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Survey Masters LLC Thecasesolutions.com

Survey Masters was founded as a partnership company early in 2004 by Natalie Patel and Carlos Lopez. It is a marketing research survey consultancy firm in Boston area. After two years operating, the company now has ten professionals, and earned \$3 million revenues with \$600,000 income in 2006.

Survey Masters offers specialized surveys to companies with no internal marketing research staffs in manufacturing, retailing, and consulting industries. Survey Masters designed a three-phase process in conducting surveys for clients.

- Survey proposal and design
- Data collection
- Analysis and report preparation

Outline Thecasesolutions.com

- Marketing research survey process and its related overhead cost
- Determine profitability on small and large project for future efforts selection
- Cost analysis using cost allocation with salary cost driver and activity based costing (ABC)
- Determine strategic plan based on the cost and resource allocation
- Present the Business Decision

The Marketing Research Survey Process Thecasesolutions.com



Conclusion Thecasesolutions.com

Relationship between project size and project profitability

Project size (in thousands of dollars)

Project profitability (in thousands of dollars)

Project size (in thousands of dollars)

Project profitability (in thousands of dollars)

Activity-Based Costing Method

Activity	Cost Driver	Cost Rate
Survey design	Number of hours	\$100 per hour
Data collection	Number of calls	\$50 per call
Analysis and report preparation	Number of hours	\$150 per hour

Long-term vs Short-term strategic plan

Short-term: When the profit margin for smaller projects is low, then the long-term strategic plan should be implemented. Survey Masters is a small and start-up company, so it is important to implement the long-term strategic plan. The company is in the early stage of its business, so it is important to implement the long-term strategic plan.

Long-term: Survey Masters needs to implement a long-term strategic plan. The company is in the early stage of its business, so it is important to implement the long-term strategic plan. The company is in the early stage of its business, so it is important to implement the long-term strategic plan.

Forecast future income

Year	Revenue	Cost	Profit
2004	\$1,000,000	\$600,000	\$400,000
2005	\$1,200,000	\$720,000	\$480,000
2006	\$1,500,000	\$900,000	\$600,000

