

The Business Basics Matter – are departments within one organization working toward a common goal?

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Abstract

Coordination and communications among the departments of an organization are essential. Yet some companies continue to struggle with this basic need. This case is based on a true occurrence although the names have been obscured.

Keywords: business processes, coordination, customer expectations

1. Introduction

George Fielder sat in his office and pondered a recent email he had received from a customer. It had been forwarded from Ben Callahan, the head of the customer service department, with a note that he might find it interesting. The email is provided in Figure 1.

George was the owner of a company that sold personal protection devices. He had started the company several years ago, following his invention of an innovative product. George had worked in personal security for many years and recognized the value of individuals being able to protect themselves in dangerous situations. He also realized that some of his clients were not comfortable with the idea of lethal self-protection. They could not envision using a firearm for self-protection. So, after researching available products in the marketplace, George invented a non-lethal, long-range device that fired an incapacitating repellent. This repellent was stronger than available pepper sprays and would cause eye and face irritation to an attacker. This device could be used from a distance of 8 to 15 feet, so it would help individuals avoid close contact danger.

George had started selling his product at trade and gun shows and contracted out the production of the necessary parts for his product. He then assembled and tested each unit produced, with a non-irritating liquid substance, to ensure performance. Once each product was tested, he would place the chemical irritant into the product before selling it. His product was well-received, and demand was much higher than anticipated.

George next debuted his product at a large, national trade show focused on personal protection devices. He then began to get requests from potential customers beyond his geographic selling region. Due to the nature of the product, George needed to do research to determine those states in which he could sell his product, and those where it was potentially prohibited. After the necessary research and legal clarifications, George proceeded to launch his product more broadly within the US.

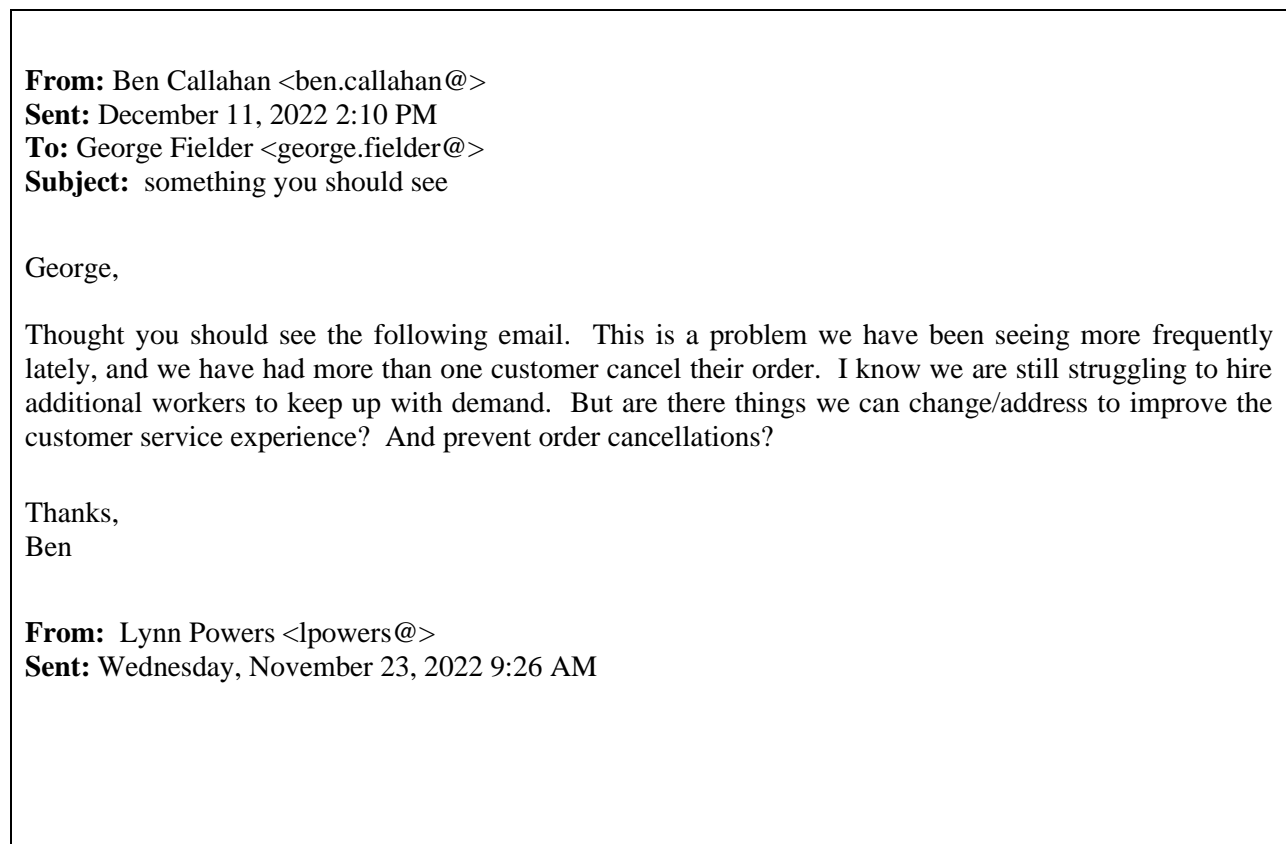
The product launch was aided by several factors. The Covid 19 pandemic impacted many communities in the US. Retail stores and self-defense training centers were often closed. Numerous manufacturing organizations were producing fewer self-protection products. There was also a significant increase in many crimes in recent years. Lopez (09/22/2022) noted that in the US, “thefts and robberies in major cities increased by around 20 percent in the first half of 2022” (p. 2). Contreras (09/10/2022) also noted that in the US, “Compared to 2019 midyear figures, the same cities in total have experienced a 50% increase in homicides and a roughly 36% increase in aggravated assaults.” (p. 2). In the US, there were also changes in public opinions, leading to efforts to defund the police in some locations (Westwood 12/24/0222), combined with changes in the criminal justice system such as reduced sentences (Westwood 12/24/2022). Many of these factors had a positive impact on requests for information about George’s product.

