
Perspectives on Talent, Culture and Organisational Impact of Data and Analytics

When it comes to data and analytics, the risk of doing nothing is far greater than the risk of putting faith in a new approach

“The biggest challenge has been to put away the way you have done business for many, many years.”

– Johan Kirstein
Brammer

“The transformation is tricky, but this one is really a transformation that will make or break companies.”

– Anders Jensen

“In today’s world, any board that does not have digital [data] as one of the key areas of focus is a board that is running unreasonable risks.”

– Alexis Nasard

The amount of big data that is available today through the Internet, connected devices and social media is quasi-unlimited. Most organisations now own, or can own, the data they need to make better decisions faster.

The challenge is to create companies, build governance, enhance culture and find talent able to take advantage of the data landscape that organisations find themselves in.

At Russell Reynolds Associates, we are seeing an increase in transformational roles like chief data officer and chief analytics officer at the world’s largest companies, driven from a need to become more data savvy. Data is changing business models and, we believe, will be the single biggest influence on future talent needs in the next few years. It is changing institutions inside and outside.

Russell Reynolds Associates has been speaking with some of the most senior commercial leaders across a range of consumer-led industries. Our aim in this process was to understand how data is being used and to what effect, what impact this is having on leadership from the board downward, and what the impact is on the talent and capabilities within the organisation, both now and for the future.

Our findings show that companies that are leveraging data focus on innovation with well-defined outcomes. They are also looking hard at the structure and behaviour of their functional teams, as data brings down traditional functional barriers. Data often shifts power in organisations, but this must not disrupt its ability to execute.

Everyone who participated in this interview process agreed on two key points: 1) that applied data and analytics will lead to significant changes in the way they do business within a five-year horizon and 2) that there are still major obstacles to overcome in order to fully realise the potential of data and analytics within their business.

Given that, dynamic engagement and understanding at the board level are critical to make the decisions and investment needed to fully realise the benefits of a data-driven organisation. This flows down the organisation and its culture and impacts the most important skills and competencies of the leader who will successfully and sustainably transform the organisation.

Data is here—to stay

“The fastest growing business of the future will be run by harnessing insights from real time big data advanced analytics.”

– Roberto Funari

In 2013, Russell Reynolds Associates saw the first senior-level executives being recruited in North America who were dedicated to data and analytics. This was a reaction to the complexity, risk and opportunity that data represents for most organisations. This is a trend that has followed in Europe but at a much slower pace, with the subject only recently being elevated to the boardroom.

Organisations across all sectors are beginning to understand the value of leveraging data and analytics. The steps from understanding to implementing to creating visible value are not straightforward and require changes throughout the organisation.

Data has always been critical to decision making in business. However, given the sheer volume and immediacy of data to which organisations now have access, it is enabling speed, agility, accuracy and innovation. There is much discussion around the volume and velocity of data and the challenge that poses when it comes to turning this data into insight and, most important, action.

“If you speak with Microsoft, they’ll tell you in 100 companies, 86 don’t even know they have data, 10 don’t use it, and four have data and use it. We probably are getting closer to the 10, but we’re not in the four.”

– Vivek Badrinath

“You can basically see big data usage in everything we do.”

– Niek Jan van Damme

“If you don’t start with some big questions, then you’re just gazing at the data as a crystal ball from which some magical answer will emerge.”

– Heather Allen

As a counter to this, the availability of cheap computer power, storage and the lower bar to access analytics capability means the complexity is becoming more manageable. The challenge is to invest in areas that will bring the most return. Our study found that leaders see the application of analytics to all parts of the business. However, a priority is given to areas of data-driven innovation that focus on three key areas:



Traditional structures and leadership approaches are under strain trying to achieve these outcomes. Solutions to gathering insight from data don't sit within one function or under one individual.

“An internal challenge is to get our buyers, our merchandisers, our marketers to really buy into the need to be data driven and to work closely together with analytics people.”

– Hanneke Faber

Stretching the organisation

“We’ve broken silos as much as we can. We need the teams to admit that the world we live in is incredibly complex.”

