

## Analytics: The Strategist's Best Friend

*by Jon Craighead*

As I begin my sixth year of writing this column, I'm reminded that one of my reoccurring themes in my articles has been and continues to be that the strategist's primary task is mastering the trends and counter-trends of the marketplace. My most recent article, "Strategy or Planning: There's a Critical difference," points to the fact that success and sustainability in business is largely determined by being profitable. This premise demands that internal planning, which the company controls, must be separated from the marketing efforts of the strategist that provides solutions to the customers' needs, because it is the customer who controls the revenue. To make the best use of the indications of trends and counter-trends, one must become proficient at applying analytics – a technical investigation of recorded performance data. These data report what has happened in historical time frames and point to the probability of what is likely to happen in future time frames. This structure therefore offers insights to future preparations and actions required for both the strategist and the customer to remain viable.

Most importantly, analytics addresses relevant questions such as: Who are my competitors? What investments are needed to be competitive, and what are the risks involved? What do my customers need that I can provide? What new offerings should I be developing? What is it I don't know that I don't know that could negatively impact my business? What additional information do I need to make my business more effective? And most critically: How can I implement the necessary changes before there's a crisis?

I realize that these questions are not easy to answer and can create an experience of overwhelm. But like it or not, this is the world we live in today, and these questions stimulate an inquiry necessary to be competitive. In our current business atmosphere there is no sustainable competitive advantage; it has to be continuously invented. We must always be alerted to the fact that this sophisticated data-mining process is a short-lived reality. This is why identifying the counter-trends is equally important to knowing the trends and often can be very serendipitous. These indicators are usually the result of discoveries made in reaction to anticipated results that prove to be unfounded. Often they provide new pathways that weren't on the radar. A word of caution is due here: analytics is not a perfect science, so one must always maintain objectivity and not be overly attached to the findings. Keep verifying data for accuracy to prevent this new data from becoming a problem rather than a solution!

This discussion could leave you in one of several places, ranging from enlightenment to despair. Such a dynamic and disruptive setting is usually upsetting because of our natural resistance to uncertainty and change. We human beings prefer the familiar (knowing) rather than the unfamiliar (not knowing). However, there is much evidence to support that the process of data-mining has a proven record for usefulness. I propose that the utilization of analytics is good news for today's business leaders. It removes much of the mystery and angst around what to do in multifaceted circumstances. While not perfect, it provides a reliable starting place to unsnarl the malaise of uncertainty around the difficulties of our world today. Additionally, it elevates the conversation to a specific approach, thereby redirecting and focusing our attention away from anxiety and directing our energy toward solving the customer's needs. Simultaneously, using its scientific methods often results in cutting-edge solutions. Such discoveries are where breakthrough inventions and opportunities are created. This is the realm of competitive advantage that provides a leading edge, albeit sometimes short-lived.

Data-mining challenges the concept that there has to be "a single answer" and focuses on multiple approaches to serving your customers – who, coincidentally, are searching for the same answers as you. Most importantly, it keeps strategists on their toes and not relying solely on their past experiences. Certainty is often the precursor to disaster.

Analytics has many forms. For more information and in-depth discussion, I recommend reading the 2014 winter edition of MIT Sloan Management Report, or feel free to contact me.