Business Research Essay, Research Paper

Introduction and Overview

Businesses in today’s economy often face challenges that are not readily apparent until,

more often than not, the costs of those challenges become critical. A businesses ability to

identify the fundamentals of these challenges and act accordingly to squelch the damage that has

been done while bouncing back is paramount to the businesses success. This paper will identify

three key areas in identifying and repairing the critical problems that can occur. More

importantly, this paper will also identify several fundamentals within the three areas. The paper

will examine some sub levels of (1) analysis, (2) cost, and (3) research. Additionally, this paper

will discuss the measures that several companies took in these areas to show special examples of

these principles in use.

Analysis

Within the scope of needs assessment and analysis there are many building blocks that

complete the full picture. One such block is comprised of the levels of analysis. And within the

levels of analysis there are three main points. These points as reported by Goldstien (1993);

McGehee and Thayer (1961); Moore and Dutton (1978); and Sleezer (1991) are (1) organization,

(2) job or task, and (3) individual or person (as cited by Holton). The following paragraphs will

discuss each of these three points by defining and demonstrating their context within analysis.

Organization

Holton (1996) suggests that the three-level approach to needs assessment suggests that

assessors should start by analyzing the organization to determine what results are not occurring

and should be, and what organizational factors are contributing to that condition. This could

easily be interpreted as examining the issue on a macro level to determine if the organization is

meeting its goals and objectives or not.

A good example of this level of analysis put to good use is demonstrated by Kmart in the

late 1950’s. In a case study by Hartley (1997) Kmart and the two year analysis of their market

performed by Harry B. Cunningham (later President of Kmart). In this instance Cunningham

studied the overall market and competitors while analyzing the Krieger (Kmart) organization.

This needs assessment eventually led Krieger to change its approach to that of the discount genre

and the first Kmart was opened in 1962.

Though the company had experienced a 34 percent decrease in profits between 1958 and

1962, the new venture called Kmart was an immediate success (Hartley 1997). Kmart would

grow from 216 stores in 1968 to 1,366 stores in 1978.

Task

Task analysis, as stated by Dessler (1997), is a detailed study of a job to identify the skills

required so that an appropriate training program may be instituted. By analyzing the task, a

company can determine a variety of methodologies for hiring, training, and forecasted outcome

for the task being analyzed. Additionally, effective task analysis enables a company to

determine what tasks need to be performed, and gives it the ability to gauge whether or not the

necessary tasks are indeed being performed.

A classic example of this is demonstrated by a needs analysis performed for General

Motors (GM) and the United Auto Workers (UAW) on the task analysis level. According to

Finison and Szedlak (1997), GM and the UAW formed a needs analysis team to identify and

correct several challenges in a production facility. The focus in this case was in the “blanker

area” of a metal fabrication plant and served as a pilot to other programs which would follow.

After examining the issues through a needs analysis, the team determined that the focus of the

needs analysis would be on training (Finison 1997).

By focusing in this area, new training was provided for the production operators. Finison

and Szidlak (1997) also noted that costs were minimal because the course was already offered in-

house. The results were improved quality and a 30 percent reduction in scrap rate. The overall

value was a savings of over $500,000 in the first year alone among other ancillary benefits.

Individual

At the individual level of analysis, a firm is essentially taking the other side of the task

analysis. By this, as written by Holton (1996), the firm or assessor should study individuals to

determine who needs learning to accomplish those jobs tasks. According to Dessler (1997),

verifying that there is a performance deficiency and determining whether that deficiency should

be rectified through training or through some other means is the basis of performance analysis.

Again, a good example of the individual level of analysis is demonstrated in the

GM/UAW case. In this instance, not only was a training program instituted for the task level,

there was a significant amount of energy placed on assessing the needs of the individuals already

in place within this area. Finison and Szidlak (1997) demonstrate that GM and the UAW

immediately involved personnel from the “blanker area” to determine what skills were needed to

effectively promote increased production and decreased waste in this area. As stated earlier in

this paper, those objectives were met early on in the overall process.

Cost

Cost Analysis is a type of analysis many businesses use to determine what costs are

associated in a particular project in conjunction with the benefits that will be derived from it. As

put by Marrelli (1996), cost analysis consists of two approaches: cost-benefit analysis (CBA), for

evaluating benefits; and cost-effectiveness analysis, for evaluating results. A third point covered

will be Return on Investment Analysis (ROI). Additionally, this paper will demonstrate several

uses of these fundamental principles of Cost Analysis.

