Maximizing Your Investment in Analytics

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What is Analytics?

"The people, processes, and technologies that turn data into the insights that ultimately drive business decisions and actions."

Eckerson, Wayne. *Secrets of Analytical Managers*. Technics Publications, LLC (2012), p. 106.

Investments are growing, but problems still exist

According to a recent survey of 116 *Fortune 1000* senior executives:

27%
Have achieved the goal of becoming **data driven**

19%
Have established a **data culture**

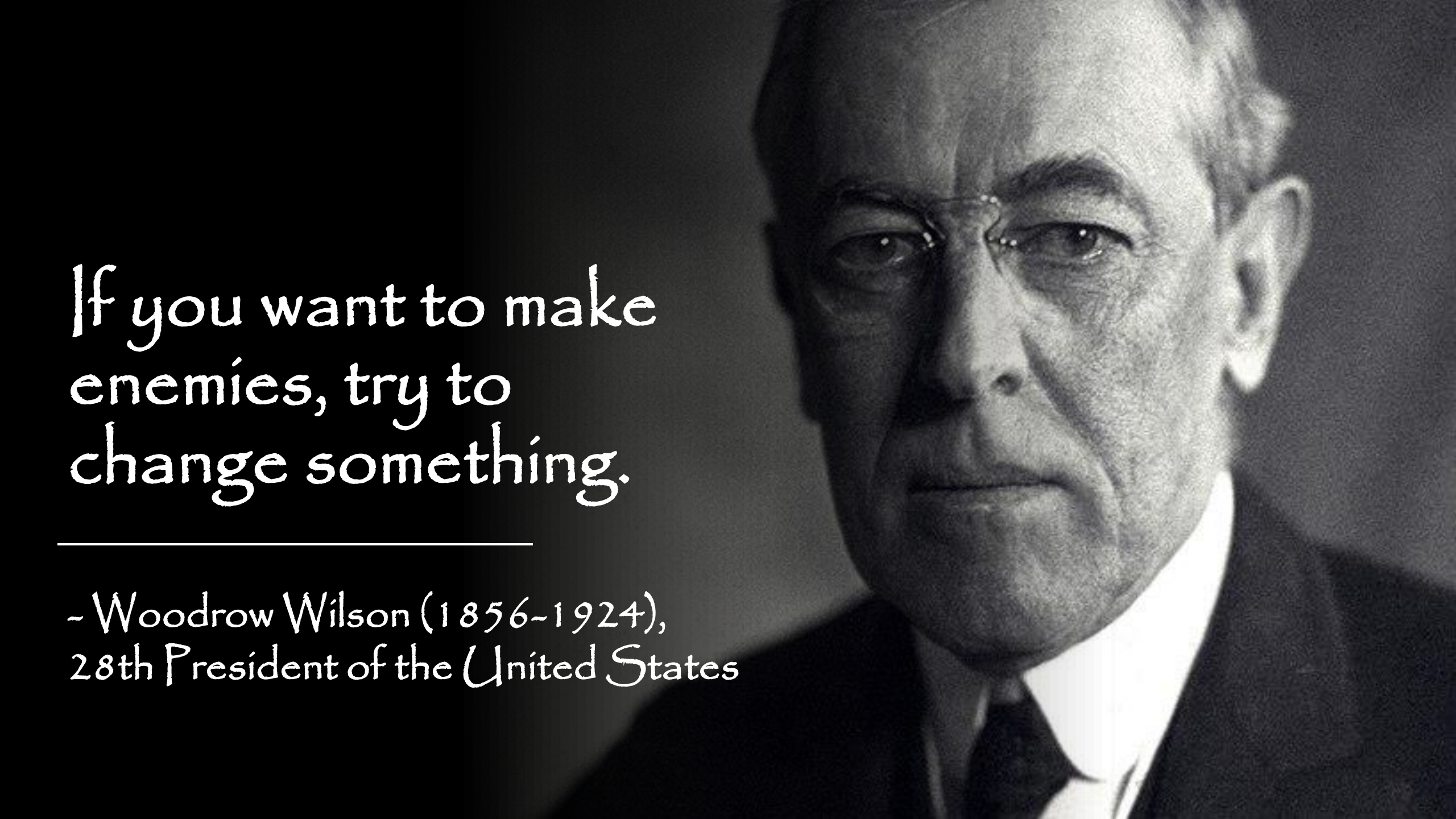
92%
Cite **cultural impediments** as the greatest barrier to becoming data driven

53%
Have formulated a corporate **data and analytics strategy** to realize business value

41%
Report that their companies are **competing on data and analytics**

40%
Are managing **data as a business asset**

Source: *NewVantage Partners Data and AI Leadership Executive Survey 2022*.

