10 Ways Data Enriches Your Business

10 Ways Data Enriches Your Business

"Data is at the heart of the disruptions occurring across the economy. It has become a critical corporate asset, and business leaders want to know what the information they hold is worth."

- McKinsey

Data is the hottest topic in business today. In discussions that range from understanding performance to predicting future outcomes, data is at the core. However, data has a bad reputation. Because businesses have been collecting data for decades, the amount that we must analyze can seem insurmountable. Simply saying "data" is enough to conjure images of someone poring over a thick stack of spreadsheets, manually going through row after row to identify performance, trends and figure out what to do with them. This intimidating view is all too common.

A bad reputation debunked

The truth, though, is that data does not deserve its reputation. It's the spreadsheets, the reports in table form, and the tiny numbers on paper or on a screen that are daunting. Data itself has tremendous value. Without it, we're limited to making decisions based on instinct or gut feel. Occasionally, that might work out, much like how a broken 12-hour clock is right two times a day. But why take that risk when data can enable you to make decisions confidently?

Data analytics technology makes it possible to make the right decisions faster, based on facts and sound statistics, giving companies what they need to get an edge over the competition. And what business doesn't love a competitive advantage?

So, instead of fearing data or dismissing it as boring, businesses need to embrace it as an exciting asset that enables you to do amazing things. To help you and your business do this, let's look at 10 ways data enriches your business.

Increasing sales and identifying future opportunities

Sales data shows what customers bought and when. This enables more accurate forecasts of future sales activity. CRM, website, marketing and social media data analytics also reveal a great deal. Age groups, gender, average income, family size and internet usage enable more strategic decisions based on who you're targeting.

But, the power of data goes beyond these obvious benefits. Data can also help people manage time more effectively. How? It can provide a view of how many more products to sell, and when to sell them. Because this information is prioritized, less time is wasted and everyone can make the best use of their days. It's possible to look at what a customer bought and when and use that data to forecast when they'll buy again. Plus, these details can help determine whether it's appropriate to offer complementary products for cross-sell opportunities. With data, sales workers can get back to the high-value tasks and focus on the customer.

"Data driven organizations are 23 times more likely to acquire customers, 6 times as likely to retain those customers, and 19 times as likely to be profitable as a result."

- Forbes

Outperforming the competition

Data allows businesses to better understand the demands of their customers so they can position their products or services more strategically than competitors. For example, data can help you determine which features your customers want to see in your next big product launch. Having this insight ensures that your audience gets what they want when launch day arrives. This is the kind of preparedness that beats the competition every time.

Data also provides insight into who is visiting your website, how your marketing campaigns are performing and who is buying your products. You can zero in on who is authoring content on your products, discussing your products, and who is buying a competing product or leaving your brand in favor of another product. With the right data, creating customized experiences for your customers is easier. The more personalized the interactions, the less likely they are to turn to your competitors.

"The performance characteristics and reliability of [two surgical] staplers were nearly identical, [but] one cost $600 more than the other. Yet most surgeons were firm in their preference for the more expensive device. Armed with data demonstrating the close similarities of the two devices... executives were able to talk the supplier of that device into matching its competitor's price.... And saved $235,000 a year."

- MIT Sloan

3 Improving or enhancing products and services

When customers react to specific products and services, they create accessible and useful data. Painful criticism and accolades alike offer better understanding of what customers want from a business—and what potential customers will expect. Reviews and other social media data, product returns, email data such as open rate, click-through rate, and conversion data or delivery data all help form a comprehensive picture. You can apply your insights back into your business and repeat the tactics, practices, and enhancements that work, or apply your findings to other areas of the business.

If you see a need to overhaul or improve your product lines, services or policies, data can help set thresholds that will issue notifications when customers respond to the changes. This will keep your business from veering in the wrong direction as it tries to exceed customer expectations.

"Big retailers have been reaping the benefits of their data for years, but only recently did they start to get a grip on how to use unstructured data like social media posts, customer comments, pictures, phone conversations, and location data. Small businesses can also benefit from the same data."

