



# Transforming Information into Insight

## *How to Organize Research and Information into a Powerful Strategic Decision-Making Tool*

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**A**s internet content has exploded, business managers have become inundated with information and disinformation. Left unfiltered and disorganized, this information can become counterproductive. When transformed into insight, filtered and managed information becomes a powerful tool for making rapid and informed strategic decisions.

### *Article At-A-Glance*

*Unfiltered information continues to flood today's decision makers in ceaseless waves. Our business leaders are faced with constant uphill battles as information they receive is not actionable for their specific business needs or it has been gathered by personnel without proper research expertise, using non-vetted sources. Ensuring that information is current, relevant, and valid is a challenge, but even if all available information were current, relevant, and valid, aggregating and organizing that information can still amount to a large project – hampering the ability of decision-makers to use the information in a timely fashion. One alternative that many firms are adopting is the creation of internal departments whose sole role is to streamline internal and external information. However, this alternative can be expensive. Another alternative is to partake in “information outsourcing” -- engaging external analysts to gather and synthesize information effectively, allowing internal teams to focus on the interpretation and creation of strategic plans and decisions.*

With the advent of globalization, strategic decision makers are faced with more opportunities and more challenges than ever before. Decision makers know the local business environment and how it is evolving and changing. They also seek knowledge of best practices within and across industries. In a 2006 Harvard Business Review article, “Competing on Analytics”, Thomas H. Davenport wrote,

*Some companies have built their very businesses on their ability to collect, analyze, and act on data. Every company can learn from what these firms do.*

Although an enormous amount of information is readily available to help executives remain current and make informed strategic decisions, this information can take a great deal of time to aggregate, organize, and validate. Whether a small or large business, a public or private company, a venture,



hedge, or private equity fund, or in the services or manufacturing sectors, basing strategic decisions on unsubstantiated, incomplete, or out-of-date information can produce disastrous results. The phenomenon of abundant, complex information is not new.

In 1940, H.G. Wells wrote in *The Brain: Organization of the Modern World*:

An immense and ever-increasing wealth of knowledge is scattered about the world today; knowledge that would probably suffice to solve all the mighty difficulties of our age, but it is dispersed and unorganized. We need a sort of mental clearing house for the mind: a depot where knowledge and ideas are received, sorted, summarized, digested, clarified and compared.

As abundant and scattered as information was in 1940, it is even more so today. Modern businesses have a greatly expanded focus. There is a much larger market available driving companies to develop strategies based on domestic and international business models. To create effective, innovative and sustainable strategies, it is imperative that users carefully research and understand the vast amount of information available. The information on which strategy is based must be derived from valid and current data. Faced with mounting demands, however, today's managers are also tasked with handling ever-increasing numbers

of projects while having ever-decreasing amounts of time to devote to each. Consequently, less and less time is spent conducting research and analytics to build a supporting fact-base and more importantly, transforming that fact base into insight.

Bringing research and analytics into strategic decision-making can be challenging. Many responsible for the direction and success of organizations are accustomed to making decisions based on keen instincts. In today's world, however, the truly successful will be able to maintain their instinctive feel for business decisions while using analytics based on factual information. In his 2006 article, Davenport wrote:

Most companies in most industries have excellent reasons to pursue strategies shaped by analytics. Virtually all the organizations we identified as aggressive analytics competitors are clear leaders in their fields, and they attribute much of their success to the masterful exploitation of data.

The greatest issue with information today is not its availability, but its utilization. The files and paperwork of yesteryear have been replaced by data repositories, e-mail alerts, reports, and presentations. As organizations grow, so do the data repositories. Too much

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information, and too few tools and expertise to handle it, can result in poor decisions.

If the information takes a decision maker too long to analyze and interpret, the outcome will be either an uninformed decision or no decision at all. As Zig Ziglar has said on numerous occasions, “paralysis by over analysis” will occur.

Much of the information available on the web is free of cost, but it is scattered, and putting it together in an organized and meaningful format is daunting. Further, the Internet provides easy access to virtually everyone. Unqualified and untrained people are spending an enormous amount of time and energy doing research. Although their intentions are normally good, when they *do* find something, the information is often derived from sources that are not valid, current, reliable, or credible. Once faulty information is found and recorded, it often becomes the basis for uninformed strategic decisions. And the implications are significant. They include unnecessary consumption of resources, additional costs, lower worker productivity, duplication of work, and wrong decisions. Is it possible, then, to quantify productivity loss and failed outcomes that result from management decisions based on faulty information?