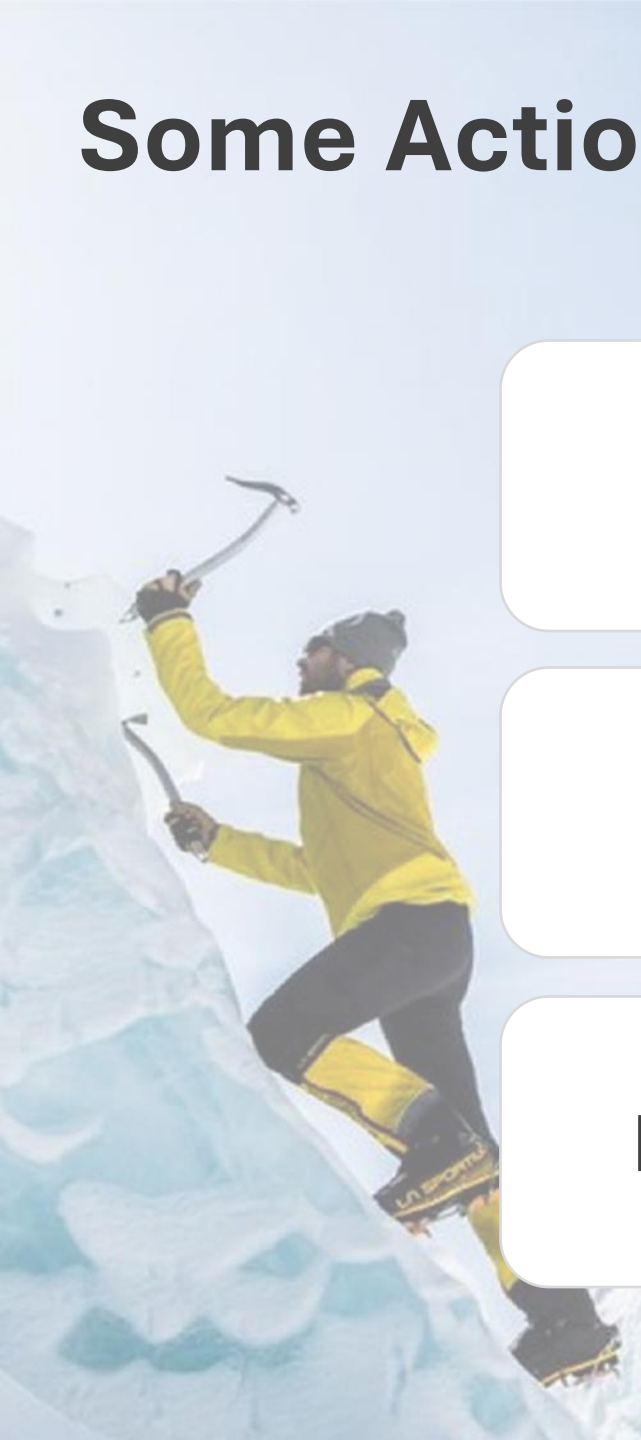

If you want to make enemies, try to change something.
~ Woodrow Wilson (1856-1924),
28th President of the United States

Best Practice #1: Apply analytics strategically

What This Typically Looks Like

- Analytics projects support the organization's most strategic objectives and business opportunities
- An analytics strategy has been developed, and it aligns closely with overall organizational strategy
- Analytics has full support of senior leadership
- Analytics is not considered as just a *resource* (or simply as "data regurgitators"), but instead as an important business ***partner*** that supports the entire organization
- Careful consideration is given to developing analytics projects and products internally *before* deciding to engage a vendor

Some Actions to Consider



First	Review the organization's overall strategic objectives, *clearly specify* how analytics can support each one (don't be general here), and catalog these project opportunities
Next	Evaluate and prioritize each potential project based on an assessment of the 1) impact and 2) feasibility—*not* simply on the loudest person's voice
Later	Develop an analytics strategy and use it to help create a shared vision for analytics; include input from all levels of the organization (especially senior leadership)

Best Practice #2:
Clearly define the problem or opportunity


We need to be doing
machine learning, NLP, and AI.

