A Business Analysis of:

Prescott-Ellen, Inc.

A thesis submitted to the Miami University Honors Program in partial fulfillment of the requirements for University Honors.

By

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A Business Analysis of: Prescott-Ellen, Inc.
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This thesis looks at the business problems facing Prescott-Ellen, Inc. from a consultant’s perspective. Prescott-Ellen is a leading provider of marketing solutions, commercial printing, and promotional products. Problems were analyzed based on interviews with the owner and employees and my own observations. Recommendations were made based on research and a financial assessment of the company. A general marketing plan was written to supplement the research and be used by Prescott-Ellen in the future.
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I. Executive Summary

Description of Business

Prescott-Ellen is a provider of commercial printing, marketing, and promotional products that strives to simplify and reduce costs for its customers. The clientele the company serves include businesses located in the Cincinnati, Northern Kentucky, eastern Indiana, and Dayton areas. The company is continually growing in both the commercial printing and promotional products businesses.

Business Problems Prior to Engagement

Prescott-Ellen is owned by Amanda Lewis. The business is currently experiencing a number of problems including decreasing sales and profits, inadequate training programs for sales employees, an absence of budgets, allocation of overhead from other businesses to Prescott-Ellen, and employee job dissatisfaction. As a result, Amanda sought the help of two Miami University business students for consultation in junction with Miami University’s small business institute. We, Briana Bialosky and Jeff Hausman, were assigned to consult Prescott-Ellen during the second week of the 2003 fall semester. However, Jeff Hausman has expanded on the original report for his honors thesis. After meeting with Amanda and her employees, we decided to create a general marketing plan that Amanda could expand upon and specifically tailor to her business in the future. We also chose to conduct a financial analysis of 2002 and 2003 and assist Amanda in developing future goals for the company.
Financial Assessment

We, the consulting team, encountered major difficulties when attempting to assess the financial condition of the business. The first problem encountered during this initiative was receiving Prescott-Ellen’s financial statements. Tom, Amanda’s husband and top sales employee, thought the financial statements were a misrepresentation of the condition of Prescott-Ellen because the overhead, specifically the employees’ wages and office supplies, from their two other businesses, NiteLights and a real estate business, was being allocated to Prescott-Ellen. Therefore, we were only able to obtain the 2003 Profit & Loss Statement (See Appendix A for 2002 and 2003 Profit and Loss Statement), and we did not receive the Balance Sheet or Statement of Cash Flows as we had requested. We noted Prescott-Ellen’s high expenses incurred and the decreasing sales. As a result of this financial assessment, we suggest that Amanda begin to take a more proactive role in segmenting the businesses and understanding the financials.

Marketing Plan

After several meetings with Amanda, we determined that Prescott-Ellen contained many problems within its marketing services. Therefore, we came to the conclusion that Prescott-Ellen was in need of a general marketing plan. This plan would include sections on target market, market research, competition, location, marketing strategies, pricing, positioning, and branding (Marketing Plan is included at the end of this business analysis). The goal of this plan is to help Amanda realize her target market, determine which types of advertising options are best for her company and her budget, as well as
increase her awareness of the competition. Also, we hope that in the future Amanda can use this plan as a background for updates and suggestions from employees.

**Recommendations**

As a result of an in-depth analysis of both Prescott-Ellen and the promotional products industry, we recommend that Amanda primarily focus her product selection on clothing, writing instruments, and calendars. This particular mix comprises 48.7% of the entire promotional products industry. In regards to Prescott-Ellen in general, we recommend the following:

1. Advertise, specifically with yellowpages.com
2. Develop a sales training program for employees and use a commission-based compensation system
3. Define employee job titles and hold weekly meetings to discuss goals of the week and what goals were achieved instead of constant monitoring
4. Separate the businesses into individual segments that include real estate, Prescott-Ellen, and NiteLights
5. Segment the financial statements into promotional products, commercial printing, and marketing materials to realize the profits and losses on each
II. History of the Company

Prescott-Ellen is a provider of commercial printing and promotional products. The company initially began in 1985 as Heartland Thermography when Tom Frederick and his father entered into the commercial printing industry and began the business. Heartland later acquired commercial accounts and took on the name Oxford Business Forms. The company then entered into a partnership and changed its name to Pro Forma. Unfortunately, a partner in Pro Forma separated from the partnership and took all the current customers with him along with the Pro Forma name. In October of 2000, Tom formed Prescott-Ellen and established its headquarters in Franklin, Ohio in the spring of 2001.

Prescott-Ellen currently offers promotional products and commercial printing. Previously, the company also offered furniture and office supplies. The company discontinued these product offerings due to their low profit margins. Promotional products include clothing, pens, matchbooks, mouse pads, and any other merchandise that may promote a company. The promotional products are designed to etch the name of the company in people’s minds and create a lasting impression. The creative and memorable promotional items are ideal for trade shows and conventions, announcing a new product, thanking a customer, or advertising the company name. Commercial printing includes business documents and marketing materials. Prescott-Ellen designs and produces nearly every type of business document, ranging from checks, invoices, shipping documents, and laser sheets to labels, letterhead, and envelopes. The company
also designs marketing materials such as brochures, business cards, presentation
materials, and training materials.

Due to the large number of products offered by Prescott-Ellen, ideally the number
of vendors in a customer’s supply chain can be reduced. Rather than buying envelopes
from one vendor and sending them to another to have the company name placed on them,
Prescott-Ellen can provide these business documents and allow the customer to deal with
only one vendor as opposed to two or more. Reducing the number of vendors creates
value for Prescott-Ellen’s customers because it decreases their costs. Prescott-Ellen
offers a competitive advantage because of its 100% guarantee. If a customer is not
completely satisfied with a product, Prescott-Ellen will recreate the product according to
the customer’s specifications at no additional cost.
III. **Statement of Owner’s Objectives**

Amanda Lewis is the majority owner of Prescott-Ellen. Her husband, Tom Frederick, who owns 20%, is now the chief executive officer and top sales employee. Tom has an extensive background in the commercial printing business. Amanda has primarily been the web marketer and has now moved into the networking segment of sales. From interactions and observations of Amanda and Tom, we believe that Tom is a proficient salesperson, and Amanda is very personable with the potential to become a valuable salesperson.

Tom is the top salesperson in the company but will soon be departing Prescott-Ellen to build his second business, NiteLights. Before his departure, his main goal is to train and mold the current sales employees, Devon Ulrich and Sommer Stewart, into successful marketers that are not afraid to offer rebuttal when a prospective customer says, “No.” When this happens, Amanda would like to switch over her sales employees’ payroll from salary based to straight commission. Currently, Devon and Sommer are not generating sufficient sales to increase profits; therefore, Prescott-Ellen has a substantial payroll expense that is not offset by sales. Switching her employees from salary to commission may help motivate them to increase the number of sales they bring in, which would benefit the company by decreasing payroll expenses, and providing Devon and Sommer with more valuable sales experience.

Within the company, Tom has the greatest knowledge of the business, its daily operations, how to obtain sales and accounting records, and what direction the company should be moving towards. He understands that commercial printing is the largest profit
generating segment of the company and believes that Prescott-Ellen should begin to focus all of its efforts on specializing in that business. Tom is a very enthusiastic businessman and is very knowledgeable of Prescott-Ellen’s business. He is always looking for new ways to build on his past successes. He has high aspirations for his NiteLights business, but the outlook is not as optimistic for Prescott-Ellen. According to Tom, “the money is in commercial printing not promotional products.” However, Amanda wants to focus more on promotional products as opposed to commercial printing. He believes the only way for Prescott-Ellen to grow is to increase sales and hire salespeople on straight commission.

Amanda currently belongs to the e-WomensNetwork as well as to the Middletown and Franklin Chambers of Commerce. The purpose of the e-WomensNetwork is “to support, promote and showcase members' products and services and help them achieve their professional objectives. We are a community of women who want to provide unlimited opportunities to transact business with women.” These organizations, along with trade shows that she frequently attends, provide great opportunities for Amanda to network and establish new customer accounts.

Amanda has a number of company objectives. At our initial meeting, she stated that her two primary objectives were to:

- generate sales of $100,000 each month
- create a self-sustaining and saleable company in five years.

