

Finding Solutions as a Group

by Sophia



WHAT'S COVERED

In this lesson, you will learn about the final steps involved in group problem-solving. Specifically, this lesson will cover:

1. Consider Possible Solutions

Recall our extended example from the previous lesson about the web-based company called Favorites that needs to increase its customer base and sales.

Now that Kevin, Mariah, and Suri have defined the problem, analyzed the problem, and established criteria, the group can start to brainstorm ways to address the challenges they have identified while focusing resources on the solutions that are more likely to produce results.

Kevin

Is it possible for our programmers to create a cross-index feature, linking the product desired with a report of how many are in stock? I'd like the customer to know right away whether it is in stock, or how long they may have to wait. As another idea, is it possible to add incentives to the purchase cycle that won't negatively impact our overall profit? I'm thinking a small volume discount on multiple items, or perhaps free shipping over a specific dollar amount.

Mariah

I recommend we hold a focus group where customers can sample our edible products and tell us what they like best and why. When the bestsellers are sold out, could we offer a discount on related products to provide an instant alternative? We might also cull the under-performing products with a liquidation sale to generate interest.

Suri

If we want to know more about our customers, we need to give them an incentive to complete the post-sale survey. How about a five percent off coupon code for the next purchase to get them to return and help us better identify our customer base? We may also want to build in a customer referral rewards program, but it all takes better data in to get results out. We should also explore the

supply side of the business by getting a more reliable supply of the leading products and trying to get discounts that are more advantageous from our suppliers, especially in the edible category.

2. Decide on a Solution

Kevin, Mariah, and Suri may want to implement all the solution strategies, but they do not have the resources to do them all. They'll complete a cost-benefit analysis, which ranks each solution according to its probable impact. The analysis is shown in the table below.

Source	Proposed Solution	Cost	Benefit	Comment
Kevin	Integrate the cross-index feature	High	High	<i>Many of our competitors already have this feature.</i>
	Volume discount	Low	Medium	<i>May increase sales slightly.</i>
	Free shipping	Low	Low	<i>This has a downside in making customers more aware of shipping costs if their order doesn't qualify for free shipping.</i>
	Hold a focus group to taste edible products	High	Medium	<i>It will be difficult to select participants representative of our customer base.</i>
Mariah	Search for alternative products to high performers	Medium	Medium	<i>We can't know for sure which products customers will like best.</i>
	Liquidate under-performers	Low	Low	<i>This might create a "bargain basement" impression inconsistent with our brand.</i>
	Incentive for post-sale survey completion	Low	Medium	<i>Make sure the incentive process is easy for the customer.</i>
Suri	Incentive for customer referrals	Low	Medium	<i>People may feel uncomfortable referring friends if it is seen as putting them in a marketing role.</i>
	Find a more reliable supply of top-selling edible products	Medium	High	<i>We already know customers want these products.</i>
	Negotiate better discounts from vendors	Low	High	<i>If we can do this without alienating our best vendors, it will be a win-win.</i>

Now that the options have been presented with their costs and benefits, it is easier for the group to decide which courses of action are likely to yield the best outcomes. The analysis helps the group members to see beyond the immediate cost of implementing a given solution.

Kevin's suggestion of offering free shipping won't cost Favorites much money, but it also may not pay off in customer goodwill. And even though Mariah's suggestion of having a focus group might sound like a good idea, it will be expensive and its benefits are questionable.

A careful reading of the analysis indicates that Kevin's best suggestion is to integrate the cross-index feature in the ordering process so that customers can know immediately whether an item is in stock or on backorder. Mariah, meanwhile, suggests that searching for alternative products is probably the most likely to benefit Favorites, while Suri's two supply-side suggestions are likely to result in positive outcomes.

3. Implement the Solution

Kevin is faced with the challenge of designing the computer interface without incurring unacceptable costs. He strongly believes that the interface will pay for itself within the first year— or, to put it more bluntly, that Favorites’ declining sales will get worse if the website does not have this feature soon. He asks to meet with top management to get budget approval and secures their agreement, on one condition: He must negotiate a compensation schedule with the information technology consultants that includes delayed compensation in the form of bonuses after the feature has been up and running successfully for six months.

Mariah knows that searching for alternative products is a never-ending process, but it takes time and the company needs results. She decides to invest time in evaluating products that competing companies currently offer, especially in the edible category, on the theory that customers who find their desired items sold out on the Favorites website may be buying alternative products elsewhere instead of choosing an alternative from Favorites’ product lines.

Suri decides to approach the vendors of the four frequently sold-out products and ask point blank, "What would it take to get you to produce these items more reliably in greater quantities?" By opening the channel of communication with these vendors, she is able to motivate them to make modifications that will improve the reliability and quantity. She also approaches the vendors of the less popular products with a request for better discounts in return for their cooperation in developing and test-marketing new products.

4. Follow Up on the Solution

After several beta tests, the cross-index feature was implemented and has been in place for thirty days. Now customers see either "in stock" or "available {mo/da/yr}" in the shopping basket. As expected, Kevin notes a decrease in the number of chat and phone inquiries to the effect of, "Will this item arrive before my wife’s birthday?" However, he notes an increase in inquiries asking, "Why isn’t this item in stock?" It is difficult to tell whether customer satisfaction is higher overall.

In exploring the merchandise available from competing merchants, Mariah got several ideas for modifying Favorites’ product line to offer more flavors and other variations on popular edibles. Working with vendors, she found that these modifications cost very little. Within the first thirty days of adding these items to the product line, sales were up. Mariah believes these additions also serve to enhance the Favorites brand identity, but she has no data to back this up.

So far, Suri has seen that the vendors supplying the four top-selling edibles have fulfilled their promise of increasing quantity and reliability. However, three of the four items have still sold out, raising the question of whether Favorites needs to bring in one or more additional vendors to produce these items. Of the vendors with which Favorites asked to negotiate better discounts, some refused, and two of these were "stolen" by a competing merchant so that they no longer sell to Favorites. In addition, one of the vendors that agreed to give a better discount was unexpectedly forced to cease operations for several weeks because of a fire.



BIG IDEA

This scenario allows us to see that the problem may have several dimensions as well as solutions, but resources can be limited and not every solution is successful. Even though the problem is not immediately resolved, the group problem-solving pattern serves as a useful guide through the problem-solving process.



SUMMARY

In this lesson, you learned about the last four steps of group problem-solving. Once a problem has been defined and analyzed, and criteria for a solution have been established, the group should **consider possible solutions** and **decide on a solution** through an analysis of each action's projected cost and likely benefit. Once actions have been selected, the group should **implement the solution** without incurring unacceptable costs, which may require creativity. Finally, the group should **follow up on the solution** to determine if the desired effects are being achieved.

Best of luck in your learning!

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