

# **Extending the Living Case Method: Partnering with the Real World**

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# **Extending the Living Case Method: Partnering with the Real World**

## **Abstract**

Living cases where students and businesses work together on a common problem are a well-known means of providing experiential education. However, administration of the cases can be problematic. This paper describes one university's experience in a partnership between academics and the Small Business Development Center to develop an enhanced living case program which solves some of the problems with the traditional approach. The paper concludes with our recommendations for implementing a living case program.

## **Introduction**

The two authors of this paper, one a professor of management and entrepreneurship and the other a regional director of a Small Business Development Center (SBDC) have partnered together over the past two years to develop a living case program which draws on each other's strengths. The result has been highly satisfactory and efficient educational experiences for the college and its students, and valuable training and planning for the SBDC clients.

Based upon Learned (1991), our first author uses living cases in every course he teaches (undergraduate and graduate strategy, new venture creation, small business management). For example, during the past academic year, his students worked on 34 separate live business projects. However, while living cases provide a diverse and rich learning environment, the administration of the cases is time-consuming and frequently the resulting reports are never used.

SBDC's are frequently housed at universities, usually within Colleges of Business as part of their outreach programs. However, most SBDC's are extension programs with little real integration with the academic mission of their Colleges. They are usually staffed by non-academics and viewed with neglect, if not outright suspicion by the professorate. Yet they have valuable expertise in managing consulting engagements and counseling. They have an active flow of businesses needing assistance. And, they are educators, providing a variety of courses for an important constituency, the small and emerging business community. However, they are frequently strapped for resources and unable to serve many of potential clients who could benefit from their assistance.

This paper is based upon our experiences in developing and implementing a partnership approach to living cases. We intend to show how four parties benefit: the

students, the businesses, the professor and the SBDC. We conclude with our recommendations for implementing and managing the program.

## **Living Cases**

A living case is simply the study of a real business problem with real actors engaged in real time (Learned, 1991). Students are assigned to the business with a goal of making recommendations based upon analysis. Students must wrestle with all the uncertainties of actual business situations including unclear problem definition, imperfect information and the vagaries of personalities.

This is similar to the traditional Small Business Institute program, but, following Learned (1991) we implement our living cases with a twist: the business owner/manager must attend class with the students throughout the semester. The class, regardless of topic, is then built around the participating businesses. Throughout the semester the professor delivers the material which the students then apply to their living cases. The business owners (or sometimes the potential business owners) work along side, both guiding and learning from the students.

When living cases work, the results are stunning. Students throw themselves into the business's problems with an enthusiasm unheard of in most classrooms. By attending the classes, the business owners learn the material along side the students. Both students and business owners are able to apply their new knowledge immediately thus enhancing their learning. And, the class is fun to teach. Each semester the professor has new, relevant examples to use in his lectures and discussions.

However, there can be problems. Before joining together with the SBDC, our first author had to recruit his own businesses, no small task requiring several days of effort at the beginning of each semester. Often class would begin before he knew who all the businesses were. Sometimes out of desperation he accepted businesses into the program that were too fragile to last throughout the semester. Other times business owners would say they were committed only to drop out before the end of the semester. When the semester was over, the business owners had no one to turn to for additional help other than the professor so he frequently received calls from the former clients.

## **The Partnership**

We recognized that the SBDC could help. It had clients who needed help, but limited resources to devote to the clients. It was skilled at managing a large portfolio of client projects. And, it was uniquely positioned to provide follow-up once the projects were done. We began to experiment.

The first experiment was simple: rather than the professor recruiting the businesses, the SBDC referred some of its clients to the professor for his business policies course for the development of a strategic plan. At the end of the semester, the professor sent a copy of the final report prepared by the students back to the SBDC. The clients were directed to call their SBDC counselor rather than the professor. The results

were immediate—the professor no longer had to be in the recruiting business or the follow-up business. The SBDC clients received not only a report, but also an understanding of the material from having participated in the course. Now the SBDC counselor could concentrate on implementation rather than diagnosis and education.

The second experiment concerned workshops the SBDC was teaching for community members. Our SBDC teaches workshops on starting a business and on growing an existing business. The SBDC uses typical prepackaged workshop programs, offered to the community on a fee basis. Each workshop lasts 12 weeks, meets weekly at night for three hours, and is taught by a community member (perhaps an accountant or banker) or an SBDC counselor. During the workshop participants prepare business plans—feasibility plans for new businesses and growth plans for existing businesses. The workshops are popular and well attended. However, the participants frequently fail to complete their plans. Sometimes this is because the material is overwhelming; sometimes the participants simply cannot devote the needed time; other times they have an inadequate background in basic business functions. We wondered if we could turn these projects into living cases.

## **New Venture Creation**

Our college students must write business plans for their entrepreneurship classes. In spite of trying to make this a realistic exercise, we have been plagued with “fictitious” business plans. Because many college students do not yet have their ideas firm on a business they would like to found, their plans are often for hypothetical businesses. The problem with hypothetical businesses is that much of the messiness of the real world can be assumed away. We decided to pair the students with community members who were interested in founding businesses in an attempt to provide the students with as realistic of experiences as possible.

The problem was that the students enrolled in a college course for credit, for which they paid standard university charges. The community participants enrolled in an outreach class through the SBDC, paying a fee to the SBDC. In the time-tested method of innovation in bureaucracies, we decided to proceed without permission, expecting to apologize later if the program did not work out. We simply scheduled the community courses and the university courses to meet at the same time in the same room on campus.

