

SIGMA

Leadership Series



**Great Leaders
Are Analytical**



GREAT LEADERS ARE ANALYTICAL

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Analysis is the critical starting point of strategic thinking

- Kenichi Ohmae

Given the prevalence of data in today's society, analytical skills have become more important than ever. This is particularly true for leaders. Leaders with a strong analytical orientation demonstrate a preference for problems requiring precise, logical reasoning, and show an ability to dissect and understand complex, multifaceted problems.

Analytical skills are important for leaders at all levels of an organization. Research has shown that when teams use an analytical approach to their operations, they are more likely to out-think and out-execute their competitors.¹ In other words, analytical skills are correlated with better strategy and performance. Not only does this benefit organizations overall, but it can also benefit individual departments and teams. Analytical skills can be used to identify target customer segments, assess risks and opportunities, evaluate profit and loss, determine revenue potential, streamline operations, identify and develop talent, and more.² Therefore all leaders, whether they are upper-, middle-, or lower-level managers, should strive to improve their analytical orientation.

In assessing your analytical ability, ask yourself the following questions:

- Am I comfortable collecting and interpreting data?
- To what extent do I use data to inform my decisions?
- Do I know how to ask the right questions in order to get the answers that I need?
- Am I able to approach problems rationally and use logic to find solutions?
- How well do I dissect and understand complex, multifaceted problems? Am I able to identify the root cause?

Improve Your Analytical Orientation

Improve your data literacy. Data literacy is the ability to understand and interpret data. In order to improve your analytical orientation, you'll need to improve your data literacy first. Begin by asking questions about the information you are given. Is it accurate? What is the source? How was it collected? What does it mean? You can also try reading books or research on a topic of interest to you. This will guide you through the researchers' thought process and help you to see how they collected and analyzed their data in order to draw meaningful conclusions.

Practice logical problem solving. In addition to data literacy, analytical skills require the ability to approach problems using logic. Try practicing your problem-solving skills by playing math or brain games. Complete a Sudoku, cross-word, or riddle at the start of each work day, or play strategy games to exercise your critical thinking. Involve your co-workers in this routine! Learning to strategize and solve problems together can improve your analytical abilities as a team. If strategy games don't quite fit your corporate culture, you can also opt to host brainstorming sessions, or find other task-related ways to foster problem solving and critical thinking.

Ask good questions. Part of a strong analytical skill set is the ability to ask the right questions in order to get the information you need. To ask the right questions, you need to understand the material. Take time to learn how your organization or team works. What is your goal? Who is responsible for what? What are your major challenges and opportunities? Be observant. Ask questions. Listen.

Start Doing These 3 Things Now to Become a More Analytical Leader

- 1. Experiment with data:** Once you've developed your data literacy, it's important that you put it to use. Try practicing in a low-risk environment by using mock datasets that can be found online, or you can create your own.³ Import the data into Microsoft Excel, then spend some time engaging with it. Make mistakes, try formulas you are unsure of, and ask big questions. Test out different analyses to see if you can answer your own questions, and don't be afraid to use Google for help.
- 2. Start collecting data:** Mock datasets are good for practice, but when it comes to making decisions for your own organization, you will need specific, relevant information. Collecting data may seem like a daunting task, and it can be hard to know where to begin. Break it down. Start with a question, then conduct a study to answer that question. Analyze polls or surveys with your target market, conduct user testing, or launch a new product or service in a test market. You can use email, social media, focus groups, or one-on-one interviews in order to collect this data. Make sure you document the process and store the data somewhere where it is safe and easily accessible.
- 3. Do the math:** Once you have your data, start making data-driven decisions by adding quantitative analysis to the process. This does not need to be fancy. Set yourself a goal to spend time doing research and playing with the numbers before you make your decisions. Don't be afraid to make assumptions. Calculate basic statistics like break even, revenue potential, and return on investment. Studies have shown that leaders who make data-driven decisions are more confident, proactive, and help their organizations realize cost savings.⁴ Note: If you cannot find numeric data, look for other trends and patterns that might help you make informed decisions – data can be qualitative as well.

Resources



[What do we do with all this big data?](#)



[6 Ways Leaders Can Boost Their Analytical Skills](#)



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¹ Accenture. (2011). Winning with Analytics: Secrets of Data Charged Organizations. *Accenture: Institute for High Performance*. Retrieved from <https://www.oecd.org/ctp/administration/49506961.pdf>.

² Ibid.

³ Cote, C. (January 2, 2021). 4 Ways to Improve Your Analytic Skills. *Harvard Business School Online*. Retrieved from <https://online.hbs.edu/blog/post/how-to-improve-analytical-skills>.

⁴ Stobierski, T. (August 26, 2019). The Advantages of Data-Driven Decision Making. *Harvard Business School Online*. Retrieved from <https://online.hbs.edu/blog/post/data-driven-decision-making>.