

07-20a.

App. -3/18/08
Info. 4/22/08

Undergraduate Distance Education Review Form

(Required for all courses taught by distance education for more than one-third of teaching contact hours.)

Existing and Special Topics Course

Course: MKTG 422 Seminar in Marketing.

Instructor(s) of Record: Framarz Byramjee, and Vince Taiari.

Phone: (724) 3571364

Email: framarz.byramjee@cup.edu

Step One: Proposer

A. Provide a brief narrative rationale for each of the items, A1- A5.

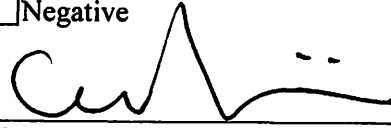
1. How is/are the instructor(s) qualified in the distance education delivery method as well as the discipline?
2. How will each objective in the course be met using distance education technologies?
3. How will instructor-student and student-student, if applicable, interaction take place?
4. How will student achievement be evaluated?
5. How will academic honesty for tests and assignments be addressed?

B. Submit to the department or its curriculum committee the responses to items A1-A5, the current official syllabus of record, along with the instructor developed online version of the syllabus, and the sample lesson. This lesson should clearly demonstrate how the distance education instructional format adequately assists students to meet a course objective(s) using online or distance technology. It should relate to one concrete topic area indicated on the syllabus.

Step Two: Departmental/Dean Approval

Recommendation: Positive (The objectives of this course can be met via distance education)

Negative


Signature of Department Designee
(Dr. Vince Taiari)

24 Sept 07
Date

Sept 21 2007
Liberal Studies

Endorsed:


Signature of College Dean

9/24/07
Date

Received
FEB 21 2008

Forward form and supporting materials to Liberal Studies Office for consideration by the University-wide Undergraduate Curriculum Committee. Dual-level courses also require review by the University-wide Graduate Committee for graduate-level section.

Step Three: University-wide Undergraduate Curriculum Committee Approval

Recommendation: Positive (The objectives of this course can be met via distance education)
 Negative

Gail Sedquist 3-18-08
Signature of Committee Co-Chair Date

Forward form and supporting materials to the Provost within 30 calendar days after received by committee.

Step Four: Provost Approval

Approved as distance education course Rejected as distance education course

[Signature] 3/21/08
Signature of Provost Date

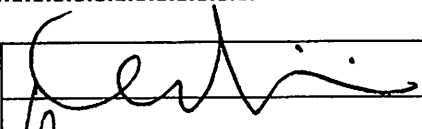
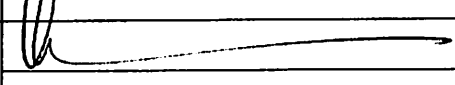
Forward form and supporting materials to Associate Provost.

LSC Use Only No:	LSC Action-Date:	UWUCC USE Only No.	UWUCC Action-Date:	Senate Action Date:
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Curriculum Proposal Cover Sheet - University-Wide Undergraduate Curriculum Committee

Contact Person Framarz Byramjee	Email Address framarz.byramjee@iup.edu
Proposing Department/Unit Marketing / Eberly College of Business	Phone (724)357-1364

Check all appropriate lines and complete information as requested. Use a separate cover sheet for each course proposal and for each program proposal.

1. Course Proposals (check all that apply) <input type="checkbox"/> New Course <input type="checkbox"/> Course Prefix Change <input type="checkbox"/> Course Deletion <input checked="" type="checkbox"/> Course Revision <input type="checkbox"/> Course Number and/or Title Change <input type="checkbox"/> Catalog Description Change <i>(Amnesty)</i>	
MKTG 422 Seminar in Marketing	
<i>Current Course prefix, number and full title</i>	<i>Proposed course prefix, number and full title, if changing</i>
2. Additional Course Designations: check if appropriate <input type="checkbox"/> This course is also proposed as a Liberal Studies Course. <input type="checkbox"/> Other: (e.g., Women's Studies, Pan-African) <input type="checkbox"/> This course is also proposed as an Honors College Course.	
3. Program Proposals <input type="checkbox"/> New Degree Program <input type="checkbox"/> Program Title Change <input type="checkbox"/> Other <input type="checkbox"/> New Minor Program <input type="checkbox"/> New Track <input type="checkbox"/> Catalog Description Change <input type="checkbox"/> Program Revision	
<i>Current program name</i>	<i>Proposed program name, if changing</i>
4. Approvals	
Department Curriculum Committee Chair(s)	 Date: 24 Sep 07
Department Chair(s)	 Date: 9/24/07
College Curriculum Committee Chair	
College Dean	
Director of Liberal Studies *	
Director of Honors College *	
Provost *	
Additional signatures as appropriate: (include title)	
UWUCC Co-Chairs	

