

Marketing Notes

MAKING BUSINESS DECISIONS*

THE problem of the marketing researcher in reaching the decision-maker and in being useful to him revolves around one simple fact: *he is interested in research only as it helps him to arrive at decisions and solve problems.* In this respect it will be part of the research expert's job to get the executive to use research knowingly. The key consideration, of course, is that *a decision will be made.* Indeed, the making of decisions is the principal function and inescapable obligation of an executive. Decisions are expected of him; by his superiors to whom he is accountable, and by subordinates who depend upon him for decisions in his area of responsibility.

A second consideration is that the decision will be made by an *individual*; a person with the usual human reactions and fallibilities, and—because he is a contemporary executive—with some special traits of his own.

The Modern Executive

This makes it interesting to look at some high-lights from a recent study of the kind of man who holds a high executive post in business today. He is highly experienced in business as he knows it. He holds his present post by virtue of having come up in the company. He has held some six jobs prior to his present one. He has worked, on the average, for three to four companies. He is used

to his present key position, having held it on the average for eight to eleven years. He is somewhat unused to sales and marketing considerations at the highest level of decision, because, for the most part, he came up from manufacturing.

His executive relationships are more complex today than before the war. With some 50 per cent increase in numbers of management people at decision levels, each executive has to win assent from more people than ever before. There are also about 50 per cent more business employees today, so that his decisions affect more people.

He knows, too, that these are changing, and perhaps decisive times in the evolution of the economy in which his company, and so himself, must survive and prosper. With close hauling of costs, extremely high break-even points, heightened competition at all levels of selling, he knows the decisions he makes may determine whether his company is in business five to ten years from now.

Many, if not most of the executive's decisions will be made under pressure, for the tempo of rapidly shifting business conditions allows all too little time for reflection. He will tend to make them according to traditions of business in which he is experienced; traditions which, because of the relative newness of the field frequently fail to include marketing research as a basic decision-making tool.

Finally, his decisions will be partly objective and partly subjective. Reason-

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able as the human animal must always wish to seem, it is basically impossible for him to reach conviction by reason alone.

Thus a decision will be made; it will be made by a human being; and once made, it will be acted upon. The actions taken may have far-reaching effects upon jobs, upon profits, and upon the public.

Obligations of the Researcher

It is within this framework of decision-making that the marketing research man must make himself convincingly useful. This fact creates obligations, problems, and opportunities.

The obligations of the researcher as an aid to decision-making are not inconsiderable. If his work is to be of any use at all, the executive must have the results in time to consider them in arriving at his decision. The research findings must be clearly and authoritatively stated, so that they will provide an acceptable base for making a decision. To the best of his ability, the research expert must aim his interpretation directly toward the problem concerning which a decision must be made. Finally, because the subjective element enters so largely into human decisions, there is a special obligation upon the research expert to be courageously objective.

Now fulfilling these obligations in a human, work-a-day world is not without its problems. Overcoming these problems is largely a matter of viewpoint and practical tactics, and it may be well to consider these matters jointly.

Because the executive usually has a special kind of viewpoint and experience, research findings should be presented in terms of the concepts now in his mind. Specifically, if the findings of research are profit-minded—then they are going the executive's way from the start. By the same token, if what is put before

him seems to him practical, hardheaded, un-theoretical, then, too, he can feel it is going his way.

This also means that it is better if research material is presented simply, however intricately it may have been conceived. When it is brief and to the point—to the executive's kind of point—it helps to sell him research. It is important that the researcher should not enmesh the executive in the details of his method of researching. Both the method and the executive may get lost when this happens.

The more the researcher can act like an executive, be responsible for his specialty, entitled to respect for his competence, the better. When he can say, "Just give me the problem and I'll get the answer in so far as research can get it," and live up to that—then research is home!

In this matter of viewpoint and tactics, research *for whom* will be as important as research regarding *what*.

Effect of Habits

Sheer weight of numbers of decisions, areas of decision, and people involved in decisions, will have forced the decision-maker, even if by uncalculated trial and error, to have formulated habits of decision. His attitude toward research itself may be one such. His willingness to hear recommendations in terms of their source, whether from subordinate, superior or compeer, may be an element of his habit. He will have resistances to some kinds of pressure and techniques; he will have acceptance for others. These habits will give the researcher both problems and opportunities, all of which involve researching the man and his environment as well as the research problem itself.

For instance, it can be useful and even crucial not to alienate the man himself

by *violating* a habit of his, simply through not knowing he has that habit. Again, it can be important to know his habits in order that the researcher may calculate his own risks when to break through some such habit is essential to the cause of research. Generally it will be well, perhaps, not to assail the habit of a decision-maker merely to win an argument or a point, but only when it is essential to the researcher's end objective.

Yet again it will be useful, when the researcher must effect a change in the decision-maker's habits, to do it by deliberate indirection; to do it, if possible, by supplying him with new information or new light on old information which will lead *him*, rather than the researcher, to question his present habit and inclination.

