

A large, stylized green chevron graphic pointing to the right, with the text "High performance. Delivered." centered within it.

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Business Analytics Optimization and Analytical Talent Management Podcast Transcript

Speaker: Dr. Elizabeth Craig

This podcast is brought to you by the Accenture Institute for High Performance, which develops insights into critical management issues and global economic trends.

Analytics are increasingly being seen by companies as a means of gaining competitive advantage. As a result, companies are better appreciating the importance of their analytical talent, so-called "quant jocks" and "Excel ninjas" who help turn analytical data into better decisions and more positive business results. Alas, even when these talents are

already at the company, sometimes they are not in the right places to do the most good.

Hello, I'm Paul Bushet. In this podcast, **Business Analytics Optimization and Analytical Talent Management**, we are talking with Accenture's Research Fellow Dr. Elizabeth Craig about a recent Accenture Institute for High Performance study on how analytics are deployed by high performance businesses to achieve market leadership.

Dr. Craig, thank you for joining me.

A: Thank you.

Host: Tell us a little about what went into this study.

A: To better understand the unique challenges of managing analytical talent, the Accenture Institute for High Performance surveyed 1,367 employees at companies with at least \$50 million in annual revenue. That included 799 analysts and 568 non-analysts. The survey was Web-based and conducted within the United States. Respondents represented a wide range of industries, including financial services, communications and high tech, health and life sciences and retail. We also interviewed dozens of top business executives and analytical leaders.

Host: And how common are analytics in businesses' decision-making processes?

A: Not as common as you might think. Businesses say 40 percent of their major decisions are based on what you call "gut instinct." This lack of analytics is a real problem because decisions based on data and analysis are known to produce better outcomes. In fact, Accenture research shows 72 percent of companies say they are working to become more analytical.

Now what do they mean by that? In large part, they mean they are taking steps to use data and analysis to make smarter decisions and achieve better results.

Host: How critical are analytics to making the right business decisions? Is it something that can be accurately measured?

A: Yes, it can. Accenture research shows that during the last eight years, companies that invested heavily in analytics capabilities outperformed the S&P 500 by 64 percent. Companies with robust commitments to analytics also recover more quickly from economic downturns. Looking at individual companies that outperform the market, we found 65 percent of them have significant decision-support and analytical capabilities in place, versus only 23 percent of low performers.

Host: Now, are analytical capabilities about more than systems and data? How important are the people who do the analytics?

A: Your success with analytics ultimately depends upon how well you manage your analytical talent. These are the people who use statistics; rigorous quantitative or qualitative analysis; and information-modeling techniques to shape and make business decisions.

These analysts are a special breed. Their backgrounds, skills, attitudes and motivations are quite different from other employees'. You need to understand what makes them tick to take full advantage of their skills and terms of keeping their top analysts around.

The most important analyst subgroup—the Ph.D.s, statisticians, mathematicians and other "analytical professionals"—are in high demand and have plenty of other employment opportunities. Nearly half of them, 47 percent, said it is likely or very likely they will be looking for a new job sometime in the next year. Getting good analysts in your company is no easy thing, and neither is keeping them around.

Host: So just how do high performers manage their analytical talent successfully?

A: Successful companies harness the full potential of their analysts by doing three things well. First, they treat their analytical talent as a distinct and valuable workforce segment. Second, they organize their analysts in a way that maximizes their value to the business. And third, they strive to retain key analytical talent through an array of initiatives, not only by rewarding them well but also by keeping them highly engaged in the business. Engagement is a critical part of the overall process, and analysts need to know their work makes a meaningful contribution and is part of the drive to success.

Host: You mentioned managing analysts as a distinct workforce segment. Is there a correct way of doing this?

A: It's actually easier to talk about the wrong way. Analysts should not be scattered across your organization without a clear and consistent approach to managing them as a valuable workforce. Often you see companies without consistent recruiting strategies, training and development plans, career paths or performance management processes for their analytical talent. So getting the most out of your analysts requires a strategic talent-management approach that stretches across the entire enterprise. It also requires that you organize your analytical workforce properly.

Host: How should a company organize its analysts?

A: The answer there is depending on your company's analytical aspirations. But to be effective, you must ensure three things: One, that your best analysts are working on the most important analytical projects. Two, that they bring an enterprise perspective to bear on their work. And three, that they have ample opportunities for development.

So when those three principles are adhered to, you will extract the most value from analysts and simultaneously keep them engaged in their work and eager to stay.

Host: Is there a single model for doing this in place today?

A: No. Different kinds of businesses have different ways of organizing their analytical talent. We've identified five specific models. Let me tell you what they are:

There's the Centralized model, where analysts reside in one central group; the Center of Excellence model, where analysts are spread out across the enterprise but managed from a central entity; the Consulting model, where centralized analysts act as internal consultants to specific business units; the Functional model, where analysts are located in specific enterprise functions; and the Decentralized model, where analysts are scattered across the organization.

Host: Which model works best?

A: The answer really depends on things such as the maturity of your company's analytical capabilities, or its level of demand for analytical skills. In general, however, we find companies are best served by greater centralization and coordination of their analytical talent.

Our study found that of analysts employed under each of the five models I mentioned, those working in Centralized units are most engaged by their work, and those in Centers of Excellence are the most likely to stay at their company. The ability to engage and retain analytical talent, as I mentioned

before, is a key criteria for achieving analytical excellence.

Host: What else must a company do to engage and retain its prize analysts?

A: Your company must do four things well. First, make sure your analysts are always armed with critical information about the business; second, set clear roles and expectations; third, feed your analysts' love of new techniques, tools and technologies; and finally, give analysts the management support they need to feel valued—especially an effective working relationship with a trusted supervisor.

Host: What are some examples you can share of companies taking proactive approaches in deploying their analytical talent?

A: GE's financial services unit, GE Money, is routinely rotating analysts from its analytical centers in Shanghai and Bangalore to other parts of the business. This approach helps the analysts learn more about local operations and the best ways of deploying analytics in the field. This model is also a good retention strategy, because it gives analysts a sense they are making meaningful contributions to the business.

E&J Gallo Winery rotates its analytical professionals among different business units and functional departments for 18- to 24-month tours of duty. While they're analyzing grape supply or developing new customer segmentation models or performing supplier analyses, these quant jocks become savvy at finding ways of employing analytics for the overall good of the business.

Host: Thanks for talking to us, Dr. Craig. In this podcast, we looked at the critical need for employing analytics in making good decisions and for effectively managing analytical talent. We learned

about the different models companies use in organizing their analytical talent. And we discussed how these models are effective in helping engage and retain top analysts.

This concludes our High Performance Business podcast. We thank you for listening, and hope you found these insights worthwhile and stimulating. For more information about Accenture's experience and research helping organizations achieve high performance, visit our High Performance Business Podcast Series.