Deloitte.

Becoming an Insight Driven Organization

Realize return on your analytics investment sooner

Contents

An enlightened approach to data analytics

Search "data analytics" on Google and you'll get over 14 million hits—touting everything from dashboards and analytics engines to advice on how to work with both structured and unstructured data. In much of the literature, the central premise seems to be that, once you master how to handle your masses of organizational data and put a technology infrastructure into place, you can begin to glean substantive insights—empowering you to transform your business and reap the rewards.

We believe that central premise is fundamentally flawed.

To be sure, organizations must adopt robust data and technology practices for any analytics journey to succeed. But if you're focused on getting your data and infrastructure "just right" before beginning a project, you'll likely wait a long time for the benefits and—in business, as in life—time kills everything.

The good news is that it is possible to derive tangible value from your data faster. How? By building an Insight Driven Organization (IDO), one step at a time.

What is an IDO?

An IDO is one which entrenches data, insight and reasoning into the decision-making processes of the organization. It not only turns analytics into a core capability across your organization, it promotes a culture of data-driven decision-making. In essence, it gives everyone access to the insights they need to inform their decision-making, tackle complex business problems and answer the 'what's next' question.

By building an IDO, you get more than one source of truth; you get an organization that will increase revenues, reduce costs, mitigate risk and out-compete more often.

Why does this matter?

Today's organizations must contend with a range of disruptive forces that are altering the competitive landscape. In addition to creating market challenges, this also portends untold opportunity—but only for those organizations capable of turning decision-making into a strategic advantage and competitive differentiator. Doing so requires organizations to become more agile and more dynamic so that they can uncover and action insights their competitors cannot. They don't need these insights across the organization, but they do need to out-compete in the areas that matter—whether that means focusing on specific products, geographies or customer segments or by taking their supply chain, asset or employee engagement strategies to the next level.

In short, the decision-making power conferred by analytic insight is a key component of any win strategy organizations are looking to develop. The true strength of analytics lies in its ability to help leaders make more informed, more effective and more intelligent business decisions. And that requires extensive use of data, statistical and quantitative analysis, information design and visualization, predictive modeling, simulation and fact-based management.

From frustration to elation

For years, organizations have been investing hundreds of millions of dollars in hardware and software to power their analytics projects. They've organized massive repositories of data, built complex architectures and hired data gurus.

The problem? Approached in isolation, the mere acts of providing data to the masses or turning data into insight are academic. They don't deliver a sustainable marketplace advantage. They don't help you compete more effectively in this age of globalization.

What will help is the ability to turn insight into action— and this can only happen if you adopt the processes, organizational culture and behaviours that empower your people to generate and rely on your analytic insights to make timely business decisions.

Think you can achieve that end simply by democratizing data—ensuring your employees have access to it across the organization? Think again. Giving data to untrained staff, working in an unprepared culture, is careless and dangerous like giving matches to children—they may be able to get a flame, but it often ends up in tears.

We are told not to play with matches; the same applies to data. Analyzing data is a serious business and playing around can take time, cost money and have unintended consequences.

The same goes for over-planning. While every analytics journey needs a vision of the destination, it's becoming eminently clear that organizations cannot predict what the path looks like in today's volatile, uncertain, complex and ambiguous world. An agile approach that allows organizations to test, measure and learn from each step is the key, enabling them to adjust their strategy and roadmap as they learn from their analytics projects and the insights gained from them.

Becoming an IDO

Insight Driven Organizations inject analytic insight into every decision they make—from the boardroom to the shop floor. This begins by establishing a sponsor and a champion, and providing them with a clear mandate and formalized governing body, to promote and align analytics activities across each business unit.

Organizations need to extend their focus beyond technology and data to encompass the essential elements of strategy, people and process. At the same time, they need more certainty that their investments in these essential building blocks will actually deliver returns you can bank.

To do this, the key is to engage in short, sharp, agile pieces of work that validate your direction and demonstrably create value. It's not about making big up-front investments and waiting years for them to pay off. It's about starting small, failing fast and building capability as you go.

'Insight to action' requires organizations to empower every decision maker to understand how insights can be used to change the way the organization does business and realize measurable results—whether that's to increase revenue, reduce cost or improve service levels.

