

Chapter 10

Business Research

and Report Writing

Learning Objectives

1

Distinguish between formal and informal reports.

2

Identify the types of informal reports.

3

Identify and use the five steps for conducting research.

4

Describe the components of a formal report.

5

List the advantages of correct report formatting.

6

Write formal and informal reports.

LET'S TALK BUSINESS

One of my most critical roles as a consultant in a national accounting and consulting firm is to communicate highly technical issues and concepts to clients in a manner they can understand and use to improve their business processes. Our “deliverable,” or means of communicating this information, is normally a written report. This report serves as a reference source for the client long after our oral presentation of the findings has passed.

One risk we are careful to avoid is losing our audience’s attention by burying our major points amid several pages of technical references. Therefore, our firm has adopted standards for language, format, and writing style that succinctly and accurately convey our message. High-level executives are usually very interested in getting to the “bottom line” without wading through voluminous details. Most clients prefer an executive summary at the beginning of the report. In it, we highlight our understanding of the situation, the problem we are solving, our planned engagement activities, our findings, and our recommendations. The remainder of the report contains the detailed analysis enabling the reader to gain more insight into any of the summary points presented early in the report. Flowcharts, tables, charts, and other graphical means are essential in meeting our reporting standards.

Written communication skills are a very important selection criterion for new consultants hired into our firm and are a key component of our employee performance appraisal process.

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Research and report writing are common activities in business. They can be used to develop procedures, to test products, to explore markets, or to gather opinions. The results of research may be reported orally or in writing, informally or formally, to internal or external audiences.

Regardless of their purpose or destination, reports must be based on thorough, accurate, ethical research. As Timothy Peterson notes in this chapter's Let's Talk Business feature, knowing your audience, applying the principles of business communication, and selecting an appropriate format are also important to preparing understandable, usable reports. This chapter, which builds on the communication basics introduced in earlier chapters, is devoted to discussing research techniques and report writing, including formatting. Techniques for making effective oral presentations are discussed in Chapter 15. Because visual aids may be used in both oral and written communication, that topic is covered separately, in Chapter 12.

NOTE 10.1

Research has many uses in business.

Report Types and Characteristics

Written reports vary from short, informal reports to long, formal reports. The language can vary from conversational, first-person language to highly structured, third-person language. This section provides a brief introduction to informal and formal reports; each type is then discussed individually.

Informal reports are generally brief. They can consist of a body and a title page or a body only; informal reports often are formatted as memos or letters. **Memo reports** communicate information to individuals within an organization. This style is used primarily for reporting routine information concerning day-to-day operations or to provide a written record. **Letter reports** use a letter format to present information and make recommendations to individuals outside an organization; a subject line may be used to identify the topic of the report. When formatted as correspondence, informal reports may contain side headings to guide the reader from topic to topic. This type of report rarely contains graphic aids and seldom draws on material from secondary sources. Informal reports are usually written in the first person (I recommend that . . .).

A **formal report** may consist of all or some of the following parts: title page, authorization message, transmittal message, table of contents, list of illustrations, abstract, body, glossary, appendix, and bibliography or reference list. The body of the report will span several pages and include multiple levels of headings. Content could be drawn from primary and/or secondary sources. Visual aids help readers interpret information presented as text. Formal reports are usually written in the third person (It is recommended that . . .). Recent trends, however, suggest that informality is becoming more acceptable in formal reports. The degree of formality is based on the culture of the organization and is determined after the report originator has analyzed the receiver(s).

LO 1

Distinguish between formal and informal reports.

NOTE 10.2

Informal reports are shorter and less structured than formal reports.

Informal Written Reports

In business, the informal report is used much more frequently than the formal report. There are many different types of informal reports; three of the most common—progress, periodic, and technical—are discussed in the following sections.

LO 2

Identify the types of informal reports.

Some informal reports may fall into more than one of these categories. For example, a report could be classified as technical and periodic.

PROGRESS REPORTS

NOTE 10.3

A **progress report** is an update on significant events and changes affecting a project.

A **progress report** (also called a *status report*) is used to inform readers about the status of a particular project. A progress report that flows upward within the organization assists managers in monitoring and making decisions about a project; one that flows downward or horizontally keeps participants or other interested persons informed. The report should inform the reader about the work that has been accomplished, the work that is being done currently, and the work that is scheduled to be done in the next reporting period. Any significant progress or problem(s) should be discussed in the report. The frequency of the reports will depend on the type or nature of the project being discussed. An example of a progress report in memo form is shown in Figure 10.1.

PERIODIC REPORTS

A **periodic report** provides managers with updated information at regularly scheduled intervals. These intervals may be daily, weekly, monthly, quarterly, or annually. Periodic reports follow no set format; many organizations use preprinted forms. A form used to indicate the security status of facilities is shown in Figure 10.2.

FIGURE 10.1
Progress Report

SANBORG MANUFACTURING																																																																				
835 West Lake Road Sparks, GA 31647-0137			Telephone (478) 555-3340 Fax (478) 555-3350																																																																	
DATE:	May 16, 200-																																																																			
TO:	All Employees																																																																			
FROM:	Matt Prima, Community Campaign Coordinator <i>MP</i>																																																																			
SUBJECT:	Campaign Update																																																																			
<p>Thanks to the generosity of Sanborg's employees, nearly \$20,000 has been contributed during the first month of this year's Community Campaign. As shown in the following table, we are ahead of last year's totals and well on our way to achieving our \$35,000 goal.</p> <table border="1"> <thead> <tr> <th rowspan="2">Department</th> <th colspan="3">Last Year</th> <th colspan="3">This Year</th> </tr> <tr> <th>Donor #</th> <th>Donor %</th> <th>\$</th> <th>Donor #</th> <th>Donor %</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Accounting</td> <td>10</td> <td>56</td> <td>1,175</td> <td>11</td> <td>65</td> <td>1,230</td> </tr> <tr> <td>Administration</td> <td>31</td> <td>65</td> <td>3,565</td> <td>30</td> <td>64</td> <td>3,685</td> </tr> <tr> <td>IS</td> <td>7</td> <td>78</td> <td>700</td> <td>9</td> <td>73</td> <td>1,040</td> </tr> <tr> <td>Maintenance</td> <td>21</td> <td>58</td> <td>525</td> <td>24</td> <td>53</td> <td>860</td> </tr> <tr> <td>Marketing</td> <td>19</td> <td>46</td> <td>3,180</td> <td>33</td> <td>57</td> <td>4,020</td> </tr> <tr> <td>Production</td> <td>115</td> <td>83</td> <td>8,625</td> <td>106</td> <td>83</td> <td>8,125</td> </tr> <tr> <td>R&D</td> <td>17</td> <td>93</td> <td>1,020</td> <td>14</td> <td>78</td> <td>935</td> </tr> </tbody> </table> <p>The campaign ends June 15, so please return your pledge form soon. If you've misplaced your form, phone Joan Ruprecht at 3367.</p>							Department	Last Year			This Year			Donor #	Donor %	\$	Donor #	Donor %	\$	Accounting	10	56	1,175	11	65	1,230	Administration	31	65	3,565	30	64	3,685	IS	7	78	700	9	73	1,040	Maintenance	21	58	525	24	53	860	Marketing	19	46	3,180	33	57	4,020	Production	115	83	8,625	106	83	8,125	R&D	17	93	1,020	14	78	935
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DAILY SECURITY CHECK OF FACILITIES		
<i>FAIRCHILD, INC.</i>		
FACILITY	TIME	RESULTS
Conference Room		
Dining Area		
Human Resources		
Accounting		
Purchasing		
Advertising		
Laboratory		
Assembly Room		
Warehouse #1		
Warehouse #2		
Warehouse #3		
Parking Lot		
OFFICER'S NAME		
OFFICER'S ID NO.		
DATE		
OTHER INFO.		

FIGURE 10.2

Periodic Report

TECHNICAL REPORTS

A **technical report** conveys specialized information. There are no standard formats or organizational plans for technical reports. However, organizations will often specify particular formats and plans to be used for internal technical reports. Standardized formats make it easy for readers to scan reports for information of particular interest to them. An example of a technical report in letter format is shown in Figure 10.3.

Technical terms need not be defined when a technical report is prepared for someone familiar with the terminology. If the reader does not have the appropriate expertise, however, technical words used in the report must be clarified. A good rule to follow is to remember the principles of business communication discussed in Chapter 4.

NOTE 10.4

Technical terms must be defined if they are likely to be misunderstood by the reader.

FIGURE 10.3
Technical Report

KTS
KIRKPATRICK TESTING SERVICE

3477 Ridgeway Road, Chicago, IL 60602-3109
Telephone (224) 555-4490 Fax (224) 555-7861

November 17, 200-

Bridgewater Advertising Company
316A Willow Building
567 Main Street
Carbondale, IL 62901

TESTING RESULTS

On November 10, technicians collected carpet dust samples from various locations in your office complex. Samples were sealed and delivered to our laboratory where they were examined.

Results

Sample No.	Location	CFU*/Gram	Primary Organisms
1A	Reception Area	590,000 CFU/gm	Cladosporium 90% Alternaria <10% Other <10%
2A	Weber's Office	700,000 CFU/gm	Cladosporium 90% Alternaria <10% Other <5%
3A	Jenkins' Office	800,000 CFU/gm	Cladosporium 86% Alternaria <10% Other <10%

*CFU=Colony Forming Units

Recommendations

Based on these results, we recommend that the carpet be removed and tile or wood flooring be installed. New flooring should reduce the allergy-like reactions you and your employees have been experiencing. If you have questions about the data or this recommendation, please phone.

K. P. Yuli

K. P. YULI
INDUSTRIAL HYGENIST

LO 3

Identify and use the five steps for conducting research.

NOTE 10.5

There is a common, overall approach for conducting business research.

Research Techniques

The systematic procedures used to conduct a business study are called **research methods**. Those who expect to pursue careers in any business field should know how to plan and conduct a research project.

The Steps in Conducting Research

The five steps in conducting research are

1. Plan the research.
2. Gather information.
3. Analyze the information.
4. Determine solution(s).
5. Write the report.

Plan the Research

Planning the research includes stating the problem, setting the boundaries, determining and analyzing the audience, and deciding on the research procedures to be followed.

STATING THE PROBLEM

The **statement of the problem** is a clear, accurate description of what is to be studied. Prior to finalizing the problem statement, managers or other key people might discuss what the research should accomplish or they might agree to conduct a preliminary investigation. Examining files, talking with employees, reading similar reports, speaking with vendors, or making inquiries are activities that could help the researcher(s) clarify what needs to be done. Here are examples of problem statements for studies:

- Determine the best advertising medium for our product.
- Design a new procedure for processing online orders.
- How can we improve employee morale?
- Should we purchase hybrid vehicles for our delivery fleet?

Notice that the first two examples are statements, and the last two examples are questions. Either form is appropriate.

NOTE 10.6

Problem statements can use either the statement or the question form.

SETTING THE BOUNDARIES

Research needs to have boundaries. The scope, time schedule, and budget affect the boundaries for the project.

NOTE 10.7

What factors will you research?

Scope. Once the problem has been defined, you will identify the factors to be examined. These factors are known as the **scope** of your research. Brainstorming and cluster diagramming can help you generate possible factors, evaluate them, and decide which are most important.

Brainstorming means listing or jotting ideas without evaluating or sequencing them. It is a stream-of-consciousness process that can be done alone or with a group and can be completed in various ways. If you are working alone, you could randomly list ideas you think you will include in your report. When working in a group, the person designated as recorder could write ideas on a flipchart and post the lists where all can see and react to them. After listing the ideas, review them to determine whether some should be added, deleted, or modified. The result is a list of factors about which you will gather information.

NOTE 10.8

Brainstorm alone or as part of a group.

NOTE 10.9

Cluster diagramming groups ideas as they are presented.

With **cluster diagramming**, ideas are grouped as they are introduced. The main idea is placed in the center, and the key concepts are placed in various locations around it. As ideas are generated, they are written near the key concept to which they relate. After all ideas have been recorded, they are reviewed. Duplicate ideas are deleted; new ideas are added. Finally, lines are drawn to connect related ideas. Each cluster of ideas becomes a section of the report. A partial cluster diagram showing factors for one of the problem statements given previously is presented in Figure 10.4. Each factor and subfactor could be divided further until all related ideas are included.

You could research many other factors relative to improving employee morale, and you might want to consider some of them later. However, a clear and reasonable scope must be defined for every research project.

NOTE 10.10

What time schedule will you follow?

Time Schedule. The person who assigns the project and the person who conducts the research should agree on a completion date. The schedule is set by working back from the report deadline. The **time schedule** should show the major steps in the research and report writing process and the anticipated completion date.

Figure 10.5 illustrates a time schedule known as a **Gantt chart**. As you view the chart, notice that several tasks can be worked on at the same time. For example, you can prepare mailing labels while a survey document is being printed. Time schedules should include enough detail for everyone associated with the project to understand exactly what is to be done and when.

