NORTHERN ILLINOIS UNIVERSITY

Office Services, Inc.: A Case Study

A Thesis (Report) submitted to the
University Honors Program
in Partial Fulfillment of the
Requirements of the Baccalaureate Degree
With University Honors
(With Upper Division Honors)

College of Business
Department of Management

by

Jeff A. Goldberg
DeKalb, Illinois
December, 1989
Office Services is a small temporary agency and secretarial service company founded four years ago by a mother-daughter team of former temporary employees. After struggling for three years, the firm petitioned N.I.U.'s Small Business Institute for aid in increasing the company's sales. Northern Illinois University provided the student team comprised of Jeff Goldberg and Brian Ratner with Dan Lemanski, coordinator of the Small Business Institute, as the advisor. The purpose of this report is to present the major findings of the student team, including the problems found, and the solutions proposed. The prime focus of this report is the personnel management of the company, rather than financial planning. During the ten week stay, the team found six main problems: organization of management, lack of direction or focus, overstaffed markets, incorrect pricing schedule, dropping sales levels, and recruitment of new employees. Through interviews, meetings, and outside research, possible solutions were proposed and appear in this report. If Office Services reorganizes their management hierarchy, sets goals for the company, determines a new pricing formula, and improves advertising efforts, they can capitalize on a highly profitable situation.
Abstract

"Office Services, Inc.: A Case Study," Jeff Goldberg, Northern Illinois University, originally submitted December, 1989.

Office Services is a small temporary agency and secretarial service company founded four years ago by a mother daughter team of former temporary employees. After struggling for three years, the firm petitioned N.I.U.'s Small Business Institute for aid in increasing the company's sales. Northern responded with a student team comprised of Jeff Goldberg and Brian Helmer with Dan Lenoski, coordinator of the Small Business Institute, as the advisor. The purpose of this report is to present the major findings of the student team including the problems found, and the solutions proposed. The prime focus of this report is the personnel management of the company, rather than financial planning. During the ten week stay, the team found six main problems: organization of management, lack of direction or focus, overstated markets, incorrect pricing schedule, dropping sales levels, and recruitment of new employees. Through interviews, meetings, and outside research, possible solutions were proposed and appear in this report. If Office Services reorganizes their management hierarchy, sets goals for the company, determine a new pricing formula, and improve advertising efforts, they can capitalize on a highly profitable situation.
# Table of Contents

Abstract

Table of Contents

List of figures

Note on Authorship

I. Purpose

II. Background

III. Company History Overview

IV. Pre-Investigation Objectives

V. Information Gathering Methods

VI. Problems Facing Office Services

VII. Solutions

A. Organization of Management
   1. General Manager
   2. Personnel Coordinator
   3. Secretarial Service Manager
   4. Office Support Staff
   5. Temporary and Secretarial Employees

B. Lack of Direction or Focus

C. Overstated Markets

D. Incorrect Pricing Structure

E. Dropping Sales Levels

F. Recruitment of New Employees

VIII. Business Plan Formulation

IX. Review of Recommendations

X. Summary

XI. Conclusion

XII. Appendix: Office Services‘ Customer Survey
List of Figures

I. Management Hierarchy Proposed to Office Services 10
II. Summary of Office Services' Positions 20
III. Summary of Main Problems and Solutions 30
Note on Authorship

This report was primarily authored by myself, Jeff Goldberg. However, the material for developing this report was derived from a semester internship, for which I had a partner, Brian Helser. Brian helped in the analysis and reporting of some major issues presented in this discussion.
Purpose

There are two underlying purposes for this report. First of all, it is a hard copy of all the ideas presented by the student team, the advisors, and Paula and Wendy of Office Services. The ideas presented during numerous meetings are recorded in detail here for the purpose of clarification. The other purpose for this report is simply to report the results of the student team to its advisors and the college.

Background

Northern Illinois University has a facility designed for the aid of small businesses known as the Small Business Institute. This facility, headed by Mr. Dan Lemanski, is supported by the national Small Business Administration. Local companies can petition S.I.B., particularly Mr. Lemanski, for aid in many different areas. These areas range from organizational help to financial analysis. If the company has sufficient profitability potential and the task is of substantial meaning, it will be accepted into the program. From here, Mr. Lemanski turns to his advisors, and more important, his students.

Northern offers a two part small business management pro-
gram. Any student wishing to enter the program must do so by filing a request with Mr. Lewanski's office. After conducting interviews, a few dozen students are selected. Over the course of the following semester, the students take part in many activities. First, it is a class, which allows students to obtain university credit hours. Mr. Lewanski and various other professors, students, and outside consultants lecture three times a week, as in a normal class. However, this class is more challenging than comparable business classes because the students are not confined to the classroom. Student teams of three to five members are formed. Mr. Lewanski trims the company prospect list down to those firms that need introductory help. These firms need help in areas such as surveys, marketing analysis, small financial investigations, etc. Each student team is assigned to a company based on student preference. From here, the teams meet with the firm and the resulting events occur spontaneously.

Weekly meetings with advisors guide the student teams, but most of the creative and analytical work comes from the students.

Over the course of 12 weeks, the aim is to provide the students with classroom knowledge, equip the team with real world business experience, and to help community firms in some way.

