• IIA supports 200+ analytics programs via an engaged community of thought leaders, industry experts, and practitioners in peer companies.

• IIA’s tailored solutions include the Research and Advisory Network and comprehensive analytics capability assessments.

Tom Davenport
Co-Founder
Author of
Competing on Analytics,
Only Humans Need Apply
ABOUT ME
Clients have **on-demand access** to many areas of analytics expertise, driven by the unique needs of each company.

**Which machine learning approaches are in use by pharma manufacturers?**

**Where is external data stored when the primary users are remote analysts?**

**Where does analytics applied to customer journey and segmentation?**

**Best talent when my organization isn’t salary-competitive?**

**Which machine learning approaches are in use by pharma manufacturers?**

**Enterprises and organizations**

**World class thought leaders**

**Industry & technology experts**

**Underwriter partners**

**IIA research & client support**

**Peer Exchanges**

**Community Events**

**Expert Discussions**

**Inquiries**

**Research Library**

**New Research**

**Tailored insights and solutions**
THE DISCONNECT BETWEEN ANALYTICS AND BUSINESS STRATEGY
Companies (or individuals within companies) want to invest broadly in analytics.

Analytics isn’t an established, mature function.

Further investment in analytics is hampered.

Business doesn’t see full utility of analytics or understand the analytics process.

Analytics work and projects aren’t well-aligned to top-level business priorities.
FURTHER CAUSES OF THE DISCONNECT

- The lack of visibility into high-level priorities
- Historical “back office” nature of analytics
- Lack of analytics in strategy development
- Difficulty of translating strategic needs
WHY STRATEGIC ALIGNMENT IS HARD

THE ANALYTICS PROJECT LIFECYCLE

Pipeline
- Internal PR
- Solicitation
- Partnerships
- Sponsorship

Scoping
- Framing
- Hypotheses
- Investments
- Data needs
- External or internal
- Projected effort
- Required skills
- Key measures
- Projected ROI
- Project charter

Prioritization
- Strategic alignment
- Resource plan
- Timing
- Approval

Execution
- Data sources/prep
- Analysis techniques
- External support
- Internal support
- Collaboration
- Iteration & review
- Data visualization

Delivery
- Data visualization
- Storytelling
- Stakeholders
- Leader feedback

Decision
- Sponsorship
- Council
- Approval
- Investment

Action
- Process change
- Production
- Roll-out
- Communication
- Change management

Value
- ROI (sharing)
- Internal PR
- New projects
- New investments
WHY STRATEGIC ALIGNMENT IS HARD

THE Analytics PROJECT LIFECYCLE

Many places where analytics projects can fall out of alignment with business strategy
### IMPACT OF POOR STRATEGY ALIGNMENT

#### SOURCES OF LOST VALUE

<table>
<thead>
<tr>
<th>Outcome of Poor Alignment</th>
<th>Lost Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments</strong></td>
<td>$</td>
</tr>
<tr>
<td>Investments in analytics talent and technology are not optimal for supporting business needs</td>
<td></td>
</tr>
<tr>
<td><strong>Analytics project assumptions</strong></td>
<td>$</td>
</tr>
<tr>
<td>Assumptions are not in line with enterprise assumptions (e.g. return on capital)</td>
<td></td>
</tr>
<tr>
<td><strong>Sponsor/partner identification</strong></td>
<td>$$</td>
</tr>
<tr>
<td>Analytics projects not supported or connected to relevant business teams</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic planning assumptions</strong></td>
<td>$$</td>
</tr>
<tr>
<td>Business strategy not data driven or fails to utilize prescriptive analytics</td>
<td></td>
</tr>
<tr>
<td><strong>Resource allocation; opportunity cost</strong></td>
<td>$$$$</td>
</tr>
<tr>
<td>Analytics staff not working on “right” projects, and higher value projects are missed</td>
<td></td>
</tr>
<tr>
<td><strong>Executive/GM adoption</strong></td>
<td>$$$$</td>
</tr>
<tr>
<td>Likelihood of implementation decreased without connection to strategic priority</td>
<td></td>
</tr>
</tbody>
</table>
GOALS OF STRATEGY
ALIGNMENT
TWO INTERSECTIONS OF ANALYTICS AND BUSINESS STRATEGY

Using analytics to assist in strategy development

- Forecasts
- Priorities
- Benchmarking
- Market analysis
- Innovation

Aligning analytics projects/investments to business strategy

- Technology investments
- Project prioritization
- Resource allocation
Goal: Make analytics more relevant & connected to business

**Management**
- Identify right **stakeholder** and sponsor for analytics initiatives
- Improve **assumptions**
- Set better **benchmarks** for performance