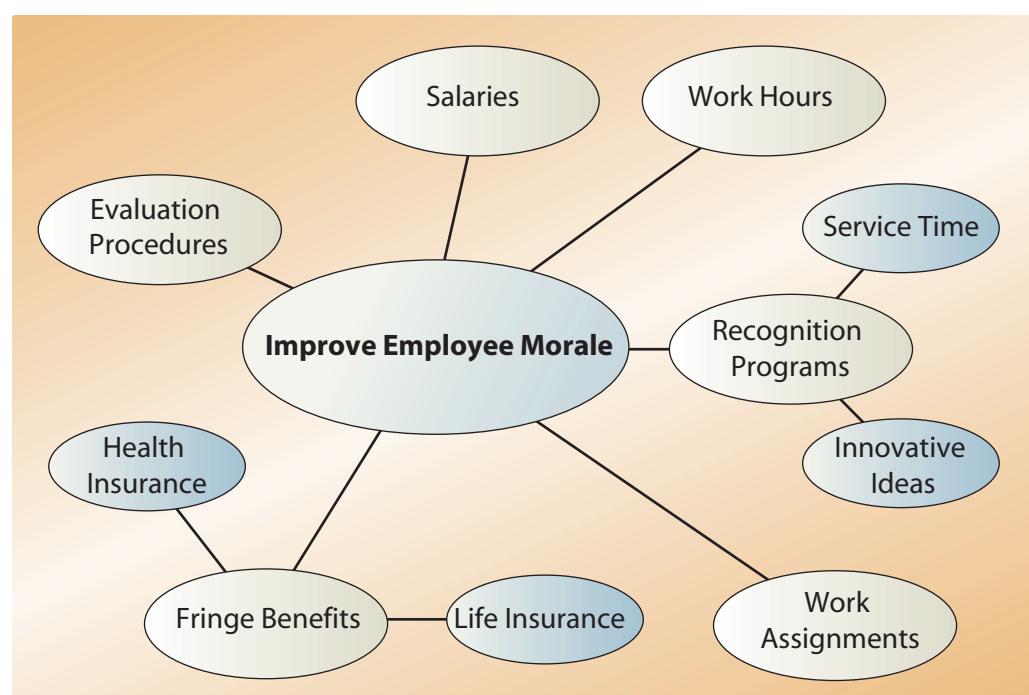
NOTE 10.11

How much will the research cost?

Budget. All studies cost money. Even studies that are conducted within an organization will have some costs above normal operating expenses.

A large organization may use a charge-back system to bill one department for having work done by another. For example, if you are conducting a survey for the

FIGURE 10.4
Cluster Diagram



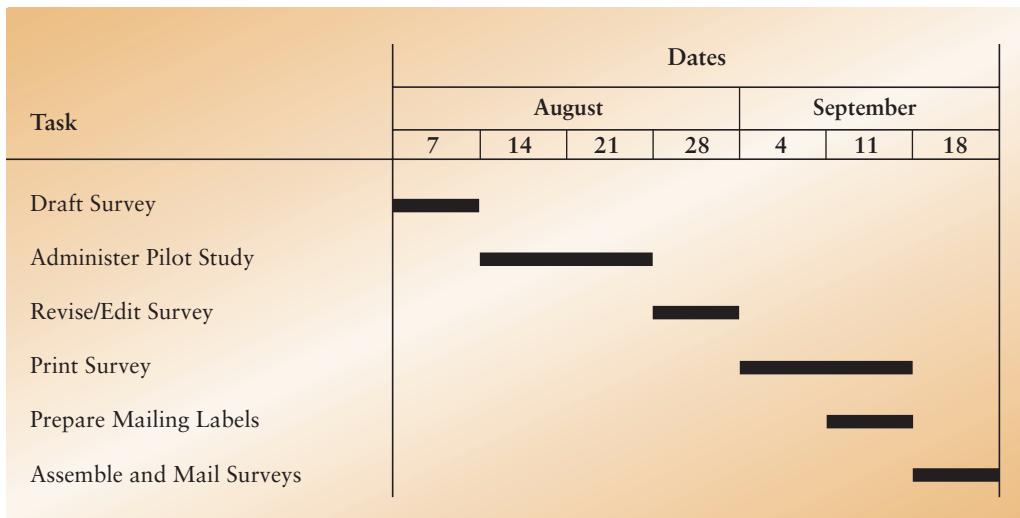


FIGURE 10.5
Gantt Chart

human resources department, the graphic arts department might charge your unit for printing a questionnaire and the final report. In addition, the information systems department might charge for processing survey results. Other research costs could be incurred for items such as personnel time, supplies, and postage. Estimate all costs and have the budget approved before work begins.

DETERMINING AND ANALYZING THE AUDIENCE

Effective communication depends on using the you–viewpoint in all written and oral messages. When a report will have primary and secondary readers, both should be analyzed. If, for example, you are a financial manager writing a report for which colleagues in the field are primary readers, you can use the technical language of finance because it will be understood by other financial managers. If members of the general management staff, members of the production management staff, general employees, or stockholders are secondary readers, you may want to define your terms the first time you use them or include a glossary.

NOTE 10.12
Analyze the primary and secondary receivers.

DECIDING ON THE RESEARCH PROCEDURES

Comprehensive research requires the project to be completed in a step-by-step sequence. The steps to be followed in completing the project are known as **research procedures**.

Deciding on procedures means determining exactly how to carry out each step. Although the procedures you select will vary from project to project, answering the following questions can guide your choices:

- What amounts of money and time are available to gather current data?
- Is useful information about the topic available in print or electronic form?
- Is sufficient information available within the company?
- Will surveying employees produce useful data?
- Are the computing resources necessary to collect and analyze data available?
- Will the report be prepared internally or externally?

NOTE 10.13
Outline the steps in the project.

When conducting research, you may want to seek the advice of one or more specialists. If, for example, you are going to use statistical procedures to analyze survey data, you could seek the assistance of a statistician. He or she can assist with sample

NOTE 10.14
Surveys must have validity and reliability.

selection and help ensure that your survey has validity and reliability. **Validity** means the survey measures what it is intended to measure; **reliability** means the survey is likely to produce consistent results.

Gather Information

NOTE 10.15

Information sources can be primary or secondary.

You may gather information from one or more sources. There are two types of information sources: secondary and primary. **Secondary sources** of information are published materials (electronic or print) on the topic. **Primary sources** include individuals, company files, observations, and experiments.

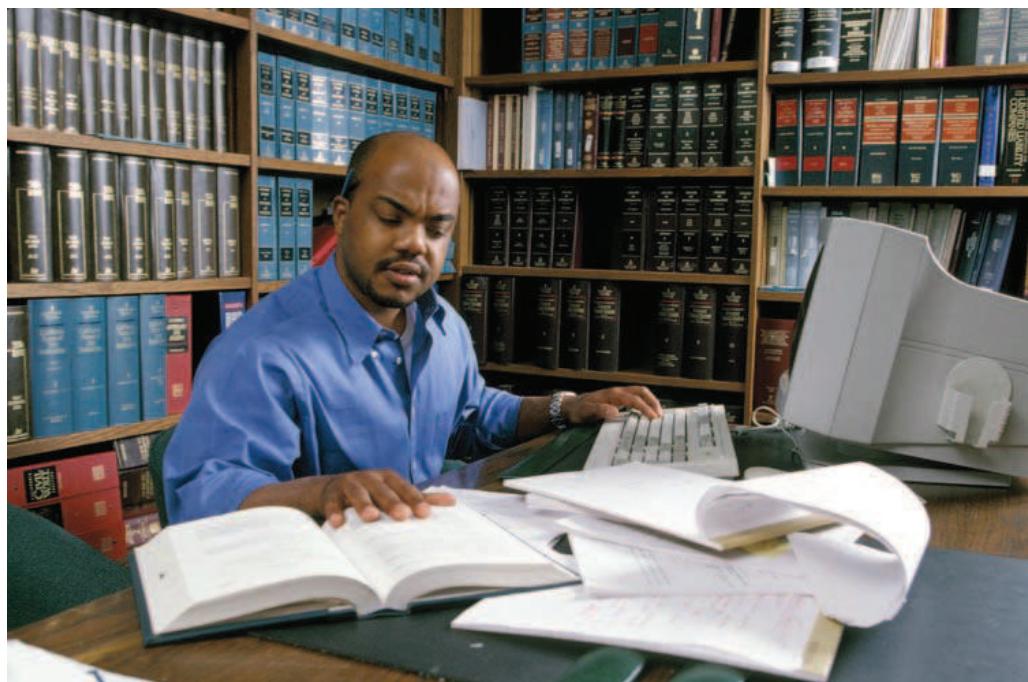
If your research requires gathering information from both primary and secondary sources, gather secondary source information first. The published information may contain good ideas on what primary information you should gather and how to gather it.

SECONDARY SOURCES OF INFORMATION

Published materials on most topics are readily available in company, public, and college libraries. Experienced reference librarians can provide valuable assistance in finding published information that will be helpful in your research. They can direct you to print or electronic indexes, catalogs, reference books, government documents, computer databases, and other helpful secondary sources of information.

When gathering secondary information, be sure to evaluate the sources carefully. Not all information found in print or available through the Internet is accurate. When examining a print source or an electronic version of it, consider the following items:

- *Timeliness.* Is the information the most current available?
- *Relevance.* Is the information related to the specific topic I am researching?



Secondary research encompasses both traditional and electronic sources.

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- *Approach.* Is the work an opinion piece or a research report? Are opinions supported by facts or research? Is the research complete and thorough? Was appropriate methodology used to conduct the study? Is the research unbiased?
- *Outlet.* Is the publication reputable? What, if any, review process was used to screen the work for publication?
- *Author.* Is the author an authority on the topic being researched? What are his or her credentials and reputation in the field?

Because no one controls who posts what to the Internet, you will want to consider the following if your secondary information source is a website:

- *Type/Purpose.* Is the site a personal page or one geared toward advocacy, marketing, information, or news? If the URL contains an individual's name or is hosted by a commercial service provider, investigate further to determine credibility.
- *Sponsor.* Is the page owner a group, organization, institution, corporation, or government agency? The domain (.edu, .gov, .com) will help you evaluate the source. Going to the page at the root of the URL (the portion before the first single /) may help you determine whether a person, company, agency, or other entity accepts responsibility for the content.
- *Perspective.* Does either the author or the sponsor bring a bias to what is posted at the site? If so, consider it as you evaluate the content. Look for sites offering alternative viewpoints. Be sure to acknowledge all potential for bias when you use the information.
- *Author/Contact Information.* Who wrote or gathered the materials? What credentials does the person or group possess? "Googling" the author may help verify his or her credentials. Remember, a webmaster is different from an author.
- *Completeness.* Does the site include up-to-date links to other relevant sites? Are links purely internal (same site), exclusively external (outside site), or mixed?
- *Attribution.* Is the information contained at the site original? If not, have the authors appropriately cited their sources? Check to be sure cited information has been abstracted correctly. If the material is copyrighted, you will need to secure permission to use it if the part cited is more than a small part of the publication or is a unique logo, survey, or other author-designed original work.
- *Timeliness.* How current is the information? When was the site last updated? Look for more than a "Last Updated" entry. Read the content, check citations, and look for active links.

Many university libraries offer advice to students about how to evaluate websites. Check the library section of your school's website or speak with a librarian to learn more.

Traditional Searches. An assortment of reference materials can be used in conducting library research: handbooks, almanacs, yearbooks, encyclopedias, dictionaries, books, periodicals, reports, directories, government publications, and audio-visual materials.

Computerized Searches. Computerized searches of published information on a given topic can be a valuable resource. Most reference librarians can assist you in searches that quickly give you an up-to-date bibliography of materials on your

NOTE 10.17
Reference librarians can assist you in locating print and electronic sources.

topic. In addition, they can guide you to databases accessible through the library that have periodicals available in full text.

NOTE 10.18

Some computerized sources are free; others have access fees.

Computerized sources can be categorized as either commercial or open access. As the name implies, **commercial sources** require users to pay for materials, which may be provided online or as a CD. Many business periodicals, newspapers, and journals offer subscriptions to online versions of their publications. In addition, professional associations may make databases or other resources available to members either free or for a modest fee. Professional organizations may also sponsor newsgroups, discussion lists, chat rooms, or blogs where members can pose questions. Although these online forums can provide leads to reputable sources, they are seldom viewed as credible in and of themselves.

Open-access sources are available free to anyone who has access to the Web. Because anyone can publish anything and post it to the Web, finding good material related to your topic can be challenging unless you have a search strategy. Clearly defining the research topic will help you select the keywords to use during a search. Most computer searches follow the principles of Boolean logic, which relies on three operators: OR, AND, and NOT. Search engine sites typically offer suggestions on how to use these operators effectively. Search engines can produce different results, so don't restrict yourself to only one. When you find a good source, either record the URL or save it as a bookmark on your browser.

Be sure that you get complete bibliographic information on published materials while you work with them so that it will be available for footnotes or text citations and the bibliography or reference list. Most published materials are copyrighted. You may have to obtain permission to use such information, and you will be required to give credit to the originator as the source. **Plagiarism** is using someone else's ideas or words without giving him or her credit. To avoid plagiarism you must correctly document information found in all data sources, including the Web. Information on documenting sources is given in Appendix A. Plagiarism and paraphrasing are also discussed in the copyright section of Chapter 3.

PRIMARY SOURCES OF INFORMATION

NOTE 10.20

Primary sources provide unpublished information about the topic.