Cost-Benefit Analysis

What is Cost-Benefit Analysis, or “CBA?” As stated by Erekson, Shaha and Swenson

(1996), CBA’s purpose is to weigh expected costs in relation to anticipated benefits,

opportunities, or improvements in effectiveness. Essentially this means that if an organization

were to initiate a project, it would first investigate the costs associated with it, then would

proceed if the benefits actually outweighed the costs associated with it.

A good example of the use of CBA is demonstrated in a case within the Environmental

Protection Agency (EPA). This is a case where the EPA uses “benefit-cost analysis” to aid in

setting policy for acts pertaining to environmental protection. According to Farrow and Toman

(1999), the EPA has developed a strategic plan as a part of its GPRA (Government Performance

and Results Act) program, in which benefit-cost analysis has its own chapter. In this case, the

EPA examines a reduction in the risk of premature death as one of the principal benefits of many

of their environmental measures (Farrow & Toman 1999).

Cost Effective Analysis

Another part of cost analysis is cost-effective analysis (CEA). CEA, as defined by

Goldston (1998), provides a means for identifying the most effective use of limited resources to

assist decision-makers about whether a specific program or an alternative one is worth the

investment of resources when compared to other uses to which the same resources could be

allocated.

Often the medical and biotech industry utilizes the methods of CEA to determine the

feasibility of certain programs or prevention methods. The National Center for Environmental

Health, Centers for Disease Control and Prevention, utilized a CEA to find the cost effectiveness

of general and targeted strategies for residential radon testing and mitigation in the United States

(Ford et al 1999). In this case, the study modeled a decision tree of five possible alternatives.

After careful analysis, it was concluded that other means should be explored. As stated by Ford,

“these data suggest possible alternatives to current recommendations.” The study concluded that

the costs were too great to mount an effective campaign.

Return on Investment (ROI)

The final factor being examined is the Return on Investment (ROI). This is where the

accountable returns are gauged to determine if the proposed program is worthwhile. According

to Du? (1996), the ROI method is simple to use, but it does not take into account the time value

of money or the risk of not receiving the benefits required from the system. Because of this,

many organizations are attempting to utilize new technologies to give businesses the tools

necessary to better forecast ROI.

For instance, according to Blankenhorn (1999), DoubleClick, Inc., a web based

marketing network has put forth a program that enables a company to forecast its online

marketing ROI. It is their focus in this area to develop a suite of products that are driven on the

premise of ROI. This enables an advertiser to use the Internet medium to build a stronger

advertising base while enhancing their ROI.

Research

The final category is research; research is paramount to the success of any program,

campaign or organizational change process. It has even been said that “a problem well-defined

is a problem half-solved” (Erekson et al). Three key elements within research techniques are (1)

personal interviews, (2) focus groups, and (3) test marketing. And again, as shown in the past

two sections, there will be company examples showing where these practices have been used

effectively in an organizational setting.

Personal Interviews

Phillip Kotler states that personal interviewing can take two forms, arranged interviews

and intercept interviews. Arranged interviews are just that, interviews that are arranged with a

person or groups of people fitting a certain profile. Intercept interviews are generally interviews

held at random where people are stopped, perhaps in a mall or workplace and asked questions.

Overall, though, the internal workings of the process remain the same.

Interviews are generally conducted with a specific audience, and the questions are

generally open-ended. However, Newsom, Turk, and Kruckeberg state that this type of research

required highly trained interviewers and skilled analysis. By asking open-ended questions, the

interviewer has an opportunity to follow up each answer with a more probing question while not

contributing bias to the answers. Newsom sites an example of an organization trying to

determine where employer bias might play in the event of employment discrimination by asking

a the following question: “If you had two applicants absolutely equal in terms of educational

background and experience, and one was a woman or a member of a minority race, or both,

which would you hire?” The answer is then interpreted and depending on the employers

response, the interviewer is open to several lines of questioning.

Adversely, personal interviews can also lead a company down the wrong path. Kotler

states that intercept interviews have the drawback of being non-probability samples, and the

interviews must be quite short. Such is the case with Coca-Cola in their initial introduction of

the New Coke product. Under Project Kansas in 1982, Coke conducted around 2000 interviews

in ten major markets. These interviews were conducted on a one-on-one basis to determine if

people would be receptive to a new Coke. The results, according to Hartley, showed a

willingness to try a new Coke, however other tests disclosed the opposite. Hartley goes on to

demonstrate that small consumer panels or focus groups revealed strong favorable and

unfavorable sentiments.

