

The Wall Street Transcript: An Interview with Jerry W. Thomas

TWST : Could we start with an overview of Decision Analyst?

Mr. Thomas: Decision Analyst is a marketing research and marketing consulting company. We are headquartered in the Dallas-Fort Worth area (Arlington, Texas), but we work on a global scale and we have online panels of consumers who we recruited to participate in future surveys. The bulk of our work is done online via the Internet, and we have substantive panels in terms of size and composition in North America, Latin America, virtually all of the European Union countries, and Australia, Asia, and some African countries. We started developing the Internet as a data collection method in 1995, so we have had a lot of time to build panels. These online panels are a platform for our various service offerings and products that use the online data collection platform. For example, we do advertising testing, concept testing, product testing, advertising tracking, and promotion evaluation and all of that is done via the Internet using these worldwide panels.

TWST : Where do you find your customers?

Mr. Thomas: The market for marketing research is primarily driven by the Fortune 1000. That is, it tends to be large organizations that have the resources and the staff, and the worldwide businesses that make it possible to afford to do marketing research. So our primary focus is companies in Fortune 500, primarily, and secondarily the next 500 companies down. Those are the companies that account for the bulk of the marketing research market.

TWST : I like to know a little bit about some of the international work that you have been doing?

Mr. Thomas: Our international focus is primarily Western Europe, the Big Five - UK, France, Germany, Italy and Spain. Of course, the European Union is in the process of dramatic expansion, and we already have panels in all the countries that will be joining the European Union. So, the two areas that we put the most emphasis on are North America and Western Europe, but we are also doing work in Latin America. And, we are doing work in Asia, but our emphasis is on North America and Western Europe.

TWST : Can you tell us some of the challenges that you see facing Decision Analyst in the near future?

Mr. Thomas: Every business has many challenges. Our greatest challenge is how to manage very rapid growth. We have grown at roughly 15% a year rate, since the company was founded in 1978. And 15% a year growth compounded gets more and more difficult as you get larger, because it means you have more people to train, more investments to make, more resources to manage, and communication becomes more difficult. Our greatest challenge is how to manage rapid growth and maintain the high quality standards, and preserve the very nurturing work environment that we've cultivated over the years. That's our primary challenge.

TWST : I know your company is doing very well. What competitive advantage do you see Decision

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Analyst having over other companies in your space?

Mr. Thomas: The marketing research business is part of a broader information knowledge industry that includes a lot of other industries, but our business is driven by human talent, and it's really all about talent. For example, we have been hiring very aggressively over the past two years because there are many, many talented people out on the street because of the weak economy. We have been able to add some really outstanding talent to our organization. I view our business as an ongoing search for talented people. Then we create an environment where those talented people can be creative, be challenged and be rewarded. It's really all about talent in every industry, but the delay between hiring good people and seeing the results in your business is greater in bigger companies, so sometimes larger companies under value their human talent, and don't realize how important the people are. But in smaller companies, we are acutely aware of how valuable and how important people are, and how critical good talent is to a company's success.

TWST : I couldn't agree more with you. Since we are on that topic, can you tell us a little bit about the management team surrounding Decision Analyst?

Mr. Thomas: Most of our senior managers have been here for a long period of time. The company is 25 years old this year and we are adding people as we grow, but many of our senior managers have been here 15, 20 years and that's a tremendous advantage to have that depth of experience, that depth of knowledge, in the key people who are training everyone else in the organization. We have a great operational staff and most of them have been here for 10 to 15 years at a minimum, and our client service staff is very deep. Our turnover rate in 2002 was 4%. And that's roughly what it's been for a number of years. We view that as a critical element of strategy--to keep that turnover rate low. It improves quality, it improves morale, and it improves the depth of knowledge of our staff.

TWST : Can you give us your take on a couple of key issues that you see facing your industry right now?

