A Business Analytics Success Guide for the C-suite

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2016 BUSINESS ANALYTICS SYMPOSIUM
MACRO-ECONOMICS
PUBLIC POLICY UNCERTAINTY
FICKLE, INDEPENDENT ( & LOUD ) CUSTOMERS
CONVERGENCE
NEW BUSINESS MODELS
FASTER & MORE CONCURRENT INNOVATION

SHORTER PRODUCT LIFECYCLES & COMPANY LIFESPANS
$15 TRILLION WORLDWIDE SYSTEMS INEFFICIENCIES

$ 8 TRILLION CORPORATE HOLDINGS OF DATA & INTANGIBLES

$ 3 TRILLION OPEN DATA POTENTIAL
COMPANIES WITH THE BEST ANALYTICS ARE 2X LIKELY TO BE TOP QUARTILE PERFORMERS

Bain
What should C-level execs do about business analytics?
**Disruption Theory**

Lower profitability customers are swayed by lower priced "good enough" options

New entrant grows upstream, ultimately taking most profitable customers too

**Aggregation Theory**

Most profitable customers are swayed by a superior customer experience

Customer relationship owner squeezes the supply chain, harvesting most of the profits
BUILD A GREAT CONSUMER EXPERIENCE
INTRODUCE ORGANIC WAYS TO ENGAGE WITH THE BUSINESS
ONLY THEN DIAL UP ADVERTISING
BUILD A BUSINESS AROUND THIS ECOSYSTEM
Most popular media company owns no content

Largest taxi company owns no taxis

Largest room provider owns no property

Largest movie company owns no theaters

Most valuable retailer owns no inventory
ALMOST $1 MILLION WORTH OF APPLICATIONS INCLUDED FOR FREE

VIDEO CONFERENCEING
GPS
DIGITAL VOICE RECORDER
DIGITAL WATCH
CAMERA
MEDICAL LIBRARY
VIDEO PLAYER
VIDEO CAMERA
MUSIC PLAYER
VIDEOGAME CONSOLE
危機
Low Reward
Low Risk

High Reward
Low Risk
(secondary focus)

Low Reward
High Risk

High Reward
High Risk
(secondary focus)
### Performance Management
- Key Performance Indicator dashboard
- Attribute results
- Increase collaboration & transparency
- Update faster
- Incorporate new data

### Transform human resources
- Reduce attrition
- Optimize recruiting
- Analyze employee feedback
- Customize learning
- Push down decision rights

### Reinvent operations
- Up to the second data-informed operating decisions
- Decrease exception processing
- Reduce financial & equipment risk
- Customer/partner self-service
- Faster, more efficient process

### Transform customer experience
- Customer journey mapping
- Remember me. Personalize me. Anticipate me.
- Tune to regional or segment needs

### Create new products
- Design data capture into product
- Big research
- ”You are here” benchmarks
- Provide insights to customers & partners

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**High payback analytics uses**
Know analytics’ role & purpose for your firm
You must be engaged
Any sufficiently advanced technology is indistinguishable from magic.
Don’t count on the answer magically appearing. Undirected discovery will likely fail.
Computers are useless. They can only give you answers.
CHALLENGE ASSUMPTIONS
EXPLORE THE CONTRARIAN CASE
ASK SECOND ORDER QUESTIONS
THREE KINDS OF LIES:
LIES, DAMNED LIES & STATISTICS
BEWARE CONFUSING CORRELATION WITH CAUSATION

MORE IPHONES MEANS MORE PEOPLE DIE FROM FALLING DOWN STAIRS

- iPhone sales vs. Deaths caused by falls down stairs (U.S.)
  - 40M 30 20 10 0
  - 2007 '08 '09 '10

LET'S CHEER ON THE TEAM, AND WE'LL LOSE WEIGHT

- Per capita consumption of high-fructose corn syrup (U.S.) vs. Spending on admission to spectator sports (U.S.)
  - $25B 20 15 10
  - 2000 '02 '04 '06 '08

TO INCREASE AUTO SALES, MARKET TRIPS TO UNIVERSAL ORLANDO

- Visitors to Universal Orlando’s “islands of Adventure” vs. Sales of new cars (U.S.)
  - 8M 7 6 5
  - 2007 '08 '09

SOURCE: TYLERVIGEN.COM
FROM “BEWARE SPURIOUS CORRELATIONS,” JUNE 2015
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Beware bad data

Poor data quality costs $3 trillion/yr.
Beware analytics used to support (not illuminate)
Advice for Transition Groups

'cos it's not all a bed of roses
BE THE CHANGE YOU WISH TO SEE IN THE WORLD
Make one person accountable.
DEFINITION OF INSANITY: DOING THE SAME THING OVER AND OVER AND EXPECTING DIFFERENT RESULTS
Reimagine Decision-Making

Hierarchical decision-making fails in a real-time world

Reimagine Incentives

NIMITOMS

Reimagine Process

Organizing around customer outcomes improves marketplace agility
The “I” matters more than the “T”
Technology is not the hard part. Bringing people along in the organization is
A BUSINESS MODEL & STRONG PLAN ARE FOUNDATIONAL
CLEAR, COMPELLING & SUSTAINING
PURPOSE & VISION

DEVELOP YOUR TEAM: FOCUS ON LEARNING
HOW TO FRAME QUESTIONS
HOW TO BUILD HYPOTHESES
HOW TO CONDUCT EXPERIMENTS
HOW TO INTERPRET RESULTS

TRUST IS CRITICAL
WITH CUSTOMERS
WITH EMPLOYEES

ITERATE & IMPROVE
“Technology alone is not enough. It’s technology married with the liberal arts, married with the humanities, that yields us the results that make our hearts sing.”
Everything in the world is normal when you’re born
Inventions before 30 are incredibly exciting.
With luck you can make a career out of them
Inventions after 30 are against the natural order of things
and the beginning of the end of civilization as we know it
...until they’ve been around for about ten years
when they gradually turn out to be alright really
LEAD WITH STRATEGY & PURPOSE

PEOPLE & PROCESS...THEN TECHNOLOGY

ENGAGE, ITERATE & IMPROVE
CHANGE IS HARD AT THE BEGINNING
MESSY IN THE MIDDLE
GORGEOUS AT THE END
THANK YOU

Q & A