Harvard Business Review

Data and Organizational Issues Reduce Confidence

Executives, managers, and professionals are plagued by inaccurate, obsolete, or hard-to-access data, exacerbating the stresses of making decisions in real time.

IN THE ERA OF BIG DATA AND ANALYTICS, the need for accurate, timely, and insightful decision support has never been greater. Yet many organizations struggle to capitalize on analytics' vast potential. A small number of executives expressed having a strong level of confidence in their business decisions, according to an August 2013 survey of 442 business executives worldwide by Harvard Business Review Analytic Services. Specifically, corporate decision makers have substantial concerns about access to, availability of, and quality of internal and external data, thus reducing their level of confidence in decision making. Furthermore, almost half (43%) of respondents say executives' reliance on experience rather than data is excessive.

The Harvard Business Review Analytic Services study found that only 13% of respondents strongly agree that they're confident about their decisions. Similarly, only 16% strongly agree that they are confident about the accuracy of most of the data underlying their business decisions. And a third are not confident about their higher-risk decisions, due to lack of information or expertise. Indeed, 42% said that they were not confident due to a lack of information or easy access to it. figure 1

Many survey respondents indicated that both internal and external data are missing, inaccurate, or obsolete. Internal information about customers, products, finances, or production is sometimes not widely available within an organization. Silos of data, typically imprisoned in customer, financial, or production systems, are frequently inaccessible by individuals outside of the functional group. figure 2

Poll respondents also indicated that external data access is an issue. External information such as social media, YouTube videos, government economic reports, and other data are considered especially valuable for internal decision making, but sometimes they are not available due to technological incompatibilities or because users cannot determine if the external data is obsolete or inaccurate.
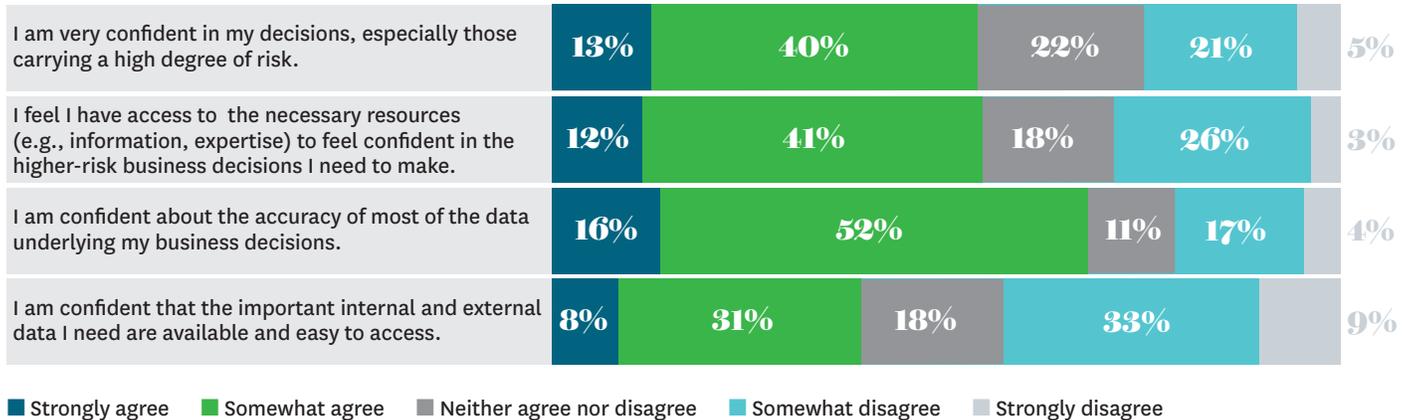
EXECUTIVE SUMMARY

- Substantial concern about access/availability and quality of internal and external data, reducing level of confidence in decision making

- Widespread pressure to make decisions in real time using real-time data

- Big data not a big issue—yet

- A few organizational issues creating numerous pain points

- Some organizations still lack data-driven culture

Figure 1

Moderate Level of Decision-Making Confidence

Please rate the extent to which you agree with each of the following statements.

