

ENC 3250 - ASSIGNMENT 1, BASIC BUSINESS MEMO

ENC 3250 STUDENTS NOTE: This sample memo by a student in a Spring 2006 class shows excellent organization, supporting detail, clear and concise language, and focus on the reader's needs. You are urged to emulate this organization, style and tone in your own work, but note that this memo, at 1,014 words, is about twice as long as what you are asked to prepare in the current ENC 3250 class. Thus, what you submit must be considerably edited to reach the 500-word target. Please contact the instructor if you have a question (T. E. Roberts, robertst@sar.usf.edu).

Date: January 19, 2006

To: Barbara Baker, CEO
Perry Jackson, Executive Vice President
Marvin Kramer, CFO
Grace Hooper, Senior Vice President for Marketing

From: Ronald Collins, Instruments and Wiring Marketing Manager

Subject: Reorganizing the Marketing Division and adopting mySAP CRM software

Copies to: James Nelson, Sensors and Chips Marketing Manager
Kim Aslope, Actuators and Linkages Marketing Manager
Alice Baker, Vice President for Manufacturing
Samuel Shinseki, CIO

Our flagship product lines consistently earn Best-in-Class awards from the trade press, yet our customers tell us we provide worst-in-class supply chain performance.

MARKETING WEAKNESSES. Our segmented marketing strategy is an uncoordinated effort. Our buyers must deal with a different sales engineer for bids on each of our product lines. Our buyers must call a different account manager to check availability of each of our product lines. Our buyers must contact a different sales representative to order each of our product lines. It is common for our customers to have as many as 12 points of contact with our marketing division. It is confusing to customers, and it costs them money. That means we cannot sell our best-in-class products for best-in-class prices, and we are forced to compete on price alone.

Our uncoordinated marketing efforts cost us money, too. Calling on the same customers during the same week with sales reps from each product line increases our expenses. Preparing individual proposals for our buyers' projects by sales engineers from each product line increase our expenses. Missing cross-selling opportunities because our buyers do not have a single point of contact with our company decreases our revenues.

CUSTOMER REQUIREMENTS. Our customers are demanding that we use an automated sales and fulfillment management system that they can integrate with their enterprise resource planning systems. If we do not, we will continue to lose customers and market share across all our product segments. Improving our supply chain performance, however, will lower the procurement costs of our products and allow us to price our products based on their solution

value rather than their cost to produce. We will be able to sell our best-in-class products for best-in-class prices, and our profits will rise.

SOLUTION. To stop our revenue slide and return to profitability, we must reorganize our marketing division into customer account teams that have a single employee serving as a primary contact point for each buyer. These teams will need customer relationship management (CRM) software to coordinate all sales and fulfillment activity and provide a supply chain interface with our customers' systems. Since our manufacturing division uses SAP operations software and the majority of our customers use SAP supply chain management software, the marketing division should adopt the mySAP CRM module.

IMPLEMENTATION. We should begin this transformation immediately by assembling a pilot account team. The pilot team will be responsible for retaining BFC Inc., which represents 20 percent of our current revenues, and for regaining at least two of our five largest former customers. This team will also be responsible for documenting the best practices for use by the remainder of the marketing division throughout the reorganization and automation process.

COSTS. Estimated implementation costs are between \$925,000 and \$1,500,000 for one-time expenses plus \$425,000 in increased annual sales and administrative expenses.

- **Hardware.** Our CIO estimates a capital expenditure of \$250,000 and an additional monthly support, maintenance and access expenditure of \$6,000 would be required.
- **Software.** An enterprise license for mySAP CRM and the necessary supply chain interface modules is \$375,000 per year.
- **Training and change management.** Our VP of Manufacturing reports that implementing the SAP operations software in 2004 cost \$5,000 per employee for formal training and lost productivity.
- **Data conversion.** Our CIO estimates data conversion costs between \$50,000 and \$250,000 depending on what information over which period is captured.
- **Reengineering business processes.** Non-revenue producing reengineering tasks assigned to some of our most valuable employees will require additional labor expenses and decrease revenues. The marketing department managers estimate this will cost \$425,000.

BENEFITS. This transformation will allow us to retain our customers, regain former customers, obtain new customers, and increase profits.

- **Retain our customers.** Ignoring our customers' demands is causing them to seek solutions from our competitors. Our revenues dropped by 25 percent last year because of customer defection. The trend will continue until we satisfy their need for superior supply chain service.
- **Regain former customers.** Offering a streamlined system that integrates with their enterprise resource planning software will allow us to regain some of our best customers.
- **Obtain new customers.** Offering SAP supply chain integration will allow us to sell to Le Plus Nouveau S.A. and AmNeuesten AG, which is an opportunity to add more than \$70,000,000 to our revenues.
- **Increase profits.** We will be able to raise prices on all of our products when we eliminate the cost of procurement penalty that our customers assign to our products. A coordinated marketing approach will also help us identify cross-marketing opportunities to supply our high-margin standard product lines to all of our customers.