Your research may require gathering original information—information about your topic that has not been published previously. This primary information may come from an examination of original company records, a survey of knowledgeable individuals, a focus group, an observation of an activity, an experiment, or an interview.

Original records and files are obvious sources of historical information that may be helpful to you. Other sources of primary information—surveys, focus groups, observations, experiments, and personal interviews—may not be as obvious.

NOTE 10.21

Surveying people is a way to get primary information.

Surveys. To gather opinions and facts from individuals, you can survey them. Surveys can be conducted face-to-face, by telephone, by mail, or electronically.

Each survey method has advantages and disadvantages. Compared with other survey methods, face-to-face surveys are expensive. Personnel must be trained, scheduling and conducting the interviews is time-consuming, and transportation can be costly. The process does, however, produce the most in-depth responses.

Telephone surveys can be conducted fairly quickly and can be relatively inexpensive if done within a local calling range. Those who conduct the interviews generally read from a script and are cautioned not to deviate from it, so training costs are minimized. Response rates for telephone surveys will generally be higher than for

communication note

GETTING FEEDBACK ABOUT CUSTOMER SERVICE

One of the most common methods of getting feedback about the quality of customer service is the comment card.

- In restaurants, cards are placed in containers on tables or presented to diners with their bill. Cards may be left at the restaurant immediately after the dining experience or completed and returned at a later date.
- Lodgers may find comment cards on the desk or night table in their guest room or have the card presented with their bill at checkout. The procedure for returning the card parallels that used at restaurants—cards may be left

at the checkout desk or completed and returned after departure.

- Retail store associates may present comment cards to shoppers immediately after completing a purchase transaction or include a card with the merchandise receipt.

Comment cards work well in situations where transactions are quick and uncomplicated. Mail or telephone surveys are the preferred methods for getting customer service feedback in situations where transactions are lengthy or complex.

those conducted by mail, but establishing credibility can be challenging in an era when negative reactions to telemarketing have led to widespread use of “no call” lists.

Because they require fewer people to conduct them, mail surveys are generally less expensive than telephone or face-to-face surveys. The process is quite slow; it can take months to get an acceptable number of responses, even with follow-up mailings to those who don’t respond to the initial mailing.

Electronic surveys may be conducted online through a website or via e-mail. In a web-based survey, respondents are invited to complete the survey located at a particular URL. This method enables the researcher to incorporate color, graphics, and audio features into the survey. Online surveys can also be programmed to specify required data fields and to prevent respondents from marking more than one response for a question. In addition, the software used to create the survey can be programmed to collect data automatically and to generate ongoing data summaries.

The simplest way to conduct an e-mail survey is to embed the questions into a message that is sent to potential respondents. Receivers are told to use the reply function and answer the questions as they scroll through the message. The simplicity of

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this method is offset by the limits placed on the researcher's ability to incorporate emphasis techniques such as type font and size variations, color, and graphics into the document. Pretesting the survey is essential to ensure alignment is maintained through transmission and to verify that entering a response will not adversely affect the format of subsequent items.

One way to overcome concerns about format is to send the survey as an e-mail attachment. The respondent can open the attachment and use a word processing program to respond. The completed survey can then be sent as an e-mail attachment to a "reply" message. The number and complexity of steps in this process may deter people from responding. Software incompatibility is also a concern. A third deterrent is the respondent's fear of infecting his or her computer with a virus passed through an e-mail attachment.

Regardless of whether e-mail surveys are embedded or attached, their response rate could be negatively affected by the lack of anonymity associated with e-mail transmissions. In addition, e-mail is very easy to ignore or delete, especially if it spans multiple screens.

When designing a questionnaire, be sure to follow the principles of business communication. The following guidelines may also be useful:

- *Develop the survey questions from the factors being studied.* In a survey to assess employee morale, you might develop questions to seek opinions or facts about employee salaries, fringe benefits, work hours, and other related factors.
- *Sequence questions appropriately.* Start your questionnaire with easy questions that will encourage respondents to continue. Group similar topics. For example, put all questions about salaries in the same section. Arrange questions in logical order, the way people commonly think of the topics.
- *Use clear questions.* Phrase each item so that it will be interpreted uniformly by all respondents. A question such as "What kind of car do you own?" is vague. Based on the respondents' interpretations, the answers could be *convertible*, *Chevrolet*, *sports*, *foreign*, and so on. An example of a clearer way to obtain specific information is, "Please indicate the name of the manufacturer of the car you drive most often."
- *Ask only for relevant demographic data.* If factors such as age, gender, marital status, income, and so on won't be used in your analysis, don't ask respondents to provide the data.
- *Avoid leading questions.* Leading questions influence respondents to give a biased answer. Questions such as "Would it be a good idea to improve the arrangement of our work hours?" will likely be biased toward a yes answer. A better method would be to ask the respondent to rate his or her satisfaction with current work hours. The rating could be along a numeric (e.g., 5 high, 1 low) or verbal (e.g., very satisfied, satisfied, dissatisfied, or very dissatisfied) indicator known as a **Likert scale**.
- *Provide for all expected responses in the answer options.* When it is not possible to be inclusive, use an "other" option and encourage respondents to write an explanation.
- *Avoid skip-and-jump directions.* Complicated directions can frustrate respondents. For example, "If your answer to Question 9 is no, skip Questions 10, 11, and 12 and go directly to Question 13. If your answer is yes, also answer Question 10, but skip 11 and 12 if you do not have children."
- *Choose the appropriate type of question.* Forced-answer questions will outnumber open-ended questions in mail, telephone, and electronic surveys; the opposite

NOTE 10.22

Questionnaires used in surveys should be developed carefully.

NOTE 10.23

Leading questions produce biased responses.

NOTE 10.24

The two basic types of questions are open-ended and forced-answer.

is true in face-to-face interviews. **Open-ended questions** let respondents answer in their own words. These kinds of questions must be worded carefully in order to obtain the desired information. Data obtained through open-ended questions can be difficult to interpret and analyze, which is why forced-answer questions are used wherever possible. In the **forced-answer question** style, the researcher provides possible answers to the questions, and the respondents choose among the alternatives. The possible answers should be discrete; that is, use 25–29, 30–34, 35–39 instead of 25–30, 30–35, 35–40. Provide lines or boxes for easy check-mark answers. The lines or boxes for the responses should precede the possible answers.

Once the survey has been drafted, field test or “pilot” it. The feedback you get from this process will assist you in revising the document prior to distribution.

Brief, attractively designed documents accompanied by a message that explains the purpose of the survey help to convey a professional image and encourage receivers to respond. One sheet of paper (8½ by 11, 11 by 14, or 11 by 17 inches) printed on both sides and folded to resemble four “book” pages is more inviting than four single-sided, stapled pages. Including a confidentiality statement similar to that shown in Figure 10.6 also encourages receivers to reply and enables the researcher to code the questionnaires so that reminders or follow-up requests can be sent to those who do not respond.

To save time and money, researchers usually send surveys to a selected number of people who are representative of a larger group. This type of survey is called a **sample survey**. A statistician can help determine how to select the sample, how many surveys to distribute, and the minimum number of responses necessary to draw conclusions about the entire group from responses provided by the sample.

Focus Groups. When you are seeking ideas or feedback in qualitative (verbal) rather than quantitative (numeric) format, focus groups are an appropriate research method. These groups, frequently used in market research, involve 6 to 12 participants and a moderator. Clearly defined research objectives; thoughtful, well-prepared questions; unbiased, randomly selected participants representative of the target audience; and a trained moderator are critical success factors. A comfortable site that creates a relaxed atmosphere also contributes to success.

Under the guidance of the moderator, the group discusses a series of ideas or issues—the focus. The moderator must ensure that everyone’s thoughts are heard and that no one is influenced by others in the group. The task of keeping records also falls to the moderator. Notetaking is kept to a minimum during the session so that the moderator can concentrate on what is being said and keep the discussion flowing in an appropriate direction. Immediately after the session, he or she will summarize the positive and negative points that arose during the discussion.

NOTE 10.25
Questionnaires should encourage response.

NOTE 10.26
Surveys are usually conducted using samples.

NOTE 10.27
Focus groups solicit qualitative data.

No. 56

Your individual responses will be kept confidential; data will be reported only in the aggregate. The number on this form will be used only to follow up with nonrespondents. Once an acceptable number of responses has been received, all documents linking surveys to respondents will be destroyed.

FIGURE 10.6
Confidentiality Statement

Reviewing a video- or audiotape of the session—recorded with full knowledge of the participants—makes this task easier. Information from the notes and tape(s) will be used when the moderator prepares his or her report.

Most focus groups are in-person events, but online focus groups are gaining popularity because they are cost-effective. In addition, online focus groups are especially well suited for research involving sensitive topics, when respondents are geographically dispersed, or when on-site participants are difficult to recruit. The primary disadvantage of online focus groups is the inability to read and react to participants' nonverbal and vocal cues.

NOTE 10.28

Carefully controlled observations may be used to gather primary data.

Observations. Observation is another way to gather primary information for a research project. This technique involves one or more observers watching and recording facts about an activity. Although the observation technique can incur high personnel costs, it is a way to obtain precise information.

A common use of the observation technique is to gather information on how a worker operates a machine in a factory. The worker's repetitive movements might be timed, production records maintained, and conclusions drawn about the efficiency of the procedures. Similarly, observers might be posted in selected areas of cities to count out-of-state cars in order to get a measure of tourist traffic. Many managers and employers use informal observation to obtain information that is helpful to them in performing their jobs.

The observation technique requires careful control. All observers must look for the same thing and record their observations in the same way for the information to be of comparative value. Proper control requires that observers and subjects do not interact.

NOTE 10.29

Experiments may be conducted to gather primary information.

Experiments. Businesses often use experiments to compare two ways of doing something so that the better way can be identified. For example, employees in one plant might be placed on a four-day workweek, while employees in another plant would be kept on a five-day workweek. The employees in the two plants would then be observed and surveyed periodically to determine their productivity and their satisfaction with work hours.

Another approach would be to conduct a presurvey and a postsurvey of a group of employees that you plan to change from a five-day workweek to a four-day workweek. In this approach, employees who are on a five-day workweek could be asked a series of questions about the effect their work schedule has on their productivity and job satisfaction. Then their five-day workweek would be changed to a four-day workweek. After three months, the employees would be asked the same set of questions they were asked before their work schedule was changed. Then the two sets of answers would be compared.

Experiments are less common in business than in science, but experiments do have their uses. Usually, **experiments** are used to compare two ways of doing something in similar settings. In an experiment, you can easily compare the old way with the new way, compare Method A with Method B, or test-market a new product. Experiments can be expensive. Carefully designed and controlled experiments, however, have provided businesspeople with much valuable information.

NOTE 10.30

Experiments are a good way to make comparisons.

Personal Interviews. The last way to gather primary information for a research project is the personal interview, a widely used qualitative research technique. **Personal interviews** enable researchers to pose prepared, unbiased, open-ended ques-

NOTE 10.31

Personal interviews encourage in-depth responses.

tions and, based on the respondent's words and nonverbal cues, to ask follow-up questions to expand or clarify what was said. Personal interviews should always be arranged in advance and conducted in an area that is quiet (no interruptions) and comfortable. Interviewers must make the respondent feel at ease and show interest in what he or she says. Questions are sequenced from simple to complex and often begin with demographic items. The interviewer speaks only when necessary, relying on good eye contact and other aspects of nonverbal communication to engage and encourage the respondent. The interviewer may record the meeting, but only if the respondent agrees. Otherwise, the interviewer should take notes and transcribe them immediately after the meeting.

When researchers consider using this technique, they must balance the advantage of in-depth responses against the time and cost involved in gathering, interpreting, and analyzing those responses.

As explained in the previous sections, business research often involves gathering information from or about people. As the Communication Note at the bottom of the page points out, the research should be designed to protect its subjects.

Analyze the Information

Once you have planned your research and gathered information, you are ready to begin your analysis. The information you gathered may speak for itself. It may clearly say yes to adopting a new procedure or product or that employees overwhelmingly prefer the four-day to the five-day workweek. Under these circumstances, the analysis may take only a few minutes. On the other hand, you may have gathered a great amount of complex information. Completing the analysis may take you days, weeks, or months.

The word **analysis** means to look at the parts of things separately or in relationship to the whole. The various parts of your information are compared and contrasted in an effort to develop new or better ideas. Facts and figures are interpreted by explaining what they mean—what significance they have. You will not want personal bias of any kind to enter the analysis. Use your brain power—objectively and unemotionally.

For example, if you were doing research to determine which computer to buy for your office, you would collect information on the type of work you currently are

NOTE 10.32

Analysis may be a short and clear or a long and complex process.

NOTE 10.33

Analysis should be objective.

communication note

RESEARCH OVERSIGHT

Business research is not the only type of research that must be designed with care. Faculty at colleges and universities also engage in research. Schools that have faculty engaged in research involving human or animal subjects will have policies governing such research. Those policies, which are designed to protect the subjects, are typically monitored by a committee or board that reviews the research procedures.

