

**THE SMALL BUSINESS INSTITUTE™ PROGRAM:
HIGH IMPACT ENTREPRENEURSHIP EDUCATION**

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ABSTRACT

Small, entrepreneurial, and family businesses have long been regarded as important contributors to the growth of a nation's business activity and development, as well as a significant driving force in the nation's overall economic health and stability. As such, business schools are becoming increasingly aware of the need to develop programs which are: 1) tailored to the specific needs of students who represent the next generation of small, entrepreneurial, and family business owners; and 2) focused on the needs of the firm owners themselves. In recent years, business schools worldwide have begun to develop, refine, and implement faculty-directed, student-based consulting programs as a teaching/learning tool in their undergraduate and MBA programs to address this dual need. This paper traces the past, present and future path of one such program: the highly successful faculty-guided, student-based Small Business Institute™ (SBI) field case consultation program. The role of the Small Business Institute Directors' Association (SBIDA) is also discussed in terms of its role in facilitating the ongoing impact of entrepreneurship education as we head into the 21st century.

"Tomorrow always arrives. It is always different. Even the mightiest company is in trouble if it has not worked on the future."

"The best way to predict the future is to create it."

- **Peter Drucker**

INTRODUCTION

For anyone who has directed a student-based, field case study, the following letter I recently received is probably very familiar:

Dear Professor Matthews,

Just a brief note of appreciation for the recent report and information provided by [your student team]. I feel they have given us a very positive approach and a world of information we were not aware of how to market our product.

We believe with their "Final Report," we will be able to move forward and obtain our short and long-term goals. Their attitude, appearance and professionalism were outstanding. I do not believe we could have hired a marketing group that would have been more interested or helpful as these young people were.

I would recommend your program for any small business. It is an outstanding program and I personally wish to thank you for choosing [our company] for this program.

This unsolicited letter brings to life the vision and mission of The Small Business Institute Directors' Association (SBIDA) and its flagship Small Business Institute™ (SBI) Program: To strengthen the small business/entrepreneurship sector of the free enterprise system. In essence, the SBI Program exists to facilitate two worthy teaching/learning objectives: 1) to provide a meaningful learning experience for students interested in learning about small, entrepreneurial, and family-owned businesses; and 2) to provide meaningful managerial consultation to business ventures in order to enhance firm success and survival.

In brief, the SBI Program is a rigorously developed, faculty-guided field case consultation course that provides a valuable role for our students from a curriculum, community, and content perspective. The SBI Program's outstanding contribution to small, entrepreneurial, and family business education is why the program continues and has emerged as the preeminent student-based, field case consultation program in the world.

SBIDA, through its SBI Program and other efforts, exists to *encourage* teaching, learning, consulting, training, and field research and to *support* a forum for publication and dissemination of information to students, small, entrepreneurial, and family-owned businesses, and local business communities. Indeed, one of SBIDA's strengths has been its ability to facilitate a supportive, constructive, and mentoring environment for existing and new members. As business schools continue to pursue field case study options in their curricula, SBIDA continues to promote that nurturing environment. This is important to the development of faculty, the work of the students, and the participation of the businesses in this challenging and rewarding teaching/learning effort. It is altogether fitting and appropriate that we take a few moments to reflect on the past and present of SBIDA and the SBI Program, as well as articulating how we will create the future.

A RICH PAST

Of course, SBIDA's history is closely linked with the conceptualization, initialization, and implementation of the Small Business Institute™ (SBI) Program. In reflecting on the past 20 plus years of the success of the SBI Program in which it has become one of the premier field case study programs in the world, two key ingredients come to mind: 1) the dedication of faculty and students to the teaching/learning process; and 2) the overwhelming support of the thousands of business owners and managers that have graciously allowed our students to thrive in this "business laboratory."

In the early 1970's, a cadre of entrepreneurially minded faculty from leading business schools from across the U.S. together with the U.S. Small Business Administration (SBA) worked closely in a grass roots effort to make this teaching/learning relationship available to a broad spectrum of schools and business ventures. Despite early misgivings, it would be a voyage of discovery that would ultimately be a triple win situation – benefiting the students, the businesses, and the business community. By the late 1990's, many of the over 200 small, entrepreneurship, and family business centers at colleges and universities across the country can trace their heritage directly and indirectly to the crafting, implementation, and success of their SBI programs.

