What Does It Mean To Make Data-Driven Decisions?
Is Your Company Data-Driven? 🤔

Reshaping fintech

Hi there!

If you are an experienced industry leader, you might be tempted to make decisions based on a hunch. Is it really the best way to do business, though? It might be quick and easy, but it is also very likely to end with you making the wrong call. Instead of risking it, you would definitely be better off making decisions based on solid numbers.

That is where data-driven decision-making comes into play. As the name suggests, it is an approach that is all about basing one's decisions on actual data. In case you would like to learn more about it, read on! Here, you will find a guide to data-driven decision-making, as well as a list of steps that you will need to take to start reaping the benefits of such an approach.

What is data-driven decision-making?

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Data-driven decision-making is the process of using reliable data to validate a decision before you commit to it. In a business setting, it can take many forms depending on what you are trying to achieve and what you specialize in.

To give an example, a company might send out a survey to its customers. Then, it could use its results to identify features, products, and services that the said customers are most likely to end up paying for. In other words, you gather data, interpret it, and use the conclusions you arrive at to make better business decisions.

Obviously, the collection and analysis of data is not something new. Humanity has been doing just that since its very inception. However, the technology we have developed in recent decades allows us to do it quicker and on a much larger scale.

We now have billions of bytes of data at our fingertips. Better yet, we have the necessary tools to make sense of it all. For that reason, data-driven decision-making can be perceived as a truly modern phenomenon.

You can make more confident decisions.

When you make decisions based on facts, the confidence you have in each one of them skyrockets. No matter whether you are talking about a product launch, a marketing campaign, or something else altogether, you know that you are not just guessing. Instead, you are using reliable data to back up each claim you make, and data is concrete and logical in a way that a hunch will never be.

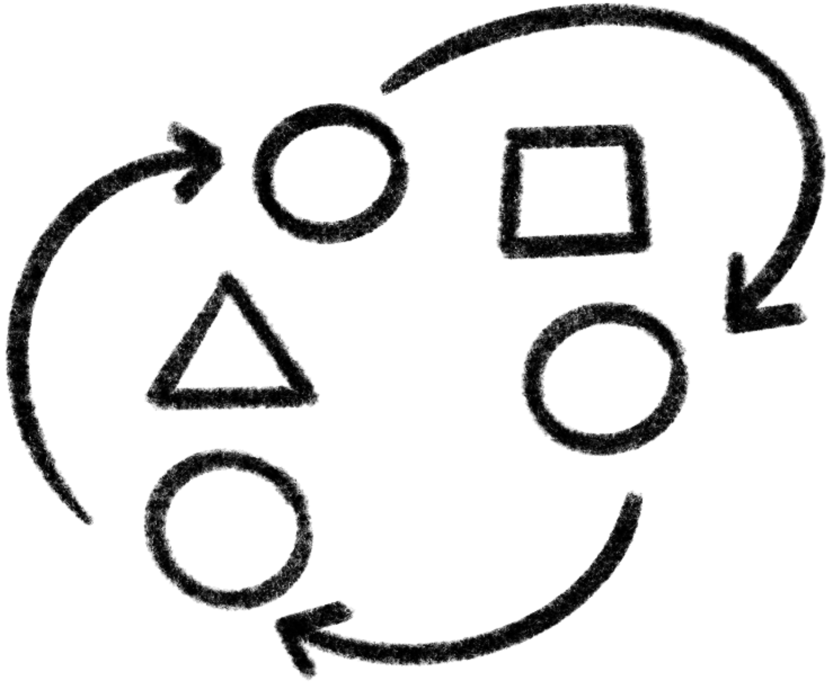
Not every data-driven decision will be a correct one, that much is certain. Trends change, unexpected things happen, and the data you have may not always be completely accurate. That being said, the chances of making a good call are significantly higher when it is all based on facts.

You will get to save money.

With data-driven decision-making, you get to save a lot of money. The way it works is simple. By avoiding making the wrong decision, you automatically reduce the costs that it would bring about. Plus, you get to use the data you have to identify the best ways to increase company profits. For instance, you can use it to determine what products and services are worth investing in.

