

Taking a Data Driven Approach to Business

Most people know that air travel is safer than travelling by car, boat or bus, but most people don't know why. It is because the aviation industry is driven by data, it doesn't rush to assign blame, it analyses failure and is always willing to admit mistakes, long before they spiral out of hand.

In short, the airline companies engage in what has become known as "Black Box Thinking." The name comes from the infamous black box incorporated into modern aircraft and designed to survive everything short of a super nova. Whenever a plane does go down the box is analysed, along with every other piece of available data, to determine what went wrong. Companies then decide how to avoid the circumstances ever arising again. This is why aeroplane related deaths have dropped every decade since the 1950s, an astonishing trend when you consider the growth of the industry.

But this sort of attitude doesn't only work in high tech, cash rich industries. In 2015 former Olympic table tennis player Matthew Syed published a book called *Black Box Thinking* in which he looked at how having a data-driven approach to failure could help individuals and organisations revolutionise their performance.

Examples where easy for Syed to come by. Google, Dyson, Team Sky and the Mercedes Formula 1 team have all embraced at least part of the aviation industry's approach.

Dave Brailsford's marginal gains approach saw him take apart every single aspect of Team GB and Team Sky's races and try to improve the tiniest things. This added up and led to Brailsford overseeing an unprecedented era of success for British cycling. Less famously, but no less impressively, Google undertook extensive research on whether changing the colour of their web links would increase click through results. They changed the shade of blue slightly and added an additional \$200m in revenue to their accounts.

We should also consider how the healthcare sector has benefited from this sort of thinking. After many years of making medications which looked similar, and therefore were easily confused during an emergency, hospitals around the world have started to make medicines with distinctive labels, packaging and appearances in order to make them impossible to mistake.

It sounds like a simple change, indeed it is a simple change, but it is already saving lives.

We believe that it is time that this data-driven approach needs to be embraced by more businesses. Too many companies are still making emotional decisions. Harvard Business Review estimated that only 5 per cent of errors committed at organisations were worthy of blame, yet managers and executives placed blame 70 to 90 per cent of the time. Every time blame is placed unfairly the organisation misses out on the chance to really learn why things went wrong and prevent them from happening again.

At Director Group we design diagnostic toolkits to health-check property portfolios. They highlight and compare costs, plot rent/rate reviews, identify lease breaks and more. This information isn't designed to highlight failure but will demonstrate improvement opportunities and ensure that a property portfolio reflects the needs of the business and not those of the landlord.

Much of the data you need almost always exists – our job is to ensure it is identified, pulled together and analysed.