Focus Groups

Focus groups are a panel of people selected and interviewed as a group. Each member of

the group is selected because he or she may be representative of a particular group, market

segment, or target. In this way, each individual is likely to have opinions and reactions

representative of the group he or she was selected to represent. According to Newsom,

generally, a focus group consists of 12 to 15 interviewees representing a specific public.

Newsom goes on to state that the key to the session’s success is the moderator, who must

be a skillful interviewer, adept at keeping the conversation moving and tactful when acting as

referee or devil’s advocate. These sessions can last for several hours and are generally video

taped while being monitored by a live viewer. This enables the live viewer to interject questions

via the interviewer by passing a note or conversing during a break. Five steps generally followed

in focus groups are: (1) Define the problem to be solved; (2) choose the part of the problem to

be looked at by the participants; (3) decide how many focus groups are needed and choose the

participants; (4) work out all the details of the session; and (5) prepare all material that the group

will need.

An example of focus groups being used by a company is a case involving FSI. FSI was

experiencing a large turnover rate in the position of Branch Manager Trainee. According to

Schoeppel, that rate ranged from 48% to 63% annually between 1981 and 1990. This was,

however considered an industry standard, but it did create a strong financial burden and inhibited

the growth of FSI. There were several measures taken to build a new program for training,

management, and retention.

One such element was the use of focus groups comprised of district sales managers to

analyze the program. Schoeppel shows that these focus groups were held to enlist support for

and ideas about the new program, and to identify and discuss in detain the characteristics they

thought were needed to be a successful branch manager. The end result was a questionnaire that

was given to branch managers to help assess what characteristics were needed for success in the

position of Branch Manager Trainee.

Test Marketing

Test marketing is one phase of this process that is closer to the end of the research cycle.

This is where an organization launches a program or product into a particular segment, or

geographical region to see how well the program or product is received. According to Schultz,

Martin, and Brown, there are three major reasons for test marketing. These reasons are (1) a trial

of the campaign, (2) an opportunity to try variations, and (3) a way to reduce financial risk.

By using a test market as a preliminary trial to a campaign, a company can attempt to

gage, according to Kotler, a more reliable forecast of future sales. Also, by using the test market

as an opportunity to try variations, an organization can better determine what campaigns will be

most effective on a larger scale. Finally, as a means of reducing financial risk, test marketing

enables the company to fix challenges that are inherent in a product or discover flaws in the

marketing of the product long before they have spent potentially millions of dollars on a much

larger segment.

A case of effective test marketing is demonstrated by the National Cattlemen’s Beef

Association when they introduced lines of branded beef products that were already cooked or

seasoned. The objective was to test a new line of beef products to grow a diminishing market.

Michael Rose stated that fewer consumers are cooking from scratch, and the heat-and-serve beef

products have filled an increasing amount of space in the grocery store.

The initial test market took place in Portland, Oregon. Portland was selected because it

fit many of the pre-selected criteria for the entry market. (1) Portland had little prepared beef

products on the shelves of its many supermarkets (consequently, there is a tremendous amount of

space taken on the shelves and refrigerated sections of Portland supermarkets now). (2)

According to Rose, Portland area’s demographics also fit the beef industry’s target market of

“convenience-oriented, focused people who work full-time outside of the home.” (3) Many

grocers emphasized prepared food and quick-serve products.

Conclusion

As demonstrated in this paper, there are many factors to take into consideration when

identifying and solving problems on a large scale. First there are needs on many levels which

must be assessed. This assessment should focus on organizational, task, and individual levels to

capture a full understanding of where the challenges lie on a three dimensional scheme.

Second, a cost analysis must be done. This, among other things, focuses on CBA, to gain

a better understanding on where potential benefits and pitfalls lie. Also, to evaluate the results of

a particular program, there is cost effectiveness analysis. The third point within cost analysis is

ROI. ROI was demonstrated in the case of DoubleClick, and Erekson et al (1996) suggests that

cost analysis has many methods, and that the right method in any given situation might involve

drawing from each and every approach.

The third and final consideration addressed was research techniques. These techniques,

personal interviews, focus groups, and test marketing, demonstrate the needs for an organization

to examine their subsequent research techniques and implement programs to gather as much

information as possible before attacking a larger market segment. Kolter states that most

companies know market testing can yield valuable information about buyers, dealers, marketing

program effectiveness, market potential, and other matters. The main issues really are, “how

much market testing and what kind.

Overall, these points are a general guideline to effectively creating change and foreword inertia.

By following these fundamentals and utilizing the principles within, an organization can create a

climate conducive not only to change, but to growth as well. Time and again, these factors have

been proven to be a formula to success.

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