Last, but not least, organizations need to change their culture so that they gain the ability to ask—and answer—crunchy questions: practical detailed inquiries into tough business issues that can lay the groundwork for improved decision-making.

What are crunchy questions?

Crunchy questions come from an organization's ability to ask very specific, focused and crisp questions of their data with the intent of uncovering a specific outcome capable of supporting actions or results. Unlike the overly-broad questions of yesteryear, which tended to deliver ambiguous answers, crunchy questions—despite being difficult or uncomfortable for people to determine—are capable of delivering results-oriented, actionable outcomes.

For example, a crunchy question from a customer perspective is one that stops working in generalities and intuition (i.e., targeting a single-income family living in the suburbs) and drills down to specifics and fact (i.e., targeting Bob Smith, a saxophone-playing, coffee-loving, baseball fanatic accountant with two kids, aged 10 and 12 who is ready to buy). Not sure where to find those specifics? Believe it or not, many of them are already in an organization's possession—either within their own databases, or in external data sources that they can easily obtain or access, such as social media platforms. The result? A win strategy that is more customer-centric and creates a unique experience.

The building blocks for success

Although the concept may sound nebulous, in reality, it is possible to become an IDO by addressing five essential building blocks.

These building blocks are not sequential. Although it makes sense to start with strategy, your aim isn't to get every element fully into place and functioning optimally before you can begin your analytics journey. Instead, the key is to address all five building blocks through the rapid development of short pilot projects and proof of concepts that deliver immediate value or validation around a specific business problem. From there, you can share successes and best practices across the organization, scale up any projects that promise to deliver organization-wide value and further grow your analytics capabilities.

Here are the elements you want to address:

1. Strategy

While setting strategy may seem simple, it requires executive sponsors and champions to carefully think through what they're trying to accomplish with analytics. Too often, organizational change efforts flounder because of weak strategic foundations. To prevent avoidable missteps, take the time to identify your desired insights and align your analytics initiatives with the organization's broader goals, business plans and win strategy.

Components include:

- Describing your vision and its linkage to the organization's strategy

- Building the business case

- Committing to continuous improvement by embedding innovation into your strategic process

- Gaining—and maintaining—key stakeholder support

The payoff

While technology projects tend to run in two or three year cycles, business goals tend to target quarterly, six-month and 12-month results. By aligning your analytics roadmap with your business goals, you can accelerate ROI and validate more quickly that you're on the right path.
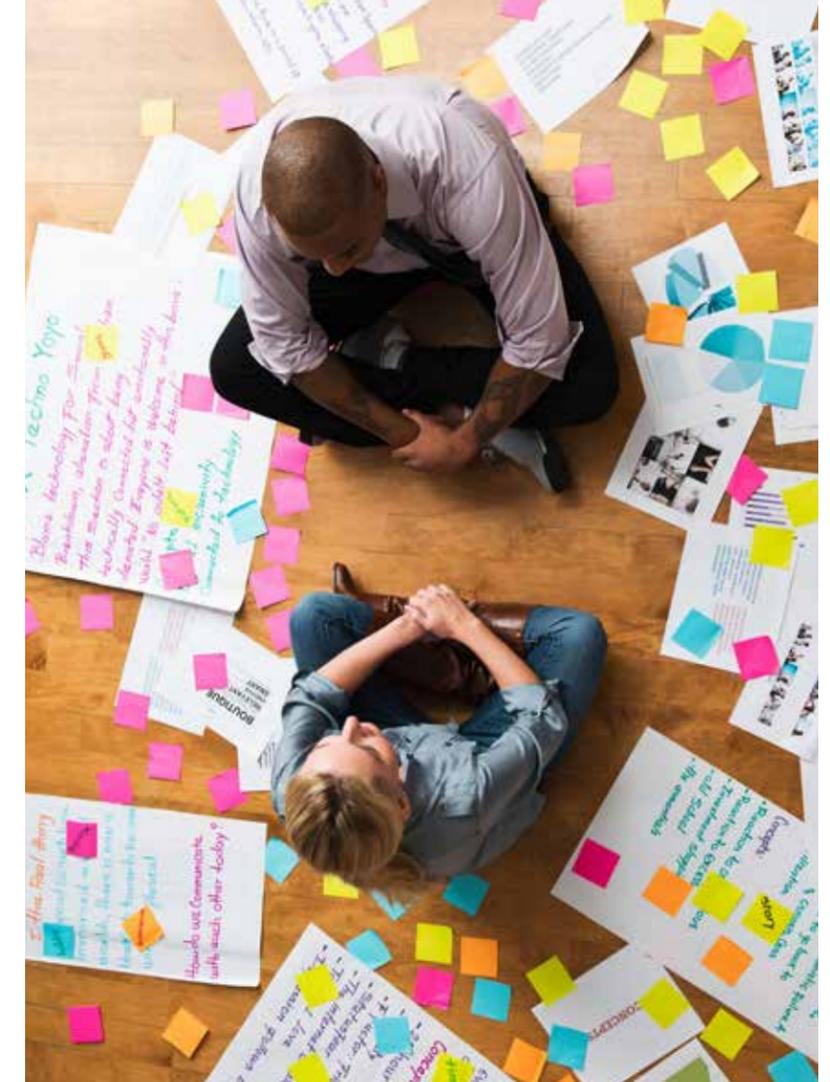
2. People