* where applicable

Undergraduate Distance Education Review Form

MKTG 422 – Seminar in Marketing

1. How is/are the instructor(s) qualified in the distance delivery method as well as the discipline?

Krish Krishnan:

- Developed and taught the first online course in Marketing (MKTG320) for three years
- Attended advanced workshops offered by IDC
- Has made several presentations on the use of multi-media techniques in WebCT to College of Business faculty.
- Developed and team taught two other online Marketing courses (MKTG439 and MKTG421)
- Has taught Marketing Seminar course and related special topics over the last 5 years.
- Published articles in this area and made several national and international conference presentations in this field.

Framarz Byramjee:

- Experienced in teaching courses like Marketing Strategy (similar to the Seminar in Marketing), Marketing Research and Information Systems, International Marketing, and Operations Management.
- Experienced in operating online learning management systems like Blackboard.
- Published research papers and research abstracts in national-level academic conferences.

2. How will each objective in the course be met using distance education technologies?

Please refer to the attached syllabus of record for the list of course objectives. The online version of the syllabus has been modified in the “Evaluation Methods” section specifically to meet the accomplishment of the course objectives using WebCT online tools. How each of the course objectives will be achieved through the online course is described below:

(1) Demonstrate knowledge of current marketing literature and current issues relevant to marketing practice.

Current marketing literature is covered in the list of research articles from major marketing journals in the various topics of the course. Each of these topics will also be presented in the form of a multi-media online lecture within WebCT. Student learning of the knowledge and comprehension of the concepts, terms, models, theories and methodologies in each topic will be tested with online chapter tests consisting of both multiple choice and short answer questions. Students will demonstrate the accomplishment of this objective by taking three one hour tests during the semester.

(2) Show application skills in terms of applying marketing theory to practical marketing decision making.

Students will show the accomplishment of this outcome through the individual case analysis reports where they go through the marketing problem solving process in analyzing marketing cases and come up with final recommendations. These cases will be uploaded in the student presentation area of WebCT where they can be reviewed and commented upon by the instructor as well as other students.

(3) Analyze and solve marketing problems and cases.

Students will demonstrate this ability by solving and submitting individual assignments given in the WebCT assignment section. To prepare for these assignments students will participate in two “Live Classroom” sessions for financial and quantitative analysis.

(4) Synthesize literature in any sub-domain/area of marketing.

This goal is accomplished through two assignments in which the students are expected to show the linkage between two or more sub-domains/topics in the assigned articles in marketing as it applies to a case study.

(5) Discuss and debate the ethical/global/social dimensions of marketing.

The concepts and applications involving ethical, global and social issues are presented in the articles, cases and online lectures for each topic. Accomplishment of this objective is assessed through student postings on “Discussion Questions” in the ‘discussion tool’ of WebCT.

(6) Communicate effectively marketing plans and business scenarios.

The “Case Presentation” in the form of a PowerPoint presentation with audio uploaded by the students to the presentation section of WebCT will demonstrate accomplishment of this objective. In addition the written reports will reflect the attainment of written communications effectiveness.

3. How will instructor-student and student-student, if applicable, interaction take place?

Synchronous Interactions

- There will be three designated one hour interactive sessions using “LIVE CLASSROOM” tool in WebCT using Horizon Wimba. Three of the video cases will be discussed in a “live format” with the instructor leading the case discussion. Students will participate using microphones and or typing tools. Participation will be graded. (Instructor-Student-Student interaction)
- WebCT Chat tool will be used for office hours at designated times. More than one student can participate in this specially designated chat room. The objective here is to assist students with their assignments etc. in a live

online discussion format using typing tool. Chat tool will also be used to “talk” with individual students in a specially designated “individual counseling” room when requested by the student.

Asynchronous Interactions:

- Discussion Tool of WebCT to post/debate discussion questions on selected topics. (Student-Student-Instructor)
- WebCT email system to communicate with individual students, answer their questions and encourage participation. (Student-Instructor). All emails will be answered within 48 hours.
- A special discussion topic called “About Course Questions/Comments” will be maintained for students to raise general questions about the course that both the instructor and other students can answer. This will sound as a public forum for course related issues and concerns.

