

SEMI FORMAL REPORTS – PROPOSAL PRESENTING AN IDEA

Proposal to Install Videoconference Facilities in the Three Capilano Group Divisions

1 Leo Cheng has used effective Information Design to present his proposal to the Board of Directors of The Courtland Group—an 8700-employee insurance company operating near both coasts and in Minnesota. Leo is the company's Manager of Training and Communication. The two-column approach he has used creates attractive, open "white space" that appeals to readers. The open column on the left side also encourages them to make notes in the margin.

2 Although he has prepared the proposal for Dana Livingstone—the Director of Corporate Affairs—he knows she will take it to the next Board meeting and present it to the Board members for approval. Therefore, he is aware of them as the primary audience, because they will decide whether to go ahead with the project.

3 Leo's **Summary** is brief yet complete. It identifies why the proposal has been written, what is being proposed, what it will cost, and how quickly the cost will be recovered.

4 The **Background** compartment starts here. Some Board members will know more about the company's history than others. Since the company is located in California and has only recently taken over a company in Connecticut, Leo describes corporate history in sufficient detail in a page and a half so that all members will understand the rationale for the proposal he is about to make

5 The longer a proposal is, the more need there is to insert headings to help steer readers through the information. This is true for a proposal written in either the traditional format or the Information Design format. You can check the suitability of your headings by listing them on their own to see if there is good continuity. They should show the route you have taken and the natural flow of information that evolves from it. If they don't, you need to re-examine your headings to see if they are appropriate.

6 The **Proposal Details** start here. Leo purposely starts with the words "This preliminary proposal..." because he wants to send a signal to his readers that he has yet to undertake a detailed study and write a definitive proposal that will provide precise descriptions of the renovations, furniture, equipment, and costs. Nevertheless, he has researched the situation and the alternatives in sufficient depth to be able to provide a reasonably accurate (although conservative) cost estimate.

7 By establishing clear-cut Objectives early in his proposal, Leo offers benchmarks against which the systems he will describe can be measured

8 The Proposal Details continue with the Proposed Solution, which continues for the next two and a half pages

9 Each time Leo knows he is going to describe more than one aspect of a topic, he tells his readers exactly how he plans to present the information. For example, at the end of this introductory paragraph, he writes: "we plan to create a classroom first, and then fit the

boardroom within it." He follows immediately by describing how the classroom will be designed, and then how the boardroom will be configured. By leading the reader to expect information to be presented in a certain sequence, Leo shows he is managing his writing well. Think of this as a miniature pyramid with a summary statement at the top and supporting details below it. Leo does the same in paragraph 1 on page 2 (it starts: "Two problems are particularly significant."), again on page 4 where he describes the technical facilities, and on page 6 where he describes his evaluation of the alternatives.

10 Ideally, the text and the illustration that supports it should be on the same page, so readers do not have to flip back and forth. However, there may be occasions when this objective cannot be achieved.

11 There are two reasons for inserting illustrations into a proposal: they help reader understanding and they provide a more appealing overall image than just page after page of text. Compare, for example, page 4 of Leo's proposal with page 5. Although page 5 is pleasantly spaced and the side headings carry the reader easily through the narrative, it still has less visual appeal than page 4.

12 Because this is only a preliminary proposal, with approximate dimensions and cost figures, it's sufficient for Leo to insert only basic illustrations that show the key points he describes. When he prepares his more detailed proposal, he will still provide basic illustrations embedded in the narrative, and support them with more complex, properly dimensioned illustrations in attachments.

13 Headings tend to be shorter when a writer uses a twocolumn style of Information Design, which can make it difficult to differentiate between primary headings and subordinate headings. There is insufficient space to use a significantly larger font, so Leo has chosen to use the same size font but to set subordinate headings in italics and indent them. All headings in his proposal are 12 pt—the same size as the main narrative—which simplifies typing.

14 We asked Leo why he chose to write in the first-person plural ("We") rather than the first-person singular ("I"). "Although I did the study and wrote the report," he said, "I'm really representing the Training and Communication Department. It sounds better for a proposal that will go to the Board of Directors. If I had been writing only to Dana Livingstone, I would have used 'I' and 'me'."

15 "A synopsis of the total costs is sufficient here; readers will turn to the attachment later. This is an "open" table, which means its compartments are not separated by horizontal and vertical lines. (There is a "closed" table opposite comment 17.)

