



Leadership and Analytical Innovation

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What Is Analytical Innovation About?



Science



- ▶ Dispassionate analysis
- ▶ Data and statistics
- ▶ Computers
- ▶ Discipline and rigor
- ▶ The small picture

Art



- ▶ Passionate advocacy
- ▶ Intuition
- ▶ People
- ▶ Creativity and insight
- ▶ The big picture

What Analytical Leadership Sounds Like



▶ Gary Loveman at Harrah's

- ❖ "Three ways to get fired"... "patterns of methodological error"

▶ Jeff Bezos at Amazon

- ❖ "We never throw away data"

▶ Ed Clark at Toronto Dominion

- ▶ "My counterparts...had never sat down and gone through the mathematics of the individual products... no one accused us of doing too few numbers."

"Our CEO is a real data dog"

Sara Lee executive



Key Leadership Roles for Analytical Innovation



▶ CEO

- ❖ Decides where analytics fit the strategy
- ❖ Leads culture change with passion and commitment

▶ CFO

- ❖ Drives financial and CPM analytics initiatives
- ❖ Monitors financing and success of projects

▶ Functional heads (marketing, supply chain, HR)

- ❖ Develops analytical processes and decisions
- ❖ Works with IT to specify systems
- ❖ Hires analytical talent

▶ CIO

- ❖ Builds the analytical platform
- ❖ May own a centralized analytical group



Lessons from Analytical Leaders



- ▶ Provide clear & visible executive sponsorship for analytical initiatives
 - ▶ Do it with them...not to them
 - ❖ Involve a subset of people that will use analytics on a daily basis
 - ❖ Nurture change champions
 - ❖ Set a personal example with analytical decision-making
 - ❖ Push back when data isn't mentioned
 - ▶ Offer frequent, clear communications about priorities & changes
 - ▶ Share the roadmap & celebrate successful completion of key milestones
 - ▶ Focus on the 1/3 who "get it" and the rest will follow
 - ▶ If all else fails & you can't change the people, change out the people
 - ❖ Making an example or two sends a message to the organization
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Continuous Analytical Innovation



- ▶ Know your strategic strengths and their relationship to analytics
 - ▶ Progressive: direct model, online, customer service, non-standard pricing
- ▶ Know where the analytical bodies are buried
 - ▶ Model management, etc.
- ▶ Put in a process for review of models, test assumptions, etc.
 - ▶ Netflix 5-year review of consumer tests
- ▶ Ensure that strategy, M&A, and product development discussions have an analytical component