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**[MS Marketing Program](http://www.bauer.uh.edu/graduate-studies/prospective-students/ms-marketing/index.php" \o "MS Marketing Program)**

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| **Learning Goals** | **Objective** |
| Analytical Problem Solving Skills | Students will be able to articulate logical solutions to complex or unstructured marketing problems |
| Research Skills | Students will be able to identify appropriate information sources and/or data relevant to marketing-related issues |
| Written Communication | Students will demonstrate effective written communication skills when communicating marketing-related information |
| Oral Communication | Students will demonstrate effective oral communication skills when communicating marketing-related information |

These are the learning goals we submitted to the university in establishing this degree program. Bauer judges the extent to which these learning goals are met via faculty evaluations of your project. You conduct that project in the MARK 7397 class you sign up for, normally during your last semester in the program. The class meets once, early in the semester on Zoom; its purpose is to provide a means for you to get course credit for your project. I will help you to decide on that project.

Then after you complete your project, I and at least one other member of the Marketing & Entrepreneurship faculty will evaluate it as a written document and also your presentation of it. Please think about the project as a document you could proudly show to a potential employer. Please consider also that the faculty members to whom you present it may question you about what you did and what you would do differently/better if conducting a similar project in the future.

**You are not preparing a marketing plan or doing anything that might suggest that you are, and you are not offering recommendations.**

**You are not using this as a “capstone” course to demonstrate what you learned in other courses.**

**The assignment is actually a very simple one: to show the assumptions necessary for a proposed marketing expenditure (more or less anything plausible) to break even, or to compare assumptions for more than one marketing expenditure. Nobody is permitted for long by their employer to spend marketing dollars without seeing the scenario of how those dollars will at least pay for themselves in contribution to fixed costs and profit.**

Suggestions (NOT exhaustive) ---

1. Find a real organization. Become an unpaid analyst and prepare a report, something like 15 pages plus a list of sources consulted (**be sure** **there are some, in addition to data from the organization itself, cited in the text of your paper**) and appendices that show your analytical work and anything else a reader might like to see. **Note: If you don’t feel like an accountant while preparing your analysis, you are not doing what we have in mind. The burden of suggesting a break-even payoff is yours, and is likely to involve estimating the lifetime value of a customer.**
2. Understand that you are NOT unpaid labor. You are not available to make calls promoting the organization, set up or assess a Website, or merge datasets. You are analyzing a situation, using data. **Also, you are not a cheerleader. You don’t look like an objective analyst when you say anything like “It would be a fine idea to do [whatever].” Better by far to say “The possible marketing expenditures I will examine in this paper are those for A and B. Please use that tone throughout. YOU ARE NOT SELLING AN IDEA or promoting the expenditure(s) you are examining, please.**
3. If the organization wants to be anonymous in your report and presentation, that’s fine; they become Company x. However, if so, I require a letter signed by someone in that organization saying that you did the project for them and that they requested anonymity.
4. After our Zoom “class” this month please prepare a one-page summary that tells me what you plan to do, how you plan to do it, and (briefly) why it will be useful to the client organization. **That paper is due via email no later than four** **weeks after our Zoom meeting.** I will sign off on it when you have a version we both think is useful and can be accomplished as you plan. Then you can use that one-page description to recruit from the Marketing & Entrepreneurship faculty a second evaluator for your project. Every student presents to two of us: someone you select who agrees to take on that role, in addition to me.
5. Your project report should contain a statement of your objective in undertaking this project, enough background material that we understand the situation, then what you did, why you did it that way, and what you found out. The easiest way to frame the project is to compare two possible marketing expenditures, give the reader their actual costs, then calculate the break-even from each, based on how many customers would be required to offset the cost, or how many repeat customers, or some intermediate measure that you tie to potential revenue based on a justification that is based on your research, and/or historical data – something. **You don’t make a recommendation.** You just show the numbers for one scenario, or more, and **lay out the assumptions needed for the expenditure to break even**.
6. It’s fine to ask for help from any faculty member in our Marketing & Entrepreneurship department, or from librarians at the UH Library, who are better than any of us at knowing what is online where. It’s also fine to ask someone at the UH Writing Center to look over your report. With those exceptions, we expect the project to be a solo effort on your part.