16 The Alternative Solutions compartment starts here.

17 This is a "closed" table, with horizontal and vertical lines separating its compartments.

18 The **Evaluation** compartment starts here. Leo immediately identifies the criteria against which he will evaluate each method.

19 Leo needed a third level of heading. He chose to incorporate these headings into the text, to clearly differentiate them from the other two levels.

20 These cost totals provide the base figures for the graph on page 7

21 Although the first-year cost figures on the previous page are clear, they need a simple graph to show readers why the initially cost-intensive method is really the best method to choose in the long term. Readers trying to interpret the costs on the previous page may not easily reach the same conclusion.

22 This also satisfies the "visual" person who needs to "see" rather than just "read" the information. This is the Outcome/Action compartment. When making a recommendation, Leo has remembered to use the active voice (he writes: "I recommend...") rather than use the bland, unassertive passive voice

23 (he would have written: "It is recommended that..."). An attachment like this provides the Evidence to support statements made in the body of a proposal.

1

Proposal to Install Videoconference Facilities in the Three Courtland Group Divisions

prepared for

2

Dana L. Livingstone
Director of Corporate Affairs
The Courtland Group

3

To increase communication between Divisions, and concurrently reduce the cost of Board meetings and training, we propose that The Courtland Group invest \$223,200 to install three state-of-the-art videoconference centers, one each in the company's offices in San Francisco, CA, St. Cloud, MN, and New Haven, CT. The capital cost will be recovered in 13.3 months.

4

History of Courtland Life and Trust, and The Courtland Group Since its inception in San Francisco in 1894, Courtland Life and Trust Company's management philosophy has resulted in the company enjoying significant growth. This philosophy has embraced two key factors:

1. Effective communication between the Board of Directors and company management.
2. Comprehensive and continuing training for the company's sales force and operating staff.

This philosophy worked well while Courtland Life and Trust operated almost entirely in California. However, when in 1998 the company acquired Avenue West Insurance Group in Minnesota and Wisconsin, and then in 2000 purchased Schönberg Mutual in Connecticut, communication between Board members became more difficult and more expensive, and new strategies had to be implemented to maintain continuity of training throughout the organization.

To recognize the broader nature of the company's business, on January 1, 2001 the company changed its corporate name to The Courtland Group. The company then had 8700 employees: 3700 in the Pacific Division (which included headquarters' staff) based in San Francisco; 2400 in the Central Division based in St. Cloud; and 2600 in the Atlantic Division based in New Haven.

Amalgamating just two companies, each with its own corporate culture and methods of operation, inevitably poses problems. Amalgamating three organizations, all well established and operating in widely diverse parts of the continent, is even more difficult.

5

**Communication
Among Board
Members**

Two problems are particularly significant: maintaining effective communication among Board members, and introducing common operating standards throughout the company.

The 14 Board Directors meet four times a year. The annual general meeting is traditionally held in April at the company's headquarters in San Francisco. The three other meetings are each held in one of the Divisions: in New Haven, CT, in Santa Barbara, CA, and in St. Cloud, MN, in that sequence.

Because Board members come from all three Divisions, approximately 70% of the Board have to fly in to the meeting site. Travel, hotel, and meals cost about \$37,500 per meeting, or \$150,000 a year. We believe this cost can be reduced by 35% to 40% if videoconferencing technology is used for two of the meetings.

**Common
Operating
Standards**

The company has been gradually implementing common operating standards. This has proved to be a slow and expensive process, because teams of trainers have to travel to centers within each Division to meet with staff who will be implementing the new methods. For year 2001 this training cost will be \$465,000 (for a nine-month period). For 2002 and 2003 we have budgeted \$650,000 per year specifically to conduct training as corporate operating standards are brought on line.

We believe that by using videoconferencing we can reduce these costs by 20% to 25%.

Proposal Purpose

This preliminary proposal describes the advantages of designing and installing a state-of-the-art videoconferencing center at The Courtland Group's headquarters in San Francisco, and subsidiary videoconference centers in St. Cloud, MN and New Haven, CT. If management approves the concept, I will conduct further research and prepare an in-depth report describing the proposed system and its cost.

6

Objectives

If we are to adopt videoconferencing as a primary communication medium, we must be able to use the system equally well for Board of Directors' meetings and Training Department courses. At each location the system must offer

7

- a boardroom atmosphere, with seating for up to eight Board members,
- a classroom environment, with seating for up to 24 participants,
- connection to the Internet or Intranet, or both,
- high resolution/high definition video equipment, and
- the ability for seated Board members or training participants to become instant speakers without moving from their position.

