

# Bloch faculty focus

## Zoning: Local Economic Development's Gas Pedal and Brake

Society's economic development decisions are guided by land use policy; in particular, development of open space is directed through zoning and planning. Communities increasingly demand economic growth in a sustainable manner, yet policymakers and researchers struggle to understand how zoning impacts the urbanization process. Assessing the impact of zoning is challenging due to a number of variables which affect development decisions, such as neighboring land uses, conditions of nearby properties, soil type and slope of parcel. Economic development planners need a better understanding of zoning policy in order to create sustainable communities with vibrant economies and maintenance of natural and cultural resources. Society and scholars frequently question whether zoning is suited to protect open space that provides habitat for threatened species as well as aesthetic enjoyment for the community.

Abigail York and co-authors Darla Munroe and Cynthia Croissant took an innovative approach to this issue by studying the impact of county-level zoning on the development conversion process at a parcel level. They found that use of high density zoning rules increases fragmentation of parcels, meaning a more compact and

varied landscape pattern. This illustrates how these high density zoning rules led to the intended "built-up" landscape.

"An unexpected result was that some

parcels near development with open space zoning rules were effectively protected from development, illustrating that zoning can be used to protect open space if properly implemented," York notes. Generally, zoning policy had the greatest impact on the landscape and protection of forest in areas where the cost of development was lowest and development pressures were highest, slowing the conversion process.

Overall, the study illustrated that local planning can be an effective tool in preservation of natural resources. Many planners have advocated the consolidation of planning power at the state level because of perceived policy failures at the local level. But York and colleagues found that local zoning can be effective within a jurisdiction.

Future research is needed to shed light on how effective local policy is at protecting large ecological or topographic features stretching across political boundaries.

Assessing regional cooperation and coordination issues in land use policy will be key. It is clear that zoning policy impacts the pace and type of urbanization processes that cities experience, yet it is unclear how effective the entire portfolio of zoning and economic development policies are at slowing conversion or accelerating high-density development on appropriate parcels.

"We demonstrated that policy impacts are tempered by highly localized conditions," York said. A continued assessment of the impact of land use and economic development policy will enable communities to better understand their options.




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### Abigail York, Ph.D.

IS ASSISTANT PROFESSOR OF URBAN ADMINISTRATION.

Munroe, Darla K., Croissant, Cynthia, & York, Abigail M. (2005). Land use policy and landscape fragmentation in an urbanizing region: Assessing the impact of zoning. *Applied Geography*, 25(2), 121-141.

## Nothing Happens Until Somebody Forecasts Something

Often the old marketing phrase “nothing happens until somebody sells something” is better stated as “nothing happens until somebody forecasts something.” This statement is true whether we are discussing routine forecasts or technological forecasts in support of entrepreneurship. Forecasts are essential to all plans and decisions; consequently, effective forecasts are necessary in achieving the strategic and operational goals of all organizations. They drive decisions in strategic planning, marketing, finance, operations, human resources and so on.

In all organizations the demands for products, services, labor, materials and other resources must be estimated using formal or informal forecasting methods. The forecasting methods developed by Stephen DeLurgio, professor of operations management, integrate forecasting and statistical methods of allocating resources, making them effective tools for managers of products and services in diverse organizations such as health care, education, city management, utilities, airlines, retailers, distributors and manufacturers. These tools are essential

because there has been a revolution in the quality (i.e., accuracy) and quantity of forecasts generated by today’s improved forecasting systems, and often excellence in these systems can make the difference between organizational success and failure. DeLurgio’s forecasting books and software are used around the globe — for example, in the mathematics department of the University of Tennessee-Knoxville, in graduate programs at European universities such as the Catholic University of Eichstatt-Ingolstadt, and the Baptist University of Hong Kong.

Despite the availability of new forecasting technology, most organizations are plagued by having too many of some resources and not nearly enough of others. In fact, a recent poll of supply chain executives identified improved forecasting as the single most important way to reduce the level of inventory in their supply chains while maintaining high in-stock conditions. DeLurgio has found that it is possible for most companies to reduce their inventory levels by 10 to 50 percent while achieving a 6 to 8 percent increase in the percentage of customers who get their products or services on time. This simultaneous improvement in inventory carrying costs, inventory investment and higher sales provides an extraordinary improvement in profits and return on investment.

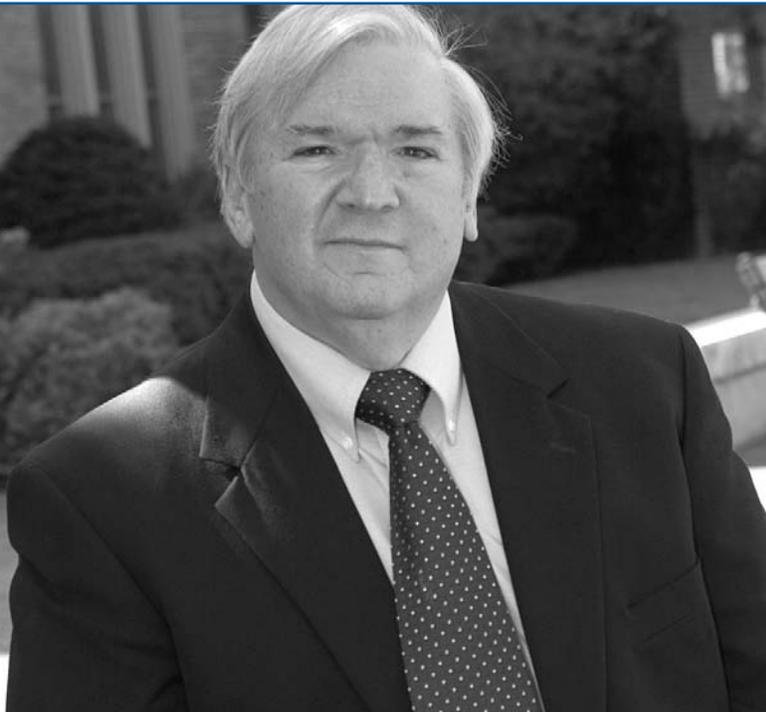
DeLurgio stresses that survival depends on accurate and timely forecasts in today’s fiercely competitive global markets. DeLurgio says “the ‘old days,’ when an organization could fulfill only 80 to 95 percent of customers’ demands and not lose those customers, are gone. Today most firms are fulfilling 99 to 99.5 percent of their customers’ demands.” Fierce competition driven by improved forecasting systems will continue to “raise the bar” and purge those organizations not achieving competitive percent fill rates.

