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Analysis of today
Assessment of tomorrow

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Debunking the myth - more data may lead to worse decisions

There is a powerful assumption in modern management: the more data we have, the faster and more accurately we will make decisions.

Companies have acted on this belief by investing heavily in reporting systems, data analytics teams, artificial intelligence applications and constantly updated management dashboards. Boardrooms that once relied on a handful of key indicators are now filled with charts, forecasts, scenarios and risk matrices.

In theory, more information should reduce uncertainty. It should make alternatives easier to compare and allow executives to act with greater confidence. In practice, however, the opposite often happens.

As the volume of data grows, decisions do not always become faster. In many organisations, the analysis takes longer, more people are invited to give their views, decisions that appeared settled are reopened and implementation becomes increasingly difficult. We are now seeing this across almost every field, from finance and business to academia.

The problem is not too much data

The problem is not that organisations have too much data. The real problem is that they do not know when they have enough data to make a decision.

New information does not merely clarify the options already on the table. It can also create new ones. A choice that initially involved two alternatives may turn into five scenarios after another round of research. Each scenario introduces a different opportunity, risk or exception.

> The organisation gradually reaches a strange position: it knows more but feels less certain about what to do

As a result, data may increase the number of possibilities that must be considered rather than reduce uncertainty.

The organisation gradually reaches a strange position: it knows more but feels less certain about what to do.

Market research identifies a new customer segment. The finance department points to an additional cost risk. The legal team introduces new conditions. The technology team warns that implementation will take longer than expected.

The central question disappears beneath detail

Each contribution may be valid. Yet if the main criterion for making the decision was not defined at the beginning, every new piece of information expands the debate instead of resolving it.

Data overload also increases the mental burden on managers. The human mind cannot assess an unlimited number of indicators at the same time. After a certain point, multiple reports, presentations from different departments and constantly changing dashboards begin to distract attention rather than improve judgement.

> “What decision are we actually trying to make?”

Sales trends, customer behaviour, financing conditions, competition, exchange-rate movements and operational risks may all be discussed in the same meeting. Each subject can be important. But unless it is clear which one should determine the decision, the central question disappears beneath the detail.

Eventually, someone asks the question that should have been asked at the beginning: “What decision are we actually trying to make?”

In board meetings and other critical decision-making settings, I often find myself trying to prevent long reports and minor operational details from overwhelming the discussion.

Postponing responsibility

The division of responsibility should remain clear. The board decides what the right thing to do is. Professional managers are responsible for doing it right.

Thick files often blur this distinction. In some cases, they appear to have been prepared not to support a decision, but to allow the organisation to lose itself in the search for why something went wrong.

The desire for more information is understandable, particularly when the cost of making the wrong decision is high. Managers naturally want to anticipate every risk and answer every possible question.

> A new piece of information may remove one uncertainty while creating another

Yet complete certainty is almost never available when dealing with economic conditions, markets and human behaviour. A new piece of information may remove one uncertainty while creating another. Analysis then stops being preparation for a decision and becomes a justification for avoiding one.

“Let us conduct one more study.”

“Let us wait for next month’s figures.”

“Let us watch our competitors a little longer.”

“We can reconsider it at the next meeting.”

There is nothing wrong with these sentences when used occasionally. When they are repeated at every meeting, however, the organisation is no longer collecting information. It is postponing responsibility.

More than a recommendation

Many companies continue analysing a problem long after they have gathered enough information to act. Nobody wants to be the person who says, “This is enough. We now have to decide.”

Requesting another report often feels safer than accepting responsibility for a decision that may later prove wrong. Analysis provides institutional protection. Action creates personal accountability.

The process becomes even more difficult when it is unclear who has the authority to make the final decision. In a modern company, finance, legal affairs, technology, human resources, sales, risk management and communications may all need to contribute. Their involvement can prevent serious mistakes.

> A leader must possess both the authority to make the decision and the willingness to accept responsibility for it

The problem begins when every participant must be fully convinced before the organisation can move forward. A process in which everyone offers an opinion but no one gives the final answer will eventually stall.

A leader must possess both the authority to make the decision and the willingness to accept responsibility for it. Without either of these, the decision remains little more than a recommendation.

Spread across different systems

When there is no common decision criterion, data also stops serving as a shared foundation. Instead, it becomes material that each department uses to defend its own position.

