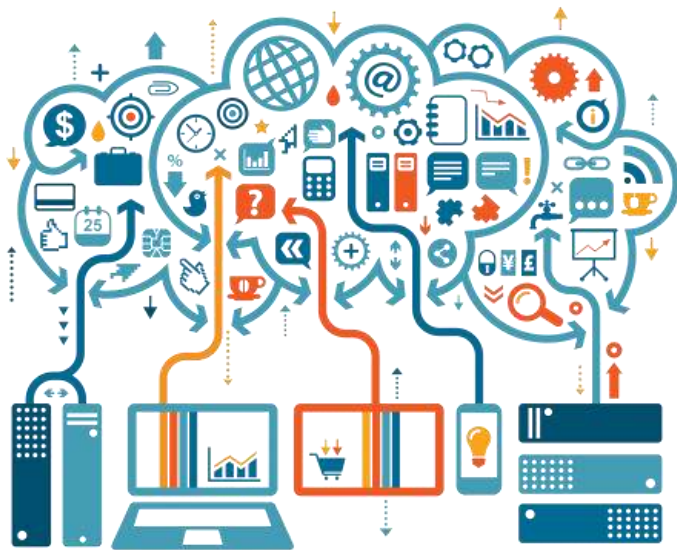**OTM Webinar**

How do Big Data and Data Analytics Impact Organization Design?

March 16th, 2016

About the Presenters

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Senior Consultant

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Senior Consultant

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Global Marketing Director

About OTM

OTM is a leader in collaborative organization design and business transformation. Now in our 25th year of operation, with offices located on both sides of the Atlantic (Phoenix and London, UK), OTM is recognized by many as their preferred vendor in providing substantive yet practical organization design and lasting change. Our passion is for collaborative business transformation and our work is guided by research, evidenced-based and established best practice and emerging methodology.

Depth of Our Experience

Our experience of delivering close to 400 organization design and transformation projects, and over 700 total projects encompassing all of our solutions. OTM offers one of the industry's most comprehensive, integrated, holistic and collaborative re-design and transformation solution.

Our Solutions

- **Organization Design and Business Transformation** – Concept through Implementation

- **Accelerated Change Readiness** – Planning through Implementation

- **Capability Building** – Assessment, delivery and support (10/20/70)

- **M&A, Business Integration** – Due diligence "fit predictor" through implementation

- **Accelerated Decision Making, Planning and Problem Solving** – Issue identification through implementation, resolution and follow-up support

About OTM

Breadth of Our Experience

Our experience in delivering projects in over 30 different countries and countless industry sectors,

Sectors	Functions	Geography
Aerospace	Corporate	North America
Defence	Human Resources	Western Europe
Energy	Supply Chain	Scandinavia
Financial Services	Manufacturing	Eastern Europe
FMCG	Operations	Latin America
Government	Finance, IT	Middle East
Healthcare/Bio-medical implants	Regulatory	South America
High technology	Sales, Marketing, BD	South East Asia
IT Software & Services	Engineering	South Pacific
Logistics & Distribution	Outsourcing – BPO	
Manufacturing	Skunk works	
Retail	Enterprise-wide	
Telecommunications	Business Units	

Other OTM Offerings

OTM offers a variety of other services supporting our solutions including a) in-house Executive Primers, b) internal or external multi-day, hands-on skill building workshops using real projects, c) behind the scenes support and guidance, d) conference presentations and TED Talks. For more information, references or case studies contact David Howlett, OTM Global Marketing Director at dhowlett@on-the-mark.com.