**Some concrete tips:**

**References**

For anything that doesn’t come out of your own head, you should have a reference, whether a link to an information source, an interview with the client, records from the clients, or an on-paper source. Those references should be listed at the end of the paper in the order in which you use them or alphabetically by last name of author. What’s important to remember is that every time you refer to such a source, the reader should be able to immediate click on that source if it’s online from the list of sources in the back of your report, or if it isn’t online, at least see what the source is. So you want to number every reference within the body of the paper, whether with superscripts or (1), (2), etc. – makes no difference. Another perfectly OK form is (Jones, 2018) if Jones wrote a report or article that you are citing. **Do not just list all sources at the end without linking each to the fact it gave you.**

If you use a numbering system, the reader can go to the reference list, and click on what you have listed as (2), for example, and verify that what you claim this source reported is actually what the source did report. This is, besides an analytical project, a research paper.

**Thinking too narrowly**

The cliché is that when your only tool is a hammer, everything looks like a nail. In this degree program, you learned a lot about online marketing. Therefore, it’s tempting to focus your project there, but doing so may keep you from thinking about how to expand the total market, or about competition, or pricing, or improving the service your client offers, or location, or gosh knows what. We expect you to at least show that you considered a range of issues before focusing on the marketing changes whose cost you will use to calculate a break-even scenario – and explain its assumptions along the way.

Note: justifying ads on social media is very difficult. Suppose you will have to pay $1 (I like round numbers) per click. OK, what proportion of clicks would have to turn into inquiries and what proportion of inquires turn into sales and what proportion of sales turn into repeat sales to justify spending whatever amount you are testing as a justifiable expenditure? Research will help you estimate the numbers, but you can see that you might rather figure the assumptions for a break-even scenario in some other realm entirely. A new product? A price cut? An additional salesperson? Joining an industry professional organization that offers potential customers? Buying the building next door to expand? One student recently laid out the assumptions necessary for a suburban independent pharmacy to break even on installing a soft drink machine.

**Getting feedback from your evaluators**

Please feel free to send me a draft of your one-page summary, to [gelb@uh.edu](mailto:gelb@uh.edu). I’m happy to read a draft before it’s due and also happy to talk about it: 713-444-0791. Once I approve that summary, you have the comfort of knowing “OK, I just have to do the work.” You are then ready to recruit a second evaluator, who will want to know what s/he is signing on to evaluate. And you are then ready to get to work, asking for help from either of us at any point or points along the way.

Here’s the nub of whatever you do:  justify one or more marketing expenditures by showing what it would require in the way of assumptions to break even on hose expenditures.  Excellent preparation if you are not confident is Professor Stephen Wilbur’s class: ENTR 7336 Entrepreneurship Overview.

Just as an example -- I sent this advice to a student who wants to draw tourists to a shop on a Caribbean island reached by small commuter plane.  Please see if it helps, OK?

**The paper must show the break-even for how any new marketing expenditure will pay for itself, in very specific terms.  Example:  the airline that brings tourists will charge the shop $5,000 annually to stack flyers in the waiting area people sit in before boarding.  A customer is worth $50 toward fixed costs and profit based on the following calculation:  the average sale is $100 and COGS is 50%.  So annually the shop would need to obtain 100 customers from this investment before breaking even on it.  The airline says they fly 1,000 passengers a year, but there is no way to know how many are tourists.  If half are (best guess when you have no clue), that’s 500 tourists.  So one in five would have to come to the store for this expenditure to break even.  Also, lots of tourists fly in pairs, presumably, so 500 tourists probably means fewer than 500 purchasing households.**

