



Transforming data into insights for board decision-making

The world is overflowing with data these days, but how can we effectively harness it with advanced analytics to help make better decisions? It's a question private company boards are increasingly asking; if they aren't, they can be sure their competitors are.

The challenge is that with so much data available it can be difficult to separate the signal from the noise. Often, boards are inundated with too much information or starved by not enough, and there's no easy way to calibrate how much information they can digest. Data-driven decision-making requires having the right information at the right time and in the right format, and finance organizations are in a prime position to deliver it.

This is where advanced analytics come in, as they can help family enterprises prioritize relevant data and metrics, turn data into information and insights, and provide a broader and deeper perspective on financial and other operations while allowing for improved speed and accuracy.

Finance leaders are in an optimal position to assist—they have a deep understanding of not only the business but also the financial and operational data that drives the business. Providing the relevant information in a way that the board can easily understand and converting that information and related data into insights are important parts of helping the board members fulfill its role as a governing body.

But seizing this opportunity may require a change in the way finance has historically collected and shared information with the board, with potential implications on the technology infrastructure they deploy and the capabilities and roles within the finance organization.

Shifting on information sharing

In a survey, Deloitte [asked more than 150 public and private companies](#) how their board meeting practices had changed since the pandemic arrived. Our survey found that a sizable portion of the respondents (24%) adapted their agendas to allow for more discussion on strategic priorities, while another 16% adjusted to focus more discussion on company-specific risks.

This ongoing shift has changed the way companies share information to drive those conversations; nearly a fifth of the companies polled said they now publish premeeting reading materials on a portal or send it

to board members directly, while a slightly smaller proportion said they're moving more information to an appendix or supplement book so that the primary focus of premeeting materials is more prominent.

But it's also clear that many companies are lagging in this respect, with more than half saying they haven't implemented any changes to their board meeting agendas or premeeting materials. With so much information out there today, finance leaders might not have even started thinking about this new level of support they can provide. It's about embracing the art of the possible—through a platform that can give them real-time information and expand the activities they can do to help drive growth in the business by enabling better decisions. Today, customized dashboards can take board members through their company's recent results and allow them to quickly compare the current period actuals against the plan, forecast, and prior years. They can even click through to segment information by customer, individual product, or sales channel. In other words, it's a whole new ballgame.

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The analytics journey

It might be helpful for private company finance organizations to think about their preparation for board meetings as a **five-step “analytics journey,”** which starts by asking what specific business problem or opportunity the business is looking to data to help solve.



Start with questions

Before any successful data dive can commence, it's important to understand the specific questions the board is trying to answer. The board might have high-level concerns about what's driving profitability or wants to understand which segments have the greatest opportunity to drive greater efficiencies. If this is the case, the types of questions they will ask likely include these:

- Who makes up a significant portion of our customer base?
- How profitable are those customers?

Alternatively, the board might be seeking greater insight into a pressing business challenge, such as employee turnover. These are some questions that might be asked in this regard:

- What are the costs to hire and train a new employee, and are we doing enough to retain our current staff?
- How satisfied is our workforce with their roles and potential to grow within the company?
- What is the turnover by region in key areas of the business that are labor intensive?

Starting with a question will allow finance teams to create more targeted dashboards that can drive meaningful insights. Without such guidance, data dashboards can quickly become shiny objects that look nice but aren't particularly useful.



Collect the relevant data

Once finance knows the questions it needs to help answer, it's easier to identify the key performance indicators (KPIs) that will help reveal the answers and focus the board's attention on the right data. But it's still important to understand the audience and what information would be meaningful to them when selecting the right metrics.

If the board, for example, has a strong focus on profit and cash flows, the KPIs to measure—and highlight when there are significant fluctuations—may include metrics like gross margin, liquidity, and cash flow trends over time. On the operational side, tracking the relationship between customer retention rates and gross margin may yield new insights about opportunities to enhance customer satisfaction.



Even so, finance teams have historically been inundated with such information requests, which can require significant time pulling the relevant data, leaving no time for actual analysis. Automation can help here—by eliminating repetitive, high-volume, rules-based tasks. To the extent such time-saving solutions can be deployed, individuals formally tasked with downloading reports from various sources, combining the information in a consolidated summary, and adding formulas and other formatting can focus instead on what comes next, which is the analysis.



Analyze and understand the data

The more that finance teams can offload data collection, the more time they will have to study the results of the collection efforts and the linkages between different sets of KPIs.

