

**SMALL BUSINESS INSTITUTE®
STUDENT CONSULTANT'S MANUAL**

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Preface

This manual is intended to be used by SBI students as a guide to their consultation experience. Some parts of the consultation process and final report are required steps and some are optional steps. The manual specifies which parts are required and which parts are optional.

The manual is also intended to enhance the consultation experience for both the student consultants and the business clients. Performed correctly, the SBI program is a win/win program. Students gain real world experiences and business clients receive invaluable assistance.

SECTION A

The Small Business Institute®

At several hundred Small Business Institute®'s throughout America, advanced business school students like you are performing in-depth management studies and making recommendations to small business owners. Since the inception of the Small Business Institute® program in 1972, thousands of business school students have benefited immeasurably from this unique opportunity. The Small Business Institute® offers a practical training ground for you which supplements academic work with real case studies in today's challenging business environment. Your SBI School is able to provide a valuable community service by helping small businesses that comprise the well-spring of your local economy. To small business owners, the SBI is a source of management knowledge, research, and insights that can strengthen their competitive posture. Consequently, the SBI has proven to be highly successful since it was conceived by and embraced by universities and colleges throughout the country.

Dun and Bradstreet has found that "poor management" is a major factor in 95% of small business failures. Many new business ventures are started by capable technical experts who lack some of the necessary management skills. However, even successful businesses that are growing rapidly have an acute need for the planning and analysis that SBI students can offer to help improve management systems. Fortunately, the SBI Program links several thousand small businesses a year with the consulting resources of business students like you. For these reasons, your efforts to achieve excellence in your SBI course studies can have a profound impact on the health of a business in your community.

For you, the Small Business Institute® emphasizes essential business educational experiences such as:

- Applying your people skills as a team member and consultant;
- Examining business issues from the viewpoint of several disciplines;
- Engaging in real world problem solving;
- Using analysis and creativity for business planning and problem solving.

In addition, SBI cases involving export development are being encouraged so you may have a chance to gain a global perspective as well. A recent study on the needs of leading companies and their managers indicates that the skills you learn in your SBI are highly pertinent to your future career in business. Congratulations for having the foresight and initiative to participate in this enlightening project.

SECTION B

Case and Team Selections

Your professor will assign you to a specific case. Your professor will attempt to arrive at a mutually beneficial arrangement. To be effective, two goals will be foremost:

1. To provide meaningful management assistance to the small business client.
2. To gain professional consulting learning experience for the student team members.

Team creation will consider the needs of the client, the balance of the team, and the necessity for leadership within the team. In order to achieve a well-rounded team, the SBI Director may ask you to complete an information form (Appendix B). Complete this and return it to your professor. Some SBI programs may also require a transcript, resume, or an application.

SECTION C

Ethical Aspects of Student Consulting

The student team must exercise great care and judgment with respect to any intentional or unintentional release of the client's confidential information. The SBI Program guarantees that all information about the client and their business will remain confidential.

Students should not discuss their client's business with outsiders, nor their ridicule of a client's operation at any time. Confidentiality of any client information is permanent; students will never use or discuss any client information outside the classroom except with the client, case supervisor, or other faculty related to the SBI program, nor engage in any direct competition with the client during or following the case. In addition, written reports will not be made available to outsiders without the client's written permission. Neither should names, facts, or pictures be used for publicity purposes, without the express permission of the individuals mentioned or pictured. Without confidentiality as a foundation of the client/consultant relationship, the result would be insufficient information for the provision of management assistance.

It is possible that during the consultation students may discover activities that appear to be unethical or illegal. When such situations are reported to the Director, he/she must use his/her best judgment in handling the matter, keeping in mind the confidential aspects of the consulting. It is not possible to provide specific instructions on this point, except to urge discretion and avoidance of publicity. Such consulting cases may have to be discontinued.

Each student should carefully read the Standards of Conduct in the SBI Program Guidelines that contains some conflict-of-interest situations to avoid. For example, students cannot hold a vested interest in companies that maintain business relationships with their SBI client. They cannot personally receive gifts or gratuities from a client nor serve on their advisory board. They cannot work as a student consultant for a business that is owned or managed by themselves or an immediate family member. The team cannot directly assist the client in obtaining loans, including SBA guaranteed loans.

SECTION D

Working as a Team and Developing Your Client Relationship

Your Team Relationship

Your ability to work as a member of a team will be crucial to your future business career as well as the success of this SBI Project. Increasingly, teamwork is a key ingredient of contemporary business endeavors. The SBI Case Study is an ideal exercise for honing your teamwork techniques to accomplish a project that parallels actual business experience. Whether your SBI Director selects the SBI Team members or you choose your partners, an excellent relationship with them should be one of your first and highest priorities.

By establishing the commitment to a shared objective, your SBI Team will lay a foundation for open communications, good rapport, and mutual respect. The dynamics of your team should take full advantage of the strengths, motivations, and interests of each member. This process begins with the free exchange of information about each team member's education, experience aptitudes, and preference. The most effective distribution of project work will depend on the unique qualities each member can contribute to the project.

At the outset of your SBI case study, it is advisable to develop a Project Plan for the team. Appendix A has a summary of the SBI Case Study Process that will give you a perspective of the procedural steps. However, most of your Project Plan will be devoted to the research and development of the consulting report. Your Project Plan may include components such as: a breakout of the major tasks, work plan distribution, project time schedule, research, and analysis strategies, team meeting dates, estimated time requirements, team objective, and report preparation. A good starting point is to read this SBI Student Guide in its entirety before beginning.

Your initial Project Proposal should be flexible enough to allow refinements and changes that make it more realistic based on experience gained as the SBI case study progresses. It will serve as a tool for coordinating the project and adjusting your team's resources to meet its objectives. There are any number of project planning formats you may want to use as a model, including computer programs, which can simplify the tracking process. When performed conscientiously, this planning process will contribute to a more professional approach and show a commitment to excellence.

Your SBI Director may ask that you evaluate your team members (Appendix I). Be prepared to give a fair assessment of each member's contribution.

Your Client Relationship

Providing a useful set of recommendations to your client is the guiding objective. Decide as a group what your responsibility is and what your goal will be. The following guidelines may be helpful:

- Promise only those consulting objectives that you can deliver during the term. It is better to commit to what you can deliver and finish on time, than promise more than you can possibly produce.

- Be dependable, this includes being on time for appointments and punctual with promised services. If you take records or information from your client's business, ensure that they are returned in a timely fashion. Take copies rather than originals of financial documents.
- Do not expect to know all of the answers. If you need to gather further information, tell your client that you want to research the topic before you make recommendations. No suggestions or recommendations should be made without prior clearance from your project case supervisor.
- Be considerate of your client's time, experience, and opinions. Independent business owners are proud of their accomplishments.
- Help your client become self-sufficient. One objective of the consultation is to teach your client how to continue with your recommendations after the consultation. For example, if you are setting up an accounting system, ensure that they know how to use it after you have left. An overly complicated system that they do not understand will not be used after you leave. Participation in the SBI Program should be a learning experience in analyzing problems and opportunities for making pragmatic recommendations.
- It is essential to develop an effective working rapport with your client. Show your sincere interest by listening intently to your client's complete story. Listen with an open mind. Search for meaning. Gain your client's confidence by asking questions and not being judgmental in the first meetings. Do not give your client any recommendations in the first few visits until your client knows you have studied their business. This is true even if your client asks for a recommendation. The reason for this advice is that your client will discount any advice or suggestions until they feel that the student team understands their business.

The ability to "put yourself in another's shoes" is an important factor in the establishment of a good consulting relationship. This will give insights into your client's actions.

Language and Communication

Clear communication with your client is important. Use basic and precise language rather than technical terminology in communicating with business clients. Practice the art of listening; this will be your most powerful tool as a consultant.

If there is any indication of confusion or misunderstanding, rephrase the thought until you are certain that what you are hearing accurately describes your client's concept.

Courtesy

Good business manners become an important consulting technique for putting your client at ease and securing his/her cooperation. Always work with appointments. Explain the length of time you think you will need. This gives your client maximum flexibility in the consulting relationship.

Emphasize your willingness to adjust your schedule to the convenience of your client. Allow plenty of time for your appointment. Since your client must give their customers priority, wait patiently and observe what is taking place.