Most organizations now know that they need data scientists, technology architects and software developers (those people with the so-called "red skills") to make an analytics project purr. These are the people who bring sophisticated statistical, data management and technological skills to the table.

What they don't always realize is that these skills alone aren't enough. Becoming an IDO is a cultural change and you need the results fast to facilitate this change faster. You will need change managers, political navigators and senior executive influencers on the job—those people with the so-called "blue skills" such as communication, business acumen and political know-how.

Bring them together and what have you got? Purple people, the true drivers of analytics success and, ultimately, transformation.

Of course, finding individuals that possess these combined skills is no easy task. Fortunately, you don't need these so-called 'unicorns' to get started. Instead, you can build 'purple teams'—those that bring the right balance of red and blue skills together.

Yet building these purple teams is just one step of the journey. To become a successful IDO, you also need to answer an important question: Do we have the culture across all the decision makers to ask the crunchy questions and to execute the right actions, at the right place at the right time?

For instance, from a leadership perspective, who will be your champion? Do you need a Chief Analytics Officer or Chief Data Officer? Both? Or can an existing executive assume these responsibilities?

Similarly, do you have the necessary change management skills to shift the organizational mindset? This is no idle question. True IDOs have a cultural commitment to use analytic insights to ask the crunchy questions that will drive their decisions and actions. They adopt an organizational design that empowers their people to rely on the insights their data uncovers—from head office through to front line staff. This is the ethos that drives retail sales staff to use knowledge uncovered by the company's loyalty program to deliver a targeted in-store experience; that sees bank representatives provide customized product suggestions based on a customer's lifecycle; that equips call centre staff to vastly improve the customer experience.

To be sure, this requires a massive shift from the leadership level down. In essence, your people must be ready to move beyond gut feelings and rely more heavily on analytics insights when plotting a course for the future. And this commitment must begin at the senior leadership level. Yet, despite the effort, the benefit is clear: with the proper culture in place, you turn analytics into an actionable advantage rather than relegating it to remaining a static report.

The payoff

By adopting a cultural commitment to base decisions on analytic insight and bringing together purple teams to collaboratively work on strategy, organizational design, process development, change management, data architecture, technology implementation and project delivery, you bring analytics to life across your organization.

3. Process

When it comes to analytics, existing processes tend to focus on capturing, certifying the accuracy of and distributing the right data. But that's only the beginning when it comes to process. The other process to address is the process to turn data into insight (to determine the "so what" and the "what now"), and to act upon that insight (to determine the "how").

To be fair, some organizations have quite robust processes for turning data into insight, but they're generally confined to generating hindsight, or their use is limited to one individual, one team or one operational function. Hindsight is great but it is static and backward looking, simply generating reports on pre-selected sets of data.

As soon as organizations try to get more sophisticated by, for instance, generating predictive and prescriptive insights that guide a company's decision-making without the benefit of human involvement, their processes are not defined and are inconsistent across the organization. This is risky. After all, when data scientists—or data wannabes—employ wide and varied methodologies or, worse, fail to develop any methodologies to quality-assure that their insights are relevant, correct and valid, the risk of basing business decisions on erroneous or inconsistent insights rises significantly. That's no way to execute on a win strategy.

