

Data Can Be Useful to Small Businesses

“Big data” and “mining big data” are terms that are appearing in business magazines and journals at lot these days.

Yet small-business owners often are not sure if and how big data fits into their business. Nor do they know where to get it and how to analyze it, even if they would have it.

“Small-business owners need not be scared of the term ‘big data,’” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “It simply means information of a size that you cannot analyze it by hand. You need to use some type of computerized tool to help out.”

“But business owners need to remember that data is key when making decisions,” he continued.

This is the point at which business owners get nervous. They don’t want to spend a lot of money or hire someone to help them get this done. But they need to stop and think about the realities of the situation.

The first reality is they probably already have the data in the form of sales receipts, inventory, purchasing information and the overall financial records of the business. All of this probably already is stored electronically. Second, they already are “mining” the data when they do their profit and loss statement, cash flow reports, balance sheets, and year-end taxes and reports.

“However, business owners have much more they can do with their existing data, just as other data is available for them to tap into or that they could gather relatively easily,” says (Insert name and title) of (Insert county). “The Census Bureau offers huge amounts of data on the demographics of an area. And the Census Bureau even put a tool, American Fact Finder, online to help with the analysis.”

Other tools also are available to use in analyzing data, starting with one many people are familiar with already: the spreadsheet program.

In addition to the census data, many specialized databases are available, and they often have their own analysis tools or reports that already have been created and you just need to decide what you want. In North Dakota, one such tool is North Dakota Compass, at ndcompass.org.

Want more data? Then check out the U.S. Small Business Administration. Search for data resources. Or visit your local library or your banker. They can help you obtain information such as key ratios for others in your industry.

And, finally, you can, and should, gather your own data. That includes information you should know, such as where customers come from, what they buy, what they want, how they rate your company, what they mean in terms of dollars spent and how they found your business.

Yet data and data mining also require a cautionary note. Businesses owners may wish to avoid that data-driven approach at certain times. One example is if costs of data mining are too high. A second is when time is too short for you to use the data to reach a decision. Another time might be when you already have made the decision and you aren't changing your mind, no matter what the data say.

Finally, you must understand that one data point or one metric (measure of a business or organization's activities and performance) does not portray the entire picture. Your company has a mission based on a vision. Those elements offer you a guide, and you must remain true to that goal.

Data can be a great thing. You probably already have it, along with some analysis tools. And more of both are available at no or low cost. Remember, though, that data does not, nor should it, answer all the questions. Listen to your internal compass and let data simply be a part of the guide.

For help in thinking about data use in your company, check with your local Extension Service office at [insert phone number and email address]. Also visit NDSU's small-business support website at www.ag.ndsu.edu/smallbusiness and sign up for the monthly newsletter. Or check out Facebook at www.facebook.com/NDSUextsmallbiz or Twitter at @gmuske.

Other resources include <http://powerofbusiness.net> and www.eXtension.org/entrepreneurship. The Small Business Administration and its related organizations, such as the Small Business Development Centers and SCORE, also can be valuable resources.

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