Presentation Flow

- ## Big Data & Data Analytics
  - What is happening
  - Why it matters…

- ## Introduction to the OTM Applied Star Model
  - A tool we will use to 'talk around' today's topic

- ## Meat and Potatoes
  - Top 10 Organization Design Considerations
  - Why each is important and options for addressing key issues
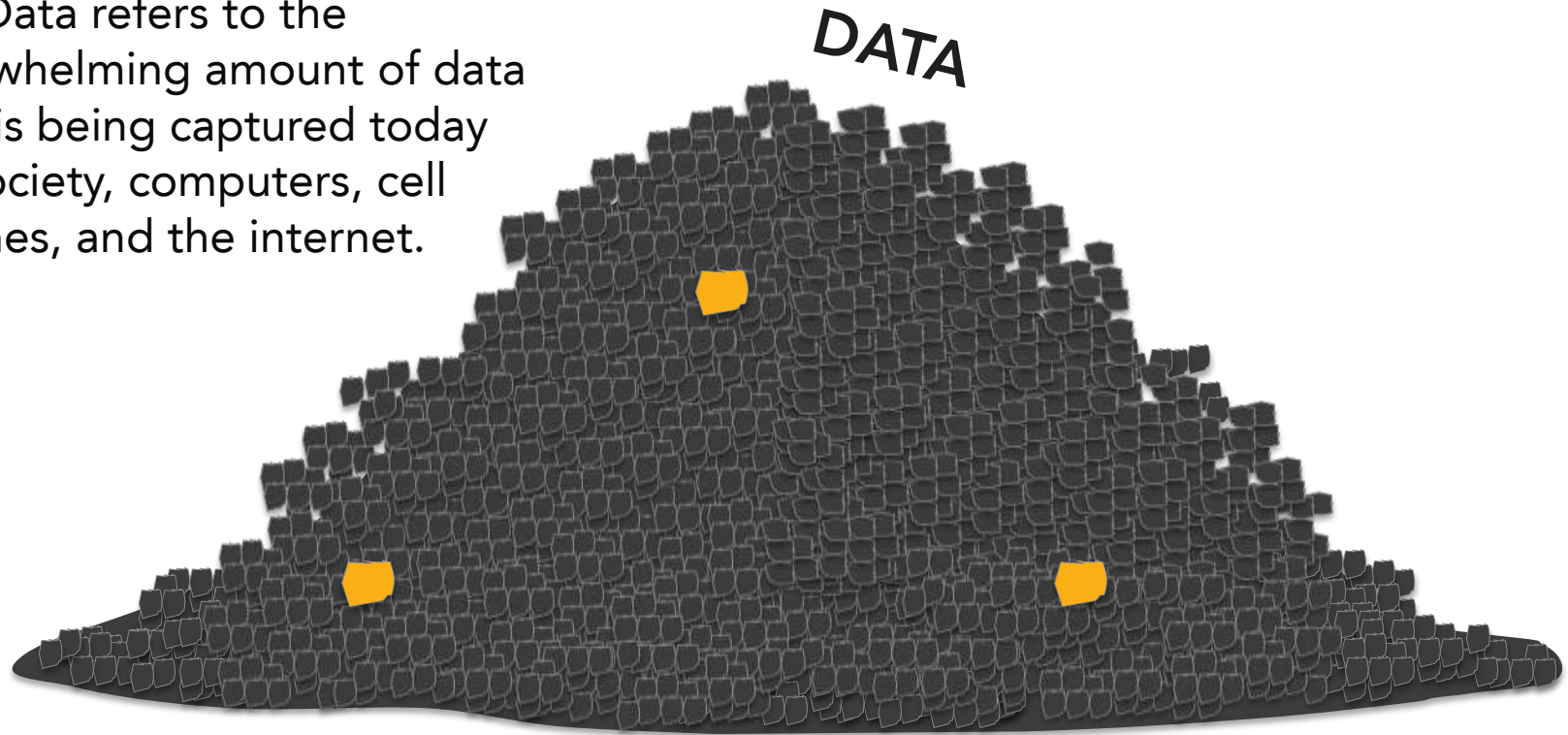
- ## Q & A

Big Data
& Data Analytics

Background

- What's going on?
- What's the big deal?
- Why should I care?
- Why does Organization Design care?