Never insist on keeping an appointment if your client is hurried or distracted. Be willing to repeat your discussion of any problem area or consulting service until your client has fully grasped the idea you are trying to convey.

Encourage questions and discussion until you are sure that the business client is entirely comfortable with the idea that is being discussed.

Know when to leave. If you arrive for an appointment and it is "crisis day" for the business, do not wait around until things settle down. Depart immediately and graciously after making an appointment on another day.

Resources

A thorough knowledge of all the resources of management assistance available to your client is essential. The SBI Director should have materials, but you can also use materials you have acquired from other classes. The SBDC Counselors, SCORE Counselors, and SBA District Offices are available for help. (See Appendix H)

Points for Successful Consulting

1. Use an objective, professional, and positive approach that focuses on your client's needs.
2. Encourage your client to talk about the business on an in-depth basis.
3. Determine your client's business objectives and needs.
4. Show empathy and respect for your client.
5. Apply your expertise without proving you are an expert.
6. Ask questions and perform research that will help you uncover the root problem, evidenced by the symptoms.
7. Apply thorough analysis to your research and information before reaching conclusions or determining recommendations.
8. Make clear recommendations that are consistent with your client's objectives and his/her ability to implement them.
9. Keep your faculty case supervisor well-informed about problems and progress.

SECTION E

Preparing Accurate Activity Logs

Consistent with professional consulting practices, the instructor may ask the team to keep an ACTIVITY LOG (Appendix K) that documents time and effort. Submit a summary as an appendix in your final report that will contain the following information:

1. Discussion and Analysis Time
Date, number of hours per member, nature of discussion, and team members present.

2. Client Meeting Time
Date, number of hours per member, nature of the meeting, and team and client members present.

3. Planning and Preparation Time
Date, number of hours per member, nature of the work, and team members present. Research time or other visitations made for your client, including telephone surveys.

4. Telephone Usage Time
Contacts with clients, research, survey activities, or analyzing the competition. Date, number of hours (in .25 hour increments), participating team and client members. Often, team members may have specific questions that can be answered over the telephone. Clients may also have telephone questions for team members.

5. Travel Time
Include only if one-way distance is greater than 30 miles.

6. Appointments Canceled by Your Client
Note any appointments made and then canceled by your client. However, hours should not be counted.

7. Weekly Progress Report

8. Total Hours on the Project
Total all the hours your team has put into the project and include them in a summary of the hours spent in consulting.

SECTION F

Initial Client Meeting

The SBI Director makes the initial contact with the potential client and explains the SBI Program, and the requirements of the program. The following will already have been explained to your client before the student consultation begins:

1. Being available to the student SBI team at the times agreed upon.
2. Maintaining weekly communication, if needed, with the student SBI team.
3. Making available to the student SBI team those records, files, and financial statements that the team and the client agree are necessary to complete their project.
4. Using the student SBI team in their proper capacity as "consultants" and not expecting the students to serve as temporary help to do work that would normally be performed by regular employees.
5. Attending one exit interview meeting involving the student SBI Team and the Director to discuss the results of the completed project.
6. Signing a "Client Acknowledgment" of the final report at the completion of the project.
7. Expecting some follow-up research to determine the quality and effectiveness of the SBI program.

If the client accepts the terms of the program, the client would complete a request for consulting form. This form should be developed by your school and your faculty case supervisor should provide you with the signed copy.

Before the Initial Client Meeting

Have a team meeting before going out to see your client and select a team coordinator. It will be the coordinator's responsibility to see that the professor or case supervisor is kept up to date and to see that all deadlines are met. This does not mean that the coordinator does all the work.

Develop a set of questions that are personalized for your client's business. See the Business Application and sample questions in Appendix E. Be prepared to ask your client questions about their business, products, services, customers, and perceived market niche.

Your team coordinator will make all appointments with your client. The purpose of the first client meeting is to get to know one another. You will be able to get answers to your general questions

and to decide what it is your client wants you to work on. Be sure to call ahead, confirm, and be on time for your appointments.

Approach your assigned business in a positive manner. No matter how bad the place may look to you when you walk in the door, find something positive to say about the business early in your first visit. Your client has an emotional interest in the business and understandably takes pride of ownership.

The first impression may be inaccurate but it can be a lasting impression. To develop a professional relationship, it is helpful to appear clean and businesslike. You do not need to wear a three-piece suit; however, torn jeans and dirty running shoes will not provide you with a professional appearance.

Establishing credibility can be a challenge in the early stages of your assignment. One way to accomplish this is by learning all you can about your client's business and industry. Get all the available information about your client from your professor, case supervisor, or others who know the business.

The Initial Client Meeting

During the initial meeting with your client, you should gather as much information as possible through a tour of the facilities, observation, conversation, and printed materials. Use the Business Application (Appendix E) to guide your thinking in gathering pertinent information. Always ask for a tour of the business, pick up any available brochures, catalogs or other product information (e.g., a restaurant menu).

Avoid the use of technical or professional jargon. Some clients may have less formal education and may not be sure of what you are saying. On the other hand, do not "talk down" to your client. The most useful approach is to assume that they will be comfortable with the kind of communications, both oral and written that a high school graduate can handle. Never allow your client to feel that you do not see the firm as worthwhile and important.

After the Meeting

After your initial visit, meet as a team and decide what additional information you need. Determine what the business is, where the business is headed and what strategies your client is using to achieve those goals. This statement will then serve as a basis for your statement of work. See the following section on preparing the Statement of Work and have it approved by your SBI Director.

Set up another appointment with your client. During this follow-up appointment have your client read the Project Proposal. They may wish to add to, change, or approve it as it stands. Be sure to look for those problems that your client might not see or does not want to see. Be very diplomatic and sensitive with those problems that your client does not want to acknowledge.

Set up a group meeting and decide what information you need (population figures, industry trends, financial, operating methods, etc.) and where you will obtain this information (local Chamber of Commerce, industry, library, SBDC, etc.).

Begin collecting your information and making written notations as soon as possible. This will enable you to stay on task.

Each week complete a Weekly Progress Report (Appendix G) and let your professor or case supervisor see what you have accomplished.

SECTION G

Preparing Project Proposal¹

The Project Proposal is in the form of a letter (Appendix D). The purpose of the Project Proposal is to define as clearly and concisely as possible what you will do for your assigned business. It should be a specific, detailed program of activities with time lines and should include:

1. A statement of your client's needs as disclosed and agreed to in the initial meeting.
2. A summary of the various business issues you will address and the steps in which the work will be performed.

Think of a goal as the top of the staircase with each step of the staircase (your objectives) taking you toward that goal. Goals are generally broader in nature with objectives being more specific. Goals and objectives should be SMART (Specific, Measurable, Attainable, Reasonable and Traceable).

Guidelines for Writing Objectives:

1. One specific result to be accomplished per objective.
2. A specific time frame for completion.
3. Easily understood language.
4. Consistency with the mission statement of the company.

¹ This document is also referred to as the "Letter of Engagement".

SECTION H

Identifying the Root Problems

In some SBI cases, the small business owner may not have pressing problems but will want help with updating a business plan, performing a competitive analysis, undertaking a "management" audit, or other preventive measures. Often times, these cases can be the best learning experience because a manager who is so interested in improving operations is usually very receptive to recommendations. In other instances, business owners will request SBI assistance because of obvious problems that are evident from acute symptoms. In either case, your ability to identify the underlying cause of the problems is critical to the effectiveness of your SBI consulting project.

Small business owners sometimes focus on treating the symptoms instead of determining the root problems for a number of reasons. First, entrepreneurs are so busy managing the immediate concerns of the business that they may not have time for the analysis that will uncover the underlying problems. Second, some owners have not had the management education or experience to identify subtle weaknesses in their operations that are leading to fundamental problems. Third, independent business owners can have a deep sense of pride that may preclude examining their management system objectively. For these reasons, it is not uncommon for small business owners to treat the symptoms rather than cure the problem.

For example, an entrepreneur who is in a cash crunch may conclude that the best solution is to get a loan as soon as possible. However, the short term loan relief could temporarily mask an underlying problem such as deteriorating turnover of accounts receivables or inventory. Treating the symptom in this case would only delay consequences of the problem and probably exacerbate the financial condition of the business by adding a greater debt load to a diminishing cash flow. By contrast, identification of the reasons for slower receivables/ inventory turnover could lead to recommendations that would boost collections and sales. The resulting increase in cash flow could reduce or eliminate the need for borrowing.

