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Analyze This! How Star Performers Compete (and Win) with Analytics

The Accenture Information Management Podcast Series

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Introduction: Welcome to the Accenture Information Management Podcast Series. At a meeting held during the 2009 Tribeca Film Festival, Accenture's Jeanne Harris, executive research fellow and a senior executive at the Accenture Institute for High Performance, explained how analytics can help companies better manage their business and improve their decision making. Taken from Jeanne's presentation, this podcast explores how an effective information management strategy can help organizations achieve high performance.

Shari Rogalski: My name is Shari Rogalski, and I'm a senior executive within Accenture's Information Management Services group. I have been focusing on business intelligence, data warehousing and now analytics for 20 years or so, and that's what we are here to talk about today. Let me introduce Jeanne Harris. Jeanne is an executive research fellow in Accenture's Institute for High Performance.

Jeanne Harris: Thank you. Well, isn't it exciting to be here? Did you know this is Robert De Niro's private screening room? Robert De Niro is a screen icon. He's a fabulous dramatic actor, and in his honor we decided to call this presentation, "Analyze This." But, it is an important concept because it's all about understanding, asking the right questions, getting the right information and making the right actions as a result. Really, that's what analytics is all about.

Let me take a moment and just define what we mean by analytics. If you talk to a business executive, it's about understanding what's really going on, asking the right questions and getting smarter answers. It's really the key to how they outsmart and outthink the competition. But, for purposes of our research, this was the definition we used: the extensive use of data, statistical and quantitative analysis, explanatory and predictive models, together with fact-based decision-making culture, decisions and actions.

So, it's more than the technology. It's about, "How do you make decisions in an organization? How do you make sure you are asking the right questions?" And that's really what competing on analytics is all about. Let's talk about the movies. After all, we're at Tribeca. The people who are the decision makers in this industry, it's very much an intuitive kind of process for them. They like to talk about movies as being an art. Certainly, there's an element of art to it, there's an element of gamble to it. But, increasingly, there's a science behind it, as well.

And if there was ever an example of "In the land of the blind, the one-eyed man is king," that would be Will Smith. He's the only bankable star whose films predictably earn more than \$120 million, even the movies that were considered to be huge flops—like *Hancock*, got terrible reviews, and still grossed \$625 million worldwide. I think I would argue that in his industry, he is a high performer. But, do you know much about Will Smith? It turns out that Will Smith is also an analytical competitor.

Before he became a rap singer, he promised his mother he would go to MIT and study math and engineering. That's where he was going to go if the rap thing didn't work out. Fortunately for him, it did. And he went on from there to television where he had a T.V. show called *The Fresh Prince of Bel Air*. Nobody thought he was going to become a movie star. Nobody except Will Smith, who sat down with his business manager and analyzed the highest-grossing movies of all time. He said, "You know what? Ten had special effects. Nine out of ten had alien creatures from outer space and special effects, and eight of the ten had special effects with creatures and a love story. Gee, I think I'll make *Independence Day*. I think I'll make *Men in Black*." Those movies did pretty well for him. Today, he tells the story over and over again when people ask him the secret of his success. In fact, he'll tell anybody who asks him that he's a student of universal patterns, that he loves to study the data, looking for new patterns.

Well, you know, as entertaining as it is to talk about all this, it wouldn't really matter if it didn't apply to other industries. Now, let's look at professional sports.

There is a very interesting statistical correlation between sports teams that use statistics and data analytics as a key part of their decision making, and high performance in their industry.

The Boston Red Sox use data and analytics very differently than their competitors in other aspects of their sport. Now, when I say different, what is it I mean? Because, after all, we've had statistics about

sports for a long time. Many of you may have heard of Bill James and the concept that was described in a book called *Money Ball*. It was a book about the Oakland Athletics. Here was a team that had nothing going for it, quite frankly. They didn't have a lot of money, they didn't have great players. They needed to do something.

What they decided to do is hire a night watchman in a baked bean factory to analyze their data. And he realized that it wasn't just about home runs batted in. It was about other things that you could measure and monitor. And, you could construct a team of so-called misfits who actually helped you achieve high performance as an organization.

Well, other teams took note and, most notably, the Boston Red Sox are the ones who really embraced this notion. They have been using data in every aspect of their business. They don't just use it to identify and select the best talent. They use it in making individual plays. They use it in deciding how they price the tickets.

So, analytics really pervades all of their decision making in their business. That's what I mean about a company that really uses analytics in a differentiated way. After all, we all have the data. It's what you do with it that really counts.

It doesn't necessarily take that much to get out ahead of the competition. And in fact that's really the basis of our research. Our research was about how ... high-performance businesses compete and win with analytics.

The first study we published on this topic was in 2000 on building an analytical capability. We've looked at hundreds of companies. We've done longitudinal studies looking at over 400 companies and 35 countries. We've looked at 19 different industry sectors. And what we found is across the board, regardless of geography, regardless of industry is that there was at least one, sometimes two or three, companies that said, "Either we compete on analytics today or we aspire to do so in the near future." Disproportionately, we found that analytical companies also tend to be more successful companies.

In our first book, *Competing on Analytics*, what we focused on is the companies who wanted to use analytics to differentiate themselves in the market. In our new book, which is tentatively titled, *Analytics at Work*, we are focused on how companies build a robust analytical capability. It is apparent [that] it is a lot more than just the hardware or the software. It is not just about numbers, it is about all data, everything from images to voice recognition.

Analytics pervades every aspect of business. There's smart grids in utilities. There's warranty analytics in consumer products. Analytics is spreading across many different aspects of a business.

I don't think there is any question we are all heading towards a more analytical future. As I said in our research, we found in every industry there is at least one company that intends to be an analytical competitor. So, even if it is not your company, the fact is you are going to be competing against one soon enough.

I think, to kind of go back to the sports metaphor, I will just wrap up by saying a quote from Rob Neyer of ESPN, who said, "You know, ultimately when you get down to it in business, as in baseball or professional sports elsewhere, the question really isn't whether or not you are going to jump into analytics, the question is when. So, you have a choice, you can ride the analytics horse to profitability or follow behind it with a shovel. The choice is really up to you."

Closing:

Thank you for listening. There's more from the Tribeca Film Festival event on our website, including full transcripts. To hear Jeanne Harris describe specific industry case studies, please visit us at [Accenture.com/tribecapodcast](https://www.accenture.com/tribecapodcast)