

# Developments in Business Simulation & Experiential Exercises, Volume 11, 1984

## COMBINING EXPERIENTIAL LEARNING AND MANAGEMENT ASSISTANCE

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### ABSTRACT

The purpose of this paper is to describe the Small Business Institute (SBI) program and offer suggestions as to how this concept can be utilized as an experiential learning opportunity for business students. This has been one of the most successful programs available for providing small business owners with much needed management assistance and business related technical information.

### INTRODUCTION

The Small Business Institute, sponsored by the Small Business Administration, calls upon the resources of progressive schools of business to furnish management assistance counseling to members of the small business community. Since its inception in the early 1970's, the program has provided mutual benefits for schools, students and small business owners. To the participating schools, it offers a practical training ground for their students which supplements academic theory by permitting them to address live problems in a real business environment. State supported schools are provided with valuable and measurable community service opportunities which residents and legislators appreciate. To potential and existing small business owners, it furnishes valuable counseling assistance they could not otherwise afford. Usually these benefits are obtained via a course in small business management or entrepreneurship at the undergraduate and/or graduate level where students, under the guidance of a faculty member, become consultants to a small business. Typically the SBI course is open only to business seniors or graduate students. This is due to the necessity for the student consultants to have sufficient background in theory and practice in the various functional areas of business.

### PROGRAM CHARACTERISTICS

The SBI program, thus described, provides the ideal setting for an experiential learning opportunity for today's business students. As an experiential exercise, the SBI program has the following characteristics:

1. Establishes a client-consultant relationship with an existing or proposed small business
2. Exposes students (consultants) to a real problem in a real business (client)
3. Provides an opportunity for students to effectively integrate and apply the principles and methods acquired in the core curriculum
4. Provides an opportunity for the students to design policy issues and to formulate and administer policies in the analysis of business problems
5. Enables the students to develop analytical skills in overall business problem solving and decision

making

6. Enables the students to acquire various business decision making experiences via actual field study of real business problems
7. Provides an opportunity for students to improve oral and written communication skills for business
8. Provides an opportunity for students to identify and clearly define problems in a real business; identify and evaluate the alternatives for solving the problem; select one or more alternatives; analyze and organize the data collected for the alternative selected; implement the alternative(s) selected and prepare a written report for the client containing problem definition, alternatives and recommendations.

The SBI program resembles a case analysis course in many ways, but has some significant differences. Probably the most significant difference is that the students are working on real problems for real people and are experiencing, even at arms length, some of the realities of the business world including successes, failures, frustrations and joys. The students also experience a greater empathy and understanding than typically obtained through reading and analyzing a text book case. And, finally, since the SBI case extends over an entire quarter or semester, the benefits of this experiential exercise continuously build and grow each time the students work on the businesses problem rather than start and stop with each new case from a text book.

### PROGRAM IMPLEMENTATION

The SBI approach to experiential learning can be utilized whether or not a school has an SBA designated SBI program. Whether one has an officially designated program or not, the key ingredients in this approach are (1) identifying a firm willing to participate and (2) identifying a problem of sufficient complexity to provide a meaningful learning experience for the students while assisting the business in the solution of their problem.

In the author's ten years experience directing the SBI program, both ingredients are available in adequate quantities. Table 1 provides a summary of our SBI clients between 1974 and the end of spring quarter of 1983. As can be seen, virtually all areas of analysis are included in at least one case in nine of the ten years (Fall quarter 1983 cases had not been determined at this writing). Since all of the needs a firm identifies are not of equal importance, the students, with the assistance of the owner and faculty advisor, must develop a hierarchy of needs to determine the area(s) that will receive their primary attention. Other, less critical, problem areas can be assigned to the same team or a different team in subsequent quarters. The dominance of marketing