Statement	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
I am very confident in my decisions, especially those carrying a high degree of risk.	13%	40%	22%	21%	5%
I feel I have access to the necessary resources (e.g., information, expertise) to feel confident in the higher-risk business decisions I need to make.	12%	41%	18%	26%	3%
I am confident about the accuracy of most of the data underlying my business decisions.	16%	52%	11%	17%	4%
I am confident that the important internal and external data I need are available and easy to access.	8%	31%	18%	33%	9%

■ Strongly agree   ■ Somewhat agree   ■ Neither agree nor disagree   ■ Somewhat disagree   ■ Strongly disagree

Business pressures are exacerbating the data access challenges. Harvard Business Review Analytic Services poll respondents indicated widespread pressure to make decisions in real time using real-time data. Half "strongly agreed" that making decisions in real time using real-time information was increasingly important. figure 3

Moving toward an analytical culture requires leadership from the top of the organization. Many respondents (43%) indicated that their top management relies excessively on experience versus data. Other cultural issues uncovered by the study include 45% of respondents contending that too many closed-door meetings take place, without having the right people involved in decisions. In addition, 42% of respondents noted that there is a lack of collaboration in decision making within their organizations. figure 4

Analytics is improving the opportunity for executives to make timely, accurate, and informed fact-based decisions, and as a result elevate the degree of confidence in their decisions. But for many organizations, cultural change is required if executives hope to capitalize on the positive impact of analytics on decision making.

Questions Raised by the Results

The Harvard Business Review Analytic Services poll responses indicate the need for a more detailed examination of the challenges of data-driven decision making. For example,

■ What types of internal data are most difficult to access? Which types of internal data are frequently inaccurate or obsolete?

■ What types of external data are considered important, and what are the obstacles preventing availability or easy access?
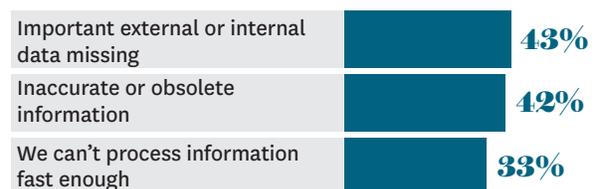
■ What types of decisions need to be made in real time? What types of data are needed to make these real-time decisions?

■ What are the business drivers of real-time decision making?

■ How widespread is a culture of inquiry, spurring more individuals to seek data before making decisions?

■ How widespread are various organizational issues—top-down management style, inability to collaborate, overreliance on experience, and gut feel vs. data—in specific industries or regions?

■ What new challenges are due to the huge flows of data from the Internet and other sources, known as big data?

Figure 2

Missing or Inaccurate Data Are Leading Factors in Negative Confidence

Please rate the extent to which each of the following data- and tools-related issues has had a negative impact on your confidence in the major business decisions you have made for your employer in the past 12 months.
1-10 scale, top 3 boxes

Important external or internal data missing	43%
Inaccurate or obsolete information	42%
We can't process information fast enough	33%

Appendix

Real-Time Rules

Please rate the extent to which you agree with each of the following statements.

Making decisions quickly based on real-time data is increasingly important.	49%	35%	10%	5%	1%
Executives and other senior decision makers behave as if they have a lot of confidence in the recommendations of their teams.	16%	47%	22%	14%	3%

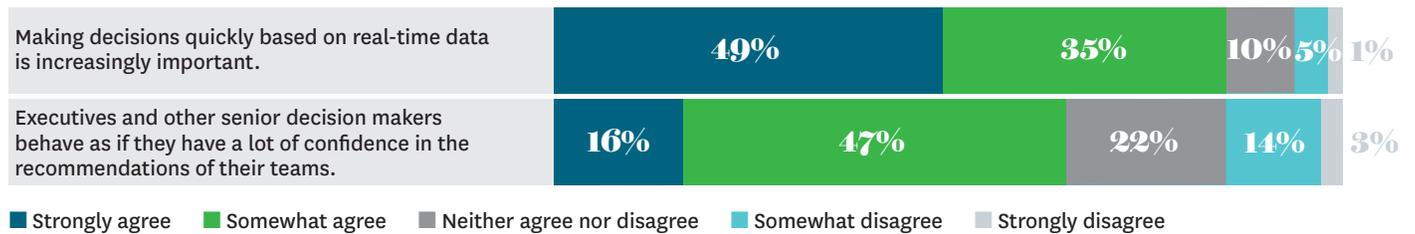■ Strongly agree ■ Somewhat agree ■ Neither agree nor disagree ■ Somewhat disagree ■ Strongly disagree

