

CONSULTING

## MBA students offer bargain alternative to pricey consultants

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**Monk Office Supply Ltd.** [<http://www.monk.ca/>], a Victoria, B.C.-based retailer of stationery products and office furniture, has traditionally surveyed staff and customers on their satisfaction levels, but “we weren’t convinced that we were getting the most accurate results,” recalls president James McKenzie.

The 135-employee company decided it needed some consulting help. It could have hired a professional consulting firm to review the survey methodology, but didn’t want to incur heavy expenses.

So, in the fall of 2010, Mr. McKenzie approached the University of Victoria’s **Peter B. Gustavson School of Business** [<http://www.uvic.ca/gustavson/>], where he had contacts, and asked to have a team of its MBA students review the survey methodology and statistical analysis of the results.

The four students who worked on the project needed a full semester to complete their research and write a report for Monk, but the company was delighted with the findings.

“We were interested in knowing if we could rely on our survey results to introduce a new product line,” Mr. McKenzie says. “The students found that if we were looking for the surveys to provide strategic direction, we had some big holes.”

The report proposed a redesign of Monk’s surveys, with new questions, a broader sample to include potential as well as existing customers, and staggered survey-delivery dates. The students also provided more sophisticated tools for analysis.

Monk has since redesigned the surveys, and will distribute the first one later this month.

The project cost the company about \$3,000, whereas “if we’d gone to a management consulting firm, it would have cost significantly more,” Mr. McKenzie says.

As well, he adds, the project had an academic dimension that made it ideal for a business school to undertake.

Small businesses that may not be able to afford the pricey services of a big management consulting firm are increasingly finding a bargain alternative at university business schools across the country, where they can turn to MBA student consultant programs to assist on a variety of projects, from a business plan to a market research study to product and service feasibility reports.

At about a dozen schools across Canada, second-year MBA students volunteer their expertise in programs in exchange for consulting experience, academic credits, or both – but not fees. The money, ranging from as little as \$500 to a low five figures for a project, is pocketed by the business schools for providing the service – a bargain compared to the prices charged by professional consulting firms.

Typically, teams of three to six students provide several hundred hours worth of research and analysis for each project, delivering a report full of recommendations.

To assure quality control, each team is supervised by a graduate business professor and, in at least one case, by both a faculty member and a certified management consultant. The programs handled anywhere from five to 35 small business cases apiece last year.

For some schools, including Gustavson, “student participation in a consulting project is a mandatory part of our MBA program,” says John Oldale, director of MBA consulting projects for the school.

And businesses are pleased with the results. “If you give them the right project and you get the right students, the results can be very

effective,” Mr. McKenzie says.

Clients tend to fall into two categories, says Jim Mackay, a management consultant who runs [York Consulting Group](http://www.schulich.yorku.ca/client/schulich/schulich_lp4w_lnd_webstation.nsf/page/MBA+Specializations+Consulting!OpenDocument) [[http://www.schulich.yorku.ca/client/schulich/schulich\\_lp4w\\_lnd\\_webstation.nsf/page/MBA+Specializations+Consulting!OpenDocument](http://www.schulich.yorku.ca/client/schulich/schulich_lp4w_lnd_webstation.nsf/page/MBA+Specializations+Consulting!OpenDocument)], the business student consulting program at the Schulich School of Business at York University in Toronto.

“About 80 per cent are small businesses that are seeking market research about their competitors. The others are early startups that have an idea how to grow the business but are not sure what to ask for from us. We talk through with them what they need.”

Surprisingly, perhaps, some professional management consultants don’t resent the student consultants nor disparage their lack of certification and experience.

“I don’t see them as competitors,” says Glenn Yonemitsu, chief executive officer of the [Canadian Association of Management Consultants](http://www.cmc-canada.ca/) [<http://www.cmc-canada.ca/>]. “They serve a small-business niche [that can’t afford certified management consultants] It’s a great opportunity for them to put what they learn into practice.”

Using MBA students for market research studies can have a hidden benefit, he says. “Because they’re students, a lot of people in the business world don’t take them seriously. So they’re able to uncover some very interesting facts from other companies within the industry that they’re studying.”

[Saint Mary’s University’s student consulting program](http://www.smu.ca/partners/smubdc/htmls/StudentConsultingProgram.html) [<http://www.smu.ca/partners/smubdc/htmls/StudentConsultingProgram.html>] in Halifax delivered the goods when Robert Niven, founder and CEO of Halifax-based [Carbon Cure Technologies Inc.](http://carboncure.com/) [<http://carboncure.com/>], hired MBA candidates 18 months ago to do a market research study.

The company wanted to know the licensing potential of new green technology that it has developed for use by manufacturers of concrete cinder blocks. The students identified a potential \$4-billion market in North America for licensing fees.

Their study not only provided data on market size and growth prospects, it also identified manufacturers who might wish to licence the technology.

“Two of our first three ‘early-adopter’ manufacturing partners emerged out of the study,” Mr. Niven says. “The students made the first contact with these [companies]... and made a very good impression.”

Carbon Cure, in addition to licensing the technology to these manufacturers, has partnered with them to use their plants as demos to impress other potential customers.

Mr. Niven, whose firm paid “less than \$10,000” for the study, says it “was great value. It gave us a lot of foundation knowledge for our market launch in the spring of 2013.”

Carmine Lombardi, a Toronto-based entrepreneur, has been tweaking the model for a cash rewards program called Shop2Save. It would target consumers who buy houses, cars and other big-ticket items. He hoped to partner with one of the major banks, but first needed a business plan with exhaustive market research.

When a management consulting firm said it would cost \$75,000 to write the plan, Mr. Lombardi’s lawyer suggested that he try MBA students. He chose York’s because “they grasped this type of loyalty-rewards model so readily.”

For a fee of \$12,500, the students produced a comprehensive business plan, estimating the need for \$4.5-million in startup capital.

Mr. Lombardi showed the plan to a former vice-president of Shoppers Drug Mart, a Canadian leader in loyalty-rewards programs, who was impressed with the research.

Mr. Lombardi got exactly what he needed from the students, he says. Though his venture remains “in incubation” as he tries to bring qualified executives on board, the business plan, nevertheless, has bolstered his credibility, he says.

Getting the right students, of course, is the luck of the draw, heavily dependent on which MBA candidates have volunteered. Small businesses can improve their prospects of a successful outcome by having a clear idea of what they want done, Mr. Mackay advises

It's best to go with a local university, Mr. Oldale suggests. "Typically, our clients are local clients. Ideally, it involves a fair amount of face to face interaction, so it would be very difficult if they weren't local...Businesses should contact the business school in their city and see if it has that option," he says.

While clients may not follow every recommendation the students make, the research and analysis they provide is invaluable, Mr. Mackay says. "The information is the peanut butter – that's what sticks."

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