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TABLE 1

SUMMARY OF SBI CASES

YEAR	AREA OF ANALYSIS							TYPE OF BUSINESS ORGANIZATION			TOTAL CASES	METHODOLOGY			
	Marketing Research and Analysis	Promotional Strategy/Advertising	Accounting Systems	Inventory Control	Financial Analysis	Cost/Price Analysis	Management/Organizational/Personnel	Manufacturing	Retailing	Service		Mail Survey	Telephone Interview	Personal Interview	Opinion Poll
1983 (to date)	15	9	2		1			4	8	16	28	14	8		
1982	19	14	4	1	2	1	4	6	17	24	47	9	10	5	
1981	17	21	6	6	5	7	4	5	23	16	44	4	6	5	1
1980	27	21	15	5	9	6	13	5	18	23	46	10	6	4	4
1979	22	19	7	8	10	7	4	4	27	14	45	6	14	5	3
1978	28	21	11	5	8	7	7	19	21	7	47	9	6	8	3
1977	12	12	7	4	4	5	4	10	8	4	22	5	2	2	1
1976	17	12	8	4	6	2	7	7	15	9	31	4	1	2	1
1975	15	10	3	4	3	2	7	6	18	3	27	3	3	1	2
1974	7	3		1	2	3	3	3	6	5	14	2		1	2

TABLE 2  
DEFINITION OF CATEGORIES

### Area of Analysis

1. Marketing Research and Analysis: analysis of market potential, evaluation of marketing systems, analysis of market demographics, image analysis, evaluation of customer satisfaction
2. Promotional Strategy/Advertising: evaluation of promotional strategy/ advertising, evaluation of advertising alternatives, analysis of advertising needs, evaluation of advertising effectiveness
3. Accounting Systems: preparation of accounting statements, analysis of accounting needs, evaluation of accounting problems
4. Inventory Control: evaluation of inventory needs, analysis of inventory systems
5. Financial Analysis: analysis of present financial situation, projections of future financial situation, analysis of earnings statements, analysis of sales potential, budget planning
6. Cost/Price Analysis: evaluation of cost/price relationships, analysis of competitive cost/price position, analysis of cost determination methods, analysis of bidding criteria
7. Management/Organization/Personnel: utilization of personnel; analysis of benefits and requirements of proprietorships, partnerships and corporations; analysis of organizational structure; personnel problems; job descriptions; evaluation of management goals

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research in most years is partially a result of the multitude of topics included in the term marketing research. It also represents an increased interest in those individuals considering starting a business to have a needs assessment or feasibility study conducted prior to initiating the venture. Topics included within each area of analysis are shown in Table 2.

In implementing an SBI or similar program there are several sequential steps which should be followed:

1. Clearly define the purpose, objectives and benefits of such a program to the university, the business school or department, the participating business and the student consultants.
2. Identify an existing course whose contents can be supplemented by this program such as business policy, small business management, marketing research or a senior seminar. If this approach is not feasible, propose a new elective course such as small business case analysis, applied business research or management consulting.
3. Obtain support from the Dean, departmental chairs and faculty as their cooperation and participation in the program as team advisors is critical to its success.
4. Promote the counseling project to the business community.
5. Inform senior business students of the availability of the new course.

While these steps may need to be expanded, or modified to comply with an institutions' policies and procedures they comprise the basic framework for beginning an SBI type program.

The two equally important objectives of this program are to (1) provide a meaningful learning experience for the student and (2) provide management counseling and assistance to small businesses who are not in a financial position to afford professional management consultants. With careful prescreening of both students and clients both objectives can be achieved.

The new course option offers many advantages over the expansion of an existing course. If included in an existing course, there is a real danger that the original course contents or the consulting project will be emphasized at the expense of the other. Attempting to include too much in a course can also result in students putting forth less than their best effort in all areas. A significant advantage of the new course option is that specific academic prerequisites can be established and students can be selectively admitted to the course based on the needs of the clients to be served and the student's academic major.