Since most teaching will be done from San Francisco, the head office videoconference center must also have a clearly defined teaching position and instructional facilities.

8 **Videoconference
Center Physical
Design**

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Each videoconference center has to be designed so that it can be converted readily from a meeting setting to a classroom setting. Its decor must also satisfy both functions. To do this we plan to create a classroom first, and then fit the boardroom within it.

Classroom

The classroom will contain three identical clusters of four tables formed into two rows, with each table having two seating positions. The clusters will be angled slightly toward the centre of the room, as shown in Figure 1, and will be separated from each other by a walk-through that is 30 inches wide.

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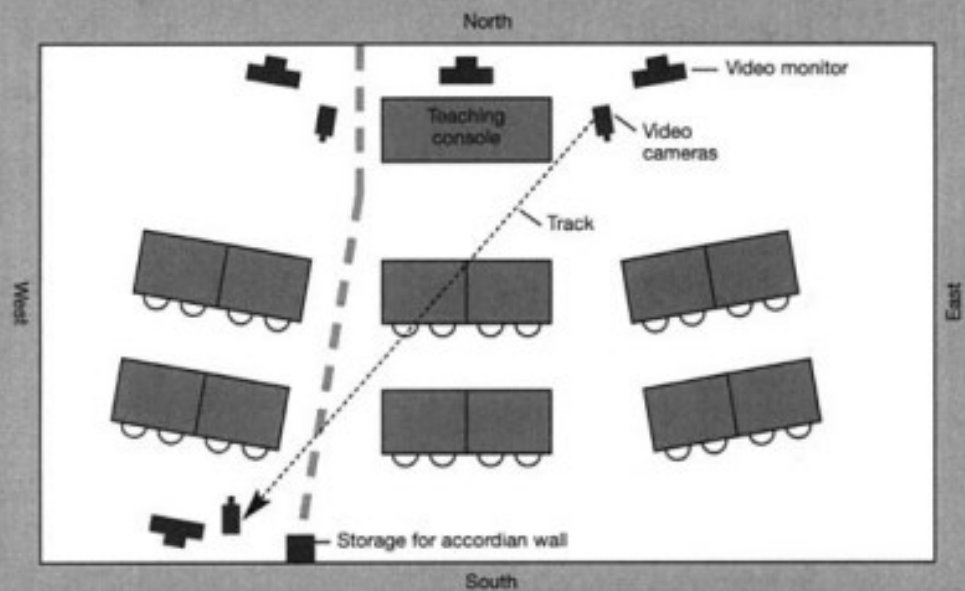


Figure 1. Design for classroom setting.

Boardroom

The boardroom will be situated at the west end of the classroom and will use the eight-seat cluster of tables at that end of the room. The four chairs between the tables will be rolled aside, and the two front tables will be on swivels so they can be rotated through 180° and slid toward and abutted against the two rear tables to form one large table. A light mahogany tabletop will be brought in to cover all four tables and so provide a dignified appearance. A folding wall will be pulled forward from the back of the room to separate the two remaining classroom clusters from the boardroom cluster, as shown in Figure 2.

12

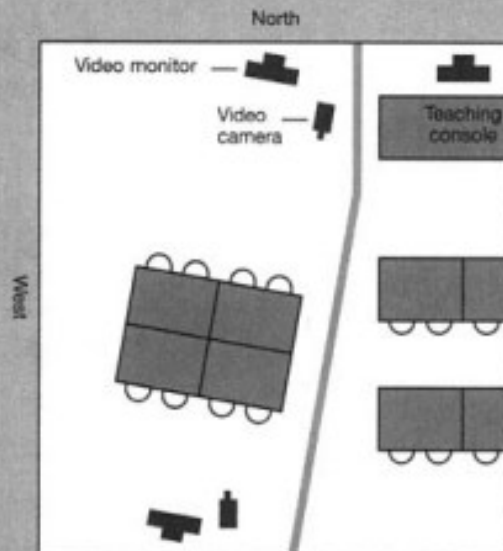


Figure 2. Design for boardroom setting.