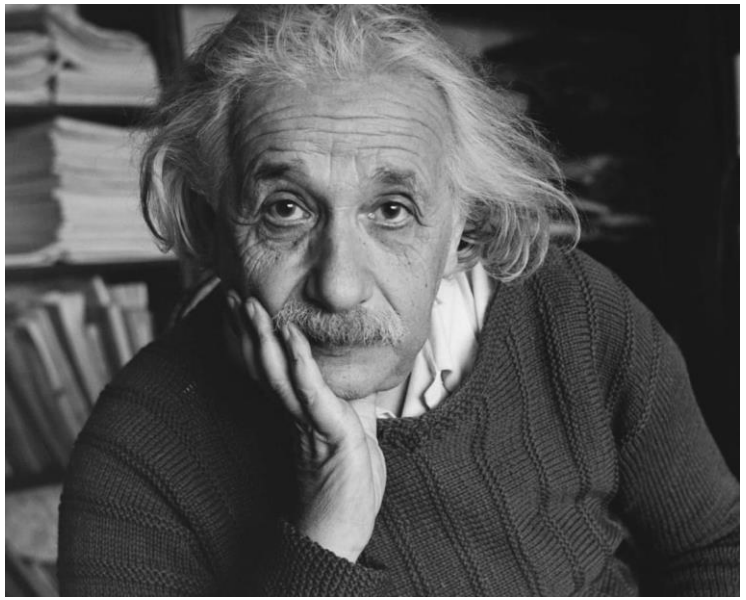
What This Typically Looks Like

- All analytics projects are applied to a specific and well-defined business problem—it's not just "data for data's sake" or "just give me some data"
- The expected impact of an analytics project is clearly stated, the ROI of each project is quantified in a relevant way, and all projects are prioritized according to each one's expected impact
- Organizational stakeholders are involved to provide important context and define project success
- Everyone understands how they will use the information to drive meaningful change—*and is expected to take the actions to do so*

Taking time to define the problem is critical

"A problem well-stated is a problem half-solved."

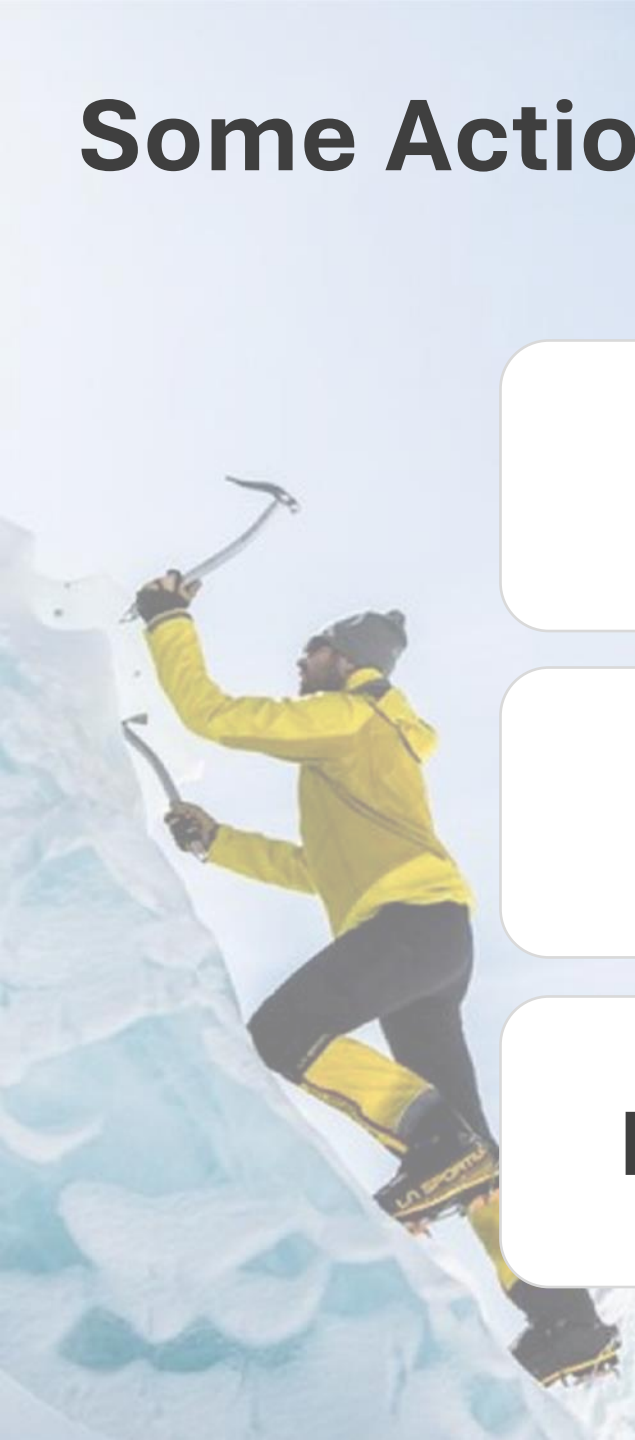
— Charles Kettering (1876 – 1958)
American inventor, engineer, and businessman