After the completion of the first semester, the student can attempt moving to the second level in the program. If a student receives a high grade, shows potential, and passes a personal interview with Mr. Lewanski, entry is gained into the next level of the program. At this level teams are formed of one or two advanced students. These teams do any number of tasks. The most common
two are aiding a difficult case in the first portion of the program, or tackling a much more in depth and complicated case. Most teams follow the latter path.

Much more responsibility is placed on the student team in this phase of the program. Companies using these teams need more guidance and more qualified students. This report's material came from being a member of a team working in this phase. The student members of the team consisted of myself (Jeff Goldberg) and Brian Helzer. I was pursuing a Computer Science degree with a Business Administration minor, and Brian was working towards an Enterprise Management degree. The faculty members of our team were Mr. Lemanski and Mr. Noyer, a professional business consultant. Together, we were well prepared to take on our case.

Because of the sensitive information gathered during the investigation and analysis of the company, aliases will be used for the company name, personnel, and location.

**Company History Overview**

Office Services was founded in 1986 by Paula Smith and her mother, Wendy Smith. Paula earned a high school degree and went to a professional training school. After working as a temporary employee for a few companies she felt that a company of her own would be more profitable and personally rewarding. Paula’s mother shared this opinion and without planning for the future, they opened Office Services. This company had three main classifications of business services: a temporary employee service, secretarial services, and a packing/shipping service. Their
hometown was selected as the site for the business because of
strong social links to the community. Prices were set based on
the competition, and they were ready for business. After strug-
gling for three years, Paula decided to seek help. Eventually
her name appeared before Mr. Lenzanski. After his review, it was
presented to Brian and me.

Pre-investigation Objectives

Before plunging in with both feet, we decided to set up some
objectives. All we had to go on was Office Services' need for
some organized direction accomplished through a business plan.
All our goals focused around developing enough information to
formulate an accurate business plan.

The first objective was obvious. We had to gain a full
understanding of Paula, Wendy, Office Services, and the market.
It was decided to try to understand the owners' ideas, knowledge,
and general personality before attacking anything else. The
second objective was to analyze all the gathered information and
present Paula and Wendy a fully detailed accurate report with
enough information to formulate an effective business plan. Our
goal was not to develop the plan ourselves, but rather guide
Paula and Wendy in doing it themselves. The aim was to force the
owners to get their own ideas on paper in a way that would
benefit the company. Lastly, we wanted to make a guide for
future student teams in our position. This guide would be a
short outline of what steps to follow in gathering information,
analyzing the figures, and the final presentation.
Information Gathering Methods

Between Office Services and us, a fact gathering procedure was developed. The main gathering tool would be personal interviews. Weekly, Brian and I met with at least Paula. These meetings generally lasted two hours. Occasionally, Wendy or Mr. Lenarski would join the discussion. The topics discussed in each meeting were based on the sequential needs of a business plan, focusing on the prime concerns first. For example, we started with the definition of the company and progressed to target markets. After the “required” material was covered, the discussion was opened to current problems, successes, and miscellaneous happenings. Immediate feedback could be given to Paula after she presented her problems. One example is that of a transaction gone bad. Paula told us about a problem she had with two different clients. Then she asked how to rectify the situation.

Specific content for a letter was proposed, which Paula used. The results were that one client responded favorably, and the other client completely ignored the letter. However, one additional customer can make a difference.

The other fact gathering method used was research. Paula’s mother Wendy, who was responsible for the bookkeeping, provided us with the financial data since the inception of the company. Paula offered the advertising files, computer system documentation, chamber of commerce fact sheets and other various sources of information. This information didn’t cover all the necessary requirements. A survey was issued to determine correct pricing
levels depending on customer feedback (see Solutions—New Pricing Structure and Appendix: Office Services’ Customer Survey). The survey was recently sent out, and results have yet to be received.

**Problems Facing Office Services**

Six main areas of concern were uncovered during the initial investigation period. These problems are: organization of management, lack of direction or focus, overstated markets, incorrect pricing schedule, dropping sales levels, and recruitment. Each of the preceding areas will be discussed in detail. Following the presentation of problems, possible solutions will be presented in their respective order.

The first problem is a major one, organization of management. The company was envisioned as organized by Paula. However, Wendy had the financial and bookkeeping knowledge necessary to launch the company. As in many family businesses, the two did not agree on fundamental goals of the company. At the most basic level, Paula wanted to establish goals, budgets, etc., while Wendy didn’t and would not follow the ones developed by Paula. This became the source of disagreement. Then, Wendy simultaneously launched another venture. Because the stress of working two new companies was too demanding, Wendy decided to phase herself out of Office Services. This presented a gap in the usual management organization. This problem had to be addressed before moving on to the others.

Next, the lack of direction has left Office Services without
any formal goals or ideas about the future. As mentioned above, Paula knew this would become a problem, but was helpless because her partner, Wendy, would not follow written goals. The firm was operating on a day-to-day basis without regard for a one, three, or five year plan. These first two problems were not uncovered by our student team, but rather, Paula was aware of their existence and wanted help in overcoming the circumstances. The remaining problems were revealed by investigation of the student team and presented to Paula.

