



BUSINESS ANALYTICS

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CERE
Dalton State College
School of Business
650 College Drive
Dalton, GA 30720
706.272.4580
daltonstate.edu/cere



Economic Expansion in Northwest Georgia 2015 Begins with a Bang

By Dr. Brent Evans, *Editor*
Assistant Professor of Economics

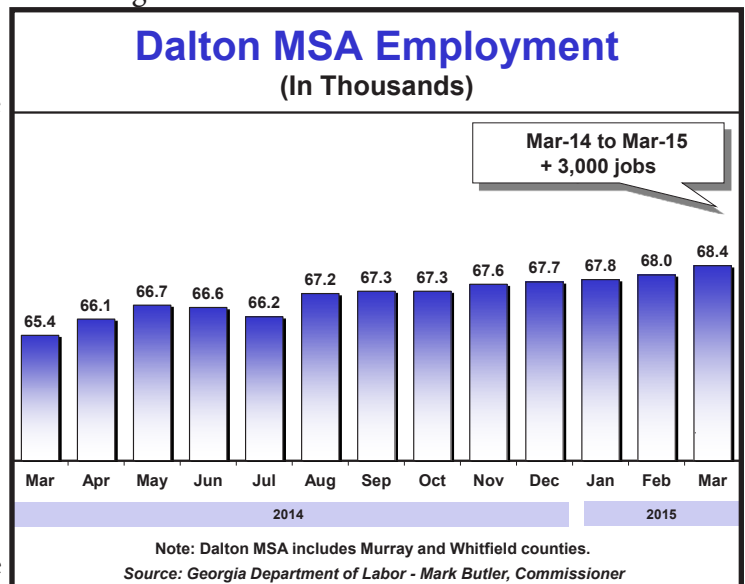
Following a tumultuous seven-year period of lagging economic growth and high unemployment, Northwest Georgia is finally showing signs of a full-fledged recovery. Between February of 2014 and February of 2015, Dalton gained roughly 3,600 new jobs. Businesses are expanding operations, employment figures are quickly improving, and a renewed sense of optimism is palpable throughout the region. The

Chattanooga Times Free Press has heralded the city: “America’s carpet capital is making a comeback.” In this article, I detail some of the key economic indicators of the impressive economic expansion of the

last year, and analyze the potential for continued growth.

Employment has provided a clear-cut indication of economic expansion, with manufacturing leading the charge. Of the 3,600 new jobs in Dalton, about 1,200 were created in manufacturing and the remaining 2,400 new jobs were evenly distributed throughout other sectors. Retail trade accounted for 200 new jobs, transportation, warehousing, and utilities added 300 jobs, and professional and

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New Jobs: Dalton Becoming Economic Leader

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Table 1. Employment figures for selected Georgia Metro Areas

