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Determining organization excellence

Elliott Moseley

University of Nevada, Las Vegas

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Elliott Moseley

Introduction

The hotel and hospitality industry are flourishing at a greater and more rapid pace in the global context than ever before and with each new projected location there is a certain inevitable risk faced by investors in that property. The level of risk varies from one situation to the next and such potential owners/investors must be able to act and plan with confidence when investing in hotel real estate. This confidence can be accomplished with full understanding of the strengths and weaknesses of economic and market analyses within any particular location. One important tool that these individuals use is market feasibility studies. Developers typically use feasibility studies to support their predetermined conclusion that a proposed hotel, if built, will be an economic success. They contain a forecast of income, expense and economic valuation to justify the feasibility conclusion of the particular investment.

"The Market Feasibility Study remains the most trusted ways of assessing the likely future trading for an intended hotel project at a given location." (Hotel Heads, 2007 paragraph 4) A feasibility study must include an analysis of environmental conditions relative to site location, the market potential for the product, the economic availability of raw supplies and the profitability during a forecasted period of time. They include

analysis of market area definition, demographics, socio-economics/lifestyles, competition, product formula, attendance projections, operating capacity, revenues, expenses, concept plan and finally development cost. "During the process of forecasting, both quantitative forecasting technology and qualitative forecasting technology should be utilized in order to improve its accuracy and stability, lower its uncertainty, and then to enhance the flexibility of investment likelihood (Deng & Fang, 2003 pg 16).

Why is it important to implement these studies, how are they implemented and what do these studies determine? The focus of this report will be used to expand personal understanding and further perspective on market feasibility studies by allowing evidence that these studies are effective for decision making where the results provide a penetrating establishment with sound evidence to make critical, financial decisions. The findings provided can be implemented into future consulting services on an individual properties behalf. It could be recommended that market studies are a crucial part of the establishments success and failing to perform such a study would dramatically decrease the profit potential of that establishment.

If market feasibilities are not used, ultimate disaster is more likely than success. Take for example the establishment

that opened on November 20, 2007, known as Taste Ultra Lounge. During this author's time in the University of Nevada, Las Vegas hotel masters program, involvement was provided in mock marketing efforts. When asked, one of the owners stated that the vision of their establishment's success was based on instinct. There was no market research done before the investors poured millions of dollars into the project. This author took it upon himself to study the area by providing the company with market tools that would have aided in its success (competition, socioeconomic data and a demographic study (fig. 1) of this location. Efforts were ignored completely. The doors to Taste Ultra Lounge closed after five months of operation. Millions of dollars spent in the purchase of the real estate and renovations to fit their vision.

Literature Review

Review will start with a clear cut definition of what market feasibility includes and ways in which the data is implemented to make it effective. The foundation of the market research specific to the feasibility study is broken down to give sound picture of what is needed to conquer the many faucets involved.

Also included in the review will include a demographic study that demonstrates the market population of a particular location in Scottsdale, Arizona. The radius of the sample is compiled data from a one, three and five-mile radius. The findings in this study are profound in that marketing efforts and product development are extremely prevalent.

Another tool that will provide use in this study will be an actual hotel development proposal in Alexandria, VA. It will be dissected and will provide further insight into the significance for using feasibility studies. The subject material will also include several interviews and personal observations that will correlate with the problem that is being studied.

Results

The way in which the study will be conducted is multifaceted. It will include researching the topic of market feasibility and its effectiveness. First, it is important to understand what the study is and how it is important for businesses to implement the data involved once the market feasibility is collected. The information obtained in this section is found in various websites via Google searches on the topic. When a clear picture of what market feasibility entails is provided, more in-depth literature reviews will be implemented. A survey will be created and given to a target

population to support the evidence that is found in the literary reviews. The survey will be determined using a probability sampling method, a simple, random sampling method where each member of the sample has an equal chance of being chosen. After generating the sample, its size will be determined and the actual sampling units will be selected before field work is conducted.