At present, Office Services is trying to sell their product to anyone who will buy it. "We need all the sales we can get," is the attitude behind this rationale. In the temporary services division, extensive effort is given to every potential client in an attempt to meet the demand. This extraordinary effort is offered even in cases where the position is extremely difficult to fill. All sorts of odd demands come in and Office Services always tries to fill the need. This has taken its toll on Paula and Wendy. In the secretarial service, any order is taken no matter how large or small the requirement. The magnitude of this problem isn't so large because this service isn't fully developed. However, the shipping service has presented a major problem. Rarely are shipping customers are turned away. On average, for every dollar in shipping sales, seventy cents is allocated to expenses. This incredibly low profit situation is taking time and energy away from more profitable activities such as the secretarial services. Paula and the student team agreed that since the shipping service was so small and underdeveloped, attention would only be paid to the temporary agency and the
secretarial service. In the future, the shipping service may be a source for additional income and increased development possibilities. Because very few customers are actually turned away, Office Services wears itself thin and can't capitalize on the core profitable customers and situations.

The original pricing structure wasn't developed by using customer demand or any other scientific method. Rather, an average of a single competitor's price ranges were used. The basic formula is:

\[ P = E + T + 1.9 \]

where:

- \( P \) is price
- \( E \) represents employee wage (established by similar method)
- \( T \) is taxes
- \$1.90 profit per hour of temporary service.

This method has two fatal flaws. For one, the price has no relationship to what the market will bear. The other is the somewhat arbitrary assignment of the profit margin. If Office Services bills $18/hr. or $8/hr. (which they do, based on employee requirements) the same profit is earned.

After two years of increasing sales levels, Office Services is experiencing a decline. This drop off is due to faltering client companies failing, increased competitors, lack of advertising, and few new clients. This year has seen a similar pattern. First quarter sales were around $88,000, second quarter dropped to $35,000, and the third quarter bottomed out at
$32,000. This drastic problem had to be rectified as quickly as possible.

Lastly, Office Services has a problem with recruiting new employees. Although client calls are received regularly, not all requested assignments can be filled due to a deficiency in qualified employees. Office Services train new employees and sometimes they end up leaving a few weeks later to take on a permanent position at an Office Services assignment. The supply of employees cannot keep up with the client demand.

There are other minor problems facing Paula and Wendy, but these six present the biggest challenges. Many possible solutions were thought of and presented to Paula. The ones presented in the following section, Solutions, are the most plausible.

Solutions

The solutions presented below are not just the work of the student team. The team worked on a few different options and presented them to Paula. Together, Paula and the team came to an agreement on viable solutions for the previously mentioned problems. The details of how to carry out the plans established will be explained in the following section of this report.

The Organization of Management

Because the problem in the organization of management was recognized by Paula, the student team did not have to explain the significance of establishing a formal management hierarchy. The existing organization has Paula and Wendy as co-CEOs and an
office support person. Whenever a decision had to be made and the two couldn't agree, no choice was made. This created intense discussions at the top of the company's hierarchy. As a result, no major decisions could be made by just one of the partners. A more structured organization chart was developed (See Figure 1).

Because of the company's limited resources, the management organization had to be kept simple with each employee assigned responsibilities not usually associated with the type of position.

![Organization Chart]

Figure 1. Management hierarchy proposed to Office Services.

General Manager

The General Manager's position would be the official chief executive officer of Office Services. This person's responsibilities would include, but are not limited to, overseeing the Secretarial Service Manager and Personnel Coordinator, forecast-
ing and long range planning, general direction of the company,

advertising, and any other necessary tasks.

The first responsibility, maintaining communication, is the

one that will be in focus on a day-to-day basis. Because the

secretarial and temporary service intertwine so frequently, good

communication between the two can result in higher profits for

both. If a secretarial order comes in, the Secretarial Service

Manager can request a temporary from the Personnel Coordinator.

This enables the temporary employee to make money, allow the

temporary half of the company to reflect more profits, and more

importantly, the more profitable secretarial work can be done

faster and in house.

Opposite of daily activities, goals and direction must be

created for the company. It will fall under the General Manager’s

responsibilities. This person, alone or with the help of

valued assistants, must chart the course for the company’s future.

The only way a company can operate effectively is if the

employees are working towards specific goals. The General Manager

must first set goals for the company’s aid to long range

future. For example, the General Manager may set the yearly

sales goals as follows: one year: $260,000, three years:

$400,000, and five years: $600,000. The next part of this re-

sponsibility is to transfer these goals down to the two immediate

division managers. At least once a month, the General Manager

should sit down with the Secretarial Manager and the Personnel

Coordinator to monitor the progress of previous goals to evaluate

and modify as necessary. Also, new goals must be set. Referring
again to the yearly sales goal example: upon sitting down with the Secretarial Manager, the General Manager realizes the earlier projection of $260,000 in gross sales is too high. This decision is based on the secretarial department's sales of only $120,000 while the temporary division earned $130,000. The General Manager should analyze why this problem occurred. If the initial projection is to blame, and if it was a miscalculated estimate, the original sales goal should be modified. Furthermore, individual division goals should be established and checked regularly.