### Consider the Following...

According to a study conducted by IDC, “Quantifying Enterprise Search,” only 21% of the respondents said they found the information they needed 85%–100% of the time. A more recent study examined a mythical organization with 1,000 knowledge workers and found that the cost of time spent looking for, and not finding, information totaled \$6 million a year – excluding opportunity costs or the costs of reworking information.

Another study, conducted by *Outsell* found that employees spend an average of eight hours a week looking for and using external information. This would suggest that based on a 40 hour work week and an annual income of \$100,000 – \$20,000 worth of employee productivity is focused on information gathering.

One can conclude from these studies that not only can unqualified, out-of-date, or unverified research be the basis for poor decisions, but the very process of gathering and reporting the information can also present productivity issues within the office environment. There are significant invisible costs to internal research and its impact on an organization.

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The manner in which many organizations conduct their research constitutes one of the largest, but most easily corrected expenses in business today. A qualified and appropriately staffed internal or external research and analytics team would not only improve the quality of information and the decisions derived from them, but this approach could also yield up to 20% of increased productivity.

Once a company embraces sound research and analytic practices understanding how information will be used is paramount. Good strategy results from developing targeted and relevant questions that if answered will reveal the insight needed to make informed strategic decisions. To realize the potential of available information and to reduce what are often harmful and expensive effects of unqualified research, a consistent research methodology, qualified researchers and a functional and reliable library of research resources are needed.

**The 4 Building Blocks of Strategic Decision-Making**

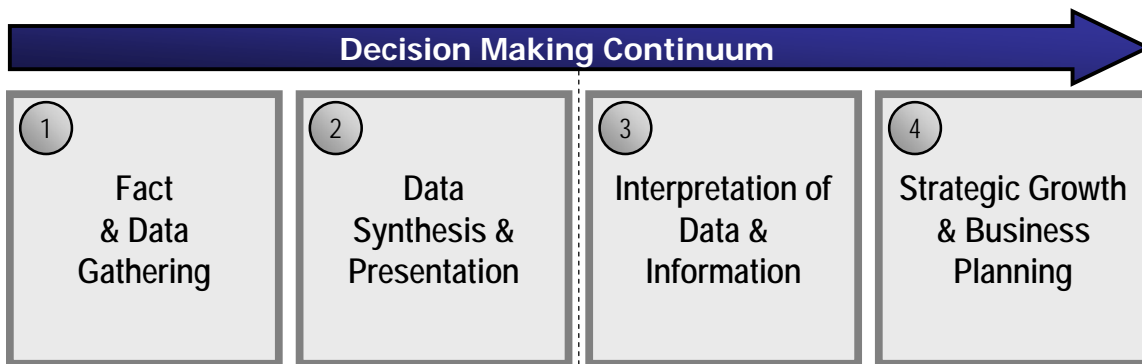


Figure 1: The Decision Making Continuum

A consistent research methodology should encompass the 4 Building Blocks of Strategic Decision-Making. From Figure 1, Fact and Data Gathering, the first of the four blocks builds a fact-base and foundation. Without a complete and accurate fact-base, the other three blocks will be compromised. Once data has been gathered and analyzed, the collected data is synthesized, condensed and validated into a concise and easy to interpret document or presentation. Now, a decision maker can spend the time determining what the information means (Step 3), and finally move on to informed decision making (Step 4).

Breaking strategic decision making into four building blocks allows decision makers to disaggregate the process, and spend their time on the most important components; namely, interpretation and decision making. The first 2 boxes, fact & data gathering and data synthesis & presentation, can be delegated or assigned to other internal or external resources. To decide the best means for completing the first 2 steps, consider the following questions:

- (1) What is the scope of work?
- (2) Who should do the work?
- (3) What research data and information should be used?



**OUTSOURCING** to India, China, Ireland, or other countries is often perceived as taking jobs away from Americans, ignoring that there simply is not enough domestic talent and that those who have the talent often do not want to perform these tasks. Outsourcing is also nothing new and has proven to be a key ingredient in the success and growth of the United States. According to freelance writer and college instructor Terri Kelly in her article found on Global Envision, titled, "A Brief History of Outsourcing," fabricating clipper-ships' sails and covers was a job outsourced to workers in Scotland, with raw material imported from India. England's textile industry became so efficient in the 1830s that eventually Indian manufacturers couldn't compete, and that work was outsourced to England." Successful businesses are fluid, and they adjust with the times. Thomas L. Friedman in his book *The World Is Flat* quotes Michael Hammer:

One thing that tells me a company is in trouble is when they tell me how good they were in the past. Same with countries. You don't want to forget your identity. I am glad you were great in the 14th century, but that was then and this is now. When memories exceed dreams, the end is near. The hallmark of a truly successful organization is the willingness to abandon what made it successful and start fresh.