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1 http://www.ewomennetwork.com/vision.html
Prescott-Ellen is currently not accomplishing Amanda’s first goal. Through September 2003, the company was generating an average of $49,516 in sales each month. Amanda believes the reason for this is that her current salespeople are not enthusiastic when selling Prescott-Ellen’s products and not interested in the work they are responsible for. The job design theory of organizational behavior states that when people feel a lack of significance about their work, they are less motivated. However, Amanda is trying to give more ownership to her employees by giving them more challenging assignments, such as soliciting new clients. Also, in order for this company to become saleable in five years, Amanda must break even within that time to prove to her prospective buyers that her company is profitable and that there is a market for her products.

Amanda also wants to increase the operating capacity of the business. With its current resources, Prescott-Ellen is operating at 40% capacity, meaning the company is not using its current resources efficiently and effectively. The company’s resources include employees, a building, equipment, and technology. However, Prescott-Ellen does not produce the revenues to fully utilize all of these resources.

Last, Amanda wishes to decrease the number of the vendors she collaborates with. Currently, she uses about one thousand vendors and wants to decrease that number to thirty-five. However, some customers request the use of a specific vendor. Therefore, if only one customer wants a specific vendor, she has to either utilize that vendor or lose the customer’s business. Currently, she is using any vendor the customer prefers. There are
several advantages to employing a smaller number of vendors, including better relationships with the vendors, increased trust, and better payment terms.

Overall, Amanda is a very personable and passionate person. She has very high goals for her company, although some may be unattainable. The goal based theory of organizational behavior uses the acronym SMART to define the characteristics of goals: Specific, Measurable, Attainable, Results-oriented, and Time-based. Developing goals that are SMART will usually produce better results for a company.

Amanda has realistic goals but does not take actions to achieve those goals. She knows what she wants but is easily distracted from the topic at hand. Her cooperation and honesty made our experience more enjoyable. In regards to her interactions with her employees, she enjoys working with all of her employees and wants to help them achieve their own personal goals as well. For example, she currently employs Maria Pasquel, a graphic designer, even though she is planning on leaving Prescott-Ellen to join a company that is more focused on graphic design. Amanda is very appreciative of Maria’s work in the past and accepts her decision to move on. She wants her employees to not only enjoy coming to work everyday but also know that they can approach her about any problems or suggestions that may arise.

Although Amanda has a passion for her work and the welfare of her employees, she does not have a knowledgeable understanding of many of the company’s daily operations. For example, when we asked her to provide us her sales reports and financial statements, she did not know how or where to find them. She knew that Tom ran monthly sales reports for Prescott-Ellen, but she has never viewed them to identify
any trends or unusual downfalls. We had to request these documents from Tom, the one person who did know where to obtain this information. However, we did not receive these documents until the last weeks of the project (See Appendix B for 2002 and 2003 sales by customer summary as well as an updated 2003 sales spreadsheet).
IV. Position of the Company Today

Prescott-Ellen has a firm customer base, but the sales growth has been declining, or at best stagnant, according to these sales figures. In August of 2003, sales were $40,119 with nearly half of the sales coming from Belden’s Electronic Division, which “serves as the backbone of computer networks, linking local area networks, workstations, and peripheral devices to each other and to telecommunications service wire” (See Appendix B for 2003 sales by customer summary). August sales were down nearly 35% from July 2003 sales and 52% from January sales. When Amanda was asked of the estimated sales for August 2003, she estimated between $65,000 and $68,000. August 2002 sales were $248,545 (See Appendix B for 2002 sales by customer summary). The tragedies of September 11, 2001 had a tremendous impact on the business. Due to the tremendous impact of the events that took place on that day, companies became absorbed in implementing systems to back up data and secure their buildings rather than focusing on promotional products and commercial printing.

Commercial printing is generating most of Prescott-Ellen’s sales. This statement is proved later in the financial assessment of this paper. According to Amanda, a potential customer is much more receptive to printing products as opposed to promotional products. With Prescott-Ellen’s fast, accurate, and reliable services, the customer soon realizes the great service offered by the company. Once a trustworthy client relationship develops, Amanda or Tom has the opportunity to inform the customer of promotional products as well. There is an average mark-up of 40% on commercial printing and

http://investor.belden.com/profile.cfm
promotional products to cover overhead and general & administrative expenses.

Although commercial printing is generating most of the sales, Prescott-Ellen is beginning to focus more on promotional products.
V. Geography

Prescott-Ellen is headquartered in Franklin, Ohio on Market Avenue. This business is located in the center of the local shopping district and on the outskirts of the industrial area of Franklin. Tom and Amanda are also looking to expand Prescott-Ellen’s customer database to include the residents of Oxford by opening another location. The potential location could be run out of Amanda Lewis’s home in Oxford. However, she would like the address to be listed as a business address and not a home address. Therefore, she and Tom are currently exploring a potential business location in Oxford.
VI. Customers

Prescott-Ellen has a large database of customers, particularly those who are interested in marketing, promotional, and commercial printing products, specifically business forms. The majority of Prescott-Ellen’s customers order their products via custom online stores, which are stores for each customer within the Prescott-Ellen website. However, some existing customers call the office directly to place orders. Prescott-Ellen prides itself on its ability to provide businesses with more cost effective solutions to their marketing, promotional, and printing needs by providing an all-in-one vendor and eliminating multiple billing recipients thus, increasing cost savings to the customer.

Prescott-Ellen recently lost its largest customer due to personal reasons that were not associated with Prescott-Ellen’s performance. This was a major factor that negatively impacted sales on top of the already existing dilemma of September 11, 2001. Prescott-Ellen hopes to increase sales over the next five years and wishes to secure larger accounts, particularly those companies that generate more than $50 million dollars in sales per year, as well as obtain more accounts in Oxford. Prescott-Ellen desires to secure these “larger” accounts, but Amanda knows it has not been successful in the past because it has not been targeting the personnel who make decisions concerning printing and promotional products. Amanda believes those decisions are made by the CEO, CFO, and other high ranking personnel. By targeting top management through networking, Prescott-Ellen can secure these accounts and increase sales while creating client-customer relationships.
Since the loss of its largest customer, Belden Wire & Cable and American Nursing Care have become Prescott-Ellen’s leading customers compromising 60.94% of the company’s sales in 2003. As of December 16, 2003, Belden comprised 43.73% of Prescott-Ellen’s sales with its Electronics division ascribing to 99.20% of that figure. Also as of December 16, 2003, American Nursing Care comprised 17.21% of Prescott-Ellen’s sales with the Norwood branch utilizing to 26.61% of that figure (See Appendix B for updated 2003 sales by customer). The company also conducts business in the Oxford area with customers such as Miami University, small insurance companies, Bagel & Deli, and Wild Berry.

Belden Wire & Cable, located in Indiana, is a “leading manufacturer of advanced wire, cable, and fiber optic products.” Companies use its products to “build internet, intranet, and communications networks, automate manufacturing processes, and build state-of-the-art audio/video and recording studios,” according to the Belden website. The company originally performed business with Reynolds & Reynolds. However, Prescott-Ellen captured its business by charging Belden 40% less than what Reynolds & Reynolds had charged for the same services.

Belden Wire & Cable primarily utilizes Prescott-Ellen for form fulfillment. Through Prescott-Ellen’s automatic reorder system, O.A.T.S., companies such as Belden do not worry about tracking their inventory on a constant basis. This time saving system automatically reorders inventory and insures timely delivery of needed products.

Recently Prescott-Ellen assisted Belden with the construction of a special tube for Belden employees to carry their wires in while performing sales and installations. This
tube made it more efficient for Belden employees to carry and distribute wire to their consumers and reduced Belden’s costs. Belden Wire & Cable can be searched online by accessing its website at www.belden.com. Also, Belden works with Prescott-Ellen to satisfy its printing and promotional needs. This division of the business is known as Bel Forms and Supplies and can be accessed via the web at www.belforms.com.

Prescott-Ellen’s other major customer is American Nursing Care (ANC), which is a health organization designed to offer temporary nurse staffing, home care, physical, occupational, and speech therapy services, as well as medical social worker services to several acute cities in the Cincinnati area, Indiana, and Kentucky. Prescott-Ellen’s business to American Nursing Care is mainly comprised of form fulfillment. ANC faxes or phones in its orders instructing Prescott-Ellen to reorder or update its current form(s). If there are any changes to the existing art or design of the form, Prescott-Ellen must e-mail the potential art to ANC for approval before proceeding to the processing stage. After the art is approved by ANC, Prescott-Ellen updates the forms accordingly, faxes ANC a pay off, and e-mails the final product to be reviewed and approved. When this process is complete, Prescott-Ellen distributes the compliant forms to ANC.

