

COMMISSIONING RESEARCH - THE BUSINESS RELATIONSHIP

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The Marketing and Advertising Research group at Imperial Oil fulfills a variety of functions and roles. In role terms we provide a professional research service to the Marketing Management Group. We act as internal marketing management consultants. We act as an entry point for MBA graduates starting their careers in business. In functional terms we conduct our own research studies; we commission research on behalf of management. We buy field services and conduct our own data analysis. We buy complete research projects and recommend their results to management. Murray Cayley is responsible for the overall direction of this group, while I am responsible for advertising research across the corporation. My clients are the Marketing department, the Corporate External Affairs Group, and other subsidiary organizations who may from time to time conduct their own advertising. Our areas of responsibility are broad, ranging from the specific advertising research projects to channel behaviour studies to qualitative, speculative forecasts to some studies in Organizational Behaviour.

The underlying theme of the Research Group's activities and its relationship with a variety of suppliers is problem diagnosis and objective setting. It is my view that if short-cuts are necessary then I would prefer to live with weak research design than with poorly defined managerial objectives. Note, I did not say research objectives. A great majority of complaints regarding research, research practice, research effectiveness, ultimately end up dealing with the fact that the research did not address the problem the manager is trying to solve. It was not able to be used operationally. We have all heard the cry, I'm sure, from both researchers and management: "They don't understand me." Our job at Imperial Oil is to help management understand its problems against which the need for research is felt and to assure ourselves that whatever research we report will indeed be related to the problem the manager is dealing with. Thus, at the first level of contact, we view ourselves as suppliers to management and we communicate with management through a contractual-device which we call the Research Request Form. A copy is

attached to this presentation. Note on the slide that the form serves several purposes. First of all it defines the job, attaches certain approvals, estimates a budget, and establishes a deadline. The approvals are first of all by the contact management group who states, by their signature, that the write-up in this form does represent their true problem. The research manager's signature indicates that the subsequently attached research proposal does in fact professionally provide the information, meet the research objectives necessary to meet the manager's decision objectives. This process is straightforward. The background statement is derived through an assessment of change and/or deviation, those things that have happened to the manager to cause him to come seeking research. From this a specific statement of information needs is derived and his business alternatives are specified. We then attempt to frame up a statement of the specific use to be made of the research results and the cost benefit implications of the project itself. We then accept the responsibility of meeting these needs and design a research project to satisfy them.

Here we have a business problem agreed upon by management and research jointly and the beginnings of a research project. In our case it is at this point that the supplier may become first formally involved, although in many cases we attempt to bring the supplier into the business problem discussions as early as possible as this contributes to the supplier's ability to design a meaningful research project. There are many companies and organizations which do not have the intermediary groups such as we have at Imperial Oil and the supplier will then operate in a much more active upfront role in the definition of the problem to be dealt with by research. This has a significant impact on the supplier relationship. I think this will become clear as we look at the several types of supplier relationships that are common today.

Most of us will deal at one time or another with business consultants, either general management consultants or specific experts, full service research suppliers and research specialists. When we use any of these particular suppliers will depend very much on the nature of the problem. For example, general consultants are brought in to look at business problems in which

they may have particular experience or proven skill: organizational problems, channel problems, general diagnosis of business or internal relationships. An objective external viewpoint contributes to the value of the general consultant. The relationship with such consultants may be very vague or indeed quite specific. Once again this will depend greatly on the nature of the problem, certainly the problem as it is perceived, and the expectations that management holds of the consultant. In every case, expectations of the consultant are key to both the performance we expect from the supplier and the misunderstandings that often arise.

The expert serves a somewhat different role and certainly a more specific one. The expert is someone who is particularly trained, skilled or experienced in some very specific aspect of the business such as computer programming, economic model building, specific mathematical analytic techniques, and so forth. Such individuals are commonly hired to solve specifically defined operational problems. Their contracts are specified for a length of time and should of course also specify the expectations of performance. Such experts in fact exist in the research field and in our experience are prepared to come in to a firm that does not have an intermediary group or its own research staff and act in the short or longer term as research staff consultants.

