



The Importance of Insight in Management
Decision Making:
Six Key Sources of Insight for Your Business

A White Space white paper

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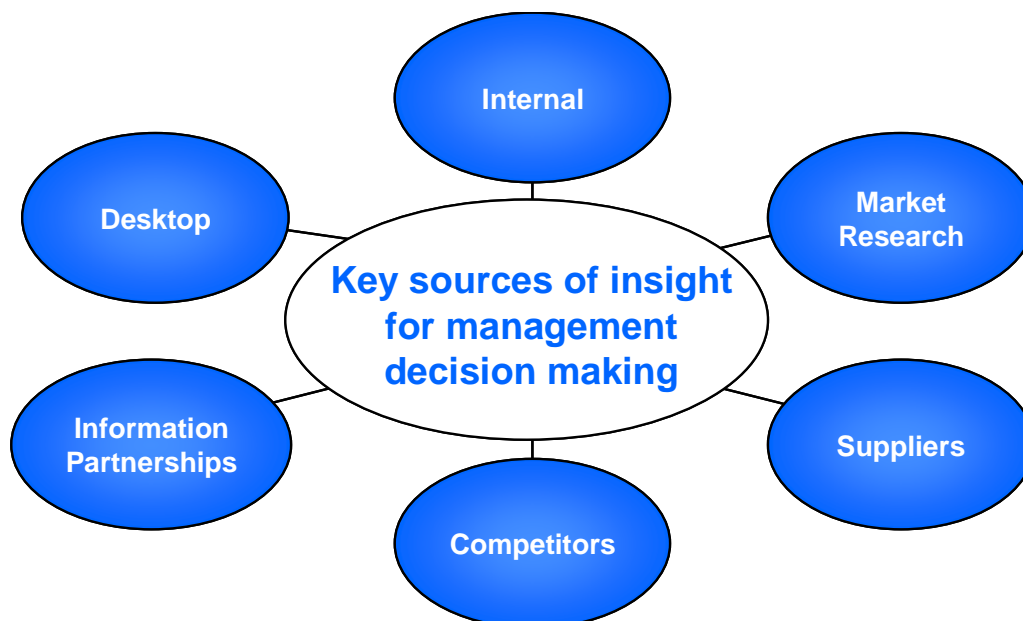
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Introduction: The Quest for Insight

Businesses are constantly making decisions, and company fortunes are inextricably tied to the quality, reliability and accuracy of these decisions. From new product development, to new market identification, to supplier selection and partner evaluation, big decisions make and break businesses, and the management teams that make them.

Against this backdrop of opportunity, threat, risk and uncertainty, management must base decision making on as much detailed, informed and accurate information as possible. The quality of any decision is only as good as the quality of information it is based on, but finding high quality information, especially relating to unfamiliar countries or industries, can often be extremely difficult. However, a range of potential sources do exist, many of which are actually quick and relatively inexpensive to access. Used together, they can underpin the decision-making process and allow management to successfully develop their businesses.

These key sources are outlined below:



Insight From Internal Sources

All too often organisations are quick to look to external sources of information, committing valuable management time and budget. This approach can be extremely powerful. However, in the first instance the most resource efficient approach can often be to look internally, either at your own company performance data or towards your own employees for insight. Intelligent analysis of company data can be more revealing than initially meets the eye, and staff often have more to say for themselves than you may have initially thought, especially if they have previously worked for competitors or comparable out-of-industry organisations who may have faced challenges similar to your own.

Developing a structured process of capturing insight from internal sources is therefore critical to the long-term success of any business. However, it is often the case that answers cannot be found in-house, especially when you are confronted by issues relating to new industries or geographies, or when there is a significant gap between your own performance and that of other organisations.

Insight Through Desktop Research

The starting point for external knowledge and insight generation is generally desktop research using the internet and reference books. This will almost certainly yield a wide range of useful data, providing a good general background to support most management decisions.

However, although useful as a first port of call, desktop research is only useful up to a point. Firstly, it is almost always the case that you are able to find out some reference to most of your areas of interest, but it very rarely provides the whole picture and generally lacks detail. Secondly, it can be out of date, which is especially a problem when evaluating emerging markets which tend to be exceptionally dynamic in nature. Finally, it is unlikely to tell you anything that isn't available to others, including your competitors, and so is unlikely ever to deliver you true competitive advantage.