Being the head of the company, the General Manager is responsible for the general direction of the company by establishing the policies, work atmosphere, pay rates, benefits, etc. It is this person who should develop the pricing structure and pay rates. Because the daily knowledge of operations is better known by the managers, the General Manager should involve them in the decision-making process. Since the General Manager is a role model for the company, this person's actions are of paramount importance. If the General Manager is lethargic, the lower employees will emulate this action. This is why the General Manager should constantly strive to maintain the most professional, effective, and efficient environment possible. Office services is in the business of selling their service, and consequently, the amount of human interaction required is tremendous. It is for this reason that the General Manager should establish open communication lines with the employees. Other programs aimed at increasing employee moral include benefits, regular salary reviews, and constant communication. It has been found that there
is a direct correlation between positive employee relations and productivity. The General Manager is obligated to set the pay rates, establish company policies, and encourage an open environment. Many examples for carrying out this part of the recommendation were discussed by the team and Paula. However, because of the number and details of each one, a discussion of each is beyond the scope of this report.

The final main responsibility of the General Manager is market research and advertising. Because of the planning and organizing involved, it is logical that the General Manager would have the best feel for market trends. With additional research, not necessarily conducted by the General Manager, an advertising strategy can be developed. This strategy can be used to design advertisements and promotions. The advertising strategy is also beyond the scope of this discussion.

Because of the small size of Office Services, the General Manager has the responsibilities normally associated with the president and advertising executive positions in a larger company. However, the responsibility extends beyond that. If a deficiency arises anywhere else in the organization, which cannot be filled by another person, the General Manager must immediately acquire those new responsibilities. If the tasks could be better served by another person in the company, the General Manager should delegate the responsibility to that person.

Some qualification guidelines for the General Manager are: organization skills, industry background, and communication skills. Because the position is an executive responsibility, it
coordinate all aspects of Office Services, excellent organization is essential. Furthermore, since this job requires knowledge of every happening within the company, a strong temporary and secretarial service industry background is a prerequisite. Finally, in the position of General Manager, many tasks must be coordinated. In order to assure the correct tasks are done in the proper manner, by the most qualified employee, strong communication lines must be established. This can only be accomplished by a person possessing superior communication skills.

The General Manager reports to no higher manager however, this person is held accountable for the company's financial and social well being. Because the General Manager is the highest officer, all actions of Office Services are under this person's authority. Directly below the General Manager, in the management hierarchy, lie the two division heads; Secretarial Service Manager for the secretarial service division, and Personnel Coordinator for the temporary agency division.

**Personnel Coordinator**

The Personnel Coordinator has the general responsibility of overseeing the entire temporary service. This includes recruitment of new employees, handling client calls, matching clients to temporary employees, and generating sales to new clients. This person must work closely with the Secretarial Service Manager for reasons explained in the Secretarial Service Manager's description.

First, in order for any temporary agency to survive, a large employee pool must be maintained. As a result of the nature of
the temporary industry, most temporary employees will only work at certain times, only work for a few weeks, or decide to go permanent once on a job assignment. Because of this enormous employee turnover rate, continuous recruitment is a major concern. This is one of the major responsibilities of the Personnel Coordinator. This, along with matching clients to employees, gave birth to the title, Personnel Coordinator. It will be this person's assignment to carry out the entire recruitment process from locating to hiring qualified employees. Initial advertisements developed with the General Manager along with other promotions should aid in the recruiting process. Promotions include attending job fairs, speaking to high school and community college classes, and hosting seminars. All this is the duty of the Personnel Coordinator. Next, this person will conduct the interviewing and new employee testing. Because the reputation of Office Services is on the line each time a temporary employee goes out on assignment, the acquiring of qualified personnel is vital to Office Services. Certain standards for appearance, modes of transportation, professional skills, personal abilities, etc., should be established with the assistance of the General Manager and used as a guide during this process. Once accepted as an Office Services employee, the Personnel Coordinator has the responsibility of maintaining the employee records such as work record and special notes of interest.

When a client calls Office Services and wants a temporary employee, it is the job of the Personnel Coordinator to match the needs of the client with a suitable employee. This is done by
keeping accurate employee records and updated knowledge of each employee's skills and weaknesses. Since the client only sees the temporary employee, it is important for the employee to match what the client requested. Even though this is the most time-consuming activity of the Personnel Coordinator, it is the most important one, as it is the one the client encounters.

Lastly, the Personnel Coordinator also should be the one who solicits new clients. With the aid of the General Manager, different client prospecting and selling strategies can be developed. Then, the Personnel Coordinator will carry out the plans. New clients are the lifeblood of a temporary agency, hence this responsibility should be carried out on a regular basis.

The qualification guidelines for the Personnel Coordinator include: organization skills, communication skills, and selling experience. This job requires extensive employee data maintenance. In order to keep these facts and files together, the Personnel Coordinator must have outstanding organization skills. Additionally, since this position calls for close contact with clients and employees, peak communication skills are essential. Finally, a main part of the Personnel Coordinator's job is to recruit new clients and employees. This can only be accomplished by a person with strong sales experience and marketing knowledge.

Secretarial Service Manager

The Secretarial Service Manager oversees all operations involved with maintaining the secretarial service division. The
secretarial services offered by Office Services can be conceivably defined as a temporary position hired by Office Services to carry out a specified function. For example, if a customer wants a thirty-page report typed, produced in triplicate, bound, and sent overnight to another city, the following takes place at Office Services. The Secretarial Service Manager estimates the time needed to complete the project and requests a temporary employee from the Personnel Coordinator. This employee does the necessary work and is relieved. Since there are so many overlapping similarities between this and the temporary agency division, all the shared responsibility will be handled by the Personnel Coordinator. The Personnel Coordinator, because of the strong employee organization relationships and responsibilities, will handle the coordinating of assigning employees to secretarial projects. Also, because of the Personnel Coordinator has already invested time in attracting new temporary agency clients, this person will recruit for secretarial service customers as well.