– Vivek Badrinath

“My biggest fear along this process was that it would become an IT project. That’s the one thing I didn’t want it to be. This needs to be commercially centred.”

– Johan Kirstein

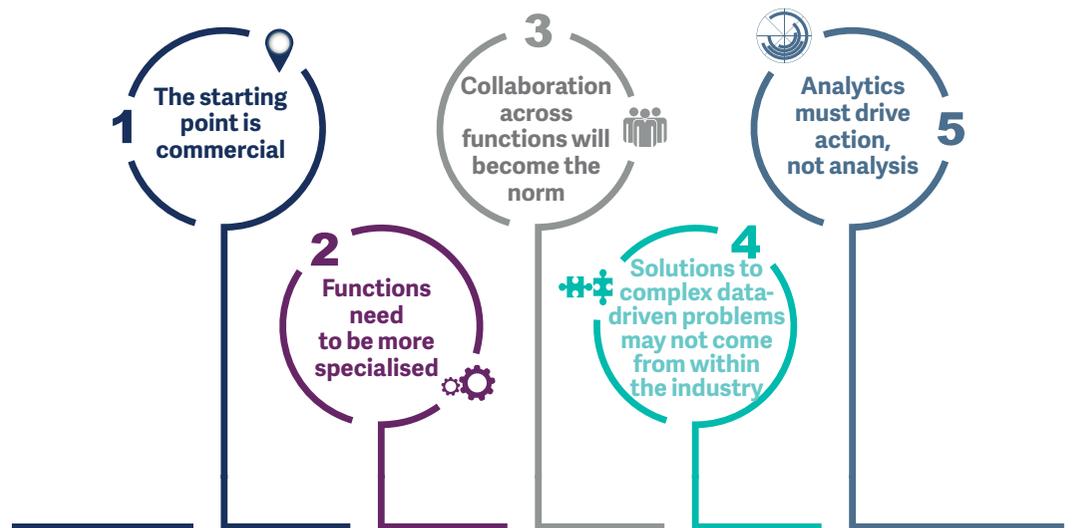
“Anytime you want to change anything through formal IT, it can take two months. Then you have a digital team where you can walk downstairs and ask them to provide you with a whole new report, and it is done within about five minutes.”

– Marc Allera

“Today, if you do not collaborate, you are dead meat because the world is so broad and sophisticated.”

– Alexis Nasard

The journey to organisations fully adopting data and analytics is neither linear nor simple. Through our study, five key themes emerged that are changing the shape and interactions across functions within businesses:



- 1** The leaders we interviewed saw data driving three outcomes: growth, risk reduction and efficiency. All three of these are commercial levers of the business. Data and analytics is not a technology-driven change but a technology-enabled one.
- 2** Previously, just the provision of data through business intelligence tools was enough for business functions to provide to their internal customers. The basic provision and presentation of data now are “table stakes.” The expectation is that insight and critical decisions should come from this data rather than just clear presentation.
- 3** Solving some of the organisation’s most complex problems means bringing together disparate data sets and often disparate functions. The role of the technology function, in particular, is under immense pressure as it becomes the facilitator of the complex technology and computer power needed to deal with large pools of data. It is typical for the use of data to be embedded within functions, but the ability of data to be portable and analysed consistently is not as common.
- 4** Most executives look to the pure-play digital organisations as the high mark for talent and data-driven businesses. Some even look to replicate some of the practices within those organisations as building blocks for talent. However, in organisations that are not “born digital”, the skills, capabilities and culture to transform are significantly different.
- 5** Uncovering and analysing the data available to the enterprise are strong first steps. However, the capability for individuals and organisations to act on that information is what drives commercial outcomes. As we will see, analytics can often shift power within organisations, and this must not hamper the ability to execute.

“As a legacy leader, you have to be willing to stand up and open a few doors and explain why these leaders make sense—because people fight against it.”

– Anders Jensen

The challenges of transforming legacy businesses, both from a technology and a culture standpoint, are completely different. It combines inadequate systems and long-standing operating models, which makes the transformation hard. It is an issue of winning investment to enable an organisation to make the changes necessary whilst simultaneously convincing an organisation that does not want to change of the necessity of doing so.

