

From Business Problems to Better Decisions

By Douglas Cox

Most business leaders don't have trouble recognizing when something is wrong. Sales are declining. Customers are leaving. Employee turnover is increasing. A product isn't performing as expected.

The problem is knowing why.

And sometimes, what seems like the most obvious explanation turns out to be the wrong one.

Not all that long ago, I worked with a textile manufacturer that was experiencing declining sales. Management believed the problem was pricing. They thought their products had become too expensive relative to the competition, and they were considering ways to reduce costs.

It was a reasonable explanation. After all, price is an important consideration in purchasing decisions, particularly in competitive markets.

But the research told a different story.

Customers weren't leaving primarily because of price. They were leaving because the fabric wasn't holding up as well as it once had. Product durability had declined, and customers were turning to other manufacturers.

Instead of concentrating on reducing costs, the company redirected its attention to improving product quality.

Think about what might have happened had management acted on its original assumption. Cost-cutting measures could have done little to address the underlying problem and, depending on where those reductions were made, might even have made matters worse.

The company knew it had a problem. What it didn't know was what was causing it.

That distinction is at the heart of making better business decisions.

Recognizing a Problem Isn't the Same as Understanding It

Businesses have no shortage of information. Sales reports, financial statements, customer records, operational metrics, and employee performance measures can tell leaders a great deal about what's happening within their organizations.

But knowing what's happening isn't necessarily the same as understanding why.

A report showing that sales declined 12 percent tells us something important. It doesn't tell us whether customers are dissatisfied with prices, product quality, service, delivery times, or something else entirely.

Yet it's human nature to look for an explanation, particularly when a problem demands attention.

A sales manager may point to increased competition. A production manager may believe delivery schedules are responsible. A financial executive may suspect pricing. Each explanation may be plausible, and each may be influenced by that individual's experience and responsibilities.

Before long, one of those explanations can become the accepted reason for the problem, even though no one has established whether it's correct.

Once that happens, attention often shifts from understanding the problem to deciding how to fix it.

That's where organizations can get into trouble.

An explanation isn't evidence simply because it sounds reasonable or because everyone agrees with it.

The textile manufacturer's management team wasn't unreasonable in suspecting pricing. But they were treating a possible explanation as though it were an established fact.

The research helped them discover the difference.

A Better Way to Approach Business Problems

Over the years, I've come to think about the relationship between business problems, research, and decisions as a progression through five stages:

Business Problem → Information Gap → Survey → Reliable Evidence → Better Decision

Each stage serves a purpose, and each builds on the one before it.

The value isn't in following a formula simply for the sake of following one. It's in making certain that the decisions an organization ultimately makes are grounded in an understanding of the problem rather than an assumption about its cause.

Let's look at how the process works.

1. Begin With the Business Problem

The starting point isn't a survey. It's a business problem that needs attention or a decision that needs to be made.

In the textile manufacturer's case, the problem was declining sales.

That may sound obvious, but it's an important distinction because organizations frequently approach research with a proposed explanation already in mind.

They may say they need a survey to determine whether their prices are too high, whether employees are unhappy with their supervisors, or whether customers want additional features.

Those may be worthwhile questions, but they can also narrow the investigation before it begins.

A better starting point is to describe the business problem without assuming its cause.

Rather than asking, "Are our prices too high?" the textile manufacturer needed to understand, "Why are customers purchasing less from us?"

That broader question leaves room for possibilities management may not have considered.

And sometimes, those possibilities turn out to be the most important ones.

2. Identify the Information Gap

Once the business problem is clear, the next step is to determine what the organization needs to know before it can make an informed decision.

I call this the information gap.

It's the difference between what the organization knows and what it needs to know to understand the problem and decide what to do about it.

For the textile manufacturer, management knew sales were declining. What it didn't know was why customers were turning to competing products.

Pricing was one possible explanation. Product quality, availability, customer service, and other factors might also have been involved.

The information gap wasn't simply whether prices were too high. It was understanding the reasons behind customers' purchasing decisions.

This is one of the most important steps in the entire process because it determines what information the research needs to produce.

If the organization defines the information gap too narrowly, even a well-designed survey may provide an accurate answer to the wrong question.

