

When in doubt, let data be your guide in business

We have all heard phrases like “Data is the new oil”, “Use analytics to get ahead of the competition” or, my favourite, “In God we trust; all others bring data”, banded about in the media, at conferences and elsewhere.

While these make for nice headlines, it can sometimes be difficult to understand how they translate to your organisation or, more importantly, how your organisation can embrace this new way of working. It’s time to demystify some of the rhetoric.

Let’s start with what it really means to have a data-driven organisation. In my experience, there are five common features that organisations who embrace a culture of data-driven innovation possess:

1. There is a business strategy that incorporates, and is often guided by, data-driven insights
2. Everyone, from C-level executives to HR, Finance and beyond, is tuned in to the strategy and are data literate
3. Data-driven insights are knitted into decision-making processes across the organisation
4. There is a culture of data-driven innovation throughout the organisation
5. The decision processes within the organisation move from being reactionary to being proactive

To embed a culture of data-driven decision-making, organisations need to go beyond just having good data and the systems to process and analyse that data. It is about really understanding how decisions are made within your organisation and using data to improve these decisions.

Decisions are made by a mixture of people, systems, processes, and data - what I call the “decision space”. In an organisation that embraces a culture of data-driven decision-making, understanding and improving decision processes, and the data that drives them, is critical.

Current business outcomes are examined using data, these outcomes are improved by tweaking the right part of the process, and you’re given the option of making decisions using the



The right metrics can be a decisive differentiator for your business, writes **Aoife D’Arcy**

IMI business analysis



Organisations need to embrace a culture of data-driven innovation processes.

combined power of people, experience, and evidence.

To get there involves assessing and understanding the mix of data, systems, people, and processes currently used to make decisions, followed by constant examination, questioning and improvement for a better business outcome.

Becoming an organisation that has data-driven decision-making at its core is not easy and takes time, so what are the tangible benefits?

A culture of measurement

Once you embrace a data-driven culture, you cannot avoid measuring things. This could be as simple as measuring the number of sales that resulted from a particular campaign and how that compared to the last campaign.

Once you start measuring in a consistent way and pres-

enting the resulting insight, you start to understand how particular decisions impact business performance. You can then measure the effectiveness of decisions and evaluate the impact of those decisions on the organisation.

A culture of continuous improvement

Once you start measuring things consistently, the next step is to use these measurements to improve things.

For instance, a customer retention dashboard that captures key KPIs for the retention process and displays how these values are changing over time is a great basic measurement tool.

The next step is to look at ways that you can use this information to increase retention, for example by giving extra incentives for customers to stay.

The important thing is that once you have basic measurements in place, you can then start tracking the effectiveness of decisions made to improve the outcome of the retention process. At this point you might also introduce some machine learning or AI into the mix.

A culture of innovation

The key to embracing a culture of innovation is to accept that to be innovative, you need to try new things - and sometimes you will fail. But in our new world of constant measurement, the key is that it is measured failure.

Data-driven decisions are measured, and their results are fed back so that the process can be improved.

While it is acceptable to take a decision that results in a negative outcome, that measured failure should always result in rethinking the decision to ensure an improved outcome the next time.

It is this journey of gathering insight and understanding through testing and trying new things that leads to a successful outcome and embodies with it a culture of innovation.

A true understanding of the decision space

Once you start layering up the various elements of becoming a data-driven organisation, the understanding of how decisions are made increases.

These elements may include an improved dashboard for a particular area, a predictive model, improved data quality processes, or a new system — and everything in between.

As you start adding new layers and elements, your understanding of the decision space increases. So, you are continually improving your understanding of how people, processes, systems, and data combine to improve business performance.

■ Aoife D’Arcy is an IMI Associate faculty member and CEO of Krisolis. An expert in analytics strategy, customer insight, fraud, and risk analytics, she has worked in Ireland and abroad with some of the biggest names in banking, finance, insurance, gaming and manufacturing.