Cost analysis with salary as the cost driver

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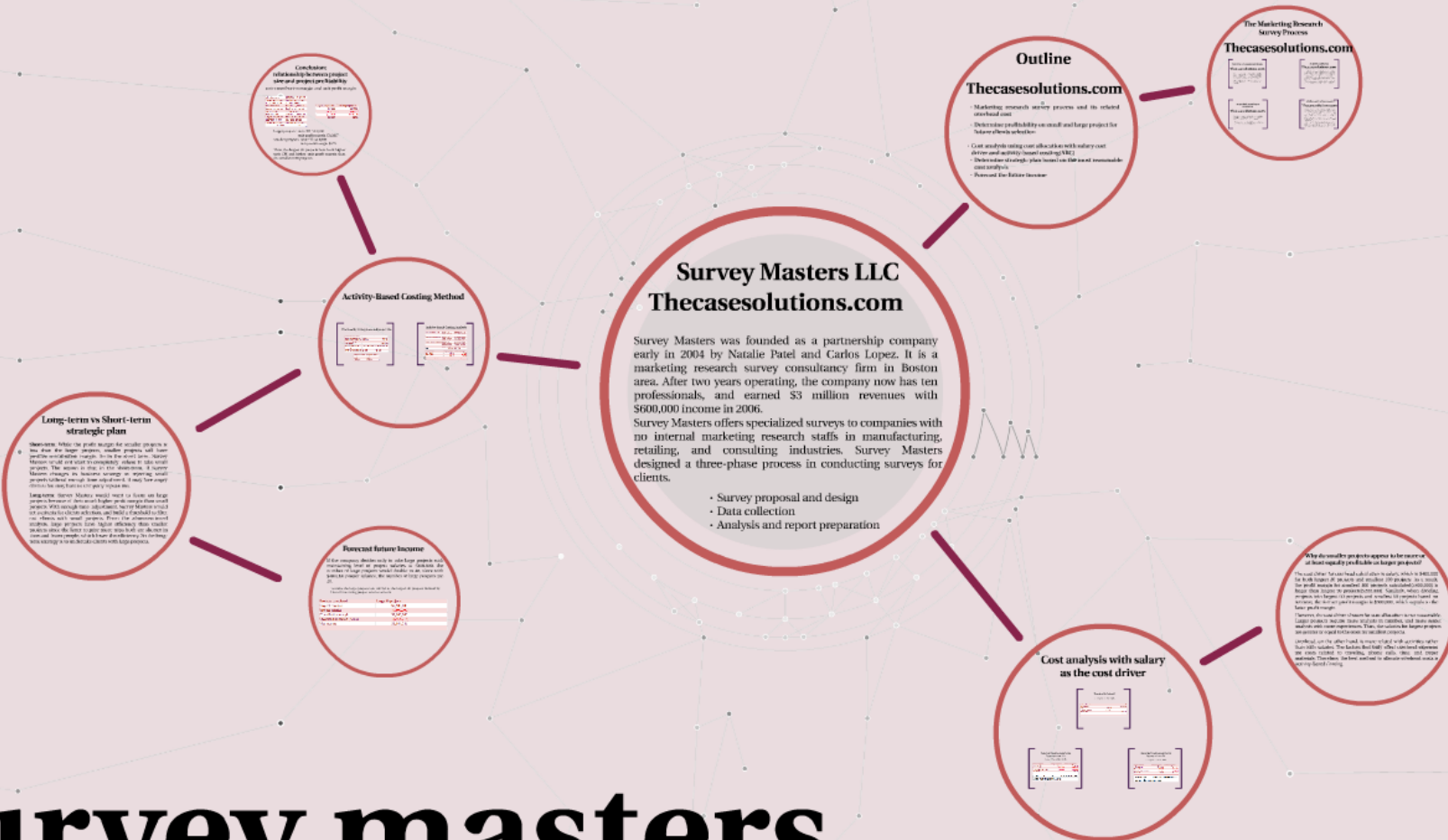
Why do smaller projects appear to be more profitable than larger projects?

The reason for this is that smaller projects have a higher profit margin. This is because the fixed costs are spread over a smaller number of units. For example, if the fixed costs are \$100,000 and the variable costs are \$50,000, then the profit margin for a project with 1,000 units is 50%, while the profit margin for a project with 2,000 units is 33%.

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Outline

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- Marketing research survey process and its related overhead cost
- Determine profitability on small and large project for future clients selection
- Cost analysis using cost allocation with salary cost driver and activity-based costing(ABC)
- Determine strategic plan based on the most reasonable cost analysis
- Forecast the future income

The Marketing Research Survey Process

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Step 1: Survey proposal and design

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Clients request services or Survey Masters identify potential clients through customer preferences. Professionals need to travel to client's location to study needs and information to perfect the survey design.

The associate costs are the professional's salaries and overhead expenses related to the trips to customers' companies.

Step2: Data collection

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After the design process, the survey needs to ask questions about the product and the market, including demand, pricing, product design, distribution channels, and delivery system. Telephone surveys are commonly used, sometimes combined with in person visits. Much of the data collection is done by temporary workers hired specifically for this process, with \$10 hourly wage.

The associate costs are temporary labors wage and overhead expenses related to data collection such as phone calls etc

Step 3: Analysis and report preparation

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Data are analyzed using various statistical and analytical techniques, and a final report are prepared and presented to the clients that have contracted for the survey.

The associate costs are professionals salaries and overhead expenses during the preparation process.

Small projects or large projects?

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The size of the projects varies in business. Small projects are done quickly, but bring less revenue per project(\$14,167 to \$15,000). Larger projects require several weeks to design, collect information, and prepared the final analysis and report, but bring more revenue per project(\$32,500 to \$65,000).

Now taking salaries and overhead into consideration, we need to determine the contribution margin and profit for smaller and larger projects.

Profit margin=Contribution margin-allocated capacity costs

For future long-term strategic plan, Survey Masters would want to focus its business on the more profitable ones.

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