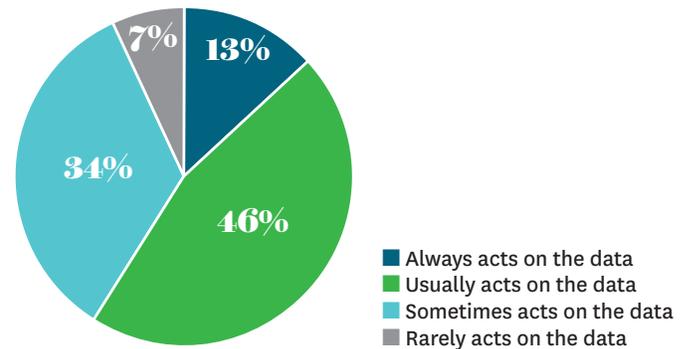## Variety of Organizational Issues Also Impacting Decision Making

To what extent do each of the following organizational issues or styles impact business decision making by your employer?
Percent of respondents indicating organizational issues impacted decision making, 1-10 scale, top 3 boxes.

Closed-door decision making— right people not involved	45%
Excessive reliance on experience by top management	43%
Innumeracy	43%
Lack of collaboration	42%
Too many people involved	39%
No single version of the truth	38%

Most, But Not All, Act on Data

Pick the one description that most closely reflects your organization's culture after reviewing data related to a specific business issue that needs to be resolved. My organization typically...

- 13% (slice)
- 46% (slice)
- 34% (slice)
- 7% (slice)

■ Always acts on the data
■ Usually acts on the data
■ Sometimes acts on the data
■ Rarely acts on the data

Methodology

Members of the *Harvard Business Review* subscriber and enewsletter audiences were invited via email to participate in a six-question web survey.

- Four hundred forty-two responses were collected from August 27 through September 4, 2013, and are included in this analysis.

- Half of respondents were from companies with 1,000 or more employees.

- Almost half of respondents were from North America, with substantial representation from Europe and the Asia-Pacific region. Eighty-five percent are managers in various functional areas such as strategy, business development, marketing, sales, supply chain, finance, etc.

QlikView

Sponsor's Perspective

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The key to making better decisions seems quite simple. Regardless of industry, location, or size, organizations know that understanding data can provide a bigger picture view that can help them to gain leverage and advantage.

It's simple, but not easy.

Each day executives, managers, and business professionals are faced with a multitude of decisions that can directly or indirectly affect the strategic path an organization takes. They can impact the bottom line operationally, or impact the top line with big plays that move markets. Good instincts and past experience can help, but data is imperative to making more informed decisions.

At QlikTech, we are interested in understanding the corporate decision-making process and uncovering the human factors that affect confidence in decision making. Organizations are collecting data with hopes of unlocking invaluable insights. Yet we see in this report that there is a lack of confidence in decisions, due largely to the inability to access and analyze the data. There's a challenge of accessing data that resides in silos and analyzing it quickly enough to make an impact.

This is the first survey in a longer-term study with Harvard Business Review Analytic Services of confidence in corporate decision making. We believe that access to data for all business users drives better decisions. We also understand that as human beings, the ability to recognize patterns, outliers, and to make comparisons comes naturally. We are creating software and solutions to enhance these natural analytic abilities and give every user the confidence to make decisions.

There's a huge opportunity for finding insights based on our natural ability to analyze the world around us. We invite you to learn more about our Natural Analytics™ approach and see how our customers are transforming data into better decisions by visiting www.qlikview.com/next.

Sincerely,

Anthony Deighton
Chief Technology Officer and Senior Vice President, Products
QlikTech

ABOUT QLIKTECH QlikTech (NASDAQ: QLIK) reveals meaning in data so people can act on it. The QlikView Business Discovery software platform and Qlik Customer Success Framework provide the people, technology and services to help organizations progressively optimize how they use data as a strategic resource. QlikView uses Natural Analytics™ to support the way our human curiosity naturally searches and processes information, revealing insights and enabling decisions in the process. From small businesses to the largest global enterprises, QlikView gives users the immediate insights they need and IT professionals the enterprise manageability and governance they require. Headquartered in Radnor, Pennsylvania, QlikTech has offices around the world serving approximately 29,000 customers in over 100 countries.

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