Strategic Planning and Field Based Consulting

David Lynn Hoffman, David Bechtold, Ann Murphy & Johannes Snyman
Metropolitan State University of Denver

Critics of strategic management education argue that it has become too theoretical and does not adequately prepare students for the uncertain environments they will face in the future (Godfrey, Illes & Berry, 2005). This article reviews the history of strategic planning, the history of the Small Business Institute® (SBI)’s field based experiential classes, its advantages, and addresses the current concern of assurance of learning- that some SBI outcomes cannot be measured. It concludes with an explanation of one school’s three different pedagogical approaches to teaching strategy via the field based approach and argues that all three, although different, meet the primary components of knowledge acquisition and retention as proposed by O’Dwyer, Birthistle, Hynes, and Costin (2009).

The history of management thought begins with Frederic Taylor’s (1911) concept of scientific management and Fayol’s four management functions: planning, organizing, controlling, and communicating. Taylor’s assumptions about worker motivation were challenged by Elton Mayo’s Hawthorne Studies which spawned studies into human relations. During this time period Harvard began its case study method (Candy & Gordon, 2011). Chandler (1962) is credited with beginning the study of business history, the argument for decentralization of large companies and the argument that structure should follow strategy (Candy & Gordon, 2011). The advent of systems thinking in the 1980s challenged the assumption that businesses are closed systems with the understanding that they are actually open systems because they interact with and are affected by their environments.

One of the most influential early strategy theories that put substance into the relationship between strategy and external environments was Ansoff’s (1960) theory that focused on the environmental factors of variety of change, frequency of change, urgency, predictability, and budget as compared to five levels of environmental change: stable, reactive, anticipatory, exploring, and creative. Peter Drucker, Tom Peters, and Ted Levitt contributed understanding about human factors including worker empowerment, decentralization, customer focus, leadership and hierarchies (Candy & Gordon, 2011). Michael Porter (1990) added environmental competitive forces and Hamal and Prahalad (1994) added the concept of core competencies.

STRATEGIC PLANNING TODAY

Today the field is concerned with the discussion between the institutional based view of strategy, the resource-based view, and the ecology model (Dess, Lumpkin, Eisner & McNamara, 2012; Grant, 2013; Grant & Jordan, 2015). Institutional theorists believe that organizations use systematic and rational approaches to their environment. This leads to the concern that too little or too much structure works against efficiency and adaptability in dynamic environments (Davis, Esienhardt & Bingham, 2009; Eisenhart & Martin, 2000). Davis concluded that there is an inverted U shape relationship between structure and performance. Candy and Gordon (2011) believe that the institutional view provides better clarity of the organization, its struggle for survival, and its environment, especially where conformity to the environment is critical.

The resource-based view sees organizations as a bundle of resources that are possessed, available, or within an organization’s sphere of influence. Therefore, differences in performance are driven by differences in organizational resources and capabilities (Candy & Gordon, 2011). Such resources could include tangible resources, such as financial and physical, and intangible resources such as culture, values, human abilities, innovation, and reputation. Also included may be information exchange ability,
transaction speeds, employee competency, and management competency (Candy & Gordon, 2011). Organizations achieve competitive advantages when their resources are: valuable, rarity, non-imitative, and sustainable.

The ecology model views organizations as exiting in constantly changing environments therefore requiring open systems approaches. To be effective organizations must address the needs and demands of their local environments while maintaining communication systems and missions that make the organization, different, distinct, and superior to its competitors (Candy & Gordon, 2011). Grant (2013) argues that current strategists should continue to be concerned with values, industry analysis, competitive analysis, analysis of resources, organizational design, competitive advantage, integration, technology, and diversification. They should also be concerned with environmental turbulence, the pace of technology, the pace of creative destruction, social pressures over income disparity, the economic relations between the United States and the rest of the world, the breakdown of corporate boundaries, complexity theory, and self-organization.

**STRATEGIC PLANNING PEDAGOGY**

Most current strategic planning textbooks cover these topics and almost all cover the analytical topics of internal analysis, external analysis, business level strategy, corporate level strategy, international strategy, control and governance, (Dess, Lumpkin, Eisner, McNamara 2014; Rothaermel, 2017). Some authors add case analysis, corporate entrepreneurship, and implementation (Dess et al., 2014). After these basics some instructors use the Harvard case approach with published cases or have students analyze public companies. Others use simulations requiring students to use the above analytical tools.