Even companies that can point to actions taken in response to specific insights generally don't know if those actions delivered the expected results, by how much or, most importantly, why. Did your actions succeed because of the insights you're deriving? Because of the process you're using to mobilize your forces into action? Or is it blind luck?

Processes that guide organizations on how to act upon the insights they generate are even more elusive. That's likely because they often leave out key ingredients. To build this capacity, your recipe should include:
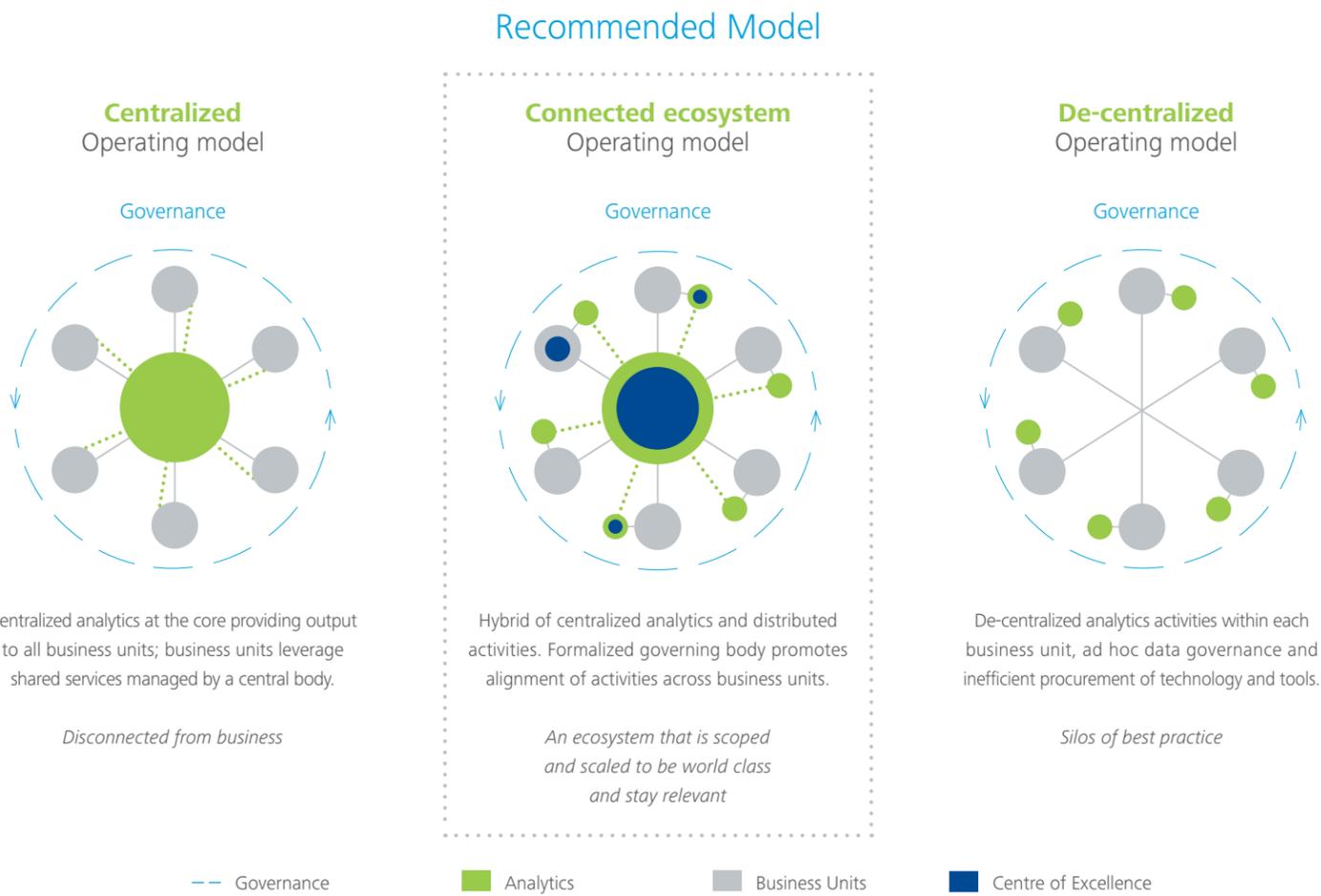
- A governance framework that ensures that:
  - » Your analytics priorities align with your corporate vision
  - » Your tools and processes are centrally managed
  - » Successes and best practices are shared across the organization
  - » The operating model matures through learning events, sharing of successes and rewarding innovative and collaborative behaviours

Regardless of the operating model you select, it must be built on the foundation of a strong governance model.