To avoid this type of trap, it is necessary to keep an open mind and listen objectively during the initial inquiry about the business. Well-meaning business owners can be persuasive in expressing their conclusions about how to alleviate a problem. However, your challenge is to apply thorough analysis to the case using the interdisciplinary knowledge you have gained in Business School. Identifying the symptoms should be done jointly with the business owner, but reserve judgment before accepting solutions. For this reason, it is advisable to phrase the Project Proposal in a way that leaves the SBI Team an opportunity to search for root problems before making recommendations.

For instance, a business owner may initially want your SBI Team to develop an advertising plan because of slipping sales volume. If the reduced sales are caused by poor quality and service, a beefed-up advertising program would only get more people to experience the inadequacies of the business. Consequently, it would be better to undertake a Marketing Plan that would give your SBI Team an opportunity to research and address the real reasons for the lower sales volume. When root problems are identified and addressed with realistic solutions, a small business owner has an opportunity to make an enduring improvement. This is the measure of success of your SBI project.

To find the underlying problems, your SBI Team will need to look at the probable causes and analyze each of these areas. The questions in Appendix F may be of some help. Do not ask your client to answer all these questions. Instead treat this list as an idea generator for your team. Starting with the symptoms, the team can brainstorm to develop the probable causes. Techniques such as industry and historical ratio comparisons can help the team zero in on problem areas. However, it is usually necessary to go several layers deep into the symptoms to find the root problem. As an example, if the gross margin for a business is 20% when the industry norm is 40%, a penetrating analysis of this variance may turn up problems with pilferage, improper markup procedures, dependency on clearance sales, a high level of returns, or many other causes. Through research, inquiry, observation, and analysis, your SBI Team should narrow down the list of probable causes until you are able to determine the actual root problems.

Once the underlying problems have been spotlighted, the team can concentrate on developing solutions. The resulting recommendations must be realistic and substantive. Once again, brainstorming by your SBI Team may help develop the best recommendations for a root problem. Recommendations should be made with the means and resources of your client uppermost in mind. Your client should be given an understanding of how the recommendations will help alleviate the symptoms troubling the business. By showing your client the reasoning and logic behind the recommendations, your SBI Team can improve the extent of implementation. In this way, you will have contributed to the long-term success of the business while honing real world problem solving skills that are so highly valued in free enterprise.

SECTION I

Comprehensive versus Specific Case Studies

Comprehensive Case Study

Your SBI Team may approach the case study as either a comprehensive or specific analysis. The determination of the approach will be made by your SBI Director and the needs of your client. Many SBI Directors use a comprehensive approach in which the SBI Teams examine the entire business operations from the viewpoint of several management disciplines. In this approach, the concerns of the business owner are given special attention but within the context of a comprehensive analysis. For example, a comprehensive case study may include an analysis of the organization, competition, functional areas, and industry. By providing a comprehensive analysis of your client's strategic and tactical situation, the resulting recommendations can help shape the Business Plan. This approach may involve many aspects of a "management audit" to identify weaknesses and capitalize on strengths. For emerging growth companies, the comprehensive SBI study can serve as an important planning tool to help them manage the fast pace of changes in operations. For the student team, this approach allows full application of multi-disciplinary knowledge for strategic planning and problem solving. The comprehensive case study format is typically used when the SBI project is part of a strategic management or graduate level course.

Specific Case Study

Due to the course objective, the expertise of the students, or the request of the client, some SBI cases concentrate on a specific area of study. For example, cases supervised by a Professor of International Trade may focus only on businesses that want to develop their export markets. Specific case studies are often used in marketing, computer, and accounting courses. Cases for these respective classes could include development of a marketing plan, analysis of a Management Information System (MIS), or design of an accounting system. For specific case studies it is particularly important to ensure that the client understands the scope of the SBI report will be limited to a particular management discipline. These specific case studies can allow your SBI Team to have a big impact on one area that will command the client's attention. However, in an attempt to apply the more sophisticated aspects of a management discipline, it is possible to recommend an overkill implementation program that is a "textbook" rather than a realistic solution. Even in specific case studies, your perspective of an entrepreneur's comprehensive management role will serve you well in formulating recommendations that will mesh smoothly with the other functional areas.

SECTION J

Avoiding SBI Case Pitfalls

Review of previous SBI cases reveal several pitfalls to avoid. By studying this list, you will be able to do a quality job.

1. Seek solutions to the underlying causes of the business problems and not the symptoms.
2. Take time to listen to your client and develop good rapport.
3. Prepare a "Project Proposal" that defines the consulting area(s) your SBI Team will address.
4. Plan the project to: determine the project's objective(s); define its scope, distribute workload, assign responsibilities; develop a time schedule; outline stages of completion; and coordinate team members.
5. Call your client to arrange for site visits and meetings; confirm each meeting 24 hours ahead.
6. Make the objective of your project to provide highly useful consulting to your client instead of simply producing a report to "impress the professor."
7. Write the report in language that is easily understandable by your client.
8. Give a clear explanation about how financial ratios, research studies, graphs, etc., relate to your client's specific situation (i.e., "current ratio is 2 to 1,"--explain significance to your client).
9. Focus on the area of study outlined in your "Project Proposal" and inform your client about progress on this objective.
10. Keep contents in the report highly relevant to your client's specific situation to avoid using "filler" pages. (I.e. material copied directly from textbooks, client's records, promotional materials, and other research projects).
11. Respect the pride of your client so the report reflects a professional consulting treatment and does not appear to be a personal criticism.
12. Consider your client's opinions of problems and solutions, but make your own objective analysis that will lead to recommendations with enduring impact.
13. Include an one- to three page "Executive Summary" in your report.
14. Ask for your faculty case supervisor's guidance when problems arise on the SBI case.
15. Recommend realistic solutions that are within your client's financial, management, or resource capacity to achieve.

16. Address the problems directly, with pragmatic, highly useful recommendations your client can implement.
17. Realize that a business does not need a pack of problems to make an excellent case study. Often the best SBI cases help a good manager plan to become more successful.
18. Conduct an "exit interview" where your SBI Team personally presents its recommendations to your client and answers questions. The resulting discussion among the SBI Team, client, faculty case supervisor, and others allowed by the client to participate can be the most rewarding and valuable part of the project.

SECTION K
Tips for Polishing the SBI Report
Common Grammatical Errors

1. PRONOUNS.

- A. A business is an "it." Its group of managers, employees, or personnel may be called "they."
- B. "Its" is the possessive form of "it." "It's" is the contraction of "it is."
- C. When writing about more than one noun, it is necessary to be absolutely clear as to which noun any pronoun is referring. An example of improper usage is: The Smiths went home and the Jones put the car in the garage when it fell apart.

2. COMMAS.

- A. Many papers include commas wherever a speaker might take a breath. Commas are needed less frequently than you think.
- B. One very useful function of the comma is to clarify to which antecedent a clause is referring. For example: Joe manages keeping the books and Nancy stocks shelves. The reader will have to read this sentence twice before he realizes that Joe does not also manage Nancy. This problem could be avoided by inserting a comma after the word "books."

3. COLONS, SEMI-COLONS, QUOTES, AND PARENTHESES are often overused.

The colon has one function. It is to be used after a phrase such as, "The following are: A, B, and C."

4. PARALLELISM.

The use of parallelism usually makes the prose read more smoothly and with less confusion. For example: Joe's jobs are stocking shelves and to shovel the driveway. This should be written as: Joe's job is to stock shelves and to shovel the driveway.

5. DISTINGUISH between "there" and "their."

6. DANGLING PREPOSITIONS.

A preposition should not be left hanging loose at the end of a phrase or clause. Instead of writing, "I know who to give it to," write, "I know to whom to give it."

7. IN "FORMAL" WRITING.

- A. Avoid the second person. For example: Second person error: You go through the gate to get there. Proper: One goes through the door to get there.
- B. Avoid contractions. Write "it is," instead of "it's."
- C. Avoid informality in titles. Write Mr. Thomas Smith or Mr. Smith, not Thomas, Tom Smith or Tom. Do not use nicknames.
- D. Use business vocabulary and terms. Avoid slang or jargon.

8. Use spell check and grammar check software whenever possible.
9. Provide your supervising professor with a draft report for comments and corrections before preparing the final draft.