What is Big Data?

Big Data refers to the overwhelming amount of data that is being captured today by society, computers, cell phones, and the internet.
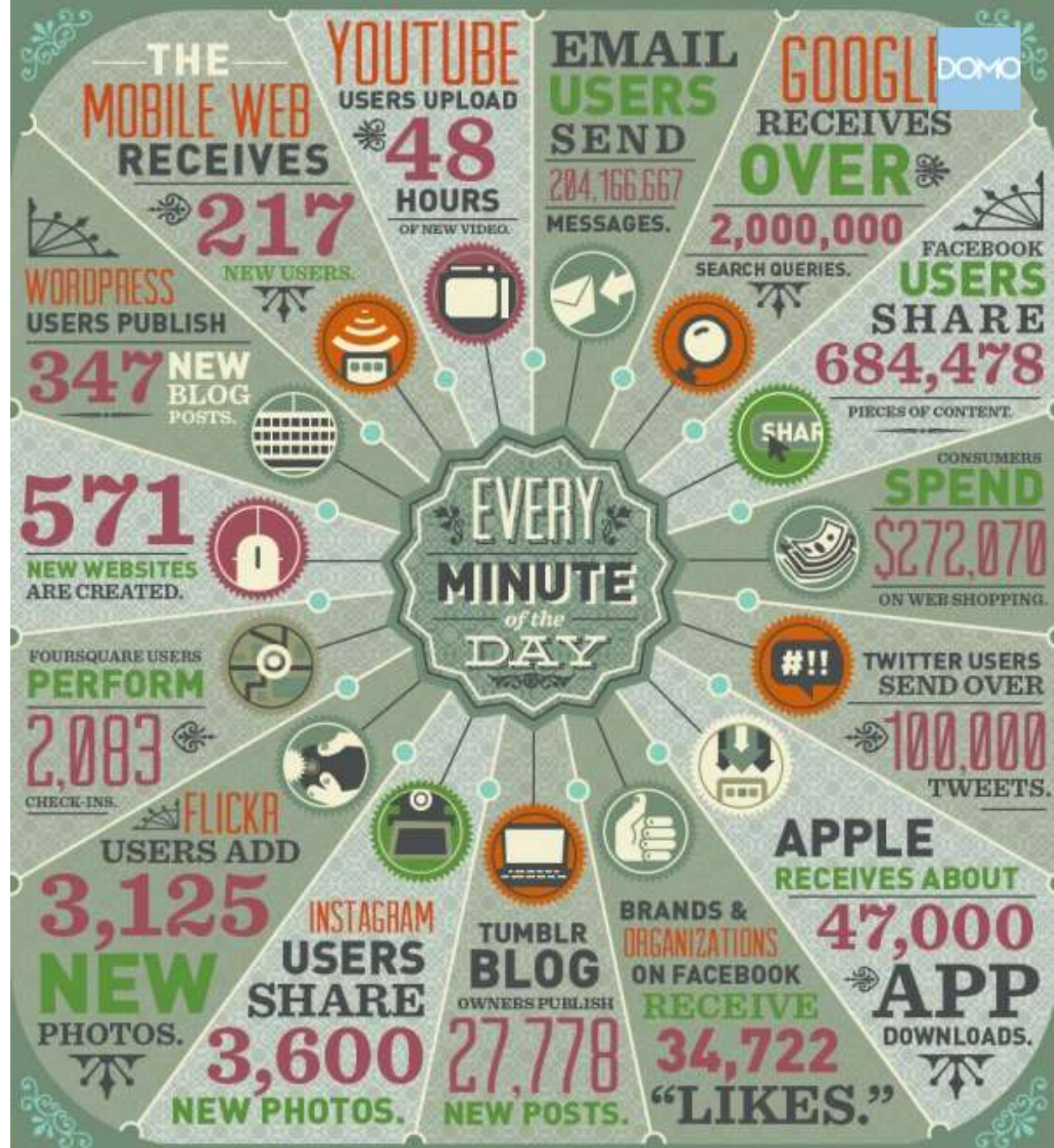
DATA

Insight

What is Data Analytics?