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**Stephen DeLurgio, Ph.D.** \_\_\_\_\_

IS PROFESSOR OF OPERATIONS MANAGEMENT.

Stephen De Lurgio, *Forecasting Principles and Application*, McGraw-Hill Irwin, 2nd edition forthcoming.



# Financial Statements Overthrow Rote Memorization: an Accounting Professor's Solution

The Accounting Education Change Commission (AECC) stated that one of the most important goals of accounting education is to help students understand the foundational knowledge necessary for lifelong learning. The point is that students must learn to learn, and that that learning is a process through which accounting graduates become accounting professionals. In addition, memorization of rules and regulations is contrary to the goal of learning to learn. Instead of focusing on the details of financial accounting principles, the Commission stated that the content of accounting programs must “create a base” upon which continuous learning can take place.

Bloch School professor of accounting Dave Cornell argues that financial statements should be the base upon which to build the financial accounting skills and knowledge, since financial statements are the product of the financial accounting process. Students who lack an understanding of financial statements often resort to memorizing a seemingly endless array of disjointed information that accounting faculty present to them. Students who understand financial statements can not only learn almost any material presented to them, they are also ready to develop the more difficult skills of application and analysis from *Bloom's Taxonomy of Learning*. These skills are what the AECC identified as intellectual skills, describing them as “the ability to locate, obtain and organize information and the ability to identify and solve unstructured problems in unfamiliar settings, and to exercise judgment based on comprehension of an unfocused set of facts.”

The financial statement approach is the result of Cornell's experience both as a student and as an instructor. “I memorized my way through my undergraduate education and graduated with little

accounting knowledge. I could memorize computations and entries, but never understood what I was doing or why I was doing it,” Cornell explains. “As a professor, I saw many of my students doing the same thing. It dawned on me that the reason they were memorizing the computations is that they lacked an understanding of financial statements and the impact of transactions on those statements.”

And yet authors of accounting textbooks spend little time connecting topical coverage to a complete set of financial statements. Cornell therefore supplements the textbooks he uses with course materials he has developed. Each of his financial accounting courses has more than 400 pages of supplemental materials that emphasize the impact of economic transactions on financial statements.



## David Cornell, Ph.D.

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Cornell, David W., and J. Gregory Bushong. “The Financial Statement Approach to Teaching Intermediate Accounting.” *Advances in Accounting Education: Teaching and Curriculum Innovations*. Vol. 7, (2005)

# Today's Fine Dining Experience: Customer Satisfaction and Value

By the year 2010, the National Restaurant Association estimates the total sales of the restaurant industry will exceed \$580 billion annually as consumers spend 53 percent of every food dollar on meals away from home, compared to 44 percent in 1999 and 25 percent in 1955. For the aging baby boom generation, the new "meal-lennium" will be more about "time-using" (social event) than "timesaving" (eat and run). The fine dining experience will become the triumph of individualism over the ever-increasing pace of the new economy as baby boomers demand to be treated and catered to as individuals.

"Fine Dining is Booming" reads the cover story of the May 2005 *Restaurant Business*, in spite of the fact that our economic and political climate is one of discouraging extremes. The National Restaurant Association reports that 54 percent of fine dining restaurants enjoyed a significant year-over-year 7 percent growth in sales,

leading all foodservice establishments (4.6 percent).

Considerable research has demonstrated that it costs as much as 20 to 30 times more to acquire a new customer than to keep an existing one. Therefore, a marketing strategy that encompasses recognition and monitoring of emotional as well as performance dimensions is critical to developing favorable

post-consumption attitudes and intentions to visit.

With this in mind, Joe Singer, professor of business operations and analysis, and his co-author Raj Arora, professor of marketing, both at the Bloch School, investigate the influence of key variables affecting customer intentions when visiting a fine dining restaurant. Singer explains, "Customers evaluate service encounters based on prior expectations of service." The authors tested the relation between pre-visit attitude, disconfirmation and post-visit attitude. Attitudes after the dining experience are influenced by pre-existing attitudes; the role of disconfirmation is more than twice the magnitude of pre-existing attitudes. Both of these independent variables stress the need for restaurant management to exceed customer expectations.

Singer and Arora conclude that future intention is influenced directly by overall performance and post-consumption attitudes and also indirectly by satisfaction, prior attitudes and emotions during the consumption experience. While customers form certain assumptions about the level of enjoyment and the kind of service they expect to get, they will allow for missteps in their "zone of tolerance." However, satisfaction is experientially determined by the overall performance subconsciously sketched out by the customer around the showmanship that accompanies his/her experience.

Singer and Arora's findings indicated that overall value can be enhanced significantly despite higher prices by offering high overall performance, higher quality food and continuous service attention to customers.



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## Joseph Singer, Ph.D.

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Joseph Singer, Ph.D., "Customer Satisfaction and Value as Drivers of Business Success for Fine Dining Restaurants" publication in *Services Marketing Quarterly*. Volume 27, Number 4, 2005.



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