- Jessie Liu, Business Analytics Predictioneer

Expanding into new markets

It's difficult to determine where to expand into new markets without data. Demographic data can offer a glimpse of the age groups that are active in an established market or a new one. Gender, average income, family size, internet usage and other identifiers are helpful as well. Website data and metrics can tell visitor location, language, search terms and referring sites. There might also be more direct interaction, such as who is making inquiries, making purchases and reviewing products.

Meanwhile, website, blog, product and service reviews combined with print, radio and TV advertising and social media trends, engagement and interactions provide considerable data on emerging markets. This is the kind of information businesses can use to their advantage in expansion plans. In addition, data about customer bases, equipment or other asset maintenance, employee payment and delivery or distribution scheduling are instrumental in building an expansion plan detailed enough to pass muster under the toughest scrutiny. Data created by influencers with similar or even different customers can be used to target the perfect market for expansion. And, after the expansion is in place, it's possible to study data to understand performance and determine if, when and where you expand in the future.

Attracting, winning, and keeping more customers

To attract, win and retain more customers, it's important to know which tactics work (or don't work) for certain customers. Without data, that knowledge is impossible. You cannot target the right message to the right group if you don't know their preferences and habits. Data shows businesses if what they're doing to increase wins and loyalty is working.

For example, data from loyalty programs indicate what products customers prefer, what deals they're seeking, how much they're willing to spend and how they're using the benefits offered. Armed with that information, it's possible to find new customers with offers that are proven to work. Data can also allow companies to test new offers and compare them to trusty but timeworn tactics so they can innovate and stay ahead of the pack.

Other customer data collected by businesses over time from transactions, surveys and gated marketing assets is useful for segmentation. Customer age, income, living environment, household buying habits, average spend on certain goods, job position and other information are critical if you want to reach different audiences. Without data, no one will be getting the message they most want to hear and they are more likely to turn to a competitor.

"Leaders in data-driven marketing are more than six times more likely than laggards to report achieving competitive advantage in increasing profitability (45% vs. 7%) and five times more likely in customer retention (74% vs. 13%)."

- Forbes

6   Improving operations

Data offers insight on each phase of operations and processes. Diagnosis of weaknesses or errors is easier because no one needs to guess what is going wrong when there's a bottleneck. Data helps operations forecast a multitude of circumstances based on past blockages and issues throughout, ranging from the best possible result to the worst-case scenario. It's possible to work backwards using data to identify what's happening that's holding operations and processes back, eliminating the doubt and uncertainty of conjecture in the process.

Not only that, but when businesses integrate data into their operational processes, they run more smoothly. Data can help identify faults in manufacturing processes. It can be used to ensure that delivery routes are the most efficient and effective. Data relationships, patterns and trends can show you ways to more effectively control inventory and distribution. Data can also show you what action to take, and even optimize your plan for improved operational efficiency.

"How you use data in five years' time, or even one year's time, may be different than how you start out using data now. One thing is clear however: Data will become an increasingly important component of business operations."

- Bernard Marr, Strategic Performance Consultant and Best Selling Author

7 Recruiting, hiring, and growing talent

A business is only as good as its employees. Data is key to making sure you hire and grow the best. The data HR collects can help identify which candidates are the best fit, saving time and boosting the potential of your business. Data related to employee performance can be used to determine bonuses and raises—both integral to keeping morale high and motivation higher.

Data even plays a key role in measuring the effectiveness of hiring and retention practices, which means you can limit turnover and maintain team chemistry. And for those businesses that want to develop their current talent (read: all businesses), data can be used to gauge ongoing education programs—ensuring your people grow and remain at the cutting edge of emerging trends and technologies.

"Public companies that use data-driven HR methods, or 'people analytics,' show 30 percent higher stock market returns than the Standard and Poor's 500 index. Additionally, HR teams who use data-driven methods are four times more likely to be respected by their business associates."