The key difference in the SBI field based approach is that after covering the above theories and basics, the students work with actual businesses in their communities. The authors argue below that the field based approach meets most of the criticisms being leveled at business education in general including strategic planning education. To understand the authors’ argument a review of the current criticism is helpful followed by a brief history of the SBI approach and how it improves knowledge acquisition and retention.

**CRITICISM OF BUSINESS EDUCATION INCLUDING STRATEGIC PLANNING EDUCATION**

Some critics believe that business education lacks theoretical underpinnings and suffers a decline in academic quality (Gordon & Howell, 1959 quoted in Godfrey, Illes & Berry, 2005) or too entrenched with corporate concerns (Gioia & Corley, 2002), and is therefore little above vocational schools (Trank & Rynes, 2003). Conversely, more damaging arguments are that business education is so focused on academic theories and methodologies that it is too narrowly focused (Mintzberg, 1990) especially on analytical tools that cannot solve problems found in cross functional issues that are beyond the tools’ boundaries (Godfrey, Illes & Berry, 2005). Some argue that good teaching suffers from the focus on research with some business schools too concerned about school rankings and looking good rather than being good (Gioia & Corley, 2002). Pfeiffer and Fong (2002) believe that business education provides little guidance to the real world and therefore approaches irrelevance.

**SERVICE LEARNING AND EXPERIENTIAL LEARNING AS A MEANS TO RESOLVE CRITICISMS**

Godfrey et al., (2005) argue that service learning meets most of these criticisms because it provides issues that include reality, real world settings, cross functional problems, and moral, ethical, and justice issues. In addition, student reflection on their experiences leads to knowledge about their and others’ future behaviors and builds responsibility and civic virtues. They suggest that the field based experiential approach of the Small Business Institute® program also meets many of the criticisms from Godfrey’s et al. (2005). The following brief history provides this justification.
The SBI program was started in 1972 when a group of professors left the Decision Sciences Institute to form the SBI program based on their desire to explain and develop field based consulting. In its peak in the 1990s the program had approximately 400 schools nationwide involved in field based consulting. The organization sponsors two journals, the *Journal of Small Business Strategy* and *The Small Business Institute® Journal* and national conferences dedicated to the enhancement of field based consulting (Small Business Institute® website, 2016).

The best explanation of the SBI process is Cook, Belliveau and Campbell’s (2012) Experiential Student Team Consulting Model. The model shows the integration of the client, the team, the student(s), and the instructor(s). Each of these interact with each other. The authors based their model on the established literature in experiential learning, problem-based learning (Peterson, 2004), and service learning (Eyler & Giles, 1999). SBI programs use teams of students in real world applications to solve their client’s issues (Cook *et al*., 2012). Each team must determine the client’s issues, develop appropriate and reasonable alternatives, and recommend solutions that fit that client’s actual situation. The teams usually present both oral and written reports.

The SBI program has the following benefits such as cooperative team environments and interdisciplinary approaches (Cook *et al*., 2012), dynamic group activities (Ames, 2006), interactive client experiences (Ames, 2006), learning for both the students and clients (Ames, 2006), improving negation and networking skills (Lacho & Bradley, 2010), and usefulness for community development (Lacho & Bradley, 2010; Bradley, 2003). It also bridges the gap between passive learning and actual job expectations. Brennan (1995) found that students liked their experiences, their instructors, but viewed their team experience less favorably. Boyles and Lang (2009) found that the program involves students in critical thinking and encourages initiative. As noted above, some programs have been designated as service learning experiences which have Elyer and Gile’s (1999) characteristics of addressing complex problems, requiring critical thinking, requiring team collaboration, and promoting deeper learning.

The real world application exposes students to owners who are constantly juggling multiple functions simultaneously such as marketing, management, finance, operational, and strategic issues. They also observe clients dealing with humanistic, moral, ethical and legal issues. Sometimes they are exposed to less than ethical clients and must use self-reflection and analysis to resolve their and the clients’ issues (Hoffman, Radojevich-Kelley, McVicker & Faurer, 2010).