Although the SBA was a key player in the past and has chosen to discontinue participation at this time, the SBI Program still thrives – a testament to the pedagogical foresight those early field case pioneers. Over the years, SBI programs have conducted individual case studies, industry studies, economic development studies, and participated in rural and urban initiatives, to name a few. Clearly, the history of SBIDA and the SBI Program provides an integral aspect of entrepreneurial, small, and family business education today.

A VALUABLE PRESENT

As we head into the 21st Century, SBIDA is more important than ever to the continued success of the business field case study pedagogy as a teaching/learning tool, in general, and the SBI Program, in particular. One of SBIDA's strengths has been its ability to facilitate a supportive, constructive, and mentoring environment for existing and new SBIDA members. As business schools continue to pursue field case study options in their curriculum, SBIDA continues to promote that nurturing environment. This is important to the development of faculty, the work of the students, and the participation of the businesses in this challenging and rewarding teaching/learning effort.

As business schools continue to embrace the valuable role fieldwork plays in the curriculum, the role of SBIDA remains critically important. SBIDA offers a collegial forum for facilitating teaching enrichment; small business information; experiential learning; small, entrepreneurial, and family firm research and publication; case writing; research support; and peer recognition. In addition, SBIDA offers a forum for national recognition of students for outstanding case preparation in the SBIDA Annual SBI Case Competition.

High Impact Entrepreneurship Education

SBIDA, through its many members, comprises a number of supportive elements, including an annual conference, newsletter, and scholarly journal, to name a few. But perhaps it is SBIDA's flagship SBI Program that best illustrates the impact SBIDA has had on entrepreneurship education overall. SBIDA's SBI Economic Impact Study completed in 1994 suggests that our students and the businesses that participate in the program continue to make a difference in many ways: creating new jobs; increasing wages; enhancing gross revenues; and generating additional tax revenues.

For example, from the sample of 500 SBI companies surveyed¹, it is estimated that SBI clients created 10,697 net new jobs resulting in \$203,000,000 in additional employee wages in 1992. SBI clients' employee growth rate for 1992 was 30 times the national average (12.8% versus 0.42%). Tables 1-3 summarize some of this data. Moreover, it is estimated that SBI clients generated \$79,000,000 in additional revenues in 1992, in part because of changes resulting from SBI team recommendations. SBI clients contributed employee taxes in 1993 in excess of \$174,000,000 and contributed \$60,000,000 in additional sales, Medicare, social security, and

federal income tax revenue. Clearly, the students who consult with these businesses learn about small, entrepreneurial, and family business creation, development, and survival in ways that cannot be recreated in the classroom.

Table 1: Number of Jobs Provided by SBI Clients

Year	# of SBI Clients	Full-time Jobs (per client)	Part-time Jobs (per client)	Total Jobs*
1990	6,225	10.92	3.36	78,435
1991	7,100	12.17	4.05	100,785
1992	5,980	13.80	4.94	97,295
1993	6,030	18.05	7.25	130,700

*In the calculation of total jobs, two part-time jobs are considered one full-time job.

Source: Small Business Institute Economic Impact Study: 1990-93, SBIDA, 1994.

Table 2: Number of Net New Jobs Created by SBI Clients

Year	# of SBI Clients**	Net New Full-time Jobs (per client)	Net New Part-time Jobs (per client)	Total Net New Jobs*
1990-91	6,225	1.25	0.69	9,929
1991-92	7,100	1.63	0.89	14,733
1992-93	5,980	4.25	2.31	32,322
Total 1990-93	19,305			56,984

*In the calculation of total jobs, two part-time jobs are considered one full-time job.

** The number of clients was lagged one year for these calculations. This assumes that the clients who received counseling in 1990 are the only ones who increased jobs between 1990-91. This provides a conservative estimate since the SBI program operates on the fiscal year and data was collected on the calendar year basis.

Source: Small Business Institute Economic Impact Study: 1990-93, SBIDA, 1994.