Metro area	Variable	Sept. 2014	Oct. 2014	Nov. 2014	Dec. 2014	Jan. 2015	Feb. 2015
Albany	Total Employment*	65.9	71.7	71.6	71.2	66.3	66.1
	Unemployment Rate	7.8%	7.4%	7.0%	6.9%	7.6%	7.5%
Atlanta-Sandy Springs-Marietta	Total Employment*	2549.6	2563.1	2575.2	2579.9	2631.3	2641.6
	Unemployment Rate	6.8%	6.6%	6.2%	6.1%	6.2%	6.1%
Augusta-Richmond County	Total Employment*	248.1	251.0	250.5	250.1	238.8	239.8
	Unemployment Rate	7.1%	6.8%	6.5%	6.3%	6.9%	6.7%
Brunswick	Total Employment*	44.8	45.1	45.0	44.9	46.7	46.5
	Unemployment Rate	7.8%	7.6%	7.2%	7.0%	7.0%	6.8%
Chattanooga (TN/GA)	Total Employment*	236.2	237.1	236.1	236.0	232.3	235.0
	Unemployment Rate	6.3%	6.1%	6.0%	5.8%	6.6%	6.0%
Columbus (GA/AL)	Total Employment*	118.5	119.5	120.1	119.7	116.5	117.4
	Unemployment Rate	7.8%	7.5%	7.1%	7.0%	7.5%	7.3%
Dalton	Total Employment*	52.4	52.2	52.0	52.0	56.9	56.9
	Unemployment Rate	8.4%	8.3%	8.1%	7.8%	7.9%	7.1%
Gainesville	Total Employment*	87.1	87.4	87.4	87.1	86.0	86.5
	Unemployment Rate	5.6%	5.4%	5.1%	4.9%	5.2%	5.1%
Hinesville-Fort Stewart	Total Employment*	30.0	30.1	30.1	29.9	30.0	30.2
	Unemployment Rate	7.7%	7.6%	7.2%	7.2%	7.0%	6.8%
Macon	Total Employment*	101.8	102.3	103.0	102.8	96.3	96.3
	Unemployment Rate	7.3%	7.2%	6.7%	6.5%	6.9%	6.8%
Rome	Total Employment*	43.3	43.6	43.6	43.5	40.0	40.1
	Unemployment Rate	7.0%	6.8%	6.4%	6.5%	7.1%	6.9%
Savannah	Total Employment*	170.4	171.3	171.6	170.2	161.2	162.8
	Unemployment Rate	6.6%	6.3%	5.9%	5.9%	6.4%	6.0%
Valdosta	Total Employment*	61.3	61.7	61.8	61.4	59.0	59.2
	Unemployment Rate	7.2%	6.8%	6.6%	6.4%	6.7%	6.5%
Warner Robins	Total Employment*	78.3	78.4	78.3	78.4	75.0	75.0
	Unemployment Rate	7.1%	7.0%	6.5%	6.3%	6.7%	6.6%

Source:
<http://www.bls.gov/eag/eag.GA.htm>

business services added about 500 jobs. Overall, these numbers depict a welcome change in Dalton's economic landscape. Dalton is no longer regarded as a lagging region and seems to have made the turn to an economic leader. Table 1 provides comparisons of Georgia's metro areas. As can be seen, Dalton experienced a near-overnight explosion of jobs between December and January and total employment remained stable through February, according to Bureau of Labor Statistics (BLS)

projections. Unemployment rates declined from 8.4 percent to 7.1 percent between September 2014 and February 2015. Unfortunately, the Chattanooga metro area did not experience the same rapid improvements, and job growth remained stagnant throughout the period. However, the data indicate that market conditions are still relatively strong in Chattanooga, which is projected to have experienced 6 percent unemployment during February.

Table 2 indicates the total number

of new unemployment claims in Northwest Georgia in February of 2014 and February of 2015. While Whitfield County shows the largest decline in unemployment claims, the entire region is showing improvements. In total, new unemployment claims in Northwest Georgia decline a staggering 47.4 percent; far greater than the (still impressive) 27.4 percent decline for the state as a whole. Nonetheless, unemployment claims in the region are still relatively high—Dalton

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Unemployment Claims: Dalton Has Lowest Decline in State

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metro possesses the second-highest number of new claims in the state—despite such a massive decline.

Table 2 provides additional details and allows for comparison among Georgia's metro areas. We should continue to see improvements as economic growth tends to encourage additional growth and persistent improvement.

In addition to the positive news regarding labor statistics, additional data support the assertion that Northwest Georgia, and the state as a whole, are in the midst of a powerful rebound. Between 2014 and 2015, new building permits

in the state of Georgia rose by 39 percent. The number of permits for the construction of new homes rose by 20 percent in the first two months of 2015, relative to the first two months of 2014 (census.gov). Per capita economic production grew at a faster rate than the United States as a whole, as average production and average income for Georgia rose 4.4 percent from 2013 to 2014 (bea.gov). According to Brian Anderson, president and CEO of the Greater Dalton Chamber, the near-future looks bright for the area.

He states, "The manufacturing sector is becoming more tech-savvy and is investing in labor and capital."