Appointments into specific senior data and analytics roles are frequently the recognition of the start of transformation. By this point, the value of data has been proved tactically and usually functionally. It is recognition that an enterprise approach will yield significant value for the organisation.



“It’s always easier to start from a green field organisation, like if we look at Google and Facebook, but you forget this is happening in insurance, banking, and even transport and logistics.”

– Niek Jan van Damme

Decoding data for organisations

“Clearly linking investments in IT and analytics—which may seem risky and new—to commercial opportunities is critical for adoption.”
– Hanneke Faber

“The bigger challenge today is to convince ourselves, the board and shareholders, and that is a big hurdle.”
– Anders Jensen

To enable a data-enlightened organisation, there are fundamental changes that have to happen within an organisation:

Genuine ownership of data from the board level down – Organisations that continue to leave data residing in silos and ungoverned will not only miss opportunities but also put themselves at risk. This starts at the board level.

Data and growth culture – Beyond board buy-in and catalyst roles, the culture of the organisation must be one that makes decisions based on data as standard, not as isolated processes.

Translator role: Finding, enabling and growing the translator – The right leadership for embedding data and analytics within an organisation may already exist. The translator role is the bridge between the commercial business outcomes and the deeply technical world of analytics. Not only must this role hold the right attributes, but it must also be enabled by the board to be successful.

GENUINE OWNERSHIP OF DATA FROM THE BOARD LEVEL DOWN

Investing in analytical capability carries some degree of risk. Most organisations are trying to solve problems that haven’t been solved before within their industry or their clients.

This risk is increased when the board, and associated committees that help make decisions, does not have “data-native” capability. Boards need a mechanism to understand the data literacy of their organisation and the actions they need to take in order to break down organisational silos and invest in areas that will give the greatest return in the short and long term. Traditionally, risk has been measured by a bottom-line approach that is in danger of becoming more destructive than helpful in light of how risk must be managed within innovation processes.

Russell Reynolds Associates has seen organisations tackling this problem in one of three ways:

Maintaining a risk-savvy board director – Much like digital, forward-looking boards ensure they have at least one member who understands the risk and opportunity that analytics brings to an organisation.

Augmenting existing committees – For organisations that have a technology committee, this seems like the natural place to assign the ownership. However, this can lead to analytics being “a technology thing” when our interviews showed that this is a commercial capability, underpinned by technology.

Creating a translator role – Direct reports to the CEO can be the main advocate and owner of data across the organisation. The translator needs to be empowered and supported in order to have impact, which, in and of itself, can cause tension within an organisation as overlaps between functional areas increase.

DATA AND GROWTH CULTURE

Through our discussions, many leaders found that one of the most significant barriers to creating an organisation that truly makes decisions based on data and analytics is the culture of the organisation. They saw the technology and process changes finite to manage, at least in the near future, but looked at the culture as something that doesn't always have a well-defined path. There are tangible actions that can be put in place to act as beacons and begin the culture change.

- Shifting power** ➤ Typically, experienced senior leaders make decisions based on experience rather than on data analysis and more his/her experience. Suddenly, because the data analysis is accurate, undisputable and predictive, it can move power around the organisation.
- Changing decision-making frameworks** ➤ Most processes within organisations have limited data to support them, typically generated within silos. The main decision-making processes of the organisation will move to a more governed and consistent set of data.
- Recognising this is not a linear journey** ➤ Innovative and commercial use of data does not typically start with enterprise-wide technology and governance. It is usually incubated from within one department or business unit. This innovation is a hallmark of both the right organisational culture and leadership.
- Creating cross-functional insight teams** ➤ Deriving insight from data, which is often distributed across the enterprise, was cited as a significant barrier. By building cross-functional teams to solve problems based on insight, organisations can start to harness their commercial data.
- Developing new leadership frameworks** ➤ In order to acquire or grow talent, the right frameworks must be in place to identify and grow the right leadership within the organisation. These frameworks will help identify data-driven talent, accelerate their movement into data leadership roles and create developmental experiences for them.