In some cases, purchasing and maintaining the necessary data collection tools can get costly. The larger the company, however, the more cost-effective the entire investment tends to be. The more impact on the market you have, the more money you can save by avoiding making bad investments.

You will become much more proactive.



If you are making decisions based on data, you can start anticipating certain events and trends. In other words, you can become much more proactive.

Instead of waiting to react to something, you can use the data you have to get ahead of the curve and make the necessary preparations in advance. In addition, being data-driven can help you identify investment opportunities before your competition does.

You will get to find answers to key business questions.

Data can provide you with the answers to some of the most important questions in business. Everything from customer preferences to product performance can be easily measured and tracked. Here are a few examples of questions that you could easily answer by becoming data-driven.

How should I scale my business?

It is no secret that scaling a business can be a difficult process. With data, however, you can determine the best way to do it. You can use it to identify growth areas and target them accordingly.

How should I allocate my resources?

When you have limited resources, it is important to use them wisely. Data can help you identify which areas of your business need the most attention and where you should focus your efforts.

What does my customer's customer journey really look like?

Data can provide you with a thorough overview of the customer journey. You can track where customers come from, what they do on your website or while using your mobile application, and what makes them convert.

6 steps to become more data-driven

1

Define clear objectives

The first step to becoming more data-driven is to define clear objectives. In other words, you should identify areas where data can help you make better decisions. For example, you might want to understand which marketing channels are most effective at driving sales or which products are most popular among potential customers.

To ensure the accuracy of each objective, ask the people you work with for advice. From the marketing team to product managers and executives, asking the most experienced and knowledgeable ones out of the bunch for advice will help you verify whether each objective you came up with actually makes sense.

2

Identify data sources

The next step is to identify the data sources that will help you answer any questions that you might have. The most popular data sources that business owners use include customer surveys, website analytics, social media metrics, and sales data.

To figure out which data sources will serve you best, it is important to consider the strengths and limitations of each source. To give an example, customer surveys can provide valuable insights into customer preferences and behaviors. However, if a business owner collects just three or four surveys, the results may not be representative of that person's customer base.

3

Collect and analyze data

Now, it is time to start collecting and analyzing data. To do so in an efficient and reliable manner, you should establish clear data collection procedures and protocols. To begin with, create a data collection plan that outlines how data will be collected and from where, who will be responsible for collecting it, and how it will be analyzed.

If possible, work with a data analyst to ensure that the data you are collecting is being analyzed correctly. While it might be a bit costly, it could really aid you in streamlining the entire process. With such a person's expertise when it comes to extracting and analyzing information, becoming data-driven should become much easier.

4

Visualize data

To make the collected data more accessible and actionable, visualize it in a way that is easy to understand. You could do so by creating charts, graphs, or other visual representations. The goal is to make it easy to identify trends and patterns in it all.

Before you begin, it is important to consider who you will be presenting that data to and what you are trying to accomplish by doing so. It will help you figure out what metrics you should talk about at length and spend time discussing, and which ones you could just mention in passing.

The most popular data visualization tools on the market that you could use include Excel, Tableau, and Google Data Studio. Each one will allow you to create dynamic, interactive visualizations that will help you explore data and identify key market trends.

5

Use data to inform decision-making

Once you have the necessary data and insights,

it is time to use it to inform the decision-making process.

Instead of relying on hunches or guesses, use data analysis to make informed decisions.
It could be modifying the company’s marketing strategy, optimizing its website,
or adjusting specific product offerings

6 Continuously monitor and iterate

Finally, it is worth noting that becoming data-driven is an ongoing process. You have to continuously gather new data, identify areas for improvement, and iterate on the data collection strategies you are using accordingly.

By continually collecting and analyzing data, you can ensure that you are always making informed decisions based on the latest and most accurate information. To monitor data effectively, you could establish clear data monitoring procedures and protocols. Better yet, have a data analyst take care of it for you. For instance, you could ask for a weekly report on key metrics and go over it together every Monday or Tuesday. By doing do, you will get to not only stay on top of the latest market trends, but also stay updated on the state of the business you are running.