Finance selects the numbers that support financial caution. Sales highlights the data that supports expansion. Legal affairs emphasises potential exposure. Technology focuses on implementation constraints.

The organisation may have more evidence than ever yet still lack a common basis for action.

> Another common problem appears when information is spread across different systems

This is why the difference between being consulted and having approval power matters. Everyone's view can be heard. Not everyone can have a veto. A decision-making mechanism in which every participant has the power to stop the process will not function.

Which number is correct?

Another common problem appears when information is spread across different systems. The sales figure may look one way in the finance report, another way in the customer management system and yet another way in a regional manager's spreadsheet.

The meeting then becomes a discussion about which number is correct.

The organisation has plenty of data, but no common version of reality. Managers spend their time asking for numbers to be checked, reports to be revised and presentations to be prepared again. The decision is postponed until the next meeting.

This happens in many companies. It becomes particularly visible in financial institutions when different methods of recording or recognising business activity produce conflicting numbers. Board members can spend hours debating figures without getting any closer to the decision they were supposed to make.

> The answer is not to abandon data, analysis or artificial intelligence

Decision speed therefore depends not only on the volume of data, but also on the level of trust placed in it.

None of this means companies should use less information. The answer is not to abandon data, analysis or artificial intelligence. The answer is to define their role in the decision process more clearly.

Before analysis begins, the organisation should determine which indicators matter, what thresholds will trigger action, which risks can be accepted and who will make the final call.

Acting before every uncertainty disappears

Once these points are clear, data stops being a burden that extends the debate and becomes a tool that supports action.

A well-designed risk cockpit can help. The purpose is not to place every available number on one screen. It is to bring together the limited set of indicators that genuinely matter to the decision.

A cockpit is useful only when it distinguishes signals from noise. Otherwise, it becomes another dashboard filled with information that nobody can prioritise.

> New information should reopen the decision only when it has the potential to change the original conclusion

Consider an investment decision. No company can wait until every uncertainty has disappeared. It must act once the main conditions have been met and the remaining risks fall within an acceptable range.

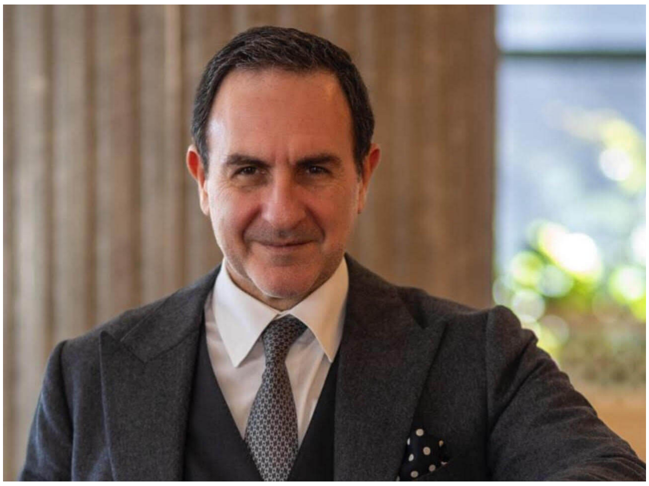
New information should reopen the decision only when it has the potential to change the original conclusion.

One of the most useful questions a manager can ask is therefore simple: “Will the information we are waiting for actually change our decision?”

If the answer is no, there is little value in asking for further analysis.

Information cannot replace judgement

At that point, the organisation does not need more information. It needs the courage to decide.



Companies are often slowed not by a lack of data, but by their inability to decide when the available data is sufficient - Emre Alkin

A good decision is not merely one that proves correct with the benefit of hindsight. Timing also matters. A perfect decision made after the opportunity has disappeared may offer very little value to the company.

By contrast, a decision made at the right time, with sufficient information and clear accountability, can move the organisation forward even when some uncertainty remains.

The real advantage for executives in the data age does not come from possessing the largest number of reports. It comes from identifying the important signal within the noise, recognising when the analysis is complete and acting before uncertainty has entirely disappeared.

Companies are often slowed not by a lack of data, but by their inability to decide when the available data is sufficient.

Information can show direction, make alternatives visible and reduce risk. It cannot replace judgement.

At some point, the organisation must stop looking at the screen and turn to the person prepared to take responsibility for the decision.