Data analytics is the science of organizing and inspecting data in order to discover and extract insight.

What is Happening?

"From the dawn of civilization until 2003, humankind generated five exabytes of data. Now we produce 5 exabytes every two days... and the pace is accelerating."

Eric Schmidt, Executive Chairman, Google

Why should I care?
How does this impact me personally?

"Your next phone could [warn you] that you're sick before you are even aware of a problem."

Kate Green

"The information about the package is as important as the package itself."

*Fred Smith
FedEx Chairman & Founder*

SenseAware

Target knew she was pregnant before the father did because they had captured the daughter's internet browsing and purchase history on the Target website, and through data analytics, predicted she was pregnant.

Patrick Schwerdtfeger

If Google Maps knew you wanted to buy a new car – would they suggest a route that passed right by a dealership instead of pointing you to the most direct route? [Has Google] "got your best interest at heart, or has it got making money from ads at heart?"

Sean Gourley

"Big data could know us better than we know ourselves."
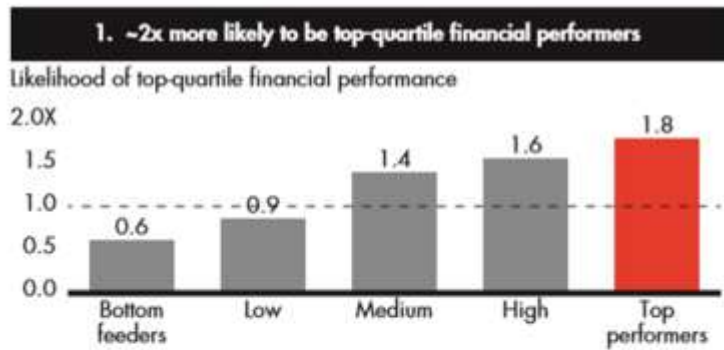
Dan Gardner

Why organizations care…

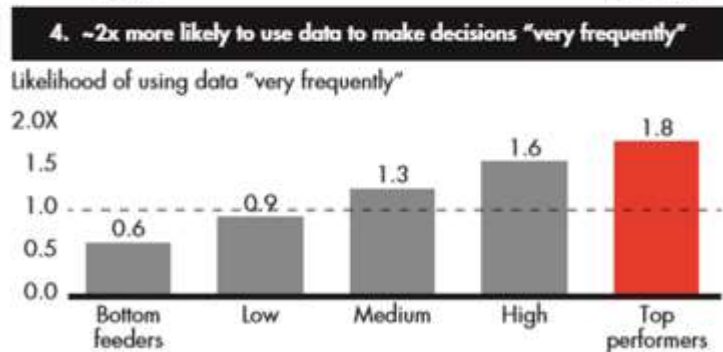## Companies with the best analytic capabilities outperform the competition.

2x

1. ~2x more likely to be top-quartile financial performers

Likelihood of top-quartile financial performance

Bottom feeders	Low	Medium	High	Top performers
0.6	0.9	1.4	1.6	1.8

5x

2. ~5x more likely to make decisions "much faster"

Likelihood of making decisions "much faster"

Bottom feeders	Low	Medium	High	Top performers
0.2	0.6	1.4	2.6	5.3

3x

3. ~3x more likely to be "highly effective" at executing decisions

Likelihood of being "highly effective" at execution

Bottom feeders	Low	Medium	High	Top performers
0.4	0.6	1.6	2.4	3.0

2x

4. ~2x more likely to use data to make decisions "very frequently"

Likelihood of using data "very frequently"

Bottom feeders	Low	Medium	High	Top performers
0.6	0.9	1.3	1.6	1.8

■ Likelihood   - - Average

Source: Bain Big Data Diagnostic survey; n=409

Why Org Design cares...