6 common mistakes business owners make when trying to become more data-driven

6 common mistakes business owners make when trying to become more data-driven

From collecting the wrong data to ignoring qualitative data, quite a few common mistakes can prevent you from becoming more data-driven. With that in mind, we prepared a list of the most common mistakes that you should know about before you get started.

1

Collecting the wrong data

One of the biggest mistakes that business owners make when trying to become more data-driven is collecting the wrong data. This can happen when business owners do not take the time to define clear objectives for what they want to achieve, or when they collect data that is not relevant to their goals.

To avoid this mistake, it is important to define relevant objectives for your data collection efforts and to identify data sources that will help you achieve those objectives.

2

Ignoring qualitative data

Another common mistake is ignoring qualitative data in favor of quantitative data. While quantitative data can provide valuable insights into customer behavior and market trends, qualitative data can provide valuable context and help you understand the people behind it all.

For that reason, you should collect both quantitative and qualitative data and use them together to better inform your decision-making.

3

Not analyzing data correctly

Even when business owners collect the right data, they may not always analyze it correctly. This can happen when business owners do not have the necessary expertise to analyze the data, or when they do not have the appropriate tools to do so.

You could avoid ending up in such a situation by working with a data analyst who has the expertise to analyze your data correctly.

4

Making decisions based on incomplete data

Another common mistake is making decisions based on incomplete data. This can happen when business owners do not collect enough data to make informed decisions, or when they make decisions based on a small sample size of data.

To avoid this mistake, ensure that your data is actually representative of your entire customer base.

5

Not involving key stakeholders in decision-making

When business owners do not involve key stakeholders in decision-making, they may make decisions that are not aligned with their business goals. This can happen when business owners do not share data with their teams or when they do not seek input from marketing, sales, or product teams.

So, it is important to involve key stakeholders in decision-making and to share data and insights with them on a regular basis.

6

Failing to iterate on strategies

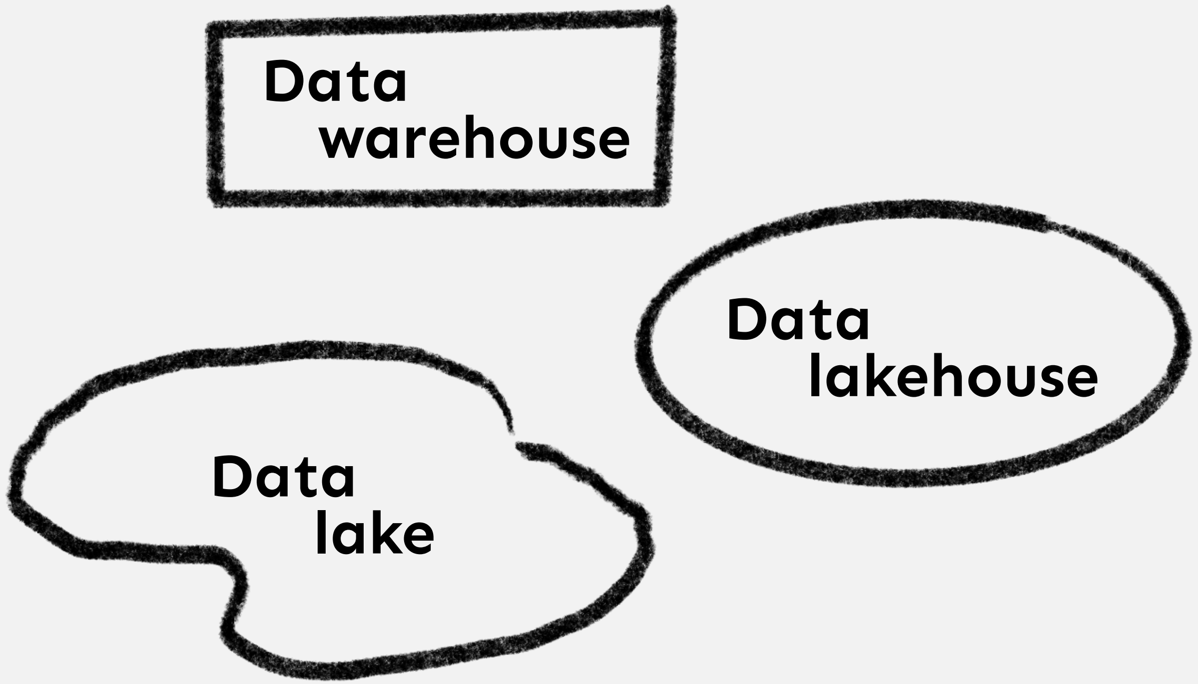
Finally, business owners may fail to iterate on their strategies based on new insights. It tends to happen when business owners become complacent with their data-driven approach and do not continue to collect and analyze data over time.