**Execution**
- Optimize **resource** allocation
- Reduce “**opportunity cost**” of missed projects
- Reduce **duplicate** work
- Establish strong business **partnerships** to support work

**Culture**
- Drive executive **adoption** via increased business relevancy
- Understand nature of analytics **projects**, e.g. “quick insights” vs. longer-term R&D
- Retain **talent** through more impactful work

More business-relevant insights →
Maximize value & sustained adoption of analytics
**Vision**
To become a competitor in analytics through investment in strong talent and cutting edge, accessible data platforms

**Strategic Priorities**
- Top-Flight Talent
  - Expand skills to include predictive capabilities
  - Retain and train analytics talent
- Improved Data
  - Extend data architecture to include cloud
  - Increase data access across co.

**Success**
- >6 advanced projects complete
- >90% retention
- Cloud platform
- <20% unfulfilled access requests

**Drivers**
- Data
- Systems
- Talent

---

**Analytics Strategy**

**Vision**
To improve data-driven decision making through execution and delivery of high value projects for the enterprise

**Better Execution**
- Improve project scoping and management
- Invest in better analytics tools

**Better Delivery**
- Engage key stakeholders
- Align on insights
- Bring storytelling to analytics team

**Success**
- >6 advanced projects complete
- >4 best-use tools

**Drivers**
- Lean
- Partnership
- Communication

---

**A little better...**

Not good..
CURRENT STATE OF ANALYTICS STRATEGY ALIGNMENT
Different paths to analytics maturity impact strategy alignment
IIA ANALYTICS MATURITY BY INDUSTRY – 2016

COMPANIES INCLUDED IN STUDY
IIA ANALYTICS MATURITY BY INDUSTRY – 2016

DELTA SCORES, RANGING 1 TO 6

Digital Native: 4.56
Financial Services: 3.91
Consumer Brands: 3.62
Retail: 3.56
Pharma & Med Devices: 3.55
Manufacturing: 3.43
Airlines: 3.23
Automotive: 3.19
Healthcare - Provider: 3.14
Utilities & Telecom: 3.05
Healthcare - Insurance: 2.96
Insurance: 2.89
STRATEGY ALIGNMENT AND ANALYTICS MATURITY

EFFECTIVENESS BY INDUSTRY MATURITY

[Graph showing the relationship between Industry Effectiveness Score and Industry DELTA Score for different industries: Manufacturing, Digital Native, Financial Services, Retail, Insurance, and Digital Native. Each industry is represented by a marker with a corresponding industry name and an arrow indicating the trend.]
THE STRATEGIC PATH TO STRATEGY ALIGNMENT
Setting the Strategy Stage
Current-State Analytics-Strategy Personas

Off-Broadway
- Analytics exists in pockets; little coordination across departments
- Some organizational discipline around tracking performance against strategy with metrics
- Challenges to create central support team of analytics resources

Persona 1

Spotlight
- Key executives are pushing for analytics based on market pressures
- Strong enterprise devotion to top-level strategic priorities
- Plans for central analytics team and investments in supporting technology
- A successful initiative might kickstart analytics adoption

Persona 2

Orchestra Pit
- Existing central team positioned as internal consultant and analytics support
- Strong culture of cross-enterprise shared services as driver of initiatives
- Strategic planning process already leverages data & analytics teams

Persona 3
STAGE DIRECTIONS

Enterprise/Business Strategy on a Page

Vision

Strategic Priorities

- Specific Project

Metrics

Support
1: FROM OFF-BROADWAY TO BROADWAY

Individual projects support specific strategic priorities

Metrics tie to business-relevant outcomes

Analytics positioned as a supporting capability
1: FROM OFF-BROADWAY TO BROADWAY

What To Do

2016

2017

2018

What To Do

2016

2017

2018

When To Use

• Analytics folks **embedded** in a few business teams
• Lean culture, established **metrics-driven** mindset
• **Barriers** to central organization

Considerations

• Challenges to **collaboration**
• Ability to bring analytics into strategic **planning** process
• Organization’s commitment to **long-term** investments/projects
Analytics is its own priority, to drive investment and increase awareness.

When ready, a central team can support multiple priorities.

