

Chapter 3

Avoiding Analysis Pitfalls

Ch3. Avoiding Analysis Pitfalls

Typical Sources of Analysis Failure

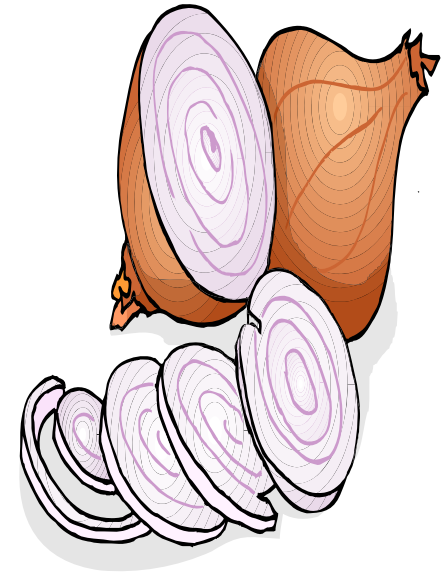
- Analysis problem definition
- Analysis project planning
- Data gathering error
- Tool and technique-related error
- Synthesis error
- Communication transmission or channel error
- Communication reception error
- Unsystematic development error



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Four Level Hierarchical Model of the Causes of Analysis Failures

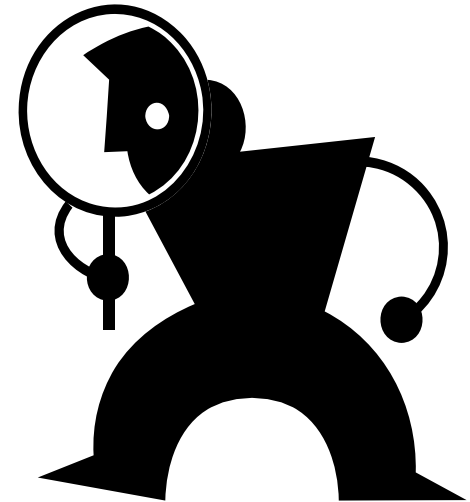
1. The individual analyst
2. The analysis task itself
3. The organizational context within which the task is conducted
4. The external environment in which the organization is ensconced



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Level 1: Causes of Individual Analyst-level Failures

- Different natural analytical abilities
- Naturally limited mental capacities
- Natural motivation
- Cognitive biases and perceptual distortion
- Insufficient understanding and application of analysis tools and techniques



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Level 1 cont.: Causes of Individual Analyst-level Failures – **Cognitive Biases & Perceptual Distortions**

- Escalation bias
- Escalating commitment
- Groupthink
- Illusion of control
- The prior hypothesis bias
- Reasoning by analogy
- Representativeness





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Level 2: Causes of Analysis Task-level Failures

- Part of larger task
- Task discontinuity
- Unsatisfactory data inputs
 - Need to justify investments made in systems designed for other purposes beside analysis
 - Differences in gathering vs. analyzing/synthesizing information
 - Extracting needed data from the heads of colleagues
 - Separating the wheat from the chaff
- Disconnects from decision making
- Imbalance among key task facets



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Level 3: Causes of Internal Organizational-level Analysis Failures

- Some decision makers don't understand and appreciate analysis
- Clients cannot specify their critical intelligence needs or questions
- Under-resourcing the analysis function
- Lack of analysis-specific IT support
- Lack of thinking time
- Organizational culture and politics
- Time and trust
- Invisibility and mystery
- Misconception that everyone can do analysis

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Level 4: External Environment Causes of Analysis Failure

- Growing range of competitive factors
- Complexity and turbulence
- Data overload
- Globalization
- Educational deficiencies
 - Lack of experiences faculty in analysis
 - Scarcity of research
 - Scope ambiguity
 - Economic trends



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Overcoming the Barriers to Effective Analysis

- Provide empowerment
- Realize the value of analysis
- Valuing the analysis → success link
- Ask the right questions
- Develop recognized analysis training
- Measure performance appropriately
- Position the analyst correctly
- Provide the right tools
- Differentiate the task



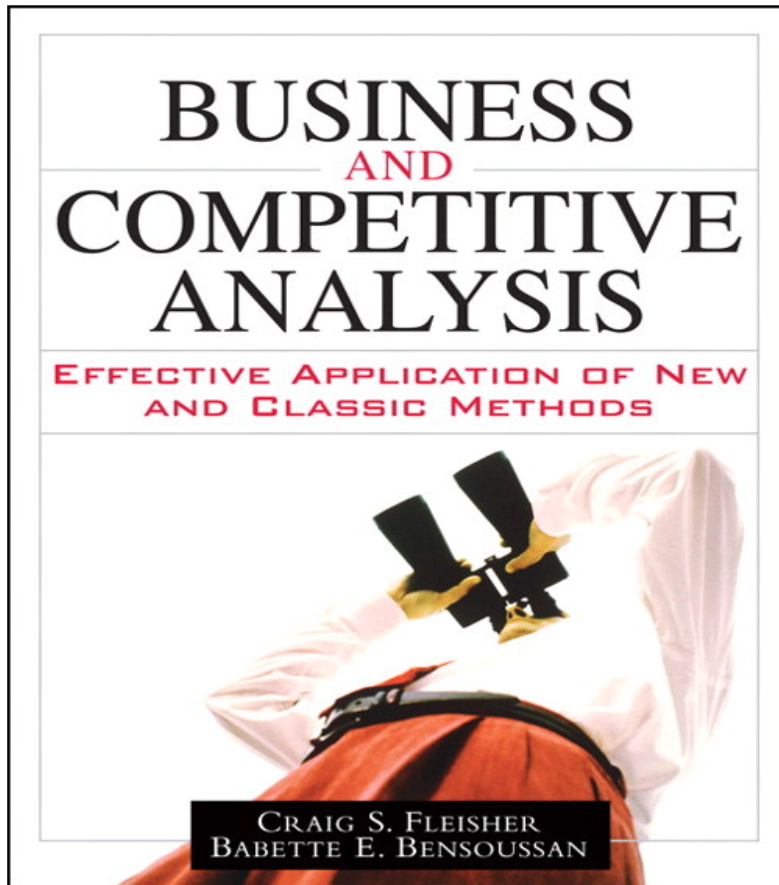


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Summary

- Analysis is a difficult task that has the potential for great good (when performed effectively) or harm (when done badly).
- There are a variety of common reasons why analysis is done badly.
- Causes of analysis factor come from four different layers: individual analysts, the analysis task, the organization, or the external environment.
- There are deliberate steps analysts and their organizations can take to improve analysis performance.

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For More About **Business & Competitive Analysis**, and 24 Useful Analysis Methods, see:
Fleisher, Craig S. and Babette E. Bensoussan

Business and Competitive Analysis: Effective Application of New and Classic Methods

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