To prevent that from happening, you should continually monitor your data, identify areas for improvement, and iterate on your strategies accordingly.
By doing so, you can ensure that you are always making informed decisions
based on the latest information.

Data management solutions

Data management solutions

If you intend to become more data-driven, you will need to invest in a data management solution. Such a solution will be based on a specific type of storage architecture. The most commonly used types include a data warehouse, a data lake, and a data lakehouse.



Data warehouse

A **data warehouse** is meant for consolidated structured data from multiple sources, allowing for efficient reporting and analytics. It is specifically designed to support business intelligence activities like reporting, analysis, and decision-making.

The data stored in a data warehouse is organized in a way optimized for analysis and reporting, rather than transactional processing. It is easy to query and analyze, as well as optimized for fast retrieval and processing.

A data warehouse typically consists of several key components, including a database management system, a data integration layer, and a set of tools for reporting and analysis.

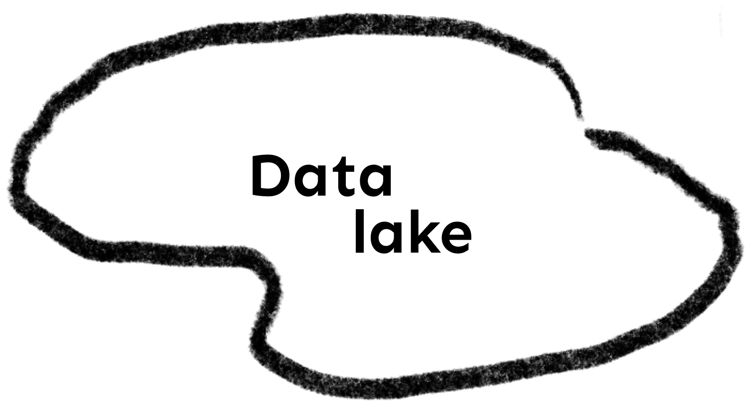
The database management system is responsible for storing and managing the data, while the data integration layer is responsible for bringing data in from various sources and transforming it into a format that is suitable for analysis.

Finally, the reporting and analysis tools are used by business analysts and other users to query the data warehouse and generate reports, charts, and other helpful visualizations.

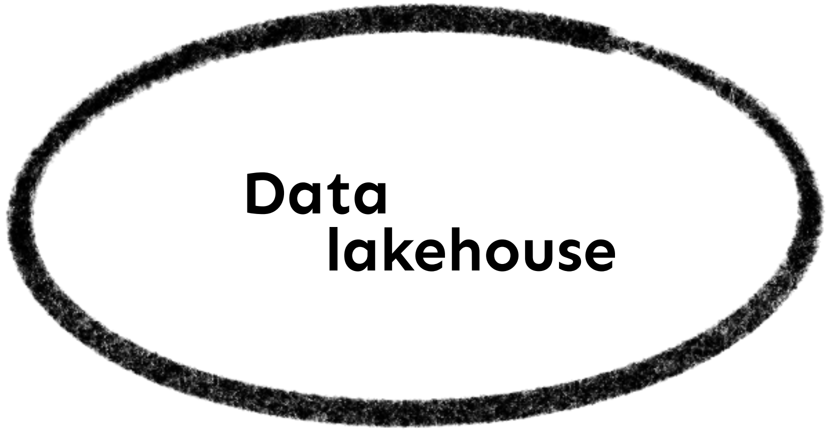
The **data lake** is used to store raw, unstructured data, enabling customers to explore and process vast amounts of information.
It is often used for storing large data sets that are not suitable for traditional databases, such as streaming data from smart devices, images, or other types of unstructured data.