Since the opening of the building in Franklin, Ohio, Prescott-Ellen has made and retained 75.34% of its customer relationships. This could be attributed to Prescott-Ellen’s ability to be true to its word and work. The company has managed to retain current customers and acquire some referrals through its 100% guarantee satisfaction. However, most of its business is conducted through existing customers.
A recent implementation for Prescott-Ellen is the utilization of customer surveys to gain feedback and suggestions regarding product and service satisfaction (See Appendix C for client survey and survey results). Overall, the feedback has been positive; however, the company has not been tracking all of the surveys distributed. Therefore, there is the threat of non-response bias. Non-response bias refers to the situation in which the customers that responded to the surveys were those that were satisfied with the company’s business and those who did not respond were either dissatisfied with Prescott-Ellen’s business or thought it was not worth their time to reply. Therefore, this bias could explain why the company has had more positive feedback than negative.
VII. Competition Analysis

Amanda is unsure of Prescott-Ellen’s competition and does not compare her company to any others in the industry. The particular competitor that Amanda is aware of is Alliance Printing and Mailing Services located in Middletown, Ohio. It too, is a very small business comprised of only five employees and two owners. Alliance’s goal is to “maximize the value of its customers’ printing and mailing needs” and serve as a direct threat to Prescott-Ellen because it also markets to small companies within the Cincinnati area. Other direct competitors consist of all marketing, promotion, and apparel companies, as well as commercial printers that serve the surrounding Cincinnati areas.

We conducted a search under the categories of business forms & systems, commercial printing, and printing & typesetting in the Lebanon yellow pages, which lists many of the businesses in Franklin as well. The category of promotional products was not listed in the yellow pages however, business forms and systems, business services, commercial printing, and printing and typesetting were listed (See Appendix D for Lebanon telephone listings).

Prescott-Ellen conducts business in other states such as Indiana and Kentucky. The specific competition is companies such as Pro Forma, JTS Commercial Printers, Butler Mailing Svc, Big Whale Promotional Products, Grimes Promotional Products, MR Design, and Alliance Printing. According to Amanda, Prescott-Ellen has a competitive advantage over its existing competition through its customer service. In her opinion, since Prescott-Ellen is a small company it can offer better customer service to customers.
For example, one of Prescott-Ellen’s commercial printing objectives is to print company’s paychecks. On one occasion, a company’s paychecks, a product of commercial printing, were not delivered to a corporation on time, so Tom had to fly to the supplier’s place of business to pick them up and then fly to the customer’s business in Kentucky to deliver them that same night. Amanda consistently asks herself, “how can we add value to our customers’ needs,” and attempts to differentiate her company from its competition by employing this idea. However, recent obstacles have arisen because employees have not been following up on quotes- bids given to prospective customers on specific jobs. Furthermore, Sommer and Devon are also confused about which customers to follow up with after the final product delivery. Some customers want a telephone call confirming the delivery, while others do not want to be bothered.

We tried contacting competitors in the commercial printing industry based on our Lebanon yellow pages search. Unfortunately, many of the companies were unwilling to provide us with information when asked about their marketing techniques and product branding. Nearly all of the responses about marketing strategies centered on word of mouth advertising and well as trade show participation. Furthermore, some of the competitors noted that they do not carry a catalogue or maintain a website, which gives Prescott-Ellen a competitive advantage because they serve both. Several of the competitors brand their products by having a raised 5” font, which they noted is extremely rare.
VIII. Employee Qualifications & Experience

Prescott-Ellen employs six people, excluding Amanda. The employees include Sommer Stewart, Devon Ulrich, Lauren Hollingsworth, Maria Pasquel, Treva Boardman and Tom Frederick. Each employee has his/her own job responsibilities, but those responsibilities are not clearly defined.

**CSR (customer service representative: Sommer Stewart)**

Sommer Stewart graduated from Miami University in 2003 with a degree in Finance and has been with the company for about five months. She works thirty-eight hours a week and is paid $10.00/hour in addition to a 35% commission on all products she sells to her customers. However, her sales skills are not well formed, leaving her uncomfortable when a potential customer says “no.” She is responsible for researching potential promotional products for customers and is beginning to experiment with sales. However, the extent of her sales experience has been mainly cold calling. Amanda believes Sommer is not enthusiastic about sales and has done little networking to develop customer relationships. Also, Sommer stated that if she is unwilling to complete an assigned job, she will tell Amanda that she cannot or will not do it. Amanda did not comment on this. When other employees were asked about Sommer’s responsibilities, her role changed somewhat. She was referred to as the office manager, and her role was described as answering phones and completing mailings and faxes. Another employee thought she was involved in only sales. However, all the employees were in agreement that she is beginning to develop her customer base, and they visualize her as the next
salesperson. Amanda believes that Sommer has an enormous amount of potential in sales, yet she has not been on any sales calls with Tom or Amanda to gain experience.

*Marketing/Project Manager: Devon Ulrich*

Devon Ulrich graduated from Miami University in 2000 with a Marketing degree and has been with Prescott-Ellen for nearly three years. She works 40 hours a week and is paid an annual salary of $30,000. She spends about half of her time doing sales related work and the other half doing miscellaneous acts such as faxing, mailing, and answering service calls for NiteLights, the outdoor lighting business owned by Tom. In the area of sales, Devon creates the monthly marketing campaign, maintains the customer database, takes sales orders, prices quotes for potential customers, and researches products. The marketing campaigns are developed on a monthly basis and are a simple way to keep the name Prescott-Ellen in the customer’s mind. Devon takes the orders and then coordinates with Maria and Lauren, who are graphic design specialists, on how to design the logos on the product for the customer. According to Amanda, Devon has no motivation to sell since she is paid a yearly salary. She has a low tolerance for “no” so she is easily frustrated by customers who already have a supplier for commercial printing and promotional products. Amanda and Tom understand that it is daunting to go in front of presidents and vice presidents of customers’ businesses. However, their philosophy is that the worst someone can say is “no.”

*Graphic Designer: Lauren Hollingsworth*

Lauren Hollingsworth graduated from the School of Advertising Art in Kettering, Ohio with an Associate’s degree. Lauren’s responsibilities include taking, placing, and
filling orders as well as weekly billings and some graphic design work. Because Lauren
has only been with Prescott-Ellen for about two months, she is still learning much of the
graphic design work. For instance, Lauren may work to reconfigure a company logo so it
can fit on a water bottle or matchbook in order to be used as a promotional product. She
is expected to take over all of the graphic design responsibilities when Maria leaves.

**Graphic Designer: Maria Pasquel**

Maria Pasquel is in the process of transitioning all of the graphic design duties to
Lauren. She oversees the work that Lauren does and creates the designs for customers,
which she hands over to Lauren to produce. She also insures that the inventory levels are
accurate, answers questions about purchase orders, and creates quotes. She finds that she
has a great deal of free time because she and Lauren are both doing the work that one
person has the capability to do. She is the highest paid employee with an annual salary of
$50,000 but plans on leaving when another opportunity arises.

**CSR/ Fulfillment: Treva Boardman**

Treva Boardman works in the warehouse and handles all of the inventory and
outgoing orders. She works 32-35 hours per week and is constantly busy. Unfortunately,
we did not have the opportunity to talk to Treva. However, the other employees
classified her as the shipping and operations manager and stated that she handles
everything coming in and going out as well as insuring the quality of the products.

**CEO: Tom Frederick**

Tom Frederick, the previous owner of Prescott-Ellen, is currently focusing
majority of his time and efforts on NiteLights. When Tom was previously focused on
Prescott-Ellen, he was responsible for sales particularly those that dealt with the larger clients. He made the initial contacts and then filtered the customers to other employees such as Amanda and Devon. His focus was more on print sales as opposed to promotional product sales. After he makes an initial sales contact, Devon or Sommer are responsible for writing follow-up and thank you letters. Tom insists that these letters must go out the same day; however, on the day of our visit, he informed us that he saw a follow-up letter go out two weeks after the initial sales contact. The reason Tom has switched his focus to NiteLights is because he sees it as a more profitable business.

.Owner: Amanda Lewis

As majority owner, Amanda handles the bulk of Prescott-Ellen’s operations, keeps the website up-to-date, and deals with the customers on a daily basis. All of the employees report to Amanda. She is constantly monitoring their work which creates frustration among the employees. Employees would rather report to Amanda on a weekly basis as opposed to being supervised daily.

