

Briefing Papers and Presentations

Problems in Business Research

Dewar Sloan

Consultants and Advisors to Management

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*The content of this **Briefing Paper and Presentation** examines key issues in business theory and practice. Our intent is to provide useful insights as well as questions that should provoke leadership thought in management conversations about the subject. Related materials and references are available in our 2004 Business Notepad series, a collection of ideas and thought-starters.*

Background

Companies depend on business research and analysis to support planning and decision making in many areas. The quality and integrity of business research is clearly important – otherwise errant planning and decision making can derail development, operating efficiency and performance efforts.

This briefing book explores problems in business research as they often occur in four key areas of planning and decision-making...

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| <i>01. Business Operations</i> | <i>02. Product Development</i> |
| <i>03. Marketing Systems</i> | <i>04. Corporate Evolution</i> |

Errant planning and decisions in each of these areas cause major strategic and economic disruptions in many companies. In the process, strategic and economic value is destroyed and business culture and resources are seriously damaged.

Our intent in this briefing book is to examine common problems that pervade the practice of business research and analysis. Through this examination, we can build an understanding of these problems, and armed with this knowledge and perspective, managers can prevent and resolve these problems.

Research Integrity

Every day, we're exposed to significant mistakes of numeracy* and research literacy in government, business, education and journalism. Otherwise bright and competent people generate conclusions and assumptions based on faulty research and analysis. Sloppy research and inept analysis lead to big mistakes...every day.

**Math educator John Allen Paulos has written about numeracy and its consequences. The problems related to mathematical literacy and numeracy are closely related to the generation and use of business research.*

Common Problems Defined

Based on studies in program evaluation, strategy research, political analysis, education research and other areas, the most common problems in business research and analysis can be defined in terms of:

Method Application and Integrity –

Research methods and analytical tests are often misapplied and interpreted without discipline. The rigor and quality of research methodology is seldom understood by research audiences.

Example...misapplied voice of the customer studies.

Interpretive Analysis and Reporting –

Data analysis and reporting is often injected with errant biases, inappropriate statistical and analytical discipline, misplaced or improper analyticals, and fraudulent reporting of study conclusions.

Example...misapplied causal interpretive methods.

Analytical Depth and Intensity –

The problem of analytical depth is often shaped by attempts to mix conclusions with partial research data and premises which are not founded in the analyticals. Superficial analysis is rampant.

Example...incomplete discernment and engagement.

Agenda-Driven Research Programs –

Significant research efforts are undertaken to support a pre-determined study conclusions. Some of this is done in the name of validation, and it's a clear violation of research integrity.

Example...political disposition of research data.

Some of these problems are the result of innocent lapses in research and analytical discipline. The answer to those problems will come in the form of improved competencies. Some of these problems are the result of blatant misuse of research and analysis efforts, data and results. Those problems are a mix of principle and competence, and they have different solutions.

Consequences

Historians, political observers and educators have studied the relationship between research investigations, conclusions and the consequences of decisions made with research evidence. We have a “cultural premise” at Dewar Sloan, and this statement is baked into our planning and decision-support work:

...It's Harder Than It Looks...the situation is always complex and dynamic, the research is often unclear, and the decisions are never without consequence...

There is plenty of back-up for our “cultural premise” in every corner of society, in every setting, in every organization. Viet Nam policies were very well-studied by some of the best minds in business and military history. The programs of the Great Society were put together with huge research platforms. The American auto industry invested billions in products and processes that destroyed strategic and economic value. There are countless other examples of this “March of Folly” as historian Barbara Tuchman calls it...the abject misreading of reality and research evidence. The *unintended consequences* of these misreads retard and ruin companies, institutions and program intentions. Those consequences are real, and they're more pervasive than managers like to admit.

Healthy Skepticism

Students of research and analysis can catch significant errors in data interpretation in journalism, government policy, business decisions, politics and education – every day. Otherwise well-intentioned people take vast and complicated sets of data and information, and they do their best to make sense of it, draw conclusions and make things happen. In the process, simple mistakes, errant assessments and reporting lapses pollute the analytical value of their studies. This may sound negative and restrictive, but a very healthy dose of skepticism is good prevention in research and analysis. When well managed news media people blunder their way through research and analysis, the entire population gets the impact of these liabilities. This is a growing problem in poll-happy society.