Unlike a data warehouse, which is optimized for analytics, a data lake is optimized for storage. It is flexible and scalable, allowing for the storage of large amounts of data from multiple sources.

The data stored in a data lake can be analyzed using SQL or other query languages. However, due to the unstructured nature of the data, it is often difficult to query and analyze. As a result, users must rely on specialized tools like Apache Spark or Hadoop to process the data.



A **lakehouse architecture** is meant to combine the best of both worlds, offering you the ability to run analytics on both structured and unstructured data, ultimately empowering you to make informed, data-driven decisions.



Unlike a data warehouse or a data lake, which are both optimized for either analytics or storage, a lakehouse architecture is designed to support both. It is optimized for storage, as well as for analytics.

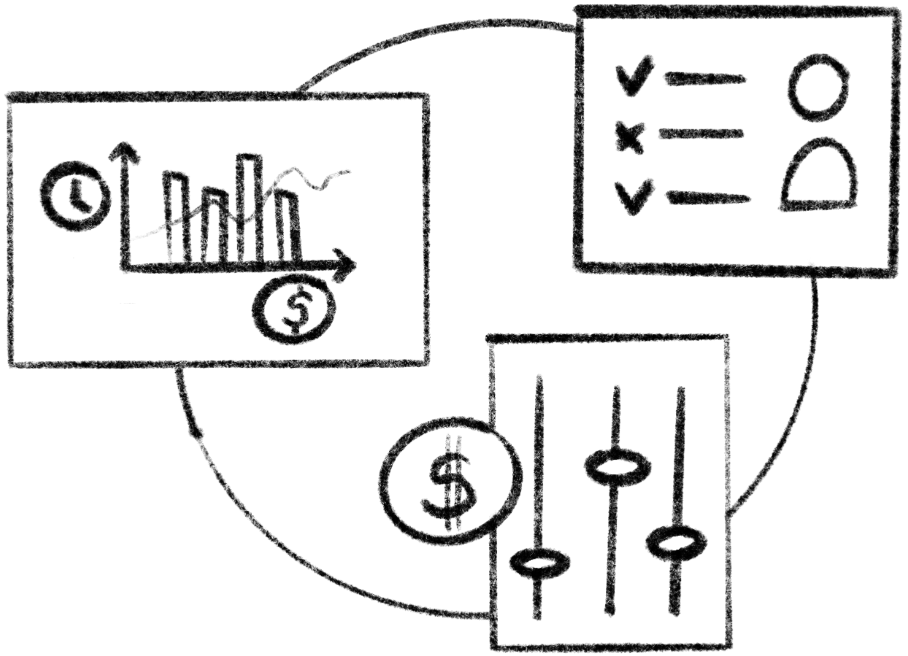
To do so, it combines data warehouses and data lakes into a single platform. The resulting platform provides users with the ability to access and analyze structured and unstructured data from a single source. It also eliminates the need for separate tools to query and process structured and unstructured data.