The main remaining responsibility of the Secretarial Service Manager is the actual supervision of the work being done. It is this person's responsibility to assure quality output. Furthermore, since clients will be up to date technologically, the Secretarial Service Manager will ensure that Office Services has the necessary equipment to stay at the same pace. The equipment can consist of computer hardware, computer software, and other support tools such as laser printers and fax machines.

As stated before, because there is overlapping between the secretarial service and the temporary agency, the two division heads must keep communication channels open. The General Manager
should maintain this line of communication while helping to coordinate the efforts of both people.

The qualification guidelines are a little different for this position. The Secretarial Service Manager must have excellent secretarial skills and good communication skills. Most of this person's job is supervising the actual secretarial work. As a result, in order to be an effective supervisor, extensive knowledge of secretarial services is mandatory. Also, because of the overlapping with the Personnel Coordinator, this person must possess the skills of a good communicator.

Office Support Staff

Next in the hierarchical order is the office support staff. The main responsibility of this staff is to fill in the gaps not covered by the top three managers. The most important responsibility of this staff is financial recording and analysis. Accurate financial record keeping helps to increase the accuracy of financial forecasting. Together with the General Manager, the office support staff can analyze past performance and plan for the future. Also, this staff will fill in for Office Services' own secretarial needs when necessary. This staff need not be large, and could be as small as one person.

The qualification guidelines for this position are rather rigid. The main qualification is financial skills for both record keeping and analysis. This important company function can only be handled by someone trained in the financial area. Because this staff also fills in for secretarial reasons, good
secretarial skills are required. Moreover, because this staff works with all the other employees, good communication skills are a plus. Since this position is a staff, the qualifications can be broken down by hiring different individuals to cover all the necessary needs.

Temporary and Secretarial Employees

Finally, the foundation of the company is its temporary employees. It is this group of employees that are the front line for Office Services. They are ambassadors for the company on every assignment. In order to maintain a level of high quality work, Office Services must perpetually train their employees to cover expanding client needs.

To be a temporary employee, a person must be motivated and responsible for their actions. Office Services should have the confidence in their temporary employees that when they go to an assignment, they will perform as expected or better. The particular skills required depend greatly on the type of assignment they are seeking. For example, a word processing temporary employee would decidedly need to know how to use a word processor, where a typist wouldn’t.

Obviously, every different function involved with running a company was not presented. A very rough design for Office Services’ management structure was presented in as much detail as the scope of this analysis would allow. The guidelines established for the segmentation of labor will aid Office Services in getting organized and take a turn in the right direction. In the future, when the situations change, the organizational structure also may
### Summary of Office Services' Positions

<table>
<thead>
<tr>
<th>Position</th>
<th>Major Resp.</th>
<th>Qualifications</th>
<th>Reports to</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>- Oversee entire company</td>
<td>- Organization skills</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>- Goal setting</td>
<td>- Industry background</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Planning</td>
<td>- Communication skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Matching clients to employees</td>
<td>- Heavy communication skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Establishing new clients</td>
<td>- Sales experience</td>
<td></td>
</tr>
<tr>
<td>Secretarial Service Manager</td>
<td>- Oversees all secretarial service operations</td>
<td>- Communication skills</td>
<td>Gen. Mgr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Secretarial background</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Misc. office tasks</td>
<td>- Financial skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Secretarial background</td>
<td></td>
</tr>
<tr>
<td>Temporary Employees</td>
<td>- Temporary assignments</td>
<td>- Motivated</td>
<td>Perm. Coord.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Responsible</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Skills required for particular assignments</td>
<td></td>
</tr>
</tbody>
</table>

Figure II: Summary of Office Services' Positions.

Temporary employees are also considered to be secretarial staff. Qualifications for this position vary depending on intended assignments.
Before discussing the details of how Office Services implemented this system, a table is presented to show the summary of the entire previous section (See Figure II). Paula, one of the current co-owners, will take over as General Manager. She has run this company for almost four years, and before that was a secretarial school trained temporary employee. She has a very strong industry background attributable to her experience. Paula's organization skills are good, but are in the process of developing into great. This organization is beginning to help structure the entire company. Her strong community alliances coupled with experience from working in the industry for a few years, has provided Paula with excellent communication skills. She is also beginning to put her spoken communication into writing, which also serves to strengthen her organization skills.

A new employee, Chris, was recently hired to fill the Personnel Coordinator position. Chris went through a multi-week selection process. Paula chose Chris because of her past reputation of being an excellent worker. Chris' organizational skills are good and are developing along with Paula's. Chris comes from a five year management background at a competing temporary agency. Her past work experience provides her with the skills necessary to motivate people in the temporary service field. In the short time she has spent at Office Services her talents have been tailored to Office Services' method of operating a temporary employee agency.

