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## Product Research Cycle Proposal for the Design of Hosted Decision Support (with Integrated Brand Monitoring Services) for Multiline Retail Dealers and Distributors of Durable Consumer and Commercial Products.

### Frontispiece:

This proposal addresses the design, development, and market sector research deliverables for the expedient creation of a hosted decision support service for multi-line retailers of high-end durable goods. The primary focus of the product integration is the addition of CGM metrics to the decision support matrices of dealer incentive programs; these programs are inherently vague, contradictory, and often hide product / brand weaknesses that are well known by the manufacturer or master distributors. Indeed, the proffer of an incentive program is often evidence of a perceived or actual market deficit that the up-line selling parties deem to be imminently manifest in the channel.

Multiline retail dealers, as well as commercial and capital equipment vendors, have access to bodies of historical sales data, program incentive advisory services, and a plethora of industry specific inventory planning systems and services - what they have not had access to is the real-time integration of consumer metrics, as measured in the wild, and properly integrated via a sound mathematical model with the aforementioned incentive programs.

The system being proposed should simply answer the question, "are the retail incentive programs being offered for x product line a good, bad, or neutral decision, taking into account the incentive offered, current levels of comparative stocking states of competing lines, and the trending of consumer metrics, as soundly integrated by stochastic methods?".

As a result of the author's previous research concerning these topics, this report is offered with the opinion that such an offering would meet with potential success, if executed competently.

Prepared for:

Prepared by: Alan Wilensky

# Deliverable Elements Summary

## I. Schedule of Deliverable Elements

The recommended term of the research and design cycle is 6-9 months. Milestone reports are delivered at 60 day intervals and shall contain executable guidance for navigating the sector and for the guidance of prototyping services functionality. An attached block timeline breaks out specific milestone deliverables.

Prototyping of the functional service elements need not wait for the product and sector research to conclude, but may begin at the conclusion of milestone 1 or 2.

## A. Sector Research Elements and Adjudications

The retail sector for high-end durable consumer and specialized commercial goods is organized into several non-overlapping channels and industry stovepipes. Incentive programs for retail dealers are intentionally obscure, and are often created with the foreknowledge of a product line's actual or potential weakness. The overriding premise is one of portfolio management from a dual perspective - the manufacturers and up-line distributors, versus the retailers and down line distributors. Each wants to maximize the return in the market, relying and acting upon many complex and disingenuous instruments to both stimulate retailer orders (on the manufacturers part) and to minimize allocation of inventory and carrying costs (on the retailers part).

Specialized steering advice regarding these programs span the brands / products universe; these advisory products seek to disambiguate the complex language that these instruments are couched in. Some of these products are in newsletter (electronic and hard) format, some are delivered as Excel add-ons. Whatever form these 'clarifying agents' take, the methods used to derive their advice is generally opaque. One element that is needed is a general algebra to simplify the expression for computational and subsequent graphical display in a hosted medium.

However, the final missing link is the brand metrics gathered from wild and semi-private sources. These metrics provide a compelling 'vote' in the decision support matrix, and currently, there are no retail program information products that utilize this edge data.

Therefore, the directive for the sector research deliverables includes the following:

1. Survey of high-end durable goods markets focusing on 'enthusiast' products represented by independent multiline dealers. A likely suspects list will be compiled, and profiles shall be developed with an overview of types of programs.
2. A marketing channels and influence dossier for trade associations, regional chapters, and marketing standards bodies.
3. A profile of the current vendors selling into the retail program decision support sector, both from a competitive and partnership opportunity perspective.
4. An Adjudications Section for the overall opinion on opportunity. The primary question to be answered is whether the offering should be comprehensive in regards to the program decision support component, or simplified in regards to offering a reduced function set of smaller applications, that can, at a later time, be integrated.

## B. Service Models & Product Features

A Services Model monograph and pre-spec will be generated from a combination of user interviews, focus groups, a review of the existing sales program support offerings, and the analyst's insight garnered from the current *and* previous research. In order to mesh with the client's development corps, the materials will be supplied to the key contact as soon as the data is compiled and edited. A detailed Statement of Work will be composed for the contractual agreement.

Included in the Statement of Work:

- An on-line worksheet model for simple composition of a portfolio of product lines and associated programs
- A model proposed for flattening program incentive rules via a common symbolic and / or algebraic method
- A model, perhaps suggested by potential partners, for 'over the wire' (web services or other RPC) sharing, invoking, or otherwise importing program incentive variables from specialist aggregators.
- Notes on the applicability of current metrics and corpora that will be the subject for integration of the CGM axis as a stochastic predictor
- A display model for using simple data visualization methods for indicating which programs are good bets, when CGM metrics are taken into account

## C. Marketing, Monetization, Promotion

An important question regarding this service is the monetization model. At first glance, a straightforward test for tolerance of subscriber fees would seem to be obvious. During the previous research period, however, an on-line media inventory specialist noted that, 'these specific page views, populated as they are by influential buyers of the channel's inventory in total, are able to generate exceedingly lucrative CPM rates'. Therefore, one would be remiss to ignore the potential for an ad supported service, and some part of the research cycle should be allocated as such.

There are also opportunities to investigate ancillary revenue streams beyond the core service offering; with the customized nature of the subscriber's profile and program customizations, there are many opportunities for an opt-in promotional model that is complementary to the sale of page ad inventory.

Promoting the service requires a deep understanding of the retail sectors that are chosen for targeted evangelism. The industry trade organizations for automotive, consumer electronics, and motor sports are energetic advocates of their constituencies, and almost always endorse what is good for the dealership corps. A suitably allocated research phase beyond the market research and services design phases should be considered as a nominal 30 day wrap to the contract's tenure.

## D. The Text Mining Industry and Advanced Partnerships

There are multiple ways to furnish the CGM metrics axis to the decision support matrices; while machine harvesting and scoring are considered sexy, there should be no shyness when it comes to making use of human supplied scores, outsourced metrics via web services, or some combination thereof.

Partnership initiatives cannot overlook academia; although this type of outreach has an exceedingly long gestation cycle,

there is no doubt that the work on outcome based linguistics using modular ontologies and machine learning hybrid methods are an important study for long-term product differentiation.'

## **V. Consulting Fees, Research Costs, Reimbursable Items**

The author is currently seeking a six month research cycle, with contract terms to be negotiated within the following parameters:

- Billing rate of \$85/ hr. Cap of 40 hr. / Week, 5 % discount on total contract if advanced 5% at signatures
- No fault termination Clause of 60 days or full to term, whichever is less
- Consultant will bear all costs of communication and incidentals, including prep of materials for focus studies, and overnight couriers
- Client will bear cost of travel outside the SF Bay Area, with an allowance of up to \$5,000.00 for travel and lodging

## **VI. Ownership of Intellectual Properties Post Contract**

The client shall own the results of the study, and the consultant shall not disclose the nature of the work contracted for. The consultant shall not be unnecessarily enjoined from editorial references and the inclusion of suitably redacted and approved portfolio materials. The client shall allow the reference of the general assignments to be represented on the consultant's client roster.

**30 Day Phases:**