Data management usecases

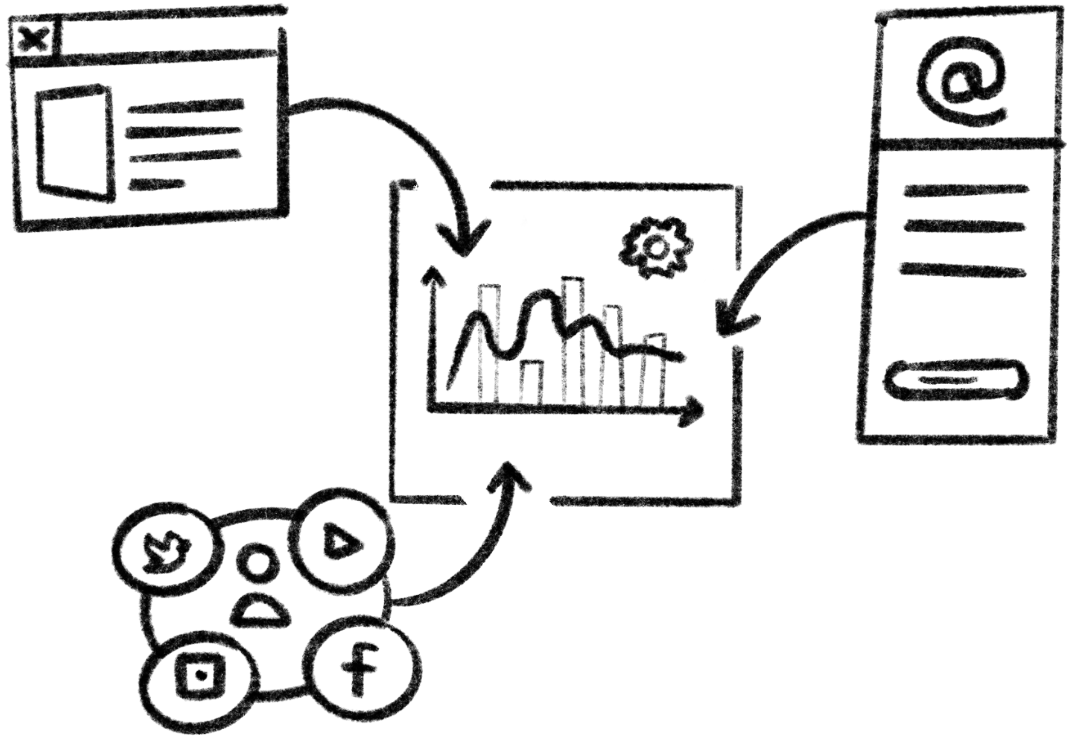
Data management solutions can be used for many purposes, depending on the type of data you are managing. In case you would like to learn more, check out a few of the most common use cases for data management solutions.

Finding ideal prices for products and services

By analyzing historical sales data, customer preferences, and competitor pricing, you can identify the ideal price points for specific products and maximize sales and revenue.
It allows you to adjust prices dynamically based on market conditions, ensuring competitiveness and long-term profitability.



Tracking and analyzing the results of marketing campaigns



Data management solutions can also be used to track and analyze the results of marketing campaigns. You can use them to collect data on your marketing campaigns from multiple sources, including website analytics, email campaigns, and social media metrics.

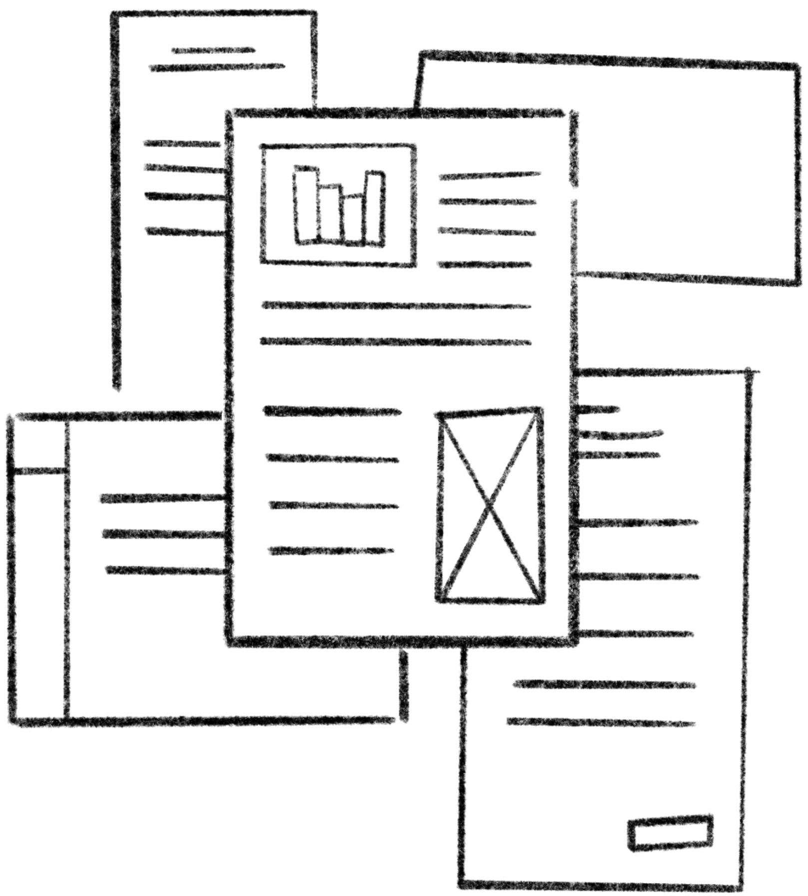
With data management solutions, you can identify which channels are performing well and which ones are underperforming. This will help you optimize your marketing campaigns for maximum impact.