All employee meetings occur monthly where they discuss potential customers and marketing ideas. Employees have incentives for suggesting marketing ideas such as a $50 gift certificate, which can be collected after a single marketing idea is drawn from a hat full of ideas brought to an employee meeting. Although, employee meetings are supposed to occur on a monthly basis, all employees agreed that they are not that frequent. Meetings usually occur once every two or three months. The employees do not sit down with Amanda to establish goals and monitor their progress. Also, contact between employees occurs mainly at work because they do not attend any outside
functions together, such as dinners or social events. The employees are challenged by their daily work but not empowered. Many experience a lack of empowerment because Amanda is constantly monitoring them throughout the day. The office is open and approachable, but Devon claims that Amanda is the most difficult to consult with. Devon has the most difficult time consulting with Amanda because either she or Amanda is always on the defense when they have a discussion.
IX. **Current marketing techniques in use/ used previously**

Currently the company does not advertise in any marketing channels including newspapers, television, and radio. Amanda has researched some potential advertising alternatives including Monster.com, the Yellow Pages, and the Smart Pages but considers Monster.com the only cost-efficient alternative due to the high costs of advertising in the Yellow and Smart Pages. Amanda understands that advertising in the Yellow and Smart Pages would be beneficial; however, the company’s advertising budget will not allow her to employ this alternative. Her competitors advertise in the Cincinnati Business Courier, the Yellow Pages, on the radio and television, and also sponsor local Chamber of Commerce events.

Amanda agrees that Prescott-Ellen takes risks because of the fear of losing visibility. An example of such a risk is when it marketed the “are you talking dirty” telephone pads which use an antimicrobial chemical to kill germs on the mouthpiece of a phone. This marketing technique was risky, but it was a great success. Amanda received many positive phone calls and e-mails the weeks following the distribution of this product from customers stating how much they enjoyed it.

Prescott-Ellen does not have a specific way of marketing its products to customers and is unsure of its target market. According to Amanda, the way Prescott-Ellen currently markets its products to customers is by selecting what its employees consider the “coolest” product, such as the “dirty” phone pads, and delivering it to potential consumers. The objective of this strategy is to build brand awareness and increase consumer knowledge of the company. In the past, the marketing techniques employed
included distributing holiday cards before the end of September through e-mail and fax, cold calling customers, in person selling, niche marketing, delivering bike reflectors with the logo and company name, and distributing post cards. “A niche market is composed of individuals and businesses that have similar interests and needs, which can be readily identified and that can be easily targeted and reached. Niche marketing is effective because people are more comfortable dealing with someone who has a great deal of experience in their specific area of need. Despite the fact that they may be able to obtain similar results elsewhere, people will often tend to go to a person who serves a niche because of their belief that "experts" are better equipped to handle the task.”

X. Marketing Research Development

Prescott-Ellen does not conduct market research or perform test marketing prior to the purchase and dispersal of its products. Amanda has not researched who Prescott-Ellen’s potential target market is and recognizes the company should be marketing to the surrounding communities of Springboro, Trenton, Franklin, Middletown, Hamilton, etc. When deciding which marketing campaigns to execute, Amanda does not calculate the costs and potential profits prior to employing them. She simply weighs the options of which alternative is the most efficient and interesting and calculates the most cost-effective way of implementing it. We also conducted a market research analysis of the promotional products industry and incorporated it into Prescott-Ellen’s 2004 marketing plan (See Appendix E for sales graphs and statistical snapshot).
XI. Marketing techniques researched by the SBI team

Prescott-Ellen spends very little money on advertising. However, Amanda and the other employees often attend luncheons and seminars as networking opportunities. There are people at these functions from various companies, so it is an easy way for the employees of Prescott-Ellen to sell its products and services and increase the awareness of the company.

We have researched a number of advertising alternatives ranging from internet advertising to billboards. Here we will discuss Yellowpages.com, Whitepages.com and Monster.com (See Appendix F for contact information on each of these marketing opportunities). Each alternative has its pros and cons.

Yellowpages.com offers various advertising options. Yellowpages.com is unaffiliated with the hard copy of the yellow pages, which is produced by the local telephone company. We thought Yellowpages.com was a better alternative than the paper back Yellow Pages because of the increasing number of people who refer to the internet when they are searching for companies in a specific industry. Yellowpages.com will list a business name under a maximum of five categories. For instance, one category that may appeal to Prescott-Ellen is sales promotion services. Therefore, if a potential customer goes to the category of “sales promotion services,” Prescott-Ellen’s name will appear.

The prices vary between a gold, silver, and bronze package and the area each company wishes to target. For instance, Prescott-Ellen could purchase a package that covers the Cincinnati area, which includes five counties and seventy-four cities. Thus, if
an individual entered “sales promotion services” as the type of business and any one of those seventy-four cities, then Prescott-Ellen would come up as an option. On the other hand, Prescott-Ellen may only want to cover Warren County, which includes fourteen cities. In that case, one of those fourteen cities would have to be entered in the city line for Prescott-Ellen’s name to appear. Gold, silver, and bronze refer to the order in which a company’s name appears. If Prescott-Ellen bought the gold package, its name would appear first if someone searched the category of “sales promotion services.” Silver means the name would appear second and bronze third. There can be more than one gold, silver, and bronze. Thus, if a competitor purchases a gold package as did Prescott-Ellen, the first company to purchase the package would appear first and the other company second even though it paid the same amount. A company has 128 characters to describe its business and it takes 2-3 days from the time the order is placed for the company name to be activated in the system. When the company listing comes up under a certain category, there are also links to the company’s website and e-mail.

A Cincinnati Metro gold package that covers seventy-four cities costs $3,500; a silver package costs $3,000 and a bronze $2,500. A gold package that covers only Warren County costs $799.

Yellowpages.com is a highly used website. However, the cost is too high for the potential customer base that it may bring in. When an individual goes to Yellowpages.com, he/she is often looking for the telephone number of a specific business or a listing of companies in a specific industry.
Whitepages.com offered similar packages as Yellowpages.com. The only difference being that Whitepages.com seemed to be more of a search for a person as opposed to a business. Whitepages.com provides a monthly report of the number of times a company’s name came up when searches were performed. However, again the website will not bring enough traffic to Prescott-Ellen’s website. Therefore, the high costs will bring very little value to the company.

Monster.com is another option. There are a number of alternatives within monster.com. A company’s name can flash across the screen when job seekers look for a specific type of job such as “accountant.” Monster newsletters and e-mail provide additional venues to advertise. Although prices and estimates were given, the team was not able to understand the terms and could not reach a monster.com representative for further clarification. Regardless, the consulting team does not recommend this alternative.

Monster.com’s advantages include being the 28th most visited site on the web which attracts 15.5 million unique visitors per month and the website consists of 30 million My Monster (job seeker) accounts.4 However, the people that visit Monster.com are not part of the customer base that Prescott-Ellen wishes to market to. Individuals searching for employment visit Monster.com as opposed to people who are already employed. Prescott-Ellen does not want to market itself to job seekers. Rather, it is seeking out potential business customers by identifying those individuals who have the

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4 www.monster.com
authority to decide which promotional products to purchase that would benefit their companies.
XII. Financial Assessment

As of November 19, 2003, the 2003 Profit & Loss Statement reveals that Prescott-Ellen has a $41,836 net loss. The team also requested a balance sheet, income statement, and statement of cash flows, but they were not provided. This information was not furnished because Tom believes that the numbers are too distorted for the team to understand. The misrepresentation of the numbers is due to Prescott-Ellen absorbing all of the overhead, primarily supplies and labor, for NiteLights and the real estate business.

As previously mentioned, Amanda became president of Prescott-Ellen after Tom’s focus changed from Prescott-Ellen to NiteLights. Maria, an employee, noted that the company is slowly shifting its focus from commercial printing to promotional products. Currently in 2003, print products account for $291,649 in sales while promotional products only account for $53,235 of the total sales of $562,076. Therefore, print accounts for 51.9% of total sales, while promotional products account for 9.5% (See Appendix A for 2003 Profit and Loss statement). However, it is not clear whether the categories of apparel, office supplies, packaging, and stock paper are considered promotional products. The team observed an “other” category on the Profit and Loss statement which earned sales of $133,505, or 23.8% of total sales. The team recommends itemizing this “other” category because it encompasses almost 25% of Prescott-Ellen’s sales.

