

### NOTEWORTHY NEWS

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Newbridge Capital, a San Francisco investment firm was interested in forming a joint venture with North Dragon Iron and Steel Works--the only problem was that North Dragon had 12 subsidiaries with outdated accounting practices. Sounds like a problem for a consulting firm but that's *not* what this company chose to do. Instead they hired a group of MBA students from the Walter A. Haas School of Business at the University of California, Berkeley. The result was a 90-page report which broke down production costs for each subsidiary alerting the firm about some potential problems. This was just one of the many stories featured in a recent article in *Forbes* entitled, "McKinsey 101" about the active role business schools have taken to provide their students with real-life business consultancy experiences.

Many business schools are recognizing the value that a hands-on experience can add to an MBA program and its importance in attracting the best students to their institutions. One school taking the lead in this area is the University of Pennsylvania. During this year, Wharton will have 144 teams of students in the field with clients as diverse as General Instrument to Britain's Imperial Chemical Industries.

And, according to past B-school clients, there are few differences between professional consultants and the student consultants. Student consultants are tackling a wide range of projects from researching joint ventures to international marketing plans to new product development and are achieving satisfactory results at much less cost. B-schools currently charge anywhere from "expenses only" to up to \$25,000 (Haynes & Setton, 1998).

While "business school students consulting for real businesses" may have been newsworthy to *Forbes* and its readership, this is pretty common stuff for most Small Business Institute Directors. The *Forbes* article suggests that over 700 business schools are jumping on the bandwagon by providing real-life consultancy experiences for their MBA students, something SBI directors initiated over 20 years ago.

However, business school consultancy is not limited to large clients. Since 1972, the SBI program has helped over 150,000 with business planning, growth issues, cash flow management, strategic issues including advice on how to market internationally and many other projects. One such example is Kane Manufacturing's story featured in an *Inc.* article. Donna Kane believed there was a market for her livestock products in Europe and a 5-member student team from

Drake University operating under the SBI program provided a report that outlined the obstacles Kane Manufacturing would face in this new market (Greco, 1993).

The need for small business consultants is very real. While on the surface a mom-and-pop grocery store may not seem to have much in common with a small manufacturing firm, many small businesses have very similar needs. With few employees, owner/managers have no one to bounce ideas off or assign projects. Also, small businesses can't justify hiring many permanent employees (Rosso, 1993). Student consultants can provide these services by working on projects covering a variety of business areas.

And how do business students measure up to professional consultants? According to the articles in *Forbes* and *Inc.*, student consultants are able to get the job done. Students bring a lot to the table. Student consultants have access to business faculty in a number of fields, not just business, to assist with the project. Professional consultants often have a favored bag of tricks to bring to the client whereas students have fewer preconceived notions of what will work best. Also, students are interested in finishing the project within a semester and not expanding it beyond the original specifications. Employees often tend to be more open with students than professional consultants. Students are often much better at dredging information from the Internet. Finally, there is no doubt that the low price tag appeals to clients, especially small business clients who cannot afford huge consulting bills (Greco, 1993; Haynes & Setton, 1998). As for Kane Manufacturing, its exports were grown to 33% of sales and it commissioned a second SBI study looking at Brazil as a possible site (Greco, 1993).

The consultant business is booming. Total industry revenues for business consulting grew by 17% to about \$73 billion in 1997, according to the Kennedy Research Group. With positive results for both students and businesses, business school consulting and the SBI will continue to provide a valuable service to the American economy.

#### REFERENCES

- Greco, S. (1993). First-class export help. *Inc.*, 15 (10), p. 30.  
Haynes, P. & Setton, D. (1998). McKinsey 101. *Forbes*, May 4, p. 130-135.  
Rosso, C. (1993). Courting California's Small Business. *Outlook*, 61, (2), p. 18.

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We're singing the praises of five individuals who have made on-going contributions to the field of small business and entrepreneurship and to the continued development of the Small Business Institute™ Program.

John Kerr, and Lynn Hoffman were inducted into the exclusive ranks of SBIDA Fellows during the 1998 SBIDA Conference in Santa Fe, New Mexico. No more than two individuals may be inducted in any one year.

Over the life of their careers, these new Fellow inductees have made significant contributions to our understanding of small business.

Lowell Salter, Leo Simpson, and Harriet Stephenson were recognized as 1997 Mentors for their outstanding guidance to other SBI programs and directors.

All five deserve our thanks and admiration.

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The logo for SBIDA, consisting of the letters "SBIDA" in a bold, white, sans-serif font, centered within a solid black rectangular box.

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