The research house or full service house is familiar to all of us, and is certainly the most widely-used at Imperial Oil. These organizations can undertake to prepare and complete a fully integrated research study, starting with the basic problem consultation, to research design, to questionnaire preparation, to commissioning and/or conducting fieldwork, to data handling and analysis, report writing and presentation. Specialty houses on the other hand provide normally only one of any of these services. There are suppliers who do questionnaire coding. There are suppliers who do data processing. There are suppliers who do fieldwork only. The decision to use one group or the other depends entirely upon the ability of the internal staff group to fill the gap between the specific field services offered by the specialty houses and the total service offered by the full service supplier. That may sound rather trite. On the other hand, if a product manager, not knowing any better, has someone design a questionnaire, then buys some field service through an interviewing firm and then wonders what to do with this great pile

of paper in front of him, the chances are he either needs a good internal staff service group or should have brought in the full service house in the beginning to carry out the full project for him. The field of advertising testing is replete with various specialties all of which make some specific claims to their unique effectiveness in communications testing. The problem here is that in fact many of those testing services are unique and have quite specific applications to be most effective. It helps to have someone on staff who can advise management in the appropriate use of the various techniques, most of which may be required at one time or another. The relationship with a supplier depends almost entirely on the understanding that the client has of the usefulness of the particular technique at the time and for the application under consideration. After all, relationships with suppliers are based on satisfaction and/or dissatisfaction. In other words, if I like what you did for me, I will be happy to use you again; if I don't like what you did for me, I will be displeased and probably won't use you again. It is important for you as a supplier, for you as a manager or a client, to understand what it was you wanted in the first place, what it was you were to provide, so that frivolous disappointment does not result.

This latter is, I think, key to the study of supplier relationships. Note the words: frivolous disappointment. I often hear people say that the most important things about a research project are that it be on time and within budget. Unfortunately, all that says to me is that they don't really know how to evaluate whether or not the project provided them with what they needed. Further, the emphasis that some place on competitive bids equally suggests that as a client they are unable to effectively judge the abilities of a given supplier to meet their needs of the moment in the most effective way. I'm being charitable to the client here since I assume that they in fact know their needs. I agree in principle with competitive bidding. I find in practice that it can become costly and time consuming, occasionally resulting in straw man proposals and diverting the discussion from the important issues of business objectives and research methodology, to those more easily dealt with questions of timing and cost. We all know the supplier has to make a living too, and the rip-off runs both ways. It is my job to get the best research for the dollar, not to get the cheapest research.

I want a supplier to challenge me with the question: "What are you going to do with the results of this research when I provide them to you?" I want to be pushed into needing to defend my position of presuming to understand the business problem. I want to know that the supplier is as concerned about his results being meaningfully applicable to the business as I am. We provide the supplier with a copy of the Research Request Form. With this description of our problem in hand, the supplier then sets about to produce for us a research proposal which, when accepted, becomes a contract. This proposal will state the research objectives, the methodological plan, the anticipated results and how they will relate to the decisions in the problem description. Questionnaire design, sample design, timing and dollars will be, of course, part of this proposal. From this point on, neither the research proposal nor the research request will be changed or amended without joint approval by both the client and the supplier. This protects us both and we find most reliably provides us with the kind of actionable information that management requires. The elements of budget and time are normally negotiable at the beginning of a job. It is important, however, that once they are fixed they be met. Budgets become cast in stone; dates become key points at which other events begin to happen. Management planners are much more concerned that things be there when they are supposed to be than they are with the actual date that something arrives. I feel that this is an important lesson that many research suppliers have yet to learn and they would be wise to begin to negotiate longer lead times for completion of jobs; it is much better to come in a few days ahead of time and look like heroes, than to miss an important deadline by a couple of days and look like fools.

