

## ***International Journal of Forecasting's Best Paper Award Announced***

Use of the Delphi technique can produce enormous improvements in the quality of forecasting and decision-making. This is the implication of the paper recently chosen by the Directors of the International Institute of Forecasters and the Associate Editors of the *International Journal of Forecasting* as the best paper in the *IJF* in the period 1998 to 1999. The paper is Gene Rowe and George Wright's (1999) "The Delphi technique as a forecasting tool: Issues and analysis."

When I originally received the paper from Rowe and Wright in 1996, it seemed apparent that the findings were important and that the paper should have a major impact. The authors then spent much effort revising their paper in response to suggestions by a number of reviewers. Because of its importance, I gained the approval of the Editors, Robert Fildes and Jan DeGooijer, to publish commentary along with the study. Peter Ayton, Russ Ferrell, and Tom Stewart contributed commentary.

As in medical research, researchers on judgmental processes tend to focus on what is wrong with people. Judgmental deficiencies can, and do, lead to enormous losses each year in business, government, and personal lives. Improvements in decision making and forecasting can have substantial benefits for society. Unlike medical researchers, however, judgmental researchers do not often study how to fix the deficiencies. The use of Delphi offers an exception. Delphi involves independent anonymous forecasts (or assessments of proposed decisions) made in two or more rounds by a group of heterogeneous experts who receive feedback between rounds. The procedures help overcome deficiencies in judgment.

Delphi was proposed in the early 1950s by researchers at RAND. Since then, it has attracted much attention. For example, a Google search using "Delphi + survey + forecasting" yielded 3,150 hits in January 2002.

In their meta-analysis, Rowe and Wright (1999) were concerned about the predictive validity of Delphi in comparison with alternative procedures. Their paper continues the *IJF's* tradition of using empirical evidence to compare reasonable hypotheses.

In addition to summarizing what we know about Delphi, Rowe and Wright show that there is much that we do not know. For example, does it help to provide a summary of the forecasts between rounds, or just the reasons for the forecasts or decisions? Does the use of a trimmed mean lead to better results than using an average? Is it true that Delphi will substantially reduce the time for group evaluation? Under what conditions is Delphi most useful? I hope that Rowe and Wright's work stimulates further research on these and related topics. Meanwhile, they (Rowe and Wright

2001) have extended their work to clarify the principles that should be followed when using Delphi.

Despite its benefits, few firms currently use Delphi. Perhaps this is because it involves procedures that conflict with the intuitions of most managers. They tend to prefer unstructured discussions to Delphi. For example, my own experience is that business school students are resistant to experimenting with this procedure unless it is done within class time. The resistance implies the need for outside consultants. Although Delphi lends itself to paper and pencil application, software might help by making it easier to use.

### References

- Rowe, G. and G. Wright (2001), "Expert opinions in forecasting: The role of the Delphi technique," in J. S. Armstrong (ed.), *Principles of Forecasting*. Boston: Kluwer Academic Publishers, pp. 125-144.
- Rowe, G. and G. Wright (1999), "The Delphi technique as a forecasting tool: Issues and analysis," *International Journal of Forecasting*, 15, 351-381 (with commentaries).

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