Coming up with better ideas for products

Did you know that reliable data could help you **come up with better ideas for products and services**? You just have to start collecting behavioral data on existing customers from places like social media, company websites, mobile apps, and emails.

In addition, you could analyze competitor offerings. By doing both of the things listed here, you can quickly identify new opportunities for product or service development and create offerings that will sell well.

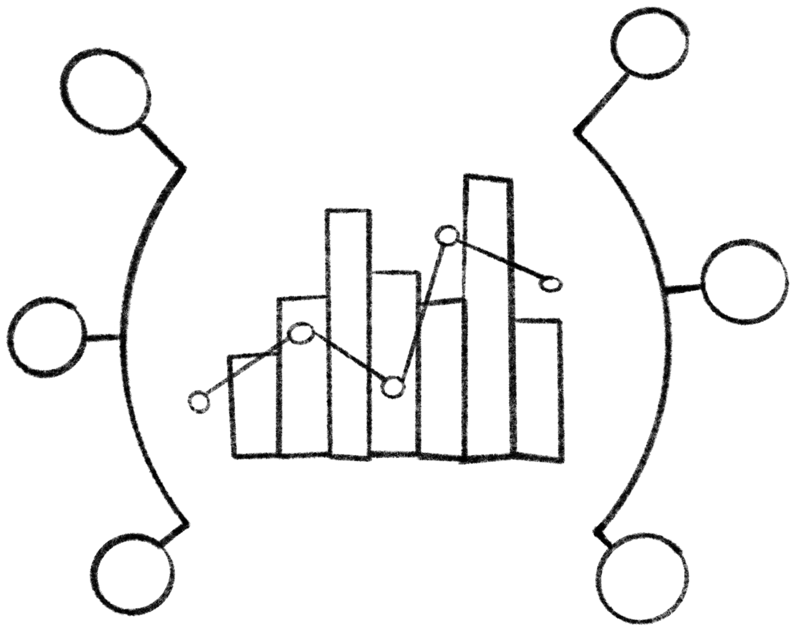
Gathering financial data for tax reporting



Data management solutions can also be used to collect financial data for tax reporting purposes. After all, you can use databases and data analysis to store and organize financial records, such as invoices, bills, receipts, and other documents.