One of the previously stated goals is to increase sales. The team believes that advertising is a key component to increasing sales. However, for 2003, Prescott-Ellen has spent a meager $141.30 on advertising. The team strongly recommends pursuing
advertising alternatives which will be discussed in detail in the Marketing Strategies section of the Terms of Engagement.

The team noted the high expenses incurred thus far in 2003. Bank service charges totaled $5,490 and dues and subscriptions totaled $4,447. Prescott-Ellen should strongly examine these expenses to determine whether or not they are adding value to its business. If these expenses are not creating value, then they must be eliminated. Furthermore, miscellaneous expenses are 4.4% of total expenses. How can a company monitor its expenses when it is not sure what they consist of? Again, it is essential to itemize the expenses in more detail to find possible areas where they can be reduced.

Investigating the expenses further we noticed that the telephone expenses were extremely high. Cellular expenses totaled $4,971 and long distance totaled $6,169. Prescott-Ellen should consider a different cellular plan that would accommodate the large number of minutes used on a monthly basis.

Sales and profits are decreasing rapidly; therefore, the company must focus on ways to increase these figures. First, we recommend that overhead costs be allocated separately among Prescott-Ellen, NiteLights, and the real estate business. It is impossible to note the profit each business is making when Prescott-Ellen is absorbing the costs of from the other two businesses. Second, Prescott-Ellen should segment its business into commercial printing and promotional products. This will demonstrate which segment is more profitable and help form a basis for future decisions.
XIII. Terms of Engagement

Upon review of the multiple problems associated with Prescott-Ellen, we decided to create a very general marketing plan which Amanda could use to better develop her marketing strategies and activities associated with her commercial printing, promotional, and marketing products (marketing plan is included at the end of the business analysis). We agreed to concentrate on the following topics: target market, market research, competition, location, marketing strategies, pricing, positioning, branding. In addition, we conducted a financial analysis earlier in the report and assisted in the development of future goals for Prescott-Ellen, which are mentioned following the topics of the marketing plan.

Target Market

Currently Amanda has not yet defined a target market for Prescott-Ellen. Her primary customers include Belden Wire & Cable and American Nursing Care, both of which comprise 60.94% of Prescott-Ellen’s sales as of December 16, 2003 (See Appendix B for updated 2003 sales by customer spreadsheet). In that figure alone, Belden Wire and Cable’s Electronics division attributes to 71.77% of that 60.94%. Hence, the Belden Wire and Cable Electronics division alone has contributed to 43.73% of Prescott-Ellen’s sales up to December 16, 2003. Amanda intends to mainly focus on large companies and corporations such as these within the Cincinnati, northern Kentucky, eastern Indiana, and Dayton areas. When Amanda uses the adjective “large,” she desires to target those companies that generate $50 million or more in sales per year. However, this number seems to be a bit extreme, and Amanda should begin with a smaller goal and
later focus on capturing the business of the “large” companies as she begins to specialize in her business. Amanda also wishes to target the upper-level management and decision makers of these large corporations. According to Amanda, one way to obtain these customers is through advertisements in *CFO* magazine. However, we did not research this advertising option because it was not brought to our attention until the end of the project. The only downfall to targeting these upper-level management employees is that many of them do not wish to be bothered by sales people or they may not have the authority to make marketing decisions. Therefore, we believe that Amanda should continue to network with these companies but identify which people finalize and approve the marketing decisions in these organizations.

Her top five customers as of December 16, 2003 include American Nursing Care – Norwood office, Belden Wire and Cable Electronics Division, Cablofil Inc., CHCS-Spring, and Electro-Matic Products all of which represent 61.55% of her sales (See Appendix B for updated 2003 sales by customer spreadsheet). Hence, the other ninety-seven customers are only contributing to 38.45% of her sales. Amanda’s top five customers encompass almost 62% of her sales and show the general trend as being larger companies and longer established than her other customers. Also, she has retained four out five of these companies for the past two years. The fifth company, Cablofil Inc., was a new customer as of January 2003 and will hopefully be a loyal customer in 2004. These companies should be the focus of Amanda’s attention since they generate over half of her sales.
A way in which Amanda could possibly tap the “large” company market segment would be through these companies. She could offer them referral programs and/or customer loyalty programs to help increase the sales of these existing companies and bring in new companies of similar size that her existing customers may perform business with.

Through an analysis of Prescott-Ellen’s 2002 and 2003 sales, we concluded that majority of Amanda’s sales occurred in the months of March and May and the least amount of sales occurred in April. Therefore, she could offer specials during the months that she does not generate many sales, specifically in April. She seems to perform most of her business in the earlier months of the year hence, also offering specials in the winter months could help increase sales (See Appendix G for sales spreadsheets and graphs).

Amanda’s current customers claim that they enjoy many positive aspects of her company and set high expectations of Prescott-Ellen’s products and services. Current customer likes and expectations that Prescott-Ellen has achieved and plans to continue implementing with future, prospective customers include:

- High quality promotional, marketing, and commercial printing products
- Exceptional customer service and communication
- Long standing relationships with manufacturers/vendors
- Face-to-face customer service
- Continuously create value for her customers
- Continue to be a reliable company to her customers
- Provide a comfortable buyer environment and build relationship with them
• Implement the best way to accomplish promotional, marketing, and commercial printing services at the lowest cost
• Reduce the number of vendors in a customer’s supply chain
• Maintain confidence in her ability to provide customer with complete satisfaction and backing that satisfaction up with a 100% guarantee
• No task is too complex for Prescott-Ellen to accomplish

Through the surveys that Amanda distributed to each customer, she has also identified negative aspects of her company that she plans to change. These changes include:

• Following up quotes
• Following up on thank you letters
• Implementing ideas on a more timely basis
• Possibly reducing Prescott-Ellen’s prices
• Building a larger company through the addition of more employees and sales

We believe one additional objective that Amanda needs to implement is to make sure that she continuously follows up on her customer satisfaction surveys and records all of the information into a database. This way she could identify any other weaknesses that other customers have not brought to her attention. We also believe that by changing and executing all of these suggestions Amanda will gain more business to improve her sales figures. These changes could also help her better define her target market by determining exactly what products her customers want and the typical customer that she serves.
**Competition**

Currently Amanda is retaining her customers at 75.34%. We believe this figure could be increased in order to better compete with her competitors. Increasing this figure could help differentiate Prescott-Ellen from the other commercial printing, promotional products, and marketing companies in her local customer region. Prescott-Ellen also offers a website and distributes 40,000 catalogues to potential customers. These offers create a competitive advantage for Prescott-Ellen since many of her competitors currently do not implement these offerings.

**Location**

Prescott-Ellen is headquartered in Franklin, Ohio on Market Avenue. This business is located in the center of the local shopping district and on the outskirts of the industrial area of Franklin. The exact location is right next to the highway and a little difficult to find because it is located on a small street behind a Waffle House and a local hotel. The location seems to be sufficient for existing customers; however, one of the reasons that Amanda is not obtaining the business she wants is because her office is not visible from any direction. Also, one of her known competitors, Alliance Printing, is located next door. This could be viewed as a positive or negative factor for Prescott-Ellen. It could be negative if a potential commercial printing customer was on his/her way to Prescott-Ellen to place an order and prior to entering Prescott-Ellen that customer could notice Alliance Printing and wish to obtain a quote from them before executing business with Prescott-Ellen. If Alliance Printing quoted a lower price than Prescott-Ellen, then that customer may decide to perform business with Alliance Printing.
However, the positive aspect is that if Alliance Printing conducted business with a customer and was dissatisfied, Prescott-Ellen could potentially acquire that customer from them.

Amanda is also looking into extending Prescott-Ellen’s customer database to include the local businesses of Oxford by opening another location. The potential location would be run out of Amanda Lewis’s home. However, she would like the address to be listed as a business address and not a home address or a post-office box. Therefore, she is currently exploring a potential location in Oxford, Ohio.

**Marketing strategies**

Currently Prescott-Ellen’s advertising techniques consist of networking, direct mail, a website, and personal selling. This type of advertising has been somewhat effective in the past years, but in order to increase sales, we believe Amanda should begin to place her company’s name in different marketing channels. She needs to create an effective marketing campaign that will arouse her customers’ interests enough that they will want to look into her business. We made many suggestions on how to implement this idea including; placing an ad in the Yellow Pages, possibly investing in billboard advertising, advertising on the Internet on sites such as Monster.com, Yellowpages.com, and SuperPages.com, and getting involved with the community through sponsorship. Initially, Amanda did not know how much money she allocated for advertising, but after receiving her 2002 and 2003 profit and loss statements, we noticed that she spent $141.30 on advertising expenditures in 2003 (See Appendix A for 2003 Profit and Loss statement). However, since we did not have access to this information prior to
researching her advertising alternatives many of the techniques we researched were not within her current advertising price range, but could be used for later implementation.