Innovation Efforts

Another spin on research and analysis emerges in studies that shape program and product innovation. Innovation is a special topic in technology, business, education and many other corners of society. Here's the challenge:

*...Innovation, whether functional or fundamental, can be **constrained by research and analysis**, because in some way, every significant innovation is a departure from what we know. Research and analysis constrains us with the momentum of what we can study, what can be proved, what we can conclude from what we know...*

Disruptive technology, divergent assumptions, revolutions in thought and revolutions in beliefs about subject matter are part of the complex and confusing puzzle of innovation research. These are “discontinuous” subjects, and they're often confounded by research and analysis programs and initiatives.

Thought leaders in business research, market analysis and policy analysis have long-maintained that research itself may be a **deterrent to innovation**. To some degree, they're correct. Here are just a few common examples of this dilemma...

- ❑ *Benchmarking practices that encourage convergence on a standard, while they limit innovation...*
- ❑ *Exploratory research that concentrates on current needs and concerns rather than breakthrough ideas...*
- ❑ *Constituent studies that claim to search for meaning and truth, while they “seed” an agenda or premise...*
- ❑ *Research on customer intentions that may or may not be realistic in the context of the research...*

Innovation is tricky territory. Research can constrain good work in business and program innovation. It can also be used as an excuse to reject research and analysis that sustains the status quo.

Leadership Thought and Behavior

Problems in business research and analysis can be prevented and resolved with leadership thought and behavior. What does this mean? First, it means ***technical competence*** in research management and applications. Second, it means solid ***integrity and character*** in the acquisition, interpretation and application of the research. Third, it means ***effective connection*** of the research and analysis with parties of interest in the business organization. Here are two research and analysis cases that reflect the need for more disciplined leadership thought and behavior in business research and analysis...

- A. ***Product Category Program*** – a company determines that it has real potential in the development of a new product category based on research and analysis. However, the data and subsequent interpretation does not reflect several barriers to business development and the company squanders not only the business opportunity, and many development resources.

Further investigation into this situation determined that those directing the research had limited experience and specific competence in the methodologies they used to determine feasibility and development requirements.

- B. ***Comparative Evaluation*** – An organization commits to a new process because the research and analysis determines that the new process will provide better results. However, the new process fails to generate anything in the way of better results, and the change in processes causes great disruption in the organization. Resources and time are sunk in a bad decision.

Further investigation into this situation determined that those directing the research and analysis had a vested interest in the new process and its intended benefits. They brought their bias into the assessment, to the detriment of the business.

Again, these situations evolve every day in even the best companies and institutions. ***Competence, integrity and connection count large in research.***

Epilogue

Business research and analysis is clearly an important managerial discipline. It provides knowledge for planning, decision support and execution. The principles governing business research and analysis are both technical and behavioral. The technical considerations relate to sound methodology and analytical process. The behavioral considerations relate to integrity and communication.

The concern about research and analytical integrity has been heightened over the last few years by the following managerial challenges:

- ❑ *Changes in the “new economy” that may or may not create opportunities and problems for companies.*
- ❑ *Lapses in corporate reporting, corporate analysis and corporate business model judgement – by everyone.*
- ❑ *Changes in information technology, data networks and analytical resources that increase visibility, etc.*

This is a sensitive time for those who manage business research and analysis. It’s also a period for rebuilding credibility in the business research discipline.

About Dewar Sloan

Our business management practice deals with issues in company planning and performance. Since 1982, we’ve provided executives and staff operatives with information, evaluation services and decision support. We also serve directors and trustees in their respective governance roles. In our role as consultants and advisors to management, we provide services in eight related areas of practice.

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| ❑ <i>Strategy Management</i> | ❑ <i>Marketing Management</i> |
| ❑ <i>Organizational Issues</i> | ❑ <i>Product Planning</i> |
| ❑ <i>Business Research</i> | ❑ <i>Resource Management</i> |
| ❑ <i>Corporate Governance</i> | ❑ <i>Corporate Development</i> |

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