

# Data and corporate destiny

Every large organisation has data collection processes in place, but using that information to improve overall performance requires more than information gathering, as Gavin Lawrie of performance management consultancy **2GC** explains to Jim Banks.

'Weighing a pig doesn't make it fat' – simply collecting data doesn't improve performance. Value comes from finding the right measures and persuading the organisation to use the information obtained in its managerial decision making. 'It is common to see organisations collecting vast amounts of data, but often the communication between those collecting the data, those providing it, and those who could use it is poor. This leaves everyone feeling frustrated, and makes it hard for the data collection activity to add any value.' explains Gavin Lawrie of performance management consultancy 2GC.

'The people providing the data don't understand why the measures in use were chosen; often they are not directly relevant to their own activities. Data reporting is then a distraction from the day-job and seen as burdensome; reducing data quality and morale. Potential users of the data are usually not getting the information they really want – typically companies collect only half of the information that management teams want to see. Data collection activities understandably focus on easy information, such as financial or operational numbers, but usually management teams are just as interested in difficult information – changes in customer attitudes or organisational capabilities.'

This leaves those collecting and reporting performance measurement information in a difficult place, sometimes with neither those providing the data or those who receive the consolidated reports valuing their activity. Unfortunately, this dissatisfaction is not influenced by how sophisticated their technology and processes for data collection might be. Automating the collection and reporting activity simply amplifies the problem - with even more inappropriate data being collected and reported than before.

Some data collection is essential for compliance purposes, such as the exhaustive

records of batch numbers recorded by pharmaceutical companies. But for data collected for decision making purposes, collectors must choose carefully, and they can only do this with the support of management teams who will eventually use the information. 'Regardless of how the data is collected and stored the focus should be on identifying the information decision-makers need,' adds Lawrie.

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There is clearly a need, therefore, to get management and data collection teams together to define useful measures. Such discussions can also be used to eliminate redundant data collection: by removing some of the complexity everyone can focus on a more refined and valuable set of numbers.

'Companies need to fill the gap between the data collectors and the people providing the information. Data collection departments tend to show their value by collecting a greater volume of data. It's seen as safer to have more data, but they would equally justify their existence if they only collected the numbers the organisation needs,' says Lawrie.

### Speaking the same language

'Deciding what information is needed requires a process of choosing what is important. It



is not about applying a computer process. It is about agreeing managerial priorities and how they might be tracked with performance measures. This is largely a social process. Frameworks such as the balanced scorecard have been shown to be efficient and effective ways of structuring this social process - helping agreement to be reached more quickly and more reliably than it would be through an unstructured approach,' he explains.

Once the priority information required is agreed, data collection teams can use a simple data audit to validate that any data currently being collected is still required, and remove any that is no longer required. In many cases an organisation can drastically cut the amount of information it stores. 'Once the management teams have confidence that the data being collected is data they want and need, they can act to encourage those reporting the data to take the activity seriously,' he says.

With consensus across those involved in performance measurement activities, a simplified set of data, and clarity about how the data should influence decision making, organisational performance does improve.

The right measures can transform budgeting, forecasting, costing and strategy. ■

#### Further information

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