

Using Student Managed Businesses to Integrate the Business Curriculum

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Abstract

To teach business today requires that we go beyond classroom learning and encourage real world, cross-functional experiences and applied management decision-making. This paper describes an innovative approach that requires students to apply their function-specific knowledge of business, integrated with other functional areas, to an authentic environment. Working in small groups, students form management teams responsible for managing their own online businesses. They apply the business principles learned in their earlier foundation business courses to the new enterprise, supporting the goals of integration and enhanced students' learning to make them better prepared to be managers of the future.

Keywords: curricular integration, business processes, teamwork, learning goals

Introduction

In recent years a major emphasis in business education has been to make the experience more authentic for students, and to instill skills that are transferable to real world applications (Cinebell & Cinebell, 2008). One goal that is often stressed when designing and improving business curricula is to show the importance and relevance of different functional areas working together in business operations. Applying the theories, concepts, and techniques from core business courses to a specific enterprise is a challenge. Integrating the material with that from other functional areas and holding students accountable for making a profit is something that has been beyond the reach of business educators until recently.

As the price of business education increases, and as the student-consumers demand more in the way of transferable knowledge and skills, the teaching of business today requires that we go beyond classroom learning and encourage enterprise-level, cross-functional experiences and hands-on management decision-making (Hammer & Stanton, 1999; Kalakota & Robinson, 2001; Keen & McDonald, 2001). The implication for the students is that, regardless of which business functional area they choose to focus on, they should then be able to integrate their functional orientation into the fabric of a business enterprise.

In looking for an integration vehicle, business schools have tried various approaches. Business simulations serve to provide students with broadly defined business scenarios that illustrate functional integration. For example, one simulation teaches management principles for service organizations. The simulation requires students to coordinate airline staff and suppliers to meet flight schedules and customer demand while maintaining profitability (McKone & Bosewicz, 2003). The decisions in the simulation require students to develop an integrated approach to management by coordinating marketing, operations, managerial accounting, and organizational behavior decisions. However, this approach does not sufficiently integrate all of the areas of business. In addition, some schools that have used business simulations note that one drawback is that even the best simulations are limited in their ability to replicate authentic business situations (Briggs, 1995).

Additionally, business schools use case studies as an instrument to meet the challenge of curricular integration. Incoming business students are presented with a synopsis of a case in their first year of business school. The same case with the relevant topical additions is used in all subsequent business core courses (Markulis & Strang, 2005). A different version of using case studies also extends case analysis beyond a single classroom. For instance, one study shows students from an undergraduate management science course in decision analysis serving as consultants on a case assigned to teams in an international management class (Palocsay, White & Zimmerman, 2004).

Common databases such as enterprise software offered by SAP, Inc., through their University Alliance Program serve as one more mechanism for integrating curriculum. Enterprise software integrates various business processes and functions to provide a holistic view of business within information system technology architecture. Various classes access the database for assignments, and thus integration occurs through the use of a common data base (Johnson, Lorents, Morgan & Ozmun, 2004). One study, though, reports that some schools have struggled with how to specifically

implement enterprise software into their courses and curriculum (Reckers, 2003). Additionally, this mechanism incurs relatively significant financial and faculty development costs.

Other methods for curricular integration include having individual faculty identify one topic of their course that relates to a topic of another course and having each faculty member visit the other's class as part of a team teaching program. Other schools have students run a business through a kiosk in a mall or other brick and mortar location to learn from experience and to see firsthand the integration of business processes (Greenhalgh, 2000).

Many education researchers have demonstrated that there is no substitute for direct experience in facilitating learning, particularly in the applied sciences (Kayes, Kayes & Kolb, 2005). Consistent with this philosophy, one solution to curricular integration is a course designed for students to plan and operate an eBay business. Working in small groups, students form management teams responsible for running their own online businesses, applying basic business principles. Functional integration occurs through cross-functional team interactions and information sharing. The instructor supervises and provides support to students as they develop fully-functional business units from idea stage through full implementation. This paper presents an overview of this approach for curricular integration.

eBay Marketplace

eBay is the world's largest electronic marketplace and a popular place for the sale of new and used items. eBay is an attractive marketplace for student managed businesses because it is relatively easy to begin and end business ventures. Opening an eBay business is relatively easy in comparison to opening a brick and mortar store. With an email account, merchandise, credit card and some eBay expertise you can begin selling on eBay. The cost of operations is relatively inexpensive as well because most operations are backend operations. In addition, many of the operations necessary for running an eBay business are handled through the Internet. Closing a business takes minutes if there are not any outstanding accounts receivables or payables.

