

Triangulation: How and Why Triangulated Research Can Help Grow Market Share and Profitability

A white paper by Sharon Bailey-Beckett & Gayle Turner
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Executive Summary

In many endeavors, the tools selected to do the job can contribute to more effective outcomes than others. This is never more evident than in the gathering of business intelligence.

This white paper seeks to illuminate the contribution that Triangulation can make to the success of a business organization.

The Authors

Sharon Bailey-Beckett, a Principal in the firm of Beckett Advisors, leads a team that crafts and guides expansion initiatives founded upon quantitative and qualitative behavioral research. Her approach delivers high yield to clients looking for pathways to growth and sustained business health.

An advisor to numerous CEOs and senior managers, Sharon has authored many studies and trade articles on industry trends, supply chains and strategies for expansion.

During her career, the teams under her leadership have created a series of marketing successes for such corporations as Nickelodeon, Phillips Magnavox and BNSF Railroad.

Gayle Turner is Chairman of the Board of Beckett Advisors with offices in California, Virginia, New York and Canada. Recently, audiences have heard Mr. Turner speak at the Summit for Private Equity/Investment Banking Industry in New York; the Middle Market Distressed Investing Opportunities in Bankruptcies, Workouts, and Turnarounds in Palm Beach and the 8th Annual Mid-Market M&A Forum in Atlanta.

Turner is credited with having installed new business and brand alignment procedures in over 100 professional service firms, positioning them as premium brands in their markets, whose business increased by an aggregate of \$200 million in one year. He has also helped senior management improve their top-line growth in manufacturing, financial services, mining and other industries.

What Is Triangulation

Triangulation is the application and combination of more than one research perspective in the study of the same phenomenon.

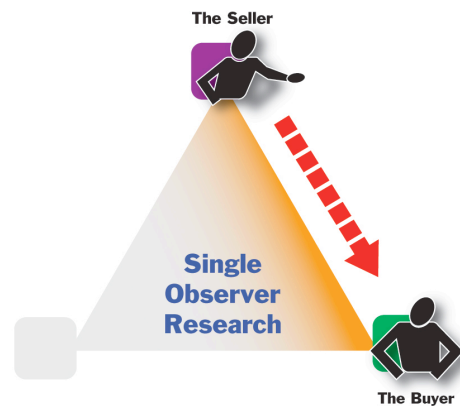
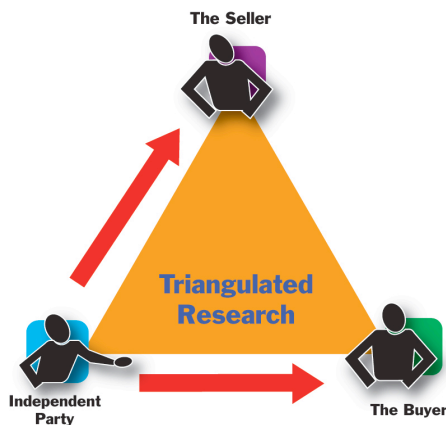
To gain helpful insights in business, it is common for a company to survey its clients or customers. By nature, this one-way research is not triangulated because the customers are responding directly to the company that is fulfilling a stated need. The company executing the survey with its clients is a *single observer*.

However, when an independent third party asks questions of both a company and its customers, it creates a triangulation of perspectives that helps clarify issues better than one-way, single-observer research.

Originally used in social sciences, Triangulation is now used extensively in gathering intelligence in business.

“By combining multiple observers, theories, methods, and empirical materials, researchers can hope to overcome the weakness or intrinsic biases and the problems that come from single-method, single-observer, single-theory studies. Often the purpose of triangulation in specific contexts is to obtain confirmation of findings through convergence of different perspectives. The point at which the perspectives converge is seen to represent reality.”

--Alexander Jakob, Volume 2, No. 1 — February 2001 On the Triangulation of Quantitative and Qualitative Data in Typological Social Research



What Are the Benefits of Triangulation

Triangulation provides additional sources of valuable insight that cannot be gained from direct communications between customer and supplier—buyer and seller.

Triangulation minimizes the inadequacies of single-source research. Two sources complement and verify one another. Triangulation reduces the impact of bias.

Triangulation provides richer and more comprehensive information because humans share more candidly with an independent third party than they do with someone they know or think they know.

Because of the above, the fruits of triangulation have vastly improved:

1. The success of product launches and communication campaigns
2. Pathways to greater market-share
3. Strategies to enhanced spending by key customers
4. Stakeholder loyalty—be it customer, supplier, employee, etc.

