

a Structure

1. **Summary of Course Unit:** summarizes key issues in the assigned chapters.
2. **Unit Learning Objectives:** Each unit contains learning objectives that specify the measurable skills and knowledge students should gain upon completion of the unit.
3. **Key Terms:** Key terms are intended to guide students in their course of study. Students should pay particular attention to key terms as they represent important concepts within the unit material and reading.
4. **Reading Assignments:** include approximately 1-4 textbook chapters in each course unit.
5. **Unit Assessments** contain both objective and subjective type questions. Students are required to take unit assessments at the completion of each unit.
6. **Discussion Boards:** Discussion Boards are a part of all CSU term courses. Information and specifications regarding these assignments are provided in the Academic Policies listed in the Course Menu bar.
7. **Case Study:** Information about the Case Study is listed below.

X Case Study

Select one of the following topics. CSU requires that students use the APA format. Therefore, the APA rules for formatting, quoting, paraphrasing, citing, and listing of sources are to be followed. You may use outside sources and may include Internet sources, books, and professional journals or resources related to the profession.

Topic One: Read Case A-5, Hanover-Bates Chemical Corporation, on page 543 of the textbook. You are assisting Jim Sprague in his new role.

Respond to these questions:

1. Evaluate the performance of the northeast district in comparison with the other Hanover-Bates sales districts.
2. What are the weak spots in the northeast district's performance?
3. What should management do to improve areas of poor performance in the northeast district?
4. What should Jim Sprague do to improve management of his sales reps?

Topic Two: Read Case A-6, Chemgrow, Inc., on page 547 of the textbook.

Respond to these questions:

1. What decisions would you make with regard to which is the most productive region, who is the most outstanding salesperson, and who are the most valuable customers?
2. What computer report should be generated on a regular basis to assist the managers in their evaluations?
3. Write a memo to Mr. Kee justifying your decisions and supporting the new computer report you are requesting.

To submit your completed Case Study upload your assignment using the link provided in Unit VIII. **Do not e-mail your paper directly to your professor.** By uploading your assignment using Blackboard, your university record will automatically be updated to indicate you have submitted your paper and it will be provided to your professor for grading.

APA Guidelines

CSU requires that students use the APA style for papers and projects. Therefore, the APA rules for formatting, quoting, paraphrasing, citing, and listing of sources are to be followed. A document titled "APA Guidelines Summary" is available for you to download from the APA Guide Link, found in the Learning Resources area of the myCSU Student Portal. It may also be accessed from the Student Resources link on the Course Menu. This document provides links to several internet sites that provide comprehensive information on APA formatting, including examples and sample papers.

CSU Grading Rubric for Papers/Projects

The course papers will be graded based on the CSU Grading Rubric for all types of papers. In addition, all papers will be submitted for electronic evaluation to rule out plagiarism. Course projects will contain project specific grading criteria defined in the project directions. To view the rubric, click the Academic Policies link on the Course Menu, or by accessing the CSU Grading Rubric link, found in the Learning Resources area of the myCSU Student Portal.

CASE A-5**HANOVER-BATES CHEMICAL CORPORATION****Evaluating District Performance**

James Sprague, newly appointed northeast district sales manager for Hanover-Bates Chemical Corporation, leaned back in his chair as the door to his office slammed shut. "Great beginning," he thought. "Three days into my new job and the district's most experienced sales representative is threatening to quit."

On the previous night, James Sprague, Hank Carver (the district's most experienced sales representative), and John Follett, another senior member of the district sales staff, had met for dinner at Jim's suggestion. During dinner, Jim had mentioned that one of his top priorities would be to conduct a sales and profit analysis of the district's business in order to identify opportunities to improve the district's performance. Jim had stated that he was confident that the analysis would indicate opportunities to reallocate district sales efforts in a manner that would increase profits. As Jim had indicated during the conversation, "My experience in analyzing district sales performance data for the national sales manager has convinced me that any district's allocation of sales effort to products and customer categories can be improved." Both Carver and Follett had nodded as Jim discussed his plans.