Similarly, the researcher will be rewarded if he bears in mind that the decision-maker's company has habits—not always necessarily the same as his own. In the end, it is the company's decision that counts. The better able a researcher is to keep in his sights not just his immediate superior, but also the level of company or group decision behind him in which he will operate, the better will be the chances to make research count.

Decisions Based on Probability

We can now be more specific as to the ways in which research can be of assistance in the making of executive decisions. We know, for instance, that the "somebody" who is deciding must assign a probability to his decision. Like research itself, decision is not an end in itself. The man whose decision the researcher is seeking to implement is aiming, by his decision, to promote the success of his business.

This means he must always calculate

a probability in terms of the elements of risk involved for his company against the hope of gain. In this calculated balance of risk and gain, the decision-maker must make two kinds of computations. First, he must make his own decision as to what is right for him and his company. This done, he must implement his petition for support of his decision, both from his superiors and his subordinates. The people of research can help him greatly here. They can report factually to him how previous comparable decisions in the area of his concern have worked out. In addition to reporting, they can interpret and analyze these data to his benefit.

Research can help the executive in his own analysis of the evidence and views and arguments of others, presented to him pro or con to the decision he has to make. Researchers can assemble and interpret relevant factual evidence bearing on the hypothesis the executive is making in the area of his decision. Researchers can, with ingenuity and knowledge of his needs, assemble new evidence and hypotheses in the area of decision, evidence not available to previous decisions and which, unless research puts it there, will not enter the decision.

Goals of Decision

Research also can advance its cause of partnership with the decision-maker if it will recognize that he is trying to accomplish something by the decision he is making; if the research man knows and deals with an awareness of the decision-maker's goals. He needs to know these goals in order to make his research fit the problem and advance the program of the man who is weighing that research. Research that does this comes to the decision-maker as more than cold calculation. It comes to him as something exciting; something dynamic and helpful

in getting him where he wants to go.

The research man needs to know his client's goals for another reason: to be sure that the projects set up are researchable projects. Not the easiest problem of research today is dealing with questions directed, not at the methods and techniques of the researcher, but at the practicability of the research findings and the applicability of them when brought back.

Naturally, creative research may have a function in revising goals or methods of attainment as proposed or rejected. In this whole area, indeed, the research man enjoys a real but delicate opportunity not open to many counselors of business. Although the research man frequently comes in at a subordinate level of decision, he need not and should not be afraid to reach for and to deserve higher responsibilities. If he knows the goals of decision areas beyond those in which he is working, he can frequently help his immediate associates avoid participation in erroneous recommendations. He can go farther and contribute positively to their recommendations toward the attainment of ultimate goals. In doing this, of course, he must avoid functional impertinence.

Perhaps a simple rule of thumb might be to try to go, in research considerations, one level of decision above and beyond the one in which the researcher is active.

Promotional Research

In this connection, at risk of raising cries of "Heresy!" it might not be amiss to touch on what is described as "promotional research." Research people view it with suspicion and some alarm, and essentially with good reason. But do they, perhaps, lean too far over backwards? Consider, for a moment, the point of view of the man research is

servicing when he says, "Look—I don't want to twist the facts, but if the facts will prove my point, I want to know it." What, really, then is so wrong with this position? Justification of his decision is essential to the executive's success—and to the research man's success.

Reappraising Decisions

There is a final point regarding this "somebody" who must and will make decisions. He and others must, in one way or another, eventually reappraise the decision. Mr. A. C. Nielsen is authority for the statement, as of pre-war, that only 56 per cent of all marketing decisions were *right* decisions. This is significant not only for the figure itself, but because the statement involves the process of reappraisal.

Two aspects of this inevitable appraisal stand out for the research man. One is that the reappraisal of past decisions and resulting actions will become bench marks and traditions for the making of future decisions for future actions. The other is that these appraisals, like the decision itself, will be made either in the *knowledge* spirit of research, or in the *opinion* spirit of the human mind working without research.

This means that if knowledge is the vitally important thing we all believe it is, research has a continuing obligation to its client to present, in connection with the proposed actions, the need and the method for regular and disciplined reappraisals. If the executive is launching a new product, then the plan for launching should include planned means for measuring results. It is that simple.

Furthermore, the function of emphasizing and documenting reappraisal as an element of decision has a further advantage for the people of research. It lengthens their term of functions and services to the decision-maker in each of

his decisions. It gives research, so to speak, not just a part in pre-natal care, but a continuing presence as pediatrician in the project.

Decisions are Resolutions of Conflict

Now, perhaps all of this may be simple and humanly summed up another way. A successful decision is a resolution of a conflict. It involves the excitements and partisanship which are the nature of conflict. It involves conflicts within the main conflict in which the causes of research, though varied, are great.

Successful decision involves the resolution of a conflict between facts and

opinions. (The place of research is obvious.) Successful decision involves resolution of a conflict between human knowledge and human habit. (Where research stands here is clear.) The successful decision involves resolution of a conflict between risk and opportunity. (Each of these may be calculable; both are in the domain of research.) And, finally, successful decision involves resolution of a conflict between the self who is deciding and others who must resist or accede to that decision.

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