eBay offers several different types of auctions and fixed-priced ways to sell merchandise. eBay offers options such as reserve price and buy it now. A reserve price is a hidden minimum price that the seller is willing to accept. eBay's buy it now feature gives bidders the option to buy an item immediately for a specified price thereby ending the auction. If a seller chooses a fixed-price listing, the item is for sale at a set price with no bidding allowed, however best offers may be permitted by the seller. eBay also offers sellers the option of creating their own "eBay Store" to sell merchandise and the "About Me" page as a way to promote and post information about themselves. Determining which eBay options to use in their business offer critical thinking opportunities for students.

Course Goal and Educational Objectives

The course goal is to have students appreciate the interdependence and interactions that take place across functions of an organization, function efficiently and

effectively as a team, and practice their own leadership and communication abilities. Four desired overall objectives to business education are: (1) student understanding of business fundamentals; (2) development of analytical and critical thinking; (3) improvement of ethical, interpersonal, communication, and team skills; and (4) instillation of technology skills. A student managed eBay business produces these four outcomes through student cooperation and application of new technologies when operating an online business.

Course Design

The course design to achieve the course goal and educational objectives is straightforward: the course unfolds and takes place in phases – phase I (forming a management team), phase II (planning a business), phase III (designing business processes), phase IV (running the business) and phase V (closing operations and conclusions). These phases are similar to the phases in Tuckman's model (1965) introduced in 1965 and expanded in 1977 used to describe small group development. Tuckman's model characterizes group development as moving through five phases in a sequential order. Other developmental traits are issues and concerns in one phase are resolved as a group moves to the next phase, and phases are characterized by task and relationship aspects. The instructor's role is to oversee the groups as they move through the phases of the course. Planned activities within each phase and guidance from the instructor help groups complete the tasks of each phase. Discussion below provides a fuller description of each phase and activities.

Phases

A class may be divided into several management teams, or alternatively, the entire class may make up a single management team. With multiple teams, each team should be balanced with respect to eBay experience and functional areas represented. The following outline shows each of the phases along with related activities and expected duration for a group to be in that phase.

- I. Phase One – Forming a Management Team (Two weeks)
 - A. Introduction and Orientation
 - B. Collaborative Methods
 1. Brainstorming and Groupthink
 2. Conflict resolution and Team Building
- II. Phase Two – Planning a Business (Two weeks)
 - A. Strategy
 1. Mission and Objectives
 2. Marketing, Operations and Financial Plan
 3. SWOT Analysis
 - B. Business Plan
 - C. Presenting Business Plan to Board of Directors
- III. Phase Three – Designing Business Processes (3 weeks)
 - A. Process Centers

1. Inventory Acquisition – “an eye for opportunity”
 2. Listing and Pricing – “is creative and inquisitive”
 3. Packaging and Shipping – “makings things fit”
 4. Customer Service – “patience and tact”
- B. Operating Policies
- IV. Phase IV - Running the Business (6 weeks)
- A. Business Operations
 1. Information System
 2. Quality Control
 - B. Business Reports
- V. Phase V – Closing Operations and Conclusions (2 weeks)
- A. Final Business Reports
 - B. Peer Evaluations
 - C. Business Closing

The groups sequentially go through the phases completing tasks and establishing relationships beginning with phase 1, forming a management team. This is the “getting to know and trust each other” team building phase of the course. The task dimension for group members is to become oriented to the goals and procedures of the group. Students research the concepts of brainstorming, group think and conflict management. The instructor facilitates discussions about what they learned in class. In addition, members within a group collaborate about expectations of group members including member’s attendance at business meetings and getting work completed on time.

Phase II is the strategic phase. Each team chooses a business name, develops a mission statement, goals and objectives, marketing and operational plans as well as start-up cost estimates. Students create logos, advertisements and other promotional material. Students investigate methods to procure merchandise to sell such as searching local auctions, estate sales, shopping malls, and by consignment. How students acquire merchandise to sell depends on the initiative and expertise of group members. For example, one group may find discontinued items at a good price from a retailer. Another group may consider purchasing merchandise at a local auction or estate sale to resell on eBay. Given the time constraint of the term, most groups may confine themselves to acquiring merchandise to sell on a consignment basis. Consignment sales are safer in terms of potential losses than selling items from purchased inventory and may take less time to secure.