Hank Carver was waiting when Jim arrived at the district sales office the next morning. It soon became apparent that Carver was very upset by what he perceived as Jim's criticism of how he and the other district sales representatives were doing their jobs—and more particularly, how they were allocating their time in terms of customers and products. As he concluded his heated comments, Carver had said:

This company has made it darned clear that 34 years of experience don't count for anything . . . and now someone with not much more than two years of selling experience and two years of

pushing paper for the national sales manager at corporate headquarters tells me I'm not doing my job . . . Maybe it's time for me to look for a new job . . . and since Trumbull Chemical (Hanover-Bates's major competitor) is hiring, maybe that's where I should start looking . . . and I'm not the only one who feels this way.

As Jim reflected on the scene that had just occurred, he wondered what he should do. It had been made clear to him when he had been promoted to manager of the northeast sales district that one of his top priorities should be improvement of the district's performance. As the national sales manager had said, "The northeast sales district may rank third in dollar sales but it's our worst district in terms of profit performance."

Prior to assuming his new position, Jim had assembled the data presented in Exhibits 5-1 through 5-7 to assist him in his work. The data had been compiled from records maintained in the national sales manager's office. Although he believed that the data would provide a sound basis for a preliminary analysis of district performance, Jim had recognized that additional data would probably have to be collected when he arrived in the northeast district (District 3). To provide himself with a frame of reference, Jim had also requested data on the north-central sales district (District 7). This district was generally considered to be one of the best, if not the best, in the company. Furthermore, the north-central district sales manager, who was only three years older than Jim, was highly regarded by the national sales manager.

The Company and the Industry

The Hanover-Bates Chemical Corporation was a leading producer of processing chemicals for the chemical plating industry. The company's production process was, in essence, a mixing

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APPENDIX A Integrative Cases

CASE EXHIBIT 5-1 Summary Income Statements (thousands), 1996 to 2000

	1996	1997	1998	1999	2000
Sales	\$39,780	\$43,420	\$38,120	\$43,960	\$47,780
Production expenses	23,868	26,994	24,396	27,224	29,126
Gross profit	15,912	16,426	13,724	16,736	18,654
Administrative expenses	5,212	5,774	5,584	5,850	6,212
Selling expenses	4,048	4,482	4,268	4,548	4,798
Pretax profit	6,652	6,170	3,872	6,338	7,644
Taxes	3,024	2,776	1,580	2,852	3,436
Net profit	\$ 3,628	\$ 3,394	\$ 2,292	\$ 3,486	\$ 4,208

CASE EXHIBIT 5-2 District Sales and Gross Profit Quota Performance (thousands), 2000

District	Number of Sales Reps	Sales Quota	Sales Actual	Gross Profit Quota*	Gross Profit Actual
1	7	\$ 7,661	\$ 7,812	\$ 3,104	\$ 3,178
2	6	7,500	7,480	3,000	3,058
3	6	7,300	6,812	2,920	2,478
4	6	6,740	6,636	2,696	2,590
5	5	6,600	6,420	2,620	2,372
6	5	6,240	6,410	2,504	2,358
7	5	5,440	6,210	2,176	2,260
		\$47,600	\$47,780	\$19,040	\$18,654

*District gross profit quotas were developed by the national sales manager in consultation with the district managers and took into account price competition in the respective districts.

CASE EXHIBIT 5-3 District Selling Expenses, 2000

District	Sales Rep Salaries*	Sales Rep Commissions	Sales Rep Expenses	District Office	District Manager's Salary	District Manager's Expenses	Sales Support	Total Selling Expenses
1	\$354,200	\$38,852	\$112,560	\$42,300	\$67,000	\$22,920	\$139,000	\$ 776,832
2	286,440	37,400	101,520	42,624	68,000	24,068	142,640	702,692
3	314,760	34,060	108,872	44,246	70,000†	24,764	140,000	736,722
4	300,960	33,180	98,208	44,008	65,000	22,010	132,940	696,306
5	251,900	32,100	85,440	42,230	66,000	22,246	153,200	653,116
6	249,700	32,530	83,040	41,984	67,000	22,856	134,200	631,310
7	229,700	35,060	89,400	44,970	63,000	23,286	117,500	602,916
								\$4,797,830

*Includes cost of fringe benefit program, which was 10% of base salary.

†Salary of Jim Sprague's predecessor.