Initially we researched the Yellow Pages. However, a Yellow Pages customer service representative would not provide pricing information to students. Yellow Pages only provides this type of information to upcoming or existing businesses. Therefore, the most relevant information that we could obtain pertaining to this type of advertising was located in our course packet (See Appendix H for “Space Ads”).

This information was obtained in 2001; therefore, the quoted prices pertaining to each size advertisement have more than likely increased in the past two years. The most effective in-column advertisement would be a 3” ad that combined a “punchy headline with snappy illustrations or photos”\(^5\) (See Appendix I for “Streetwise Tips on Newspaper Advertising” article). Also included in the advertisement should be the company name, address, phone number, website address, a brief description of Prescott-Ellen’s products, and Prescott-Ellen’s tag line which is, “... the creative solutions provider” (See Appendix J for Prescott Ellen’s company brochure). The average cost of this ad would be relatively $80 per month which amounts to $960 per year. We suggested that if Amanda did not choose to advertise with an advertisement of this size and expense that she at least include the name of her company in the Yellow Pages under the heading of her choice; either commercial printing, promotional products, or marketing products. Simply listing her company under one of the previous headings is a free and complimentary service. We believe that Amanda should list Prescott-Ellen under the

\(^5\) “Streetwise Tips on Newspaper Advertising” article in appendices
commercial printing heading because this type of business is what her company has specialized in for 18 years and is the most profitable market segment with respect to promotional and marketing products.

According to www.businesstown.com an effective way for Amanda to support her Yellow Pages listing would be to pair it with her direct mail advertising. One company believes this to be effective because it helps create brand name awareness and recognition. The direct mail serves as a brand recognition mechanism because whether Amanda’s potential customers order from or discard her direct mail they see her name and subconsciously store it in memory. This way when they browse through the Yellow Pages looking for a commercial printing, promotional products, or marketing business they will recognize Prescott-Ellen’s name and in turn will create an edge against her competition (See Appendix K for “Lowdown on Yellow Pages” article).

Billboard advertising was also an advertising medium that we investigated. We investigated three billboard advertisers; Hoosier Outdoor Advertising Corp., Norton-Outdoor Advertising, and Outdoor Networks. We obtained price quotes off the internet from Hoosier Outdoor Advertising Corp. which is located in Bloomington, Indiana and serves to southern Indiana, Illinois, and Ohio. The specific billboard we searched was visible to people located in Hamilton, Ohio specifically Miamitown. The price of this billboard was $545.00 per monthly if rented out monthly, $503.50 per month if rented for six months, or $491.00 per month if rented for an entire year (See Appendix L for Hoosier Outdoor Advertising Corp. prices). The most effective way for Amanda to use this advertising would be to only rent by the month due to her business being small and
not having a large advertising budget. Therefore, renting the billboard for three months would be most effective. This would cost Amanda a total of $1,635.00. The only setback was that this billboard was not placed in a location that marketed to the appropriate target market Amanda wants to obtain. It only focuses on people traveling in the Hamilton, Ohio area, and with the larger business customers that Amanda hopes to secure, she should focus on billboards located in and around the city of Cincinnati, Ohio. Therefore, we decided to focus on Outdoor Networks and Norton Advertising which both cater to the Cincinnati area.

Outdoor Networks, located in Fort Thomas, Kentucky, claims to be the “industry leader in outdoor advertising.” This company would be a great candidate to help Amanda achieve her advertising objectives. It has three potential locations that could help Amanda market to the large companies of her potential target market including billboards in downtown Cincinnati and billboards located off of Ohio Interstate-71 and Ohio Interstate-75. We contacted a customer service representative at Outdoor Networks Corp. and explained our research objective. He could not provide us with the prices of the billboard advertisements because the company only furnishes them in client consultations. Therefore, if Amanda would like to utilize Outdoor Networks Corp.’s billboard advertising in the future, she could schedule an appointment with a customer service representative to negotiate pricing terms. Regardless of price, its website offered some great information regarding the exact location and the number of people that view the billboard advertisements daily and monthly (See Appendix M for Outdoor Networks location snapshots).
One downtown billboard is located between Interstate-75 and Interstate-71/East Washingtonway. This billboard can be rented for twelve months and is seen by 65,000 people daily and 1,950,000 people monthly. The other downtown billboard is located between Interstate-71 and Eighth Street. This billboard can also be rented on a yearly basis and is seen by 67,300 people daily and 2,019,000 people monthly (See Appendix M for Downtown snapshot).

The tri-face billboard located off Interstate-71 serves to the Northeastern suburbs of Cincinnati including Blue Ash, Montgomery, and Kenwood. It is located on Interstate-71 at Stewart Road. It is seen by 63,400 people daily and 1,092,000 people monthly. The website did not state whether or not this billboard is rented out on a monthly, bi-yearly, or yearly basis (See Appendix M for Interstate-71 snapshot).

The last significant billboard advertisement that Amanda could possibly implement in the future is located on the west side of Cincinnati at Paddock Road. This billboard can be rented for twelve months and is illuminated. On a daily basis it is seen by 82,200 people and on a monthly basis it is seen by 2,466,000 people (See Appendix M for Interstate-75 snapshot).

Although we did not receive any advertising prices from Outdoor Networks, we believe that the prices will be similar or more expensive than Hoosier Outdoor Advertising Corp. and therefore, would be too costly for Prescott-Ellen’s advertising expenses (See Appendix A for 2003 Profit and Loss statement). Another reason why Outdoor Networks Corp.’s billboard advertisements would be too expensive is because
they must be rented out on a yearly basis and that would be extremely costly for Prescott-Ellen.

The third billboard advertising company that we explored was Norton Advertising located in Cincinnati, Ohio. This company was very helpful to us and offered to send us an advertising pamphlet to supplement our research (See Appendix N for Norton Advertising pamphlets). Basically, Norton advertising has three types of advertising mediums; rotary, permanent, and flash. Rotary consists of a message that is moved every two months over an entire year to gain exposure to different areas of Cincinnati. The permanent medium is targeted towards high traffic locations for a long period of time, while the flash medium is meant for serving the Cincinnati area for a short period of time. All billboard prices are based on a monthly unit rate which is convenient for small companies like Prescott-Ellen with limited advertising budgets (See Appendix O for Norton Advertising: “How Outdoor Works”).

The three bulletins that we focused on were the AdVan, a rotary bulletin, and a 30 sheet space bulletin. The AdVan costs $895 per month for a single face front display or $1,695 per month for a rear display. The advantage of the AdVan is that the bulletin moves and has the capability of covering a larger area of Cincinnati and the surrounding cities.

The rotary bulletin costs $3,525 for two months with one production of the posters to place on the billboard. The cost for two months without production would be $2,925. The advantage of this type of bulletin is that it moves every two months, or 60 days, and is illuminated.
The 30 sheet space bulletin costs $650 per month. The advantage of this bulletin is that it is good for building and increasing brand awareness since it is stationary. However, the only setback is that you must produce your own bulletin.

Overall, the billboard advertising techniques, including Norton Outdoor Advertising, would be very useful for building brand awareness; however, the expense of this advertising is too great for Prescott-Ellen to implement today. These advertising alternatives could be implemented in the future if Prescott-Ellen’s sales and profits increase.

Another advertising medium we researched was Internet advertising. Internet advertising is the best form of advertising today and ranks higher than television in the ability to create brand awareness. According to the Internet Advertising Bureau (See Appendix P for Cincinnati.com’s “Why Advertise With Us” article), “internet users are 34% more likely to be aware of a brand after only a single banner ad exposure and 44% more likely after two exposures than those who have not seen the banner ad.” Also, “studies show that consumers who visit a retailer’s Web site spend 33% more annually at the same retailer’s store.” Therefore, with the increased use of the internet by society and businesses today, internet advertising is a very effective way for Amanda to increase name recognition for Prescott-Ellen. The Internet Advertising Bureau also states that, “online advertising increases off-line sales, with consumer loyalty increasing an average of 4% toward advertised brands after only a single banner ad exposure.”