Culture is something that executives recognise that they have to proactively address rather than allow it to change by chance. Each organisation will be at a different starting point based on how data has been used in decision making. It is not necessarily the case that those organisations that have always had data at their fingertips will be the easiest to change. Often, those are the organisations that will resist change the most, as they do not perceive themselves to be anything other than data driven.

“There are some structural and cultural changes that, in my mind, will take as long as the technical road map to make that shift. I do not think we are unique in that respect.”

– Marc Allera

“We have crossed the midway, I believe, starting with our culture of outperformance and innovation. The culture of the company relies on insights from big data. It's part of the fabric; it's part of the way we make decisions.”

– Roberto Funari

TRANSLATOR ROLE: FINDING, ENABLING AND GROWING THE TRANSLATOR

During our discussion with these senior leaders, we built up a profile of the skills and experience organisations need to develop and acquire. What emerges is the translator.

The translator role speaks two languages. The translator is able to speak with the business, in his/her own terms, to understand the needs and articulate the benefits. The other language is with the data-literate community, able to take what are often high-level and poorly quantified needs and iteratively create the value and the insight the business is craving.

The translator has to overcome the two biggest hurdles that hold back organisations today: organisational resistance closely followed by inadequate technologies.

SINGLE DATA POINT?

One of the dilemmas that organisations will face is how to enable data. Appointing the right dedicated senior executive has catalytic effects within the organisation and gives the CEO a single trusted advisor. The translator often has small teams dedicated to the role to act as centres of innovation.

But at the same time, the translator devolves responsibility from other functions to own and leverage data. This is why the translator role has to have a number of attributes that can make him or her successful in decoding data for the organisation.

Given the deep complexities of harnessing data, the transformational leader who emerges needs to be the bridge between commercial decision making at the highest level and the technology and data fabric and infrastructure that enable insight.

“Curiosity is the core personality trait that makes you become a self-regenerator. Legacy leaders fight even though they understand that this is the future, but it’s very, very uncomfortable.”

– Alexis Nasard

“An organisation needs a few crazy “bull in a china shop” people who can both network “like hell” with whoever has great new tech ideas and also make flagship projects happen within the organisation to create belief. And that is a skill set that not everybody has.”

– Heather Allen

The Translator DNA

“The translator is a combination of commercial and analytical. The old-fashioned IT guy isn’t going to cut it, but the merchants and marketers also can’t play the role alone.”

– Hanneke Faber

Dissecting this profile, we see the following attributes as key:



Curiosity – When organisations can harness the data they have, they are often faced with truths that are confusing or counter to the experience of the executives within the functions. The skill is to ask more questions and take more data to understand the insights. The translator is the person who allows the data within the organisation to deliver the insight rather than finding data that supports specific scenarios.



Happy with intellectual confrontation – Data within organisations brings both a version of the truth and conflict. Occasionally, organisations are presented with data that may not fully support the current business model or product. The role of the translator is to use this data to ask teams and functions hard questions. This may drive the need for more, or cross functional data which will test assumptions. This level of challenge may be counter to current leadership and organisation culture.



Self-regeneration – Individuals who are able to articulate the value of data and analytics to a senior level will have had experience in leadership previously. They bring a core skill set that is deemed “table stakes” in roles like this. They are able to influence people across the organisation, they feel comfortable with ambiguity, and they are able to navigate a path through that and galvanise teams without the need for direct control. We see this as a core skill set for this new leader in data and analytics.



Calculated risk taking – The risk of doing nothing is far greater than the risk of putting faith in a new approach. These leaders need to be able to lead and communicate the possible benefits of change without being fully confident of the outcomes. They must equally be tolerant of failure—on the condition that the learning is not lost. They see a big difference between failure and failure to learn.



Disposition for action – Organisations can always request and analyse more data. Leaders will be overloaded with data that presents facts about the enterprise. Translators are able to take action with the data given to them. This can often be hypothesis driven, made without complete data in order to create commercial outcomes more quickly.