Throughout the last century, business leaders in the United States have successfully found ways to augment what at times has been a shrinking work force or one unwilling to perform mundane tasks. Our history of outsourcing has helped modernize and stabilize previously impoverished parts of the world. Jobs that historically no one in the United States wanted to perform have gone to people who not only wanted the work but were extraordinarily motivated to do the work well. Throughout United States history, jobs have moved to more efficient, less expensive, or more strategically placed locations within the country. To remain competitive in the world market and to ensure future viability of the United States as an economic power, the use of the best and most efficient labor will continue. Loss of cost-friendly talent within the United States, the abundance of international resources with faster deliverables due to 24-hour work models, and new technologies, such as Webcasts, VOIP, and other digital communications, have moved some Research and Analytics offshore.

### **What is the scope of work?**

The scope of the project includes what must be presented, the level of detail, as well as budget constraints. Also, key questions should be considered. If there is an existing study, would it be faster and less expensive to purchase the study, or would it make more sense to start from scratch? Is enough valid information available to ensure an insightful and actionable response? If not, should primary research such as interviews and focus groups be used? Can secondary research be used to develop, and then validate, the primary research?

### **Who should do the work?**

The next major decision in building a well-researched fact-base involves determining who should conduct the research. Is qualified in-house talent available or would a better choice be to deploy an external research vendor? Time, experience, and resources required to research and report on a given topic should be weighed. A final consideration is whether the effect of using a third-party source would result in greater validity and effectiveness than if research were done internally. In a

Harvard Business Review article, "Evidence-Based Management," Jeffrey Pfeffer and Robert I. Sutton wrote,

Simon and Garfunkel were right when they sang, "A man hears what he wants to hear and disregards the rest." Many practitioners and their advisers routinely ignore evidence about management practices that clashes with their beliefs and ideologies, and their own observations are contaminated by what they expect to see. This is especially dangerous because some theories can become self-fulfilling—that is, we sometimes perpetuate our pet theories with our own actions.

The correct choice of who will conduct research and analytics is vital. Does the internal individual or selected outsource alternative have access only to free information? Is it worth it to pay for a valid study? The best person for the job will have the knowledge and experience to know where to find the information and will have access to it. This person will be able to synthesize the information so that it is both easily understood and actionable. The ideal person will be able to use multiple resources to get more and better information in less time so the strategic



decision-maker will be able to interpret and act quickly.

An additional consideration in the cost equation is whether the resources used will be done by a local research partner or an offshore partner. Offshore analysts may provide cost savings, and in some instances, higher-quality. Highly educated and motivated analytical experts are available in places such as India, China, Ireland and other countries. Further, there is a shortage of analytical talent in the US and Europe. In his 2006 Harvard Business Review article, Davenport wrote:

*In fact, analytical talent may be to the early 2000s what programming talent was to the late 1990s. Unfortunately, the U.S. and European labor markets aren't exactly teeming with analytically sophisticated job candidates.*

Fact and Data Gathering and Data Synthesis and Presentation may be done with quality and affordably off-shore should an internal research department be stretched thin or when one does not exist at all.

With the obvious benefits of affordably employing a highly educated and motivated work force, cultural and language issues might surface. Therefore, a domestic based interface will obviate these potential issues (see spotlight on Stonegate Strategic Advisors, LLC at the end of this article). With cultural and language barriers mediated, a 24-hour work model is another redeeming feature of having the first two building blocks handled overseas. An up to 12 hour time difference allows highly educated and alert overseas professionals to be researching and analyzing while the domestic team rests. This work model uses an ample supply of affordable analytical talent overseas to reduce the time and costs normally associated with a research project.

To continue with who should do the work, the third and fourth building blocks should be done by an industry and company expert. Be it an in-house manager or a strategic consultant, in-depth knowledge is critical to properly interpret and strategize around the data that has been collected, synthesized, and presented.

## Information Outsourcing Decision Considerations

*Following are some questions to help evaluate whether a research project would best be handled by an internal employee or outsourced to an external research company.*

- 1. Time:** When is information and insight needed to facilitate an informed decision?
- 2. Staffing:** Are the internal personnel and material resources available to research, gather, verify, synthesize, report, and verify in the time allotted?
- 3. Fact-Base Requirements:** Will facts ensure a better decision or will a "gut" feel suffice? How important is the decision that is going to be made?
- 4. Opportunity Cost:** If internal personnel are not readily available, will people need to be pulled off another project that would subsequently have to be put on hold? Would the people selected to do the research be more valuable and productive to the organization in other roles?
- 5. Variable Cost:** If internal qualified people are not available, is there a proven and trusted outsource alternative? Are variable costs associated with outsourcing a more prudent use of financial and human capital?
- 6. Message Extraction:** Does the internal personnel have the skills, time and resources available to assure first rate information gathering?
- 7. Productivity:** How can internal personnel maximize their productivity? Are they more valuable sourcing and synthesizing the information, or using the information to make informed decisions?
- 8. Third-Party Credibility** When presenting a final Strategic Decision to the Board, CEO, shareholder, or other decision maker, would a third party give more credence to the decision? As reported by Pfeffer and Sutton, is bias a possibility if done internally?