**Obviously, I made up all the numbers.  And it’s up to the client to look at your scenario and think:  WOULD one in five come to the store?  You don’t have to make the case that an expenditure would break even or do better than that. You just have to lay out the assumptions as accurately as possible and let the client decide whether you have a break-even plan there or not.**

**What assumptions you make along the way are really the point of doing the project, but I want to be able to tell from your project write-up that you understood where assumptions would be relevant and then did enough research that they are reasonable.**

Here is another example of a simple project – and simple is FINE:

Let’s suppose your client was a retail service business that didn’t have a sign out front.  You found a source for a fairly cheap sign:  $4,000 (I am making this up, big-time).  The margin on their average sale is $40 (revenue minus variable costs).  So it sounds like they will need 100 sales in some time period that you define to make the addition of a sign a break-even proposition. You can ignore fixed costs; they will be there anyway, by definition, right?

Well, a sale isn’t all they get from a customer; what is this fictional client’s best guess on repeat business?  Twice?  OK, now revenue from a customer that they can apply toward fixed costs and profits is $80

 Now I’d be thinking – OK, $4,000/$80 means a break-even would be 50 customers they would not have otherwise attracted.  Well, how plausible is that?  To consider that issue, I’d want to know how many customers walk in during an average day, some guess on vehicle traffic that goes by the business every day….you get the idea.

 So your one-page write-up of a proposal for this fictional situation would have told me that you would be finding out the cost of a sign (or maybe the sign vs. an alternative use of marketing funds), then what assumptions would lead that investment in a sign to be a break-even investment.  You’d be researching traffic counts (the city may have them).  It sounds as though your client would supply all the other information, but you’d list in your one-page proposal for your project what information you would obtain from what sources, overall.

Don’t know why I am hung up on billboards, but they make simple examples and that’s what I am after. Here is another one: Financial services client x wants to recruit female sales agents, and their bait is a seminar on how to successfully balance work and the rest of your life, free for women who would choose to attend. Will the cost of that seminar, and publicizing it, pay off?

OK, first of all, what is it worth in potential revenue to get a female salesperson on board? Obviously, that depends on what time frame you think in. OK, you need to set a time frame and justify it (e.g., on average a salesperson stays with the company for three years, or on average women stay two years, or whatever, and the incremental annual net revenue from the average salesperson is $\_\_\_\_\_. )

Suppose you are thinking about publicizing the seminar by utilizing one billboard, where the Southwest Freeway leaves downtown.  You find out that 200,000 cars every day will drive by it.  You find out that on average a car contains 1.2 people, so do the math for total people.  Then you find out what proportion are in your target age group/female category – just for simplicity let’s say that proportion yields 50,000 women.  You read someplace (yes, remember that research is necessary) that only half the people who drive by a billboard have any idea what it says, so now 25,000.  Using some source estimating the proportion of women interested in changing jobs to make more money, you calculate that one in ten of those 25,000 will actually have possible interest.

OK, now 2,500 women have some idea that you have a program for people like them and they might be interested. And of course, you need to know the cost of the billboard and producing what goes on it. Now the client is in a position to decide whether the billboard is worth the money. I am just illustrating the way I want you to think. This is simple stuff. Don’t make it complicated. But do lay out your assumptions – all of them – whether how many clicks it takes to turn somebody into a buyer, or once you turn somebody into a buyer how many times they buy again, or…..

Hope that helps!

 No later than July 1, let’s agree on a date and time at the end of July for your presentation at a time convenient for you and both of us who are your evaluators. Sooner is OK too. Please plan on one Zoom hour, although you will present only for half of that time and the other half is for our questions and comments. If you have signed up as a fall student, feel free to schedule a July date and also feel free to wait to present until fall.

Questions? Betsy Gelb, [gelb@uh.edu](mailto:gelb@uh.edu) BG