SECTION L

Conducting the Exit Interview

Your faculty case supervisor will probably require that your SBI Team orally present its recommendations to your client at the end of the project. In a successful consulting relationship the final recommendations should not be a surprise to your client. This will not occur if, as the consultation progresses, you team keeps your client informed as to the problems the team has identified and the solutions being considered. If possible, deliver a copy of the final report to your client before the final meeting. Include a "letter of transmittal" at the beginning of the report. This should be personalized and sincere (Appendix J).

Actual Presentation

The final report presentation can be "formal" (complete with electronic presentation software, flip charts, and other visual aids), or simply a "talk through." Give your client time to discuss the proposed recommendations. This final meeting is also an excellent opportunity to discuss sensitive issues that may not be included in the final written report.

The discussion that takes place during the final report presentation is often the most valuable learning experience for you. It is easy to be critical of the inefficiencies of your client's business when you are not in his/her presence. When facing your client in person, you will need to handle these areas with a great deal of tact.

Client Acknowledgment of Report

After you have presented the results and recommendations from the final report to your client, you will need to have them sign a "Client Acknowledgment" form. This form affirms that your client has received the final report and has heard all of the relevant information.

Oral Report

You may also be expected to give an oral report to your class. This will be decided by the professor of your class and you will be instructed as to what format, how long, and when it is to be given.

SECTION M
Quality Benchmarks for Preparing SBI Reports

These are benchmarks you should use in developing a quality report. Rate yourself on each item and make notes for improving the quality.

Quality Benchmarks	Rating Scale	Notes for Improving
1. The Project Proposal reflects a careful analysis of the client's needs and a substantive identification of underlying problems rather than surface symptoms.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/> <hr/>
2. The report has an executive summary that professionally outlines the work statement, problem identification, methodology, and major recommendations.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/> <hr/>
3. The report is written entirely for the client's benefit and therefore has language, explanations, and illustrations that are easily understandable by the small business owner.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/> <hr/>
4. The scope of the report reflects a thorough, in-depth analysis of the business and its management system with thoughtful solutions/recommendations.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/> <hr/>

Quality Benchmarks	Rating Scale		Notes for Improving
	Poor	Excellent	
5. When financial ratios, graphs, and management terminology are used, the student team provides a clear explanation of exactly how these analysis tools relate to the client's specific situation.	1 2 3 4 5 6 7 8 9 10		_____ _____ _____ _____
6. The analysis and recommendations flow in a logical relationship and have a solid rationale grounded in excellent management practice/knowledge.	1 2 3 4 5 6 7 8 9 10		_____ _____ _____ _____
7. The root problems or opportunities for improvement are addressed forthrightly with pragmatic, highly useful recommendations.	1 2 3 4 5 6 7 8 9 10		_____ _____ _____ _____
8. Specific action steps for implementing the important recommendations/solutions are presented with consideration given to feasible cost, time, and personnel requirements.	1 2 3 4 5 6 7 8 9 10		_____ _____ _____ _____
9. The report, format, index, and package is clean, neat, and professional, with few errors in grammar/typing.	1 2 3 4 5 6 7 8 9 10		_____ _____ _____ _____

Quality Benchmarks	Rating Scale	Notes for Improving
Quality	Poor Excellent	
10. All the material and information in the report is highly relevant to the client's needs and contains very little "filler" material.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/>
11. The report presents a professional consulting treatment that avoids appearing to be a personal criticism.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/>
12. The SBI study holds the potential for making a major contribution to the client's business plans and overall success, i.e., growth in profits, sales, R.O.I.	1 2 3 4 5 6 7 8 9 10	<hr/> <hr/> <hr/>

APPENDIX A
Summary of the SBI Case Study Process

Date Due	Date Completed	
___	___	Request for Consulting Form
___	___	Student Information Form (Appendix B).
___	___	Confidentiality and Participation Agreement, signed (Appendix C).
___	___	Team assignments made -- exchange telephone numbers and class schedules with team members.
___	___	Client assignments made.
___	___	Maintain Activity Log (Appendix K the Suggested Final Report Form).
___	___	Make first appointment with client, confirm appointment before arriving.
___	___	Meet with client. Give client your telephone numbers and schedules and get their telephone number.
___	___	Prepare the Project Proposal and have approved by professor.
___	___	Have the case supervisor approved Project Proposal signed by your client and the SBI Director.
___	___	Continue meeting with client (a minimum of six times, three at the place of business, phone conversations of at least 15 minutes may be included).
___	___	Follow Suggested Format for Final Report.
___	___	Complete time log.
___	___	Final written report submitted.
___	___	Final written report approval from professor.

Date Due	Date Completed	
_____	_____	Follow instructions on how and where to have the report copied. Number of copies will be designated by the instructor. (1 copy to client, and 1 copy to the SBI program file).
_____	_____	Set up appointment with SBI Director and Business Client for presentation of report.
_____	_____	Conduct the exit interview with your client.
_____	_____	Complete the final letter of transmittal. This should include a brief summary of problems and major recommendations.
_____	_____	Have client sign the personalized Client Acknowledgment Form
_____	_____	Submit individual team evaluations to professor. (Format will be provided by the SBI Director).
_____	_____	Submit expense report (if any, format provided by the SBI Director).
_____	_____	Submit final activity log for project (format provided by the SBI Director).

APPENDIX B
SBI Student Information Form
Quarter (semester) _____ Year _____
(Suggested Format = SBI Directors may have their own forms)

NAME _____ TELEPHONE NUMBER (home) _____

ADDRESS _____ (work) _____

_____ ADVISOR _____

MAJOR _____ CREDITS TO DATE _____

MINOR _____ CUM. G.P.A. _____ GRAD. _____

DATE _____

Please circle your client preference:

Retail Service Wholesale Manufacturing Construction

Specific client _____ No preference

Academic History -- Business or Economics or Computer Courses Taken:

Prior Business Experience, Administrative or Related Experience: Include hobbies and special interests. Use the back if you need more space.

Availability Indicate when you are available for class, team meetings, visits to clients, etc.

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
08							
09							
10							
11							
12							
1							
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5							
6							
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APPENDIX C
Confidentiality and Participation Agreement
(University or College) SBI

IN CONSIDERATION OF my being selected for and being permitted to participate in a project for the provision of advice and assistance to small businesses, jointly sponsored by (name of your college and department) and the Small Business Institute Directors' Association, and thus receiving the increased educational experience that will result from my participation, I agree as follows:

1. I agree that I will treat in strict and absolute confidence all information received by me from any business firm or person requesting assistance of the kind to be provided under this project. The only exception of this commitment will be other members of the Project Team and the faculty members of (name of your college) who will supervise the project.
2. I agree that I will not recommend to any business firm or individual requesting assistance the purchase of goods or services from sources in which I or other members of the Project Team or the sponsors may be interested, nor will I accept fees, commissions, gratuities, or other benefits from any firm or individuals I or another member of the Project Team may recommend to the business firm or individual so requesting assistance.
3. I certify that I am not now involved in a business that competes with my client and will not be involved in such a business during the period and immediately following the consultation.
4. I will maintain confidentiality of any client information permanently; I will never use or discuss any client information outside the classroom except with the client or engage in any direct competition with the client during or immediately following the case.
5. I agree that I will not accept any fees, commissions, gifts, or gratuities from the SBI client nor serve on their advisory board. I agree to avoid any other appearance of a conflict of interest.
6. I certify that neither myself nor any immediate family member has any interest in the ownership of the SBI client's business.

GIVEN at (your city and state), this _____ day of _____ 20 ____.

Consultant

APPENDIX D

**PROJECT PROPOSAL/LETTER OF ENGAGEMENT
BETWEEN THE SBI TEAM, DIRECTOR AND THE CLIENT
SMALL BUSINESS INSTITUTE®
COLLEGE/UNIVERSITY
LOCATION**

Date:

Company Name

Address

City, State, Zip

Dear Mr./Mrs./Ms _____:

The purpose of this letter is to (1) verify that we intend to pursue the Small Business Institute® consulting project that we discussed with you on our recent visit, (2) explain our understanding of the tasks that we are expected to accomplish, and (3) advise you of the information and material we expect to be needed to complete those tasks. We are required to bring to your attention the following statement concerning the nature of the student consulting engagement that we are embarking upon:

Based on our discussion with you on (day, date), we intend to accomplish the following tasks while completing this consulting engagement:

1. (Describe the first task.)
2. (Describe the second task, if appropriate.)
3. (Etc.)

