# M4L1. The 4 Steps in Data-Driven Decision-Making

## Slide #1The 4 Steps in Data-Driven Decision-Making

In this topic, we will discuss the four steps in data-driven decision-making.

## Slide #2Intuitive Judgment versus Data-driven Decisions

Intuitive judgment is powerful, but a structured, data-driven approach is more reliable, consistent, systematic, and predictable.

Data-driven decision making is a way of working that values the business decisions backed up by verified and analyzed data.

## Slide #3Step #1 - Define and Quantify Objectives

Data-driven decision-making starts with the all important business strategy and objectives.

First, identify the purpose of your decisions.

Managers are constantly called upon to make decisions in order to solve problems.

We need to develop some ground rules for our decisions.

Ideally, any decision should be consistent with the strategic direction of an organization.

A decision should positively impact at least one of the company's performance objectives.

Decisions should also solve problems that are important to an organization.

So, the first step of data-driven decision process is to be clear about what business problems your decision will solve and how your decisions will impact the bottom line of your company.

## Slide #4Step #2 - Collect Relevant Information and Data

The second step is to collect key data.

Data is flowing into your organization from all directions, from customer interactions to machines used by your workforce.

It is essential to manage the multiple sources of data and identify which areas will bring the most benefit.

What area is key to achieving your overarching business strategy? That could be finance or operations.

To analyze data effectively, you may use integrated systems, such as SAP, to connect all the different data sources.

On the other hand, simple analytics may require no more than a working knowledge of Excel.

## Slide #5Step #3 - Build Decision Models

The third step is to build decision models.

Decision-making and problem solving are ongoing processes of evaluating situations or problems, considering alternatives, making choices, and following them up with necessary actions.

A good decision model can help us focus on key scenarios, possibilities, outcomes, and risks.

When analyzing our options, it also should visualize these options and critical data to support your decisions.

Of course, it is not about presenting pretty pictures, but about visualizing the insights in a way that is relatable, making it easier to see what actions need to be taken and ultimately how the decision will impact the business.

## Slide #6Step 4 - Make & Execute a Decision

Execution is also very important.

The value of a good decision could get lost if the decision cannot be implemented properly.

We need to consider how the decisions are executed in our organization and then develop an execution plan as soon as a decision is made in order to create the most value out of the decision.

Market keeps evolving, so should our actions.

We need to periodically review the execution performance of our decisions and adjust our actions or even revisit our decisions to cope with business dynamics.