Talking of deadlines, let me turn to advertising research for a moment where the rules are somewhat different. Unlike marketing research and some of the practices I have been describing, I believe it is true to say that the two factors which most often influence the commissioning of advertising research are, indeed, deadlines and budgets. The nature of the business is such that projects evolve overnight that must be done next week for as little as possible, and I'm sure we've all heard that before. I might add, however, that at Imperial Oil there is a conscientious effort being made to forward plan, and by that I mean to have our client groups identify research projects for the following year at the time of their short-term planning. In fact, at the moment we are working on our 1981 schedule. Nonetheless, there will always be the ad hoc projects which require instant attention.

The first thing to establish in a situation such as that is that the study has a clear purpose or objective, by completing the Research Request Form which I showed you this morning. Assuming that it does, then it behoves the researcher to attempt to accommodate the request if at all possible. However, the fact that the study must get into the field in the shortest possible time has already introduced some limitations to the process, as has been defined. There is no time to obtain competitive written quotes so it generally is a case of lifting the phone to a preferred list of suppliers, or maybe only to one supplier with whom you have developed a good working relationship and who has become accustomed to these "rush" requests.

But, how does one formulate a preferred list of suppliers? As we are all aware, marketing research has blossomed over the past few years and the choice of suppliers, be they full service or specialists, is considerable. Word of mouth probably has the greatest influence, however, it must be remembered that one man's favourite may rank low in another man's esteem and, after all, even good researchers cannot be all things to all clients.

However, there are a number of ways to evaluate a research supplier beyond personal inquiry among other research people. For example, some of the questions which might be asked are:

1. The firm's experience to date - Has it previously conducted studies with similar specifications?
2. Who are their existing clients? Are there any potential conflicts?
3. Although there is nothing magic about advertising research methodology, it is useful to deal with suppliers who have been involved, for example, in communications testing.
4. It is also good to know not only about the skills and ability of the top officers, but also of their support staff who quite often do a fair amount of the work.

5. In terms of flexibility, does the company stick rigidly to one or more standard services or can it adapt procedures to particular client requirements?
6. In experimentation, it is useful to look into the firm's record in developing new research methods, particularly in the area of communications testing which is a relatively undefined science. This can be most beneficial.
7. Organizational structure - How does the work flow through various departments, or is it farmed out?
8. It is also necessary to examine the supplier's internal operating controls. Will they ensure that the job will be handled properly and on schedule? Do they have their own coding and tabulating departments?
9. Field pretests - What are the practices with regard to trial runs with different questions to ensure high quality questionnaires? In practice, many of the advertising research studies do not have the luxury of sufficient time to do field pretests but certainly this should be part of the procedure if time permits and the study is sufficiently large.
10. Sample selection - The company's methods of respondent selection should be explored, also the extent to which samples are compatible with project purposes and their reproductibility. With the growing professionalism of respondents and the high turnover of interviewers, the quality controls used to monitor interviewing quality are essential to the success of a project and should be examined.
11. It is desirable to determine the supplier's record in analysis, and specifically in reporting.

Working in the agency environment, very often decisions are made from summary results; therefore, the supplier must be clear and concise and able to provide the computer tables quickly or, very often, do hand tabulations.

Once you have rated potential suppliers upon the above standards, and decided on those suppliers that best meet your individual requirements, the decision as to whether or not to use the supplier on a regular basis comes down generally to two things:

- (a) personal working relationships, i.e., working well and feeling comfortable with the person regardless of the company that he/she represents. After all, if you don't like the supplier, even if he comes from a reputable company, you're not going to deal with him.
- (b) the ability to meet deadlines.

The latter is most important in the advertising research business, since quite often a very expensive commercial production or more importantly a large media buy can be jeopardized if the research results are not available when promised.

It is my experience that a number of suppliers take on more jobs than they can reasonably support and as a result delays occur. Therefore, when making the supplier selection, one looks for the research house which has the best track record in meeting deadlines.