Analytics means change and transformation.

At FedEx, "we built a culture around measuring everything we do and being accountable for that. The data we collect helps us improve our systems."

Robert Carter, FedEx CIO

"Intercontinental Hotels revamped its central reservation system from its decades-old mainframe technology to Amazon Web Services."

The Nielsen Ratings: "Seconds after a show or advertisement airs, data pours into Bluefin's servers."

Smolen & Erwitt

Increased Disruption

"We are really in the midst of disruption. The way you will win or lose a campaign in a democracy, the way you will entertain, and the way you will sell – all of that will change."

Deb Roy

Organization designers can help firms transition and organize to become an adaptive, effective organization rather than a disrupted one.

Getting into the Game
Three elements are needed to play...

1 Data – lots of easy to access information.

2 Expertise – social media, data sciences, privacy law, etc.

3 Advanced Analytical Tools – e.g. Hadoop & NoSQL

Source: Big Data: The Organization Challenge, Pearson & Wegener

Winning the Game:
To win, organizations must be purposely designed to leverage the power that big data analytics offers.

"Big data isn't just a technology initiative...it's a business program ... so you can't just add more capacity and expertise, and expect your IT or marketing functions to begin generating data-based insights. Even if they did, the rest of the company would be unlikely to act on those insights."
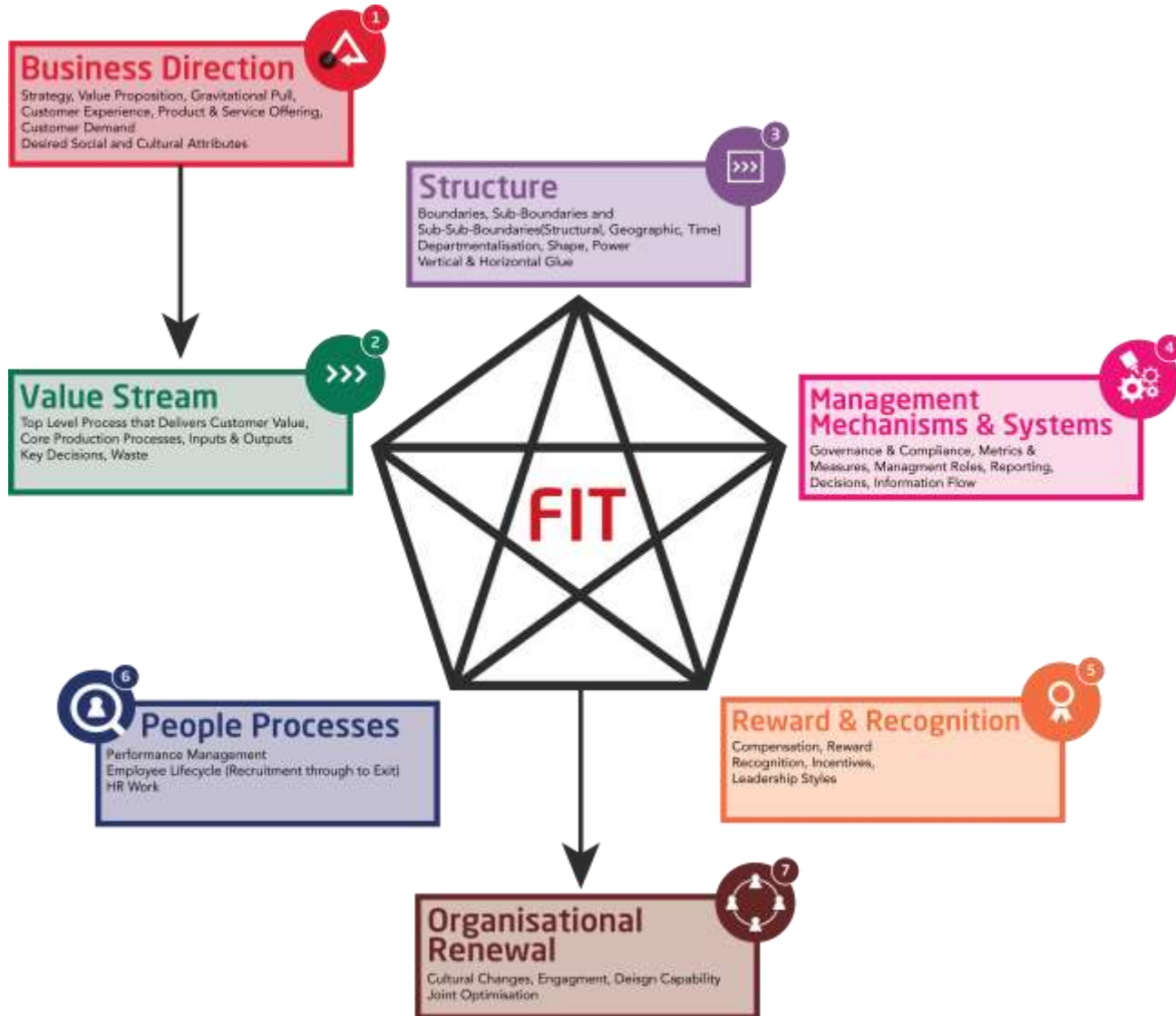
Pearson & Wegener