4. How will student achievement be evaluated?

- Three tests covering research articles and cases done by students on the WebCT quiz/test system at assigned time/date.
- Two individual case analysis reports to be submitted by the students in the student presentation section where they can be reviewed and commented upon by instructor and other students.
- Four marketing analysis assignments; two dealing with literature synthesis and two dealing with quantitative/financial analysis; to be submitted in the assignment section of WebCT.
- Marketing plan report using Marketing Plan Pro software system; each group will upload its final report in the student presentation section.
- Individual case presentation using “PowerPoint Presentation with Audio” for an assigned case. This report will be uploaded to the student presentation section by each student.

5. How will academic honesty for tests and assignments be addressed?

- Each student will be presented with test questions from a large bank of test questions such that probability of two students getting the same question is minimal.
- Students will be assigned different cases for written reports and presentations, to test the originality of their contributions and ideas.
- All case reports and papers will be subject to “plagiarism check” through “turnitin.com”.
- Multiple assignments of different types minimizes chances of academic integrity failures in this system.

Catalog Description:

MKTG 422 Seminar in Marketing

3c-01-3cr

(3 class-hours, 0 lab-hours, 3 credits)

Prerequisites: MKTG 420 and 421, graduating senior.

A terminal course designed for majors in marketing; considers current literature in the field, case problems pertaining to the total marketing effort, and current problems of actual companies.

Course Outcomes:

Upon completion of this course the student will be able to:

1. Demonstrate knowledge of current marketing literature and current issues relevant to marketing practice.
2. Show application skills in terms of applying marketing theory to practical marketing decision making.
3. Analyze and solve marketing problems and cases.
4. Synthesize literature in any sub-domain/area of marketing.
5. Discuss and debate the ethical/global/social dimensions of marketing.
6. Communicate effectively marketing plans and business scenarios.

Course Outline:

The course schedule and credit hours required for achieving the objectives of this structure are as follows:

- Course Introduction and Syllabus description (1 hour)
- The Role of Marketing as a vital business function (1 hour)
- Foundations of Strategic Marketing Management (2 hours)
- Case-analysis: Toucon Collections, Inc. (1 hour)
- Financial and Quantitative Analyses / Problem-solving (4 hours)
- Decision-making Process in Marketing Strategy (1 hour)
- Market Segmentation and Targeting Strategies (2 hours)
- Case-analysis: Duncan Industries – Market Opportunities in European Union (1 hour)

- Product / Service / Brand Management Strategies (3 hours)
- Case-analysis: Jones Blair Company (2 hours)
- Marketing Communication Strategies (2 hours)
- Case-analysis: Frito-Lay's Dips (2 hours)
- Marketing Channels Management Strategies (2 hours)
- Case-analysis: Peak Garage Door, Inc. (2 hours)
- Pricing Strategies in Marketing Management (2 hours)
- Case-analysis: Skin-Tique Corporation (2 hours)
- Case-Presentations by Teams (4 hours)
- Business-Planning Exercise (3 hours)
- Quantitative Analyses / Problem Solving Sessions (2 hours)
- Three one hour tests during the semester (3 hours)

Evaluation Methods:

1. Three Tests covering research articles and cases	25%
2. Two Individual Case Analysis Reports	25%
3. Marketing Analysis Assignments	25%
4. Marketing Plan Report (Group)	10%
5. Case Presentation (Group)	15%

Grading Scale:

The grading pattern (grades' cut-offs) is as follows:

- 90.00 to 100.00 - A
- 80.00 to 89.99 - B
- 70.00 to 79.99 - C
- 60.00 to 69.99 - D
- Below 60.00 - F

Attendance Policy:

There is no specific attendance policy for this course, as it is being conducted online. However, the rules and regulations pertaining to academic honesty and sincerity in academic conduct, as maintained by the University, apply at all times. Students must adhere to all deadlines for online submissions of reports, and all timings pertaining to quizzes and exams, as instructed by the Professor.

Make-up exams shall not be given to any student, unless in case of an absolute emergency, wherein the student will have to first consult with the Professor.

There shall remain strict enforcement of prerequisite course-completions, and deadlines pertaining to course withdrawal and all other academic policies exercised by the University.