If your school is among those where faculty engage in research, you will want to learn more about its research policies and review procedures. Specifically, you will want to ask about whether and how the policies affect research projects conducted by students as part of their coursework.

doing and the kinds of work you want to do. Next you would gather information about computers, including cost, software compatibility, speed of operation, machine capacity, machine dependability, maintenance availability, potential for upgrading, cost of retraining staff, and other factors. Then you would compare the machines to determine how well they can do what you want done, what their potential is, how dependable they are, and so on. Once you have completed the analysis, you would be ready to determine solutions.

Determine Solution(s)

NOTE 10.34

Solutions may consist of conclusions and recommendations.

Based on your analysis, you will be ready to offer a solution or solutions to the problem you have been researching. Your solution(s) will be framed as conclusions and recommendations.

A **conclusion** is an inference drawn from the facts; it is a reasoned judgment that you make from your analysis. If you were to select the most important ideas suggested by your analysis, these ideas would be your conclusions. Based on your conclusions, you could state the research answer or **recommendation**—the research solution. In formal studies and reports, you can draw conclusions from your analysis and state them separately from the recommendation(s).

The conclusions and recommendations must be based on the findings and your objective analysis, not your personal opinion of what a good solution would be. Your conclusions and recommendations for a report might look like this:

Conclusions

- Procedure B appears significantly more cost-effective than Procedure A in the two installations studied.
- Dependable equipment for implementing Procedure B on a wide-scale basis is not currently available.
- The XYZ Manufacturing Company currently has in stock 20 Model 3CA machines that can be used to implement Procedure B.
- The XYZ Manufacturing Company projects that it will have 500 Model 3CAs available within six months.

Recommendations

- Immediately lease the 20 Model 3CAs from XYZ and continue to compare Procedure A with Procedure B for three more months.
- Enter an option to purchase 500 Model 3CAs from the XYZ Manufacturing Company.
- If the additional research continues to show that Procedure B is significantly more cost-effective than Procedure A, exercise the option with XYZ to purchase the 500 Model 3CAs.

Write the Report

NOTE 10.35

Written reports must be readable and understandable.

The final step in a research project is to write the report. This is an important step because you will want to present your results effectively. The writing process for reports parallels that for other messages. You will plan, draft, and finalize your report before submitting it. As part of that process, you will prepare an outline (see Chapter 5) to guide you in organizing the document and in selecting and using appropriate heading levels. The outline will also be helpful as you prepare the table of contents.

The time and effort spent in researching and writing a report are wasted unless the report is read and understood. The probability that a report will be read and understood increases when certain principles of formatting are followed. The remainder of this chapter discusses the various report types and the formatting principles to follow for effective report preparation.

Formal Written Reports

A formal report is prepared for and read by top-level managers inside or outside the writer's organization. Conducting the research and writing the report may take from several weeks to several months. These activities can be completed by one person or by a team.

A formal report generally contains three major divisions: the preliminary section, the body, and the supplementary section. A formal report may contain all or some of the following parts:

PARTS OF FORMAL REPORTS

1. Preliminary Section

- a. Title Page
- b. Letter or Memo of Transmittal
- c. Table of Contents
- d. List of Illustrations
- e. Executive Summary

2. Body

- a. Introduction
- b. Procedures
- c. Findings
- d. Analysis
- e. Conclusions
- f. Recommendations

3. Supplementary Section

- a. Glossary
- b. Appendix
- c. Bibliography or Reference List

Figure 10.8 (see pages 285–295) contains a portion of an actual business report that features many of the parts described in the following sections. The complete report and an additional report are posted at <http://thomsonedu.com/bcomm/krizan>. Appendix B contains a report that illustrates the content and format guidelines described in this chapter.

Preliminary Section

The **preliminary section** contains all the parts of a report that precede the body. The specific preliminary pages included in the report will vary with the formality of the report. A discussion of the individual parts follows.

TITLE PAGE

A **title page** typically contains the title of the report; the writer's name, title, and department; and the date of submission. The name of the person or company

LO 4

Describe the components of a formal report.

NOTE 10.36

Formal reports may be written for internal or external audiences.

NOTE 10.37

All formal reports should contain a title page.

receiving the report is used when reports are prepared for clients or others outside the organization. The title should indicate the purpose and content of the report.

Some organizations have specific guidelines for the preparation of title pages; others permit artistic freedom. If specific guidelines do not exist, the traditional format may be the best choice. In traditional format, each line on the title page is centered horizontally with equal vertical spacing between items. Titles containing more than one line are single spaced. The title should be all capitals; other lines may be either all capitals or initial capitals.

LETTER OR MEMO OF TRANSMITTAL

NOTE 10.38

A letter or memo of transmittal conveys and introduces the report.

The **letter or memo of transmittal**, if used, introduces the report to the reader. A report to readers outside the organization would contain a letter, whereas reports for internal use would contain a memo. In more formal reports, a preface or foreword may be used.

The letter or memo of transmittal should be concise and may be subjective—the writer may include personal comments and/or offer a suggestion or opinion not supported by data. The letter or memo may also refer readers to parts of the report of special interest or suggest special uses of the information. In general, any item worthy of discussion may be included in the letter or memo of transmittal. The message typically ends with a statement expressing appreciation for the opportunity to participate in the project.

TABLE OF CONTENTS

NOTE 10.39

Use a table of contents only when a report exceeds four pages.

A **table of contents** lists all major sections that follow it and the page on which each begins. Its purpose is to aid the reader in quickly locating specific information in the report. A table of contents normally is not used in reports of fewer than five pages. Section heads should be listed exactly as they appear in the body and should be connected to the page number by leaders (horizontally spaced periods). Page numbers are optional for subheadings. The table of contents normally is prepared after the report is keyed or printed in its final form.

LIST OF ILLUSTRATIONS

NOTE 10.40

A list of illustrations summarizes the visual aids used in the report.

Visual aids are identified in a **list of illustrations**. The list may be on the same page as the table of contents, or it may begin on the following page if the report contains more than four illustrations. The list of illustrations uses the same format as the table of contents, with illustration captions instead of section heads. A report may group all visual aids into one list of illustrations, keep tables as a separate category and group all other visuals as figures, or group each type (table, chart, graph, etc.) separately. This section is normally prepared after the report is keyed or printed in its final form.

EXECUTIVE SUMMARY

NOTE 10.41

An executive summary is a capsule form of the report.

An **executive summary** is a brief version of the report; it restates each section of the report in abbreviated form with an emphasis on findings, conclusions, and recommendations. Other common names for an executive summary are *summary*, *abstract*, *overview*, and *synopsis*.

The summary, which is approximately 10 percent of the length of the report up to a limit of two single-spaced pages, saves readers time by providing an overview of the report's contents. Reports that include a synopsis in the letter of transmittal generally do not contain an executive summary.

Body

Most formal reports will contain all the information presented in the sections discussed in this part of the chapter; however, some of the sections may be combined. The material in the body may be presented using the direct or the indirect approach. The conclusions, recommendations, or both come at the beginning of the body when the direct approach is used; they come at the end of the body in the indirect approach.

NOTE 10.42

The body of a report may use the direct or the indirect approach.

INTRODUCTION

The **introduction** provides adequate background concerning the study so that the reader can understand the scope and sequence of the report. In addition to general information about the problem and the main issues involved in it, the introduction may include a specific problem statement, outline the purpose of the study, specify the scope of the research, summarize available literature on the topic, or define unfamiliar terms.

Statement of the Problem. The **statement of the problem** clearly identifies the specific problem that was investigated. The statement should be brief but informative.

Purpose of the Study. The **purpose of the study** indicates why the study was conducted. The purpose should help convince the reader that the problem is important and needs to be studied. The purpose may be stated as a question (“Which insurance company will best serve our needs?”) or as a statement (“The purpose of this study is to provide information for the selection of the insurance company with the most effective plan.”).

NOTE 10.43

The purpose provides the reason for the study.

Scope. The **scope** of the research is defined by the main factors that were studied and generally appears next in the introductory section. It lets the reader know the extent of the research. Boundaries set by the researcher as well as factors over which the researcher had no control are listed in this section of the introduction. These limitations can include resources, time, or geographic boundaries.

Related Literature. **Related literature** is material collected while doing research on a topic being studied. A review of related literature may be included in the introduction if only a limited amount of literature is available about the topic. A separate section should be used when extensive amounts of related literature are reviewed.

Unfamiliar Terms. Definitions of terms unfamiliar to the reader can be included in the introductory section. When many terms need to be defined, however, a glossary should be included in the supplementary section.

PROCEDURES

The **procedures**, or methodology, section describes the steps taken in conducting the study. One purpose of this section is to allow readers to determine whether all aspects of the problem were investigated adequately. This section can also be used by another researcher to conduct a similar study that could validate or disprove the results of the original study.

NOTE 10.44

The procedures section describes steps used in conducting the study.

FINDINGS

Findings are results discovered during the research. This section should be presented in a factual and objective manner without personal opinions or interpretations. Present all findings—positive and negative. Visual aids such as those presented in Chapter 12 can be used to assist the writer in communicating the findings of the study.

ANALYSIS

NOTE 10.45

Significant outcomes and relationships are discussed in the analysis section.

The **analysis** section contains the writer's interpretation of the qualitative or quantitative assessment of the findings. If prior research on the topic exists, the writer compares its results with the findings of the current study. Information in the analysis section assists the reader in determining which relationships are important. In a brief report, writers may describe and discuss their findings in one section.

CONCLUSIONS

NOTE 10.46

Conclusions are drawn from the findings of the study.

A **conclusion** is a statement of reasoning made by a researcher after a thorough investigation. The findings and analysis should support or substantiate the conclusions. In many studies, conclusions are summary statements of the content of the analysis section. No new data should be presented in this section. A study may have one or several conclusions. Because these statements become the basis for the writer's recommendations, the two sections may be combined.

RECOMMENDATIONS

NOTE 10.47

Recommendations are based on conclusions.

A **recommendation** is the writer's suggestion to the reader as to the action(s) that should be taken to solve the problem that was studied. Recommendations should develop logically from the findings, analysis, and conclusions of the study. A study can result in one or more recommendations. If three or more recommendations are presented, they can be listed and numbered. This section may contain only the recommendations, or it may contain both the recommendations and the supportive reasoning for their development.

Supplementary Section

The final section of a written report contains material that relates indirectly to the main topic of the study. This section may consist of one or more subsections, such as a glossary, an appendix, and a bibliography or reference list.

GLOSSARY

NOTE 10.48

Unfamiliar terms are defined in the glossary.

A **glossary** is an alphabetic list of terms used in the report with a brief definition of each. It is used only when numerous unfamiliar terms are included in the text. When the report contains only a few specialized terms, the writer should define them in the introduction or when they first occur in the text.

APPENDIX

NOTE 10.49

Indirectly related material is placed in an appendix.

An **appendix** contains related information excluded from the body to improve its readability. When appending two or more items, label each separately and identify it with a capital letter:

Appendix A: Computer Printout of Daily Sales

Appendix B: Sample Follow-up Letter

All appendixes should be referred to in the body of the report. If the material is not referred to in the body, it is not relevant enough to be included as an appendix.

Some items commonly included as appendixes include questionnaires, computer printouts, follow-up letters, reports of similar studies, working papers, intricate tables, and supporting material.

BIBLIOGRAPHY OR REFERENCE LIST

A **bibliography** is an alphabetic list of all references used as sources of information in the study, including those that do not appear in footnotes or text citations. A **reference list** includes only those sources cited in the text of the report. Consult Appendix A or a style manual for information on how to display entries for various sources.

NOTE 10.50

References are listed in a bibliography or reference list.

Mechanics of Formal Reports

The mechanics of a written report—format, spacing, and headings—are as important as the mechanics of a letter or memo in that they make the first impression on the reader. The reader's first impression of the report will be based on its appearance. A negative first impression may increase the time it takes for a reader to gain confidence in the report writer's credibility.

When preparing the document, the writer must consider general guidelines of report mechanics as well as the guidelines and policies of the organization. The primary consideration in the physical presentation of a written report is that the mechanics improve the readability of the report. Paragraphs averaging six to seven lines make it easy for the reader to concentrate on the written material. Proper spacing between paragraphs and correct margins make it easy for the reader to follow the material. Headings lead the reader from one section to the next by announcing the next topic.

Cover

The **cover** protects the contents of the report; therefore, it is often constructed of lightweight card stock. Information can be printed on the cover or displayed through a cutout section (window). The cover should be attractive and may contain an appropriate picture or drawing that will add to the impact of the report. Many organizations use preprinted covers on which the author can place the variable information. The items generally displayed on a report cover are the title, the name of the author, and the date the report was submitted. Normally, the title is in uppercase letters, and the author's name has initial capital letters. Covers usually are used only on long, formal reports.

LO 5

List the advantages of correct report formatting.

LO 6

Write formal and informal reports.

NOTE 10.51

The appearance of a report influences the reader's impression of it.

NOTE 10.52

The cover provides information and protects the report.

Margins

Proper **margins** are important because they create the white space that makes the report visually appealing to the reader. As a rule, report margins should be one inch on all sides. However, reports that are bound at the left should have a one-and-one-half-inch left margin, and reports that are bound at the top should have a two-inch top margin. Preliminary parts, supplementary parts, and the opening page of major sections typically have larger (two-inch) top margins.