And an accurate answer to the wrong question may not be particularly useful.

3. Use the Survey to Gather the Information That's Missing

Once the information gap has been identified, the next question is how to obtain the information needed to close it.

Sometimes the answers may already exist in company records or other available sources. But when the organization needs to understand customers' experiences, employees' perceptions, or the reasons behind people's decisions, a survey can be particularly valuable.

The important point is that the survey should be designed around the information the organization needs, not simply around a collection of questions someone thinks would be interesting to ask.

In the textile manufacturer's case, the research needed to explore customers' purchasing experiences and what influenced their decisions to continue buying from the company or choose another supplier.

A survey focused only on pricing might have reinforced management's original thinking without revealing the durability problem.

A broader investigation made it possible to consider other explanations.

This is why I frequently remind clients that writing survey questions is not the first step in conducting survey research.

The first step is understanding what decisions the research needs to support.

Only then can we determine what questions need to be asked, whom we need to ask, and how the information should be collected.

4. Turn Survey Results into Reliable Evidence

Collecting survey responses is not the same as producing reliable evidence.

The quality of the information depends on how the research was designed and conducted. Who was surveyed? Were the right people included? Were questions worded clearly and without bias? Were respondents given an opportunity to describe experiences that management hadn't anticipated?

And once responses have been collected, are the results being interpreted correctly?

An organization may receive hundreds of completed questionnaires and still reach misleading conclusions if the research was poorly designed or the findings were misunderstood.

Reliable evidence requires more than a large number of responses. It requires confidence that the information reasonably represents the people whose experiences and opinions matter to the decision.

In the textile manufacturer's case, the important finding was that customers' dissatisfaction with fabric durability was contributing to their purchasing decisions.

That finding challenged management's original assumption about pricing.

It also changed the nature of the decision the company faced.

Instead of asking how much costs needed to be reduced, management could focus on the quality problem customers were experiencing.

That's the point at which survey results begin to become useful business evidence.

Not when the tables and charts have been completed, but when the findings help explain the problem the organization set out to understand.

5. Use the Evidence to Make a Better Decision

This final stage is where the value of research is realized.

A well-designed survey may produce interesting findings, but those findings have limited business value unless they help someone make a decision or take action.

The textile manufacturer now had evidence that challenged its initial understanding of the problem.

Management could have continued pursuing cost reductions. Instead, the company redirected its attention to improving the durability and quality of its fabric.

The research didn't make that decision for management. It provided information that allowed management to reconsider its options and choose a different course.

And that's an important distinction.

Research should inform management judgment, not replace it.

Business decisions involve considerations that a survey alone cannot resolve. Costs, operational capabilities, competitive pressures, timing, and organizational priorities all influence what a company can and should do.

But when management understands the problem more accurately, it is in a much better position to evaluate those considerations.

The goal isn't to eliminate judgment from decision-making.

The goal is to give management better evidence on which to exercise that judgment.

From Information to Better Decisions

Not every research project produces an unexpected finding. Sometimes the results confirm what management already suspects. That, too, has value. There's an important difference between believing you understand a problem and having reliable evidence that supports your belief.

And research doesn't eliminate uncertainty or guarantee that every decision will be the right one. Business decisions still require management judgment, an understanding of operational realities, and consideration of the alternatives. What good research does is provide a stronger foundation for making those decisions.

The textile manufacturer knew its sales were declining. What it didn't know was why. Once the research revealed that product durability, rather than pricing, was driving customers away, management was able to redirect its attention toward addressing the underlying problem.

That's the value of moving deliberately from a business problem, through an information gap, to reliable evidence and a better-informed decision.

Recognizing a problem tells you something needs to change. Understanding the problem helps you decide what to change.

About the Author

Douglas Cox is President of Accurus Research and has more than 40 years of experience in survey research. Today, he helps organizations strengthen their survey research capabilities, close critical information gaps, and turn reliable evidence into better business decisions.

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AI Disclosure: This article is based on Douglas Cox's professional experience, knowledge, and perspectives developed over more than 40 years in survey research. AI was used as a supplementary tool for organizational and editorial assistance. All core ideas, insights, judgments, and conclusions are his own.