Required Textbook:

Strategic Marketing Problems: Cases and Comments, 11th Edition,
Roger A. Kerin, and Robert A. Peterson,
Prentice Hall, New Jersey.

Current Research Articles in Marketing will be provided on course WebCT.

MKTG 422 – Seminar in Marketing
Professors Byramjee & Krishnan



Part 6: Marketing Communications Strategies

Instructions for this session

1. Read Article#11 from the course website “Content Module” – Part 6. George Yip and Audrey Bink, “Managing Global Accounts”, Harvard Business Review, p2007, Vol. 85 Issue 9, p22-24.
2. Download and print a "handout" version of the PowerPoint presentation of the article from the content section.
3. Next view/listen to the multi-media PowerPoint lecture presentation about the article by the instructor. You must have a computer equipped with sound/speakers as well as high speed internet connection. While viewing the lecture take notes on your handout.
4. Read the case for this section: Frito-Lay and review the end of case questions.
5. View the video case Frito-Lay by clicking on the link in the content section.
6. Take the Part-6 Test (at the time designated in the WebCT calendar) using the WebCT Quiz Tool from the "Course Menu". Test will contain both multiple choice questions and short answer questions. Quiz will cover articles from Parts 4, 5 and 6.
7. Post your comments on the discussion topic "Global Advertising Dilemma" in the Discussions Section of WebCT before the specified deadline; You should read the original discussion question posted by the instructor and then either post an original comment or comment on one of the earlier comments. You should read all comments already posted before posting your opinions.
8. Submit a 2 page mini-case report containing your analysis and recommendations for the Frito-Lay case. Use the end of case questions as a guideline to prepare your report. Reports must be uploaded in the assignment section before the specified deadline.

9. Check WebCT calendar for the date/time for the "LIVE CLASSROOM" session for Part-6 of the course. Your contributions to the discussion at the end of the Live Classroom session will count for extra points in your grade. Check your computer with the Live Class room wizard to make sure you have it set right to function with Live Classroom. Access to microphone is recommended.
10. If you have any questions about this chapter or have any challenges to official answers to quiz questions please use the WebCT email to communicate with me.
11. If you need to discuss the case report or any other aspects of this chapter please meet me in the WebCT chat room at the time designated in the WebCT calendar for office hours.

Part-6 Content

- A. **Article#11: Managing Global Accounts**
 - B. **PowerPoint Handout of instructor presentation of above article.**
 - C. **PowerPoint with audio presentation by instructor.**
 - D. **Frito-Lay Case**
 - E. **Frito Lay Video**
 - F. **Discussion topic: Global Advertising Dilemma**
 - G. **Link to Live Class Room section**
-
-

Notes About the Lesson Plan:

1. The above is the content outline of Part-6 Marketing Communications Strategy as presented to the student in the content module for this part.
2. WebCT quiz measures student knowledge about the current marketing articles presented in this course.
3. Case analysis and case reports measure student application skills in terms of applying marketing theory to practical marketing decision making.
4. WebCT discussion and Live Class Room discussion measures student ability to discuss and debate alternative views/solutions to a marketing problem/case.
5. Case report writing demonstrates student ability to effectively communicate his/her solution/plan to a given marketing case.

Case: Peak Garage Door, Inc.

This business case is very typical of the marketing channels element of the marketing mix for an organization. It involves understanding of channel structures and distribution strategies which have been discussed in the theoretical section of the topic, and which will be reinforced through this representative application in a real-world scenario. The discussion will be lead by the instructor; students are required to thoroughly read the case, and participate in the online discussion, and encouraged to post queries with regard to the qualitative and quantitative material of this case.

The following primer questions will serve to structure the analysis of this case:

- What is the marketing environment for Peak Garage Door, Inc.?

This calls for details of:

- the garage door industry overview,
- consumers' purchase behavior,
- the company's trade area, and revenue generating capacity.

- How would the company's current distribution network and performance be characterized?

This calls for articulation of:

- recognition of the different channel strategies being adopted currently,
- differentiation between the exclusive and non-exclusive dealers,
- sales, costs and profits to be calculated for each type of dealer.

- What are the company's growth objectives? Given the current market scenario for this industry, how promising or feasible does the growth plan appear?

This requires:

- calculation of projected growth forecasts,
- comparison of forecasts with current figures, to judge possible growth.

- What are the pros and cons of each of the four alternative distribution initiatives proposed by the board?