The Secretarial Service Manager position, for the time being, will be held by Paula. Because this half of the business
in still in the developmental stage, the primary concerns are mostly planning, promoting, and efforts involved in establishing the new service. These tasks are primarily the responsibility of the General Manager, Paula. It was for this reason that Paula was selected to be Secretarial Service Manager.

The Office Support Staff consists of Wendy, the former co-owner, and an outside accounting firm. Wendy handles the bookkeeping and other Office Support Staff functions. Wendy was a bookkeeper for seven years, and worked as a secretarial temporary employee for even longer. She has the ability to record the financial transactions, along with the skills to fill in for the secretarial functions. The quarterly statements and analysis is handled by an accounting firm. With this group of people, the Office Support Staff is fully capable of handling its responsibilities.

The temporary employees currently number roughly sixty-five. This number is constantly changing because of the previously mentioned industry trends. Their experiences and skills differ as much as client demands. In order to support ever changing requests, Office Services needs to expand this work force with new qualified employees.

One of the main obstacles facing Office Services was its weak organization of management. In the ten weeks given to our student team, the entire organizational structure has changed and is beginning to take its new form. If the basic hierarchy is maintained, the division of labor should provide the most productive arrangement. As the secretarial service grows, it may...
became necessary to hire a new Secretarial Service Manager.

Also, as Office Services grows it may become necessary to add additional Office Support Staff. With the new organization of Office Services, Paula can concentrate her efforts on overcoming the remaining obstacles.

Lack of Direction or Focus

Because Office Services had no direction, performance can't be evaluated. All that is reviewed is gross sales and net profit. No other comparisons were made to mark progress or failure. This resulted in no real progress being made at all. Because of established community ties, Office Services slowly continued to acquire new clients, although efficiency was not increased. In essence, Office Services was working harder, yet the profits did not grow accordingly. Something had to be done to place the company on a course for success.

Together with the student team, Paula developed a management by objectives (MBO) approach to her General Manager position. Paula has been working on goals for the company from months up to one year, then to the third year, and lastly five years away. Monthly, Paula will sit down with her division supervisors and establish reasonable goals for each month of the next twelve. These goals should be based on the analysis of past goals.

Analyzing past performance is even more important than setting the goals in the first place. It is not enough to just set goals, but whether they were reached is an important consideration. By analyzing this question, Paula can determine long range goals from the current monthly ones, and evaluate the performance.
of the company, herself, and her employees.

Specific goals should be set in five major areas: gross sales, profit margin, number of temporary employees, number of clients, and the number of assignments. Clearly, the gross sales figure shows Paula a rough indicator of how the company is performing as a whole. This figure is the starting point for all further computations, but it is not as important as the last one, profit margin. This figure gives Paula a means of measuring increased company efficiency. If sales stay the same, yet profits increase twenty-five percent, efficiency has been improved.

The number of temporary employees can be an important figure for a few reasons. First, if the number is lower than normal, either recruitment is poor or the number of client demands has decreased. Either cause should be further investigated by the Personnel Coordinator. On the other hand, if the number of temporary employees is high, there is either a surplus of help and some employees are sitting idle, or the client requests have increased. These circumstances also should be investigated by the Personnel Coordinator. Next, the number of clients is an important figure, especially for goal setting. As long as Office Services continues to provide quality temporary employees and secretarial services, the number of clients should not decline. Steady growth of the client list, however, is not going to increase merely by time passing by. This is key to the success of the Personnel Coordinator’s function of attracting and keeping new clients. If this number grows slowly, or not at all, the market may be becoming saturated and a new niche must be found. On the other hand, the job of promoting Office Services may not
have been done effectively. The final figure, the number of assignments, shows Paula which choice of the preceding figures is correct. For example, if the number of employees is lower than normal, but the number of assignments is not as low, then Paula would know that there is a problem with employee recruitment.

Other more detailed statistics also might be used as goal developing guides. These could include: the number of assignments requested, number of assignments filled, number of prospective clients contacted, number of those prospects that become clients, number of prospective employees, number of those leads who become temporary employees, and the number of employees who resign and why.

By using the above goals and other such measures, reasonable goals can be set. From those goals, performance levels can be measured. By using a MBO approach, Paula brings direction and focus to Office Services.

**Overstated Markets**

Office Services never placed higher emphasis on one type of client over another. Paula and Wendy both agreed to pursue all potential clients regardless of the assignment possibilities. The result was Office Services having to turn down larger and more profitable clients in order to send a temporary employee to a customer only needing this service once. The student team advised Paula that limiting the scope of clients would be more productive.

Together with the student team, Paula has started to define
her intended markets. Although her efforts have typically been directed towards larger firms, a specific target market has yet to be established. This has become a main priority for Paula for she has become aware of the importance of being more selective when accepting new clients or possible assignments.

Incorrect Pricing Structure

Office Services’ price structure was developed without consideration for what the market would bear. The prices were determined by estimating a single competitor’s prices via their employee pay schedules. This method provided no increased profit for higher priced assignments. The student team brought this situation to Paula’s attention and she agreed to revise her prices if market research could support the change.

A survey was developed for several reasons, which are discussed along with the presentation of the survey (See Appendix: Office Services’ Customer Survey). Part of the survey was devoted to determining exactly what the market would bear. Once the fair market price is determined for a few different levels, all the prices can be set. A new pricing formula, which provides more profit as the rates increase, would provide Office Services a higher profit margin with the same number of assignments. This survey was just sent out to all the businesses on the Chamber of Commerce’s mailing list. Results from this survey were not available at the time of this writing.

