

USING THE STUDENT-OPERATED BUSINESS TO MAXIMIZE EXPERIENTIAL AND PROBLEM-BASED LEARNING: A CASE STUDY

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ABSTRACT

The need for marketing students to enhance their problem-solving skills in preparation for their careers is addressed. To improve the ability of students to develop their talents in this area, a student-operated business in a marketing curriculum is analyzed. Using Kolb's (1984) Experiential Learning Model and the Problem-based Learning (PBL) Essentials developed by Wee and Kek (2002) as measures of effectiveness, this case study indicates that a student-operated business could be an all-encompassing means by which to train students to solve problems.

INTRODUCTION

The vast majority of marketing students will someday integrate their discipline-specific knowledge in non-academic environs. Therefore, marketing instructors should teach skills that address the needs of employers.

This study examines a method of enhancing the skill of problem-solving, an area in which marketing majors appear to be deficient upon graduation. The marketing literature has identified this shortcoming (Wee and Kek, 2002; Kennedy, Lawton and Walker 2001; Titus 2000; Scott and Frontczak 1996; Arora and Stoner 1992; Deckinger, Brink, Katzenstein and Primavera 1990), which was aptly summarized by Chapman and Sorge (1999): "Students simply do not have enough exposure to making business decisions in uncertain and ambiguous environments." (p. 225)

A common definition of teaching is "to impart knowledge or skill" (The American Heritage College Dictionary, 1997). In other words, the traditional role of teachers is to help students find answers. The paths by which we guide students to these answers vary, but the aim is to provide information of which students were previously unaware.

However, because the marketplace needs future employees to be more adept at finding solutions without pointed parameters under conditions where matters are multiple and unclear, perhaps teachers need to do a better job of helping students diagnose problems. Often, the most difficult part of decision-

making is determining the exact nature of the problem, after which one can more easily find the most effective and efficient answers.

EXPERIENTIAL LEARNING

Traditional teaching techniques (e.g., lecture) are well-suited to directing students toward correct answers. These passive methods of instruction, however, are more difficult to administer when concrete outlines are vague or missing altogether, the very character of problems that students will encounter on the job. Accordingly, for students to better understand the intricacies of problems, students may need to first grapple with them, extracting needed information from them and forming outlines and courses of action themselves. Active learning, when students become active participants in knowledge creation, is better suited to generate this behavior. A specific method of active learning, experiential learning, could be the ideal method of producing desired results in problem-solving. According to Checkoway (1996), "It is unrealistic to expect...instructors to facilitate learning when they have not had these experiences themselves" (p. 605). Armed with this reasoning, many experiential learning instructors seek activities that bring the same realities of marketing practice that students will face after graduation to their courses.

In these experiential settings, students become committed to learning when they apply the ideas they study in "real" circumstances, and when they link theory with practice (Gamson 1995; Hirsch 1996). Two of the more common methodologies in this area are simulations and live cases. However, even these experiential techniques cannot help students in every aspect of professional reality.

Simulations are effective introductions to realistic marketing situations, but the artificial and/or post-hoc nature of this exercise does not address "real-time" relationships and consequences. Likewise, in live cases, (e.g., service-learning, client-based projects), "students are exposed to problems in real life, but they act as consultants with only a limited stake in the success or failure of their plans." (Daly, 2001, p. 204)

adopt an educational process that improves and cultivates these abilities" (p. 226). Therefore, one intent of this study was to take the first step towards determining if a particular course format satisfies the essentials of PBL.

The area of pedagogy where PBL is most easily delivered is through experiential learning, a teaching style that encourages active participation by students. In higher education, there is a growing trend toward active-learning pedagogies (Barr and McNeilly 2002; Bobbit et al. 2000; Gremier et al. 2000; Kennedy, Lawton, and Walker 2001). The primary reason behind this switch is that research indicates that when students become active participants in knowledge creation, they learn more (Cross 1987; Johnson and Johnson 1993). Accordingly, this course was also examined to determine whether it satisfied all of the elements of a successful experiential learning project.

Specifically, a theoretical analysis will be made in one experiential learning tactic—the student-operated business—to determine if this instructional format can serve as an effective method by which teachers can teach students to solve problems.

The Student-operated Business

Over the years, many student-operated businesses have been supervised by academic institutions, but most of these concerns operate outside of the curriculum, most often in student organizations (Daly, 2001). One example of a student-operated business engaged within a marketing curriculum was described in great detail by Shawn Daly (2001), whose insights serve as an excellent primer in the mechanics involved in undertaking such an endeavor. This case study will investigate how a student-operated business within a marketing curriculum addresses the experiential learning cycle and the essential components of PBL.

Class Format

Over a 16-week semester, a senior-level course and marketing minor capstone, entitled, "Seminar in Marketing Management," was transformed into a retail business operated by the 23 students enrolled in it. For organizational purposes, the class was divided into four departments—Research Management, Production Management, Promotion Management and Sales Management—and students were given the opportunity to rank order their preferences for which department they would like to be assigned. The following is a brief description of the responsibilities of each department.

Research Management

Students in this department were responsible for overseeing the collection and analysis of primary and secondary research data during the semester.

Production Management

Students in this department were responsible for overseeing product design and pricing, as well as managing the supply chain.

Promotion Management

Students in this department were responsible for developing and implementing the promotional plan.

Sales Management

Students in this department were responsible for developing and implementing the sales plan, which included training students on personal selling techniques.