NOTE 10.53

Margins add to the attractiveness of the report.

Spacing

Reports may be **single spaced** or **double spaced**. The trend in business organizations is toward single spacing to reduce the number of sheets of paper that have to be handled.

NOTE 10.54

Most reports are single spaced, but double spacing is acceptable.

In double-spaced reports, use paragraph indentations that are one-half inch from the left margin; no space is added between paragraphs. Single-spaced reports should be double spaced between paragraphs; indenting the first line of the paragraph is optional.

Headings

Appropriate headings help the reader follow the report organization and enable him or her to refer quickly to specific sections within the report. Sections that are of little interest can be skipped or scanned quickly.

NOTE 10.55

Structural or informative headings may be used.

Headings may be either informative or structural. An **informative heading** indicates the content of a section and orients readers so that they can more easily understand the material. A **structural heading** emphasizes the functional sections within the report. Once the type of heading is selected, it should be used consistently throughout the report. An example of each follows:

Informative Heading

CUSTOMERS' ATTITUDES TOWARD WEB POP-UP ADS

Structural Heading

FINDINGS

The ways headings are presented vary according to the style manual used by the organization. Regardless of the method selected, consistency of presentation is vital. An explanation of one widely accepted method follows.

First-level headings (main headings) are centered on the page; the first letter of each main word is capitalized. Main headings may be printed in boldface; the font size may also be larger than the one used for text. **Second-level headings** (side headings) begin at the left margin, and the first letter of each main word is capitalized. The heading is boldfaced and may be displayed in a font size larger than manuscript text but smaller than the first-level heading. The **third-level heading** (paragraph heading) begins at the paragraph point (at the left margin or one-half inch from the left margin if paragraphs are indented), has the first letter and proper nouns capitalized, is boldfaced, and ends with a period. An example of this method is shown in Figure 10.7.

The headings at each level must be constructed so that they are grammatically parallel. For example, all first-level headings must be parallel; however, first-level headings do not have to be parallel with second-level headings. In the following example, the second-level headings are parallel, but the first-level headings are not:

INCOME FOR FIRST QUARTER

Rent

Dividends

WAYS THAT FIRST QUARTER INCOME IS SPENT

Wages

Insurance

Travel

This example could be corrected by changing "WAYS THAT FIRST QUARTER INCOME IS SPENT" to "EXPENSES FOR FIRST QUARTER."

The rules of outlining should be followed when preparing headings in a written report. When second- or third-level headings are used, each level must have at least two entries.

Ideally, all first- and second-level headings within a report should be set off from preceding text by a triple space (two blank lines) and from following text by a double

NOTE 10.56

Headings within a level must be parallel.

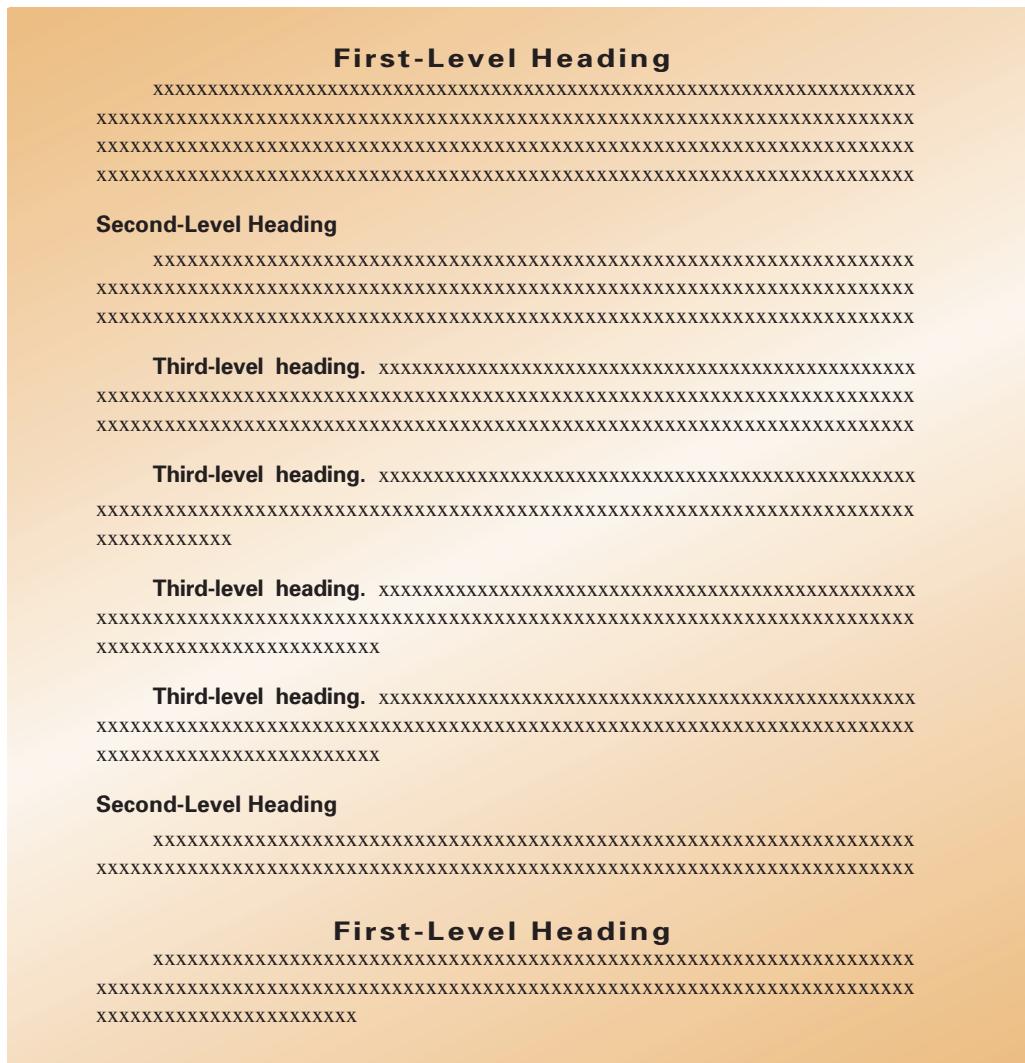


FIGURE 10.7
Level of Headings

space (one blank line). When using word processing software, it is acceptable to use only a double space before and after first- and second-level headings. Text for sections with third-level headings begins on the same line as the heading two spaces after the period.

Footnotes or Citations

Footnotes or **citations** must be used to give credit to the source of quoted or paraphrased material. Because they rely heavily on data gathered through primary research, business reports typically do not contain as many footnotes or text citations as reports in other fields. When sources are cited, however, they are formatted using either of two methods.

The traditional method of footnoting is convenient for the reader when a report contains information gathered from a number of sources. Material to be footnoted is marked by an Arabic numeral that is placed at the end of the quoted or paraphrased material and raised a half line (superscript). The footnote numbers begin with 1 and are consecutive throughout the report. The footnote is separated from the text by a one-inch or two-inch horizontal rule beginning at the left mar-

NOTE 10.57
Information obtained from secondary sources must be footnoted.

gin one line below the last line of the text material. The footnote is keyed or printed on the second line under the rule; it is single spaced, with the first line indented one-half inch from the left margin. The superscript number identification precedes the citation.

NOTE 10.58
Commonly used
footnoting or text
citation methods are
• Traditional
• Contemporary

The footnoting feature of word processing software makes enumeration and placement easy, but the report writer must ensure that the citation is complete and correct. Information contained in traditional footnotes varies depending on the source—book, periodical, encyclopedia, government publication, newspaper, or unpublished material. An example of a traditional, bottom-of-the-page footnote follows:

The number of new oil wells being drilled has decreased by 10 percent from the number drilled last year.¹ There will be a shortage of oil products if the trend of drilling fewer wells continues for the rest of this decade.

¹A. W. Hodde, “Oil Production in 2007,” *Petroleum Quarterly* 9 (2008), p. 8.

A contemporary method of citing sources of information within the text uses the author’s name and date in parentheses instead of a footnote at the bottom of the page (see Appendix A). If a direct quotation of text or statistics is used, the page number is included in the parentheses. For information about the source, a reader would refer to the bibliography or reference list. An example of this method follows:

The number of new oil wells being drilled has decreased by 10 percent from the number drilled last year (Hodde, 2008, p. 8). There will be a shortage of oil products if the trend of drilling fewer wells continues for the rest of this decade.

See Appendix A for a more detailed description of procedures to follow when constructing citations.

Page Numbers

NOTE 10.59
Reports containing more
than two pages should be
numbered.

Pages in reports of only one or two pages do not have to be numbered. Pages in long reports should be numbered consecutively. Preliminary pages (pages prior to the body of a report) should be numbered by placing small Roman numerals (ii, iii, iv, etc.) at the center of the page, one inch from the bottom, beginning with the second page. The title page is considered page i, even though no page number is displayed.

The body of the report should begin as page 1, identified with Arabic numerals (1, 2, 3, 4, etc.). For each section or chapter that is started on a separate page, the page number should be centered one inch from the bottom. On the remaining pages of unbound or left-bound reports, the number should be placed on the fourth line from the top of the page in the right margin; on top-bound reports the page number should be centered and one inch from the bottom edge of the page. The page numbering feature of word processing software simplifies the placement process.

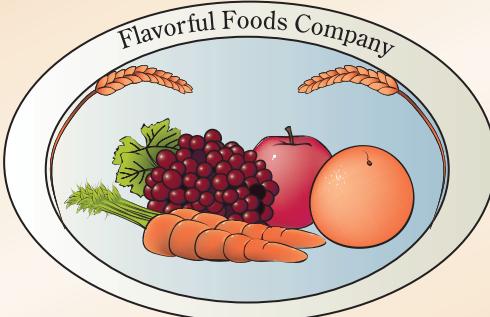
Figure 10.8, displayed on pages 285–295, contains a portion of an actual report formatted to meet the company’s standards. The complete report and an additional report are posted at <http://thomsonedu.com/bcomm/krizan>. Appendix B contains a report formatted to meet the guidelines described in this chapter. Although different in style, all three reports are visually appealing, are formatted for readability, and are written to meet the needs of their audience.

McGladrey & Pullen
Certified Public Accountants

Flavorful Foods Company

Treasury and Risk Management Department Review

November 30, 2006



This document is an adaptation of an actual business report. All references to the client (company name, personnel, and other identifying elements) have been removed and replaced with fictitious names. Any resemblance to actual companies or personnel is purely coincidental.

McGladrey & Pullen, LLP is a member firm of RSM International, an affiliation of separate and independent legal entities.

FIGURE 10.8
Formal Business Report

RSM McGladrey

November 30, 2006

Mr. Thomas Bradley
Flavorful Foods Company
10 West Main Street
Ramsey, WA 44789

RSM McGladrey, Inc.
Tim Peterson
227 West First Street, Suite 700
Duluth, Minnesota 55802-1919
O 218.727.8253 F 218.727.1438
tim_Peterson@rsmi.com

Dear Thomas:

As discussed, the following is a summary of our evaluation of the Flavorful Foods Company's Treasury and Risk Management departments, including the review of the control procedures of the major revenue and expense cycles. Most of my observations are based on the personal interviews conducted with you, your managers, and the staff at Flavorful Foods Company.

During my meeting with you and Julie, we reviewed some of my initial findings. This report contains those initial findings, along with a few other issues discovered upon further analysis. The objectives of this project were to:

1. Review the systems, procedures, and policies in place at Flavorful Foods Company for the cash management/treasury function at the company's corporate headquarters.
2. Report to company management the results of our review (our findings) and to outline our assessment of the effectiveness of the various controls and procedures in place. This part of the project will also indicate if any gaps exist and will include the specific identification of those gaps.
3. Present to management any recommendations or ideas for improving the control procedures and offer suggestions for additional review processes that may enhance the control environment at Flavorful Foods Company.

Overall, this project is intended to provide you, other management team members, and the company owners with an independent, objective viewpoint on the effectiveness and adequacy of the controls and procedures of the cash management/treasury function.

This report is organized into the following sections:

- Summary and Recommendations
- Process Narratives of areas reviewed
- Flowcharts of areas reviewed
- Test Scripts for certain areas reviewed

It was a pleasure to visit your company and be a part of this review process. We thank your staff and managers for their assistance during our visit to your corporate office. They were prompt and professional in their responses and aided directly in our ability to complete this assignment.

Sincerely,

Tim J. Peterson

Tim J. Peterson, Director, Consulting Services

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an affiliation of separate and independent legal entities.

FIGURE 10.8
Formal Business Report,
continued

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Process Narrative—EFT, ACH Review	19
Process Narrative—Void Check Process	22
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Process Narrative—Lock Box	25
Flowcharts	Appendix A
Test Scripts	Appendix B [not included]

FIGURE 10.8
Formal Business Report,
continued

SUMMARY AND RECOMMENDATIONS

The systems we reviewed are part of the overall financial systems of Flavorful Foods Company. Most operational areas fell directly under the responsibility of Thomas Bradley, Supervisor of Risk Management, and Robert Petcoff, Supervisor of Corporate Accounting. The company's systems would be classified as mature systems with all procedures and software systems in place for a period exceeding two years. We did note a few of the areas we reviewed were going to be replaced by new software systems or were in the process of a personnel change. When possible, we reviewed the proposed change versus the old system. When the new system was not yet developed, we documented the existing system.