¹ Surveys were sent to 475 SBI Directors in May, 1994. It is estimated that 2,375 surveys were sent to clients based on the request for each Director to send out five surveys. Some sent more, some less. Four hundred ninety-nine useable surveys were returned (385 is generally considered a reliable representation of the population.) Responses were received from 45 of the 53 states and territories to which surveys were sent. (Source: SBI Economic Impact Study: 1990-1993, SBIDA, 1994.)

**Table 3: Marginal Differences in Sales and Employment Growth Rates:
All U.S. Businesses v. SBI Clients**

	U.S. Growth Rate	SBI Client Growth Rate	Marginal Difference in Growth Rates
# of Employees	.42 %	12.80 %	12.38 %
Employee Compensation	3.70 %	6.80 %	3.10 %
Revenue	1.13 %*	2.00 %	.87 %

* U.S. growth rate is for 1991. The SBI client growth rate for 1991 is 3%. The lower 1992 rate was used to make the estimate as conservative as possible.

Source: Small Business Institute Economic Impact Study: 1990-93, SBIDA, 1994

High Impact Teaching/Learning

As business schools continue to pursue field case study options in their curriculum, it is hard to undervalue the role of the businesses in this challenging and rewarding teaching/learning effort. For their part, businesses relish the opportunity to play an integral part in the education of our students. Again, using data from the 1994 SBIDA Economic Impact Study, when asked about the SBI student teams' knowledge and expertise, 99% of the clients rated the SBI team as "average," "above average" or "excellent," with 83.5% rating them as "above average" or "excellent." Also, nearly 90% of the business respondents described their overall working relationship with the team as "above average" or "excellent," with 66% indicating the working relationship with the teams as excellent.

Figure 1. Client Ratings of Knowledge and Expertise of SBI Student Teams

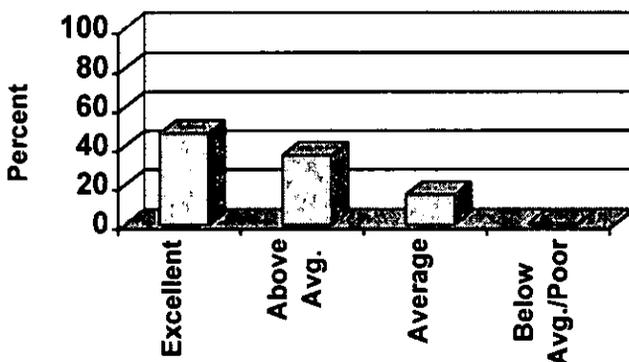


Figure 2. Client Ratings of Overall Working Relationships with SBI Student Teams

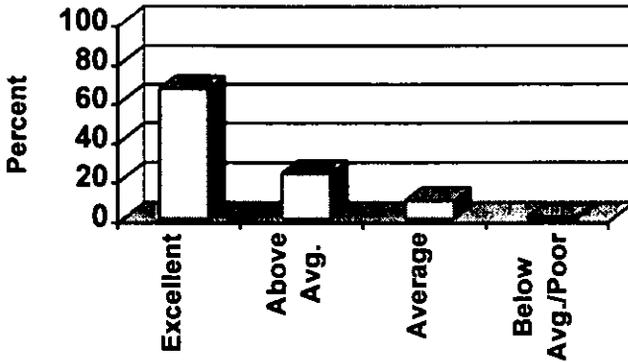
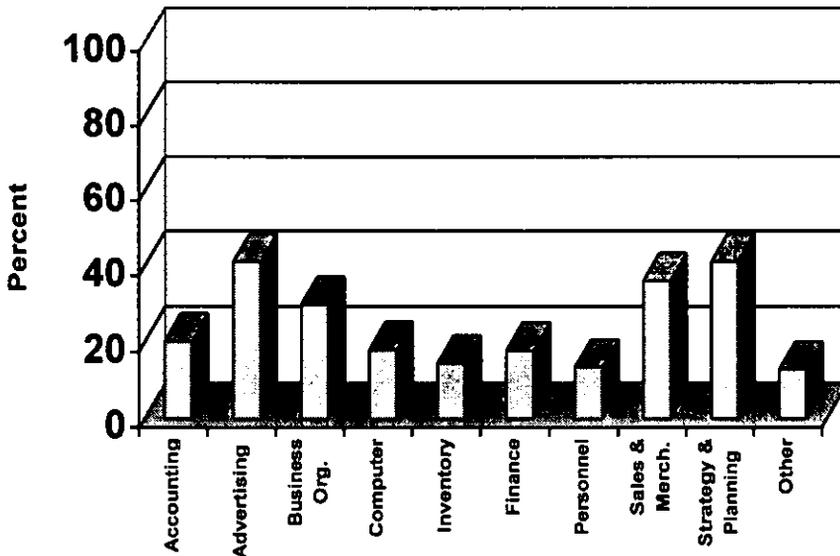