CASE EXHIBIT 5-4**District Contribution to Corporate Administrative Expense and Profit, 2000**

District	Sales (thousands)	Gross Profit (thousands)	Selling Expenses	Contribution
1	\$ 7,812	\$ 3,178	\$ 776,832	\$ 2,401,168
2	7,480	3,058	702,692	2,355,308
3	6,812	2,478	737,058	1,740,942
4	6,636	2,590	696,306	1,893,694
5	6,420	2,372	653,116	1,718,884
6	6,410	2,358	630,752	1,727,248
7	6,210	2,620	600,516	2,019,484
	\$47,780	\$18,654	\$4,797,272	\$13,856,648

CASE EXHIBIT 5-5**District Sales and Gross Profit Performance by Account Category, 2000**

District	A	B	C	Total
Sales by Account Category (thousands)				
Northeast	\$1,830	\$3,362	\$1,620	\$6,812
North-central	1,502	3,404	1,304	6,210
Gross Profit by Account Category (thousands)				
Northeast	\$712	\$1,246	\$ 520	\$2,478
North-central	660	1,450	510	2,620

CASE EXHIBIT 5-6**Potential Accounts, Active Accounts, and Account Call Coverage, 2000**

District	Potential Accounts			Active Accounts			Account Coverage (total calls)		
	A	B	C	A	B	C	A	B	C
Northeast	90	381	635	53	210	313	1,297	3,051	2,118
North-central	60	286	499	42	182	216	1,030	2,618	1,299

CASE A-5**HANOVER-BATES CHEMICAL CORPORATION (continued)**

operation. Chemicals purchased from a broad range of suppliers were mixed according to a variety of user-based formulas. Company sales in 2000 had reached a new high of \$47,780,000, up from \$43,960,000 in 1999. Pretax profit in 2000 had been \$7,644,000, up from \$6,338,000 in 1999. Hanover-Bates had a strong balance sheet, and the company enjoyed a favorable price-earnings ratio on its stock, which was traded on the over-the-counter market.

Although Hanover-Bates did not produce commodity-type chemicals (e.g., sulfuric acid), industry customers tended to perceive minimal quality differences among the products produced by Hanover-Bates and its competitors. Given the lack of a variation in product quality and the industrywide practice of limited advertising expenditures, field sales efforts were of major importance in the marketing programs of all firms in the industry.

Hanover-Bates's market consisted of several thousand job shop and captive (i.e., in-house) plating operations. Chemical platers process a wide variety of materials including industrial fasteners (e.g., screws, rivets, bolts, washers), industrial components (e.g., clamps, casings, couplings), and miscellaneous items (e.g., umbrella frames, eyelets, decorative items). The chemical plating process involves the electrolytic application of metallic coatings such as zinc, cadmium, nickel, and brass.

Regardless of the degree of plating precision involved, quality control is of critical concern to all chemical platers. Extensive variation in the condition of materials received for plating

requires a high level of service from the firms supplying chemicals to platers. This service is normally provided by the sales representatives of the firm(s) which supply the plater with processing chemicals.

Hanover-Bates and the majority of the firms in its industry produced the same line of basic processing chemicals for the chemical plating industry. The line consisted of a trisodium phosphate cleaner (SPX), anisic aldehyde brightening agents for zinc plating (ZBX), cadmium plating (CBX), and nickel plating (NBX), a protective postplating chromate dip (CHX), and a protective burnishing compound (BUX). The company's product line is detailed in Exhibit 5-7.

Company Sales Organization

The sales organization consisted of 40 sales representatives operating in seven sales districts. Sales representatives' salaries ranged from \$28,000 to \$48,000 with fringe-benefit costs amounting to an additional 10 percent of salary. In addition to their salaries, Hanover-Bates's representatives received commissions of 0.5 percent of their dollar sales volume on all sales up to their sales quotas. The commission on sales in excess of quota was 1 percent.

In 1998, the national sales manager of Hanover-Bates had developed a sales program based on selling the full line of Hanover-Bates products. Anticipated benefits included the following: (1) sales volume per account would be greater and selling costs as a percentage of sales would decrease; (2) a Hanover-Bates sales representative could justify spending more time

CASE EXHIBIT 5-7**Product-Line Data**

Container Product	Size	List Price	Gross Margin	Sales (000)
SPX	400 lb drum	\$160	\$ 56	\$7,128
ZBX	50 lb drum	152	68	8,244
CBX	50 lb drum	152	68	7,576
NBX	50 lb drum	160	70	9,060
CHX	100 lb drum	440	180	8,820
BUX	400 lb drum	240	88	6,952