**KNOWLEDGE RETENTION AND ACQUISITION (DEEPER LEARNING)**

O’Dwyer *et al*.(2009) believe education should provide both explicit and tacit knowledge. The first is gained by communication via traditional educational methods such as lectures, textbooks, and readings. Tacit knowledge is practical knowledge gained by experience with direct experience or observation of what works in what situations and the skills to deal with them. They argue that the SBI program combines both traditional lectures to provide explicit knowledge and tacit knowledge via involvement and observation of real world clients (O’Dwyer *et al*., 2009). How the SBI meets their needs is explained below.

O’Dwyer *et al*. (2009) present five delivery modes for experiential learning including scanning, experimentation for cause and effect, self-appraisal, active participation in learning and problem solving, and unsystematic or unintentional learning. Kolb and Kolb’s (2005) theory of experiential learning posits that experiential learning is enhanced by viewing it as a process, drawing out students’ beliefs so they can be examined and integrated with new information, presenting students with conflicting ideas, engaging students holistically via their thinking, feeling, perceiving and behaving, providing interactions between students and their environments, and providing students with experiences that transform their paradigms. The authors of this paper believe that field based consulting meets the delivery methods of
O’Dwyer et al. (2009) and maximizes the experiential learning emphasized by Kolb and Kolb (2005). A review of one school’s three approaches to field based consulting explains how each of these three different approaches, although different, fulfill these experiential learning requirements.

THREE APPROACHES TO TEACHING STRATEGIC PLANNING WITH FIELD BASED EXPERIENTIAL LEARNING

A Strategy professor uses teams of students who are tasked to determine a business’s strategic and operational issues, develop reasonable and viable alternatives and recommend solutions to the client. Because this professor stresses consulting as well as strategy, the class lectures also include consulting issues such as how to develop rapport with the client, entry and exit, and negotiations over the scope of engagement. This professor accepts all types of businesses. In a previous semester the clients included a county club and its golf course, a pizza restaurant, a local chamber of commerce, an African economic development program, a fitness club, a database company and a nonprofit providing accounting to its minority clients. Each team must work together to develop the solutions and present them orally and in writing to the client. Each team has only one client for which they are responsible. The clients are provided by the professor’s business contacts and can include non-profits and for-profits. Sometimes startups are accepted.

The professor provides explicit knowledge via traditional lectures, textbooks, and Powerpoint slides. Tacit knowledge is measured by a self-reflection paper about themselves, their clients, and the class. This student self-reflection is then in assurance of learning. The flexibility allows the professor to invite other faculty, professional consultants or others to serve as external reviewers and validators.

The second Strategy professor collaborates with the local Small Business Development Center (SBDC) which provides and vets the possible clients (the use of SBDC clients is addressed in Geho & McDowell, 2011). Each team must complete an internal and external analysis, determine the strategic and implementation issues, and provide the client with oral and written reports. Each team must meet at least twice with their client. A client may have two or more teams working with the same client. Because this local SBDC has restrictive rules the class as a whole cannot participate in the other teams’ issues. The professor requires that a company be in business for at least two years in order to complete a thorough financial analysis. External reviewers include SBDC representatives and other faculty members. Explicit knowledge is provided by traditional lectures and textbooks. Tacit knowledge is provided by the experiential experience. External review is provided by a very active and involved SBDC office.

The third Strategy professor uses contacts and SBDC clients for the field based consulting. The difference in this approach is that the whole class works on one client. Each team must determine the strategic and operational issues, determine solutions, and provide oral and written solutions. All the teams compete in a competition at the end of the semester with the client, the professor, and other external reviewers including outsiders and other faculty as judges. The best cases are given recognition and other awards.

This approach helps overcome a variety of challenges. First, the approach does not require a large number of willing clients to meet the needs of many undergraduate students. Secondly, the faculty member has to reinforce professional conduct and attitudes that they all have a “real client.” The third challenge requires the faculty member to balance their curriculum time with explicit and tacit knowledge requirements. The benefits are that each student receives an experiential experience, judges others’ performances, reflects on their performance relative to others, engages the client as an external reviewer, and encourages continued client interaction with the school. Explicit knowledge is provided by the professor via lectures and textbooks. Tacit knowledge is acquired by learning from the practical experience, competing in the competition, and self-reflection on their individual and team performance relative to the winning teams.
CURRENT ISSUES FACING THESE STRATEGIC PLANNING APPROACHES

