



Translate Data into Business Value with These Four Tips

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In today's hyper-competitive business environment, where an enormous amount of new data is being generated every day, more and more companies are trying to increase the usability of this data.

As Tom Davenport and DJ Patil note in a Harvard Business Review article, "If the information most critical to your business resides in forms other than rows and columns of numbers, or if answering your biggest question would involve a "mashup" of several analytical efforts, you've got a big data opportunity," hence the rise of the data scientist as one of the "Sexiest Jobs of the 21st Century."

These folks are tasked with turning data into actionable insights and these insights turn into knowledge the company can use to make decisions, measure and manage performance.

This ability to understand the relationship between data and knowledge is essential for marketers that want to be able to tap into the power of data. In 1990, Stephen Tuthill from 3M illustrated the distinction and relationship between data, information, knowledge and wisdom in his "The Data Hierarchy". To briefly recap, the basic idea is that data, unprocessed facts and figures without any added interpretation or analysis (which is often strings of alpha-numeric or graphic images) carries no meaning.

It is important to remember that whether structured or unstructured, data is at the bottom on the pyramid. It carries no inherent meaning until we begin to synthesize and

analyze it and use it to answer specific questions. Once we begin to organize and sort data, it can then be used to answer a specific question. At this stage we are interpreting the data so that it has meaning and relevance. When we are able to assimilate this information so we can use it to take action or make a decision, we gain knowledge.

Peter Drucker wrote in *The New Realities* (also in 1990), that “knowledge is information that changes something or somebody — either by becoming grounds for actions, or by making an individual (or an institution) capable of different or more effective action.” When we process this knowledge and distill out the essential principles, data, information, and knowledge are transformed into wisdom.

So why do we care about an idea that is over 20 years old? This 20 year old concept can be very helpful as we all try to grapple with Big Data, that mountain of unstructured data being generated from social media, websites, video, store transactions, etc. There are a number of technological issues associated with the capture, storage, and management of “big data”.

However, using The Data Hierachy reminds us that the real value of data is in the knowledge and wisdom we can derive from it. This means we need to have the analytical skills and capabilities to identify and relate the patterns found in the data, the information, to our business operations.

Here are four tips for translating data into business value:

1. Define the specific business question and identify and prioritize the information you need before you dive into the data. Data can be like a siren, dangerous, beautiful and luring. Consider the factors that will impact the quality and use of your data.

2. Itemize the information you will need to achieve the business objective and/or measure your performance.

3. Data and information must be relevant to a specific purpose. Determine what data (unprocessed facts) will be relevant, gather and record it. Data sources may be internal or external; public or limited access; hard or soft; qualitative or quantitative; formal or informal. Take particular care when you use data that has already been processed into information for a purpose different from your own.

4. Prepare to act. Information-driven insights are only as valuable if you act upon. Data of any kind offers organizations the opportunity to derive detailed, timely insights (information) and act on them with greater speed and agility (knowledge). Achieving this type of real-time responsiveness will require organizations to become far nimbler about how you manage business processes and workflows.

Achieving the vast potential from data calls for a thoughtful, holistic approach to data management, analysis and information intelligence. Organizations that take strategic approach to using data, whether they are leveraging the Data Hierarchy or some other paradigm, will be better prepared and positioned to generate business value from their data.

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