Triangulation Impacts Profitability

Coal Company X found itself in a new position after merging with two of its former competitors. Historically, the small mines had been forced to compete on price. In an effort to generate as much profit as possible, management had continually looked for ways to lower their costs, so they could undercut their competitors' prices. Individually, their focus had been efficiency, efficiency, efficiency. After the merger, management and staff alike continued to operate "as normal".

Coupled with this efficiency model mindset was the Coal Company's perception that their product was inferior, as the characteristics of their coal were different from other providers. As such, they were happy when they were able to get 95% of what the market leaders charged.

Jack, the new CEO of the combined mines, recognized that the newly enlarged company's circumstances presented a very different market perspective. He hired an independent firm to conduct a strategic audit to help clearly understand their new situation and discern their strategic options.

Following interviews with Jack and his management team, researchers interviewed coal customers, in person and over the phone. More than 80% of their customers were interviewed.

As a result of Triangulation, a heretofore-unstated appreciation for the coal was uncovered. As one coking engineer summed-up, *"Sure, your coal is different, Laddie. But I need both to make my steel. You and your competitors are like a ham sandwich. They're the bread and you're the ham."* These sentiments were echoed—though not as colorfully—by a majority of customers.

In addition, communication misalignments were identified within the organization.

The Outcome - Triangulation Credited with Adding \$225 Million to Bottom Line

For the first time, Coal Company X realized they could move away from the inferior commodity perspective they had self-imposed. They were able to charge the same for their coal as their largest competitors. The 5% price increase represented just \$3.00/ton. However, Coal Company X shipped 75 million tons that year.

Coal Company X, believing that its product was inferior, could or would not ask quality-oriented questions and the customers of Coal Company X would never broach this subject with their supplier. Through the revelations of triangulated research, the accurate understanding of what customers' actually valued in their relationship with Coal Company X, translated into \$225 million that went straight to the bottom line.

Triangulation Applied in the Medical Malpractice Industry

A regional leader in malpractice insurance wanted to secure their position with their current policyholders and continue to grow market share during an anticipated soft market.

To secure their position, management studied the single-observer information about the company's position that was provided by their sales & marketing team and external sales representatives.

For years these two sources had informed management that most doctors and physician group administrators purchasing malpractice insurance did so because they were purely focused on the protection of assets and careers. Thus, the company had sought to differentiate themselves in the market on the basic need of protection.

With the arrival of numerous competitors—some of whom were known low-price leaders—continued attempts to differentiate around the basic need of protection were showing signs of being inadequate.

Deciding to leverage triangulated research, management invited an independent third party to survey the sales agents, internal sales team and buyers/decision-makers of malpractice insurance.

With Triangulation, critical disconnects were uncovered between the value that physicians and sales agents placed upon attributes of the insurance product. For example, two surprising areas of disagreement were the importance of:

- A quality and consistent insurance product
- Knowledge within a particular practice vertical.

The Outcome – Triangulation Reveals a Truth

Like the coal buyers in the previous case study, the independent audit revealed a truth that physicians and group practice administrators wouldn't or couldn't tell internal or external sales representatives face-to-face.

As a result of triangulated research, the malpractice insurance provider learned that their customers needed and wanted the insurance for reasons beyond the simple value proposition of basic protection.

Neither basic protection, nor the price for that protection, was the most important factor in choosing a medical malpractice insurance provider—something else was.

The auditing process revealed the key factors that gave management the confidence to change their marketing and sales messages and presentations. And, because they were now speaking their customers' exact language, the sales force was able to more easily address price sensitivity when it appeared in conversations.

Since the triangulated research, this company has been able to maintain its market leadership position.

SUMMARY: The Contribution of the Independent Third Party and Triangulated Research

On more than one occasion managers have asked, "Why can't our internal people gather information from our customers that reveal similar misalignments?" Or, "Why can't our internal people have revealing conversations with prospective customers?"

- For customers, the primary reason is they have a personal relationship with internal staff and may be hesitant to be critical for fear of hurting feelings. Also, they may be uncomfortable openly sharing their desires with those with whom they're going to have to continue doing business. They may fear giving ammunition that may be used against them in future negotiations.
- Prospects may not wish to share revealing information because they perceive the call to be a sales call and they don't want to be 'sold'.

Experience has shown customers and prospective customers are more likely to speak candidly with a third party that is perceived to be unbiased. Thus Triangulation can play a key role in increasing the success of an organization by providing the most un-biased and potent decision-support to management.

Is your management and sales team in alignment with what your customers value about a relationship with you? Don't wait to find out that your products are sub-optimally priced and/or wrongly positioned in the market.

When is the last time that you were able to collect insight from prospects that you wished you had as customers? Use Triangulated Research and you may be able to more easily turn prospects into customers.



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