Our SBDC regularly offers sections of these courses each fall and spring. We selected the start-up course for our first experiment in the fall, followed by the small business management course in the spring. The SBDC recruits its client-students through advertisements and direct mail. Our second author met with those indicating interest in the start-up course and offered selected potential business founders the “opportunity” to participate in a class with student partners. Nine potential founders were selected and assigned to the class. They paid fees for the course to the SBDC and received their workbooks and other classroom materials from the SBDC.

Our first author was the professor for our undergraduate course New Venture Creation. Twenty-two university students registered for the course through the normal

university registration process. On opening day the university students reported to the assigned classroom, as did the nine potential founders. The university students were told that they would be assigned to a potential founder for the semester and that the principal deliverable would be a business plan for the new business. Each university student was asked to purchase a set of the course materials from the SBDC at their cost.

The course was taught in accordance with the SBDC workshop materials as supplemented by the professor. In addition, college students were asked to carry out additional assignments that could be individually graded.

The results were outstanding for both the college and community students. Since a business plan had to be complete for each college student to comply with the course requirements, all nine of the potential businesses had completed business plans by the end of the semester. Normally less than 50% of the community participants complete their business plans. In the following five months, two of the participants proceeded to act upon their plans and opened their businesses. Indeed, one has returned a year later to serve as a living case for our Business Policies class. The college students reported a high level of satisfaction with the course. And, from our standpoint, the students learned a great deal about the realities of starting a business. They got to experience first hand the problems with financing, the emotions and excitement of dreams and the disappointment as it becomes clear that a business concept simply is not doable.

## **Small Business Management**

Based upon the success of the New Venture Creation course in our first semester, we followed on with a similar program for our Small Business Management course. This time, however, the SBDC was able to advertise to recruit community members based upon the fact that participants would have college students assigned to them for the semester.

The same approaches were used. The SBDC recruited small businesses interested in participating in a business-planning course designed to grow the business. Seven businesses were recruited and paired with twenty-three students. The results were the same. At the end of the semester all seven businesses had completed business plans. Both community members and college students again reported a high level of satisfaction. As of this writing, two of the businesses have used their business plans to solicit additional funding.

## **Lessons Learned**

In this section we summarize some of the lessons we have learned about running an efficient and effective program.

1. **Commitment.** The business people must be committed to the program. Otherwise they may drop out mid-semester leaving the students without a project. We have expectations of the business owners and make sure that we have communicated the

expectations to the owners in advance of class and that they agree to meet them. Our expectations are that the owners will:

- Attend all scheduled class meetings. Of course, we understand the occasionally business emergencies will occur, but we provide the owners with the schedule in advance and ask their commitment to attend them.
  - Be accepting of student recommendations. We don't ask that they agree with them, but we do want to make sure the owners understand that there will be recommendations from students and that they do not have a problem accepting advice from young people.
  - Be forthright. We try to ascertain as best we can the likelihood that each owner will share with the students his/her problems as well as successes.
2. **Stability.** Other than those people wanting to start businesses, we try to accept only businesses with a reasonable degree of stability. The courses are not about crisis management, nor are they about how to survive the next two weeks. We have had businesses so sick the students could not apply the lessons from the class as the businesses were practically beyond help, certainly beyond the level of sophistication of non-professional advisors. We recognize that virtually all small businesses have problems and crises, but we try to ascertain that they are and will be reasonably stable throughout the semester.
  3. **Confidentiality.** All parties must agree that what goes on both within and without the classroom must be confidential. We believe this is a good opportunity for the students to understand in real terms the importance of confidentiality. We give the students a confidentiality "sermon" on the first day of the semester and ask them to sign a standard SBDC non-disclosure form. The form may not be legally enforceable against a student, but asking them to sign the form both lets them know of the seriousness of confidentiality and allows the students to see that such forms are one way of attempting to protect secrets.
  4. **Advance planning.** For these classes to run effectively, all parties must know what is expected of them and when. This is especially important since the business people have committed to the schedule and will rely upon it all semester. Accordingly, every class session is carefully planned in advance of the semester. We give the businesses and students a complete, detailed syllabus on the first day of classes and we stick to it throughout the semester.
  5. **Keep the SBDC counselor and professor informed.** The two authors talk frequently throughout the semester to appraise each other of issues students may be finding so that the counselor can be prepared to assist the business with them. Since all businesses are clients of the SBDC, the counselor also periodically visits with the business owner to make sure he/she is satisfied with the student work. This communication allows for early intervention should problems begin to arise.

## **Conclusion**

What has made this program work so well is the partnership between our two sister organizations. Clearly it has worked to the benefit of the business owners and students. But it has had tangible benefits to the SBDC, the College and the professor as well. Over the last year our students have provided nearly 2000 hours of assistance to SBDC clients, extending the SBDC services by the equivalent of one full-time counselor. We saved compensation costs by not needing to pay both a workshop instructor and a professor. And, the programs are media attractive, gaining the College valuable favorable publicity. From the professor's standpoint, he now receives all the quality living cases he wants every semester because the SBDC has an on-going stream of new clients who need our students' services and who have been screened for suitability for our programs. He no longer has to devote his time to business recruiting, nor to client follow-up after the end of the semester.

## **References**

Learned, Kevin E (1991). The use of living cases in teaching business policy. *Journal of Management Education*, 15(1), pp. 113-120.