If a program of this type is to succeed it will be necessary for several of the faculty to agree to serve as advisors to the consulting teams. Our faculty have been very cooperative in volunteering to serve as advisor to one or more student teams each quarter. At the beginning of each quarter, a list of cases and the problem area to be addressed in each case is distributed to all faculty along with a form on which they can indicate which cases(s) they would like to advise. If all preferences cannot be accommodated, adjustments are made in case assignments to the mutual satisfaction of the concerned faculty members. It should be noted that the SBA currently pays \$250 to the school of business for each satisfactorily completed case to cover the costs of providing this service. We in turn credit \$50 per case to the travel budget of the individual faculty member serving as advisor.

These funds are available to the faculty member to support travel and accommodation expenses for attending professional meetings. Some faculty prefer to use their credits for membership in professional organizations and/or professional journal subscriptions.

Promoting the program in the business community is usually the step most feared, but in reality is perhaps the easiest. An excellent forum for presenting the program is available through community service organizations such as Rotary, Lions, Kiwanis and Optimists. The program chairman in each of these organizations is always looking for speakers for their weekly programs and will welcome your offer to address their group. As a large proportion of their membership consists of small business owners, it is feasible to fill a case load with one or two program presentations.

Prospective clients will have concerns about the program regarding the confidentiality of records and information provided to students and the capability of college students to be of any real assistance in finding solutions to their problems. Prospective clients must be assured that all information obtained or observed by the students is held in the strictest confidence and will only be discussed among team members and their advisor and that no information or reports will be released to any individual or organization without the expressed written permission of the client. The client must also be assured that senior business students are most capable of providing him/her with business and management skills, techniques and procedures that will enable them to be a better manager.

Students will also express concerns about their ability to help a real business due to their age and lack of experience. They need to be assured, that their academic training has well prepared them to address the type of problems faced by small business which are typically not extremely complex. In addition, a small business enables the students to get a better grasp of the entire organization and operation since it is not "cluttered" with several organizational levels and staff positions. This enables them to better understand and appreciate the influence and impact that a decision or problem in one area of the business has in other areas.

Our SBI course, Small Business Case Analysis, is offered each quarter as a senior elective. It is a 4 quarter credit graded course with the student's grade determined by the team faculty advisor. The students are evaluated on their contribution to the project team meetings, project deadlines, meetings with client, meetings with advisor, hours worked on the project and the quality of their written work. It is not uncommon for each of the three students on a team to receive a different grade.

The team meets regularly (usually weekly) with the team advisor and the SBI director and submits progress reports on the status of the project. Following the initial team meeting with the clients, additional meetings are scheduled as needed throughout the project to clarify the problem, obtain additional information or begin implementing recommendations. At the conclusion of the quarter (or semester) a typewritten

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report of the project is presented to the advisor for evaluation and one or more rewrites. The approved report is presented to the client during an exit interview at which time an oral presentation is also made of the problem or need addressed, the data collected, the alternatives available, the team's recommendations along with supporting documentation and the status of the recommendations that have been implemented.

### **CONCLUSIONS**

Both student and business client response to this program has been extremely positive. The students benefit by gaining invaluable hands on experience in solving an existing problem for a real business. They take their assignment more seriously than they may a classroom experiential exercise due to the reality of the project and the fact that their analysis and recommendations will very likely be used by the client and will contribute significantly to the firms success or failure.

The business client is most appreciative of the free assistance provided and is impressed by the competency of the students, the seriousness with which they approach their assignment and the overall quality of their work. The word-of-mouth promotion and goodwill dispensed by the client is extremely valuable in building good university-community relations and results in a steady flow of inquiries from future prospective clients.

The fact that the assistance is provided at no cost to the client is not a problem as the SBA funds are sufficient to cover the out-of-pocket costs for surveys, questionnaires, report typing, and other miscellaneous expenses. Many schools are able to operate a non SBA funded program by suggesting to clients at the exit interview that if they feel the program is of value a tax deductible contribution would make it possible for other businesses to receive the benefits of the program and would be greatly appreciated.