Anderson expects that Dalton's current manufacturers will continue to expand but also expects increased interest from international manufacturers and firms in the automotive industry looking to expand operations. With additional investments in the area, he expects improved profitability and additional labor gains in the manufacturing sector. But, manufacturing is not the only avenue for growth.

"We continue to receive interest from retailers, restaurants, and others who seek to locate in Dalton," he reports. "As job market conditions continue to improve and

disposable incomes rise, expect to see new opportunities in the Greater Dalton area."

Sources: <http://www.census.gov/construction/bps/statemonthly.html>

<http://bea.gov/regional/bearfacts/action.cfm?geoType=3&fips=13000&areatype=13000>

Table 2. Initial Unemployment Claims

12-month analysis

County	Feb. 2014	Feb. 2015	% Change
Bartow	554	313	-43.5%
Catoosa	291	132	-54.6%
Chattooga	44	26	-40.9%
Dade	41	20	-51.2%
Fannin	120	92	-23.3%
Floyd	646	334	-48.3%
Gilmer	164	159	-3.0%
Gordon	772	273	-64.6%
Walker	534	454	-15.0%
Whitfield	1,890	857	-54.7%
Region	5,056	2,660	-47.4%
Georgia	40,322	29,291	-27.4%

Source:

<http://www.dol.state.ga.us/pdf/pr/initialuiclaims.pdf>



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Is Social Media Marketing Right For Your Business?

By Dr. David Williams
Assistant Professor of Marketing
and

Ellen Kolbas
student marketing major at Dalton State

Without knowing anything about your operation, we would give an (almost) unqualified “Yes!” Why would we state with such conviction that Social Media Marketing (SMM) is right for your business? Think of the question this way – is marketing right for your business? Most would agree that effective marketing is an integral part of a successful enterprise. SMM is merely the present day version of ‘fence conversations’ that in prior decades took place between neighbors, friends, or family members. The conversation may have been about a new restaurant in town or a favorite pool service company, and these conversations took place one-on-one or perhaps, one-to-a-few. Word of mouth communications have been shown to be seven times more effective in creating positive consumer perceptions versus firm-generated messages and are considered the gold standard of marketing communications. Traditional word-of-mouth conversations can now occur online and can be 1 to 100 or 1 to 1000 or 1 to the world and are commonly referred to as Electronic Word of Mouth (eWoM). If you are neglecting this space, and all of the conversations that are happening in it, you are missing out on information that could be both beneficial and perhaps extremely damaging.

Social Media is built on the stable

proposition that people are social and intrinsically desire to connect with other people. These interactions that used to occur via in-person meetings, telephone calls, and e-mail, are now occurring on rapidly expanding social media platforms. Social media has reached critical mass and is interwoven in consumer’s daily lives. Most researchers agree that it is here to stay, and if an organization wants to survive and thrive they should be engaged where their customers are already engaged. In case you are not yet convinced, let’s discuss three social media misconceptions that you may have heard at a meeting or over lunch.

1. Social Media Is New and Probably a Fad

Both Facebook and Twitter started operations more than a decade ago. If 10-plus years in operation qualifies as ‘new,’ then I have a ‘new’ car I’d like to sell you! While some platforms have come and gone,



they have been replaced by more and better platforms. SMM scholars predict that the explosive growth of these platforms is unlikely to slow in the future.



Social media has become the new “word of mouth” communication.

2. Only Kids Use Social Media

Digital Natives (that demographic cohort who has never known life without computers) are indeed active on social media platforms. However, each platform has its own demographic profile. Additionally, research indicates that 75 percent of the online population are frequent social media users. These are not all Digital Natives. For example, the most frequent users of Pinterest®, an extremely popular social media platform, are older females. Research has shown that this demographic is quite influential in regards to purchase decisions.