Figure 3. Areas in Which Recommended Changes Were Made



In terms of student impact, approximately 86 percent of the businesses indicated they made changes in their operations after receiving the report from the SBI student team. While 76 percent of the businesses indicated that they made multiple changes in business operations as a result of the SBI experience, some individual areas in which changes were made included planning and strategy (42%); advertising (41%); sales and merchandising (36%); and business organization (30%).

AN EXCITING FUTURE

Over the past decades, mounting evidence suggests that entrepreneurship and small business programs in many business schools in the U.S. and abroad have shifted from the emphasis of normal content-oriented passive learning situation to one in which the student has ownership of, and involvement in his/her learning. Recently, many of the MBA information brochures from institutions in various parts of the world suggest that faculty-directed, student-based consulting programs are being used increasingly as a teaching/learning tool in MBA programs as a meaningful opportunity for students to put into practice what they have been learning in theory (Lamond, 1995). For example, at the University of Toronto, the faculty of management studies argued that to teach a program in entrepreneurship, students must "learn-by-doing" with some, if not all, instruction of a clinical nature. They found that many of the small businesses in the program surveyed indicated that the implementation of the student recommendations has led to some form of revenue increase, cost decrease, or employment increase and the process enabled the client to learn new skills and technology (Haines, 1988). Similarly, an Australian study notes that clients found the consulting program to be valuable and that it exceeded the clients' expectations (Lamond, 1995).

For faculty pursuing careers of teaching, scholarship, and service, SBIDA will continue to provide a necessary forum for excellence in these worthy pursuits. Becoming better more effective teachers, scholars, and members of our communities enables us to more ably serve students, schools, and communities. Small, entrepreneurial, and family owned ventures will continue to benefit and provide a positive impact on our economy. As business schools look to expand the opportunities for students to test their education in a "real world" business setting, field case study in the curriculum will grow.

Why will this interest grow? For several reasons: Renewed interest by students interested in pursuing an entrepreneurial career; a renewed interest in colleges and universities on teaching excellence; a general movement by colleges of business toward field work for students; service to local communities; and focus on rigorous qualitative and quantitative field research. SBIDA is gearing up for this challenge.

Initiative For A Competitive Inner City

One of the most exciting new programs recently introduced that is relying on the impact of faculty-guided, student-based field case work is Michael Porter's Initiative for a Competitive Inner City (ICIC). A prominent part of Professor Porter's vision of revitalizing the economic vitality of America's inner cities includes the formation of a National Business School Network (NBSN) that includes an opportunity for business students under faculty supervision to serve as consultants to inner city ventures. The synergies that can be generated between the ICIC NBSN and SBIDA SBI programs will create exciting opportunities for the future: opportunities for students, businesses, and the revitalization of America's urban core.

How Will We Create The Future?

People. The history and current success of both SBIDA and the ICIC rests firmly on the foundation of the hard work and dedicated efforts of our members and participating businesses. The success of our conferences, our programs, our journals and publications, our training for new members, etc. is all driven by the willingness of our membership to be actively involved in our organizations. Indeed, the outstanding SBIDA conference coming together for San Francisco in February, 1999,

and ICIC's NBSN Conference in Boston in April, 1999, is strong testimony to the past, present and future viability of the faculty-guided, student-based field case consultation experience. SBIDA will be there, building the future: The SBI Program; the experiential learning/field case consultation process; a supportive, constructive mentoring environment; applied scholarly activity; community/economic development; and live field case research. Your ideas are actively sought and your participation is greatly encouraged. I invite you to continue on our voyage of discovery as together we create the future.

