

STATISTICS IN BUSINESS *

by

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I am deeply honored with this opportunity to say a few words on "Statistics in Business."

In the most modern enterprises today in the United States, statistics plays a vital role. Statistics determines what industries should be organized, what amount of money should be invested in a certain business and how large the new business should be. Statistics determines the kind of people a business should employ and is made the basis of estimates and forecasts that may mean success or failure. Yet, in the Philippines today, many businessmen are still going into business blindfolded. Just because Juan hears of the success of Jose in a certain business, Juan organizes the same type of business without being guided by correct and complete statistics which will answer so many questions. And when the business fails, other investors like Juan become timid and go into hiding or into more secure investments satisfied with slow expansion, small profits and a small number of employees.

Statistics gives insight and accurate information with regard to the possibilities of an enterprise. Complete and correct statistics will give us just how much of a certain product a certain province or the whole of the Philippines can absorb within a certain period of time. Statistics will give us the number of businesses already engaged in a certain enterprise as well as the production capacity of such businesses and, therefore, will guide us in answering the question: "Shall we go into such an enterprise?" If we go into such an enterprise, what is the amount of capital necessary and what should the capacity of this new business be when completed?

If we are thinking of going into the "patis" business, for example, there are many questions which can be answered ac-

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curately with the help of statistics. We should know exactly how much "patis" the whole population of the Philippines consumes and how much is exported abroad. This is our market. Of this total market, what is already being supplied? This may be answered by gathering statistics on the production capacity of existing "patis" manufacturers. We must also know what the chances are of getting the desired quantity of raw materials. Statistics from the Bureau of Fisheries will tell us of the catch in certain regions of the Philippines which may be used as materials for "patis" making. The market may be big and may mean that it could still absorb a dozen more businesses devoted to this enterprise, but if the raw materials should prove insufficient the investors going into this business without consulting statistics will certainly find themselves handicapped or frustrated within a short period of time. They would have invested in the necessary equipment and buildings, anticipating a profitable venture because of the tremendous demand but, lacking in raw materials, they would be forced either to close the business and suffer losses or they could bid much higher prices for raw materials obtainable which would then make the ultimate product much higher than those of competitors.

Statistics will help the entrepreneur-capitalist decide what kind of quality to offer the public. A survey and test of existing competitive products will give him an idea of the quality that is preferred by the general public. By hiring technical know-how which will in turn employ statistics necessary in this chosen field, the new business will have more chances of success over its rivals.

The need for statistics is not only confined to new endeavors. Everyday, businesses which have existed for many years are still asking questions and finding the correct answers through statistics. Well-known industrial giants like Elizalde, Menzi, Marsman, Aguinaldo, etc., are employing statistics to the best advantage to keep on top of the business world. They get information from all over the world. They know the prices of copra, sugar, rope and other commodities in foreign markets. They know the range of transportation, brokerage and insurance rates. They know crop expectation which they can

utilize as raw materials in the intricate industrial processes that give you the commodities that you now enjoy. They employ certain methods in selecting men in all fields of endeavor. They know from past experience and from other vital sources the qualities of men which make them more fit for certain types of skilled labor and office work.

The fullest use of statistics is made not only in production and management but also in distribution, advertising and sales promotion. An experienced sales promotional agency avails itself of statistics on rates charged by the different media of information including the newspapers, magazines, radios, billboards, television and direct mail.

In giving one single inch of advertisement to a newspaper, the agency knows where it can get the cheapest price per column inch per thousand assuming that quality of readership is the same. Through the use of statistics obtained from surveys, the advertising agency knows what are the most popular hours for radio time and whether a certain radio program is more effective than others. By actual counting of passers-by on foot and in vehicles, the advertising agency representative would know why a certain billboard location would be better than another. By the use of statistics, he would know how much the competitor is spending for advertising in different media of information and using this knowledge he would be in a better position to determine what appropriation and what media of advertising should be utilized for more effectiveness.

Modern business is highly competitive. Men at the helm of industries must know how to plan ahead correctly and must be prepared for obstacles ahead. The success of a venture depends on how well the firm executives can forecast business trends. Business operations must be curtailed or expanded depending on the forecast of the forthcoming stages of the business cycle and adjust its operations to the level of prosperity or recession during certain periods of time.

Forecasting in itself is a difficult responsibility of management and incorrect forecasting based on incorrect data may mean the collapse of a business empire and which will, naturally, affect adversely the economic stability of a given lo-

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cality. Here is where statistics plays one of the most important roles.

Even as we are gathered here today, records are being filed regarding products and services which will be available to the entire world five or ten years from today. How does this affect us? In the Philippines, we depend on certain major industries to earn our dollars so that we can trade with the world and import those goods which are needed by our countrymen. Forecasting the future of the hemp industry five years from today should take into consideration facts available regarding the production of Dacron and Nylon ropes which the powerful DuPont interests in the United States have succeeded in making. Today, these ropes made of artificial fibers are many times stronger than Manila rope and can be immersed in water for an indefinite period of time without deteriorating. Today, the price of this rope is fantastic but five years from today, it may be as competitive as rope made from natural fibers. An adjustment in our production of Manila hemp should be made and research should be in progress to meet this threat.

The facts are essential. As the world population grows, research laboratories in different parts of the world are constantly devising means and ways of producing more goods to feed, to clothe and to shelter the human race. We, in the Philippines should seek to produce other products from the waste materials of our sugarcane, rice, corn, coconut and other various Philippine products. How much of a certain material shall be our production target five years from today? Shall we be able to answer this question without available statistics on consumer demand and population growth all over the world? Certainly statistics is a science by which we can gather facts to mold great decisions to make our country great.

It is unfortunate that we, today in the Philippines, lack complete and accurate statistics on many things on which business may rely for guidance so that it can become a more effective factor in the promotion of Philippine economy. There are several sources of government statistics which do not even agree with each other. It is high time that the government

organize a central office or bureau of statistics not only for the benefit of business but to enable the government itself to plan solutions to our social and economic problems. Such an office can then avail itself of the fieldmen of other departments of the government to compile complete and organized data for intelligent interpretation.

Today, the government is beginning to recognize the importance of statistics in all forms of human endeavor, not only in business but in agricultural, in our social life and in running the government itself. The second National Statistics Week, as proclaimed by the President of the Philippines, is another milestone in the economic history of the Philippines. To the men who have organized the Philippine Statistical Association, our people pay tribute for bringing about statistics-consciousness among our officials and management groups in whose hands lie the future prosperity or decadence of our beloved Philippines. I join the people of the Philippines in congratulating them and in expressing to them the debt of gratitude that the average man owes to their fine spirit of cooperation and civic-mindedness for it would be through their efforts that businessmen will be guided more and more by accurate figures in black and white to minimize the chances of failure and to give more job security and job opportunities to the rising generations.