We expect to generate useful recommendations as a result of our completing the above tasks. We hope that our recommendations will be of some assistance to you in achieving the long run effectiveness of your firm. Whereas additional tasks may be undertaken (time allowing), our emphasis will be on completing the tasks listed above. Our goal is to provide a final written report and oral briefing for you by (end of term).

In order to accomplish the tasks outlined above, we will need the following material and/or information:

1. (Describe the first item of information or material.)
2. (Etc.)

Your assistance in expediting the above material and information is appreciated. Please inform us if you have any questions concerning our interpretation of the work to be accomplished.

Thank you for giving us this opportunity to apply our knowledge and skills in an actual business environment. We are looking forward to an interesting and challenging assignment.

Sincerely,

Student Consultant

Student Consultant

Student Consultant

Director, SBI

Receipt of engagement letter acknowledged:

Client Signature

Date

APPENDIX E
SMALL BUSINESS INSTITUTE® BUSINESS APPLICATION

Initial contact is made between potential client and SBI office or Director. At this time, the client should provide the information necessary to complete a "Business Application" for the SBI Program. Completion of this form reflects a general overview of the small business and helps the SBI Director by:

- providing further insight into the business operation to help determine if the firm is eligible for consulting assistance under the SBI program;
- giving insight into the business to help select appropriate students to undertake the consulting project;
- providing background information for the student consulting team to initiate the case study.

Appendix E
SMALL BUSINESS INSTITUTE® BUSINESS APPLICATION

BUSINESS NAME _____

BUSINESS ADDRESS _____

TELEPHONE (____) _____ BUSINESS HOURS _____

FAX (____) _____ E-MAIL _____

WEBSITE _____

NAME OF INQUIRER _____

POSITION/TITLE _____

DESCRIPTION OF BUSINESS _____

MAJOR PRODUCTS OR SERVICES _____

LENGTH OF TIME IN THIS BUSINESS _____

IF YOU ARE ACCEPTED AS A CLIENT WILL YOU BE WILLING TO:

A. MEET WITH THE STUDENT TEAM AT LEAST 6 TIMES DURING A SEMESTER TO DISCUSS THE PROJECT IN A FREE AND OPEN MANNER?

Yes No

B. PROVIDE RECENT BALANCE SHEETS AND INCOME STATEMENTS IF THEY RELATE TO THE PROJECT?

Yes No

HOW DID YOU FIND OUT ABOUT THE SBI PROGRAM?

SBA SBI Promotion CHAMBER OF COMMERCE SBDC

PAST SBI PARTICIPANTS ADVISORY BOARD COUNCIL OTHER

PLEASE NOTE THAT ALL INFORMATION GIVEN HERE AND DURING ANY CONSULTING SESSION WILL BE HELD IN STRICT CONFIDENCE.

1. What methods of advertising do you currently use or are you considering using to attract your most likely customers?

2. Who are your main competitors? How do they advertise or attract customers? What prices do they charge? (Try to discuss at least 2 competitors)

3. What are your competitive advantages? _____

4. What are your competitive weaknesses? _____

5. To what trade associations do you belong? If none, what are the primary trade associations serving your industry?

6. What magazines or other sources of information do you receive related to your business?

7. What are the specific areas for which you desire consulting assistance?

- 8. Number of employees current_____ 6 mos ago _____ 1 yr ago _____ 2 yrs ago_____
- 9. Monthly revenue current_____ 6 mos ago _____ 1 yr ago _____ 2 yrs ago_____
- 10. Monthly net profit current_____ 6 mos ago _____ 1 yr ago _____ 2 yrs ago_____
- 11. Annual revenue from last calendar year year _____ revenue _____

Check which financial statements you currently have and will provide to the consultant at the start of the semester.

- 12. Income (profit and loss) quarterly_____ annually_____
- 13. Cash Flow quarterly_____ annually_____
- 14. Balance Sheet quarterly_____ annually_____

15. Do you hold any patents or copyrights? Do you have any contractual arrangements with supplies or customers? If yes, please describe.

A nonrefundable, administrative fee of \$200 will be due upon acceptance to the program. Please make checks payable to the Small Business Development Center at UCF.

Please use the contact information below for any questions. Kindly return application by mail, fax or email to:

Jill Kaufman
Assistant Director
Small Business Development Center at UCF
315 E. Robinson St., Suite 100
Orlando, FL 32801
407-420-4850
FAX 407-420-4862
jkaufman@bus.ucf.edu

APPENDIX F
Possible Questions for Analysis

I. FOR EVALUATING MARKETS

1. Is the firm's major problem lack of sales?
2. What has been the trend of sales in recent years?
3. What factors can be determined as responsible for the trend of sales?
4. Was a proper market survey made when the firm started?
5. If so, what were the predicted results in sales volume?
6. If not, should such a survey be made now?
7. Have the basic sources of market survey data been studied?
8. Does population growth, new competition, or competitor change in methods justify new ways of serving this market?
9. Has the character of the population in the trading area changed, aside from general growth or decline? Has this affected sales?
10. Has the ratio of population to number of firms in this trading area changed since the firm was established? If so what has been done by management to keep current with these changes?
11. What is the nature and form of competition?
12. Does the future look good, medium, or bad for this firm in
13. This market?

II. FOR EVALUATING ASSET ADEQUACY

1. Does the firm lack any assets that would improve its capacity for service, its image, or its profitability?
2. Are its store fixtures, office fixtures, or machines modern?
3. Would newer ones improve image, service, or profitability?
4. Are present fixed assets consistent with the floor plan, available additional space, and customer comfort?
5. Does the firm have the necessary capital to finance its own receivables? Should this be done?
6. Are cash balances and working capital adequate for the volume of business being done?
7. Do growth requirements of the immediate future suggest the need of any other current or fixed assets? If so, are plans satisfactory for their acquisition?
8. Could the firm expand sales and profits with more assets in its present operation? How?

III. FOR EVALUATING ADEQUACY OF ACCOUNTING RECORDS

1. Does the proprietor have monthly statements readily available?
2. Does a complete accounting system exist?

3. Does the present system involve excessive posting? Administration?
4. Would a combined journal ledger system reduce the work of the system?
5. Can your client tell quickly the amounts owed by credit customers? (Is there an accounts receivable ledger?)
6. Can he/she quickly find out the balances due to creditors? (Is there an accounts payable ledger of some kind?)
7. Can sales easily be broken down into departments, chief lines of merchandise, or special items?
8. Does the system provide a means of telling the profitability of individual departments or lines of merchandise?
9. Do the monthly adjustments include the charges for
10. Depreciation, amortization, and new inventories?
11. What types of information, not now easily available, does your client need?
12. Does the firm take advantage of purchases discounts? Do the records provide adequate notice of discount periods?
13. Do procedures include a regular aging of accounts receivable?
14. Does the system easily produce meaningful control reports?

IV. FOR EVALUATING FINANCIAL CONDITION

1. What is the relationship of total assets and liabilities?
2. What is the relationship of current assets and current liabilities?
3. Are the current assets truly current?
4. Are the liabilities properly classified?
5. What is the working capital? Is it adequate?
6. What is the current ratio and are they adequate to cover short-term obligations?
7. What is the debt to equity ratio? Is the level adequate?
8. Does the firm have trouble paying its current bills? Why?
9. Have the accounts receivable been aged recently? What is the firm's policy on charging off uncollectible accounts?
10. How much of current profits is going to pay for fixed overhead?
11. Are any creditors withholding credit because of the company's debt paying habits or its other financial problems?
12. Does the firm need additional investment capital? Are any sources available?
13. Is the inventory turnover a cause of financial stress? Has it been reviewed for slow moving merchandise lately? Are there other problems?
14. Is the gross margin consistent with that of comparable firms? If not, why not?
15. Are operating expense ratios reasonable when compared with industry and historical norms? If not, why not?
16. Do company policies indicate that the financial condition will be improved? How?
17. Are any other financial weaknesses apparent?
18. Does the company have meaningful management control reports?
19. Are financial reports produced in a timely manner?