Monster.com, Yellowpages.com, and SuperPages.com are the websites most beneficial for Amanda to advertise on. Since we previously discussed advertising on
Monster.com and Yellowpages.com in section XI. “Marketing techniques researched by the SBI team” we will not be discussing them in this section and will only focus on SuperPages.com.

SuperPages.com receives an average of fifteen million visits each month and has contracts with MSN, Infospace, Ask Jeeves, and Excite. A banner ad would be the most beneficial for Amanda to implement. There are two types of banner ads that would be both affordable and effective. One focuses on a broad audience and is not targeted to specific internet users. This banner ad costs $15 for one thousand page views. The other banner ad serves a narrow audience and is targeted to internet users in specific geographic regions or that are searching for specific keywords. This banner ad costs $30 for one thousand page views. Therefore, the $30 banner ad would be the most efficient and effective way for Amanda to advertise with SuperPages.com because it is in the correct price range for her advertising budget and would give her the maximum exposure since it is a targeted ad.

Another effective way for Amanda to promote her company would be through sponsorship of local sports teams and/or Boy or Girl Scout Troops. Amanda could allow these teams or troops to use her facility for their fund-raising activities, such as a local car wash, which would in turn draw attention to and increase the brand awareness of her company. Increasing brand recognition will also help create the best free form of advertising in Prescott-Ellen’s market; word of mouth advertising. Word of mouth advertising will help increase customer loyalty and potentially the number of customer referrals. This type of advertising is the optimum level of advertising in this market.
Sponsorship promotion would illustrate to Amanda’s customers that not only does she care about her business but she also cares about the welfare of the community. Also, it builds customer loyalty because people tend to be more supportive of those organizations that give back to the community.

**Pricing**

Tom and Amanda created a pricing strategy which simply includes a 40% markup on all commercial printing, promotional, and marketing products. Amanda assumes this pricing strategy is sufficient enough to cover Prescott-Ellen’s costs; however, they have never specifically checked to see if the strategy does cover the costs. This pricing strategy is slightly higher than Prescott-Ellen’s competitors but Amanda supposes that her customer service, ability to cut down the number of vendors in her customers’ supply chain, and Prescott-Ellen’s 100% guarantee make up for the increase in price. She also believes her products offer more value to her customers’ business since they are unique, and she is capable of implementing any of idea because she outsources all of her products.

**Positioning and Branding**

Amanda wishes to position her products as high-quality and value-adding. She currently prices her products slightly higher than her competitors. According to the price/quality heuristic of the Social Influence principle in marketing, customers would view her products as being of higher quality because they cost more. The price/quality heuristic simply states that consumers are willing to pay more for higher quality products. Also in regards to Amanda’s marketing mix she does strive to create time, place, and
possession utility for her consumers. She offers her products when and where her customers want them and also facilitates the transfer of product ownership directly to her customers. She eliminates the number of vendors in her customers’ supply chains therefore decreasing their costs and creating value for them. Her advertising techniques of personal selling and networking display her willingness to create relationships with her customers and be personable with them. She is confident that her customers appreciate her personal business approach in relation to securing business transactions over the phone, which is what her competitors do. Showing her products to her customers prior to their commitment to purchase proves that Amanda is confident that she will match her customers’ needs.

**Ultimate goals**

Amanda’s ultimate goals include:

1. Operating at greater than 40% capacity
2. Performing monthly sales reports
3. Becoming a self-sustaining and saleable company in five years
4. Netting $5 million in sales in five years
5. Achieving a sales goal of $100,000 per month
6. Obtaining a certification as a woman’s owned business
7. Hiring sales people on straight commission and slowly transferring current sales employees from salary to commission
8. Increasing the productivity of sales employees
9. Implementing a training program on selling products to potential customers
10. Securing large accounts with companies that generate revenues of greater than $50 million per year

11. Hiring more employees
XIV. Problems

Throughout the semester we have come to notice a number of problems that call for attention in Prescott-Ellen. They include:

- Little employee training and development
- No advertising efforts
- Lack of separation between companies
- No pricing strategy
- Decrease in sales and profits
- No business and marketing plans
- Customer database does not include any previous information regarding repeat customers
- Website is not current
- No standard set of questions for hiring employees
XV. **Recommended Solutions Implemented/Not Implemented**

A mission statement for the company was the only recommended solution implemented during the semester (See Appendix Q for Amanda Lewis’s mission statement). The recommendations not implemented include those offered at the beginning of this analysis. However, we hope that Amanda will continue to implement more of our recommendations in 2004.
XVI. Conclusions and Comments

In conclusion, Amanda’s central problem is decreasing sales. She must increase the sales of Prescott-Ellen in order to be profitable in the year 2004. We have provided a number of various alternatives to achieve this goal and hope that at least one of them can assist her over the next year.

Our work in this project was mainly focused on research and the development of a marketing plan. We conducted the following steps in our analysis of Prescott-Ellen:

- Financial assessment using the 2003 Profit and Loss Statement
- Interviewed all employees
- Researched customers, competitors, and trends in the promotional products and commercial printing industries
- Analyzed current marketing techniques and researched possible alternatives
- Completed a marketing plan for future use by Prescott-Ellen
- Documented problems and offered potential solutions

We hope that this research will help Amanda to not only increase sales but better the company of Prescott-Ellen overall.
XVII. Marketing Plan

INTRODUCTION

This document is the marketing plan of Prescott Ellen. The information contained within this paper describes the ultimate goals and future success that Prescott Ellen’s owners and employees wish to achieve. The goal of this document is to present a plan for owners and employees to provide their input and suggestions on how to add value to our customer’s needs. The plan is written from the perspective of Prescott-Ellen.

Prescott-Ellen’s Mission Statement

Prescott-Ellen, Inc.’s goal is to generate outstanding results for our clients by providing them with expert strategic direction and tactical implementation for their marketing programs, commercial printing projects and supplementary promotional products. We strive to create and maintain a unique and competitive advantage for our clients' businesses. Our success is clearly demonstrated by the positive impact we have on our clients' bottom lines.
I. Market Research

A consulting team performed industry research for the promotional products industry because Prescott-Ellen has been in the commercial printing industry since 1985. The promotional products industry is a multi-billion dollar market. From clothing to pens, companies are trying to promote themselves in any way they can to stay ahead of the competition. Promotional products are a $15.6 billion dollar industry, which is a 5.59% decline from 2001. There are a number of companies operating within the industry. However, 95% of competitors have sales less than $1 million. Therefore, Prescott Ellen was part of the 5% with sales exceeding $1 million in 2002. However, Prescott-Ellen’s sales have dropped dramatically and stood at nearly half a million at the end of September 2003.

Research indicates that it is harder to compete with larger, well-capitalized companies. The solution may be to find a niche in the market and focus on serving that niche better than anyone else. In our opinion, Prescott-Ellen has not found a niche. A large amount of sales come from customers across all industries. Therefore, Prescott-Ellen should focus on a single niche, which can either be a specific type of company or a specific industry. For instance, companies with sales less than $5 million but greater than $1 million is a specific type of company. By understanding the needs of a specific type of customer, Prescott-Ellen will better be able to serve their needs. Furthermore, it gives Prescott-Ellen more credibility when trying to sell its products and services because of the experience with similar clients.

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6 www.buildapromotion.com
According to buildapromotion.com/research/202-dsv.asp, as of 2002, there were 20,050 promotional products distributors with sales of less than $2.5 million and 824 distributors with sales exceeding $2.5 million. The 20,050 distributors accounted for sales of $8.7 billion while the 824 distributors accounted for sales of $6.9 billion.

Louisiana State University and Glenrich Business Studies conducted a study in 2002 that ranked the top customers of promotional products distributors. Industries were ranked by distributors according to the volume spent on promotional products. The top ten industries ranked as follows.

1. financial: banks, S&Ls, credit unions, stock brokers
2. health care: hospitals, nursing homes, clinics
3. not-for-profit organizations
4. educations: schools, seminars
5. manufacturers
6. insurance: companies, agents, adjusters
7. automotive: manufacturers, dealers, parts suppliers
8. government: public offices, agencies, political candidates
9. entertainment and sporting events
10. media: broadcast/ print media, PR agencies

According to the April 2000 edition of The Counselor, customers look for three qualities in a promotional products distributor: reliability, creativity, and on-time delivery. As previously mentioned, Prescott-Ellen has no problems retaining customers
because of the high level of customer satisfaction. The company consistently puts the customer first.