This section involves in-depth quantitative analyses for estimating the impact of the following four transvection strategies on financial performance and business feasibility:

- maintaining the current status quo,
- increasing the number of non-exclusive dealers,
- decreasing the number of non-exclusive dealers,
- increasing the number of exclusive dealers.

Peak Garage Door, Inc.

In November 2003, the company planning process for Peak Garage Door, Inc. had just concluded, and Richard Hawly, Director of Sales and Marketing, was reviewing the corporate sales goal for 2004. The plan established a sales goal of \$12.5 million for 2004, which represented a 36 percent increase in sales over projected 2003 year-end sales.

During the planning process, a number of fellow executives had voiced concern over whether the distribution approach used by Peak Garage Door was appropriate for the expanded sales goal. Hawly felt that their concerns had merit and should be given careful consideration. Though he had considerable latitude in devising the distribution strategy, the final choice would have to be consistent with achieving the 2004 sales goal. His approach and action plan had to be prepared in a relatively short time to permit implementation in January 2004.

■ THE COMPANY

Peak Garage Door, Inc. is a privately owned regional manufacturer of residential and commercial garage doors. Projected year-end company sales were \$9.2 million in 2003 with a net income of \$460,000 (see Exhibit 1). The company manufactures both insulated and noninsulated steel residential and commercial garage doors and supplies springs, cables, rollers, and side roller tracks for its products. Surveys of its dealers indicate that the majority of its doors are replacement purchases in the home remodeling segment of the residential housing market, with the balance of sales going to the new residential housing market and the commercial replacement garage door market.

The company distributes its garage doors through 300 independent dealers that typically offer three different garage door manufacturer brands and 50 exclusive dealers

EXHIBIT 1

Peak Garage Door, Inc. Income Statement Projection: For the Period Ending December 31, 2003

Net Sales	\$9,200,000
Cost of Goods Sold	<u>6,900,000</u>
Gross Profit	\$2,300,000
Selling, General & Administrative Expenses	<u>1,840,000</u>
Net Profit Before Income Tax	<u>\$ 460,000</u>

This case was prepared by Professor Roger A. Kerin, of the Edwin L. Cox School of Business, Southern Methodist University, as a basis for class discussion and is not designed to illustrate effective or ineffective handling of an administrative situation. Certain names and data have been disguised. Copyright © 2004 by Roger A. Kerin. No part of this case may be reproduced without written permission of the copyright holder.

that stock and sell only Peak garage doors. (Exclusive dealers often service competing brands of garage doors in their market area.) Combined, these 350 dealers service 150 markets in 11 western and Rocky Mountain states and parts of north and west Texas.¹ The exclusive dealers, however, are the sole Peak Garage Door dealers in 50 markets. According to Hawly, this disparity in distribution policy and market coverage occurred as a result of the company's early history in gaining distribution. Hawly added, "Peak does not have a policy on exclusive versus nonexclusive dealers. As it so happens, the 50 exclusive dealers have been consistent performers for us. We have chosen not to distribute through other dealers in their markets given the mutually beneficial relationship we have enjoyed."

The 350 dealers that sell Peak garage doors engage in garage door sales, installation, and service. Most dealers operate from a single location. All stock and sell garage door openers and hardware. The two major garage door opener suppliers are Overhead Door, which also sells the Genie brand, and Chamberlain, which makes openers under its own label, as well as Craftsman and LiftMaster brands. All 350 Peak Garage Door dealers are located in markets with populations of approximately 250,000 or less. All 150 markets are roughly equivalent in terms of population and housing units according to U.S. Census 2000 figures.

Peak Garage Door operates two distribution centers. These distribution centers allow the company to maintain an inventory of garage doors and hardware near dealers for quick delivery. A distribution facility also operates at the company's manufacturing plant. The company employs 10 technical sales representatives. Eight representatives call on independent (nonexclusive) dealers twice a month on average. Two representatives call on the 50 exclusive dealers.

■ THE RESIDENTIAL GARAGE DOOR INDUSTRY

The residential garage door industry in the United States was expected to post sales of \$2 billion at manufacturer's prices in 2003. Steel garage doors account for 90 percent of industry sales. The home remodeling (replacement) market accounted for the bulk of steel garage door sales. Demand for replacement steel garage doors was driven by the continued aging of the housing stock in the United States and the conversion by homeowners from wood doors to lighter weight, easier-to-maintain steel doors. Also, product innovation such as insulated steel doors, new springing systems, and residential garage doors with improved safety features have made steel doors popular. Projected 2004 sales of residential garage doors to the home remodeling market were \$2.05 billion, representing a 2.4 percent increase.

