

THE STUDENT CONSULTING TEAM DILEMMA CASE

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ABSTRACT

As Dr. Hucklebee listened to his small business consulting team he was astonished to hear that their client admitted to income tax evasion. One student refused to deal any further with the client and did not want to finish the oral presentation.

The course was part of a small business curriculum that included courses on: fundamentals of entrepreneurship, business planning, and ended with the consulting course. The course was capstone of the entrepreneurship curriculum.

The students were one day away from finishing the semester course. They had completed all the written requirements of the course: history of the company, environmental issues, strengths, weaknesses, opportunities, threats, alternatives for their marketing and financial issues, and recommendations. The only requirement left was to orally present their findings and recommendations to the client, the instructor, the rest of the class, and public visitors. The syllabus clearly required the oral presentation as one of the class requirements. In the past, the instructor had refused to allow students to miss this requirement and had thereby created a historical requirement.

Professor Hucklebee believed that the course provided multiple benefits to the students. They had to integrate all of the different business disciplines, analyze a situation, provide alternatives, and recommendations. Several alumni from the course stated that the experience gave them the confidence that they had something to offer the business world. Many recruiters would ask about the experience and were impressed with the depth of this practical experience.

The clients had been carefully screened and interviewed by the instructor. This client asked for marketing and particularly a financial analysis because he wanted to determine a possible selling price for the business. He had given the finance student his financial statement and was reviewing them with the team when he stated that certain incomes were understated and several expense categories were overstated and that he “cheated” on his taxes every year.

The dilemma occurred because the finance student absolutely refused to finish the case including the oral presentation. The management student would finish the oral presentation if pushed by the instructor and the marketing student just wanted to finish the class at any cost and graduate.

The professor was concerned about the liability to the school, the students, and himself because members of the public had been invited. The question he faced was should he force the students to finish the project? Was not being exposed to real life situations part of the class? How would the team

fulfill the requirements for the class? How would other students react if he treated them differently? If he allowed the students to skip the oral presentation or not include the public would this be a violation procedural justice to the other students?

THE STUDENT CONSULTING TEAM DILEMMA TEACHING NOTE

The critical incident could be used in any business class that covered ethics. The instructors' field tested it in many of their classes and always had good discussions of ethics, tax evasion, and cheating in general. The discussion was started by asking the class what group or sex cheated more on their taxes: the young, the middle aged, the elderly or men versus women? Once the instructors got the class's attention with the answer (given below) they were able to move into discussions of ethics, cheating, and fraud.

The student's learning objectives are to identify the relevant ethical issues, some alternatives, and formulate a result that met the competing ethical for all the participants.

Some of the possible questions to ask students are as follows:

1. Is the client correct that everyone cheats on their taxes? Answer: according to the IRS tax fraud amounted to \$113 billion in 1991 (Smith, 1991). A poll found that the poor and elderly underreport the most and men are likely to cheat than women. The rich and the poor do more underreporting than the middle income.
2. What is the dilemma? Answer: the instructor cannot treat students differently and violate procedural justice. If he allows one or more to not answer questions from the public than he is treating students differently. If he forces the finance student to do the oral exam he is violating that student's moral code.
3. What are some alternatives: The first alternative is to force the team to present to the client and public. This maintains procedural justice to all the students but violates one student's moral code. The other alternative is to allow the team to present to just the instructor and terminate the client. This violates the other student's procedural justice but maintains one student's moral code.

For a small business class or entrepreneurial class the instructor can ask what the business is worth. The answer is that a business is sometimes valued at some multiple of its net worth. Since the owner was overstating expenses and understating income their net income was very low- therefore the business was not worth much over the value of the assets.

Epilogue: instructor terminated the client and let the students present to just him. The instructor carefully explained to the other students why that action was taken. The owner tried to sell the business but because net income was very low they sold it for "a smudging" (word used by the buyer and current owner).

REFERENCES

Smith, M.T. (1991). Who cheats on their income taxes: Men more than women. *Money* 20(April 1991) 100.