20. Does the firm use a cash flow projection to ensure borrowing needs are anticipated?

V. FOR EVALUATING LOCATION

A. For Retailers

1. Is the firm located in a high rent or low rent area? Should it be? Is the rent paid by the firm competitive?
2. If in a low rent area and competing with firms in high rent areas, how does it compensate to attract customers?
3. Is the location good from the standpoint of meeting competition?
4. Is the total traffic in the area adequate?
5. Do neighboring stores draw potential customers?
6. Is there a parking problem for customers? Would it be worthwhile to pay for customer parking?
7. Is the location good for development of sales via promotion?
8. Is the location appropriate to the principles of location for convenience, shopping, and specialty stores?
9. Is there a better site available in the area?
10. Is the going home side of the street or the sunny side of the street important to this firm? Does it have that advantage?
11. Do the community and general area suggest adequate payrolls, population trends, living habits, and attitudes to encourage firm development here?
12. Are any other disadvantages of this location observed?

B. For Wholesalers

1. Is the location economically accessible to its market?
2. Are shipping and receiving costs the lowest available? Would additional rail, truck, or air facilities improve efficiency and reduce costs?
3. Do competitors have advantages in costs of delivery to customers due to better location?
4. Do customers visit the plant in person or call in orders by telephone? If they visit, is the accessibility and customer convenience satisfactory?
5. Does this location make possible the best layout of merchandise to expedite order filling and minimize labor costs?

C. For Factories

1. Should this type of factory be close to its markets or to its raw materials? Is it?
2. Do the facilities at this location make the best use of the appropriate production layout?
3. Is the location appropriate to hiring the types of labor required? Is adequate labor of the type needed available?
4. Are utility costs consistent with those available at other potential locations?

5. Are adequate shipping and receiving facilities available at competitive costs? Would additional competition by shippers be helpful?
6. Are government attitudes and community facilities encouraging?
7. Do alternative locations offer reduced costs or better profits? Why?
8. Are there environmental problems with the location?

D. For Service Firms

1. Is customer visitation an important part of the business? If so, are facilities for customer comfort adequate?
2. Is the location consistent with the type of clientele sought and their habits in buying this service?
3. Does the firm need a high rent location? Is it in one?
4. If efficient working conditions for employees are important, do they exist?
5. Is the firm paying an expensive rental for space when most of its business comes via telephone? Is this necessary?
6. Is drop-in business important? Does it exist in adequate quantity? Can it be developed by advertising?

VI. FOR EVALUATING LAYOUT

A. For Retailers

1. Is the present layout encouraging to sales because it reflects buying habits of customers?
2. Could it better reflect a good "selling machine?" How?
3. Is merchandise attractively displayed?
4. Is merchandise displayed to facilitate easy comparisons and easy examination?
5. Is customer comfort properly provided to meet the particular shopping habits of the firm's customers?
6. Are associated lines of merchandise displayed adjacently?
7. Does the layout reflect maximum use of light, ventilation, and heat?
8. Is maximum view of store space by customers, employees, and managers desirable? If so, is this view now possible?
9. Are selling and non selling activities properly separated?
10. Are convenience, shopping, and specialty goods properly located in the floor plan?
11. Does the image of the store reflect colors, fixtures, and displays that are compatible with the type of customers sought?

B. For Wholesalers

1. Does the layout make order filling easy?
2. Are most popular lines of merchandise located adjacently?
3. Is maximum use made of rolling equipment in filling orders?
4. Do customers visit the firm often? If so, is the firm's image projecting what is intended?
5. Are receiving doors convenient to inventory stacks? Are more doors needed?

6. Is the line of travel from merchandise collection for orders to location of loading deliveries direct? Could it be shortened to reduce costs or order filling?
7. Are aisles wide enough for efficient operation?
8. Can the merchandise stacks be reduced in the present space?

C. For Factories

1. Does the firm now use a process or a product layout?
2. Is maximum use made of the advantages of the present layout?
3. Can the unproductive movement of raw materials, goods in process, or finished products be reduced?
4. Are testing and quality control stations located in the best spots on the production line? Should there be more quality control locations?
5. Are materials to be placed in production located close to the point of introduction into production?
6. Are material receiving areas located as close to storerooms as possible?
7. Are luncheon areas, rest rooms, drinking fountains, and other employee areas located for maximum efficiency?
8. Are there efficient methods of moving materials used?

VII. FOR EVALUATING LEGAL FORMS OF ORGANIZATION

1. Under what legal form of organization is the firm now operating?
2. What are the major risks to which the firm is subjected?
3. Does the legal form of organization give the firm proper protection against these risks?
4. Does the firm supplement its legal form of protection with public liability insurance? Is the amount adequate?
5. Is unlimited liability a serious potential problem for your client(s)?
6. Has the present form limited financial needs in any way?
7. Has your client considered changing the legal form?
8. What is the relative incidence of the firm's major risks?
9. Are there tax advantages available by changing the legal form of organization?
10. Is your client fully aware of the management advantages of the alternative legal forms available for his firm?
11. Are the features of a Subchapter S or 1244 corporation known? Would you recommend them in this case?
12. Is the firm using all the advantages of the present legal form of organization?

VIII. FOR EVALUATING SALES DEVELOPMENT AND PROMOTION

1. Has the firm properly distinguished between established demand and promotion methods?
2. Has your client considered all the direct and indirect sales promotion methods?

3. Are the applicable sales promotion methods being used in effective quantities?
4. Is the present advertising program being checked for its effectiveness?
5. Is the present sales volume consistent with the potential for the firm in this trading area?
If not, how could it be increased?
6. Do customers generally reflect a feeling of satisfaction in doing business with the firm?
7. What is the firm's image in the community that it serves?
8. How could it be improved if deficiencies are found?
9. Is personal selling by employees consistent with best practices?
10. Do any suggestions seem apparent for improving sales promotion?
11. Is the sales force producing at efficient economic opportunity levels?

IX. FOR EVALUATING PRICING POLICIES

1. Do prices now produce an average gross margin consistent with the sales volume for this type of firm? If not, why?
2. Is the pricing policy influenced by fair trade laws, nationally advertised prices, or competitor prices?
3. Is market strategy employed in setting prices?
4. Is your client reluctant to adopt less-than-average markup prices when good judgment dictates their use?
5. Do prices reflect attempts to sell slow moving merchandise?
6. Are proper methods used in moving slow merchandise?
7. Is merchandise style a factor in markups and markdowns?
8. Does original markup policy reflect normal markdowns, employee discounts, damaged merchandise, and shortages?
9. Does the firm use adequate markups to produce desired results?
10. Are markups based on cost or retail prices?
11. Have loss leaders ever been used? Were they necessary or productive?
12. Does the overall pricing policy reflect dynamic management?
13. Do above average markup sales cover sales in less-than-average markup items?
14. What are the prices and pricing policies of the competition?

X. FOR EVALUATING MERCHANDISING

1. Does your client recognize the differences in convenience, shopping, and specialty goods?
2. Does he/she properly place merchandise inventory into these categories?
3. If sales effort is primarily in one category, does the merchandising policy properly reflect this fact?
4. Is the merchandising policy generally in line with most customers' needs in the trading area?
5. Are selling policies and services in line with the product (credit plans, delivery services, etc.)?
6. If selling industrial goods, does the firm recognize the difference in merchandising its goods and consumer goods?
7. Is the location consistent with the type of merchandise sold and the price policies in effect?

8. Are employee capabilities and qualifications consistent with the needs of the type of merchandise being sold?

XI. FOR EVALUATING SEASONAL VARIATIONS

1. Are there distinct variations in sales during different months or seasons of the year?
2. Is the management using accepted methods of adjusting operating expenses to these variations?
3. Is purchasing policy consistent with the noted variations?
4. Would the addition of different lines of merchandise or different products help to even out the seasonal variation in sales?
5. If seasonal variations are drastic, would it be better to close the business entirely for some period in the year?
6. If a manufacturing firm, would it be more profitable to use the slack periods to build up inventory and cut down factory overtime in the busy seasons? What are the trade-offs?

XII. FOR EVALUATING PURCHASING AND INVENTORY CONTROL

1. Are the proper sources of supply now being used?
2. Is your client taking advantage of all purchase discounts?
3. How are minimum inventories and ordering points determined?
4. Have stockouts of finished merchandise or raw materials occurred?
5. What is the record for quality, service, and price of its present suppliers? How about dependability and assistance in periods of sellers' markets?
6. Are minimum or economic ordering quantities used?
7. Have managers been guilty of buying too large quantities that were not justified by carrying costs?
8. What is the cost of carrying inventories in stock until needed?
9. Does your client know what his/her best average inventory is and use it to guide purchasing policy?
10. Could more effective purchasing contribute profits to the present results of operation? How?
11. How often does the inventory turn over each year? Is this consistent with the industry average?

