

A Hands-On Approach to Learning Business Processes

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While business schools generally remain functionally oriented, to teach business today requires that we go beyond classroom learning and encourage enterprise-level, cross-functional experiences and hands-on management decision-making (Hammer & Stanton, 1999; Keen, 2001; Khalakota & Robinson, 2001). The implication for the students is that, regardless of which business functional area they choose to focus on, they should then be able to meaningfully integrate their functional orientation into the fabric of a business enterprise. Such integration occurs through cross-functional team processes and information sharing.

There are various methods to incorporate such integration into college courses. One way to bring the concepts of functional integration and e-business to the classroom is through the introduction of enterprise systems, also referred to as enterprise resource planning systems (ERP) such as the SAP Alliance Program. Another example is an industry-oriented course developed by Stewart and Rosemann (2001). Working with an industry partner, business students developed an ERP-related reference process model of an actual business.

Several recent studies explore web-based e-commerce simulation tools. Nagi (2004) used a simulated electronic mall to engage students in role-playing. Through acting out various roles in the simulation, students are introduced to e-commerce concepts and gained practical experience. Another business simulation by Bodoff and Forster (2005) focused on virtual markets to illustrate market concepts. Still another, Shtub

(2001) presented a methodology for teaching processes along with a special training aid called the Operations Trainer that "simulates the entire order fulfillment process from customer orders to the purchasing of raw material." Proponents of using of simulations, however, acknowledge that even the best simulations are limited in their ability to replicate authentic business situations (Biggs, 1995). Finally, other commonly used resources are case studies, role playing, guest speakers, and business articles.

We offer an innovative course that showcases functional areas of business and their integration and provides students with hands-on experience in running a business. Working in small groups, students form management teams responsible for managing their own eBay business where they apply the basic business principles learned in their earlier courses. By operating a bona fide business themselves, they experience some of the challenges and pressures involved in managing a business. It is valuable to the curriculum to provide students not just business theory and process related concepts, but a context in which to personally experience them. The target students for our course are juniors and seniors that have completed business courses in functional areas. Having learned business principles in earlier core classes, the focus for this course is to apply the various disciplinary doctrines and witness their conflicts and interactions in the context of an actual business. In the course, we have seen enrollment of students majoring in business as well as students majoring in history, commu-

nications, and psychology with a minor in business. Business teams are formed with the goal of having interdisciplinary membership, ideally with students from disparate concentrations.

The overriding course goal is to have the students appreciate the interdependence and interactions that take place across functions of an organization, function efficiently and effectively as a team, and explore their own leadership abilities.

Ebay Marketplace

As sellers on eBay, students must make numerous strategic and operational decisions. eBay is an electronic marketplace that retailers can use exclusively or in addition to selling through a “bricks and mortar” operation, mail order catalog, independent Web site, or network of direct salespeople. Everyone doing business using eBay as their marketplace decides the type of business, what type of merchandise to sell and how to operate their business (Lynn 2003). To sell on eBay, there is a listing fee to post your merchandise and a final value fee when the item sells. eBay is a popular place for the sale of new and used items, selling for others such as drop shipping and consignment sales.

Although many students have bought items on eBay, fewer students have sold items on eBay. As sellers on eBay, students must decide how to handle marketing and operational issues include the following.

1. Availability. Is the merchandise readily available? Should merchandise come from consignments, online auctions, offline auctions, retail or wholesale establishments?
2. Cost and sale price. How much will the item cost, and how much can the item reasonably expect to sell it for? If the item is a consignment item, then what are the terms of the agreement between consignor and consignee?
3. Packing, shipping, and storage. What is involved in packing and shipping the merchandise? What shipping company should be used? Is there

space available to store the merchandise and packing material? It is typical for eBay buyers to pay for shipping, so sellers need to accurately calculate shipping costs and add that to the total amount the buyer pays. Even though the buyer typically pays the shipping costs, there are labor, time and potential breakage issues to consider.

4. Level of Customer Service. Customer service includes answering emails with questions or complaints and shipping merchandise in a timely manner. What are the guarantees and return policies? In addition to customer service to eBay buyers what services are given to the consignor? Feedback is the mechanism through which eBay provides information on a seller’s customer satisfaction level. In every transaction, the buyer and seller have the opportunity to leave a comment. The feedback rating is critical to a buyer and seller’s eBay reputation.