The personnel assigned to the various functions appeared to be well versed on the processes and comfortable with their roles in carrying out their responsibilities.

Overall comments

We did not note any significant control issues in the areas we reviewed. Flavorful Foods Company is a mature company, and the systems in place are not under any major or significant revision or development. Additionally, the company has been subjected to annual audits by independent auditors for several years. We would expect any significant control lapses would be discovered and corrected if they were to exist.

However, mature systems run the risk of complacency as personnel performing the functions may not question the process even if changes in business transactions occur. We are pleased to report we did not see any evidence of personnel becoming complacent about their responsibilities and the control processes at Flavorful Foods Company.

We did observe some areas where we think improvements could be made to the processes and have noted them in the following section of this report. We also have suggested test scripts for areas we felt would benefit from a more frequent in-house or supervisory review.

The following is a recap of the issues we felt were significant and warranted attention by Flavorful Foods Management:

Bank account review

- The company has had a long relationship with Bank Star. Thomas, Julie, and Sandi mentioned the bank relationship is very good, and the bank is proactive in bringing cost-saving ideas and new services to the company for consideration. The company's bank fees with Bank Star are approximately \$48,000 annually. According to the personnel interviewed, the company has not conducted a comprehensive review of the transaction fees paid for bank services on the four (4) primary accounts nor has it solicited a request for proposal for bank services from another bank. It should be noted that Julie and Sandi did review the bank analysis statement this summer to determine whether any service fees were being paid that were no longer relevant or whether the services were not being used.
 - Recommendation: A long relationship with a financial institution is normally a desired attribute. However, familiarity sometimes removes some of the competitive elements in a financial relationship allowing fees and other service areas to become less market priced. We would suggest a comprehensive review of the fees and related services provided by Bank Star. A discussion with the Bank Star relationship manager asking for such a review may be all that is necessary. A more direct approach would be to ask Bank Star to respond to a request for proposal for bank services currently provided by Bank Star. It may not yield lower fees, but it will at least establish whether you are paying service fees on a market-based fee structure. We would also suggest the same process be followed with the accounts at New State Bank.
- The company has two (2) checking accounts with Bank Star and four (4) checking accounts with New State Bank. The company maintains approximately \$2.2 million in compensatory balances in those accounts to offset bank service fees.

FIGURE 10.8

Formal Business Report,
continued

Flavorful Foods Company	Evaluation of Treasury and Risk Management Departments
	<ul style="list-style-type: none">○ Recommendation: Two of the accounts are idle with no recent activity. One is established to service a related company in Vermont to avoid any public disclosure of financial data for the company. The other is used to fund other accounts. Having multiple bank accounts typically increase the fees and the administrative efforts necessary to maintain the accounts. It also increases the opportunities for breaches in security and control. We would suggest the company review the inactive accounts to ensure they fulfill their original purpose and, more importantly, to establish whether the original purpose is still intact.
Void check process	<ul style="list-style-type: none">• The company is in a transition phase regarding check printing, going from a preprinted check to a printed check that includes micro coding. All checks are printed with a LaserJet printer. Preprinted check stock is secured, and any voided checks are recorded in an Excel spreadsheet. One substantial form of control is the electronic match between the cleared checks and the outstanding checks (electronic files prepared by the bank on cleared checks are matched against the checks produced by the software generating the payment). The procedures for handling voided checks are slightly different for each of the three checks printed by the company.○ Recommendation: The procedures for handling voided checks should be consistent, regardless of the check source (CSI, Bordwell, or EasyRecords). The controls, as expressed to us, appear to secure the voided checks through documentation and physical retention of the checks.
Account sweep	<ul style="list-style-type: none">• The company has used a single consolidating account for all cash. This account is “swept” if the amount at the end of the day is higher than the “peg balance.” Excess cash is invested overnight by the bank and made available the next morning in the checking account. This process has ceased until a new peg balance can be established to support the bank fees. Once this new peg balance has been established, the sweep and overnight investment will resume.○ Recommendation/Comment: The sweep process is automatically performed by the bank and monitored daily by the Treasury/Risk Analyst (Julie Thomas). The company periodically uses its Line of Credit (LOC) to fund cash cycles. It was not clear how the presence of an outstanding LOC balance would affect the automatic sweep. The company should ensure that any ability to pay down any outstanding LOC balance should be enacted before an automatic sweep takes place. The company has a core of very talented people working with the cash accounts, and this comment is by no means critical of current procedures.
Lock box	<ul style="list-style-type: none">• The company uses two lock boxes, one for each of the two companies (FFC and FSC). All checks, money orders, or other forms of payment received through the mail or common carrier (nonelectronic forms of payment) are presented to the lock box. The funds are deposited daily, and any accompanying paperwork is sent to the corporate office in Ramsey for processing. The bank is working on digitizing the paperwork and will soon provide the company with scanned images that will be available online.○ Recommendation/Comment: We have no recommendations for this function. It appears the cash is well monitored, and the company is using technology to ensure access to funds received. One common criticism of lock boxes is the delay in receiving the paperwork used to post to the receivable balances. This was not indicated as a problem for personnel at Ramsey. Company personnel are also very diligent in recording and reconciling, on a daily basis, cash presentations via the Cash Control spreadsheet.• The bank sends an electronic file to the company with the daily transactions. This file is converted to an

FIGURE 10.8
Formal Business Report,
continued

Flavorful Foods Company	Evaluation of Treasury and Risk Management Departments
<p>Access database file, which is edited by Mary prior to uploading into Bordwell for application to customer accounts. There is no review of this transaction by persons other than Mary. The primary control point is the daily cash control sheet. We are not aware of any comparison between the source document and the transaction loaded into Bordwell.</p> <ul style="list-style-type: none"> ○ Recommendation: We would suggest the supervisor of this function occasionally check the detailed batch upload into Bordwell against the source documents. We are not suggesting this review be conducted daily; rather, once every other month would be adequate. 	
<p>EFT, ACH</p> <ul style="list-style-type: none"> ● The EFT (electronic funds transfer) and ACH (automated clearing house) transactions are approved by the Supervisor of Risk Management. This process allows for control on the funds transferred, and the cash control sheet supports the transactions. Templates are established allowing for consistent processing of the EFT request on repetitive EFT requests. The actual transfer is valid only if the Supervisor of Risk Management enters a password into the bank software for all nonrepetitive EFT transfers. One-time entries are allowed by the Risk Analyst but still require the Supervisor's authorization. ○ Comment: This process is very well controlled with little evidence of any control issues associated with the process. 	
<ul style="list-style-type: none"> ● The authorization process for ACH withdrawal requires a form to be initiated and signed by a supervisor. According to our interview, there is no formal review of the authorization forms to remove or delete approved ACH vendors or employees (initiated by the company to pay a few vendor and employee expense checks). ○ Recommendation: The company should review all ACH authorized transactions periodically to ensure inactive vendors and terminated employees are no longer approved for ACH transactions. 	
<p>Fixed assets</p> <ul style="list-style-type: none"> ● The company utilizes a formal procedure for the authorization and acquisition of fixed (capital) assets. The basic policy requires expenditures for fixed assets above \$5,000 to be capitalized and approved via the CapEx document. Expenditures above \$25,000 would require the President/CEO of the company to approve the request. ○ Comment: The company's policy is designed to provide pre-acquisition and post-acquisition controls to ensure expenditures for fixed assets are properly approved and accurately recorded in the company's financial records (Asset accounts, Depreciation accounts, Gain or Loss on Sale revenue accounts). We have no recommendations to improve or increase the controls on this function. 	
<ul style="list-style-type: none"> ● There is no audit process conducted on a CapEx request when the project (expenditure) is completed. The company does check expenditures that are coded to the project when they are paid to ensure they are legitimate for the project. ○ Recommendation: The company should consider auditing the expenditures authorized against a project upon its completion. We would recommend that expenditures for projects in excess of an arbitrary amount (for example, \$50,000) should be reviewed when the project is complete. The invoices and internal costs charged to the project should be compared with the original CapEx request amount. This recommendation is especially appropriate when the CapEx request is justified on some form of economic payback period. 	
<p>Payroll</p> <ul style="list-style-type: none"> ● The company has three payroll processes: hourly, salary, and executive. The company prepares the source documents including hour checking, deductions, and miscellaneous pay items. The company outsources the payroll to EasyRecords Corporation. The Supervisor of Corporate Accounting administers the executive payroll on a confidential basis. Human Resources (HR) is responsible for the pay rates, deduction detail, and 	

FIGURE 10.8

Formal Business Report,
continued

Flavorful Foods Company	Evaluation of Treasury and Risk Management Departments
<p>masterfile changes and updates. Accounting is responsible for coordinating the payroll and processing of checks with EasyRecords. The payroll administrator (Susan Johnson) has the ability to update the masterfile.</p> <ul style="list-style-type: none"> ○ Recommendations/Comments: The payroll systems are well controlled with division of key duties in place between Human Resources and the Payroll Department. We feel the controls in place are reasonable and provide consistent processing of each payroll. The personnel assigned to the task are well informed on the upstream and downstream processing of payroll documents. However, there are a few areas where we feel procedural changes can be made to enhance the control environment. <ul style="list-style-type: none"> ■ Susan has the ability to make masterfile changes even though the Human Resources Department is formally empowered with that task. Password protection or other security means should be in place to prevent Susan's ability to enact changes. ■ There doesn't appear to be a policy in place in the HR Department to approve any masterfile changes. The change request is entered on a spreadsheet and presented to the HR Department for entry. We would recommend a supervisor review all masterfile changes and sign off on the source document (spreadsheet) prior to the update transaction. ■ We recommend the company explore the ability to have all masterfile updates performed during a payroll to be reported to a supervisor for review. EasyRecords may have this report already developed, and it may be possible to request it from them. ○ Comment: The executive payroll is deemed extremely confidential requiring the Supervisor of Corporate Accounting to prepare and administer this function. However, it is apparent Susan Johnson is familiar with all aspects of this payroll, including the salaries of the personnel in this category. 	
<p>Soy payroll</p> <ul style="list-style-type: none"> ● The soy payroll represents the most significant expenditures of the company. This system is comprised of the acquisition, delivery, and payment for soy delivered to the operating cheese plants. The company has over 100 soy producers (farms) shipping product on a daily basis. The company has contract haulers picking up the soy at the farm and delivering it to the regional plants. The payroll starts with the soy ticket (delivery document specifying quantity, date, and a reference number for a soy shipment) and includes several verifications of the quantity, quality, and price paid for the product. The process is automated through a software system called CSI, a proprietary program developed specifically for this industry. The producers are independent businesses selling product to the company, but essentially they are extensions of the company in several ways. Most producers sell all their output to the company, and the company withholds from the payments to the producers amounts to cover life insurance and other miscellaneous producer obligations. ○ Recommendations/Comments: The system as a whole is well controlled with several check-and-balance procedures incorporated into the system. The CSI software is industry specific and is able to provide several cross-checks of product received and the payment to the producer. There appears to be reliance by the staff administering the soy payroll on the output and electronic batch files created by CSI to validate the transaction. We did not see where the source document (soy ticket) is periodically checked to the system output to ensure the proper recording of the transaction. We recommend periodically checking a sample of source documents to the output to ensure proper recording of the transaction. 	
<p>Accounts receivable</p> <ul style="list-style-type: none"> ● The company's accounts receivable function is performed through the Bordwell software system. It is well controlled through the normal system controls within the Bordwell software. The personnel responsible for administering the function (Mary, Sandi, and Marge) were knowledgeable regarding the system and the processes before and after the receivable process. Payments from customers are posted to their accounts electronically through the transaction batch supplied through the lock box system. ACH transactions are 	
<i>RSM McGladrey, Inc. Page 4</i>	

FIGURE 10.8

Formal Business Report,
continued

Flavorful Foods Company	Evaluation of Treasury and Risk Management Departments
<p>monitored through the daily cash control sheet. Aging of the receivables is monitored frequently with calls made to customers three days over their terms.</p> <ul style="list-style-type: none">○ Recommendations: Write-offs of accounts receivable balances appear to be uncommon. The company CFO must approve any accounts written off or adjusted. However, there doesn't appear to be an independent audit of the adjustments or write-offs, and the CFO would be aware only of the transactions presented to her. We recommend a periodic review of sampled customer accounts to determine if any adjustments or write-offs are supported by an authorization by the CFO.○ Comments: Product returns are monitored through the FUND program. We did not review this function but would recommend the company perform a quick review of this process to determine if the returned products are properly recorded and credits to customers are supported by authorized returns. <p>Accounts payable</p> <ul style="list-style-type: none">● The Bordwell software supports this function. The function appears to use the controls offered through the software and incorporates traditional accounts payable controls such as purchase orders, three-way matching, and source document signatures for approval. There are three categories of payables: regular accounts payable invoices, purchase order invoices, and WRX invoices. Price and quantity variance are presented to the buyers or authorizing party for approval prior to payment.○ Recommendation: There doesn't appear to be a consistent procedure for clearing price variances between purchase orders and invoices. We recommend the company develop a policy directing the Accounts Payable personnel to present invoice variances to the authorizing party (buyers in most cases) for approval prior to entering them into the system.○ Recommendation: The Accounts Payable personnel do not have a system to ensure the company takes discounts offered on invoices. We recommend someone check to ensure all discount opportunities are taken.○ Recommendation: Vendor masterfile changes are allowed by the Accounts Payable personnel. We would recommend developing a report of all vendor masterfile updates to the Bordwell system. The Department Supervisor should review this report on a regular basis. <p>Overall system reviews</p> <ul style="list-style-type: none">● The company depends on the use of spreadsheets to communicate several documents and expenditure authorizations within the systems.<ul style="list-style-type: none">○ Recommendations: We would suggest the company conduct an inventory of all spreadsheets used to generate, authorize, or calculate payments or receipts. These spreadsheets should be audited and the cells, links, and other critical processing be tested to ensure there are no errors or misrepresentations of the data.● The company has people in backup roles to replace personnel on an extended vacation or sick leave.<ul style="list-style-type: none">○ Recommendations: The company should consider rotating the backup personnel through the job on a more frequent basis. Job rotation is a very effective control.	