"If I had an hour to solve a problem I'd spend 55 minutes thinking about the problem and five minutes thinking about solutions."

— Albert Einstein (1879 – 1955)
German physicist

Some Actions to Consider



First	Encourage stakeholders and analysts to always start each new project meeting with a thorough discussion about the ***problem***, not about the ***data***
Next	Require that **all** analytics project plans include an estimate of the ROI in relevant terms (may not always be financial; see next slide)
Later	Adopt a formal framework or template for use in guiding the problem statement/definition process, and begin using it *consistently* (even if some people object)

Multiple approaches to measuring ROI

Objective Measures	Subjective Measures
• Financial ROI • Cost savings • Increased revenues • Improved time to decision • Reduced rework/improved productivity • Reduced turnover	• Customer satisfaction • Trust and data integrity • Confidence in decision making • Risk avoidance or mitigation • Greater insights/deeper understanding • Employee morale

Nelson, Gregory S. *The Analytics Lifecycle Toolkit: A Practical Guide for an Effective Analytics Capability.* Hoboken, NJ: John Wiley & Sons, Inc. (2018), p. 320.

Best Practice #3:
Build and foster a strong data culture

Culture is the lived version of our values.

Organizational culture is the combination of leadership style, values, behaviors, attitudes, and working practices of an organization's people together with the formal and informal infrastructure that makes it stick.[1]

Data culture is the collective beliefs and behaviors of the people in the organization for leveraging data for improved business performance.[2]

[1]Beswick, C., Garaghty, J. and Bishop, D. (2015). *Building a culture of innovation: a practical framework for placing innovation at the core of your business*. London and Philadelphia: Kogan Page