The participants involved in my research study will include business owners and/or corporate representatives who are directly familiar with the effects seen by market feasibility studies. My target population parameter will be limited to the service-industry establishments that have used market feasibility research in their business plans. More specifically, it will include service companies that provide some type of higher level of customer service standards and procedures, including tourism and transportation industries (hotels, car rental, restaurants, etc.) This framing will exclude other service industries such as auto repair, communications companies and others. The selection of individual companies in this sample population, which will be included in the research, will be collected via Hoovers. Hoovers provides financial statistics to over 23 million companies worldwide with resources for comprehensive coverage on industries, companies and the people

who lead them. A hundred companies will be included in the target population and assigned a number, ranging from one to 100. The numbers will be placed in a container and 20 numbers will be drawn at random. If the number is not available upon initial contact, the company will be put back in the container. This will be done until the needed data is compiled from a total of 20 companies. If questions from a particular company are not answered due to non applicable factors, it will be removed from the total sample.

Included in this study will be standard surveys. The surveys will encompass applicable, opinion-based questions that related directly to the implementation of market feasibility studies. The scale in which these views will be obtained is by the implementation of Likert scale. The Likert scale is a type of psychometric response scale often used in questionnaires, and is the most widely used scale in survey research. When responding to a Likert questionnaire item, respondents specify their level of agreement to a statement. The foundation of the questions asked will gauge the respondents' opinion of the effectiveness of market feasibility implementation. This will be done by breaking the feasibility into its different facets. Questions will be asked to ensure that each branch of the market feasibility study provided decision making resources in that

particular area. I am interested in finding out if the market feasibility provided effective results that helped the business with decision making tools or if it were a waste of time, energy and money.

All interviews will be completed as quickly as possible over a period of seven to ten workdays. A statement of intention will be developed to create an elicited interest in persons of affluence or influence about the organization and the proposed project. A script and checklist for use by the organization to make the phone calls and obtain appointments will be established. The checklist reiterates what will be said in the statement of intention. The script includes a request that the potential interviewee examines all materials received and prepares to discuss the proposed project and campaign prior to the interview. These calls are best made by either the organization's board president or CEO, assuring that no solicitation is made during the interview. Great care will be taken to avoid scheduling conflicts. A series of questions will be provided to elicit information from interviewees in order to determine the feasibility of the campaign. These questions will be developed from the statement of intention and other information supplied by the organization. The organization will review and approve the questions. It is crucial that the

interviewer and organization agree in writing to what each is responsible for.

Conclusion

If the feasibility study is proven to be effective then it will make sense that it is a course of action penetrating businesses should endeavor. Based on the findings of this study, it could then be implemented to reap financial benefits, a critical goal for every capitalist company in the globalizing economy. When budgets are limited, it can improve the likelihood that the investment is appropriately positioned and efficiently allocated to provide the most gain. If this study is successful, it further demonstrates that organization, strategy and in-depth planning will produce a highly favorable outcome. Looking at the literary review will help demonstrate key points associated with the market feasibility study and demonstrates the importance of knowing your market (demographics), how they spend their money in a given market (socioeconomics) and how other successful companies have implemented market feasibility studies (actual market feasibility study). With this information, it is clear that the market feasibility study is complex and holds valuable decision making tools that once performed, will provide successful penetration in any given market place.

