Activity #1 Objective: Individually read this page, think and write down your experiences or knowledge about similar successes or failures in applying or not applying these concepts. Share in your team and determine similarities and differences. Share with the class the top 3 team insights gained from this exercise.

Key Point: …the opportunity presented by the information economy is best tapped by getting all people to use data more effectively.

Observation: Big data has been hyped so heavily that companies are expecting it to deliver more value than it actually can. Until a company learns how to use data and analysis to support its operating decisions, it will not be in a position to benefit from big data.

Reasons: The biggest reason that investments in big data fail to pay off is that most companies don't do a good job with the information they already have. …adoption evidence-based decision making is a difficult cultural shift: Work processes must be redefined, data must be scrubbed, and business rules must be established to guide people in their work. Companies don't magically develop those competencies just because they've invested in high-end analytics tools.

Remedy Overview: They first need to learn how to use the data already embedded in their core… systems. Four Practices are outlined in this summary below.

Benefits:
1) generate business value from data
2) turning insights … into competitive advantage
3) they tend to be more profitable than companies that don’t have that kind of culture
4) operating improvements are not easily replicated by competitors.
5) helping management focus on strategic objectives.

Details on the Four Practices Suggested by the Authors:

1). Agree on a Single Source of Truth
The exemplary organizations … insist on using performance data from just one authorized source. It's okay if the data are initially flawed, because it takes time for people to learn how to use a single source. But over time, quality matters, so companies will want to initiate processes for improving data capture. Inevitably, that means reviewing business processes and identifying where mistakes enter systems. People required to use data will take an active interest in governance processes designed to clarify data definitions and in learning how information flows through the organization.

Tone at the Top: Getting everyone to accept the single source of data may require appointing one executive to oversee its management.

2). Use Scorecards
Perhaps the best way to teach people how to use data to create business benefits is to provide them with data about their own performance. Regular score-cards clarify individual accountability and provide consistent feedback so that individuals know how they are doing. The most important characteristic of the score-card is that it focuses on results that individuals can control; these are not summaries of the company's financial performance or stock price. A targeted scorecard allows the group to identify problems before they show up on the bottom line, and it helps individuals understand how their activities contribute to business success.

Continuous Improvement Mentality: Companies with a culture of evidence-based decision making see to it that business rules are continually assessed and improved by articulating them clearly and ensuring consistency across the company.

Automate to Empower Individuals: Embedding business rules in software—automating them—frees people from routine decisions, allowing them to focus on activities that demand individual discretion. Automating business rules also permits increasing granularity, because systems can deal with more details than people can.

3). Explicitly Manage Your Business Rules
Business rules are the mechanism for specifying what actions should be taken in a given circumstance. They may be broad (“Do whatever it takes to make the customer happy”) or quite granular (“Accept returns from customers only if they bring a receipt and the receipt shows that they purchased the item in the past 30 days”). Ideally, business rules align the actions of operational decision makers with the strategic objectives of the company. But that happens only when relevant individuals understand the rules and management regularly adjusts them in response to new information.

4). Use Coaching to Improve Performance
…there is no point in addressing the first three requirements if you don't commit to coaching. It's not enough to tell people what the new rules or goals are. You have to help them shift from basing their decisions on instinct to basing them on data. …identify how each employee can address gaps between goals and outcomes and how the manager can help.

A Gradual Shift
In a culture of evidence-based decision making, people who perform routine work suddenly find themselves more responsible for outcomes than for the number of hours they put in. Many people need to acquire coaching skills, which will lead to new and different relationships. In most organizations it will not be possible to overlay this new culture on existing structures, roles, and processes. The change will be a disruptive one. The temptation may be to treat this cultural shift like any other major business change initiative, starting at the top by defining and communicating goals, establishing metrics, assigning accountability, and training people. But we've found that it is best to begin more modestly.

Prototype and Test New Initiatives: Most examples of evidence-based decision making we’ve seen have been in divisions and functions rather than across companies. That’s probably because it’s less daunting to improve how data are used in one unit than to do so throughout an organization.

Start Easy and Identify Likely Success: Pick important repetitive work that includes some discretion and some application of rules—service work is a good example. Imagine how that work would be performed if people had clear business rules and metrics, along with all the data they needed to make good decisions.