THE COST OF INDECISION

How to stop inefficient decision-making from hurting your business

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The True Cost of Indecision

Indecision is hurting your business.

Everyone knows that bad decisions can cost a business money, so often this leads to a lot of back and forth, debating (or flat-out arguing) about any given decision. Making a decision isn't just more complex than ever before, but more people are involved in making it.

Imagine if you not only had to choose from one of 50 toothbrushes at a grocery store, but 5 other people also had to agree on the right one. The process to get to a final decision will likely be long and arduous.

The whole process is exhausting, and it actually costs your business a lot too.

In fact, inefficient decision-making is costing your business thousands of lost working days, and millions of dollars in labour costs.

That statement might have you reeling a bit, but it's true. According to a study by McKinsey, more than half of the time individuals spend making decisions is considered inefficient. They estimate that "for managers at an average Fortune 500 company, this could translate into more than 530,000 days of lost working time and roughly $250 million of wasted labor costs per year."

That's a lot of waste due to inefficiency.

This isn't exclusive to those Fortune 500 companies either. Smaller organizations can feel this pinch too.

The average Fortune 500 company has 58,179 employees. Using the data above, this works out to about **9 lost days of working** per employee per year.

If you are a company of 5,000, you could be losing **45,000 days per year** to inefficient decision-making.

If you are a company of **500** you're losing **3,600 days per year**

Efficient decision-making is clearly a major challenge for businesses of all kinds. But how does it manifest itself in your day-to-day situations? And how might data be able to help solve it?

How Does Indecision Show Up?

Inefficient decision-making doesn't just mean taking months or weeks to make a choice on a business-altering decision. It can be much simpler than that, yet still cost your organization a lot.

Imagine this scenario:

A company is trying to launch a major national advertising campaign. It has been provided with a very large budget. Because of this, several senior-level staff are involved.

Early on, the team meets with the creative agency to discuss the possible concepts. The agency proposes a very creative analogy to explain the new offering the campaign is about. None of the senior-level team members can agree on whether their target audience will understand the analogy. They spend hours debating it, and ultimately have to leave the meeting unresolved because of other commitments. They need to schedule another meeting to further discuss.

Does this sound familiar?

Unfortunately, scenarios like this are all too common in every kind of business. Bickering over who is right, paying a third-party provider to sit and listen to the in-house team not make a decision.

And you can imagine the cost of this kind of unproductive meeting. Not only the time of several senior-level staff, but the time of the creative agency – doubled because a second meeting now needs to be had to get the answers needed today. Further, time is lost in the development of the campaign assets, likely pushing out the launch date.

Time is an asset you simply cannot get back, and wasting it on inefficient decision-making costs everyone involved.

Solving the Indecision Dilemma

The question, then, is how could this kind of inefficient decision-making be remedied?

Let's imagine that same meeting from before:

This time, one of the team members has access to a consumer insights platform. They quickly put together a short survey asking their target audience if they are familiar with the concept being used in the analogy. Within an hour, they have enough results back to definitively say, "Yes, our target audience will understand this analogy." The issue is put to rest and the remainder of the meeting can be spent discussing next steps.

The answer to all this inefficient decision-making is, quite simply, the ability to quickly gather relevant data.

Want proof?

According to a **study by PwC**, organizations that are highly data-driven are three times more likely to report significant improvements in decision-making than those who are not.

In the same **McKinsey study** as noted previously, they found that when an organization makes decisions quickly, they are twice as likely to make high-quality decisions compared to slow decision-makers.

Combine data with speed, and you have a recipe for success.

The Right Tool for Efficient Decisions

So now you know that inefficient decision-making is costing your organization a lot. You also know that data and speed can work together to help fix this problem. But how do you actually make that happen?

A very simple solution to start with is investing in a consumer insights platform. The right one will make it easy for anyone who needs access to consumer data able to do so, quickly and without any compromise on quality.

A good platform provider will also help you and your team to get set-up and trained, make sure you are using it in a way that most benefits your business, and that you feel empowered to start using data to make decisions every day.

Armed with this tool and your new knowledge, you can begin to decrease all the time spent debating about what might perform well with consumers, and just know.

So, if rapidly infusing relevant data into every decision saved your organization millions of dollars, would you do it?

If your answer is yes, we can help.

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Book a demo with us to learn how, or **email us** directly with any questions.

We look forward to helping you improve the efficiency of your decision-making.