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Russell Reynolds Associates is a global leader in assessment, recruitment and succession planning for boards of directors, chief executive officers and key roles within the C-suite. With more than 370 consultants in 46 offices around the world, we work closely with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, environmental and political trends that are reshaping the global business environment. Find out more at www.russellreynolds.com. Follow us on Twitter: @RRAonLeadership



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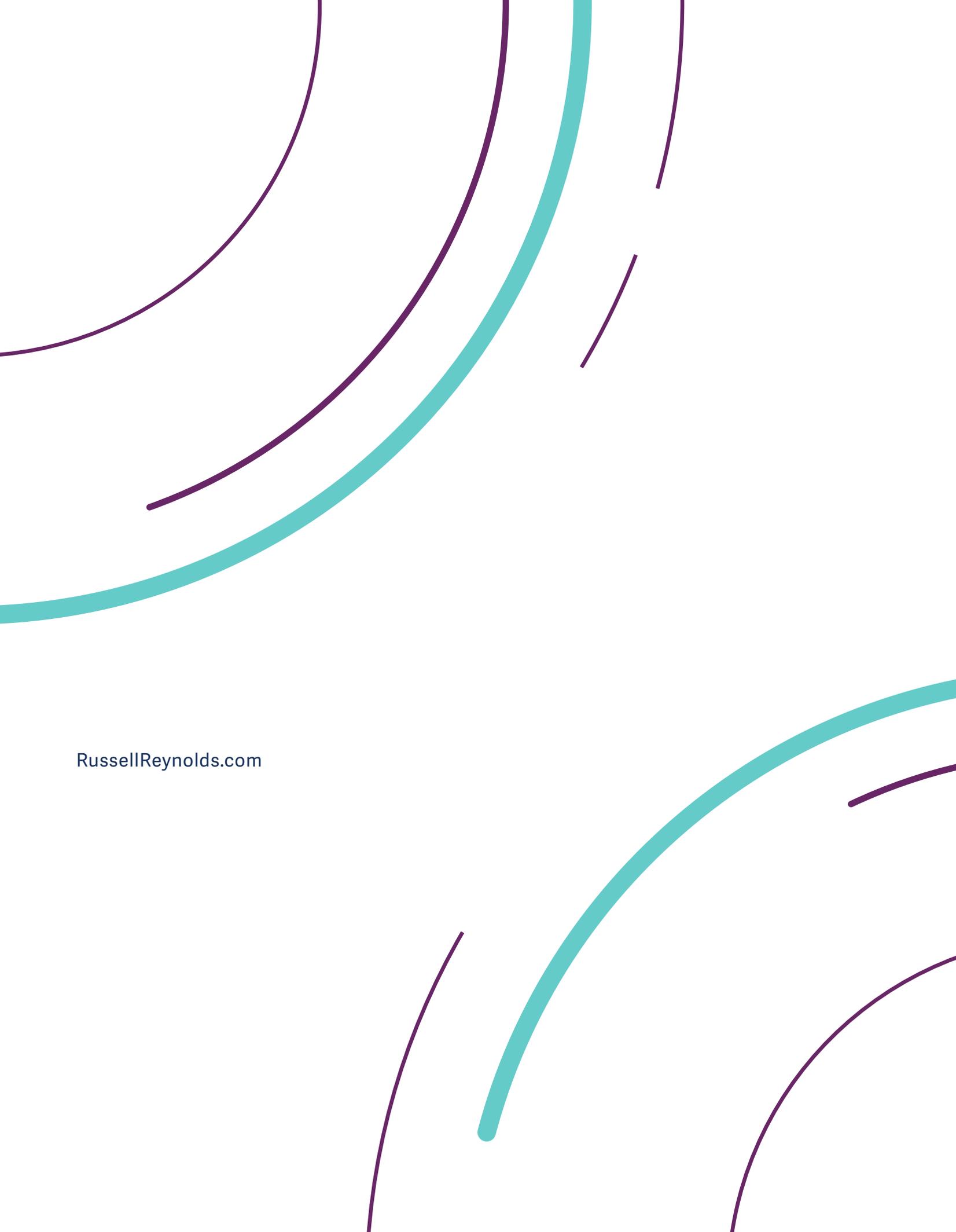
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