Introduction to the OTM Applied Star Model
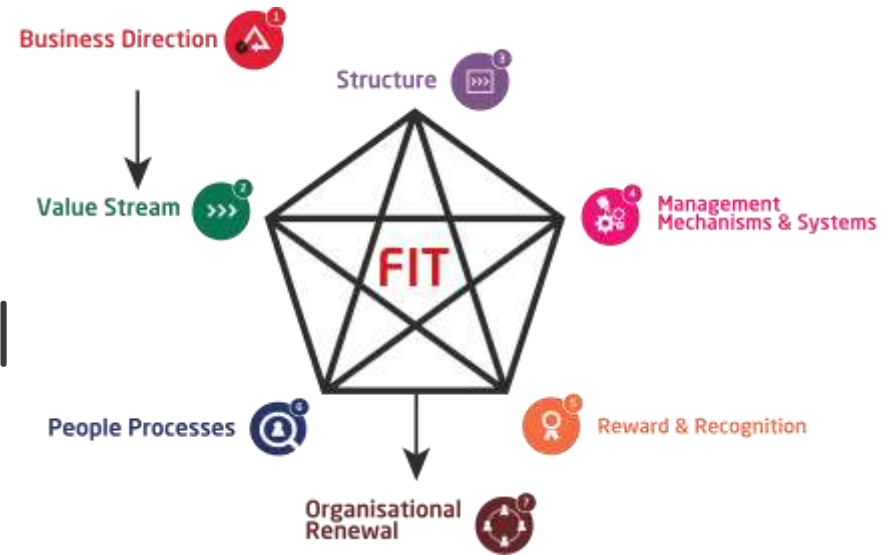
OTM's Applied STAR Model

Big Data and Data Analytics

Organization Design Considerations

#1

Make
Big Data
integral to
strategy

Big Data & Data Analytics should be an integral part of the organization's overall strategy

Business Direction

Keep in mind:

1. Form follows function
   - The design of the organisation must be completely aligned with its strategic intent.

2. Use of data to inform decisions needs to be aligned to the Gravitational Pull of the organisation and the direction of travel
   - Customer Intimacy
   - Product Leadership
   - Operational Excellence

3. If you don't know where Big Data fits with your strategy you will not design an organisation that is capable of using the right data in the right place at the right time.

"Big data can increase profits in the retail sector by a whopping 60%"

McKinsey

"Early adopters of big data analytics have gained a significant lead over the rest of the corporate world."