Figure 1

DemographicsNow

A Product of  SRC

Date: 06/14/07

Current Geography Selection: (3 Selected) 1,3,5 mile radii: Scottsdale / Shea

Lat: 33.582338 Long: -111.926348

City: Scottsdale city Pop: 233,135

County: Maricopa County Pop: 3,699,531

Zip: 85254 Pop: 56,117

Demographic Detail Comparison Report

	1 Miles:	3 Miles:	5 Miles:
2006 Demographics			
Total Population	9,050	71,405	201,238
Total Households	4,118	29,764	84,126
Female Population	4,653	36,637	103,457
% Female	51.4%	51.3%	51.4%
Male Population	4,397	34,768	97,781
% Male	48.6%	48.7%	48.6%
Population Density (per Sq. Mi.)	2,880.6	2,525.4	2,562.2
Age:			
Age 0 - 4	4.7%	5.2%	5.6%
Age 5 - 14	10.7%	13.1%	13.6%
Age 15 - 19	5.9%	5.9%	6.1%
Age 20 - 24	4.6%	4.0%	4.4%
Age 25 - 34	12.4%	10.7%	11.9%
Age 35 - 44	13.3%	14.9%	15.6%
Age 45 - 54	17.0%	17.7%	17.1%
Age 55 - 64	14.7%	13.9%	12.4%
Age 65 - 74	8.3%	7.8%	7.3%
Age 75 - 84	5.2%	4.5%	4.3%
Age 85 +	3.2%	2.2%	1.8%
Median Age	43.9	42.7	40.7
Housing Units			
Total Housing Units	5,000	34,476	94,394
Owner Occupied Housing Units	49.0%	64.5%	65.0%
Renter Occupied Housing Units	33.4%	21.8%	24.1%
Vacant Housing Units	17.7%	13.7%	10.9%
Race and Ethnicity			
American Indian, Eskimo, Aleut	0.6%	0.4%	0.5%

Asian	4.3%	3.0%	2.8%
Black	1.5%	1.1%	1.3%
Hawaiian/Pacific Islander	0.2%	0.1%	0.1%
White	91.0%	92.8%	92.3%
Other	0.9%	1.0%	1.4%
Multi-Race	1.5%	1.6%	1.7%
Hispanic Ethnicity	10.1%	10.0%	11.1%
Not of Hispanic Ethnicity	89.9%	90.0%	88.9%

Marital Status:

Age 15 + Population	7,654	58,321	162,577
Divorced	11.1%	10.5%	11.4%
Never Married	25.8%	21.5%	22.9%
Now Married	52.2%	59.2%	57.5%
Separated	3.4%	2.9%	2.6%
Widowed	7.6%	5.9%	5.6%

Educational Attainment:

Total Population Age 25+	6,703	51,275	141,457
Grade K - 8	2.0%	1.7%	1.8%
Grade 9 - 12	2.6%	2.7%	3.0%
High School Graduate	18.9%	17.7%	19.0%
Associates Degree	9.1%	8.4%	8.9%
Bachelor's Degree	26.7%	29.9%	28.6%
Graduate Degree	20.8%	19.2%	17.2%
Some College, No Degree	19.9%	20.5%	21.3%

Household Income:

Income \$ 0 - \$9,999	3.8%	2.8%	3.2%
Income \$ 10,000 - \$14,999	2.0%	2.0%	2.0%
Income \$ 15,000 - \$24,999	6.2%	5.1%	5.7%
Income \$ 25,000 - \$34,999	6.8%	6.1%	7.4%
Income \$ 35,000 - \$49,999	12.4%	11.0%	12.3%
Income \$ 50,000 - \$74,999	18.2%	17.2%	18.6%
Income \$ 75,000 - \$99,999	11.4%	13.9%	13.9%
Income \$100,000 - \$124,999	11.0%	11.6%	11.0%
Income \$125,000 - \$149,999	7.7%	7.8%	7.1%
Income \$150,000 +	20.5%	22.6%	18.7%
Average Household Income	\$104,032	\$117,738	\$107,412
Median Household Income	\$76,251	\$84,481	\$76,101
Per Capita Income	\$47,831	\$50,018	\$45,139

Vehicles Available:

0 Vehicles Available	6.0%	2.7%	2.8%
1 Vehicle Available	36.7%	32.7%	33.8%
2+ Vehicles Available	57.3%	64.6%	63.4%
Average Vehicles Per Household	1.80	1.90	1.90
Total Vehicles Available	7,315	57,792	159,958

Business and Employment:

Number of Employees	8,964	72,719	124,717
Number of Establishments	989	6,334	11,453

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