After developing an overall business plan, each group presents their business plan to a Board of Directors. The Board consisting of the instructor and two other faculty members or practitioners and meets once to hear all of the business plans. The school “loans” two hundred dollars to each group that has a business plan approved by the Board of Directors. The expectation is that all or most of the loans will be repaid at the end of the term. Profits and inventory from business operations at the end of the term are donated to charity or carried over to the following semester.

In phase III, students focus on learning technology necessary to run an eBay business and mapping out operating processes. There are several software and computer skills necessary to run a digital business. Typical software that students learn

include PhotoPlus to edit product photos, PhotoBucket to host product photos, eBay's TurboLister to upload eBay listings including product photos and PayPal for managing sales and eBay expenses. During phase III, the instructor provides guidance in using new software. Students also make policy decisions regarding returns and regarding product and information flow. Process centers typical consist of inventory acquisition, listing the product on eBay, packaging and shipping sold items and customer service. Students define responsibilities and boundaries for each process center. Of course, the expected payoff for designing and implementing effective and efficient process centers is profit. At the end of the term, awards given to the group with the highest profit as well as the group with largest number of items sold, highest feedback rating and best managed business. Appendix A, Course Documents, shows an example of an award certificate and grading rubric for how individuals and groups are evaluated.

Phase IV is the heart of the course as the groups begin "running" their businesses. During this phase, the faculty member is primarily an advisor. Each group maintains operating documents created and used during the running of their business such as advertising copy, customer satisfaction results, income statement and operating policies. Students also maintain a business journal throughout the term reflecting content of business meetings and experiences with managing a business. The instructor provides a business journal template at the beginning of the term.

During the last phase, Phase V, each group prepares a final report for the instructor, evaluates group members, makes an oral presentation and closes business operations. Included in their final report are business journals maintained by students throughout the term documenting their activities in meetings and business operations. Also, each group makes an oral presentation to the class about their business highlights as well as less successful events. Appendix A, Course Documents, provides final report guidelines, business journal template example and examples of other operating documents.

Conclusion

This approach to curricular integration allows students to experience firsthand important business issues and processes. By managing an online enterprise, students have the opportunity to experience management decision-making and the cross functional nature of business processes. They must analyze imperfect information and make the most of it. They must practice leadership and communicate skills. They must account for their actions, accept the recognition that goes with exceeding expectations, or explain and learn from falling short. Thus, students witness the relevance of business disciplines working together as managers must do in real world companies.

As with any class that utilizes new technology, it is important not to lose sight of the fact that the purpose is to instill in students knowledge beyond that which is necessary to master the use of technology and software. For this reason, all of the phases are important to the success of the course. It is during the planning and designing phase that students learn to develop goals for their business as well as their processes (business fundamentals); how to design and implement efficient and effective processes (analytical and critical thinking); and how to coordinate and communicate

with others (team work). All of these skills are desired outcomes for enhancing students' abilities and to prepare them to be managers of the future.

There are several avenues available for future research including: (1) how students benefit; (2) student satisfaction; and, (3) success as a curricular integration approach. An interesting line of inquiry would be to survey students some time after graduation to determine the degree to which they think the course was relevant to their practitioner experience. While students report high satisfaction with the course, determining the degree to which satisfaction corresponds to course performance both in terms of their grade and economic outcomes might be enlightening. It would also be helpful to explore some possible measures of success for curricular integration and further refinements for this approach.



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Appendix: Course Documents

A. Final Report Guidelines

Letter to Future Companies (1 page)

Provide lessons to future companies based on your company's unique experience in the course - common lessons are stating the importance of marketing and procuring merchandise, policies and operating procedures and communication throughout the business.

Company Summary (2 – 4 pages)

Title Page: Company Name, Mission Statement, Goal and Objectives

Organization Chart: Including the titles (primary jobs) and names of all company members.

Include Highlights such as:

A. What was your company's business strategy in the beginning? Did it change during the course?

B. Give specific methods used to accomplish your mission and objectives.

C. Where did you find items to sell on eBay?

D. What value did you create?

E. Give evidence of customer satisfaction.

F. Was your marketing campaign unique, creative and/or successful?

G. Did you experience less than successful business strategies or events?

H. Did you meet goals and objectives established in your business plan?

I. What policies worked well? Did any policies not work?

Note: The contents of this Company Summary may also be used as a guide for the content of your company's Oral Presentation.

