

Faculty Internship in Family Business

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Abstract

The University of Toledo Center for Family Business embarked on a pilot faculty internship program during the summer of 1998. Faculty internships in family business offer benefits to students and the community of the blending of academics with real-world business. The purpose of this paper is to assist business schools in evaluating whether participation in a faculty internship program in family business would be advantageous to them. We detail the background for the Stranahan Faculty Program at the University of Toledo, share insights into the experiences of our faculty interns and the participating family businesses in our pilot program, and discuss the merits of a faculty internship program.

Introduction

The University of Toledo Center for Family Business embarked on a pilot faculty internship program during the summer of 1998. For a program such as this to become successful, it is important that benefits accrue to both the participating faculty and family businesses; and, ultimately, to our students. The purpose of this paper is to assist business schools in evaluating whether participation in a faculty internship program would be advantageous to them. A discussion on faculty internships, in general, follows in Section II. Section III details the background for the Stranahan Faculty Program at the University of Toledo. Sections IV and V share insights into the experiences of both the faculty interns and the participating family businesses in our pilot program. Advantages and disadvantages associated with a faculty internship program are also discussed. Section VI discusses the future of the Stranahan Faculty Program at the University of Toledo

Literature Review

Collaboration between faculty members and business leaders continues to grow in a number of disciplines. Such cooperation helps focus relevant topics as faculty members plan curriculum that will benefit the future employees of businesses. In order to achieve this goal, faculty need to be aware of training needs necessary for post-graduate employment success, and also need to have the practical knowledge necessary to convey this information to students. Faculty internships are common ways of enhancing this relationship. Levy (1988) argues that although time and experience tend to enhance teaching performance, being removed from practitioner experiences can diminish the quality of classroom material taught. Faculty internships give faculty members an opportunity to sharpen their knowledge base of practical applications to better illustrate conceptual topics. Participating firms also gain by helping faculty to produce graduates that have improved training for entering post-graduate employment, and by having

direct exposure to the University environment, they are more aware of the services provided by business faculty.

Accounting is one discipline where faculty internships have been among the most prevalent. Herring and Dykes (1987) argue that more accounting faculty members are interested in pursuing faculty internships due to academia's need for more practical classroom applications and the American Assembly of Collegiate Schools of Business (AACSB) is moving toward requiring accounting faculty to have experience in public accounting firms. Accounting faculty contribute technical expertise, additional manpower during busier time periods, training assistance, and informal reviews. In addition, public relations, recruiting, and marketing efforts may be enhanced for participating firms.

Moreover, Friedlob and Trapnell (1988) point out that faculty internships bring real-life experiences to faculty members in internal auditing programs. They suggest that micro-internships, defined as a few days to a week, provides an alternative to longer programs in an attempt to reduce costs to faculty and companies, to increase exposure to more areas within the sample time period, and to broaden the number of faculty that may be able to participate.

Other disciplines are following suit. Balakrishnan, Brown, Dunlap, and Pahl (1995) discuss how a successful two year relationship between Alcoa and MIT faculty resulted in improvement in the operations area at Alcoa. As a result of the partnership, the plant was able to reduce tube drawing efforts by 20 percent and led to future academic experiences in terms of student thesis research and of faculty classroom use of war stories gained in the process.

A unique pairing exists between the University of Wisconsin-Stout and Textile/Clothing Technology Corporation. Faculty internship experiences in the apparel industry have been found to be successful in strengthening the apparel industry through education (Black, 1993). Annette Fraser, program director of the Apparel Design and Manufacturing Department at the University, believes that three objectives are accomplished through the faculty internship, including insuring that apparel manufacturing skills taught in the classroom are applicable to the real world, promoting the apparel industry and the students who are preparing for it in a positive light, and focusing on the impact of changing needs of the apparel industry on education today and in the future [being] prepared to act on change. (Black, 1993, p. 35).

Ettlie (1995) discusses an alliance between manufacturing and education. The Michigan Joint Manufacturing Initiative (MJMI), a partnership between students, companies and faculty at the University of Michigan, allows for opportunities to work as a part of a project team in a manufacturing facility. Smith (1996) discloses that faculty internship programs are also taking place in the insurance industry. He believes that such a program will benefit both practitioners and academics.

Designing appropriate guidelines for the successful partnership between business and faculty is vital to the success of a faculty internship program. Kulesza (1994) highlights important steps used by ITT Automotive in initiating their pilot faculty internship program. These steps include the establishment of clear expectations for faculty, the time commitment required, the

necessary framework in order for faculty to complete their project, and the procedure for reviewing the outcome of the internship. Lee (1988) further argues for the need of designating a primary contact person within the sponsoring company and for determining the extent of client confidentiality as vital to the success of a faculty internship program.