There are several large national manufacturers and many regional and local manufacturers in the U.S. residential garage door industry. The largest garage door manufacturer in the United States is the Clopay Corporation, with annual sales that exceed \$400 million. Clopay Corporation markets its garage doors through a network of some 2,000 independent dealers and large home center chains, including Home Depot, Menards, and Lowe's Companies. Other large, well-known garage door manufacturers are Overhead Door Corporation, Wayne-Dalton Corporation, Amarr Garage Doors, and Roynor Garage Doors. Peak Garage Door, Inc. is considered to be one of the smaller regional garage door manufacturers in the industry.

¹ A "market" is defined by Peak Garage Door as roughly equivalent to a U.S. Census-designated metropolitan statistical area (MSA). An MSA consists of (1) a city having a population of at least 50,000 or (2) an urbanized area with a population in excess of 50,000, with a total metropolitan population of at least 100,000. An MSA may include counties that have close economic and social ties to the central county. Examples of metropolitan statistical areas include the Modesto, California MSA, Pueblo, Colorado MSA, and the Cheyenne, Wyoming MSA.

EXHIBIT 2**Residential Garage Door Survey Results Summary: 2003**

1. Residential garage door name awareness was very low. Just 10 percent of prospective buyers could provide a brand name when asked.
 2. When asked what criteria they would use in buying a new residential garage door, price, quality, reliability of the installer, and aesthetic appeal of the door were mentioned most frequently in that order.
 3. Friends, relatives, and neighbors were the principal sources identified when asked where they would look for information about residential garage doors. The Yellow Pages and newspaper advertisements were the next most frequently mentioned information sources. A company that may have installed or serviced a garage door opener or repaired an existing door also was considered an information source.
 4. Thirty percent of prospective buyers expected to get at least two bids on a residential garage door installation. Virtually all expected to receive and review product literature, including warranty information, prior to installing a new door.
 5. Fifteen percent of prospective buyers said they would install their own residential garage door when a replacement was needed.
 6. Steel garage doors were preferred to wood garage doors by a nine to one margin.
-

In early 2003, Richard Hawly commissioned two studies on the residential garage door industry in the markets served by Peak Garage Door. One study was a survey of 3,000 prospective residential garage door buyers in 25 cities that represented a cross section of the company's markets. A summary of the survey results is shown in Exhibit 2. A second study was commissioned to identify the number of dealers that installed residential and commercial steel garage doors in the 150 markets served by Peak Garage Door and estimate their approximate sales volume. Telephone directories listing independent garage door sellers and installers were the primary data source for identifying the companies. Using industry data to adjust for sales of garage door openers, labor installation charges, garage door and opener maintenance and repair revenue, and the like, this study identified 3,002 independent garage door dealers with estimated 2003 steel garage door sales (at manufacturer prices after adjusting for markups) of \$316.8 million. Replacement parts sold to dealers added another \$31.7 million to the estimated garage door sales, bringing the total market size to \$348.5 million in 2003. This research also reported that independent garage door dealers did not sell all brands of garage doors carried at an equal rate. As a rule, for dealers that sold three different manufacturer brands, the dominant brand accounted for 60 percent of their sales, the second brand, 30 percent of sales, and the third brand, 10 percent of sales. Commenting on the research, Hawly said, "These numbers indicate that our market share is 2.6 percent. I know we can do better than that. In fact, the ambitious sales goal of \$12.5 million in 2004 is achievable given the potential existing in our present markets."

■ THE DISTRIBUTION STRATEGY ISSUE

The company planning process had affirmed the overall direction and performance of Peak Garage Door's sales and marketing initiatives with good reason. The company recorded sales gains in each of the past 10 years that exceeded the industry growth rate and had added 50 dealers in the past decade. The \$12.5 million sales goal for 2004

was driven principally by supply considerations. Senior executives were of the firm belief that the company had to attain a larger critical mass of sales volume to preserve its buying position with suppliers, particularly with respect to raw materials for its garage doors, namely, galvanized steel and insulated foam.

