



News release

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Big Decisions: Executives Rely More on Experience and Advice Than Data to Make Business-Defining Choices, But Data-Driven Organisations Report Improved Decision Making, EIU/PwC Report Finds

- *Highly data-driven companies are three times more likely to report significant improvement in making big decisions, but only 1 in 3 executives say their organisation is highly data-driven.*
- *More big decisions are made opportunistically than deliberately, and big decisions have big impact on future profitability; nearly 1 in 3 executives value those decisions at \$1 billion+*
- *Many executives sceptical or frustrated by the practical application of data and analytics for big decisions, especially in emerging markets*

Bucharest – 18 September 2014 – The great majority of executives around the world – 94% – say management of their company is prepared to make significant decisions about the strategic direction of their business, but barely one-third relied primarily on data and analytics when they made their last big decision. Executives’ intuition or experience and the advice and experience of others in their organisation were the decision making modes of choice for 58% of executives. However, the 43% of executives that say their companies are highly data-driven report the biggest improvements in decision making over the last two years. All executives said top priority over the next two years is to make investments in the quality of data analysis to make better decisions.

According to *Gut & gigabytes: Capitalising on the art & science in decision making*, a new survey report by the Economist Intelligence Unit sponsored by PwC, executives make big decisions frequently and review them often. More than three-fourths of executives make a big decision each quarter and 43% review them every month.

The survey found that the five most important decisions facing executives in the next 12 months are, in order: growing the existing business, collaborating with competitors, shrinking the existing business, entering a new industry or starting a new business, and corporate financing.

“A company’s success today is tied to how good it is at making big decisions. Without a proper data analysis of the market evolution, competitors, best practices in their field of activity, companies risk missing important business opportunities. In a market such as Romania, where not all data is available



or accurate, one also needs to be careful about interpreting the data”, stated Bogdan Belciu, Partner, Management Consulting, PwC Romania.

Executives said the appearance of a business opportunity they could not ignore was the most common motivation for considering a big decision (30%). Other reasons: making decisions that were previously delayed (25%), strategic fit (18%), testing ideas (15%), reacting to external factors (9%), and regulation (4%).

Despite executives’ comfort in relying on gut instinct, nearly two-thirds (63%) said the use of data has changed how their company makes decisions and they expect it to have more impact in the future. The top three changes executives plan in decision making include the number of people involved in making a decision, greater use of specialised and enhanced analytics and data analysis, and the use of dedicated data teams to inform strategic decisions.

“With so much at stake when it comes to the impact of big decisions on profitability, often valued in the billions of dollars, and the lack of predictability and frequency of when decisions are required, companies are trying to increase their decision making speed and sophistication. Better decision making requires the use of newly accessible data and analytic techniques, as well as clarifying accountability and the decision making processes”, added Bogdan Belciu.

The survey findings affirm a balanced approach to using data and analytics to make speedy and sophisticated big decisions for competitive advantage:

- *Mapping decisions to shareholder value* by pinpointing decisions that have the biggest impact on the company’s future;
- *Linking the strategic alternatives to business impacts* by simulating how mega trends, industry trends and the strategic alternatives affect the business and operating model;
- *Applying a value and results lens* by quantifying the expected improvement in metrics associated with improving decision making;
- *Adopting a structured test and learn approach* by specifying changes to the organisation, process, technology and culture that are needed to improve decision making;

About the report:

1. The EIU in May 2014 surveyed 1,135 executives, of whom 54% were C-level executives or board members.
2. Respondents came from Europe (29%), North America (35%), and Asia-Pacific (24%). The remainder were from Latin America, the Middle East and Africa.
3. Eighteen industries are represented; about 10% each from banking and capital markets, technology, energy and utilities and mining.
4. The majority of companies reported annual revenues last year of at least US\$1 billion.

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