The non-lethal self-defense market has strong projected growth for the next several years. According to Acumen Research and Consulting, the 2021 global self-defense products market was valued at 2.874 billion USD. By 2030, it may be worth as much as 4.519 billion USD. Acumen research projects a 5.4% compound annual growth rate for these products, fueled by increased community crime and violence against women (p. 2).

Faced with this growing demand, George has sought to expand his business. He has taken over much of the manufacturing requirements, and his workers still handle the necessary assembly operations. But he has struggled to hire additional employees. A speech by US Federal Reserve Chair Jerome Powell noted that “there are now about 3.5 million fewer people who either have a job or are looking for one compared with pre-pandemic trends.” (p. 4). Further, this trend may continue well into 2023, according to a recent Fortune article (Rugaber and the Associated Press, 12/12/2022).

George returned to his study of the email recently received from a customer. It was not uncommon for George’s business to receive emails from his customers or others. Some letters praised his product, some protested it, while some wanted additional information or to check on a shipment. George wondered why this particular email had been flagged for his attention, and began to read:

Figure 1. E-mail from a customer



To: Ben Callahan <ben.callahan@>

Subject: my recent order #AO541162022

Hello,

I recently ordered your non-lethal self-protection product with the chemical irritant. While I did eventually receive the product, and am satisfied with the product, I cannot say the same for the ordering and fulfillment processes. I wanted to share my experience with you in the hopes that it may provide some insight.

I first learned of your product from an advertisement on a radio show in June 2022. I had not been looking for such a product, but I was intrigued by what I heard. So, I did some online research. I read about your product and looked at the provided videos and customer comments from your website. I also researched competitor products and potential local sources for similar personal protection devices to compare product features, prices, etc. Ultimately, I decided to place an order. By the time I was ready to order, the item was listed as out of stock on your website. Since many companies were experiencing supply chain and pandemic-related problems at that time, I understood. I found myself checking the website every 3-4 weeks, until it was listed in stock. The following sequence of events then took place:

September 9: Order placed by customer via website. Email immediately received confirming order. Email begins with the statement “we’re getting your order ready to be shipped.”

September 10: Credit card charged for \$210.45

September 10: Email received recommending the available training videos for the product.

September 13: Email received recommending the creation of an account with the package delivery company, since the shipment would require a signature.

September 20: Email received advising that the product should be registered upon receipt.