XIII. FOR EVALUATING EXPENSES AND A BREAK-EVEN CHART

1. Have fixed and variable expenses been thoroughly determined?
2. Are there advantages to altering the present relationship of fixed and variable expenses? Is this possible?
3. Is a break-even chart used for annual operations?
4. Is the break-even analysis used for decision making on major expenditures?
5. Could the break-even point in sales be lowered? How?
6. Can any fixed expense be made variable to reduce risks?
7. How would profits change with a 10 percent increase in sales?

8. How would profits change with a 10 percent reduction in fixed expenses?
9. Is the firm approaching 100 percent of capacity in its present quarters?
10. Is the present percentage of capacity known? Can it be increased?
11. Is each expense dollar providing a productive return?
12. Can semi-variable expenses be controlled any better?

XIV. FOR EVALUATING CREDIT POLICIES

1. Is the firm capable of carrying its own accounts receivable?
2. What types of credit accounts are available to customers now?
3. Should other types of accounts be made available?
4. What is the cost of administering the present credit program?
5. Would it be better to discount all its receivables with a finance company or bank?
6. Are credit card sales being collected efficiently? What is their cost?
7. Should the firm issue its own credit cards?
8. Does its credit policy reflect the fact that the company has both small and large credit sales?
9. Has an aging of accounts receivable been made lately? What does it show?
10. Has the write-off of bad debts been realistic, too low, or too high?
11. If the company sells to other business firms, has a sales discount been offered? Should it be?
12. Has the firm taken advantage of purchase discounts offered to it?

XV. FOR EVALUATING PROTECTION AGAINST RISKS

1. Has the ownership truly analyzed all the major risks?
2. What protection has been provided against each of these risks?
3. Is the incidence of risk properly considered in the protective action taken?
4. Is self-insurance appropriate?
5. How many risks are being absorbed? Should they be?
6. Is coinsurance appropriate? How?
7. Are there any recommendations for reducing risks or getting protection more economically?

XVI. FOR EVALUATING PERSONNEL POLICIES

1. What is the turnover rate of desirable employees?
2. Are there any specific reasons for resignations?
3. Does the company provide training for new employees?
4. Are company policies regarding personnel known to all employees?
5. Are there incentives in the personnel policy for employees to seek advancement?
6. Does the policy reflect the generally agreed upon objectives of all employees?
7. Do opportunities exist for employees to work at different types of positions?
8. Is the company image one that suggests this is a good place to work?

9. Are pay scales and other advantages consistent with local pay scales in this area?
10. Is there a problem of employees being over-trained or under-trained?
11. Are there recommendations for changes in the present policy?
12. Is there a stated policy on equal employment opportunity?
13. Is there a stated policy on sexual harassment?

XVII: FOR EVALUATING MANAGEMENT PRACTICES

1. How much time does the owner/manager spend on planning?
2. How is performance against plans evaluated? How often is this done?
3. What steps has the business taken to ensure the firm's viability if something should happen to the owner/manager?
4. How does the manager spend a typical day?
5. What leadership style(s) are used by the manager and how effective is this style?
6. If more than one owner, is division of responsibilities effective? Appropriate?
7. What processes are in place for generating and using information? About competitors, customers, employees, etc?
8. Is information needed for routine and repetitive decisions readily available?
9. Is information stored in an accessible and usable format?

APPENDIX G
Example Weekly Progress Report
Business Name:

Week #: _____

Date: __/__/2010

Last client meeting date (In person): Month/Day By telephone: Month/Day

Name of team members in attendance: _____, _____, _____

STATUS (What occurred since your last report):

Clearly describe what has occurred during the week, i.e., what you have been doing. Several sentences or more may be necessary to depict the situation and what you have accomplished.

PLAN (What your team is planning to do during the next week):

Discuss what you are planning to do during the next week. Again, spell it out. Too much information is better than too little! By sharing your plan for the next week, your Instructor and Case Supervisor will be able to provide you with the necessary support and guidance (coaching) whenever deemed appropriate.

IMPORTANT NEW INFORMATION:

RECOMMENDATIONS UNDER DEVELOPMENT:

COMMENTS, CONCURRENCE, OR OBJECTIONS OF CLIENT:

APPENDIX H

Sources of Information and Assistance

REFERENCE GUIDES

- Small Business Sourcebook by Gale's Research, Inc.
- Volume I "Business Profiles"-- sources of information on 190 different types of small businesses
- Volume II "General Topics"-- listing of sources of small business assistance by state
- Business Information Sources by Lorna Daniels
- Encyclopedia of Business Information Sources edited by Paul Wasserman
- Business Information by Michael Lavin
- Financial Analyst's Handbook by Sumner Levine
- Encyclopedia of Small Business Resources by David E. Gumpert and Jeffrey A. Timmons
- Small Business Development Center Libraries and Clearinghouse
- Mancuso's Small Business Resource Guide

MARKETING RESEARCH

- U.S. Census Reports (Economic and Demographics, also available on CD-Rom)
- Survey of Buying Power, published by Sales Management, Inc.
- Predicasts (Cleveland, Ohio)
- Business Periodicals Index
- Ayer Directory of Newspapers, Magazines, and Trade Publications
- Data Sources for Business & Market Analysis, Scarecrow Press

PERIODICALS

- Business Periodicals Index
- Inc.
- Success
- Entrepreneur
- American Demographics

PROJECTIONS AND FORECASTS -- listed under the subject in the library

- SBA's Cash Flow Projection (Form #1100)
- Business Owner's financial statements and check register
- Robert Morris Associates Financial Ratios
- Dun & Bradstreet's Business Ratios

SMALL BUSINESS ADMINISTRATION INFORMATION SOURCES -- Contact SBA District for assistance

- SBA Management assistance publications
- Service Corp of Retired Executives (SCORE)
- Small Business Development Centers (SBDC)
- SBA Business Development Specialists
- SBA International Trade Officers

FINANCIAL AND OPERATING RATIOS

- Industry Norms and Key Business Ratios, Dun & Bradstreet Corporation
- Annual Statement Studies, Robert Morris Associates

OTHER INFORMATION

- Other people -- industry experts, suppliers, etc.
- Trade Associations
- Employees -- present and past
- NASA Industrial Applications Centers and several universities, such as Southeastern Oklahoma State University, the University of New Mexico, the University of Southern California, and the University of Pittsburgh provide technically oriented reports, studies, and literature searches
- Key customers, manufacturers, suppliers, distributors, and buyers
- National Trade Databank, U.S. Dept of Commerce (updated monthly on CD-Rom)
- National Trade Association magazines or newsletters
- Online databases such as: America Online, CompuServe, Dialog, Genie, Predicasts, etc.
- Local Chambers of Commerce
- State Department of Commerce
- Small Business Advancement Network (SBI Electronic Bulletin Board)
- Entrepreneur Magazine's Business Guides
- Human Resources Yearbook
- Competitive Advantage -- Michael Porter
- Cost Effective Market Analysis
- Franchise Opportunities Handbook -- Department of Commerce
- Portfolio Accounting Systems for Small Business
- Small Business Development Center Libraries and Clearinghouse
- The Deming Guide to Achieving Quality and Competitive Position
- LexisNexis
- Internet

APPENDIX I
Sample Team Member Evaluation Form

This evaluation should be undertaken with a great degree of seriousness. Accuracy and truth should prevail over any feelings of personal attachment or group affiliation. Evaluate your group members as you would a subordinate or peer in a real work environment.

INSTRUCTIONS

List the name of each member in your group and then evaluate them by rating their performance in each of the listed components below. Ratings will be from a low of 1 to a high of 10. You may choose to provide written comments on the back of this form if you feel they are pertinent. All scores will be held strictly confidential by your professor.

EVALUATION COMPONENTS

1. Effort----- the team member provided an appropriate amount of effort toward meeting group assignments.
2. Participation- the team member met all requirements set by the group including attendance at meetings, attainment of deadlines, etc.
3. Quality----- the team member provided high quality support for the group effort.
4. Preparation--- the team member was prepared to participate in all group activities.
5. Group member-- if you would like to work with this team member on another project answer yes, if not, answer no.
6. Attendance---- Indicate the # of group or business meetings missed.

