



Getting Into Data Analytics Without Breaking the Bank

Most business owners would probably agree that, in today's world, data rules. But finding, organizing and deriving meaning from the terabytes upon terabytes of information out there isn't easy.

How can your company harness the power of data without throwing dollars into the technological void? By investing in a formal initiative to incorporate data analytics into your decision making and strategic planning. However, as is so often the case, this is much easier said than done.

What is it?

Data analytics is the science of collecting and analyzing sets of data to develop useful insights, make connections between data points, and identify trends or patterns.

The process incorporates research, computer programming and statistical analysis to produce various types of data analytics — such as predictive, prescriptive, diagnostic and descriptive. The information used can come from both internal and external sources. Internal sources typically include a company's financial statements, sales records and customer database. External data may be obtained from government websites, industry associations, publicly distributed surveys and social media.

What are the advantages?

There are several potential advantages of data analytics for businesses. When done right, it will shed light on what could help or hinder you in fulfilling strategic objectives and improving performance in a cost-efficient way. More specifically, data analytics can enable you to:

- Evaluate the feasibility of an expensive ad campaign or product development idea,
- Narrow down who your most potentially valuable customers are and how to reach them,

- Decide whether to obtain outside financing and, if so, how much, and
- Streamline operations and/or cut costs with a clear idea of what the positive outcomes will be.

Perhaps best of all, data analytics facilitates fact-based discussions and planning. This can head off emotionally based arguments and diminish the impact of “office politics” on whether the company should make a major move.

Will I need special software?

Generally, a business will need to invest in data analytics software to reap the advantages. If you decide to do so, it’s important not to put the cart before the horse. That is, you don’t want to run out and buy an expensive product and then figure out how to use it. Your company’s informational needs should dictate what you buy.

Today’s software can produce thousands of metrics, so you’re best off first determining which ones you want to track — now and down the road. You also need to ensure that the solution you buy comes with strong cybersecurity protections and complies with any applicable privacy and security regulations.

Additionally, you should determine how well a prospective data analytics solution would integrate with your other applications and data. If the software can’t access vital information, or employees have to input data manually, it will likely be a poor investment.

Is it right for you?

Properly used, and supported by the right software, data analytics can give your business a competitive edge. But it can be a costly endeavor that may call for an outside consultant to get you up and running. Contact us for help identifying which metrics you should target as well as forecasting the requisite

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