They might consider linking sales and marketing KPIs with their financial KPIs to identify relationships and trends that they may not have been aware of before. For instance, there might be a relationship between customer retention rates and gross margin, creating an opportunity to improve some internal processes to strengthen customer satisfaction and, ultimately, boost sales and profits.

When analyzing data, it's important to put the data into context. As an example, if revenue is down 3%, but the market trend has shown a decline of 10%, this means your company has outperformed your competitors—or there may be other external factors driving fluctuations in performance.

Finance should also challenge itself to move beyond descriptive analytics, which help explain the company's current performance, into the [realm of predictive analytics](#), which provide more insights about future outcomes and trends. Already, Financial Planning & Analysis teams are turning to natural language generation to draft responses to what caused differences between budget allotments and actuals for a given reporting period. Along similar lines, machine learning tools can be deployed to determine the best course when boards face big strategic decisions.

This might be a big leap for some organizations and, therefore, may require finance leaders to supplement their team's skill sets with those required to clear the gap.

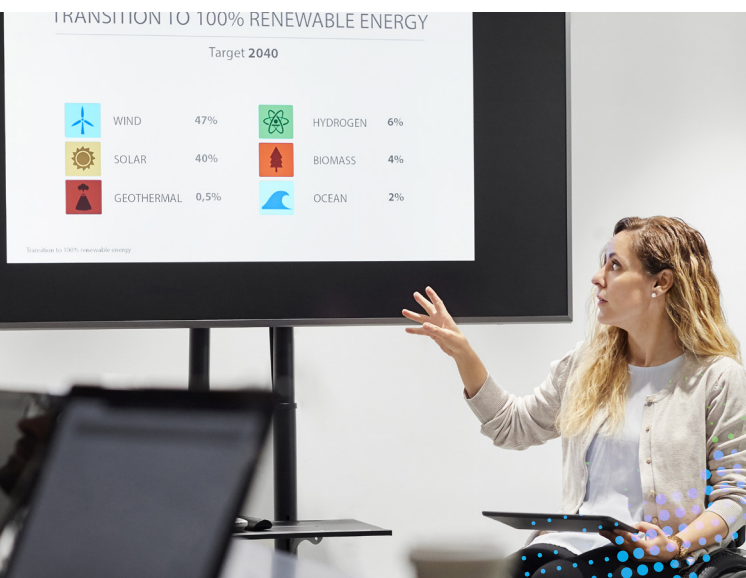


Build customized visualizations

How finance shares information with the board is critical to getting the right information across. Most people are able to process information better visually—a big reason [data visualization](#) (representing data through statistical and informational graphics) is starting to make inroads in C-suites and boardrooms.

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Instead of including typical spreadsheet formatting, which can make it difficult to highlight what's relevant to the board, segment the information that's most relevant, and use visuals that help answer the original question. Today, custom dashboards can segment information to help board members drill down through data dashboards as they wish. For example, in a visualization depicting collection trends among customers, the user should be able to click on an underperforming customer to get more information, such as invoices by date and outstanding balances.





Tell a story

In the end, finance should be able to generate the kinds of insights from data that can provide measurable value to the business. To do this, the dashboards presented should consider the audience, the type of data to be visualized, and which charts/graphics will communicate the message most effectively. The challenge is to tell the story, and that means presenting the information in a way that doesn't bury the lead. That means it's important to summarize key findings and projections and make it as easy as possible for the reader to find the substantiation.

This is another area where, from a skills perspective, finance may need a new skill set that it typically hasn't had, which is telling stories. For instance, if the board members made a big change operationally two years ago, they would want to see the impact it has had on the company, including on its profitability, as well as recommendations from finance about what kinds of changes might lead to further improvements. It's all about building a narrative—from beginning to middle to end—that is to the point and doesn't waste space or the board's time.



In search of constant improvement

The analytics journey isn't just "rinse and repeat"—it's important for finance organizations to learn and strengthen the process over time. This is where a strong data governance framework—supported by people, technology, and the process—can help strengthen the quality of the data and reporting. Some private companies, for instance, have a council or dedicated team focused on data governance. Each organization is different; the key is ensuring data quality, which takes constant improvement.

But the important part is to get started. Boards can't act on information they don't have, and for those operating in the relative dark, the list of things they don't know is getting longer by the day. Advanced data analytics that help capture what's relevant and focus attention where it needs to be can invariably shine a light on the opportunities available to businesses—and keep them well ahead of the competition.



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