Analytics Isn't Business Acumen

By Laura Patterson, President, VisionEdge Marketing

In today's data-driven environment it's important not to confuse analytics with acumen. Analytics may help facilitate or enhance business acumen or astuteness, but it certainly doesn't replace it. The Oxford English Dictionary defines acumen as "the ability to make good judgments and quick decisions." Analytics, on the other hand, is logical analysis derived by applying some type of algorithms or mathematics to data. In 2007, Davenport and Harris described analytics as a set of technologies and processes that use information and data to understand and analyze business performance. Certainly well-thought out logical analysis can be very useful in understanding and addressing business situations and making quick decisions that will produce a desired outcome. But there's more to business acumen than logical analysis. A McKinsey article I once read framed this well, "good analysis in the hands of managers who have good judgment won't naturally yield good decisions."

Research by the Perth Leadership Institute, the Conference Executive Board (CEB) and others offer a variety of recommendations for how we can improve our business acumen. One of the key competencies cited is strong, quantitative skills. Why? Because being able to see the big picture requires an understanding of your market and how your organization operates in that market, and what drives profitability and cash flow for your organization. This is where analytics come into play.

Making Analytics Pay Off

Here are a few concepts that will help you make sure your analytics give you what you need to enhance your business acumen.

1. **Separate is not equal**. If you can, avoid having the analytics exist in a separate silo from the business. It's hard to leverage analytics that are divorced from the business. And before you set the data scientists loose, have clear business issues and opportunities in mind so that the analytics can be used to provide relevant insights. Keep in mind the analytics are a means to an end, not the end in itself.
2. **The best and brightest**. Work to secure analysts with strong technical skills who also have some business experience. They should be thought of as integral members of the team whose work is helping solve business problems or identifying business

opportunities. Strive for analysts who can bridge the technical knowledge and the business knowledge to serve as fully integrated business partners who focus on key business needs and decisions.

3. **Make analytics part of the DNA**. When implemented well, analytics create impact throughout the organization by empowering better decisions. To generate this kind of value, analytics need to be integrated into day-to-day business operations and decisions

4. **Invest in systems and tools**. Unlocking the full potential of data requires the appropriate technology, something above and beyond Excel or Access. There are more and more technology options available to help companies of all sizes and types leverage Big Data. Be sure the analytics team, IT and business users work together in the technology evaluation, selection and roadmap.

Putting Analytics to Work

Analytics enable businesses to better utilize data to make better business decisions. Analytics can contribute to improved understanding in a number of business situations. Some ways to put analytics to work include understanding:

- How individual business decisions are interrelated
- The potential impact of a decision on company value creation and the customer experience
- The effect of customer, product, and market decisions on revenue and profitability.

 Analytical capabilities help to identify problems as well as opportunities to create and innovate, redesign and re-engineer processes and systems, and support the evaluation of strategic and tactical options that will deliver the desired results.

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Want to prove and improve the value of your marketing? For 20^{+} years, Laura has been helping CEOs and Marketing Executives at companies such as Cisco, Elsevier, ING, Intel, Kennametal, and Southwest Airlines do just that. She was an early advocate of using marketing data, processes, automation, metrics, and dashboards to link marketing initiatives and investments to business outcomes. She's an experience practitioner with an extensive marketing and sales career in the financial services and technology industries. Laura has authored three books on marketing performance management, including the most recent: Metrics in Action: Creating a Performance Driven Marketing Organization. You can see Laura in action online at Marketing Made Simple, MarketingProfs, and Software Advice.