September 24: I called your customer support number to inquire about the order. I was told by Keith that there had been some delays in receiving materials and that quality problems had delayed production. I was told he would move my order to the top of the list, and it would go out that day.

September 29: Still no confirmation email regarding shipment of the product. Since I had been charged for the product several weeks ago and it had not shipped on the 24th as promised, I sent an email cancelling the order. I also called and left a message, with the order number, requesting cancellation of the order and a refund of the charges.

September 29 (4 hours after the earlier email was sent): a confirmation email of product shipment was received.

October 8: A marketing email was received highlighting several accessory products that were now available for sale. In small print at the very bottom of the email was the following statement “Please allow up to 14 business days for shipment.”

2. Case Discussion/Assignment Questions

1. What problems are facing George's company? Think about external as well as internal problems facing the organization.
2. How would you describe a typical customer for this industry or business?
3. Do you think the current business processes are helping the company? What might George and the departmental managers consider changing? Leaving as is? What would be the intended impact of the changes? What would be required to implement these changes?

4. References for the case:

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4. Teaching notes:

1. George's company seems to be facing a few problems. First, there are several external problems facing the organization. The company has seen tremendous market growth, and the shortage of available workers has exacerbated the difficulties. If additional employees could be hired, they could support greater production levels and more timely shipping. While there may still be hurdles to overcome in terms of material acquisition and general global supply chain problems, they will be better prepared when suppliers can provide additional quantities of materials.

There are also a number of possible internal problems the organization could focus on. A second problem may indicate issues with the inventory management system. If the website shows products in stock, they should be immediately available for shipment. It does not benefit the company to indicate availability when it may take several weeks to actually produce and ship the product. Customers understand a product being out of stock. Or the website could allow customers to request an email notification when the product is in stock. Allowing the placement of an order for a backordered item, without informing the customer of its backordered status, will cause consumer frustration.

Additional internal processes should also be modified. The confirmation email should indicate the typical shipping time may be 2-3 weeks. Informing customers of this fact after the 2-3 weeks has passed is not beneficial. Further, there are many online retailers that ship fairly quickly. In the US, Amazon often has 1 or 2 day shipping up to possibly 7 days. Similarly, Walmart advertises 3 day shipping for many of its products. So, in the US, this 14 business day interval is likely outside of the expectations of many consumers. If customers understood a delay is likely, it would enhance the customer relationship management process. Further, many online retailers charge the credit card when the item ships, not when the order is placed. Since many customers are likely single-time purchasers, not repeat customers, there could be some concerns about a company that charges immediately without the intention to also ship quickly.

2. Typical US customers are likely individuals concerned with personal protection. Most likely, this industry sees single purchases from individual consumers, as opposed to a repeat purchase (once a week, once a month, etc.).

US Law Enforcement departments may be purchasing these products as well. The Acumen Research report claims the "widespread use of non-lethal self-defense devices as the first line of defense by law enforcement officers and security officers around the world is propelling the industry forward. Non-lethal weapons are employed to slow down attackers and allow time to take appropriate action without causing any casualties." (p. 3). They may also choose to acquire individual personal protection devices for a family member or loved one. Law Enforcement personnel may result in more frequent product replenishment, thereby making them of higher importance as customers.

3. The current business processes do not seem to be helping the company. By sending several emails prior to the product shipping, it calls attention to the delay. George and his managers should determine if these emails are automated, and consider adjusting the timing and the content of each missive. If the emails are automated, perhaps they could be sent within the 2-3 days directly before shipment? This would provide the necessary alerts to the customer and allow them to plan accordingly to receive the shipment. It may also drive additional traffic to the company website so the consumer can review the training materials closer to the time they are needed. And additional visits to the website may prompt additional purchases or products and/or accessories. This change should not require significant resources from the organization.

The organization should implement a policy so that customers will be charged upon shipment of their order, not when the order is placed. That might help alleviate concerns regarding shipment delays and the possibility of consumer fraud. It might also address concerns that the company may not deliver the product or is suffering from cash flow issues. If the organization is concerned about charges not going through several weeks after the order transaction, it can place it as a hold (pending charge) on the customer credit card until product shipment. This change should also not require significant resources from the organization.