- Embedded measurement frameworks to help you quantitatively assess the effectiveness of the insights and the actions you take in response to the insights you generate
- A feedback mechanism that empowers your teams to continuously improve your processes and refine your areas of focus in response to real-world results

There are various operating models an organization can adopt when establishing this kind of enterprise-wide capability:

Recommended Model

Centralized
Operating model

Governance

Centralized analytics at the core providing output to all business units; business units leverage shared services managed by a central body.

Disconnected from business

Connected ecosystem
Operating model

Governance

Hybrid of centralized analytics and distributed activities. Formalized governing body promotes alignment of activities across business units.

An ecosystem that is scoped and scaled to be world class and stay relevant

De-centralized
Operating model

Governance

De-centralized analytics activities within each business unit, ad hoc data governance and inefficient procurement of technology and tools.

Silos of best practice

–– Governance ■ Analytics ■ Business Units ■ Centre of Excellence

Although an ecosystem model is generally recommended, choosing the right one for your organization requires you to find synergy with existing enterprise programs, current operating models and analytic investments. You need to determine the scope and capabilities of your analytics ecosystem based on the organization's current and future needs while recognizing that the scope, scale and level of the analytics function's influence will evolve as the business's thirst for sophisticated and predictive insight grows.

The payoff

Beyond giving you a clear competitive edge, a scalable and repeatable insight process can help you embed analytics into the very DNA of your organizational fabric, turning it from a technology play or static reporting mechanism into a living, breathing competency capable of fueling business growth and reducing costs.

4. Data

We all know we're drowning in data. In just the latest of a long line of statistics, Cisco recently estimated that, by 2019, humans will generate over two zettabytes of data in just one year. A zettabyte has 21 zeros after the 1, and is equal to 1,000 exabytes. And just one exabyte amounts to 36,000 years of HD-TV video.[1] We're talking a lot of data here—much of which is non-structured, such as text and video.

Which begs the question of why organizations so often confine their analytics focus to internal structured data sources when they could be tapping the richest sources of external and unstructured data that have ever existed. This goes well beyond social channels, although those certainly deliver a wealth of customer insight, to include other external data points that can enhance decision-making, risk analysis and scenario planning—everything from third-party statistics and weather patterns to economic trends and commodity price movements. It is these types of data sources that IDOs exploit to get answers to their forward-facing crunchy questions.

Rather than becoming overwhelmed by the sheer volume of data available, however, IDOs understand that they don't need to work with *all* their data—just their *relevant* data. The key is for organizations to apply analytics only to the data that can help them answer their crunchy questions—which is why it is so critical for organizations to set their analytics priorities. In doing so, it makes sense to:

- Put a well-designed information model into place to ensure your analytics focus aligns with your business objectives

- Consider the full range of internal, external and unstructured data you want to capture as part of each initiative

- Adopt a realistic approach to data quality, recognizing that it's impossible to achieve 100% accuracy and being comfortable to proceed regardless

- Build checkpoints to ensure your data processes comply with all relevant regulations

