

How Well Does Your Company Use Analytics?

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Summary. Almost every company is trying to capitalize on the promise of data and analytics, but a large majority of senior leaders don't feel like their organizations are hitting the mark. What separates leaders from these lagging companies, and how can firms struggling with the... [more](#)

Every company is trying to capitalize on the promise of data and analytics. While a few leading firms like Amazon and Alibaba seem to have cracked the code, most are still finding their way and many remain unsure even where to start. A 2021 study by *NewVantage* found only 39% of executives believe their organizations manage data as an asset, and even fewer (24%) view their companies as being data-driven. Likewise *VentureBeat* found, in their 2021 survey, that just 13% of executives believe their organizations are delivering on their data strategy. These underwhelming findings are consistent with earlier studies by *McKinsey*, *Deloitte*, and *BCG* that revealed a large majority of senior leaders are not satisfied with the outcomes delivered through analytics.

What separates leaders from these lagging companies, and how can firms struggling with the analytics mandate catch up with — and even surpass — their competitors? To find out, we surveyed more than 300 senior executives across B2B industries about data-driven decision-making in their organizations and their performance on seven dimensions of analytics capability:

- **Culture:** The degree of consensus on the value of data and analytics as a strategic asset
- **Leadership commitment:** The extent to which senior leaders “walk the talk” when it comes to data and analytics
- **Operations and structure:** The level of development of structures and policies that support access to data for those who need it
- **Skills and competencies:** The ability to hire the right people and provide adequate training and support for them
- **Analytics-strategy alignment:** How effectively analytics complements both short- and long-term strategy
- **Proactive market orientation:** The degree to which data and analytics allow the organization to keep pace with and anticipate evolving customer needs
- **Employee empowerment:** The extent to which people throughout the organization are encouraged to pursue creative data capture and analytical methodologies

Based on these findings, we identified three tiers of companies: data and analytics *laggards*, *strivers*, and *leaders*. We then created a tool — available below — that helps leaders identify where their firm falls on this spectrum and the organizational characteristics and capabilities they may need to develop to further advance on their analytics journey.



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The results can reveal a company's analytics strengths or weaknesses, help it prioritize investments and allocate resources, provide benchmarks for gauging progress, and ultimately help it become more data driven and competitive. It can also help create a common language and mindset across the organization which will help create alignment and traction across the organization — and reveal differing perceptions of the firm's capabilities. Further, it can help illuminate the views of those on the front lines or otherwise outside of the leadership circle whose customer-facing responsibilities will play a vital role in the transformation effort's progress and success.

Assess your capabilities

Not every organization begins its journey from the same place. Some companies' capabilities are well developed while others are rudimentary. Regardless, each company needs to answer three questions as it works to enhance its capabilities: What is our current level of proficiency? In what areas do we need to improve? And what do we need to do to optimize our data and analytics performance?

To assess your company's data and analytics proficiency, assemble a set of core employees and other internal stakeholders representing a range of management levels and business functions. Be sure to engage a diverse sample of staff who will lead and manage teams in the transformation effort (e.g., executives in IT, marketing, and even HR), as well as front-line employees who will be affected by its implementation, such as those in sales, marketing, and customer service. Think of this exercise as a small group workshop with representation that will provide leadership with insights from informed discussion among participants leading to an "enterprise-wide reality check" of the company's current capabilities.

Have each workshop participant individually answer the diagnostic-tool questions below using the one (strongly disagree) to five (strongly agree) scale for each item. Next, aggregate and average respondents' scores on each of the seven analytics capabilities dimensions (culture, leadership commitment, and so on). This will provide a single, overall score on each dimension, revealing broad areas where the company may be performing well, or not.

Assess Your Analytics Capabilities

Working with a core group of employees and internal stakeholders, answer the following questions to reveal perceptions of your firm's capabilities and identify where it is on its analytics journey.

Score: Average respondents' scores on each of the seven analytics capabilities dimensions to reveal broad areas where the company may be performing well, or not.

Please select from the following:

STRONGLY
DISAGREE

DISAGREE

NEITHER
AGREE NOR
DISAGREE

AGREE

STRONGLY
AGREE

Culture Does the organization have widespread consensus on the value of analytics and data as a strategic asset?	Analytics is being applied to key business issues by the organization as a whole.	1	2	3	4	5
	Analytics has changed the way we conduct business.	1	2	3	4	5
	Our business supports a culture that asks the right kinds of analytic questions that solve business problems.	1	2	3	4	5
Leadership commitment Do senior leaders "walk the talk" when it comes to data and analytics?	Senior management promotes analytics best practices.	1	2	3	4	5
	Senior management is committed to seeing analytics succeed.	1	2	3	4	5
	Senior management is committed to using analytics to transform how customers are served.	1	2	3	4	5
Operations and structure Does the organization have structures and policies in place that support access to data to those who need/require it?	Data is shared across functional silos and/or business units.	1	2	3	4	5
	There is collaborative use of data across company lines.	1	2	3	4	5
	Analytics has changed the way we share information across departments.	1	2	3	4	5
Skills and competencies Does the organization acquire the right people and then provide them with adequate training and support?	We are, as a whole, competent at analyzing information and disseminating data insights.	1	2	3	4	5
	We have the appropriate analytical talent to make good use of analytics.	1	2	3	4	5
	Individual managers feel adequately prepared to use the organization's data to address business issues.	1	2	3	4	5
Strategy and analytics alignment Do the role and value of analytics complement both short- and long-term strategy?	Data strategy is aligned with business strategy.	1	2	3	4	5
	Analytical insights guide future strategy.	1	2	3	4	5
	There is an integration of information management and business analytics into strategy.	1	2	3	4	5
Proactive market orientation Do data and analytics allow the organization to keep pace with evolving customer needs?	We brainstorm how customers use our products and services.	1	2	3	4	5
	We search for opportunities in areas where customers have a difficult time expressing their needs.	1	2	3	4	5
	We incorporate solutions to unarticulated customer needs in our new products and services.	1	2	3	4	5
Employee empowerment Does the organization provide employees the freedom to pursue creative analytical methodologies?	Our manager makes many decisions together with us.	1	2	3	4	5
	Our manager always shows confidence in our ability to do a good job.	1	2	3	4	5
	Our manager helps us understand the importance of our work to the overall effectiveness of the company.	1	2	3	4	5
	Our manager allows us to make important decisions quickly to satisfy customer needs.	1	2	3	4	5

and align employee perceptions organization-wide. In other cases, gaps in perceptions among workshop members may accurately reveal fundamental shortcomings in analytics capabilities that require long-term cultural interventions or the need to immediately hire for critical skills that are lacking.

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Fix weaknesses and enhance strengths

Firms that complete our diagnostic typically find that they have a mix of strengths and weaknesses. Depending on their industry sector and competitive content, company leaders should focus their attention on those dimensions that are essential to providing superior and sustainable business performance and address key areas where they are performing least well. For *lagging* companies, this will mean fixing fundamental areas of weakness; for *leading* companies it will mean optimizing performance on dimensions where they still have room to grow. Drawing on our analysis of leading companies, we created the playbook below that leadership can use to improve the company's performance on each dimension.

To enhance culture:

- Integrate data analytics and insights into daily workflows
- Communicate to the entire workforce how effective use of data is a competitive business advantage, not a byproduct of doing business
- Help employees become comfortable with making decisions based on data rather than instinct or experience
- Emphasize the importance and value of “data citizenship” to all employees and stakeholders

To strengthen leadership commitment:

- Demonstrate that senior leaders take ownership of analytics and are committed to making it central to the company's success
- Demystify the topic of data and analytics through “use cases” that are visible and relatable throughout the

organization

- Highlight key investments in analytics technology and human capital
- Underscore the value of analytics as an asset by linking data-driven decision-making to compensation, rewards, and recognition

To optimize operations and structure:

- Stress the importance of “harmonizing systems use” across departments and levels when it comes to data and analytics
- Create performance management incentives to encourage cross-functional collaboration and partnerships in the use of data and analytics
- Democratize data access across departments without losing sight of privacy, security, and compliance considerations
- Demonstrate how front-line and other non-technical employees can have easier access to data

To hone skills and competencies:

- Train employees who are in non-analytics roles to embrace data and analytics as a new way of conducting business
- Help employees in analytics roles to translate technical language into business language
- Create and nurture career paths that enable non-technical employees to embrace data and leverage its value
- Recruit talent with proven skills in analytics

To increase strategy and analytics alignment:

- Demonstrate how the organization’s business strategy is supported by its data strategy (“best practices use cases” can be powerful here)
- Ensure that analytics strategy complements, rather than substitutes for, the overall business strategy
- Use insights and knowledge from analytics to drive and guide the overall business strategy

- Prevent analytics strategy from overtaking business strategy (i.e., don't lose sight of analytics as a means to an end)

To increase proactive market orientation:

- Use analytics to predict future customer preferences that may not be obvious now
- Use analytics to accelerate innovation, even if it means making your own products and services obsolete
- Use analytics to create breakthrough innovations that offer novel solutions for customers
- Apply analytics proactively to sense and drive the market

To enhance employee empowerment:

- Help employees learn about the use and benefits of analytics to achieve business goals
- Help them feel empowered by showing them how analytics fit it into their daily activities
- Ensure that employees do not feel trapped (or held hostage) by a constant stream of data
- Remove bureaucratic obstacles that interfere with data capture or executing an analytics strategy

Every company is somewhere along an open-ended journey to achieve data and analytics superiority. While there is no final destination — there will always be more to do — there is a roadmap for efficiently and strategically progressing on the journey. By using our diagnostic tool, companies can create a unique profile of their data and analytics capabilities; and, with our playbook, they can then address areas of weaknesses and enhance their strengths, driving an ongoing data and analytics transformation that can deliver real sustained competitive advantage.

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