Realizing that family businesses make up nearly 90 percent of all businesses in this country, faculty internships in family business have the opportunity to integrate important training needs unique to family businesses into existing university curriculum. With the explosion of centers for family business throughout this country and implementation of curriculum directly related to working in a family businesses, the timing seems appropriate for universities to consider the partnership between family businesses and faculty in this growing discipline. Because of educational training and tradition, most business school curricula are built around a corporate, large firm framework. Faculty internships allow business faculty to educate themselves first-hand on differences existing between family business and other businesses. Since a majority of business school graduates will be working for small and family businesses, faculty internships in family business provide a valuable link in properly preparing our students employment in such organizations.

Background for Stranahan Faculty Program

The idea for the Stranahan Faculty Program was initiated by members of the University of Toledo Center for Family Business(CFB) Curriculum/Research(C/R) Committee. The mission of the committee, which consists of faculty and Center members, is to incorporate family business issues into the curriculum and research of the College of Business Administration. Family business members and faculty identified a need to foster real world experience in the classroom and decided that a faculty internship would be effective. The committee had also been responsible for initiating the new Entrepreneurship, Family and Small Business Major, including a new Dynamics of Family Business course. There was a desire to enhance faculty development for these initiatives.

The Stranahan Faculty Program was developed to blend the business and academic worlds with benefits to each and most importantly the student. Faculty desired to further their professional education, research opportunities, and business experience. Family businesses saw the opportunity to show faculty their business and improve their operations through faculty expertise.

The CFB and C/R Committee wanted to impact teaching, curriculum, and research, resulting in an ultimate goal of better preparing students to establish careers in family businesses as family members or non-family members.

Pilot Program Description

The Stranahan Foundation had previously endowed the CFB through a three-year matching challenge grant of \$250,000 annually. The CFB successfully met the challenge

establishing more than \$1,000,000 in endowed funds in 1995. After the decision was made to pursue the pilot faculty internship program, the Stranahan Foundation was approached again for their support. Specific faculty were initially interviewed by the associate director and director of the CFB to ascertain interest. A draft proposal was written by the director and the CBA director for External Grants and Promotions. The following purpose was included:

In keeping with the mission of the University of Toledo Center for Family Business, the Stranahan Faculty Program enhances opportunities for continuing professional education and research as it provides service to its membership. Faculty members bring with them the global perspective of academics; host firms contribute the social and economic realities of family business. As a result of this exchange of expertise and skills, faculty will integrate the unique culture of family enterprise directly into the classroom, their research and service in the community. Graduates of the College benefit from this ongoing interaction and will enter the community and workforce as professionals skilled in the dynamics of family business.

Based on this mission, the program was designed with the following responsibilities for each constituent:

TABLE I
University of Toledo
Stranahan Faculty Program
Responsibilities for Participants

Faculty Participation

Identify specific expectations for success including implementation of those goals throughout the program and long term within their academic career.

Meet with matched family businesses to coordinate objectives and develop a common measurable set of goals.

Commit a minimum of 160 on-site hours immersed in each aspect of the business's daily operations to understand the culture and environment.

Participate in assessment on an on-going basis with the company and the C/R committee concluding paper proposing specific recommendations and a written comparison of original expectations with the reality of their experience and its impact in their classrooms and research.

Family Business Participation

Identify specific expectations for faculty to be integrated into the business and a project for faculty to complete and provide recommendations to the company.

Communicate and organize their company so that everyone is aware of the program and its projected outcomes.

Provide appropriate environment through commitment of time, resources, personnel and facilities as a contribution to the faculty learning experience.

Participate in on-going assessment process and compensate faculty for recommendations at agreed upon amount.

Center C/R Committee Responsibilities

Solicit funding from an external source, the College and the family business for two internships as a pilot for 1998 with more permanent funding as a long term goal.

Create a budget to include external faculty funding for program participation, and for approval of comparison paper of expectations and realities, family business payment to faculty for useful recommendations and College contribution to faculty for program. Oversee budget and compensation.

Select family businesses and faculty applicants and facilitate their coordination of expectations and projects.

Lead the continual monitoring and assessment of the program so that the program's purpose is being met and constructive revisions are incorporated.