During the planning process, company executives agreed that additional investment in advertising and promotion dollars was necessary to achieve the ambitious sales goal. Accordingly, Hawly was able to increase his marketing budget by 20 percent for 2004. It was decided that this incremental expenditure should be directed at the 100 highest-potential markets currently served by Peak Garage Door. These included the 50 markets served by exclusive dealers and 50 markets served by independent dealers, which had yet to be finalized. The remaining 50 markets and independent dealers would continue to receive the level of advertising and promotion support provided in 2003. This support was typically in the form of cooperative advertising allowances for Yellow Pages advertising, with additional incentives for featuring the Peak Garage Door name, and product literature (see Exhibit 3).

Hawly saw his charge as determining the characteristics, the number, and the locations of the dealers Peak Garage Door would need to meet its sales goal of \$12.5 million in 2004. Initially this would involve identifying the types of dealers that would work closely with Peak Garage Door in meeting company objectives.

A number of different viewpoints had been voiced by Hawly's fellow executives. One viewpoint favored increasing the number of dealers in the markets currently served by the company. The reasoning behind this position was that it would be difficult

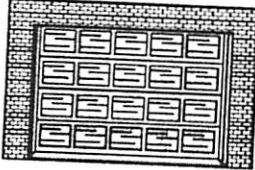
EXHIBIT 3

Dealer Cooperative Advertising Ad Slick

PEAK GARAGE DOOR

COMMERCIAL

- SECTIONAL
- ROLLING
- MOTOR OPERATOR
- SALES & REPAIRS
- INDUSTRIAL OPENERS



RESIDENTIAL

- GARAGE DOORS
- SALES & REPAIRS
- SPRINGS REPLACED
- SECTIONS REPLACED
- OPENERS

DEALER IMPRINT

for existing dealers to attain the sales goal specified in the corporate plan. Executives expressing this view noted that even with a 2.4 percent increase in sales following the industry trend, it would be necessary to add at least another 100 dealers. They said these dealers would likely be independent (nonexclusive) dealers located in the 100 markets not served by exclusive dealerships. Hawly believed that adding another 100 dealers in its present markets over the next year would not be easy and would require increasing the sales force that serviced nonexclusive dealers. Executives acknowledged that this plan had more merit in the long run of, say, three to four years. However, their idea had merit as a long-term distribution policy, they thought. The incremental direct cost of adding a sales representative was \$80,000 per year.

A second viewpoint favored the development of a formal exclusive franchise program, since 27 nonexclusive dealers had posed such a possibility in the last year. Each of these dealers represented a different market, and each of these markets was considered to have high potential and be a candidate for the new advertising and promotion program. These dealers were prepared to sell off competing lines, most of which were supplied by regional and local garage door manufacturers. They would sell Peak garage doors exclusively in their market for a specified franchise fee. In exchange for the dealer's contractual obligation to stock, install, and service the company's products in a specified manner consistent with Peak Garage Door's policies, the company would drop present dealers in their markets and not add new dealers. Furthermore, these executives noted, the company's current contractual arrangements with its independent dealers allowed for cancellation by either party, without cause, with 90 days' advance notification. Thus, the program could be implemented during the traditionally slow first quarter of the upcoming year. If adopted, company executives believed the franchise program in these 27 markets could be served by the advertising and promotion program. The other 50 markets served by exclusive dealers would be unaffected, since the advertising and promotion program was already budgeted for these dealers. The remaining 73 markets would also be unaffected, except for increased advertising in 23 high-potential markets.

A third viewpoint called for a general reduction in the number of dealerships without granting any formal exclusive franchises. Executives supporting this approach cited a number of factors favoring it. First, analysis of dealers' sales indicated that 50 of Peak Garage Door's dealers (all exclusive dealers) produced 70 percent of company sales. This success was achieved without a formal franchise program. Second, these executives believed that committing the company to an exclusive franchise program could limit its flexibility in the future. And, third, an improvement in sales-force effort and possibly increased sales might result if more time were given to fewer dealers. Although a number had not been set, some consideration had been given to the idea of reducing the number of dealers in the 150 markets served by the company from 350 to 250. This would mean that the 50 exclusive dealers would be retained and 200 nonexclusive dealers would operate in the remaining 100 markets of which the top 50 would benefit from the additional marketing spending.

A fourth viewpoint voiced by several executives was not to change either the distribution strategy or the dealers. Rather, they believed that the company should do a better job with the current distribution policy and network.