As all purchasers of research are aware, the costs of doing research these days are extremely high, and are likely to continue to rise. Also, there is a wide variance in what one supplier might charge vs. what another supplier might quote - indeed as much as 100%. Furthermore, research quality varies greatly from supplier to supplier. This, of course, bears out the theory that whenever possible quotes should be obtained. However, assuming once again that there is a study that has to be turned around quickly and there is not time to obtain the competitive quotes, then how does the job get commissioned?

In most cases, the researcher will revert to that short list of suppliers with whom he/she feels comfortable. However, within that list, there will undoubtedly be those people who are considered less expensive than others. If the researcher understands that there are limited funds available, then the supplier who is less expensive gets the call.

This is not to suggest that the less expensive supplier is a compromise. Indeed, expensive is not always best. But, through trial and error most research buyers are able to form a short list of suppliers to meet what they recognize to be their day-to-day requirements.

The third and most important aspect of the commissioning of research which I alluded to is the client-supplier relationship.

A close working relationship between client and supplier is an obvious condition adding to the success of a project, particularly those that have to be turned around quickly. A good deal of communication desirably takes place and each party becomes familiar with the other's way of working.

It is absolutely imperative, as I indicated previously, that the supplier challenge the client if he has any questions about the validity of doing the research or, indeed, with any other area of concern regarding the project, so that the research supplied will be the research needed. If the relationship with the supplier is not such that this interchange can take place, then the supplier becomes an order-taker. This is not acceptable or productive. Assuming that the relationship with the supplier is an honest one with a clear understanding of each other's needs, then even with limited budget and severe time constraints the project can be completed successfully.

In conclusion, there are no universal ground rules for dealing with suppliers or defining the business relationship, other than perhaps that great classic called "fair dealing" and the other which I hope has been clearly my theme, that objective-setting relative to both the business problem under consideration and the research project itself is absolutely critical to the continued assurance that the research supplied will be the research needed.

RESUME

Ce document décrit le processus d'impartition des contrats d'étude de marché chez Imperial Oil Limited. L'auteur énumère les processus de gestion qui précèdent l'impartition et définit les attentes d'un acheteur typique de travaux de recherche. On examine la nécessité d'avoir une relation d'affaire satisfaisante entre l'acheteur et le vendeur, et on dresse ensuite la liste des divers attributs le plus souvent considérés par une entreprise enquête d'un exécutant pour un projet de recherche particulier.

RESEARCH REQUEST

RESEARCH NO. _____

DATE PREPARED. _____

PAC NO. _____

Topic of Research: _____ Proposal Approved By: _____

_____ Approx. Cost of Research _____

Requested by: _____ Report Due: _____

Date of Approval: _____ Analyst Contact: _____

Approved by: _____ Supplier: _____

Circulate Report To: _____

Background Information

WHAT LED TO THE RESEARCH PROPOSAL?

Problem

WHAT ARE YOU TRYING TO FIND OUT?

Decision Alternatives

WHAT ARE YOUR ALTERNATIVE COURSES OF ACTION?

Purpose of Research

WHAT IS THE INFORMATION TO BE USED FOR?

Examples of Questions

WHAT KINDS OF QUESTIONS DO YOU HAVE IN MIND?

(a) Quantitative:

(b) Qualitative:

Action Standards

WHAT CRITERIA WILL BE USED TO SELECT THE BEST ALTERNATIVE?

Value of Research

WHAT IS THE VALUE OF THE INFORMATION?

Timing

WHEN DO YOU WISH THE RESEARCH TO START, AND BY WHAT DATE DO YOU WANT THE RESULTS?

Commencement of Field Work:

Top Line Results:

Final Report:

Any Comments

SUPPLIER SELECTION CRITERIA

1. Firm's experience to date.
2. Clients served.
3. Techniques and methods used.
4. Background, abilities and skills of the professionals within the company.
5. Flexibility with respect to types of study.
6. Experimentation.
7. Organizational structure.
8. Internal operating controls.
9. Attitudes to field pre-tests.
10. Size and quality of the samples used.
11. Verification of field work.
12. Analytical ability.