Decor

The walls throughout the room will be covered with a patterned, sound-absorbent cloth that will be durable and yet suit a boardroom setting. The folding partition will be covered with identical cloth. The floor will be covered with fitted carpet pieces that are 16 inches square to form an attractive pattern.

Technical Facilities

The technical facilities will comprise two components: (1) the video cameras and monitors, and (2) the microphones and technical equipment at the individual seating positions.

13

Video Cameras

There will be two video cameras. During teaching sessions, the two cameras will be high on the wall, one facing the eight seating positions at the east end of the room, and one facing the seating positions at the west end of the room (see Figure 1). Each will also cover the people seated in the middle cluster.

For Board meetings, the video camera at the east end of the room will travel on rollers along a ceiling-mounted rack and be repositioned on the back (south) wall at the west end of the room, where it will face the four Board members who will face south (see Figure 2).

Video Monitors

There will be three 48 inch video monitors mounted on the north wall, one facing each cluster of classroom participants. There will also be a similar-sized video monitor mounted on the south wall, beside the video camera position, for use during Board meetings.

Control Console

In the center of the north wall at the San Francisco videoconference center, there will be a teaching desk with a bank of four 14 inch video monitors for the instructor to cue input from the two cameras, a vcr, and an Internet connection point.

**Individual
Equipment**

The individual positions will each have a surface-mounted microphone that protrudes only 4 inches above the desk surface, with a touch-sensitive on-off switch embedded in it. Touching the switch will enter the participant's position in an electronic cue. When the participant's turn occurs, the microphone will become "live" and the appropriate video camera will pan toward that speaker's position.

14

At each position there also will be outlets beneath the table surface for plugging in a portable computer and a modem. We are anticipating that most future training will be done online.

15

Cost

The total cost for building and equipping the three video-conference centers will be \$223,200, broken down into four compartments:

Renovations to the three rooms	\$77,000
Furniture (desks and chairs)	28,800
Purchase of technical equipment	90,400
Installation of equipment	27,000

16

See the attachment for a more detailed breakdown.

**Feasibility of Renting
Videoconference
Rooms**

An alternative to building our own facilities would be to rent time in three privately owned videoconference centers. This could be done readily in San Francisco, where there are several centers to choose from. In St. Cloud, MN, however, there are none, but there is an excellent facility at the Technology Center of the University of Minnesota in Minneapolis, 74 miles southeast of St. Cloud. In New Haven, CT, only one videoconference facility is available for rent: at the head office of Multinational Shipping Terminals Inc.

Convenience

Although renting private facilities is the simplest way to introduce videoconferencing into The Courtland Group, there are constraints. The training department estimates it will use the facilities 180 days a year, starting in 2002. (The Board members would require the facilities about 4 days a year.) However, there is no guarantee that a private facility will always be available at the times we need it. This limitation would be exacerbated because all three, or at least two, of the videoconference rooms would need to be available at the same time.

The time difference between San Francisco and St. Cloud (2 hours), and San Francisco and New Haven (3 hours), also introduces a complication, because we will have only a short "window" each day to conduct training, unless one end of the link goes into overtime. A rented facility might not always be able to accommodate such a window.

Cost

The table on page 6 shows the rental rates per day for the three private videoconference rooms, and the total cost based on an annual usage of 180 days a year.

17

<i>Location</i>	<i>Rate per day (\$)</i>	<i>Cost per year (\$)</i>
San Francisco (Oakwood) Distributors)	400/day	73,600
Minneapolis (Univ of Minnesota)	450/day	82,800
New Haven (Multinational Shipping)	250/day	46,000
Total per year:		202,400

18

Evaluation of Alternatives

If we are to introduce videoconferencing, two criteria affect our decision: convenience and cost-effectiveness.

Convenience

An in-house videoconference center offers the most convenience: travel is reduced to a minimum and the room is available whenever we need it. Renting time in a private facility is less convenient because the facility may not always be available and participants have to travel to it (this is a particular inconvenience in Minnesota).

Cost Comparison

To determine whether videoconferencing is fiscally viable, we have projected costs for one year under three conditions: operating as we do now, renting videoconference facilities, and installing our own videoconference centres.

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Current Method: The one-year total cost is \$800,000, made up of

- Board meetings \$150,000
- Training \$650,000

Before calculating videoconferencing costs, we have to include the cost of transmitting the video and audio signals via satellite or through fiberoptic data transmission lines. For the usage estimated earlier, we have determined this to be \$42,000 annually.