TEAM MEMBER'S NAME	1	2	3	4	5	6
--------------------	---	---	---	---	---	---

Comments:						
-----------	--	--	--	--	--	--

Comments:						
-----------	--	--	--	--	--	--

APPENDIX J
Sample "Thank You" Letter

Date

Client Name

Business Name

Address

City, State Zip

Dear (Client's Name):

It has been a pleasure to work with you in a management analysis of your firm. Your cooperation, patience, and enthusiasm made our job much easier and contributed to our learning. We feel you have given us a great opportunity to use our formal education in a real world application.

Our report makes recommendations based upon your input and our analysis. We hope that the implementation of these recommendations will benefit your company.

The Small Business Institute[®] program is made possible through a cooperative agreement with the Small Business Institute Directors' Association. This report should not be interpreted as the official position of the Small Business Institute Directors' Association. Rather, the report contains the conclusions of the Small Business Institute[®] student team based upon our analysis of your business.

Any questions, comments, or other information you may need should be directed to the student team before graduation on (date). Our SBI Director is (Director's Name). His/Her telephone number is (telephone number). As a small business, you are also eligible for assistance from the Small Business Development Center (SBDC) (telephone number) or SCORE (telephone number). Through the SBA, SBDC, and SCORE a wealth of assistance and advice is available at no cost to you.

We hope this report will help you in the operation of your business. Again, thank you.

Sincerely,

Student Team Members

APPENDIX K
Suggested Format for "Final Report"

(Example only--Check with your professor for preferred format)

SMALL BUSINESS INSTITUTE®

Name of College/University
City, State ZIP
Term of Study

NAME OF CLIENT

BUSINESS NAME AND LOGO

BUSINESS ADDRESS

Prepared by (Names of Student SBI Team Members)

Preface

The attached SBI report is intended to help (client's name). It is written by (SBI Team Member), (SBI Team Member), and (SBI Team Member). Every reasonable attempt has been made to present reliable and accurate information. Much of the analysis is, of necessity, subjective in nature and is based on personal interviews and team observations. Accordingly, no warranties or promises of accuracy are made by the writers, the faculty, or staff of the Small Business Institute[®]. Furthermore, the college/university, its faculty and staff, and the writers assume no responsibility or accrue any liability for the contents of this report or any portion thereof.

This report has not been and will not be used by the student study team, for any other purpose without the written consent of (SBI Client's Name) and (Professor's Name).

Executive Summary

Term of Report: Spring 20--

(Your executive summary should be no more than 2-3 pages long. It outlines the problem(s) identified, methodology used, conclusions reached, and recommendations made.)

- I. Areas of Analysis
- II. Methodologies used:
 - 1.
 - 2.
 - 3.
 - 4.
- III. Opportunities/Problems:
 - 1.
 - 2.
 - 3.
 - 4.
- IV. Conclusions reached:
 - 1.
 - 2.
 - 3.
 - 4.
- V. Recommendation(s) I (for current implementation):
 - 1.
 - 2.
 - 3.
 - 4.
- VI. Recommendation(s) II (for implementation at a later time as dictated by the changing business situation and resources available):
 - 1.
 - 2.
 - 3.
 - 4.
- VII. Implementation (Be as specific as possible as to dates, times and resource commitment.):
 - 1.
 - 2.
 - 3.
 - 4.

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(Sample only--substitute with professor's desired table of contents)

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I. BACKGROUND OF THE FIRM

This section should contain a very brief description of the firm's operation, its organizational structure, and the experience of the owner(s). It should include past and present financial status of the firm. Also, past significant changes during the life of the firm should be noted. Even though the firm's history is of little interest to the owner, it provides a business overview that allows the student team to better understand why the firm is in its current situation.

The industry environment of the firm should be analyzed, considering its effect on the firm's development, future prospects, and local or regional competition.

II. OBJECTIVES OF THE FIRM

The objectives of the firm should be in specific terms. That is, "10% increase in gross sales in the next 12 months" is better than to "increase sales as much as possible." Each objective should be realistically attainable, yet should provide a challenge.

There is no certain number of objectives for the firm, but the owner determines the number of objectives based on his or her desires for the firm's future operation.

III. OPPORTUNITIES/PROBLEMS (by Area)

(Include areas where problems have been determined. Omit other areas.)

1. Marketing

A. Opportunities/Problem(s)

Consider: -Target market

-Market research

-Product/service differentiation

-Consumer service

-Location

-Pricing

-Purchasing

-Advertising/promotion

-Image of the firm

B. Discussion

(Relate information, circumstances, or occurrences that caused you to decide that it was a problem area).

C. (1) Recommendation(s) I (Consider alternate courses of action and suggest action to be taken at this time).

(2) Recommendation(s) II (Consider alternate courses of action and suggest action to be taken in the future).

- D. Action taken by client (if any)
- 2. Accounting
 - A. Opportunities/Problem(s)
 - Consider:
 - Record-keeping system
 - Current financial statements
 - Expenses, receivables, and payables
 - B. Discussion (See 1, B)
 - C. (1) Recommendation(s) I [See 1, C (1)]
 - (2) Recommendation (s) II [See 1, C (2)]
 - D. Action taken by client (if any)
- 3. Finance
 - A. Opportunities/Problem(s)
 - Consider:
 - Sources of funds
 - Comparative financial records
 - Cash flow status
 - Break-even point
 - Client's understanding of reports
 - Debt/Equity Capital
 - B. Discussion (See 1, B)
 - C. (1) Recommendation(s) I [See I, C (1)]
 - (2) Recommendation(s) II [See I, C (2)]
 - D. Action taken by client (if any)
- 4. Production/Operations
 - A. Opportunities/Problem(s)
 - Consider:
 - Production Process
 - Administrative Structure
 - Control and use of raw material and manpower
 - Plant layout, quality control, and inventory control system
 - Suppliers
 - B. Discussion (See 1, B)
 - C. (1) Recommendation(s) I [See 1, C (1)]
 - (2) Recommendation(s) II [See 1, C (2)]

D. Action taken by client (if any)

5. Human Resources

A. Opportunities/Problem(s)

Consider: -Organizational chart with job descriptions
 -Recruitment, hiring, orientation, training, work times,
 layoffs, etc.
 -fringe benefits, health programs, life insurance

B. Discussion (See 1, B)

C. (1) Recommendation(s) I [See 1, C (1)]
 (2) Recommendation(s) II [See 1, C (2)]

D. Action taken by client (if any)

6. Insurance, Taxes, and Zoning

A. Opportunities/Problem(s)

Consider: -Insurance coverage needed
 -Cost and availability
 -Taxes (federal, state, & local)
 -Timeliness of reporting
 -Zoning restrictions/limitations
 -Licensing requirements

B. Discussion (See 1, B)

C. (1) Recommendation(s) I [See 1, C (1)]
 (2) Recommendation(s) II [See 1, C (2)]

D. Action taken by client (if any)

7. Other Areas of Concern (separately by area)
Use same format as other problem areas.

V. APPENDICES

A. Other material or data providing supportive information. This material may include copies of financial data, maps, charts, letters, graphs, advertisements, photographs, etc.

B. Request for Consulting

- C. Project Proposal/Letter of Engagement
- D. Activity Log Summary
- E. Team's Client Acknowledgment
- F. Team's Client Confidentiality Agreements
- G. Client Acknowledgment
- H. Client Limited Waiver of Confidentiality

APPENDIX L
SAMPLE CLIENT ACKNOWLEDGMENT ON COMPANY LETTERHEAD

10/10 P.01

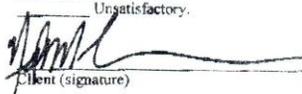


December 10, 2010

I have received a copy of the Small Business Institute's consulting report for my firm. The contents of the report have been discussed with me. I understand that I may contact the SBI Director for further clarification or explanation should I so desire.

I consider the report to be

- Essentially accurate, with respect to the facts contained therein
- Essentially inaccurate
- Satisfactory
- Unsatisfactory

 Date: 12/10/10

Client (signature)

Neal Crasnow
President
AI's Army Store, Inc.

23 N. Orange Blossom Trail, Orlando, Florida * 407. 425. 4932
1401 S. French Avenue, Sanford, Florida * 407. 322. 5791

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