3. Social Media Will Take Too Much Time

Delta and Target will dedicate more resources to their social media than the average small business. However, as a percentage of their available labor hours and total budget, social media spending is relatively small. After developing a strategy, and the initial set up, a small to medium sized operation can have an effective SMM plan by

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The Merits of Activity Based Costing for the Allocation of Factory Overhead in a Manufacturing Environment

By Bob Haverland

Instructor in Accounting

Seldom does one realize how important factory overhead can be in the production and manufacturing of a product or products. All manufactured products will absorb a minimum of three costs: direct materials, direct labor, and factory overhead. These generally are referred to as the product costs and represent the total costs of production for the finished good.

Additionally, we classify these costs as either variable or fixed. By its very nature, any direct costs, most commonly materials and labor, will be classified as a variable cost. By direct we mean the cost can be directly associated with the finished product and represents a significant portion of the product's total cost. I like to use the example of guitar strings for a custom manufactured guitar. We can directly associate the strings to the finished product, but when taken as a whole, in terms of product cost to the finished good, it is probably not a significant cost source. So by default it's often classified as overhead. Overhead can be both a fixed and variable component of product cost; it is just not considered a direct cost. Before we can continue the discussion of Activity Based Costing (ABC), we'll need to examine the nature and behavior of costs, their impact on margin, profitability, and the level of sales necessary to cover fixed

expenses.

Variable costs are fixed as a unit cost and increase/decrease proportionally with production. Greater production results in higher total costs but without any impact on the unit cost. If the unit cost is \$20, it's \$20 whether you produce 1 unit or 100 units.

Fixed costs are unchanged in total at any level of production within the relevant range, but decrease as a unit cost as production increases.



Twenty thousand dollars of total fixed cost will be \$20,000 whether you produce 1 unit or 100 units. It will even be \$20,000 if you produce no units! Examples of fixed costs include depreciation of property, plant, and equipment, supervisory salaries in the plant, utilities when billed at a flat rate and later adjusted for actual usage, etc.

Mixed costs have attributes of both a variable and fixed cost. Think of the utilities in the paragraph above. It's billed at a flat rate (fixed) and then adjusted upward when usage exceeds the base billing (variable). We must adjust mixed costs into their variable and fixed components, and

we can accomplish this easily by using Scatter Diagrams, the High-Low Method, or Least-Squares Regression. The latter is probably best because it considers every cost amount with its related production for a defined period of time yielding a very accurate split of total fixed costs and the related variable cost per unit. This information can be used and applied to future estimates for production and optimal product mix.

Why all the fuss over classifying cost as either fixed and variable? The short answer is before any fixed costs can be covered, the company must provide contribution margin in an amount equal to or greater than the fixed cost. Contribution margin is defined as the difference between sales and variable cost. Once contribution margin is expressed both as a dollar amount and as a percentage ratio to sales, a calculation can be made determining the necessary amount of sales in units and dollars to cover total fixed costs. This is generally referred to as "Break-Even Sales." Obviously we want sales to not only cover our fixed costs but also provide a profit. This technique allows the company producing more than one product to allocate resources to products providing the highest contribution margin and coverage of fixed costs. Remember, fixed costs continue even if there isn't any product produced! This is why it is so important to know, accurately know, what our fixed costs are. This is where Activity

Growth for Your Business

By Travis L. Hayes
Instructor in Economics

The rapid economic turnaround in Northwest Georgia is the primary subject of this issue of Business Analytics. While an economic turnaround is great news, some of us believe that it is even better to have turnaround and growth in our own organizations. This brief article examines areas that owners and managers can focus on to achieve desired growth.

For the purpose of this article, I will define “turnaround and growth” as an increase in gross sales for the organization. There are other important considerations for the organization, such as profitability and return on assets, but gross sales is a value that is visibly correlated with growth. “Customers” will be an all-inclusive term that refers to the customers or clients or patients or students or guests or any other parties who purchase goods and/or services from an organization. My goal in this article is to find ways to encourage a greater total amount of spending by the customers.