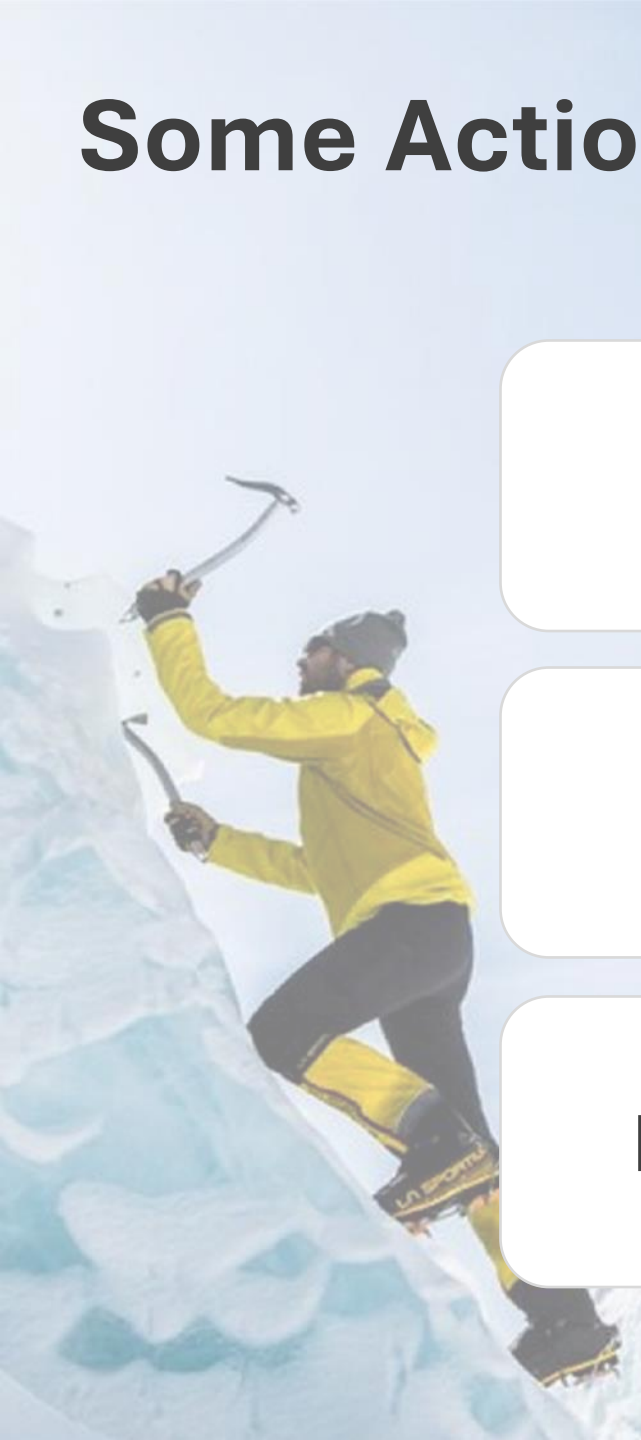
[2]https://www.forbes.com/sites/forbestechcouncil/2022/06/27/data-culture-what-it-is-and-how-to-make-it-work/?sh=78f390ae2096. Retrieved January 31, 2023.

What This Typically Looks Like

- Data culture is decision culture—the fundamental objective in collecting, analyzing, and deploying data is to **make better decisions**
- Analytics capabilities are not isolated from the business (i.e., not "buried" in IT or Finance)
- Data is democratized, demand for it is high, and it is used and applied in all areas of the business
- "Analytics translators" are cultivated to help bridge the gap between the analysts and the business
- Data literacy is high, and data storytelling is commonly used to help communicate findings and results in a meaningful way

Adapted from "*Why Data Culture Matters",* McKinsey Quarterly, September 2018.

Some Actions to Consider



First	Prioritize data-based insights over intuition: begin including the topic of how data will drive decision making within the context of ***every*** project discussion
Next	Evaluate the degree to which data-based decision making is being practiced across the organization, and begin working with those areas that need to improve it
Later	Actively foster the culture: secure executive commitment; provide opportunities for sharing analytics insights; develop analytics translators; promote data sharing and access

Some Additional Best Practices

- **Managing data as an organizational asset**
  - Caring for data just as you would cash, equipment, or inventory
    - Data is carefully curated, managed, and utilized
    - Data quality is paramount and is the responsibility of ***everyone***—not just IT
  - "Our data" versus "my data" or "your data"
- **Structuring analytics (analysts/analytics teams) appropriately**
  - Analysts are close to the business but also interact with each other
    - Consider establishing an Analytics Center of Excellence (CoE)
  - Data silos are minimized (or hopefully eliminated), and a single version of the truth exists

The effect of a new perspective

From this...	...to this
Analytics projects are frequently applied to areas of only moderate importance	Analytics projects are aligned with and support strategic objectives
The problem an analytics solution is intended to solve is not completely clear	It is fully understood how analytics will be used to address a specific problem
The application of data and analytics is often considered as secondary	Data and analytics are considered fundamental to how the business operates
The value of analytics is questionable	The value of analytics is clear

Thank you!