Dropping Sales Levels

At present, Office Services is experiencing a sales slump.
This decline in sales levels has no apparent cause, but one. Advertising is minimal, if at all. Paula, to date has had no advertising strategy. This strategy will be developed once the first four problems are resolved. With Office Services fully organized, directed, targeted, and priced correctly, sales levels will correspondingly increase. When this happens an advertising strategy should be developed. The methods and results of determining such a policy is a subject for an entire new case study. It is for this reason that a major endeavor such as this one was not launched during the tenure of the student team.

Recruitment of New Employees

The last mentioned problem was recruiting. Office Services had no aim in attracting new employees. Attempts were made to post fliers in high schools and local community boards. Some advertisements were randomly placed in local newspapers. In the end, new employees came from community contacts and word of mouth. Because of the successful training Office Services' employees receive, many were turning full time at their assignments. New employees were hard to find and something had to be done before the entire force was depleted.

A new major source of employees was tapped. The student team recommended community college classes, which taught introduction to computers, or any secretarial-type class. These classes consist mostly of housewives, people looking for alternative sources of income, and retired people. Any of these types of people make excellent temporary employees. Contacts are still...
being established at all the local community colleges and trade schools. In the future, by showing students what can be done with their new knowledge, prospective employees can be attracted to Office Services.

Business Plan Formulation

As stated previously, a main goal of our stay with Office Services was to guide Paula in developing a business plan. Because Paula has a limited background in business, we brought up discussion topics in the order of a business plan development. For example, instead of asking Paula, "What is your management hierarchy?" we asked guided questions to help her develop a definition of the responsibilities of each position. By operating in this manner, Paula was able to take a new look at her company. Instead of viewing the company as the conglomeration of daily activities, she now perceives Office Services as a firm working towards common goals. Paula stepped out from behind the trees to see the entire forest.

This report followed the basic principles of business plan formation. The discussion began with the presentation of key personnel. From there, Paula was presented with the reasoning behind setting goals and objectives for the company. Next, the student team and Paula began to analyze the current markets in an attempt to define specific target markets. Because the skills of the student team, as well as Paula's, did not span financial analysis, most of the finance topics were not discussed in detail. However, the pricing schedule was in need of updating.
Basic financial figures were used to fill out the picture of Office Services, but detailed financial analysis was not performed. This will be next step for Paula once all other problems are resolved. Paula and the student team assumed the current market was capable of sustaining a profitable venture due to the fact that there are many competitors of varying size, all having been in business for over five years. One competitor has been in business for over twenty years in the same location. Furthermore, Office Services has been operating at a profit for almost four years. With these facts, a decision was made to forgo a market study and concentrate efforts on overcoming the obstacles described above. Once the six main problems are resolved Paula will conduct a market study for the purposes of establishing a more detailed target market, refine the pricing structure, and verify the possibility of the market sustaining sufficient growth.

Review of Recommendations

Many recommendations were made to Paula by the student team, but only the best solutions were presented in the report. A table of brief recommendations is presented for easy reference (See Figure III). This table identifies the six main problems and their recommended solutions.
Summary of Main Problems and Solutions

<table>
<thead>
<tr>
<th>Main Problem</th>
<th>Primary Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization of management</td>
<td>New management hierarchy</td>
</tr>
<tr>
<td>Lack of direction or focus</td>
<td>Management by objectives approach - setting goals</td>
</tr>
<tr>
<td>Overstated markets</td>
<td>Developing specific markets to target</td>
</tr>
<tr>
<td>Incorrect Pricing Structure</td>
<td>Revise pricing formula to reflect higher profit margins</td>
</tr>
<tr>
<td>Dropping sales levels</td>
<td>Create an advertising strategy</td>
</tr>
<tr>
<td>Recruitment of new employees</td>
<td>Establish a recruitment strategy - recruit from community colleges</td>
</tr>
</tbody>
</table>

Figure III. Summary of Main Problems and Solutions

The recommendations presented in Figure III represent the most plausible solutions to the problems identified. The suggestions made are not detailed plans on how to overcome the stated obstacles, but rather guidelines for use by Paula, the General Manager.

Summary

Four years ago, Wendy and Paula Smith, mother and daughter respectively, made a decision to enter into a joint venture together. Each person had been a temporary employee, and together they thought a temporary service agency in their home town would be a profitable firm. Office Services became a reality. After three years of profitable operations, Paula, realized their
hard work wasn't being rewarded by high enough profits. She made contact with Northern Illinois University's Small Business Institute. The University sent a student team of two members, Jeff Goldberg and Brian Helmer, to assist Paula in managing Office Services.

The team, with the help of faculty advisors, discovered six main problems with Office Services. First, there was no formal organization of management powers. Paula and Wendy fought about all major decisions resulting in no decision at all. Second, Office Services had no goals or a focus in which to work towards. The firm operated day by day without any planning for the future. Third, Office Services didn't select which customers to pursue, and which ones to let fade away. "We need every sale we can get," was the attitude of the firm. This resulted in overstretching the limits of the company and its employees. Fourth, the pricing structure didn't allow for increased profits as the rates went up, thus reducing the amount of profit earned. Fifth, the gross sales levels were dropping. Sixth, and last of all, recruitment of new employees was slow to nonexistent. These problems were presented to Paula by the student team along with proposed solutions.