- Meghan M. Biro, TalentCulture

8 Accelerating planning, budgeting, and forecasting

Most people in a finance organization are no strangers to using data. Finance has long recognized the importance of data for long and short-term planning. The focus, however, has always been financial data. What many in finance might not realize is that oprational data (from both inside and outside their organization) can improve and enhance planning, budgeting and forecasting processes.

In fact, the volume and variety of this non-financial data is a treasure trove of information about future performance. Non-financial data can include information about supply chain problems, HR trends, product quality issues, even the weather. For example, browsing metrics from a company's website can indicate the popularity of specific items well before the sales data reflects high demand. When identified and used effectively, this kind of information can be invaluable to forecasters.

> *"Senior executives who make better use of non-financial data are more than twice as likely to be able to turn around their forecasts within 24 hours, with almost 25% achieving this target. They are also two and a half times more likely to agree that over the last three years they have been able to respond more quickly to market changes."*
>
> *- FSN Survey*

9 Protecting the brand

Occasionally, the reputation of a business will take a hit. Until recently, the source of the problem could be traced to only a handful of reasons. Often it was a news report about an ingredient in a product that caused serious harm or illness. Or, a snafu in ordering that created an unplanned outage was communicated largely by word of mouth from unhappy customers. Or a poor decision that resulted in pubic outcry (think of how Coca Cola brought back Coca Cola Classic after customers let them know they missed it.). Then, along came social media, blogs and online and mobile review sites. And, suddenly people are talking about a business but its employees might not know why—or that they're even being talked about.

The good news is that social media data can also be used to protect a reputation, repair it or both. The data generated by blogs and social networks is now more readily available. Monitoring this data can help businesses identify unhappy customers before their negative opinions go viral. In addition, this data can help them better gauge sentiment and pull a problematic product or service before it becomes a big issue that affects sales. And, finally, businesses can research what competitors are saying about them and take appropriate measures if they're the source.

> *"We believe a more precise, data-driven approach to defining and measuring brand and reputation will not only help organizations measure their performance more reliably and identify problems and solutions earlier, it will also materially strengthen corporate messaging and impact the bottom line."*
>
> *- Hill + Knowlton Strategies*

Identifying areas for improvement

Opportunities for business improvement are infinite—in every business unit and throughout the organization. And, it's data that can help businesses identify those policies, products, services and other offerings that are not delivering the best possible results. For example, your business might have become so accustomed to budgeting for a process or making a yearly purchase that its cost isn't questioned. But there might be ways to reduce that cost or even eliminate it. Examining data from every aspect can pinpoint where waste or inefficiency should be addressed or where you're leaving money on the table.

Data can also help with the KPIs used to improve different aspects of the business. For example, what indicators require daily monitoring, a weekly look or monthly analysis? Which KPIs mandate full, immediate attention… and which ones need just a tweak? The data you collect assists you with categorizing those gauges you simply cannot ignore, separating them from the indicators that don't require constant monitoring.

"The data-driven company combines data, analysis, and insights to answer the question of 'what next?' Through the use of data at every level, in every part of the organization, the data-driven company adopts data as a strategic resource."

- Christopher Penn, IBM Business Analytics Predictioneer

Harnessing the power of data

Now that we've put data's bad reputation to rest, the next logical question is how to start applying your data to the business processes at hand. The logical answer is analytics, in all its forms—planning, business intelligence, data discovery and visualization, social media analytics, predictive analytics and prescriptive analytics. And with the vast amount of data that organizations are generating, you can couple your data with powerful machine learning techniques to uncover the answers faster than you could on your own. Beyond arriving at an answer, there's more to the story. Truly useful, nuanced insight is possible when you have an impartial analytic guide to get you there.

And, when you get the answer right, the results can be astounding.

Data to insight. Insight to action.

It's not enough to just have "beautiful reports." You want the right data, with accurate insights, so you can put them to work for you. Your analytics solution has to have the smarts to help you make your plans, answer your questions, and surface related insights from questions you didn't even know you should ask. But why stop there? Operationalize your insights back into your business processes. Monitor and optimize your results, so you know exactly what to do at the point of impact. Improve business outcomes at the speed of your business.

Click here to learn more

SALES: 30%

IBM.