After departments were formed, each class (two days a week for an hour and fifteen minutes each session) took the form of a company meeting, where each department gave progress reports and major issues were discussed. On many occasions, students were given time to work within their own departments during class time. As a group, students were required to present and deliver in report form the following assignments: a department plan for the semester; a mid-term plan progress report ; and a final report on the achievement or non-achievement of the goals of their department. Because everyone in the course was also involved in the actual selling of the product, each department also had sales objectives.

What Happened

Within one week of the start of the course, students began the process of deciding which product the organization would offer, ultimately deciding on Nalgene-style, 32-ounce water bottles emblazoned with the college logo. Student research findings indicated that the two most popular bottle colors were red and blue, so an initial order of 214 bottles was made in those colors to a supplier who could make delivery at a total per unit cost of \$5.30 per bottle. The students decided to set the retail price at \$10.00.

After the initial order sold-out ahead of schedule, a second order of 504 was made to keep pace with expected demand. By the end of the semester, and after each student was given one bottle (total of 23), all but 24 were sold, accounting for \$6,710.00 in sales. After accounting for volume discounts (many

administrative departments purchased the product in bulk for thank-you gifts or student rewards) and a small promotions budget of \$180, the student-operated business made a net profit of \$2,484.60. This operating income funded an end-of-semester dinner party for the class at a local restaurant, and a \$50 bonus to the top salesperson. The remainder of the proceeds went back into the marketing department foundation for future course use and to contribute toward student scholarships in the future.

DISCUSSION ON ADDRESSING THE ESSENTIALS OF EXPERIENTIAL LEARNING AND PBL

Since it is posited that the student-operated business can be an effective means of delivering experiential and problem-based learning, we must examine this pedagogic approach as compared to the components of Kolb's (1984) learning cycles and Wee and Kek's (2002) essentials of PBL.

Kolb's Experiential Learning Model

Concrete Experience

The fact that an entire course was centered on student decisions made the activity relevant and encouraged active participation.

Reflective Observation

Students were allowed to address successes and failures throughout the class and in reports at the end of the semester.

Abstract Conceptualization

Instructor served as a sounding board off which students would bounce ideas, which allowed the instructor to associate marketing theories to practical applications.

Active Experimentation

Every step of the course is a new experience, so it was an unstated requirement that students take the knowledge known prior to the beginning of the semester, as well as understanding gained during the process of running the business, and apply it in their future class decisions.

Wee and Kek's PBL Essentials

Problem

By turning the class into a business every semester, students are confronted with multiple problems:

- How to conduct product research;
- What product to sell;
- How to find the best supplier;
- How to manage the supply chain;

- How to promote the product;
- How to manage the personal selling effort.

Additionally, unforeseen problems arose during the semester, much like they do in actual businesses. For example, on the day prior to Spring Break when the second order of water bottles was to be made, it was discovered that the manufacturer in China was out of stock.

Problem-solving Skills

Upon hearing the news, one member of the Production Department called the instructor and both discussed a plan of action. The student took the problem with her on an airplane and upon landing at her vacation destination, contacted a fellow member of her department, whereupon they searched the World Wide Web until new supplier options were found. Upon review of these options with the instructor, a new bottle from a new manufacturer was chosen, ordered and arrived in time for distribution at the next class after Spring Break.

Self-Directed Learning Skills

By operating a business, students were confronted with a series of problems that needed to be solved before the ultimate goal of making a profit could be realized. The instructor stated only that a profit had to be attained and everything required for that objective to be reached was up to the students. Consequently, students took it upon themselves to determine the tools they would need to solve respective problems. Only then would the instructor be asked for guidance on procurement of these tools and upon their receipt, students proceeded to resolve the situation.

Acquiring Integrated Information

Out of necessity, students searched for answers by inquiring of (a) other academic departments (e.g., Graphic Design, English, Technical Communication); (b) college administrative departments (e.g., College Communications, Athletics); on-campus retail outlets (e.g., bookstore); and off-campus retail outlets (E.g., CostCo, Inc., other university bookstores).

Student-Centeredness

Because this pedagogy creates a united cause--making a class-wide profit--a strong sense of class community was developed, as measured by the classroom community scale (Rovai, 2002). This atmosphere inspired students to create their own learning experiences. For example, one student noticed that all of the cashiers at the CostCo where he worked were on their feet all day and must grow thirsty in the process. With the inability to leave

their posts except for breaks, the student solicited these workers about water bottles. Though these workers had no connection to the college, 20 of them purchased water bottles emblazoned with the college logo.

Self- and Peer Assessment

As part of their written report requirements, students completed a self and peer evaluation form.

Collaboration in Small Groups

With the class divided into departments of 5-7 students, small group activities were constant throughout the semester.

Reiteration

Since the nature of problem-solving in a business model environment is the constant build-up of information from an original base of information, new solutions are compared to previous dilemmas to help ensure that these problems do not reoccur.

Reflection

The final reports in the student-operated business course are a direct reflection on the successes and failures in respect to the objectives of individual departments that occurred during the semester.

Teacher

Aside from the initial introduction of the concept, the instructor solicited comments from students via question-asking and played a directive role only to decide between options students could not resolve themselves.

CONCLUSION

The observed outcomes extracted from this pilot study supported both the completion of Kolb's (1984) Experiential Learning Model and Wee and Kek's (2002) Problem-based Learning Essentials. Student comments supported this position: "Now I know what it means to actually run a business"; "After this, I have a pretty good idea of what all that stuff in the books really means"; "I never realized how important working in a good group means to the overall success of a business."

Consequently, in this single instance, the student-operated business is a success in the context of marketing education. One case study, however, cannot reliably predict a consistent outcome. This study provides a starting line to conduct more encompassing scientific studies.

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