Mr. Thomas: There are a number of strategic issues of great importance. One burning issue right now, of course, is the Do-Not-Call list. The marketing research industry is

very supportive of the Do-Not-Call list and on the reduction of telemarketing calls and so forth. But, there is some fear that in its haste Congress might eliminate all telephone contact and all telephone interviewing, which would be a major limitation. I think a greater strategic issue for the marketing research industry, and this is a strategic issue for virtually everyone in the business world right now, is spam. If spam is not brought under control, it is going to destroy the Internet. The Internet has probably improved productivity more than any single thing that has happened within my lifetime, and probably more than any single thing that has happened in the last 100 years, and spam is potentially a threat to the survival of the Internet as we now know it. And if the Internet gets so clogged up with spam that no one can communicate by email, then no one can sell anything over the Internet, so that's the tremendous risk. That's a huge strategic threat to many businesses including the marketing research industry.

TWST : Do you have any ideas of how to, sort of, put them all together under control?

Mr. Thomas: It's going to take all of the major and minor countries of the world. We all have to work together and have common international law that covers it. No one country can solve the problem because people will just move offshore and keep doing it. We must solve this problem in cooperation with the world community because everyone stands to gain and everyone stands to lose if the Internet goes down. Every country in the world has a vested interest in seeing that the Internet survives as a viable medium of communication. We need major action on the legislative front.

TWST : Can you tell us some of the benchmarks or milestones that Decision Analyst has had, so we can sort of judge the progress of the company?

Mr. Thomas: Benchmarks or milestones in terms of....?

TWST : Things that we are looking at for something or maybe that our investors or our readers can get a good lock on the company?

Mr. Thomas: We are roughly a \$20 million a year company in terms of net sales. We have just under 200 employees. As I mentioned, our long-term growth rate has averaged around 15% a year compounded. We have established a number of industry-leading worldwide Internet panels for

consumers, but also for Business-to-Business audiences. We have an online executive panel, an online technology panel, an online panel of physicians, and all of these panels are international.. These are some of our major accomplishments.. We have branded products, advertising testing systems, promotion testing systems, and packaging testing systems that all run on our Internet data collection platform. We are one of the most rapidly growing marketing research companies in the marketing research industry, in terms of organic growth.

TWST : What is Decision Analyst doing at this moment to help get their message out to the rest of corporate America?

Mr. Thomas: Much of our activities are of course focused on that major point. We advertise heavily in all of our industry trade magazines. We have an ongoing publicity effort. We have a client service staff who constantly are talking to clients and making sales calls. So it is a combination of things. We maintain a large Decision Analyst website, and we also maintain a website called SecondaryResearch.com. That's a website designed to make it easy for people in the marketing research industry to find free data with marketing relevance on the Internet.

TWST : I will give you the last word. Is there anything you would like to add to the interview or something we haven't covered?

Mr. Thomas: I think your questions have been very inclusive. The marketing research industry worldwide, over the last 30 years, has been one of the great growth industries in the world. It's averaged around 8% growth worldwide over the last 30 years, and the last couple of years (that's 2001 and 2002, and to some extent 2003) have all been tough years for the marketing research industry. Marketing research expenditures tend to be tied to new products, tied to new marketing programs and campaigns, and those tend to be tied to the business cycle. As companies start investing more money in new products and in new marketing programs and investing money to expand their businesses, then the demand for marketing research services will expand rapidly. We should be on the threshold of three or four years of really rapid growth. That's what we are hoping for.

TWST : And I hope you are very successful, Jerry. I want to thank you very much for spending time with us.

Mr. Thomas: Thank you very much.

Our greatest challenge is how to manage rapid growth and maintain the high quality standards, and preserve the very nurturing work environment that we've cultivated over the years.

About Decision Analyst

Jerry W. Thomas is the President/CEO of Decision Analyst. He may be reached by email at jthomas@decisionanalyst.com or by phone at **1-800-262-5974** or **1-817-640-6166**.

Decision Analyst is a global marketing research and analytical consulting firm. The company specializes in advertising testing, strategy research, new products research, and advanced modeling for marketing-decision optimization.



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