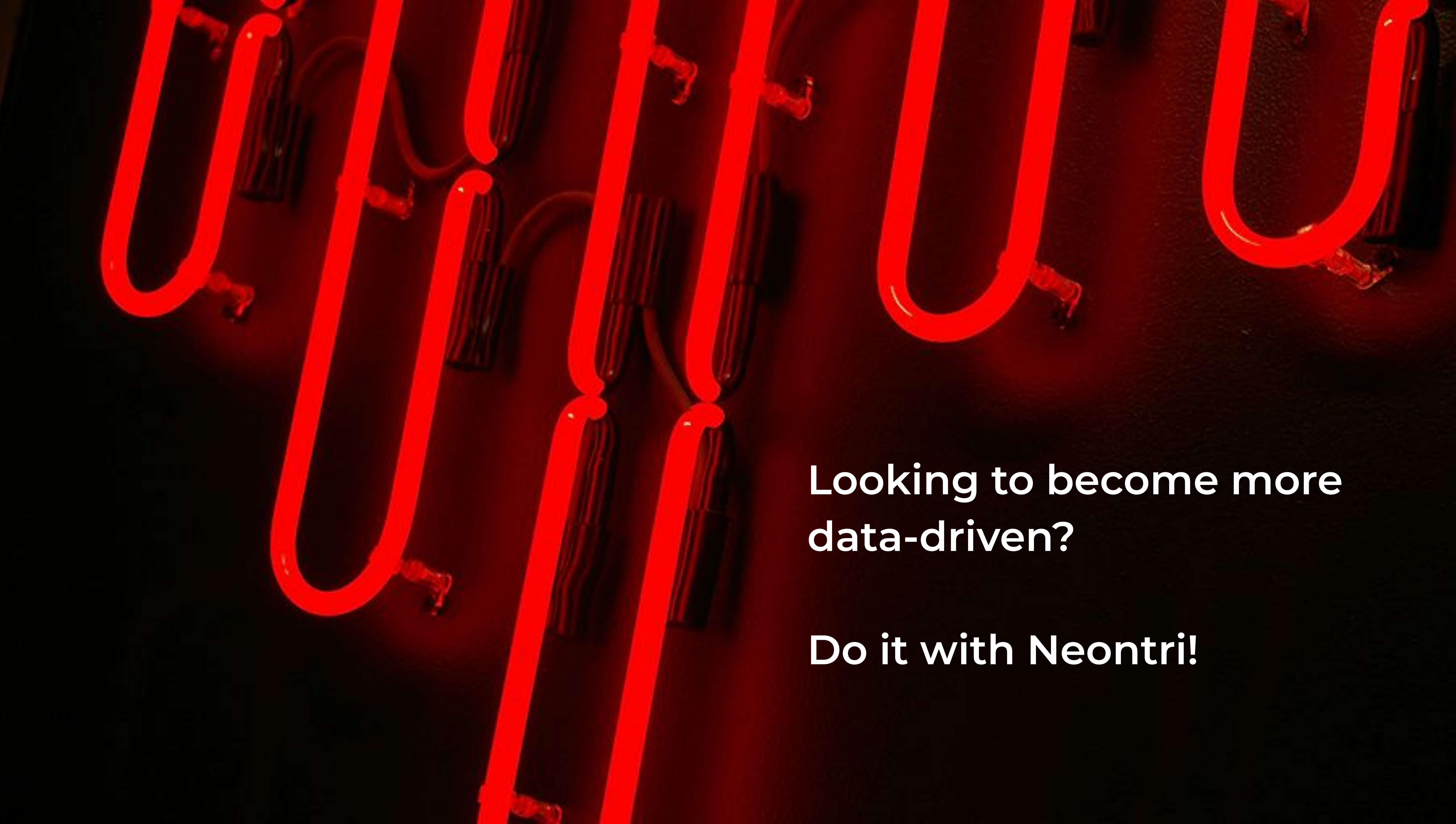
With such a solution, you can easily access the financial data you need when it comes time to file taxes. You will no longer have to manually search through piles of documents. Plus, you will be able to identify deductions and other tax-saving opportunities more quickly and easily.

Choosing the best suppliers



If you sell physical products, data management solutions could aid you in identifying and choosing the best suppliers.

You could analyze supplier data, such as delivery times and prices, to determine which suppliers are most reliable and cost-effective. That way, you can maximize company profits.


Looking to become more data-driven?
Do it with Neontri!

At Neontri, we offer a wide range of data management services that will help you collect, store, and analyze data in an efficient and reliable manner. Plus, our team is always up-to-date with the latest trends and technologies.

So, if you are looking for a partner who could help you become more data-driven, you should definitely get in touch with us. We would be happy to help you out!

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