

# Small Business Institute program survives

## Even after the loss of SBA funding

BY JOHN CAMPBELL

The SBA commenced funding the SBI program in 1972, after being approached by a number of schools who desired to enhance their student's learning experience. The school's objective was to provide students with the opportunity to learn about entrepreneurship and small business creation and survival in a way that can't be recreated in the classroom. The SBA's objective was to obtain low cost professional counseling for companies who were seeking or had obtained SBA loans. And so a happy partnership was formed with the universities, the students, the SBA and the small business community as beneficiaries.

Concurrent with the establishment of the SBI Program, a number of member universities established a non-profit Small Business Institute Directors Association (SBIDA). Among its objectives; coordinate the efforts of SBI providers, keep them up to date, and serve as liaison between the SBIs, the SBA and Congress.

The funds provided by the SBA were used for program development, implementation, and review and to partially cover, for example, travel costs, equipment, student expenses, phone and report preparation costs. The schools themselves covered the balance of the administrative costs.

At its peak, approximately 500 schools participated in the program (300 were SBIDA members) and over 100 of these were in Region V. The SBA funding level at this time was \$3.25 million per year.

SBA funding was provided on the basis of cases completed. In 1972, this amounted to \$250 per case. By 1995, this had grown to \$500 per case with cases per school ranging from 3 to 60. The University of Cincinnati averaged between 25-30 cases per year.

In 1994, the SBA, faced with its own budget problems, decided to discontinue funding the SBI program, effective in FY 95. The reaction from several schools was immediate and the number of SBI schools dropped by about 20%. Interestingly enough, SBIDA membership declined only

## How and why the SBI Program works

The SBI Program, as administered by the University of Cincinnati, typically works as follows.

The client business contacts the SBI (frequently at the suggestion of the Cincinnati SCORE office) and requests an application to be considered for a case study. U. C., which was a charter member of the SBI program and has won national awards for their program, mails the candidate company a letter and application explaining the program.



Matthews of U. C.

If the business is selected, College of Business students, working in teams, spend about an hour a week for approximately ten weeks each over the Winter and Spring quarters (approximately eight meetings over the two quarters) consulting with the business owner and/or manager.

During the consulting process, the students work with the owner to record a history of the firm, identify goals and objectives, and discuss strategies to achieve these goals. At the end of the project, the student team presents the owner with a comprehensive

business report detailing their findings and recommendations.

How do client businesses rate this program?

A recent survey undertaken by Chuck Matthews\* of the 29 field cases conducted by U. C. students over a one year period showed the following results:

**Responders:** 21 out of 29 (72%)

**Rating of SBI team knowledge and expertise:** 76% said "above average" or "excellent."

**Working relationship with the team:** 86% said "above average" or "excellent."

**Direct impact of study:**

81% made changes in their operations.

43% changed planning or strategy.

33% made changes in their advertising/promotion and organization of their business.

**Recommend SBI program to other businesses?**

20 out of 21 said "Yes!"

*\*Dr. Matthews is an Associate Professor of Management at the University of Cincinnati, is Director of the Small Business Institute and the national President of the Small Business Institute Directors' Association. The SBIDA's home page is at [www.cba.uc.edu/cba/info/sbida/welcome.htm](http://www.cba.uc.edu/cba/info/sbida/welcome.htm). His email address is "charles.matthews@uc.edu."*

slightly.

To compensate for the loss, the remaining SBI schools started aggressively soliciting and obtaining grant funding from charitable foundations and private donations from alumni. Some schools started charging client businesses modest fees and other are approaching larger companies for financial support.

The role of the SBIDA has expanded to include the establishment of uniform quality standards for the SBIs, standards that were administered by the SBA when they were funding the activity.

The consensus, after two years without government funding, is that the SBI program

is alive and well and will continue to survive and prosper.

The fact that this program has survived is a testimonial to its quality and value to both the educational and business communities.

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