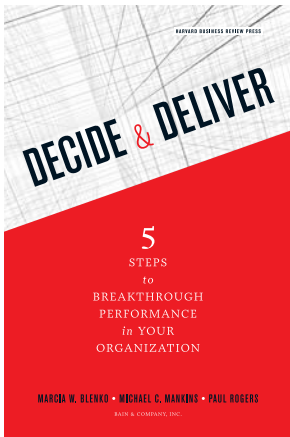


# Decision Insights

**Infobesity: The enemy of good decisions**

By Paul Rogers, Rudy Puryear and James Root



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## How to attack information overload

An epidemic is plaguing the corporate world, and people have already coined a word to describe it—*infobesity*. Companies have overindulged in information. Some are finding it more difficult than ever to decide and deliver.

Like conventional obesity, infobesity has many sources. The never-ending stream of emails and voicemails. The PowerPoint presentations that dominate so many meetings. The endless reports from finance, marketing, cross-functional teams and external researchers. *Useful* information creates opportunity and makes for better decisions. But the torrent that flows through most organizations today acts like so much bad cholesterol, clogging their arteries and slowing their reactions.

Why does infobesity compromise performance? It's mostly because we human beings can process only so much data. An uncontrollable flood of it overwhelms us, and we feel stressed. Our systems shut down, and our capacity to absorb additional information actually decreases. To cope with the flood, our brains develop tricks and habits. We rely more on information that is closer to home than on information from a distant source. We remember data presented in one format and forget data presented in another. We even squirrel away bits of information for our own private use. (Maybe that's why local offices know things that the corporate center doesn't, and vice versa.) All such reactions hamper our ability to make decisions based on the best available evidence, and performance suffers accordingly.

## The decision solution

Fixing the infobesity problem requires stepping back from the daily flood of data. It requires reexamining how an organization operates and what kind of information it really needs.

At root, a company's performance is simply the sum of the decisions it makes and the actions it takes every day. The better its decisions and its execution, the better its results. However, some of those decisions matter more than others. Successful companies know which decisions are most important, and they establish well-understood processes for making and executing them. They also know who plays the key roles in each one.

The goal, then, is to generate the data required for critical decisions—no more and no less. This information should get to the right people at the right point in the process, in a format designed for maximum understanding and ease of use. This kind of decision-based approach is a sure cure for infobesity, sort of analogous to eating less and exercising more. There are really just four requirements:

**Focus.** Companies today generate data that no one needs and put it into reports that no one reads. The business units at one energy company, for instance, used to report performance on some 400 individual line items. Then the company mounted a “focused information sets” initiative, which reduced the number of line items to 30 and lowered reporting costs. Since those 30 covered the vast majority of items that truly add value, the move led to better business decisions while saving everyone's time. Similarly, a large retailer's marketing function once reported vast quantities of data relating to each campaign, yet all that information rarely helped executives decide whether the campaign had been a success. Today, every marketing brief identifies the few objectives by which a campaign will be measured and provides only the data that is relevant to those objectives.

**Standardization.** Is the data you need for decisions in the same format and easily accessible? One large wireless provider had to invest in custom software to reconcile

## The impact of infobesity

Infobesity—or information overload, to use the more general term—has been around for a while. Consider the Reuters report *Dying for Information*, first published in 1996, in the early days of the Web. Here are the startling statistics, as summarized by Reuters:

- Two-thirds of managers report that tension with work colleagues and loss of job satisfaction arise because of stress associated with information overload.
- One-third of managers suffer from ill health as a direct consequence of stress associated with information overload. This figure rises to 43% among senior managers.
- Almost two-thirds (62%) of managers testify that their personal relationships suffer as a result of information overload.
- 43% of managers think that important decisions are delayed and of having too much information.
- One in five senior managers believes that substantial amounts of time are wasted collecting and searching for information.
- Almost half (48%) think that the Internet will be a prime cause of information overload over the next two years.

And indeed, the condition has almost certainly grown worse. In early 2010, the research firm Basex conducted a survey asking knowledge workers to describe their workday.<sup>1</sup> Among the study's findings, according to Basex:

- 66% of knowledge workers feel they don't have enough time to get all of their work done.
- More than 50% of knowledge workers feel that the amount of information they are presented with on a daily basis is detrimental to getting their work done.
- 94% of those surveyed at some point have felt overwhelmed by information to the point of incapacity.
- 30% of knowledge workers have no time at all for thought and reflection during their day, while 58% had only between 15 and 30 minutes.


different customer databases resulting from mergers. The investment allowed the company to reduce data-query and preparation time by 90%, leading to much faster decisions. A major gaming company relied in the past on each of its facilities to decide on promotions to customers and then to analyze the results. When it centralized and standardized that function, it discovered that patterns that seemed valid for a single property did not hold up in the aggregate. The standardized information was not only cheaper to provide; it also led to better marketing decisions.

**Timing.** Companies sometimes think that decision makers need all available information at the beginning of a decision process. That was the case with a pharmaceutical manufacturer, which gathered reams of data about potential markets for a drug under development as soon as the drug began to be tested. Trouble was, many drugs never made it through certain stage gates, so for them, the data-gathering effort was mostly wasted. When the company relocated its information gathering to a later stage in the process, it saved a considerable amount of money and was able to provide decision makers with only the data relevant to a given decision.

**Quantity and source.** In the current fad for “big data,” companies mine electronic warehouses for insights about customers, transactions and products. Some manufacturers even use big data to help frontline employees make production decisions: If a screw at Raytheon’s new Alabama missile plant is turned 13 times

rather than 12, an error message flashes and the production line halts. Big data often provides executives and managers with highly useful information for making key decisions. The UK-based retailer Tesco, for instance, has created a high-level statistical model that predicts customer behavior based on the weather. Managers can then adjust stock levels so the store doesn’t run out of window fans during a hot spell.

The test for big data is whether its output is relevant to key decisions. And it should complement rather than replace other sorts of information. LEGO engineers decide which products to develop based partly on input from hobbyist groups and other customer communities. Apple Store employees spend part of their time learning and discussing customer feedback from the previous day or week so they can make better decisions about customer service. “Small data” of this sort—direct and often qualitative—is particularly helpful for the everyday decisions made by frontline employees, which often add up to considerable value over time.

Information is cheap and easily available today, so it is probably no surprise that many companies suffer from too much of it. But organizational infobesity undermines performance and demoralizes the employees who have to cope with it, leaving people feeling they are trapped inside an “endless runner” video game. Smart companies will address infobesity sooner rather than later—by tailoring their information flows to their most important decisions. 

1 The report is described on the company’s website, <http://www.basexblog.com/2010/11/04/our-findings/>



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