Program Implementation

The proposal was submitted to the Stranahan Foundation in December 1997 and approval was granted for two internships with an award of \$20,000. Faculty members would receive \$8,000 each with the opportunity to receive an additional \$2,000 for writing a paper detailing how their experiences in the family business will enhance their classroom. Additional compensation was secured through the College of Business Administration (\$4,000). Volunteer family businesses, one whose CEO is a member of the C/R committee and another whose founder was Chair of the Advisory Board of the CFB were paired with two faculty members, one, the associate director of the CFB and another, a management professor. Goals and objectives were obtained from each business and intern after initial meetings were held to discuss the program and projects for the faculty. This planning occurred from February until June 1998 when the program began. Each company agreed to award up to an additional \$3,000 in merit compensation for each faculty intern upon completion of the summer internship. The merit compensation would be contingent on faculty making useful recommendations to the family business based on the project assigned in each case. Maximum compensation per faculty member meeting all expectations was \$15,000.

Faculty Internship Experiences

Internship Experience 1

One faculty internship took place at a manufacturing firm with plants located throughout the region. The firm has grown dramatically since its founding in the 1970s, but recently has experienced reduced sales growth. For the first time in their history, the work force was reduced about a year ago.

The internship consisted of conducting a needs assessment related to training. The faculty member chosen did not have academic training in Human Resources. Meetings were held in December and March to formalize the arrangement and to overview the process. The faculty member initiated an aggressive reading agenda in order to familiarize himself with issues related to a needs assessment. The 160 contact hours began during the first week of June. The Vice President responsible for human resource issues met with the faculty member outlining the project. Because of the faculty's lack of academic training in human resources, the Vice President prepared the survey questions used during the needs assessment. In addition, she circulated a memorandum to all employees notifying them of the project.

The first step in the process for the faculty intern involved making contact with each member of the executive team to have them overview their respective areas. By doing so, the faculty member became aware of issues specifically related to a particular area. This also allowed the faculty intern to familiarize himself with overall directions and goals of the company. As a

result of the interview process with the executive team, six overall organizational questions were developed by the faculty intern that were added to the needs assessment developed by the Vice President.

Following the meetings with the executive team members, the faculty intern had complete autonomy to decide when and in what order to interview employees. Employees at the corporate headquarters and a local plant were interviewed first. Where possible, face-to-face interviews took place. Only when employees were at distant locations or were locally inaccessible due to their position (sales) were phone interviews used. Interviews ranged from 15 to 45 minutes. The faculty intern took specific notes on questions related to the needs assessment. Employees were also asked the six questions developed as a part of discussions with the executive team. Due to the more personal nature of these questions, employees were told that responses to these six questions were completely confidential. Prior to interviewing employees at the local plant, the Vice President made a follow up phone call to set the ground work for the needs assessment to take place in that environment. In order to maximize efficiency, the faculty intern called ahead and arranged to interview each of the local plants employees. Because the other plant locations were several hours away, the CEO arranged for the faculty intern to accompany him on a scheduled company chartered flight to those locations. The faculty intern set up interviews for these employees on-site during his time at each place.

Following the completion of the interview process, the faculty intern met with the Vice President and discussed how the final report should be presented and to be debriefed. The faculty intern prepared a 65-page report complete with observations and recommendations based on the needs assessment and six additional organizational questions. The faculty intern also presented a two-hour final presentation for the executive team concerning the findings. Although the report contained no major surprises for the executive team, it did serve as a basis for launching a full scale training program in the months that followed.

The faculty member participating in this internship will be teaching the first-ever Dynamics of Family Business course during the Fall semester of 1998. This faculty member indicated that his experiences and observations will assist him in many facets of teaching the course including first-hand experience in the training needs necessary for success in a family business.

Internship Experience 2

The second internship was done at a small organization that had approximately 150 employees. Its primary products are private-label janitorial and sanitary supplies that are sold to wholesale distributors across the United States. The organization only recently established a presence in international markets, and about 5% of their annual sales come from overseas distributors.

The structure of the company is team-based, with seven teams (and their associated team leaders/coaches) forming the plant and back office. During the past year the organization has been pursuing the goal of ISO-9002 certification. To that end, the Quality Assurance Manager

has been working with each of the teams to write their work procedures and work instructions. After meeting with the President and Vice President of Operations, it was decided that this internship would focus both on the faculty member learning an ISO-9002 implementation and in identifying human resource issues that may affect and influence the success of process and product quality in the organization.