**What research data and information should be used?**

Available research materials must also be considered when conducting a research project. Perhaps the costs of resource materials alone would be reason enough to use an outsource alternative. *Figure 2* is a chart detailing a variety of free and paid resources which can surpass \$.5 million per year to keep current. Even experts in research and analytics will be unable to provide insight to strategic decision makers if not armed with appropriate tools.

Information Resource	Payment Type		
	(1) Subscription <i>(Fixed Fee)</i>	(2) Transactional <i>(Pay Per Use/Report)</i>	(3) Free <i>(Open Access)</i>
Advertising	Schonfeld & Associates; Simmons National Consumer Survey	Adage.com; Competitrack	
Intellectual Property	Delphion; ipFrontline.com; Lexis/Nexis; CourtLink	Micro Patents	
M&A Venture Capital	The Deal; Thomson Financial SDC		
Economic Data	Woods & Poole; World Bank Development Indicators; Economagic; IMF International Financial Statistics	Economy.com; EIU	Asian Development Bank; Board of Governors of Federal Reserve System; Europa; US Census; US BEA; US International Trade Commission
Investment Report	Thompson Financial	Reuters; Multex	
Online or News Service	Dialog Company Profiles; Factiva; High-Beam; Keep Media; Newsroom	Alacra; Dialog	BizJournals; Wikipedia.com; Google.com; Altavista.com
Industry Analysis	Thomson Financials; S&P Industry Surveys	Alacra; Dialog; marketresearch.com; Profound; mindbranch.com; The Infoshop	Export.gov; US International Trade Association
Private Company	Corporate Affiliations; Dialog; Hoovers; Thomson Financial SDC	Alacra; BVD; D&B; Dialog; Harris InfoSource; Kompass	Hoovers (free service)
Journal	Factive; JSTOR; McKinsey Quarterly	Dialog; HBR; Ingenta	
Public Company	10K Wizard; Corporate Affiliations; Dialog Company Profiles; Factiva; Hoovers; S&P (Compustat; Global Vantage)	Alacra; LivEdgar	Edgar; Hoovers (free service)

Figure 2: Sample research information sources by payment type

An organization without an internal research department or a research department that is under-funded may have access to those resources found in column (3) and maybe a few from columns (1) and (2). If an outsource firm has the often expensive subscriptions readily available and an internal researcher does not, outsourcing may be beneficial from a time and financial perspective.



Whether research and analytics are done in-house, or are outsourced locally or off-shored, successful businesses cannot afford to leave their futures in the hands of chance.

## Conclusion

Strategic business decisions will become more complex and critical as competition arises from all corners of the globe. The internet will become even more powerful, and information will continue growing exponentially. Decision makers will need to sort good information from bad and react quickly to a rapidly changing and increasingly competitive business landscape. Those businesses using antiquated research techniques or a shoot-from-the-hip decision-making process may miss industry trends or make incorrect product or market decisions. The marketplace is littered with firms that were replaced by companies who properly forecasted industry trends or competitors' actions. Whether research and analytics are done in-house, or are outsourced locally or off-shored, successful businesses can not afford to leave their futures in the hands of chance.

### *Spotlight on Stonegate Strategic Advisors, LLC*

*Stonegate Strategic Advisors, LLC provides strategic counsel and business advisory services to small, mid-size, and large firms, including venture, hedge, and private equity funds, to assist in strategic growth and business planning, strategic decision making, marketing and sales strategy, mergers and acquisitions, growth and profitability realization, and operations and organization improvement.*

*Marc E. Pierce, the founder of Stonegate Strategic Advisors, LLC, has created a global business model to deliver research and analytics on a 24-hour basis – with material synthesized into finished and useable documents. With his turnkey, expert team working cooperatively with a pool of global analysts, Stonegate has found a way to affordably provide companies without marketing analytics and research departments opportunities to make informed decisions. Additionally, Stonegate has found a way to augment current marketing and research departments by helping them get to the interpretation phase of a project more effectively and more quickly than was previously possible.*

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