REFERENCES

- Haines, George H. 1988. The ombudsman: teaching entrepreneurship. Interfaces, 18, 23-30.
- Lamond, D. A., 1995. Using consulting projects in management education: The joys. The Journal of Management Development, 14, 60-72.
- Small Business Institute Economic Impact Study: 1990-93. Small Business Institute Director's Association, July, 1994.

APPENDIX - THE SBI PROGRAM AT-A-GLANCE

From 1972 until 1995, the Small Business Institute™ (SBI) Program was a cooperative venture between the U.S. Small Business Administration (SBA) and approximately 400 colleges and universities in the 50 states and several U.S. territories. The SBA discontinued its partial financial and administrative support in 1995. Despite curtailment of SBA support, the SBI Program continues to enjoy strong support and success on campuses and in the business community. In 1998, the Small Business Institute Directors' Association (SBIDA), reports that over 250 members nationwide operate SBI's in their campus communities, and that over 200 more schools are operating independent or generic faculty-guided, student-based field case consultation programs. (SBIDA, founded in 1975, is a non-profit, all-volunteer association whose mission is to foster entrepreneurial education through faculty-guided, student-based field case consultation. More information on SBI and SBIDA can be found at the SBIDA web page: <http://www.cba.uc.edu/cbainfo/sbida>)

The SBI program is designed to help small, entrepreneurial, and family businesses, while providing the students an experiential-learning opportunity at the same time. Teams of qualified university seniors and MBA students, under the supervision of faculty, provide the consulting to small businesses in the community as an integral part of their educational training at the university. The businesses requesting assistance are selected from several sources, including the SBA itself, direct calls from businesses, referrals participating business owners, bankers, CPAs, and faculty members who know about the program. Typically, in most semesters there are more requests than can be accommodated. The clients are selected based on the anticipated benefits to the potential clients, and the learning experience for the students. Potential clients may have a specific project or an overall business and industry evaluation that they want the students to undertake. This consultation service is generally provided at no cost to the businesses.

In general, the SBI Program is operated through a three credit hour course open to seniors and graduate students per quarter/semester. Based on the students' work experiences, general interests, and academic concentrations, students are assigned to each consulting team by the

faculty. Typically, the student teams will meet in class to cover topics pertinent to the operation of a small, entrepreneurial, and family venture, including preparation for field case consultation. Consulting teams are usually required to meet on site at least three or four times with their clients at the place of the businesses, but in most cases there are many more contacts throughout the quarter/semester. The consulting teams are responsible for making all contacts with their clients and arranging all the meeting times. Each team meets regularly with the course instructor, which not only allows the instructor to be up-to-date about the group's progress but also provides the instructor with opportunities to make the appropriate and necessary suggestions on how the group should proceed and guide the classroom discussion.

While the student team is generally well prepared in terms of business content and consulting procedure, the student teams are responsible for defining the problem(s), generating the analysis, and prescribing the recommended course of action. In general, each student team takes a history of the company, reviews goals and objectives, assesses the firm's strengths, weaknesses, opportunities and threats (SWOT) and examines issues and problems confronting the business. In addition, the student team is responsible for making recommendations that are implementable by the business owner. Typically, the final requirement of the SBI project is for the consulting team to make an oral presentation and a comprehensive written report including recommendations to the business owner. Often the instructor will require an in-class presentation at the conclusion of the course.

Charles H. Matthews, Ph.D. is an Associate Professor of Management and Director of the Small Business Institute™ (SBI) Program in the Department of Management, College of Business Administration, University of Cincinnati. He is the Immediate Past President of the Small Business Institute Directors' Association (SBIDA). His teaching and research interests include: strategic management; small, entrepreneurial, and family-owned ventures; entrepreneurial career choices; strategic planning; decision-making; and leadership succession in family/private held firms. His research has been published in the Journal of Small Business Management; the Journal of Small Business Strategy; Entrepreneurship & Regional Development, and Family Business Review. Dr. Matthews has been the SBI Director at U.C. since 1982 and has facilitated over 400 faculty-guided, student-based field case studies. He has served as a consultant to numerous organizations. Prior to entering academia, Dr. Matthews had experience in the automotive, movie, and photographic industries.