Current issues include the need to verify how SBI students acquire and develop knowledge and the related assessment tools. The problem arises because the SBI has been promoting field based experiences since 1974 prior to the current strong influence and demand for assurance of learning systems. Much of this emphasis began in 2000 from regional accrediting bodies and then increased with ACCSB’s 2003 standards (Bieker, 2014; Lawrence, Reed & Locander, 2011). Because field based experiences preceded assurance of learning, the field is trying to adapt. Perhaps Ames’ (2006) concern can be redirected and this issue should be viewed not as a threat but an opportunity to better define learning outcomes from field based experiences. Assurance of learning systems would benefit from a better alignment with the new standards regarding impact. Measurements could be direct or indirect to provide a broader picture of the benefits of this form of learning. Depending on the school’s mission, field based programs may also address the institution’s impact on the community by measuring the impact on both the students and the clients involved. However, these perceived expectations should be developed ahead of time and measured through surveys or follow up consulting projects ahead of time.

The impact on students can be examined through the five delivery modes for experiential learning proposed by O’Dwyer’s et al. (2009). This paper’s authors agree with O’Dwyer et al. (2009) that the SBI program meets the knowledge acquisition and knowledge retention (see Tables 1 and 2 below). Each of the methods above provides explicit knowledge via the traditional methods of textbooks and lectures. Tacit knowledge is provided by the extensive service/field based learning by working with actual clients.

<table>
<thead>
<tr>
<th>Strategic Planning Course</th>
<th>Explicit Knowledge</th>
<th>Tacit Knowledge</th>
<th>Knowledge Retention</th>
<th>Problem Solving Skills</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach 1: Flexible strategic material</td>
<td>Good –but limited if other topics arise such as turnaround strategies</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Excellent</td>
<td>None</td>
</tr>
<tr>
<td>Approach 2: Two or more teams have one client and compete with each other</td>
<td>Very Good</td>
<td>Excellent</td>
<td>Good to excellent</td>
<td>Excellent</td>
<td>Yes</td>
</tr>
<tr>
<td>Approach 3: All teams work with only one client in the course and compete for the best presentation and paper</td>
<td>Very Good</td>
<td>Excellent</td>
<td>Good to excellent</td>
<td>Excellent</td>
<td>Strong rivalry between teams</td>
</tr>
</tbody>
</table>

The first approach provides an opportunity for expanded tacit knowledge acquisition by participating, helping, recommending alternatives and solutions to other teams’ issues. For example, during one semester two clients were close to bankruptcy. This gave the opportunity for the instructor to add unexpected learning on turnaround strategies. It also added tacit knowledge acquisition because the other students had to do self-reflection with respect to what they would do if they were in the clients’ or the client’s teams situation.
Similarly, the second approach provides both explicit and tacit knowledge acquisition. It provides more external review by having two teams compete to provide the best recommendations to a single client. Impact on the students is also examined in the self reflection paper. Because this was one of the first courses to receive the university’s service learning designation, this is the only approach of the three in which the students completed a service learning questionnaire. The data shows that the class enhanced explicit knowledge because the students were more motivated to learn the material (see Table 2). It also increased tacit knowledge with the development of problem solving skills. Interestingly, a majority felt the experience provide insight into their careers and lives outside of school.

Table 2. Service Learning Survey Results

<table>
<thead>
<tr>
<th>Survey Item</th>
<th>Strongly Agree</th>
<th>Neutral</th>
<th>Strongly Disagree</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>The community participation aspect of this course helped me to see how the subject matter I learned can be used in everyday life.</td>
<td>83%</td>
<td>13%</td>
<td>4%</td>
<td>23</td>
</tr>
<tr>
<td>The community participation aspect of this course motivated me to learn the subject matter.</td>
<td>83%</td>
<td>13%</td>
<td>4%</td>
<td>23</td>
</tr>
<tr>
<td>I felt a personal responsibility to meet the needs of the community partner of this course.</td>
<td>91%</td>
<td>9%</td>
<td>0%</td>
<td>23</td>
</tr>
<tr>
<td>My interactions with the community partner enhanced my learning in this course.</td>
<td>74%</td>
<td>26%</td>
<td>0%</td>
<td>23</td>
</tr>
<tr>
<td>The community aspect of this course helped me to develop my problem solving skills</td>
<td>65%</td>
<td>17%</td>
<td>17%</td>
<td>23</td>
</tr>
<tr>
<td>The service experience directly related to the core concepts and learning outcomes for the course.</td>
<td>83%</td>
<td>13%</td>
<td>4%</td>
<td>23</td>
</tr>
<tr>
<td>I have the ability to communicate my experience to a wider forum beyond the classroom</td>
<td>96%</td>
<td>4%</td>
<td>2%</td>
<td>23</td>
</tr>
<tr>
<td>The community aspect of this course helped me to develop my problem solving skills</td>
<td>65%</td>
<td>17%</td>
<td>17%</td>
<td>23</td>
</tr>
<tr>
<td>The community work in this course assisted me in clarifying my career plans.</td>
<td>52%</td>
<td>26%</td>
<td>22%</td>
<td>23</td>
</tr>
</tbody>
</table>

