: What steps create a data-driven organization?

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Transforming a traditional organization into one where data is systematically incorporated into decision processes can be challenging. Information Technology and strategy authors and consultants have prescribed steps to enable the transformation. What should happen and in what sequence is poorly understood. The following steps are based upon a review of prior recommendations.

Gaskell (2016) reported "Making data based decisions makes instinctive sense, and evidence is mounting that it makes strong commercial sense too. For instance, the McKinsey Global Institute indicate that data driven organizations are 23 times more likely to acquire customers, six times as likely to retain those customers, and 19 times as likely to be profitable as a result."

Step 1: Assess data usage. What is the current use of data, analytics, business intelligence and decision support? What data is used now and what data is not?

Step 2: Assess technology infrastructure. What information technologies are used and how effectively is data and information managed?

Step 3: Assess staffing. Do managers provide leadership in using data and analytics? Do employees have needed skills to use data?

Step 4: Assess culture and reward systems. Are employees rewarded for using facts to make decisions? Is data quality a priority? Are managers sharing data and analyses?

References

Gaskell, A., "Becoming A Data Driven Organization," Forbes, October 28, 2016 at URL
https://www.forbes.com/sites/adigaskell/2016/10/28/becoming-a-data-driven-organization/#34bb963

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Maguire, E., "Key Steps to Becoming a Data-Driven Organization," Forbes, February 24, 2016 at URL
https://www.forbes.com/sites/data-and-analytics/2016/02/24/steps-to-becoming-a-data-driven-organization/#262462f64362

Recommendations are based upon research Forbes and EY recently published

embed analytics in day-to-day decision making and the business strategy

pick the right leaders who understand analytics

treat analytics as a strategic competency

analytics driven culture

embed analytics to where they will be used

create incentives to encourage use of analytics

measure results

Sweet, S., "Five Steps to a Data Driven Organization," at URL
http://www.bpminstitute.org/resources/articles/five-steps-data-driven-organization.

1. Identify decisions before choosing data

2. Select action from decision

3. Build tools that employees and managers will use

4. Provide value for the organization and the customer

5. THINK QUANTS -- a data-driven organization is everyone's job "asking questions not just about why this happens, but first looking at the data to see how often this happens, under what conditions, at what time in the process, for what products or customer segments, etc."

"Lessons from Becoming a Data-driven Organizations" at URL
http://sloanreview.mit.edu/case-study/lessons-from-becoming-a-data-driven-organization/

"The data-driven organization can be pictured as a pyramid that rests on a base of well-governed data, partnerships, and sustained commitment from leadership and employees alike. With that foundation in place, the organization can move to the next level, where it treats data as a core asset that is an essential element of strategy, fashions its data into commercial offerings, and uses it to deepen the engagement of employees and customers. Then finally, as the organization's data and analytics capabilities mature, they can underpin innovative new business models — models that alter, sometimes radically, power arrangements within the organization."

" story of a "management revolution," brought about by the widespread adoption of big data and analytics in both the public and private sectors."

MacAfee, A. and E. Brynjolfsson, "Big Data: The Management Revolution," Harvard Business Review 90, no. 10 (October 2012): 60-68.

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