is wrong			
10	I am not creative			

*Adapted from *A Whack on the Side of the Head* by Roger von Oech, 1998.

Sum the checks in each column and multiply by 1, 2, or 3 for that column. The maximum score is 30. Scores close to 10 suggest the operation of mental blocks to handling non-programmed decisions which are characterized by ambiguity and uncertainty.

Consider the processes used by your group and characterize the type of decisions you faced and how you made those decisions:

Model:	Classical	Administrative	Political
Choice Process: **Decisions about:**	**Rational Choice**	**Satisficing & Intuition**	**Bargaining & Discussion**
Product/Service			
Target Market			
Competition			
Finances: costs and funding			
Management team (division of tasks)			
Website:			
Appearance			
Content			
Values			
Vision			
Mission			
Objective			
Strategy:			
Environment/Industry/5-forces			
SWOT			
Business-Level			
Growth			

Develop Organizational Structure
Place your organization's structure on your website and complete website by **October 6ᵗʰ at 2:15 p.m.**

Given your strategy, what is the best organizational structure to execute the strategy?

Assessment of environment/strategy: how does it impact choice of structure?

Structure

Functional	Functional with Integrators	Divisional	Horizontal

Differentiation Strategy

Strategy

Cost Strategy

Mechanistic ——————— Organic
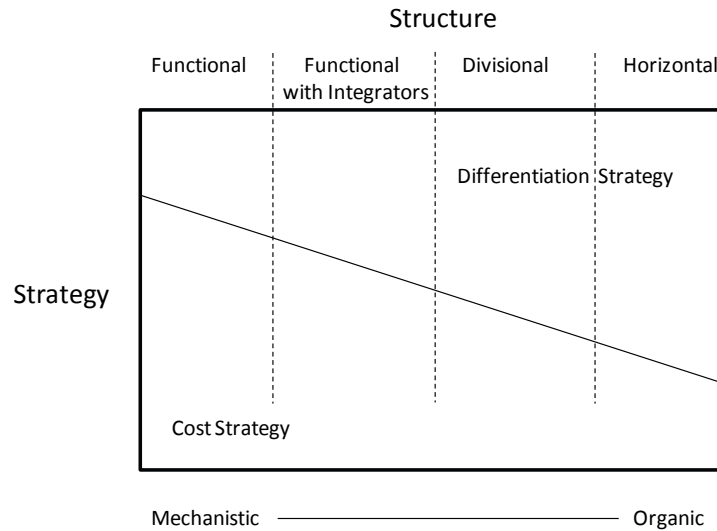
Figure adapted from Daft, 2012

Assessment of technology/work processes: how does it impact choice of structure?

Environmental Alignment: Contingency Theory

Profile of Organizational Characteristics

Environment		Stable & Certain	A	D	B	C	Turbulent & Unpredictable
Organizational Subsystems	Strategic	Defensive Operational Goal setting					Proactive creation of learning system
	Technological	Routine, low discretion roles					Complex, high discretion roles
	Human/Cultural	Economic/ Instrumental orientation to work					Self-actualizing orientation to work
	Structural	Mechanistic/ Bureaucratic					Organic
	Managerial	Authoritarian					Democratic

Source: adapted from Gareth Morgan, *Images of Organization*, 2007, Sage Pubs

[Over] Draw your organization chart (post to website):

Build a Business: Assessment

Company:	Excellent	Good Complete	Average	Fair	Incomplete Missing	NA
General Business						
About us – Company Information						
Product/Service information						
Pricing						
Management/Staff						
Locations/Hours of Operation						
Contact Information						
Target Market						
Competition						
Finance						
Costs						
Income						
Identify and describe an online service to collect sales income						
Source of funding to start						
Core Values						
Why these values: alignment with business						
Description of core values						
Vision						
Shows direction						
Gives organization identity						
Distinctive and specific						
Avoids use of generic language						
Triggers strong emotions						
Challenging & uncomfortable						
Accounts for internal factors						
Accounts for external factors						
Mission						
States who we are						
States what we do						
Customer Focus:						
Product/service						
Needs being served						

Company Focus:						
Employees						
Processes (technology/capabilities)						
Philosophy						
Objectives						
Quantifiable						
Measurable						
Due date						
Financial Objectives:						
Financial X% increase in annual revenues						
X% increase annually in after-tax profits						
X% increase annually in earnings per share						
Annual dividend increases of X%						
Profit margins of X%						
X% return on capital employed (ROCE)						
Increased shareholder value						
Strong bond and credit ratings						
Sufficient internal cash flows to fund 100% of new capital investment						
Stable earnings during periods of recession						
Strategic Objectives:						
Winning an X% market share						
Achieving lower overall costs than rivals						
Overtaking key competitors on product performance, quality or customer service						
Deriving X% of revenues from sale of new products introduced in past 5 years						
Achieving technological leadership						
Having better product selection than rivals						
Strengthening company's brand name appeal						
Having stronger national or global sales and distribution capabilities than rivals						
Consistently getting new or improved products to market ahead of rivals						
Strategy						
Follows from Vision, Mission, Objectives						
Assessment of environment						
5-Forces analysis						
SWOT Analysis						

Business-level strategy						
Cost vs. differentiation						
Value chain						
Core Competence						
Competitive Advantage						
Potential to grow						
Structure						
Structure	Functional	Functional with integrators	Divisional	Teams		Unclear
Strategic Goal	Cost ----------------------- Mix -------------------- Differentiation					Unclear
Technology	Routine	Low ---------- discretion --------- high		Complex		Unclear
	Excellent	Good	Average	Fair	Not Aligned	Unclear
Follows from Strategy: alignment						
Technology-Strategy: alignment						
Appearance						