During the actual 160 contact hours spent with the company the faculty member worked in seven different departments and on two shifts. Some of the jobs engaged in to learn the work procedures ranged from palletizing products to be shipped, running some of the machinery, pulling product from inventory, and packing boxes of product for shipping. Working closely with the Quality Assurance manager to develop ISO-9002 audits in preparation for their impending certification audit in 1999 was also a main feature of the internship. In addition, time was spent in the front office learning about screening art work, order entry, customer service, human resources, marketing/sales, and purchasing.

Of all jobs performed, however, a primary one was Participant Observer, listening to shop floor employees, supervisors, office personnel, and top management speak to their observations and concerns about ISO-9002 certification and other day-to-day human resource issues. As part of the outcome for the top management of this family business, the faculty member wrote a detailed report that raised red flags, offered suggestions, and facilitated further discussions about the efficacy of the ISO-9000 process. Ultimately, the organization decided not to pursue actual certification and to address many of its human resource needs by hiring a human resource generalist. As a direct result of the faculty internship, the organization was able to gain perspective about some of its processes through a different set of eyes than its normal participants, and that gave it a unique vantage point for seeing how changes may affect employees, systems, and processes in its plant and office operations. Moreover, as a direct outcome for the faculty member, the knowledge gained concerning ISO certification has been able to be directly applied to an Executive MBA course that deals with quality metastandards and management issues surrounding quality programs. For the organization and the faculty member, the initial faculty internship experience was both rewarding and insightful a success, by all accounts.

Evaluation of the Pilot Program

An evaluation took place in August 1998 including representatives from each family business, each faculty member, members of the C/R committee, the dean of the College, a trustee from the Stranahan Foundation and the director of the CFB. It was an extremely productive session with positive suggestions for a new proposal for 1999.

Suggested improvements include better internal communication within the College and the family businesses, more regular monitoring during the program, and an earlier beginning for the matching and planning process. Several additional benefits were identified including long term improvement of the graduates prepared to work in family businesses as well as faculty development for the Entrepreneurship, Family and Small Business Major and research opportunities.

The papers written by the faculty were submitted to the Stranahan Foundation and approved so that by the end of August all payments were made to the faculty from the Stranahan Foundation, the host family businesses, and the College. Each company paid the maximum in merit compensation for recommendations from the faculty.

These internship experiences were extremely valuable for reinforcing and enhancing what is taught about organizations. Several outcomes were achieved through these experiences. First, the connections made between the organizations and the college and faculty members helped each to better understand the roles each plays in our learning community. The participating organization serves as a valuable classroom, particularly for learning more about and applying the knowledge, skills, and abilities we teach our students in the college classroom. Likewise, the faculty serves as a valuable resource for organizations that may have fallen into routine, business as usual practices that no longer are efficacious. Because the faculty are able to see through different lenses than insiders, they can offer the participating organization current thoughts on applying alternative ways of doing things.

A second outcome of our pilot project was the realization that the projects chosen should, in and of themselves, be a teaching tool. By this we mean that the faculty member should be learning through doing and that the scope of the project be broad enough to allow autonomy for accomplishing it, but not so broad as to be incapable of finishing in the time allotted. Thus, the project goals need to be carefully thought out, communicated to all parties involved (and this includes on-site employees who would be working with the faculty member), and evaluated throughout the project's duration by the faculty and the organization. In this way, clear outcomes and learning objectives can be achieved for both participants.

Finally, because the faculty members chosen for these internships had a great deal of business experience, though not necessarily in the areas in which they worked, expectations about what they would find were very similar to the realities experienced. One benefit for the classroom is to have professors who are able to explain both the theory and the practice. One complaint about some faculty is that they often do not understand the practice part of the equation. Therefore, in future internship matches between companies and faculty, we believe a benefit for the classroom would be to encourage those faculty without a great deal of recent business experience to participate in order to gain real-world knowledge about their areas.

Future

The Center for Family Business is currently writing a formal evaluation for submission to the Stranahan Foundation in October 1998. They will also submit a new proposal reflecting the recommended improvements by December 1998. Discussion is ongoing regarding long term funding for two annual faculty internships. Identification of two family business hosts will begin in the fall 1998 with faculty applications beginning in winter 1999. Marketing of the program continues through the Center to its members and to faculty through College meetings and announcements.

The future is positive for the Stranahan Faculty Program. The College and Center have

developed a good partnership with the Stranahan Foundation including an appreciation of the their missions. Faculty are enthusiastic and several family businesses and faculty have already shown interest in participating in 1999. The blending of academics with real-world business is beneficial to each, as well as to our students and the community. Innovative curriculum, teaching methods and classroom projects are being developed. The program serves to encourage economic development projects between the University and family businesses. The Center looks forward to continually improving an effective program for many years.

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