

Mass Media Coverage

Professor J. Scott Armstrong

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Setting Your Sites on Global Data

by Fay Hansen

Current global economic data is available to anyone, anytime. But there are millions of pages on the Web, so finding the best data to further business decisions can be daunting. Here are some sites that offer high-value information and some guidelines for searching.

Finance executives doing business in South Korea know from new macroeconomic reports that GDP growth is expected to slip to 4 percent this year – down dramatically from 9 percent in 2000 – with huge repercussions for the nation’s trading partners around the globe. Companies looking for new shared services sites in Europe can take one look at local unemployment rates and see that Ireland’s labor markets are tapped out. Firms extending credit to export-dependent Canadian companies can monitor monthly trade data as Canada absorbs the shock of a slowdown in the United States, the destination for 86 percent of all Canadian exports.

Only a few years ago, most macroeconomic data was far less important to finance executives. The numbers were too broad and lagged too far behind reality to have an immediate impact in the business world or to play a significant role in decision-making. That has changed with the expansion of computerization and the Web, which allow economists to collect, interpret and disseminate data almost instantly. For the first time in history, meaningful, current macroeconomic data is available to anyone, anywhere, anytime.

Now the trick is to find the best information. With millions of pages of data already on the Web and thousands more posted daily, it’s not an easy task. The search is well rewarded, however. Many informative sites allow users to request automatic e-mail updates for specific data series; these updates and the ability to bookmark sites eliminate the need to repeat a search.

Where To Start

J. Scott Armstrong, Ph.D., professor of marketing at the Wharton School of the University of Pennsylvania and a forecasting expert, cautions executives to define the purpose of a Web search before they begin. “Without a ‘need to know’ – that is, without knowing how the data might relate to decisions – firms are likely to collect too much data. This can lead to biases such as the optimism bias, where managers search until they find data to support what they want to do. To blunt the optimism bias, which leads to overconfidence, executives can search for disconfirming evidence, or they can define analogous situations and then search for data on them.”

“The next issue,” Armstrong continues, “is how to use the data. Sometimes decisions will depend on getting a better understanding of the current situation, referred to as ‘nowcasting.’ My advice is to avoid biased sources and to seek data from a number of independent sources, then average the estimates.” The good news is that multiple sources can be found on the Web for virtually every type of data.

For a list of sites that post data on international macroeconomic and business trends, see *International Economic and Business Data on the Web* on page 29. Other guides are available at the University of Michigan’s “Statistical Resources on the Web” site (www.lib.umich.edu/libhome/Documents.center/stats.html) and the University of California, San Diego’s “Data on the Net” site (odwin.ucsd.edu/idata).

Michael Sedge, CEO of The Sedge Group LLC in Afragola, Italy, a company that specializes in public relations, marketing, business development and expansion into Europe, taps a number of European sources on the Web. “Most of today’s Net business data is relatively straightforward,” he says. “The key is to utilize the information in the proper contexts. For instance, it is not enough to review figures of European Internet penetration and, given the figures, to write off countries like Italy, Spain and Greece, simply because there are more users in the U.K., France, or Germany. One must also consider the growth factor over the past three years. Italy has one of the fastest growth rates in Europe, while the U.K. and Germany have slowed in recent years.

Thus, the CFO as well as the CEO and business expansion manager must ask: “What effect would rapid vs. slow development have on our product or services? Where might our resources provide the best return?”

Sedge offers the following advice for executives who make decisions using information from the Web: Always gather data from more than one source; and always view and evaluate data in global terms. “That is,” he explains, “bring different reports – for example, net growth, penetration, sales – to the table and compare them before coming to any firm business conclusions regarding forecasting and planning.”

Consider the Source

To assess the reliability of the data, Sedge says, “one must first determine the reliability of the source. Some research companies are noted for their research capabilities and rigid criteria. Secondly, always try to obtain three different sources for the same data, whether it be Net populations, sales or other data. The wider the spread of information, the better and more honest the market picture becomes. Never rely on one source only, no matter what the reputation of the source.”

Dusty Pritchett, CFO of Avocent Corp., a supplier of connectivity solutions for enterprise data centers in Huntsville, Ala., says that his company “uses a variety of Web-based sources for identifying regional and global market trends, forecasting, research and general market analysis. We also receive data on worldwide markets in reports from our offices in Ireland, Germany, Canada and Singapore. We can often use indicators from Europe and the Pacific Rim to identify global trends even before they occur in the U.S.” Avocent tests the Web data against this information from the field. “We collect the information we find on data management today and check to see if these indicators support what our sales team sees in the field. We have also built a powerful and active reseller community that helps us confirm and support our research, forecasts and indicators.”

Forecasting for Accuracy

Armstrong suggests that executives turn to the Web for forecasting sources. “Many decisions will affect the future,” he notes, “and fortunately, there have been enormous advances in how to forecast. For example, structured techniques can produce substantial improvements in forecast accuracy. Simple quantitative methods can add still more to accuracy. Current research is showing better ways to combine data with managers’ knowledge.”

If you want to find alternative forecasts to measure against your own, “or if you are too busy to make your own forecasts, or if you think you are too biased to make a sensible forecast,” Armstrong suggests, “there are many sources of forecasts. Some are free, some partly free and some are fee-based. They cover many products and many countries. A listing of sources in each of these three categories can be found at the Wharton Forecasting Principles site [forecastprinciples.com/sources.html].” Forecasts of all major indicators for almost all countries can be found on the International Monetary Fund and World Bank Web sites, which also include the most detailed data on current global macroeconomic trends. Forecasts from these institutions can be compared with forecasts from reliable private sources that post their findings on their sites.

The abundance of current data available on the Web removes a substantial portion of the risk in sourcing, investing, trading, partnering or traveling abroad. It also allows finance executives to independently validate information funneled through sources inside or outside their company. In addition, the foreign business press posts reports online within minutes of publication. U.S. finance executives who wake up to *The Irish Times* or *The Korea Herald* are far more likely to understand the perspectives of their foreign business partners and less likely to make the mistakes that come from a parochial view. Scanning foreign news sources also gives meaning to the data gathered from international economic sources. For example, unemployment rates approaching 5 percent generate doomsday headlines in Japan; the same rates would be acceptable in the United States and cause for celebration in Europe. The globalization of business information and data gives finance executives access to a crucial precondition for business success, and it’s free for the taking.