20

Renting: The one-year cost will be \$244,400, made up of

- Rental \$202,400
- Transmission \$42,000

In-House: The first-year cost will be \$265,200, made up of

- Installation \$223,200
- Transmission \$42,000

In subsequent years the cost will be \$42,000 per year.

Plotting these costs on a graph shows that the cost of renting videoconference facilities is the most economical initially (see Figure 3). Over the long term, however, installing our own videoconference centers will become the most economical and most convenient. The break-even point occurs after only 13.3 months.

21

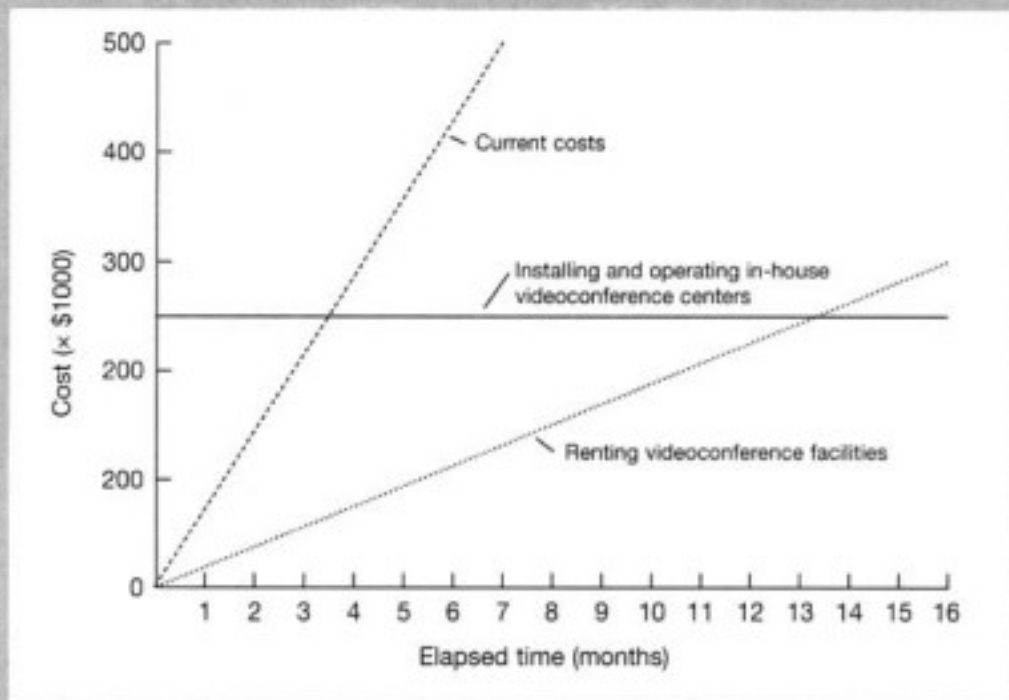


Figure 3. Comparison of videoconferencing costs with current meeting and training methods.

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Recommendation

We recommend carrying out an in-depth study into the costs of installing videoconferencing centers in the Courtland Group's offices at San Francisco, CA, St. Cloud, MN, and New Haven, CT.

Leo Cheng

Leo Cheng
Manager, Training and Communication
March 1, 2001

23

Cost Analysis: Equipping Three Videoconference Centers

<i>Service or equipment</i>	<i>Cost per center (\$)</i>	<i>Total cost (\$)</i>
Renovations		
Physical renovations	17,000	51,000
Wall panelling and dividing wall	2,700	8,100
Floor carpet	3,600	10,800
Lighting and video camera gantry	2,367	7,100
	25,667	77,000
Furniture		
Desks — 12 per center	3,600	10,800
Chairs — 30 per center	6,000	18,000
	9,600	28,800
Equipment		
Video cameras	8,000	24,000
Video monitors	7,200	21,600
Camera control computer	3,000	9,000
Individual positions (mic, switch, etc.)	9,600	28,800
Teaching console (San Francisco)	(7,000)	7,000
	27,800	90,400
Equipment Installation and Testing		
Video cameras, monitors, mics, etc.	8,700	26,100
Teaching console (San Francisco)	(900)	900
	8,700	27,000
Totals: San Francisco, CA	79,666	
St. Cloud, MN	71,767	
New Haven, CT	71,767	223,200

Note: These are conservative cost estimates. Exact costs will be calculated during preparation of a detailed proposal.