The third approach using a multi-team/single client adds depth to student acquisition of explicit and implicit knowledge as well as richness to team interaction with the client. The win/loss team outcome provides a real world experience that is not replicated in traditional team settings. Students also come to recognize that mastery of client consultant relationship management and business presentation skills are as important to team success as technical skills in conducting a business analysis.

By having multiple teams analyzing their operations, the business client often receives a collection of reports that offer greater depth as well as a broader array of recommendations to improve or enhance operations. As judges in the competition, the business client will also be more rigorous in their analysis of each student team performance. Content will be more carefully scrutinized and question and answer sessions with teams will be more robust. Feedback on decision criteria used to determine a winning team will be much more succinct allowing all teams to reflect on their and other teams’ performance. Perhaps most importantly, teams will have the opportunity to experience success or failure and in doing so begin to develop the skill set necessary to handle either professionally.

Given the above research and results from the three approaches, the authors suggest that using the SBI field based approach provides numerous benefits to the community and students as opposed to the sole use of published cases. For students it provides real world applications of the theories, requires thinking
outside of any functional box and solve interdisciplinary problems, and satisfies the new trend in service learning. Faculty are encouraged to use any of the three approaches or some unique combination of them and hopefully, report their results at future SBI conferences. This effort will satisfy some of the criticisms of business education and strategy education. The authors also encourage use of the service learning rubric to measure the impact on the students’ knowledge acquisition and retention. However, assurance of learning is still a concern.

**CAN THE FIELD BASED APPROACH MEET ASSURANCE OF LEARNING?**

Ames (2006) agrees that the uniqueness of the field based consulting approach provides enhanced actual business experiences (and thus service learning experiences). However, he argues that the increased effort to improve and increase assurance of learning presents the possibility that the SBI and related field based experiences may be a “bust” unless certain additional steps are taken. To meet assurance of learning he recommends ten steps including student journals, grading of these journals, 360 degrees assessment of the performance by peers, faculty and external validators, rubrics for all the above including the projects, and independent reviews of the presentations and projects.

Ames’ (2006) concern raises the dilemma between allowing students to experience real world phenomena and assurance of learning. He states that the field based experience becomes more difficult to measure. This would be especially true with unexpected or unintended client issues such as a pending bankruptcy which occurred with the first approach. His point is well taken. While it may enhance tacit knowledge acquisition, the uniqueness of each different client’s situation makes it more difficult to predetermine standard measurement tools that can be applied consistently over time. Applied at a course level his concern is legitimate. However, these courses do not stand alone, they are part of a degree program or a major. Unexpected issues create real world critical thinking opportunities for students. A possible solution is to have critical thinking as a program level learning objective (Marshall, 2007) and measure it with student surveys as done with the second approach.

**FUTURE RESEARCH**

The influence of AACSB standards on the SBI program has been addressed before (Belliveau, Peluso & Cook, 2008) and now includes the added emphasis on impact (AACSB, 2016). Therefore, more research is needed on how field based consulting in general and teaching strategic planning in particular meet service learning objectives. This paper provided data on service learning outcomes from one particular strategic planning program. This surveys needs to be replicated in order to answer the impact question.

There are also assurance of learning issues yet to be answered, such as the tension between the push for empirical validation (Avery, McWhorter, Lirely & Doty, 2014) versus the difficulty measuring intangible outcomes (Lawrence, Reed & Locander, 2011). In addition there is need to examine how the level of faculty involvement impacts outcomes (Garrison & Rexeisen, 2014), the need for better measures of client impact (Beters-Reed, Nitkin & Sampson, 2008). Hopefully, Dean Martel’s (2007) comment is correct that assurance of learning methods just have to be good enough until we research, study, and improve our instructional methods, including field based strategic management pedagogy and its related assurance of learning.

**REFERENCES**