Keep in touch:
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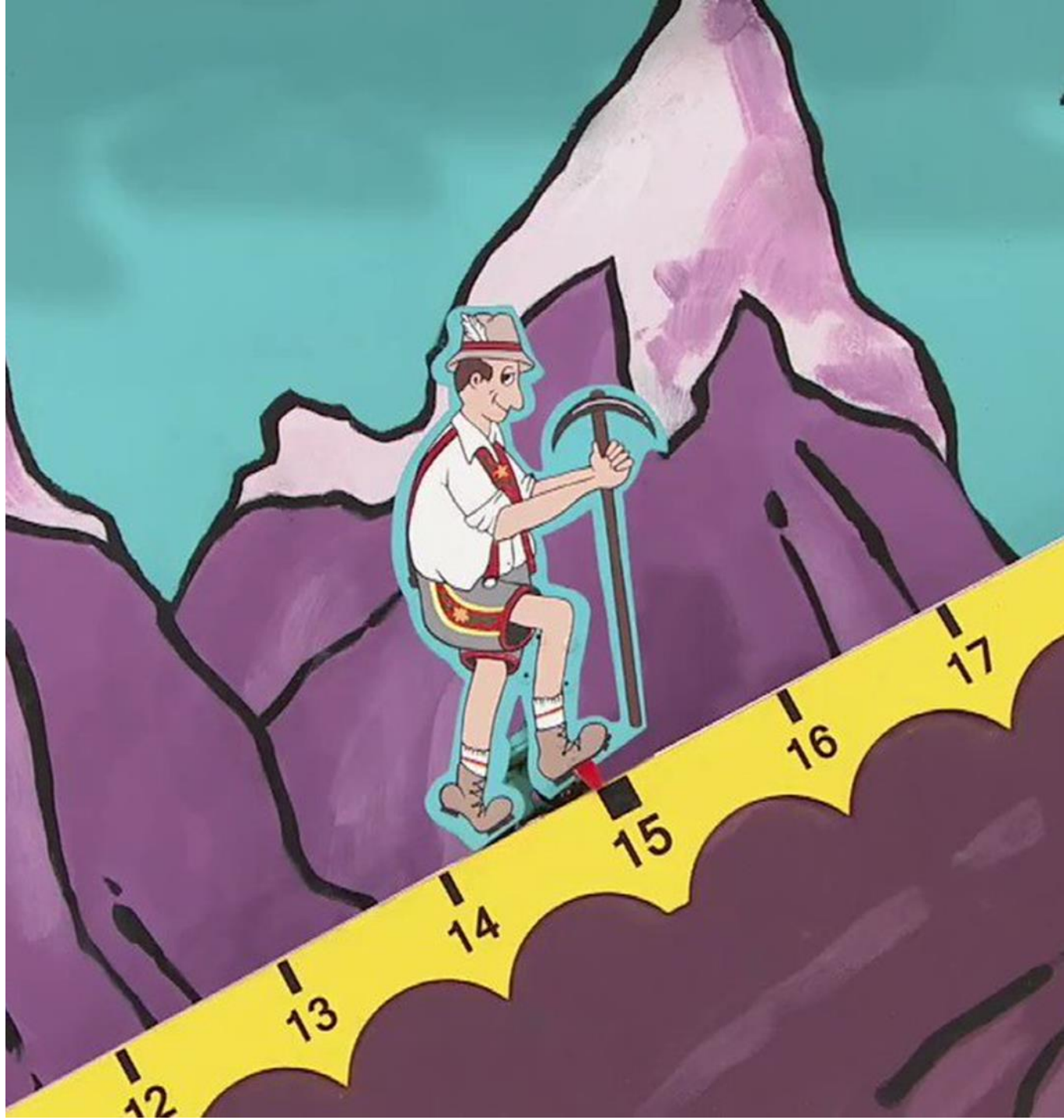
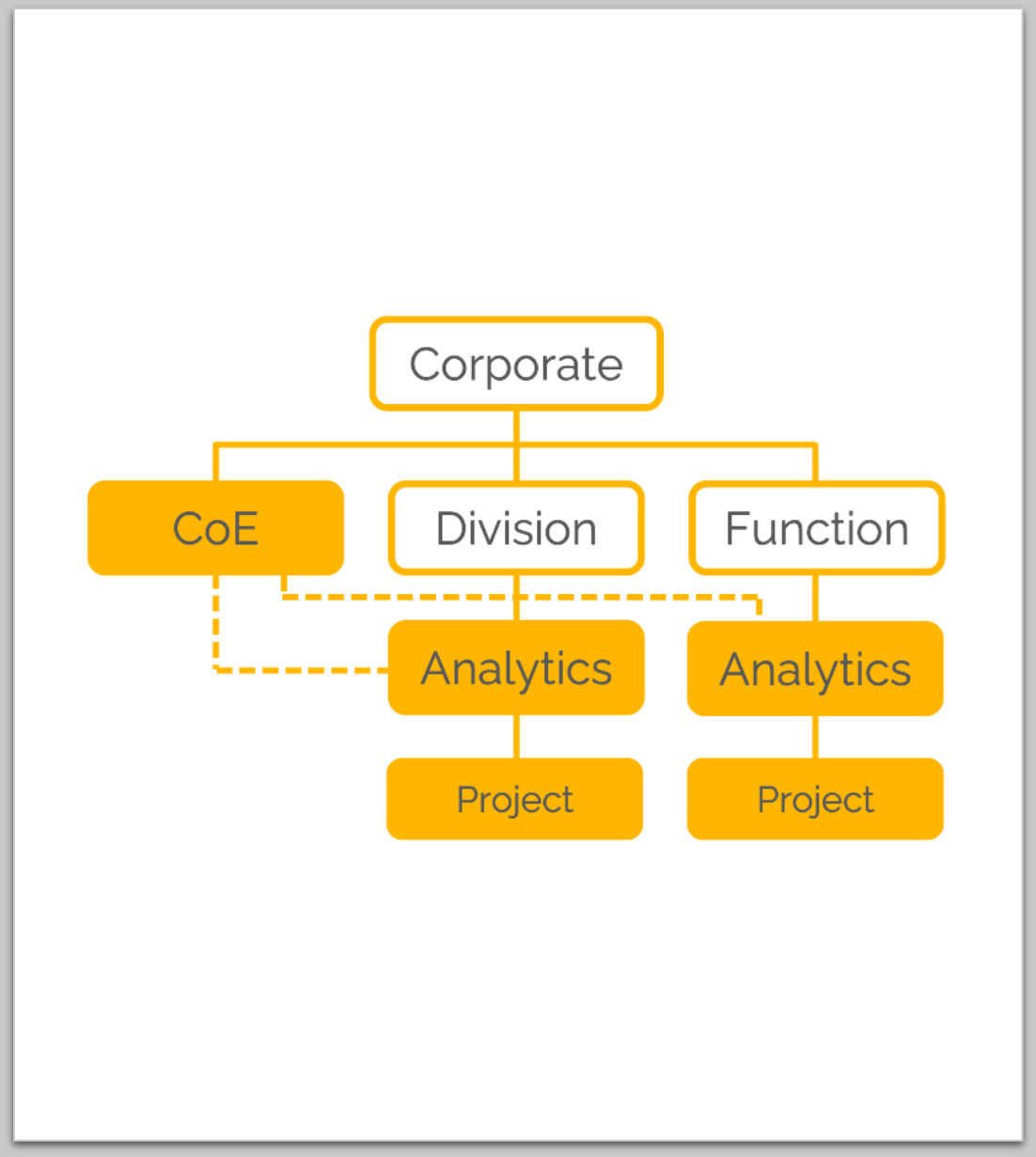


Best Practices of Organizations That Succeed with Analytics



Davenport, et al. *Analytics at Work*. Harvard Business Press (2010), p. 107.

The Analytics Center of Excellence (CoE)

- Supports an enterprise approach to analytics without completely centralizing it
- Helps foster a unified perspective toward data and analytics with the goal of eliminating the "multiple versions of the truth" problem
- Builds a community of analysts who can learn from each other
- Raises the visibility of analytics and helps promote the development of a strong data culture
- Requires a strong understanding of and agreement on the level of dotted-line governance of the CoE
- May or may not be a separate department