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FIGURE 10.8

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continued

Flavorful Foods Company	Evaluation of Treasury and Risk Management Departments																										
Process narrative—bank account maintenance																											
Person(s) responsible/accountable for function: Julie Thomas Sandi Marks																											
Department responsible for function: Treasury/Risk Management																											
Forms or documents used in function: Not applicable. No standard forms or documents have been identified.																											
Computer programs used in function: Not applicable. Computer systems are primarily Excel and online systems offered by the financial institution.																											
Please list the active bank accounts for the company:																											
<table border="1"> <thead> <tr> <th>Bank Account Number</th><th>Bank</th><th>Primary reason for account (e.g., payroll)</th></tr> </thead> <tbody> <tr> <td>141860</td><td>Bank Star</td><td>Main Checking Account</td></tr> <tr> <td>5300016012</td><td>Bank Star</td><td>GIF Checking</td></tr> <tr> <td>4114671</td><td>Bank Star</td><td>Flavorful of Vermont</td></tr> <tr> <td>5330255783</td><td>Bank Star</td><td>Flavorful Foods Marketing</td></tr> <tr> <td>108937</td><td>New State Bank</td><td>Producer Payroll</td></tr> <tr> <td>108935</td><td>New State Bank</td><td>Associate Payroll</td></tr> <tr> <td>136995</td><td>New State Bank</td><td>Associate Payroll—FFC</td></tr> <tr> <td>113523</td><td>New State Bank</td><td>Executive Payroll</td></tr> </tbody> </table>	Bank Account Number	Bank	Primary reason for account (e.g., payroll)	141860	Bank Star	Main Checking Account	5300016012	Bank Star	GIF Checking	4114671	Bank Star	Flavorful of Vermont	5330255783	Bank Star	Flavorful Foods Marketing	108937	New State Bank	Producer Payroll	108935	New State Bank	Associate Payroll	136995	New State Bank	Associate Payroll—FFC	113523	New State Bank	Executive Payroll
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108935	New State Bank	Associate Payroll																									
136995	New State Bank	Associate Payroll—FFC																									
113523	New State Bank	Executive Payroll																									
Process narrative Flavorful Foods Company utilizes two banks to accommodate Flavorful Foods Company, Flavorful Foods—Vermont, and Flavorful Foods Marketing. The two banks are Bank Star and New State Bank. The Risk Management Department is responsible for the oversight of all bank relationships and transactions.																											
Bank analysis statements The bank analysis statement is an important document sent to the company by the bank highlighting all transactional data and the fees associated with bank services. The document will specify whether the company has set a peg balance adequate to cover the majority of normal bank fees. Julie Thomas, Treasury/Risk Analyst, receives the analyses directly from Bank Star and New State Bank. She reviews the statement to ascertain the fees are reasonable and the peg balance is adequate to cover the fees. Julie will occasionally check company records on some transactions to determine the accuracy and appropriateness of the fees on the analysis statement.																											
Bank signature cards Signature cards are maintained by the Risk Management Department authorizing personnel to sign checks. Company resolution authorizes the personnel allowed to sign checks. The signature plate stamp that physically imprints the checks is maintained by the Treasury/Risk Analyst. This function oversees all check signing for all companies and bank accounts. There are no limits set on the amount for which the signers are authorized to sign.																											
Bank reconciliation Mary, a Financial Accounting Associate in the Corporate Accounting Department, receives most bank statements via the U.S. mail. The only exception is the executive payroll bank statement, which is received by the Supervisor of																											
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FIGURE 10.8

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continued

Flavorful Foods Company	Evaluation of Treasury and Risk Management Departments
<p>Corporate Accounting. On a daily basis, the main checking accounts are reconciled via the bank's online system. Deposits and presentations are compared to the company's detailed transactions (deposits and checks written), and any variances are resolved that day. Mary downloads the cleared checks, which are electronically matched with those written through the company's financial system (Bordwell, for example). Payroll accounts are reconciled monthly. Other no-activity accounts are reconciled each month. Sandi Marks reviews and signs off on each bank account reconciliation.</p>	
<p>Mary will make monthly journal entries reflecting any adjustments necessary as a result of the reconciliation process.</p>	
<p>Check security</p>	
<p>Canceled Checks: The company receives the canceled checks from the New State Bank accounts. These checks are filed in a box and retained. The company does not perform a physical comparison of the canceled check to the bank statement (see electronic match mentioned earlier). Canceled checks written on the Bank Star accounts are not received by the company; rather, a CD with the canceled check images is sent to the company.</p>	
<p>Blank Checks: The company has safeguards in place for blank check stock. A combination of printed check stock and computer-generated checks is used. Checks are locked in a secure place until they are to be issued (printed). Julie Thomas has access to the checks and will be present with the check signature plate when the checks are signed.</p>	
<hr/> <p>RSM McGladrey, Inc. Page 7</p>	

FIGURE 10.8
Formal Business Report,
continued

Flavorful Foods Company		Evaluation of Treasury and Risk Management Departments
Process narrative—accounts payable		
Person(s) responsible/accountable for function: Wilma Rosecran Jan Wells Karen Tondry		
Department responsible for function: Corporate Accounting		
Please list the forms (if any) used in your function, to whom they are routed, and where they are filed:		
Form title or number	Person(s)/function(s) form is routed to (name or function)	Filing location (where form is filed upon completion)
New vendor form	Buyer	Karen updates masterfile
Check request form	Buyer for charity donation	Marge, Judy, and Dianne
W-9 forms	Vendor	Send to Marge to update Bordwell A/P module
Please list any computer programs used in your function:		
Name of computer program	Network computer or individual workstation	Function
Bordwell	Network	Enter/maintain invoices
AS400	Network	Run reports
Dbase	Network	Scan/look up invoices
Process narrative		
Invoices are received in the Accounting Department either through intercompany mail or U.S. mail. Three types of invoices are received: regular AP invoices, PO invoices, and RSX invoices.		
The AP invoices are invoices sent to the buyer for proper approval and account coding. The Department receives these back via intercompany mail.		
PO invoices are invoices authorized through the use of a purchase order system. This system assigns a purchase order (PO) number on the invoice. These are matched to the PO through the AS400 and Dbase systems. The line item invoice is billing is determined and coded to the proper account(s).		
The RSX invoices are also purchase order invoices; however, they use a separate system that Karen Tedesco administers. She determines the lines billed and properly codes these invoices, checking for discounts and taxes. She returns them to Jody, Danielle, or Kary for entering into the system.		
All three of these invoices are evaluated for any discounts that can be taken and for tax purposes. The invoices are coded for accounts, discounts, and tax and prepared for entry into the Bordwell system. The Associates prepare a control total on the payment totals, the vendor number totals, and the discount totals. These control totals ensure the invoices have been entered correctly. After confirmation, the numbers entered correlate to the numbers in the system, and the batch is released and ready for payment.		

FIGURE 10.8

Formal Business Report, concludes. The entire report is available at <http://thomsonedu.com/bcomm/krizan>.

Summary of Learning Objectives

LO 1 Distinguish between formal and informal reports.

A formal report may consist of all or some of the following parts: title page, transmittal message, table of contents, list of illustrations, abstract, body, glossary, appendix, and bibliography or reference list. An informal report may consist of only a title page and body or only the body; it also may be formatted as correspondence. Formal reports are usually written in the third person, but informality is becoming more acceptable; informal reports are usually written in the first person. Both formal and informal reports use headings to guide the reader through the document.

LO 2 Identify the types of informal reports.

The three most common informal reports are progress, periodic, and technical. A progress report informs readers about the status of a particular project. A periodic report provides managers with updated information at regularly scheduled intervals. A technical report conveys specialized information.

LO 3 Identify and use the five steps for conducting research.

The five steps in conducting research are: (a) *Plan the research*. Planning the research includes stating the problem, setting the boundaries, determining the readership, and deciding on the procedures to be followed. Brainstorming and cluster diagramming can help when planning the research. (b) *Gather information*. You may gather information for your research from secondary and/or primary sources. (c) *Analyze the information*. The purpose of the analysis is to make sense, objectively, of the information you have gathered. You will not want personal bias of any kind to enter the analysis. (d) *Determine the solution(s)*. Based on your analysis, you will be ready to offer a solution or solutions to the problem you have been researching. For formal studies and reports, you may draw conclusions from your analysis and state them separately from the recommendation(s). (e) *Write the report*. The final step in a research project is to write the report. It is an important step; you will want to present your results effectively.

LO 4 Describe the components of a formal report.

The report cover, which contains the report title and author's name, protects the contents of the report. Report margins are generally one inch on all sides. Reports bound on the left have a one-and-one-half-inch left margin, or top-bound reports have a two-inch top margin. Reports may be single spaced or double spaced. Single-spaced reports should be double spaced between paragraphs. Headings may be informative or structural. Informative headings indicate the content of a forthcoming section; structural headings emphasize the functional sections within the report. Footnotes or text citations give credit to the source of quoted or paraphrased material. Pages of short reports (two pages or fewer) need not be numbered; pages of

long reports should be numbered. Preliminary pages normally are numbered with Roman numerals; pages containing the body and supplementary parts of the report are numbered with Arabic numerals.

List the advantages of correct report formatting.

LO 5

Correct report formatting creates a good first impression of the report. It decreases the time necessary for a reader to gain confidence in the report writer's credibility. Formatting a written report properly will improve its readability. Appropriate headings help the reader follow the organization of the material by using appropriate headings.

Write formal and informal reports.

LO 6

Informal reports are normally written in the first person; formal reports most often use the third person. Unlike formal reports, informal reports generally do not contain visual aids or material from secondary sources. The detailed structure of formal reports helps guide the reader through the material. Informal reports are less structured and may be formatted as letters or memos.

Questions for Discussion and Review

- 1.** "If a report has a title page, it's a formal report." Do you agree or disagree with this statement? Why? (Objective 1)
- 2.** How can a writer determine whether to use a formal, third-person style or an informal, first-person style when writing a formal report? (Objective 1)
- 3.** Name and describe the nature of the three common informal report types described in this chapter. (Objective 2)
- 4.** How do preprinted forms or standardized formats help (a) report writers and (b) report readers? (Objective 2)
- 5.** What five steps are followed when conducting business research? (Objective 3)
- 6.** Distinguish between primary and secondary information sources. Give an example of each. (Objective 3)
- 7.** While working as part of a research team, one of your coworkers tells you that failing to cite sources doesn't constitute plagiarism if you're writing an internal report. Do you agree or disagree? Why? (Objective 3)
- 8.** How can a report writer meet the needs of both primary and secondary readers? Give a specific example. (Objective 3)
- 9.** Give an example of a "skip-and-jump" survey question. Why should this type of question be avoided? (Objective 3)
- 10.** What can a researcher do to create a comfortable, supportive environment for a personal interview? (Objective 3)
- 11.** Explain the relationship among findings, conclusions, and recommendations. (Objective 3)
- 12.** What is included in the introduction to a formal written report? (Objective 4)
- 13.** How does the purpose of an executive summary differ from that of a letter of transmittal? (Objective 4)
- 14.** Why is the choice of format important with a formal report? (Objective 5)
- 15.** What factors should be considered when formatting a written report? (Objective 5)

Application Exercises

COLLABORATIVE

1. Teamwork. Form teams of no more than five people. Each team will select an important current issue or problem on the campus. As directed by your instructor, do one or more of the following (Objectives 1 through 6):

- a. Design a research study that either surveys student attitudes about the issue or investigates the problem by using other research methods and proposes a solution.
- b. Submit a memo to your instructor in which you identify your topic, outline your research plan, and ask for authorization to complete the study.
- c. Submit a progress report to your instructor at the midpoint of your research.
- d. Prepare and submit a formal report to your instructor.

2. Teamwork. As directed by your instructor, complete one or more of the following activities:

- a. Form teams to develop a questionnaire that could be used to survey student opinions on the availability of parking at your school. (Objective 3)
- b. Pilot-test, revise, and then administer the questionnaire developed in Application Exercise 2a to the students in three business classes. Tabulate the students' responses and analyze the data. As your instructor directs, report your findings in a memo or an oral report. (Objectives 2, 3, and 6)
- c. Repeat Exercise 2a using the focus group technique. As your instructor directs, report your findings in a memo or an oral report. (Objectives 2, 3, and 6)

3. You're interested in learning what type of backpack is most popular among students on your campus. (Objectives 2, 3, and 6)

- a. Outline your data-gathering plan and share it with the class.
- b. Using the feedback you received from your classmates, conduct your research.
- c. As your instructor directs, report your findings in a memo or an oral report.