The various products in the industry are endless. Some of the current products offered include:

1. Clothing: T-shirts, golf shirts, aprons, uniforms, blazers, headwear, jackets, neckwear, footwear, etc.
2. Writing instruments: Pens, pencils, markers, highlighters, etc.
3. Desk/ office/ business accessories: Briefcases, folders, desk pen sets, calculators, cubed paper, etc.
4. Bags: Tote bags, shopping bags, satchels, gift bags, drawstring bags, cosmetic bags etc.
5. Calendars: Wall and wallet calendars, desk diaries, pocket secretaries, etc.
6. Glassware/ ceramics: China, crystal, mugs, figurines, etc.
7. Games/ toys: Kites, balls, puzzles, stuffed animals, etc.
8. Recognition/ Awards: Plaques, certificates, etc.
9. Sporting goods/ leisure products/ travel accessories: Picnic/party products, camping equipment, barbecue items, bar products, plastic cups, binoculars, luggage, passport cases, etc.
10. Computer products: Mouse pads, monitor frames, disk carriers, wrist pads, software, etc.
11. Buttons/ magnets: Decals, transfers, signs, banners, etc.
12. Housewares/ tools: Measuring devices, kitchen products, picture frames, household decorations, ornaments, tool kits, first aid kits, furniture, flashlights, cutlery, weather instruments, etc.

13. Automotive accessories: Key tags, bumper strips, road maps, floor mats, window shades, etc.

14. Personal products: Pocket knives, grooming aids, lighters, matches, sunglasses, wallets, etc

15. Electronic devices and accessories: Radios, TVs, video tapes, music CDs, phone cards, etc.

16. Textiles: Flags, towels, umbrellas, pennants, throws blankets, etc.

17. Food/ gifts: Candy, nuts, gourmet meat, spices, etc.

We can offer any product that a customer requests. If a customer wants a promotional product that we have never dealt with, we will find a way to find and deliver that product to the customer.
II. Target Market

Within Prescott Ellen we like to pride ourselves on our “think big” mentality. We wish to sell our products and services primarily to all corporations, local businesses, and educational institutions within the Cincinnati, northern Kentucky, eastern Indiana, Oxford, and Dayton areas. We would like to direct our printing, marketing, and promotional products to established corporations with “big” needs. By “big” we mean those companies that generate sales of $50 million or more per year. We want to target top management personnel of all education levels as well as the decision makers of these corporations.

Our current customers enjoy many positive aspects about our company and set high expectations for our products and services. Current customer satisfactions and expectations that we have achieved and plan to offer to our future, prospective customers include:

- High quality promotional, marketing, and commercial printing products
- Exceptional customer service and communication
- Long standing relationships with our manufacturers
- Face to face customer service
- Continuously creating value for our customers
- Reliability
- Providing a comfortable buyer environment and building relationship with them
• Implementing the best way to accomplish promotional, marketing, and commercial printing services at the lowest cost

• Reducing the number of vendors

• Confidence in our ability to provide them with complete satisfaction and backing that up with our 100% guarantee

• No task is too complex for us to accomplish because we outsource to create all of our products and services

Through our surveys that we distribute to each customer we have also noticed negative aspects of our company that we plan to change. Our goal of changing these aspects or disposing of them all together is part of an effort to create greater customer satisfaction for our future, prospective customers. These changes include:

• Following up on quotes

• Following up on thank you letters

• Implementing ideas on a more timely basis

• Competitive pricing

• Building a larger company through the addition of more employees and sales
III. **Competition**

We believe that our exceptional customer service along with our ability to create value and reduce our customers’ costs by cutting down their supply chain, are the major factors that differentiate Prescott Ellen from its competitors. We offer many unique selling techniques including:

- A 100% money back guarantee
- Retaining our customers at 75.34%
- Willingness to work overtime and go above and beyond the call of duty to provide our customers with the highest quality products
- Offer different products and specials that our competition can not offer
- In our direct letters we state “Why” our products are exceptional promotional and marketing tools and “What” potential benefits our customers will reap if they employ our products and services

Currently we have a great number of competitors in the market place. Those companies include:

- Alliance Printing
- Pro Forma
- JTS Commercial Printers
- Butler Mailing Svc
- Big Whale Promotional Products
- Grimes Promotional Products
- MR Design
• All other commercial printers
• All other promotional companies
• All other companies offering marketing products and services

Our closest competitors are located in Middletown and Franklin, Ohio but others extend as far south as northern Kentucky; as far west as eastern and central Indiana; as far north as Dayton, Ohio; and as far east as Athens, Ohio. A majority of these competitors increase brand recognition through advertisements with their local Chamber of Commerce. However, we are unsure of what else these competitors are doing to create brand recognition.
IV. Location

We are headquartered in Franklin, Ohio at 6107 Market Avenue. We would like to open a second location in Oxford, Ohio to capture the college and local business market in the near future. We want to negotiate contracts with Miami University as well as Dubois Bookstore and Follett’s Bookstore, all of which are in Oxford, Ohio, to fulfill their promotional and commercial printing needs. By doing this we will not only benefit those companies by helping to increase their sales, but we will also build brand awareness of our company. Since a majority of advertising in our specific business industry is word of mouth we need to grasp and retain one large customer in the Oxford market in order to increase our sales and build brand recognition. Primarily we would like to target those companies with sales that net $50 million per year however, companies of that proportion are rare in the Oxford area. Accomplishing this task will hopefully increase the word of mouth exposure that we need to tap into the Oxford market.
V. Market Strategies

Prescott Ellen wishes to convey an image of offering our consumers excellent customer service, value-added products and services, and high-quality products. We would like to emphasize these qualities along with our customer loyalty, capability of building and maintaining relationships with our customers, reducing the number of vendors in their supply chains, and being a reliable and trustworthy company. We plan to communicate these qualities to our customers through various advertising techniques which could include but are not limited to:

- Networking
- Direct mail
- Personal selling
- Yellow pages
- Internet
- Billboards
- Radio
- Newspaper
- CFO magazine
- Trade Shows
- Catalogues
- Movie theatres

Implementing some of these advertising strategies will help create brand awareness and result in customers calling to receive quotes and visiting our store.
Increasing our brand recognition and obtaining more customers will also help create the best free form of advertising in our market segment; word of mouth advertising. Word of mouth advertising will then increase our customer loyalty and potentially the number of referrals. This type of advertising is the optimum type of advertising for our market segment and our ultimate goal. Another way that we plan to increase our word of mouth advertising is through involvement in our local community. We have sponsored sports teams in the past and plan to sponsor some in the future as well as participate in local activities and events.

Currently our advertising techniques consist of networking, direct mail, and personal selling. In the near future we plan to place an ad in the yellow pages or on yellowpages.com and in possibly in CFO magazine. Internet advertising is the best form of advertising today and ranks higher than television in the ability to create brand awareness. Advertising online will also increase name recognition when combined with our direct mail. Regardless of whether or not a company throws away our direct mail advertisements, once they see our brand in the Yellow Pages or online they would be more likely to at least remember our name. This would then give us an advantage against our competitors.
VI. **Pricing, Positioning, and Branding**

Pricing our products for our consumers is a difficult process. We have created a pricing strategy that includes an average 40% markup on all of our commercial printing, promotional, and marketing products. This pricing strategy is sufficient to obtain the revenues that we hope to achieve. This pricing strategy is slightly higher than our competitors but our outstanding customer service, ability to cut down on the number of vendors that our customers deal with, and 100% guarantee make up for the difference in price and adds more value to our customers’ business.

We wish to position our products as high-quality and value adding. This type of positioning significantly influences our marketing mix; product, price, promotion, and distribution/place. We price our products higher than our competitors because we want them to view our products as being of a higher quality. Society in general, associates higher quality with higher prices. Therefore, we are motivated to cater to this mentality. Also in regards to our marketing mix we strive to create time, place, and possession utility for our consumers. We offer our products when and where our customers want them as well as facilitate the transfer of product ownership directly. We eliminate the number of vendors in our customers’ supply chain therefore decreasing their costs and creating value for them. Our advertising techniques of personal selling and networking display our willingness to create relationships with our customers and be personable with them. We are confident that people appreciate our personal business with them in relation to securing business transactions over the phone, which is what our competition
does. Showing our products to our customers prior to their commitment to purchase proves we are confident that what we sell is what our consumers’ desire.
VII. Product Life Cycle

Currently, we are in between the introduction and growth stages of our business and we hope to reach full-growth in five years and become a self-sustaining saleable company.
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