Operating Documents: Include documents that were created and used during the running of your company. Typical operating documents include your business plan, advertising copy, feedback, policy statements and income statement.

Business Journal: complete an entry for each class sessions listing date, members present and agenda.

B. Business Journal Template Example:

Name: Q-Sell

Date: _____

Group Members Present: Ashley, John, Ben, Stephanie, Jason

Agenda/Objective of Class Session/Meeting

- Examine brainstorming
- Examine groupthink

Individual Objectives

- Learn more about brainstorming, learn different ways to brainstorm
- Learn examples of groupthink

Describe Key Events

- Looked over “What is Brainstorming?” and “Groupthink” worksheets.

Analysis/Explanation

- Learn the five different rules of brainstorming and how to examine ideas based on criteria
- Learn what groupthink is and symptoms of groupthink and how to avoid it.

Action/Implications

- Take what we have learned and apply it to our group and situations that come up as time goes on through class.

C. Advertising Example

YOUR TRASH IS THE WORLDS TREASURE ON EBAY! LET OUR PROFESSIONALS SELL YOUR ITEMS

GET IN ON THE ACTION! WE'LL DO THE HARD PART OF SELLING YOUR ITEMS, **YOU JUST RELAX AND RECEIVE CASH!**

Make some money for all of those things you will never use again. eBay is the world's largest online marketplace.

- Antiques
- Collectibles
- Glassware
- Electronics
- Jewlery
- Toys
- Books, Cd's and Movies

Q-SELL Consignment

D. Consignment Terms Template

eBay CONSIGNMENT

Thank you for your interest in having our company handle your consignments. If it can be shipped at a reasonable price, we will accept it for consignment.

Our consignment requirements are as follows:

1. Consignors must agree to place all items up for sale without reserve.
2. Minimum expected value of \$25 per item. It is too cumbersome to deal with items of lesser value.
3. Consignee (Company) ___ agrees to take pictures, compose a description and list the item for sale on eBay.
4. The “BUY IT NOW” feature is up to the discretion of the consignor. Generally, we have found that a BUY IT NOW price of 5 percent more than the expected high bid is effective.

Option A:

Starting bids will be determined by consignee and consignor. Generally, we will look at the completed sales of comparable items in determining the starting bid.

Consignor(You) will receive 75% of the final bid price upon sale if an item sells for under \$500. For items over \$500, you will receive 85% of the amount in excess of \$500.

All items are put up for one week. If an item does not sell, consignee will re-list it once.

Option B:

Flat fee of \$10 for managing the eBay listing of your item plus eBay and PayPal fees. Managing includes taking pictures, composing a description, listing the item for sale on eBay, customer service and shipping. eBay fees are approximately 10% of estimated value of the item.

5. Turnaround is approximately two weeks from the time we receive your items to the time you receive payment. Large consignments will tend to take longer.

Please feel free to email us at _____ if you would have additional questions.

E. Grading Rubric

1. Peer Evaluation - Business Participation (20%)

Instruction: Please rate each of your fellow team members and yourself with respect to the criteria listed in the table below. Be honest, reasonable, and fair.

Example: 4 people on team
 $4 \times 100 = 400$ percentage points

	Person A	Person B	Person C	Person D	Total
Meeting attendance (20 points average)	22	15	25	18	80
Punctuality of work (20 points average)	23	20	20	17	80
Fair share of work (30 points average)	28	30	26	36	120
Quality of work (30 points average)	32	20	33	35	120
Total (100 points average)	105	85	104	106	400

2. FINAL Report (40% each)
 Grade on final report is adjusted by peer evaluations.

GRADE ON FINAL REPORT: 87

	<u>Percentage Points</u>		<u>Final Report Grade</u>	<u>Adjusted Grade</u>
Person A	105	X	87	91.35
Person B	85	X	87	73.95
Person C	104	X	87	90.48
Person D	<u>106</u>	X	87	92.22
TOTAL	400			

3. Oral presentation (30%)

The presentation grade is based on three factors: analysis, oral skills and PowerPoint slides. Everyone in the group must take a part in the oral presentation. The presentation should be approximately 20 - 25 minutes.

4. Company Performance Measure: Company Score (10%)

Performance measures such as net profit, sales volume, feedback (quality) rating as measured against other groups.

F. Award Certificate

