

Missing the Wood for the trees – Smart Enquiry™

Part I

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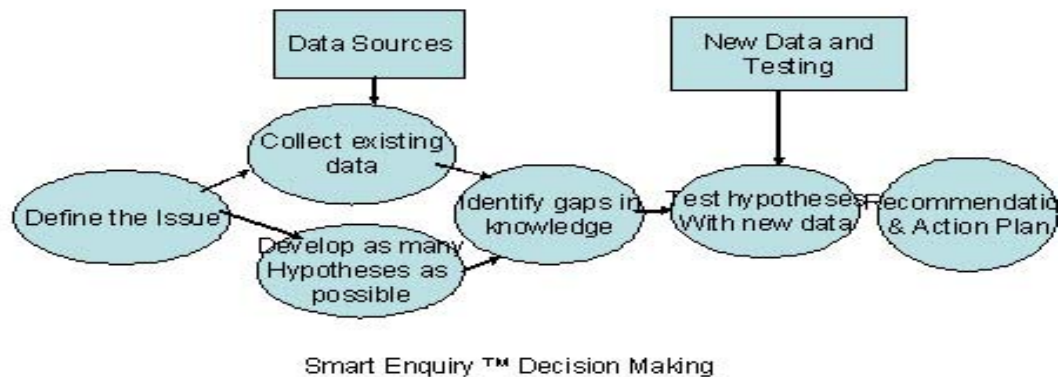
With the huge increase in processing power of computers, people in business have much more data than they did a generation ago. Managers still have the same bandwidth they did a generation ago, but fewer staff. Since the human brain has not evolved as fast as the computer the data tends to overwhelm the decision maker who struggles to make decisions as effectively as a few years ago.

There are some key tools which help marketers make better decisions. Smart Enquiry™, is our system which allows marketers to make the smartest decisions based on the pile of data in existence.

The basis of the Smart Enquiry™ system is the fact that all too often people seize on the first hypothesis and “lock in” on it. We aim to prevent that, but in a time constrained manner. Very few companies or organizations have a record of making consistently good decisions. Many companies are lucky at a point in time, but assume they have become unconsciously smart, and cannot fail. We saw this at ConAgra after its success with *Healthy Choice* and *Kid Cuisine*. Unfortunately, they did not know precisely why they had been successful with the brands, so were not able to replicate them. Over the years there are many companies which have done this. We might rephrase the old adage as: **Whom the Gods wish to Destroy, they first make lucky.** Good fortune makes people and companies feel infallible and intellectually lazy. We have seen this at Wal-Mart, we are seeing it at Google. Yet, to take one example, a 175 year old soap company in the Mid-West has consistently shown that it can make more good decisions than bad. We have taken the best from the best to develop our system.

Another recurring issue is that managements can “lock in” on a decision early, then fight hard to defend that decision, and only look for data which support that decision. Whenever we hear of an innocent man or woman who has been convicted of a crime, and then, even though there is exculpatory evidence, the prosecutors and court system fight a re-examination of the case, this is at work. It becomes an “investment in management prestige,” whether it is the failed Boeing Connexion business or Procter & Gamble’s Coldsnap frozen dessert. So often, internal management can see the train-wreck coming, but no one wants to be the first to raise an objection. The “Emperor’s new clothes” syndrome is common in business. It is critical that companies have both a mindset and a process which ensure that all alternatives are examined objectively and without prejudice. The Smart Enquiry™ system addresses both.

So often when we hear the word “process” we think of something long, laborious, and complex. However, this need not be the case. A process is nothing more than a discipline to ensure that something is done right.



Smart Enquiry™ Decision Making is a simple process in its outline, and can be applied to any industry and function. The key components which differentiate it from others are:

- Initial openness to all options, however improbable.
- Collection and review of all data, from hard quantitative to informally collected qualitative data.
- Testing of all likely hypotheses, often on an iterative basis to optimize the end-result.

It is absolutely not based on either:

- Deductive reasoning, where one starts with a limited base and builds a logical framework which can be very complex. This can result in a house of cards if even one of the early assumptions or facts is not correct, or..
- Inductive reasoning, where all data is collected before any analysis starts. This results in what is often called paralysis by analysis.

The key in this process is consideration of all hypotheses, but testing only of the most likely until the best decision is arrived at. It is sensitive to resources and time, so that they are balanced with the “perfect” decision. It is a process which can be taught and re-applied to other issues. It results in understanding clearly why any decision was arrived at, and allows success or failure to be traced back to the reasoning so that it can be avoided or replicated.

As we start any assignment, we apply this process and design the journey ahead of time. We adapt as we go if necessary, and report on the process as well as the recommendation.

Ensure that data are in one place – data silos, where information is stored, be it on a computer, or in people’s minds, scattered in different locations, is unproductive. Few companies have data which can be analyzed together, largely because data storage arose independently, for different reasons. If putting it together seems difficult, it will only get more so over time.

1. Data output has to be in a form which is valuable to the users. Frequently, data is developed by people who do not understand how it is used.

2. Ensure that junior and middle managers understand that their responsibility is to analyze, present alternatives, and make recommendations. It is not enough to dump a two foot high stack of data on the desk and say, “now tell me what to do.”
3. Simplify. If the recommendation, its alternatives, and rationale for each cannot be presented on one page, then it is still too complex.
4. Train. Junior and Middle management must learn good habits and processes for analyzing and presenting data so that decisions can be made rapidly.

In addition to the process flow shown above, the other two keys are:

- Checklists to ensure that all options have been considered. Senior management’s focus becomes one of ensuring that all the right questions have been asked rather than making a decision based on preconceptions.
- Service Level Agreements (SLAs). While common in high-tech between supplier and customer, we recommend making them routine internally. One of the key to success in Procter & Gamble is that for every document (and all are standardized for easy writing and comprehension), there is a specified timetable. Also, if a senior manager asks a question, he or she specifies a reply date. This is unusual in most businesses.

In Part II we will discuss some of the documentation of Smart Enquiry TM

Richard Guha has worked in and with large and small businesses for over 30 years, building several \$ Billion of businesses and growing the market value of many by multiples of from 2-12 in a short period of time. With a Masters degree from Cambridge University, and a career starting in Marketing at Procter & Gamble, Richard went on to become a CMO and CEO in several Fortune 500 companies, as well as an advisor and Board member to a number of other Fortune 500 Corporations and start-ups. He works hands-on to maximize the value of businesses from a customer perspective.

Kevin Price has also helped numerous blue chip consumer product, information services, health care, and financial services companies achieve greater success in the marketplace. Kevin’s background includes Marketing, Sales, and General Management experience at General Mills and Campbell Soup prior to entering the consulting field 20 years ago. Kevin has written and published a number of articles relating to his marketing, sales and strategy expertise and is frequently quoted in leading trade press and general publications such as Advertising Age, USA Today, The Wall Street Journal, and Fortune.

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