MARKETING GOALS. The marketing managers expect reorganization and automation to increase our revenues by \$60,000,000 and change our net margin from a loss of \$2,000,000 to a profit of \$9,500,000 in 2006. These quantified goals are easily measured.

- **Retain our customers.** Add \$25,000,000 to our budgeted revenues.
- **Regain former customers.** Regain more than \$20,000,000 in former customer revenues.
- **Obtain new customers.** Gain either Le Plus Nouveau S.A. or AmNeuesten AG as a new customer and add \$15,000,000 to our revenues.
- **Increase profits.** Raise the average contribution margin to 15 percent.

ACTIONS NEEDED.

January

1. Strategic Planning Committee approves this concept.
2. Marketing VP selects the pilot account team.
3. Marketing VP, CIO, and Manufacturing VP prepare a detailed implementation plan.

February

4. CFO approves the budget contained in the implementation plan.
5. CIO deploys the IT components

March

6. Marketing VP reorganizes the remainder of the division.

April

7. Strategic Planning Committee appoints internal audit committee to make certain plan is meeting its objectives.

Please contact me for more detail, or see further explanation at <http://mktg.dsc.com/reorg>.

INSTRUCTOR'S NOTE: This sample of the Assignment 1 memo, although dealing with a business scenario different from that presented by student Ronald Collins, also presents a clear, concise, and fluent message. Note the writer's use of boldface and bullet points to facilitate the reader's access to her specific points.

Date: September 6, 2010

To: Barbara Baker, CEO
Perry Jackson, Executive Vice President
Marvin Kramer, CFO
Grace Hooper, Senior Vice President for Customer Relations

From: Evelina Kutepov, Rehabilitation Department Manager

Subject: Expanding Rehabilitation Department to include a clerical position to decrease expenses and increase operating income

CURRENT PERFORMANCE. According to a recent study on Forbes.com, our hospital has ranked among the top five percent in America for the past 15 years in customer service, accreditation and financial performance. However, it has been noted that performance of our outpatient therapy clinic has fallen below par with issues in customer service and unnecessary expenses of therapists without an increase in revenue. We are currently using therapists to perform all duties required in our clinic in addition to evaluation and treatment. Recently we have had an increase in clientele. However, therapists have not been able to keep up with what their job entails which has caused a loss of business to other outpatient clinics and a decrease in customer service ratings.

SOLUTION. To increase our ratings and stop the loss of customers, we must remove the clerical side of the therapist's job and increase time available for patient care. This can be achieved by adding a clerical position to our staff for scheduling, gathering patient information, answering phones, and providing customer support before, during and after evaluation and treatment.

COSTS. This will include hiring and training the Rehabilitation Technician, salary expense and increased non-productive time in clinic.

- **Hiring and Training.** Estimated at \$3,500 one time cost.
- **Salary Expense.** Between \$25,000 and \$29,000 annually.
- **Non-Productive Time.** Increase by 40 hours per week for Rehabilitation Technician's non-treating hours.

BENEFITS. This addition will allow therapists to focus their training and skills on evaluating and treating patients which will improve customer service. The patient caseload would increase and therapist's non-productive time would decrease.

- **Increase Caseload.** Currently therapists are seeing an average of four to five patients per day. There is potential for therapists to see eight to nine patients per day.
- **Increase Productive Time.** Currently productive time is 55-60 percent for physical and occupational therapists (RPT/OTR) and 75-80 percent for assistants (PTA/COTA). This change will allow productive time to increase to 75-80 percent for PTs and OTs and 95-100 percent for PTAs and COTAs.
- **Increase Revenues.** An increase in caseload from 35 patients to 50 patients would increase revenues from \$585,000 to \$862,000 annually.
- **Decrease Expenses.** Average salary of an RPT is \$85,000. Cost of an RPT performing two hours of non-productive work is \$82. Cost of a rehab tech performing the same duties is \$26.

IMPLEMENTATION. The restructuring of therapist's duties by hiring a Rehab Tech should be implemented without delay. I will be responsible for hiring which will begin immediately following approval. The Physical Therapist will be responsible for the training process which will take two weeks. It will start as part time and become full time upon completion of training. Once implemented, PTs and OTs will be required to have productivity of 75 percent or above and PTAs and COTAs will be required to have productivity of 95 percent or above.