



5 Steps to

DATA-DRIVEN BUSINESS DECISIONS

INTRODUCTION

Tons of companies today want to be data-driven, and with all of the powerful insights data can provide to guide your company, they should be. Yet, top enterprise decision-makers are constantly reporting that they don't actually have access to the data they need, when they need it, in order to make data-driven decisions. The biggest challenges? Difficulty accessing data in actionable timeframe and in high quality and completeness.

The shocking gap in well-informed decision-making: [Aberdeen's analysis](#) reveals that your enterprise decision makers rarely have access to the data they need, when they need it, with high quality and completeness. They get it between just 13% and 47% of the time, with a median likelihood of only 29%.

If you ask us, a true data-driven company gives data access to every person who can use it to make better decisions - no matter their title. With that in mind, let's get started putting together a plan to make your full team data-driven with these step-by-step essentials.

FIVE STEPS TO DATA-DRIVEN BUSINESS DECISIONS

These days, gut instinct is no longer enough if you want to remain competitive. Most organizations realize that data should lie at the heart of an organization's decision making.

With technology underlying almost every aspect of your business, you can use the data it generates to see exactly what's happening in your organization and use the information to make your business more agile by testing out different scenarios and their success.

You don't necessarily have to be a data scientist to reap the rewards. There are some simple steps you can take to make your business decisions more data-driven.

INSTINCT OVER DATA:

WHAT YOU GAIN FROM DATA-DRIVEN DECISIONS

Today, the top companies around the world use data to make decisions about their business. The reason they're leading the way is because they've gained a strategic advantage over their rivals simply by shifting their focus to data rather than relying on business acumen alone.

Fewer top performing companies (40%) than laggards base the majority of their business decisions on gut feel or experience (70%). In other words, more organizations that make data-driven decisions are at the top of their game than businesses whose decisions are driven by instinct.

Here are just some of the things you stand to gain by becoming a data-driven organization:

- Remain competitive among forward-thinking companies that do use data to their advantage.
- Data-driven companies are more customer focused and enjoy a deeper insight into the customer and their journey.
- Cost-effective - it can be costly to store large volumes of data, especially if you only use it for compliance purposes. Put the data to work and use it to your advantage.
- Detect new - or missed - opportunities, helping your company grow and improve regularly.
- Become more agile and better able to respond to markets/innovation.

DON'T LET DATA LEAD YOU DOWN THE GARDEN PATH

It has to be said that the vast amounts of data at your disposal don't necessarily add up to improvements in the way you do business.

Data is only as valuable as the insights you can draw from it, and with all the information that's floating about it's easy to find yourself being led astray.

The key to drawing real value from it is identifying which data to use. The metrics you use (what you measure, such as page views or conversions) will determine how successful your data-driven decisions are. The ones you should be looking at are areas of the business that are most crucial to its growth.

These are some of the questions you should be asking:

- Where did the data come from, and is it truly representative?
- If you've made assumptions based on the data, would these assumptions still stand under a different set of results?
- Would independent variables change the results?
- Could you use a different analytical approach?

HOW TO BECOME MORE DATA-DRIVEN IN 5 STEPS

With all this in mind, let's become more data-driven, shall we?

STEP 1: STRATEGY

A lot of companies start by trying to quantify their current performance. But part of the beauty of data and the power of business intelligence is that you can drill into an endless amount of very detailed metrics. From clicks, site traffic and conversion rates, to service call satisfaction and renewals, the list goes on. So ask yourself: What makes the company better at what they do?

You can approach this question by focusing on stage growth, where a startup would focus most on metrics that validate business models, and an enterprise company would focus on metrics like customer lifetime value. Or, you can examine this question by industry: a services company (consultancies) would focus more on quality of services rendered, and a company that develops products would focus on product usage. Ready to dive in? Start by going from top-down through each department to elicit requirements and isolate the pain points and health factors for every department. Here are some examples of KPI metrics you may want to look at:

PRODUCT

- Product related tickets
- Customer satisfaction
- Usage statistics
(SaaS products)

MARKETING

- Brand awareness
- Conversion rate
- Site traffic
- Social shares

R&D

- Number of bugs
- Length of development cycle
- App usage

STEP 2: IDENTIFY KEY AREAS

Data is flowing into your organization from all directions, from customer interactions to the machines used by your workforce. It's essential to manage the multiple sources of data and identify which areas will bring the most benefit. What area is key to achieving your overarching business strategy? This could be finance or operations, for example.

STEP 3: DATA TARGETING

Now you've identified which areas of your business will benefit the most from analytics and what issues you want to address, it's time to target which data sets will answer all those burning questions.

This involves looking at the data that you already have and finding out which data sources provide the most valuable information. This will help streamline data. Remember that when different departments use separate systems, it can lead to inaccurate data reporting. The best systems can cross-analyze data from different sources.

Targeting data according to your business objectives will help keep the costs of data storage down, not to mention ensuring that you're gaining the most useful insights. Keep an eye on costs, and the board happy, by focusing only on the data you really need.

STEP 4: COLLECTING AND ANALYZING DATA

Identify the key players who will be managing the data. This will usually be heads of departments. That said, the most useful data will be collected at all levels and will come from both external and internal sources, so you have a well-rounded view of what's going on across the business.

To analyze the data effectively, you may need integrated systems to connect all the different data sources. The level of skills you need will vary according to what you need to analyze. The more complex the query, the more specialist skills you'll need.

On the other hand, simple analytics may require no more than a working knowledge of Excel, for example. Some analytics platforms offer accessibility so that everyone can access data, which can help connect the entire workforce and makes for a more joined-up organization.

The more accessible the data, the more potential there is for people to spot insights from it.

STEP 5: TURNING INSIGHTS INTO ACTION

The way you present the insights you've gleaned from the data will determine how much you stand to gain from them.

There are multiple business intelligence tools that can pull together even complex sets of data and present it in a way that makes your insights more digestible for decision makers.

Of course, it's not about presenting pretty pictures but about visualizing the insights in a way that's relatable, making it easier to see what actions need to be taken and ultimately how this information can be used in the business.

HOW TO BECOME MORE DATA-DRIVEN IN 5 STEPS

Becoming a data-driven organization is a little more difficult than waking up one morning and deciding to use data to drive your business decisions. And it's not just about selecting the best analytical tools that will help you derive insights from data, although of course, it helps to have the right technology architecture in place. It's about aligning your organization's culture to make sure that everyone knows the value of the data and how to make the most of it.

Change has to come from the top, and transforming company culture means getting leadership on board. The best way to get leadership to sit up and take notice is by showing how analytics will bring value to the organization.

As you begin applying those insights directly to the business, using them in the decision-making process will start to become ingrained within the organization.

ALIGNING YOUR DATA MODEL WITH YOUR BUSINESS NEEDS

Data environments are growing exponentially: not only is there more data, but there are more scattered data sources. Like we've already established, the value of understanding this data is critical for businesses to gain a competitive advantage and make data-driven decisions.

Sit back and listen to Martin Butler, Founder of Butler Analytics, explain optimizing data structures to help you easily explore and extract meaningful insights out of any type of data.

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