1 Silicon Republic, May 28, 2015. "More data to be created in 2019 than in history of the internet," by Colm Gorey. Accessed at https://www.siliconrepublic.com/comms/2015/05/28/more-data-to-be-created-in-2019-than-history-of-the-internet on November 26, 2015.
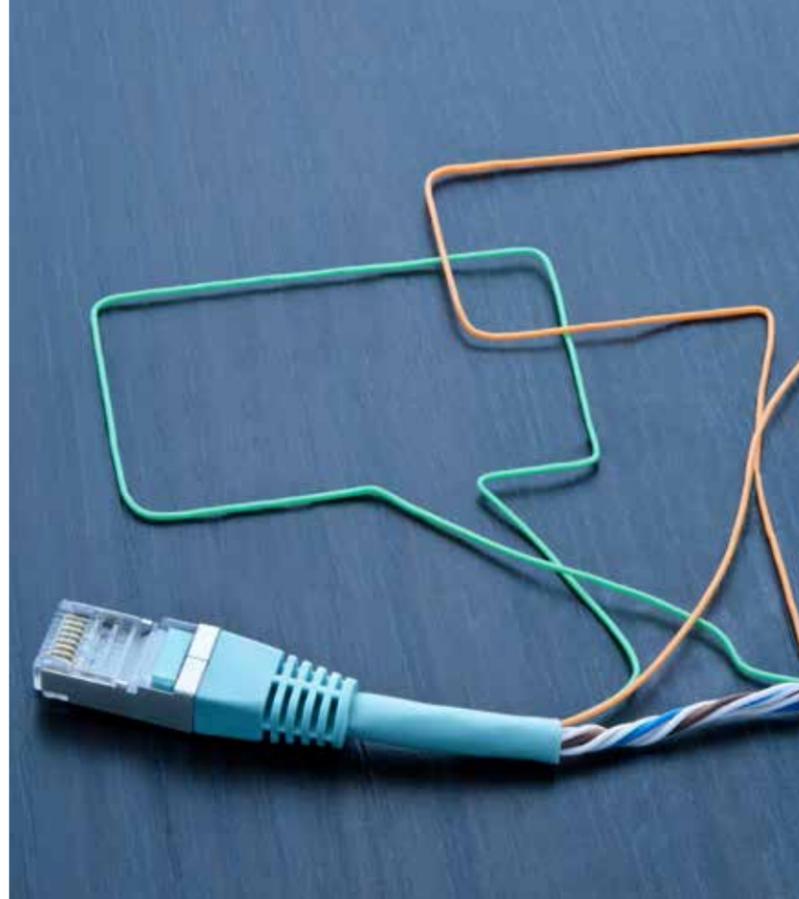
Last but not least, it's imperative for organizations to carefully consider the ethical implications of how they use their data. This isn't a question about what organizations are allowed to do, but what they should do with the data they collect to avoid breaching stakeholder trust or damaging their reputation. Beyond securing data privacy and security, ethical organizations have a moral responsibility to treat their customers' data with integrity and respect. That's why it's incumbent upon executive sponsors to implement policies and foster a culture designed to safeguard their information assets. As an added benefit, the commitment to uphold their clients' trust in this way can help organizations differentiate themselves in a crowded and competitive marketplace.

The payoff

With a holistic approach to capturing, using and distributing data, you gain assurance that your data sources, structure and quality all combine to deliver a platform for trustworthy insights.

5. Technology

As technology continues to evolve, it's getting less complex—and less costly—for organizations to build an effective analytics platform. The components you need to get this right include a well thought-out solution architecture that delivers your enterprise requirements, a sandbox to enable data science innovation, people with the technical capabilities necessary to manage your analytics platforms, a delivery model designed to disseminate insights across the organization and a structured approach for collaborating with your third-party technology partners and vendors.

In keeping with the imperative to start small, fail fast and refine your approach as you go, you should also aim to run pilots or proof of concept projects in a sandbox environment. Beyond giving you the ability to generate proof points in a safe setting, this approach will prevent you from making mistakes that could potentially impact the organization as a whole. It also empowers you to build on successes and best practices to scale up any projects that promise to deliver enterprise-wide value.

The payoff

An end-to-end technology selection, design and implementation process can help you avoid costly mistakes as you build out—and build up—your analytics framework.

Unlocking the potential of analytics

Every executive understands that using analytics to create a competitive advantage is no longer the wave of the future. It's here today and it's here to stay. Yet, any organization that has walked the rocky shores of an analytics program without realizing a sustainable return on investment also knows that the stakes are getting higher. Organizations can simply no longer afford multi-million investments that don't deliver measurable value and tangible business results in a timely way.

The transition towards becoming an Insight Driven Organization achieves these imperatives. By addressing the five building blocks—strategy, people, process, data and technology—organizations gain the ability to roll out analytics projects and build out their analytics capabilities more quickly and more cost-effectively than ever before. Launching small pilot projects allows you to generate rapid proof points, evaluate performance and, on occasion, fail quickly and cost effectively. With appropriate metrics and feedback mechanisms, you can also adjust your approach as you go—giving you the platform you need to accelerate your analytics journey while ensuring it delivers the results you expect.

To learn more about the benefits of becoming an IDO, contact

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