Other considerations include the several different types of auctions and fixed-priced ways to sell merchandise. If an auction format is selected then eBay offers features such as reserve price and buy it now features. A reserve price is a hidden minimum price that the seller is willing to accept. eBay’s “Buy It Now” feature gives bidders the option to buy an item immediately for a specified price. If a seller chooses a fixed-price listing, the item for sale at a set price, with no bidding allowed. eBay also offers sellers the option of creating their own “eBay Store” to sell merchandise and the “About Me” page as a way sellers may post information about themselves.

Innovative Features

The course develops through a progression of five phases. Phase 1 spans two weeks covering brainstorming, conflict management, and team building activities. The output from Phase 1 are teams of four that have been through team building exercises and ready to start building an eBay business. Phase 2 also

spans two weeks with each team developing a business plan including an estimate of start-up expenses, marketing plan, purchasing and procurement plan, plan for operations and executive summary. At the end of Phase 2 each team presents its business plan to the eBay Board of Directors. Phase 3 has students designing their processes and learning the technology necessary to run an eBay business. Major process centers include inventory acquisition, marketing and pricing, packing and shipping and customer service. During this phase, the faculty member provides tutorials for using technology and guidance in developing good business practices. Phase 4 lasts for six weeks with each team operating and managing their business. The first three phases provide structure but during this phase the teams are in charge and have freedom to run their business and make their own decisions. The faculty member does, however, have passwords and userids to all email, eBay and PayPal accounts used by the teams so as to monitor each team’s operations. Finally, Phase 5 consists of closing down the businesses, providing written and oral reports and closure of the class. These five phases follow closely the stages in Tuckerman’s model (1965) for small group development and dynamics.

Pedagogy

In the beginning of the semester, a class of 20 is divided into five teams of four students. A team of four allows for a strategy of one team member to be in charge of one major process center, but other organizational structures might be decided upon by a particular group. If possible, each team includes at least one member with eBay selling experience and member majors in different functional areas.

Throughout the course, each team maintains a business journal for each class meeting. The journal describes the agenda and objectives for the class meeting, describes key events, provides analysis or explanations and lists implications for the team. The following is an example of a journal entry for a

class session during phase I by one of the teams.

Agenda/Objective of Class Session/ Meeting

- Examine brainstorming
- Examine groupthink

Individual Objectives

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

Describe Key Events

- Looked over "What is Brainstorming? And "Groupthink" worksheets.

Analysis/Explanation

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

Action/Implications

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

Students use their creative sides to choose a business name, develop a mission statement, goals and objectives and prepare business plans. Each team presents their business plan along with start-up cost estimates to the eBay Board of Directors in order to secure funding of \$200 per team.

Each team strives to implement and manage effective and efficient processes that will generate enough profit in order to return of the two hundred dollars at the end of the semester. Running their businesses, teams make their own decisions and have the real world experience dealing with customers. They have the freedom to run their business with their own ideas and get a feel for different aspects of running a business. Business transactions are handled through PayPal or with a cash exchange. Most transactions are handled through PayPal which is monitored by the faculty member through the PayPal

account. Any cash transactions such as payment to consignors are approved by the faculty member.

At the end of the semester, each student submits a peer evaluation for each team member. Teams prepare a written and oral report including income statement, business journal entries, business plan, analysis of their operations in terms of efficiency and effectiveness, examples of advertising and other operating documents. Awards (bonus points) are given to the team that has the highest profit, largest number of items sold, highest feedback rating, best managed business and most creative eBay listing description.

Conclusions

Many researchers advocate new concepts such as active learning, student-centered principles, effective use of technology, and collaborative learning (American Psychological Association, 1997). Our course combines many of these new concepts and is an ideal tool to illustrate business processes. Through the processes of managing their own business students come away with a foundation for critical thinking and learning from their own and others' experiences.

We found that the model of our course provides students with valuable tools, skills, training and actual business experience. E-commerce and information technology has and will continue to have a significant effect on business practice, and it is necessary to understand and learn about accepted business fundamentals and practices through these systems. We believe this course promotes understanding in this area, the integration of business functional areas, and helps students develop an understanding about themselves and their capabilities in taking leadership roles.

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