Implicit alignment between analytics work and business strategy.
When To Use

- Support of key **executive(s)**
- Cultural adherence to top-level strategic **priorities**
- Enterprise is suitable & ready for some **centralized** analytics

Considerations

- Existing level of **collaboration**
- **Projects** to support analytics-as-priority should be visible and likely to succeed
- **Metrics** for success in first stage
Communicate value of central team to support all strategic priorities

Expand shared capabilities

Analytics used to set all benchmarks

Analytics called out as key differentiator for entire company
3: FROM ORCHESTRA PIT TO SYMPHONY

2016

When To Use

• Existing central team, but needs more connection to top priorities
• Shared services thrive
• Strategic planning process may already leverage data/analytics

2017

Considerations

• Level of buy-in for analytics investments & org structure
• Existing analytics resources in business teams; who does what

2018

Vision

What To Do
BEST PRACTICES AND RECOMMENDATIONS
1. Evaluate **strategic planning process** and its current utilization of analytics

2. Plan the strategic evolution of analytics

**Four questions to start with...**

- Level of current-State utilization in strategic planning?
- “Seat at the table” for top-level business discussions?
- Effective prioritization of projects and investments?
- Can majority of work be directly tied to business strategy?
B. INVITE ANALYTICS TO THE STRATEGY TABLE

- Appoint a Chief Analytics Officer (and invite him/her!)
- Leverage analytics resources in strategy development
- Require metrics of all strategic priorities (predictive when possible)
C. ESTABLISH AN ANALYTICS COUNCIL

Create a committee of leaders, to help define and drive various aspects of the analytics program, at either a functional, business-unit, or enterprise level.

Analytics leaders, business leaders, IT, or a mix, depending on type and scope of the council.

Authority and accountability to drive/influence investments and resource utilization.

Improved planning, execution, and strategic relevance of analytics program, projects and investments.
• Penetrate strategic planning via relevant, effective projects and strong project execution

• Develop an analytics project charter as a tool for ensuring strategic relevance
Project Detail and Goals
• Business believes there is a materially significant loss in revenue when XYZ happens, which inhibits them from reaching business objectives, as well as creating pain for our customers. Due to data complexity, size and tools needed the business also has difficulty understanding the value to the firm.
• Provide support to marketing via both data and provide analytics expertise, to determine scope of problem so that the analytics team can then work toward process/program changes to limit loss

Expected Benefits

<table>
<thead>
<tr>
<th>Expected Benefits</th>
<th>Revenue Increase</th>
<th>Expense Reduction</th>
<th>Customer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Preserve and grow revenue, expectation 10%</td>
<td>• Less duplicate work and increased efficiency</td>
<td>• Revenue loss likely connected to reduced loyalty</td>
<td></td>
</tr>
</tbody>
</table>

Strategic Objectives

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “Strengthen existing consumer relationships for revenue stability”</td>
</tr>
</tbody>
</table>

Strategic Impact

<table>
<thead>
<tr>
<th>Strategic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase customer retention to 80%</td>
</tr>
</tbody>
</table>

Project Scoring

<table>
<thead>
<tr>
<th>Project Scoring</th>
<th>Customer Experience</th>
<th>Strategic Alignment</th>
<th>Financial Value</th>
<th>Improved Tools</th>
<th>Improved Data</th>
<th>Executive Judgment</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2/3</td>
<td>2/3</td>
<td>1/3</td>
<td>1/3</td>
<td>3/3</td>
<td>5/6</td>
<td>14/21</td>
</tr>
</tbody>
</table>
### Analytics was used in this...

**Vision**: To unlock growth via a differentiated customer experience driven by relentless attention to needs at every touchpoint

**Strategic Priorities**
- **Customer Journey**
  - Map full customer journeys across all channels
  - Leverage to grow and retain base
- **Differentiation**
  - Explore new markets ripe for innovation
  - Refresh 5-year product roadmap

### Business strategy drove this...

**Vision**: To unlock growth via a differentiated customer experience driven by deeper understanding of behaviors and needs

**Strategic Priorities**
- **Customer Journey**
  - Create data-driven single view of customer
  - Identify & leverage top drivers of acq and retention

**Analytics Strategy**
- **Vision**: To unlock growth via a differentiated customer experience driven by deeper understanding of behaviors and needs

**Strategic Priorities**
- **Customer Journey**
  - Develop new forward-looking market insights
  - Optimize product roadmap around market forecasts
STRENGTH IN NUMBERS

For more information:

www.IIAalytics.com
@IIAnalytics
info@iianalytics.com
@magestro
/magestro
ABOUT ME

Nuclear Physics
Michigan, Germany, New York, Ohio

Hedge fund risk analytics
Investor Analytics, New York

Investment analytics (mortgages)
Nationwide Insurance

Marketing analytics director
Nationwide Insurance

Banking customer analytics VP
JP Morgan Chase

Director of Analytics COE
Cardinal Health

VP – Research Director
Int’l Institute for Analytics, 2015-

Adjunct Professor in Business
OSU-Fisher College of Business, 2010-
ANALYTICS EXPERIENCE
2016

#AnalyticsX