The solutions are summarized in Figure III (See Summary of Recommendations). The main problem was the way the management was organized. By implementing the new management hierarchy, Office Services can more effectively work on the other five problems. Also, since the new organization was installed, organization of company goals is helping to alleviate the problem of a
lack of direction or focus. Target markets are beginning to be specified and a new pricing formula will be developed. Finally, a new recruitment policy will help to increase the temporary employee force. As a result of moving to a management hierarchy, one person can devote time to finding, hiring, and training new employees.

Office Services has demonstrated the potential for generating large profits. The people in key management positions, especially Paula, the General Manager, are beginning to get a firm grip on where the company should be headed. Office Services is planning on following the guidelines presented in this report. The ten week tenure of the student team provided Paula with advice on how to improve Office Services, while giving the student the chance to experience the non-academic business world.

Conclusion

Office Services was found to have a good profit producing capacity. By reorganizing the management, establishing goals, developing target markets, revising the pricing schedule, creating an advertising strategy, and establishing a recruiting policy, Office Services can capitalize on their highly profitable potential.
Appendix: Office Services' Customer Survey

A survey was developed for a few reasons. First of all, it was developed as an inexpensive way to get Office Services' name around the county. By providing the recipient of the survey with supporting materials such as a flyer, Office Services will be able to increase their name recognition. Second, a preliminary sense for what sort of market exists was another goal for the survey. A couple of simple questions could provide enough information to specify a precise target market. Lastly, an attempt to find out what the market will bear in terms of pricing was made. The survey was designed to be small, yet complete. Each portion of the survey will be discussed in minor detail.

In order to encourage recipients to fill out and return the survey, a free hour of service is promised. This statement appears first and foremost at the top of the page. Not only is attention attracted to the free hour of service message, but Office Services' name appears in bold directly below it. It was our attempt to immediately let the recipient know why they should be filling out the survey. Furthermore, it presented an elegant way of mentioning Office Services without it seeming like an advertisement.

Next, since Office Services is developing a Personnel Coordinator position with the responsibility of attracting new clients, an accurate record of mailing addresses and contacts is important. For this reason, the company information is requested first. Those companies returning the survey can be placed in a list of highly qualified prospects for the Personnel Coordinator.
to pursue.

In order to speed up the process of filling out the survey, yes or no questions were used. These questions provide Office Services with a simple profile of the prospective clients. By using this information, Paula can aim at specific target markets and develop advertising strategies.

Question four is the only question referring to prices. It was a goal of the survey to find some sense of what the clients think are reasonable rates. This will give Paula an idea of the correctness of the current pricing formula, and if necessary, help to determine a new one.

This survey isn't intended to be a primary advertising or market research tool. However, it is designed to gather specific information and generate a list of possible new clients. At present, the survey results are not available. An original copy of the survey is attached at the end of this report. The white space in the first paragraph is the location of the actual name of the firm. This name was replaced by the alias, Office Services.

Usage of Results

The results of the survey can be used in two ways. Most of the questions seek to discover the possibility of expanding Office Services' client base. The respondents can be classified into three groups; those that have used both services offered, those who have only used one, and those who have never used
Office Services before. In the first case, even though the recipient of the survey has used both services, further advantages can be gained. This type of customer may serve to be a model on which to base a target market. Furthermore, this customer could yield valuable information into determining a new pricing formula, as explained in the next topic discussion. The next type of respondent, a customer who has used only one service, can be a valuable lead into the other service. For example, if a customer uses the temporary agency on a regular basis, they may not know about the secretarial service. By bringing this to their attention, a new client can be gained. Lastly, if a survey is returned by a firm, which has never used Office Services before, an interest is shown. This type of customer should be added to a special list of highly qualified prospects. The Personnel Coordinator should concentrate efforts on recruiting these companies, as well as those in the previous case. Also, because these firms are unfamiliar with Office Services' prices, their responses to the question on expected prices provide an excellent source for determining a new price formula. The first main goal of analyzing the survey results, regardless of what type of firm returns it, is to establish a specific target market. By examining the types of firms returning the survey in the area of geographic location, expected price range, and miscellaneous company information (from Chamber of Commerce), average characteristics can be determined. This average should be developed into a detailed definition of the type of customer Office Services should attempt to attract, a target market.

The other goal of the survey, which is secondary, is to form
a base for setting new prices. Three different job classification for temporary services are receptionist, secretary, and word processor. Taking an average of the expected prices respondents reported in each different job classification, will give a figure that can be compared with Office Services' current prices. If the average is substantially higher than the current prices, Office Services should be able to raise prices to a level the market would still bear. However, if the average price is equal, or below, the current price, Office Services must create an image that temporary service is more valuable than the respondent firms think. Either way, this survey is not conclusive in itself. Further research may be needed.

By analyzing the survey, Office Services can gain insight into what their target market is, or what it should be. After this, advertising efforts should be aimed at that specific type of customer. Furthermore, once the average price reported is determined, Office Services may have a foundation for changing their price structure. Both resulting actions will serve to increase the productivity and profitability of Office Services.