CONTENTS

1 Introduction **1**

1.1 Notation and Definitions 4

2 The Effect-Sparsity Assumption **6**

2.1 The BM-1986 Approach 6

2.2 Lenth's Method 7

2.3 Factor-Oriented Approach: Box and Meyer (1993) 9

2.4 Comments 10

2.5 Non-Robust Data 12

3 Empirical Bayes Methods **16**

3.1 The Contrast-Oriented Approach 17

3.1.1 ML-II Likelihood Estimation 18

3.1.2 Hierarchical Bayes Method 20

3.1.3 Choice of Prior 20

3.1.4 Model M1 21

3.1.5 BM86-MLII and BM86-HB Methods 23

3.2 The Factor-Oriented Approach 23

3.2.1 Model M2 26

3.2.2 Model M3 33

3.2.3 Model M4 34
3.2.4 Model M5 35
3.2.5 Design Resolution 36
3.2.6 Computational Considerations 37

4 Applications **39**

4.1 Example 1: Six 2^4 Factorial Experiments 39
4.2 Three Fractional Factorials 45
4.2.1 Example 2: Example III in BM-1993 45
4.2.2 Example 3: Plackett-Burman Experiment 50
4.2.3 Example 4 (Johnson and Leone, 1964) 51

5 Simulation Study **57**

5.1 Simulation Design 58
5.2 Estimates of Response-Means 62
5.2.1 EBIAS and EMSE 63
5.2.2 ECOST 63
5.3 Response Surface Analysis 70
5.3.1 The Modified Lenth Method 74
5.3.2 BM-1986 74
5.3.3 BM86-MLII 77
5.3.4 BM-1993 77
5.3.5 M5 77
5.4 Optimal Decision Rules for Bayesian methods 82
5.4.1 The "Largest-Gap" Decision Rule for the BM-1993 method . . 83

5.5 Summary of Simulations 88

6 Conclusions and Further Research **90**

A Lognormal Prior: the 22 Data Sets **94**

B Simulation Responses **99**