The first way to achieve a greater sales volume is to increase the number of customers that buy from the organization. We see on a daily basis advertising that is intended to attract new customers through the promotion of an organization, a product, or a service. Advertising can include the commercials we hear on the radio or see on the television or computer and the print advertising we see in newspapers and magazines. Organizations can deploy sales professionals to call on potential new clients who have

hopefully been pre-qualified when prospecting. Existing customers can send new customers to the organization through positive word-of-mouth discussions and structured referral programs. Communications technology can be used extensively to reach new customers. Organizations can reach customers on a global scale through internet sales. Facebook, Twitter, YouTube, and other popular websites that can communicate the message of the organization in a consistent fashion around the globe at minimal cost.

A second way to achieve a greater sales volume is to increase the dollar amount of each purchase that is made by each customer. If the organization has a customer who has made the decision and commitment to buy, then the customer may be easy to influence regarding a larger purchase. For example, owners and managers or retail stores will place items that are bought on impulse (candy bars, chewing gum, soft drinks) at the cash registers in retail stores to possibly add another dollar or two to each sale. Additionally, an organization may be able to sell “complementary goods” or services to increase the dollar amount of the purchase. This “upselling” is practiced in the fast-food (i.e. “Quick Serve”) industry when the cashier asks, “Do you want fries with that?” The sale of additional fries can potentially add many dollars of sales volume and profit to the organization. Similar practices can be found in practically all industries. For example, retail companies often offer a pricey

warranty for electronics at the point-of-sale.

A third way to achieve a greater sales volume is to increase the frequency of purchases made by each consumer. You may find the instructions “Lather, rinse, repeat” on a bottle of shampoo. The repeat step will cause a customer to use twice as much shampoo and bring about the purchase of a new bottle sooner rather than later. Some restaurants will offer discount coupons that are good Monday through Wednesday under the assumption that customers are more likely to eat out Thursday through Sunday. Your organization can also increase the frequency of purchases made by customers by selling service after the initial sale. For example, a heating and air conditioning firm could schedule cleanings and preventive maintenance for customers every six months to increase sales and keep contact with the customers. An auto dealership could vigorously promote oil changes to bring the customers back to the showroom. A restaurant could establish a loyalty card program to reward a customer with a free meal after the purchase of 10 meals at regular price.

Focus on any one of the three ways to increase sales volume should produce a measurable improvement, but to realize the maximum impact, a combination of increasing the number of customers, increasing the dollar amount of each purchase that is made by each customer, and increasing the frequency of purchases by each customer should be employed.

Social Media: It Requires a Commitment

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devoting only a couple of hours a week.



We could continue this discussion for a long while.

In the interest of brevity however, let's turn our discussion toward things an organization should and shouldn't do once their SMM strategy has been determined.

1. Don't Start Something You Are Going to Abandon

Social Media Marketing requires a commitment. It is not a large commitment, but it does require a firm one to stay with it. Before creating accounts on every social media platform in existence, consider how likely it is that these sites will be regularly updated. It is better to have one frequently updated Facebook account than a Twitter, Pinterest, and Instagram account that are updated once a year, or never. An abandoned Facebook page, for example, can be

more harmful to your brand's image than not having a page at all.

2. Share Content That Provides Unique Value

Before posting on social media, ask, "What is in it for the consumer?" Believe it or not, people do not follow a page because they aren't advertised to enough. They want to save money or solve problems. The best way to promote your product is to make the customer feel special. Post coupons, giveaways, or contests available only through the social media platform. Followers will appreciate the exclusivity and return the favor with frequent traffic, mentions, and hopefully positive eWoM directed toward your firm.

3. Update on a Frequent Schedule and Choose Optimal Posting Times

Midweek tends to be the best time to post for most social media networks. This varies from platform to platform. For instance, Twitter should be updated more often because of the large amount of content cycling through on a

daily basis. Choosing a time that will accumulate the most views is critical when engaging with customers via social media. You would not want to post content at 3 a.m., unless your target market resides in Asia or you are an Uber driver. Pacing information is another topic to consider. Create a schedule to avoid posting multiple topics at once. For example, for a newcomer to SMM we suggest posting twice weekly, midday and midweek.