To get an edge and obtain the insight required to make the correct decision, management must use desktop research in partnership with a range of other more direct sources of information.

Insight Through Market Research

When confronted with sales and marketing challenges in particular, the traditional approach companies take is to conduct in-depth market research, usually focusing on end customers. By talking to the customer, you will gain on what sells for any product in any market. A good market research programme will also ask customers to pass opinion on opportunities and threats for your business as well as identify areas of white space and market overcrowding. However, extensive market research is often very expensive and all-too-often ends up being led by 'fluffy' marketing concepts and losing sight of commercial reality. In addition to this, end customers may hold the final purse strings, but they don't necessarily fully understand exactly what they want, can provide over-optimistic answers to questioning and generally have little or no understanding of

the competitive environment which is also looking to gain share of their wallet at your expense.

Market research therefore needs to be used in a targeted, commercial way, and should be combined with other approaches to gaining insight in support of management decision making.

Insight Through Information Partnerships

An excellent way of obtaining deep, up-to-date insight is to form an information partnership with a non-competitive organisation who is similar in basic nature and outlook to yourselves. The idea is that they may have experience of working in that market which they will pass onto you in return for reciprocation in areas of interest to them.

Formal partnerships are particularly common in industries where the same customers and channels are served by similar but non-competitive organisations. For example, in FMCG, many of the top food suppliers have developed formal links with drinks and domestic care companies.

The advantages of this kind of arrangement are obvious, and can drive mutual benefit for both parties. However, there are downsides. In particular, by definition and out-of-industry partner will not be able to provide direct insight on your own marketplace. Secondly, today's friend may turn into tomorrow's enemy, especially given the trend towards portfolio diversification common in today's business world. Thirdly, your information will only be as good as your partner's, and it becomes resource intensive to hold more than a small number of partnerships at any one time. However, despite these downsides, any major organisation that doesn't participate in information partnerships is missing a significant trick in the quest for accurate, relevant management information.

Insight From Suppliers

You may know very little about an issue, but the same may not be true of your suppliers, who will often be more than willing to develop their relationships with you by providing you with support. It is not uncommon for organisations to have suppliers who are more outwardly-focused than themselves and drawing upon their experience is potentially an inexpensive route to gaining a direct view based on real experience rather than textbook theory. Identifying the correct suppliers to talk to, as well as the right people within them to make contact with, can be difficult, but once achieved can prove exceptionally fruitful.

Suppliers, however, are likely to have their own bottom line at heart, and those who are best informed may actually be looking to move up the supply chain and take a more direct role in your marketplace. A degree of caution should always be taken, but managed correctly, they can provide you with insight which would otherwise be unavailable to you, and will not be readily available to the competition.

Insight From Competitors

It goes without saying that competitors hold a great deal of exceptionally useful information on your marketplace. They face the same challenges as you and will most probably have invested a large amount of time and money looking to address the same issues which you are currently facing. They can therefore provide an exceptionally relevant insight into your issues, including real-world experience of approaches which have failed as well as those which have worked well. The problem, of course, is how you obtain from them what is often commercially sensitive information, especially if your competitors are not publicly listed and therefore not required to report to the City. Specialist intelligence agencies do exist, but many of them operate on at-best questionable ethics, and even the most effective find it difficult to fully commit to providing the exact information you require. Unless you are able to form deep personal relationships based on trust with selected competitors, the best way generating insight from them is therefore to collect whatever information you can using a combination of your own personal sources as well as vetted agencies and combining this with many of the wider sources previously mentioned, to build up a bigger picture.

Conclusion: Finding the 'Holy Grail' of Insight

Some companies use some of the information sources mentioned in this paper, but rarely do they combine them in an effective, robust, action oriented and methodical way. Currently only the most dynamic of companies make use of all available information sources to underpin decision making. However, it is certainly the case that all companies CAN obtain the information they need if they adopt the correct approach. Much of the work obtaining information, and insight, may be possible in-house. It may be necessary to use a range of carefully-selected and complementary agencies. However, the excuse of 'not having reliable data' just doesn't cut it in today's information-critical business society.

For more information on how White Space's market insight services can support your management decision making, please contact:



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