4. Teamwork. Work with two or three of your classmates to design an experiment to determine how people react to receiving compliments. After getting feedback on your design from members of another team, conduct your experiment. Submit an informal report to your instructor. (Objectives 2, 3, and 6)

5. Technology. Teamwork. As a class, identify three keywords that could be used when conducting research about a current business topic (e.g., leadership, ethics). Form small groups and have each group use the keywords with a different search engine (e.g., Google, Yahoo!, MSN). Compare the results to determine how many, if any, sites are listed among the top ten in all searches. (Objective 3)

6. Teamwork. Your instructor will place you in a group and ask your group to design an online questionnaire to gather data about college students' preferences about the following:

- | | |
|------------------|------------------------------|
| a. energy drinks | f. pizza toppings |
| b. music | g. candy |
| c. magazines | h. TV shows |
| d. DVD/movies | i. cellphone ringtones |
| e. vehicles | j. spring break destinations |

Present your survey to the class. Modify the survey based on class feedback, and present a copy to your instructor. (Objective 3)

7. Indicate what would be (a) an appropriate statement of the problem and (b) an appropriate list of factors for a study to compare the cost-effectiveness of using paper towels, cloth toweling, and forced-air hand dryers in employee restrooms. (Objective 3)

8. The small company for which you work manufactures and sells camping equipment. Recently, the company's management team decided to expand its sales efforts to include e-commerce. Barbara Kramer, the owner of the company, has read various articles indicating that consumers are dissatisfied with the merchandise return policies used by companies that sell online. She has asked you to prepare a report that provides information about merchandise return policies. State the problem, list the research factors, and indicate the way you would gather data. (Objective 3)

9. Technology. Your company uses laptop computers extensively. Because employees take these computers home and on business trips, the equipment is vulnerable to theft. In the wrong hands,

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data on these computers could put employees and clients at risk of identity theft. Your supervisor, Tad Peese, has asked you to research the topic of laptop security; specifically, he is interested in information on fingerprint readers and similar biometric devices. Use traditional and/or computerized search techniques to gather your information and then prepare an informal report. (Objectives 2, 3, and 6)

- 10.** Review the online or print copy of a corporation's annual report. Prepare an outline of the report using its major headings and subheadings as your guide. Submit your outline to your instructor. (Objectives 4 and 5)

Case Problems

- At the request of your dentist, Jennifer Ryan, you surveyed the patients who had checkups at her office during May to determine their dental floss preference. Data gathered from 73 patients are available at <http://thomsonedu.com/bcomm/krizan>; the data coding legend follows. Prepare a letter report summarizing your findings and recommending what type(s) of dental floss Dr. Ryan should give her patients after their exams.
 - Gender (1 = Male, 2 = Female)
 - Age (1 = 10 or under; 2 = 11–20; 3 = 21–40; 4 = 41–60; 5 = over 60)
 - Style (1 = unwaxed; 2 = waxed; 3 = no preference)
 - Flavor (1 = none; 2 = mint; 3 = cinnamon; 4 = no preference)
- Your firm will soon be replacing the desktop telephones used by its 47 employees. The unit that's being considered accommodates three features in addition to voice mail and call forwarding. The plan is to install the three most-needed features on all phones. At the request of Ralph Mayberry, the firm's owner, you surveyed the staff and gathered the following data. Prepare a memo report.

Feature	Essential	Useful	Nice	No Need
Speaker	4	1	13	27
Caller ID	11	33	3	0
Call Waiting	5	6	21	15
Conferencing	3	14	1	29
Distribution List	7	2	1	37
Message Waiting Notification	35	4	5	3
Multi-line	7	6	3	31
Transfer	7	6	2	32

- You are an intern for the Eagleton Eagles, a minor league baseball team. Your supervisor, Matt Marks, has asked you to analyze the following data about the entertainment offered before games, between innings, and after games. Surveys were sent to 738 season ticket holders; 319 surveys were returned, but not everyone answered all questions. Prepare a report that includes conclusions and recommendations. Select an appropriate format.

Feature	Excellent						Poor
	7	6	5	4	3	2	1
"First-500" Giveaways							
(mini bats, hats, T-shirts, seat cushions)	101	93	30	25	15	32	33
Ethan Eagle (Mascot)	14	22	70	96	33	46	32
Pizza Eating Contest	31	14	58	46	43	67	55
Frozen T-shirt Contest	39	47	62	93	21	23	17
Dizzy Bat Race	28	77	19	94	53	18	24
Water Balloon Toss	22	18	113	89	9	16	45
"Fan in the Stand" Trivia	12	56	77	39	56	47	28

(continued)

Feature	Excellent						Poor
	7	6	5	4	3	2	1
Theme Nights (Back to the 50s, Crazy Shirts, etc.)	18	46	79	61	63	18	11
Beverage Batter (half-price sodas if batter strikes out)	68	123	32	19	3	0	0
Post-game Giveaways (coupons, ice cream bars)	24	31	66	119	51	7	4
Post-game Fireworks	144	86	74	60	21	3	12

- 4.** You serve on the professional development committee of a national association in your field. Your group recently sponsored a regional seminar on a pertinent topic in that field. The all-day seminar, held at a large hotel, featured a keynote speaker, a panel, and four small-group sessions scheduled so that each participant could attend two. Refreshments were provided during registration as well as during morning and afternoon breaks, but participants were responsible for their own lunch. Over 300 people attended; 214 of them took time to complete and return the seminar evaluation form included in their registration packet. You have been asked to analyze the results of the evaluation and report to the committee. Prepare an informal report. Create information appropriate to your field (e.g., seminar title, speakers, topics, location). The survey results follow.

	(Very High)				(Very Low)
	5	4	3	2	1
Facility	3	17	37	136	21
Keynote Speaker	99	66	41	8	0
Panel (overall)	28	152	31	0	0
Panelist 1	47	113	51	0	0
Panelist 2	0	1	22	143	45
Panelist 3	53	117	39	2	0
Session 1a	94	16	3	0	0
Session 1b	26	41	18	0	0
Session 2a	16	37	10	2	0
Session 2b	23	59	1	0	0
Registration	24	43	119	18	0
Breaks	29	54	71	0	0

Comments (number of similar responses):

Registration table was understaffed during the 30 minutes just before the meeting began. (33)

Serve something other than sweets. (12)

Serve sodas at the morning break. (17)

Need a larger area for registration or a separate area for refreshments. (3)

Session 1a was overcrowded. Those standing in the back couldn't hear. (47)

Moderator lost control of the panel. (5)

Panelist 2 dominated the discussion; he insulted the other panelists and the audience. (71)

AV in Session 2b was inadequate. (4)

Keynote speaker was excellent; she set a positive tone for the day. (18)

Afternoon break needs to be longer; couldn't get refreshments and move to next session. (23)

The panel topic was controversial. Both sides of the issue needed to be presented . . . calmly and logically. (3)

- 5.** In anticipation of upgrading its web presence, the American Woodcrafters' Association asked those who visited its public site during September, October, and November (207 hits; 112 responses) to complete the online survey linked to the home page. You've been asked to analyze the data and identify the strengths and weaknesses of the current site. Report your findings in a memo to Joy McDonald, Communication Committee Chair.

Factor	Very Good	Good	Neutral	Poor	Very Poor
Appearance	23	33	44	8	4
Ease of navigation within site	6	55	41	3	2
Information organization	17	24	42	16	8
Information clarity	11	23	31	35	7
How did you first hear of our site?	Media Broadcast 2	Print Media 33	Word-of-Mouth 19	Search Engine 34	Link from Another Site 19
How often do you visit the site?	First Visit 13	Daily 2	Weekly 24	Monthly 31	Occasionally 37
Did you find the specific information you were looking for?	Yes 27	No 21	Just Browsing 56		
Would you recommend this site to others?	Yes 31	No 13	Unsure 53		

6. Jubilee Products hired your firm, HR Partners, to conduct a brief employee satisfaction survey.

Data received from 336 of Jubilee's 407 employees are available at <http://thomsonedu.com/bcomm/krizan>. The survey questions and data coding scheme follow. Analyze the data and present your results in a formal report that includes a letter of transmittal and an executive summary.

- Job Class (1 = Supervisory/Managerial; 2 = Technical/Professional; 3 = Labor; 4 = Administrative Support; 5 = Maintenance)
- Length of Service (1 = less than 1 year; 2 = 1–5 years; 3 = 6–10 years; 4 = over 10 years)
- Questions (rating scale is 1 = strongly disagree, 5 = strongly agree)
 1. I receive useful feedback about my performance.
 2. I am paid fairly for the work I do.
 3. I have the equipment and related resources I need to do my job well.
 4. I receive the training I need to do my job well.
 5. The company encourages a balance between work and personal life.
 6. The amount of work I am asked to do is reasonable.
 7. The company has fair promotion/advancement policies.
 8. I am encouraged to offer opinions/suggestions.
 9. My opinions/suggestions are valued.
 10. The company openly shares plans and information with employees.

7. As part of its long-range expansion and remodeling plan, Simpson Foods gathered input about the features/services its customers consider important in a grocery store. Data from 693 respondents follow. You, the operations manager, have been asked to analyze the data and recommend the features/services that should be included in the remodeled store. Prepare an informal report for Sal Simpson, the owner.

Feature	Essential	Nice	Not Important
Gourmet food section	98	287	308
ATM	186	02	305
Prescription pharmacy	23	66	604
Full-service bank	102	87	504
Deli	317	211	165

(continued)

(continued)

Feature	Essential	Nice	Not Important
Deli eating area	84	195	414
Wide selection of ethnic foods	245	188	257
Fresh seafood	221	183	289
In-store bakery	303	107	283
Potted plants and fresh flowers	71	403	219
Self-service checkouts	123	360	210
Catering department	36	157	500
Grocery bagging/carryout service	29	334	330
On-line shopping (with delivery)	183	299	311
On-line shopping (with customer pickup)	134	267	292
Bio-scan debit card / credit card payment	183	293	217

Web exercises to accompany this chapter are available at www.thomsonedu.com/bcomm/krizan.

Message Analysis

Correct the grammar, punctuation, and style errors in the following text and format it as an executive summary. Consider using numbers, bullets, or other emphasis techniques to highlight important items.

The construction and operation of the first unit of the Hillside Energy Project ("Hillside One") by Ziegler Energy, Inc. ("Ziegler") will provide a substantial boost to both Richland County and the State as a hole.

This report calculates that Ziegler's construction of Hillside One will impact the State's economy in the following ways: \$1.04 billion in direct spending on construction to build Hillside One. \$300 million in direct spending on operations during a typical plant-year, recurring for the life of the plant. An additional non-recurring \$533 million dollars in increased business and house hold spending across Richland County, which will ultimately result in a non-recurring \$762 million in increased spending throughout the State, driven by spending on construction. An additional recurring \$66 million in increased spending across the County, which will ultimately result in a recurring \$91 million in increased spending throughout the State, generated by spending on operations.

This report estimates that Hillside One will also provide an impact in the region and the State by creating thousands of jobs. Over the course of the 42 month construction period full-time, part-time and temporary construction jobs pique at almost 3,000. A total of over 100 full-time, part-time, and temporary jobs in operations. An additional 1,682 new full-time, part-time, and temporary jobs during the peak year in other sector's across the County, as a result of the creation of construction jobs. An additional 290 new full and part-time jobs in other sectors across the County, caused by the creation of jobs in the typical year of operations.*

Significantly, this report assesses the economy impact on the State by Hillside One only. However, it is important to note that Ziegler currently has plans to develop and construct similar full-scale power generation facilities in two additional cites. Thus, if Ziegler is ultimately successful in developing Hillside 2 and Hillside 3, Richland County could receive potential impacts in addition to those shown here.

*The software used in this projection analysis is driven by data sources that do not distinguish between full-time and part-time employment.

Writer's Workshop

The following items may be sentence fragments or contain errors in punctuation, subject-verb agreement, pronoun-antecedent agreement, infinitive use, abbreviations, number display, capitalization, spelling, word choice, possessives, modifier clarity and placement, or parallelism. Rewrite the sentences to make them correct.

1. Miss Beth Hustad and here husband Mark have volunteered at the summer olympics for the passed twelve years.
2. Jerry only spent \$25.00 for tickets to the consert.
3. While locking the door to the store the fire alarm sounded.
4. What is the name of that cozy bussling café on St Charles street in Seattle?
5. What do Lincoln Nebraska Springfield Missouri and Des Moines have in common.
6. Although ice cream comes in many, exhotic flavors Celeste choses vanilla.
7. Every member will receive their ballot by the fist of June and must return it by june 31.
8. Cliff successfully resigned Doctor Tim Bates and Paula Schroeder, m.d. to three-year contracts.
9. Seth promised to quickly compleat the tasks assigned to him.
10. Please e-mail Jeff or myself, when last quarters' sails figures are available.