

# Dark Springs

Dark Springs specializes in delivering bottled water to various organizations. Two sisters started the company and over 5 years it has grown to 25 full-time employees and a fleet of delivery vans. The company buys equipment and bottles to which it adds its logo. Water is purchased from a separate company that owns a private well; it also has a bottling plant to fill the smaller bottles.

Dark Springs is primarily concerned about making sure the customers never run out of water and using them as referrals to gain new business. Salespeople generally visit the larger customers with several locations for water coolers and recommend various products. They often handle smaller businesses over the phone. In both cases, salespeople have been using paper-based order pads to take orders. Each new customer is added to an existing delivery route. About once a month, the delivery manager evaluates the current schedules and reorganizes the delivery routes if needed.

## SALES AND CONTRACTS

Customers generally sign a one-year contract for delivery of bottled water. The salesperson estimates the weekly usage of water and schedules deliveries of large bottles for water coolers. Some customers also purchase smaller bottles of water for use at special functions. When the delivery persons drop off the large bottles, they also sell these smaller bottles or take orders for delivery at a future date. When contracting for delivery of the larger bottles, each customer generally rents a water cooler. Dark Springs typically includes the rental of the cooler in the price of the delivery service so there are no additional charges. However, to avoid issues over ownership, the company asks for a deposit on the water cooler, which it returns to a customer who stops service and returns the cooler. For some large contracts, this deposit is reduced or waived at the discretion of the salesperson. The salesperson uses information from the customer (number of employees and so on) to estimate the initial monthly usage and schedule enough deliveries. This number is also used as an estimate of the monthly costs to the customer. As indicated in Figure 1, a few items can be sold directly to the customer—such as cups or holders.

To record sales and to help the delivery manager, each delivery person carries a notebook with special pages to record all deliveries and sales (as shown in Figure 2). Recording the time of the delivery enables the delivery manager to adjust drivers' schedules as new customers are added. Comments from the customer and the delivery person are forwarded to the delivery manager and sales manager to solve problems and help with strategies. Customers can also call in special requests, which are passed directly to the drivers for delivery. This process is particularly important for new customers for whom Dark Springs does not yet have a solid estimate of usage rates.

## BILLING

Drivers do not handle billing or payments. Instead, bills are sent monthly and the accounting staff records payments. Customers whose accounts are not paid on time are charged a late fee that is a percentage of the outstanding bill (usually 10% per month). To encourage customers to refer additional contacts, Dark Springs rewards

Sales Contract					Date		
					Service Start Date		
Customer Name					Sales Employee		
Contact Name					Name		
Phone					Phone		
Billing Address				Service Address			
City, State ZIP				City, State ZIP			
Room	Location	Item	Description	Est. Frequency	Deposit	Initial Charge	
				Total	Total	Total	
				Est. Monthly Cost			
Total Due Now							
Method of Payment							
Referred by							

customers with a \$25 discount for every new customer they refer. This amount is recorded on the monthly bill. As shown in Figure 3, the bill consolidates all of the locations for one customer. The basic bill includes the monthly fee, which covers delivery costs, and charges for any additional items purchased. The monthly fee is set by executive management and depends largely on the customer's location and the size of the standard delivery. The individual items (cups, small bottles of water, and so on) have an established fee, but Dark Springs occasionally runs discount offers, and drivers are authorized to discount items under certain conditions. Note that for new customers, the monthly bill is prorated by the number of days of service (as a percent of 30 days). So if a client begins service on the 15th of the month, the client is billed only half the monthly fee.

Delivery Service			Date	
Route #	Vehicle #			
Employee Name	Title	CDL		
Customer	Location	Item	Quantity Delivered	
Time Arrived				
Time Departed		Item	Qty. Pickup Partial	Empty Full
Customer comments (service, competition, etc.)				
Driver comments (traffic, weather, etc.)				

FIGURE 3

Dark Springs Billing							
Customer Account ID				For questions, contact			
Contact				Account Representative			
Address				Phone			
City, State ZIP				Fax			
				E-Mail			
Service from _____ to _____							
Location	Monthly Fee	ItemID	Qty	Description	Price	Discount	Total
Total				Total			
Number of Referrals				Total charges			
				Discount			
				Tax			
				Amount Due			
				Past Due			
				Late fee			
				Total Bill			
				Date Due			

When customers mention potential clients, the delivery person records the basic information on the simple form in Figure 4 and submits it to the marketing manager. If the potential client becomes a customer, the referring customer is rewarded with

FIGURE 4

Leads	
Date	
Employee	
Customer	
Company	
Location	
Employee Name	
Contact Name	
Person	
Phone	
Type of Client	
Small business	
<input type="checkbox"/> Service organization	
<input type="checkbox"/> Department in same company	
<input type="checkbox"/> Department in new company	
<input type="checkbox"/> Large corporation	
Comments	

FIGURE 5

Employee Evaluation						
Evaluation Date						
Manager						
Employee		Taxpayer ID		Date Hired		
Home Phone						
Address						
City, State, ZIP						
Week	# Deliveries	Eval.	Sales	Eval.	# Leads	Eval.
Totals						
Evaluation Weights						
Total Evaluation						
Comments						

a discount. The delivery people are expected to generate leads as part of their job assignments and the number of leads they submit is factored into their annual evaluations.

#### EMPLOYEE EVALUATION REPORTS

The delivery manager fills out a report every month on the status of each driver. As shown in Figure 5, the report details the number of deliveries and the number of leads generated by that driver each week. The manager then records weekly evaluation numbers for each employee related to the number of deliveries, the amount of additional sales, and the number of leads. These numbers are somewhat subjective and take into account the difficulty and distance of the route. The three evaluations are averaged over the month and weighted by a set of numbers applied to all delivery employees. The total is used to assess promotions and bonuses, as well as to identify employees who need additional training.

Evaluations must be stored for at least three years after an employee leaves. Once a year, managers also review the overall evaluations to check for nondiscrimination. For example, averages are listed based on gender, race, and age. This evaluation step is generally done with individual queries, but the managers would really prefer to have at least an OLAP/Crosstab/Pivot table system to help analyze the data.

#### EXERCISES

1. Create the feasibility study (initial proposal).
2. Create a list of all of the forms and reports that the company might use.
3. Create a normalized list of tables for each form and report.