

model (no TV commercials, 20 ads in magazines, and 10 ads in Sunday supplements). She also requests a meeting to evaluate this plan and discuss whether some modifications should be made.

Management's Reaction

Soon thereafter, Claire Syverson and David Sloan meet to discuss plans for the campaign.

David Sloan (president): Thanks for your memo, Claire. The plan you outline for the promotional campaign looks like a reasonable one. However, I am surprised that it does not make any use of TV commercials. Why is that?

Claire Syverson (vice president for marketing): Well, as I described in my memo, I used a spreadsheet model to see how to maximize the number of exposures from the campaign and this turned out to be the plan that does this. I also was surprised that it did not include TV commercials, but the model indicated that introducing commercials would provide less exposures on a dollar-for-dollar basis than magazine ads and Sunday supplement ads. Don't you think it makes sense to use the plan that maximizes the number of exposures?

David: Not necessarily. Some exposures are a lot less important than others. For example, we know that middle-aged adults are not big consumers of our cereals, so we don't care very much how many of those people see our ads. On the other hand, young children are big consumers. Having TV commercials on the Saturday morning programs for children is our primary method of reaching young children. You know how important it will be to get young children to ask their parents for Crunchy Start. That is our best way of generating first-time sales. Those commercials also get seen by a lot of parents who are watching the programs with their kids. What we need is a commercial that is appealing to both parents and kids, and that gets the kids immediately bugging their parents to go buy Crunchy Start. I think that is a real key to a successful campaign.

Claire: Yes, that makes a lot of sense. In fact, I already have set some goals regarding the number of young children and the number of parents of young children that need to be reached by this promotional campaign.

David: Good. Did you include those goals in your spreadsheet model?

Claire: No, I didn't.

David: Well, I suggest that you incorporate them directly into your model. I suspect that maximizing exposures while also meeting your goals will give us a high impact plan that includes some TV commercials.

Claire: Good idea. I'll try it.

David: Are there any other factors that the plan in your memo doesn't take into account as well as you would like?

Claire: Well, yes, one. The plan doesn't take into account my budget for cents-off coupons in magazines and newspapers.

David: You should be able to add that to your model as well. Why don't you go back and see what happens when you incorporate these additional considerations?

Claire: OK, will do. You seem to have had a lot of experience with spreadsheet modeling.

David: Yes. It is a great tool as long as you maintain some healthy skepticism about what comes out of the model. No model can fully take into account everything that we must consider when dealing with managerial problems. This is especially true the first time or two you run the model. You need to keep asking, what are the missing quantitative considerations that I still should add to the model? Then, after you have made the model as complete as possible and obtained a solution, you still need to use your best managerial judgment to