It doesn't matter whether your organization is a for-profit enterprise, a non-profit, a B2B, or a B2C—you can reap substantial benefits from a SMM program. Consumers are interested in your expertise and are looking for firms that can satisfy their wants and needs. Meet them where they are already looking for you, on social media.

Follow us.

Twitter: @DSC_Marketing

Facebook: www.facebook.com/DaltonStateAMA

ABC: Properly Assigned

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Based Costing grabs hold and really takes off.

ABC identifies the activities which cause, or drive, costs to be incurred. No longer does the company just throw all other costs which aren't direct into a bucket and classify it as overhead. ABC injects a high degree of discipline and accountability into this process. An in-depth review of all costs, fixed and variable is made. Once

classified, we can begin to associate fixed cost with the products being produced and the activities these products absorb during the production process. Management can now evaluate if the activity is necessary, and whether the activity has been properly assigned. If a single plant-wide overhead rate was assigned to products based on labor or machine hours, it's very likely there will be a misallocation of overhead from one product to another, resulting in flawed amounts of calculated contribution

margin necessary to cover the fixed overhead expense. With ABC costing, if a product doesn't use or drive an activity, it isn't burdened with the expense. Even if the company only produces a single product, the in-depth review of costs by activity will improve efficiency. Greater efficiency will result in reduced cost, and better management of existing cost. This is why modern cost and managerial textbooks encourage students in the School of Business to be on board with ABC.

Business Analytics Economic Dashboard Spring 2015

Compiled by Dr. Brent Evans

Statistic	Bartow	Catoosa	Chattoog	Dade	Fannin	Floyd	Gilmer	Gordon	Walker	Whitfield	Region	State	National
Number Employed; February 2014	42327	29,122	9,579	7,499	8,611	40,114	10,859	23,621	27,354	40,804	239,890	4,382,290	145,301,000
Number Employed; January 2015	44083	29,078	9,715	7,468	8,836	39,980	10,923	24,217	27,409	42,100	243,809	4,435,462	148,201,000
Number Employed; February 2015 (Preliminary)	44215	29,201	9,695	7,475	8,816	40,074	10,882	24,268	27,490	42,128	244,244	4,447,096	148,297,000
Number Unemployed; February 2014	3611	1,940	926	518	807	3,665	932	2,064	2,174	3,763	20,400	354,985	10,387,000
Number Unemployed; January 2015	3054	1,778	700	466	753	3,050	787	1,741	1,879	3,472	17,680	308,762	8,979,000
Number Unemployed; February 2015 (Preliminary)	2921	1,713	715	452	725	2,975	794	1,630	1,841	3,032	16,798	303,408	8,705,000
Labor Force; February 2014	45938	31062	10505	8017	9418	43779	11791	25685	29528	44567	260,290	4,737,275	155,688,000
Labor Force; January 2015	47137	30856	10415	7934	9589	43030	11710	25958	29288	45572	261,489	4,762,093	155,862,000
Labor Force; February 2015 (Preliminary)	47136	30914	10410	7927	9541	43049	11676	25898	29331	45160	261,042	4,750,504	157,002,000
Unemployment Rate; February 2014	7.9%	6.2%	8.8%	6.5%	8.6%	8.4%	7.9%	8.0%	7.4%	8.4%	7.8%	7.5%	6.7%
Unemployment Rate; January 2015	6.5%	5.8%	6.7%	5.9%	7.9%	7.1%	6.7%	6.7%	6.4%	7.6%	6.7%	6.5%	5.8%
Unemployment Rate; February 2015 (Preliminary)	6.2%	5.5%	6.9%	5.7%	7.6%	6.9%	6.8%	6.3%	6.3%	6.7%	6.5%	6.4%	5.5%

Sources:

<http://www.dol.state.ga.us/pdf/pr/laborforce.pdf>
http://www.bls.gov/news.release/archives/empsit_03062015.pdf
<http://www.dol.state.ga.us/pdf/pr/laborforce.pdf>

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