

Reading a Relationship

Business & Management

Interpreting a business correlation without over-claiming.

The checks before a correlation becomes a decision.

Check

Is there a plausible mechanism?

Could a third factor cause both?

Could the causality run the other way?

Is the sample representative?

Is the relationship linear?

Business confounders

Seasonality

Marketing spend timing

Price changes

Product mix shift

Selection: who was measured

Ice cream sales correlate with drowning. The confounder is summer.
Business data has the same structure constantly.