Pearson & Wegener (Bain)
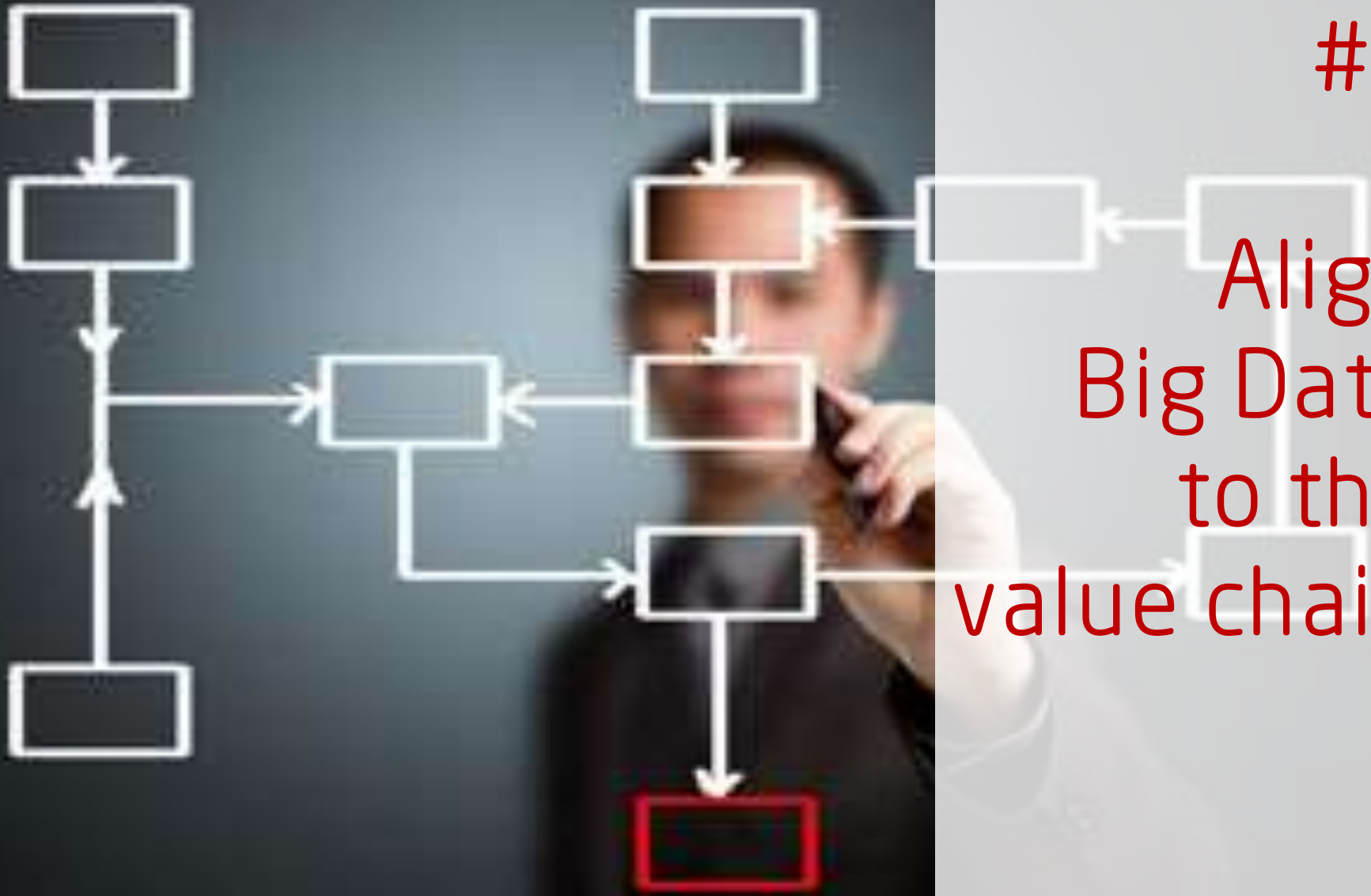
#2

Align
Big Data
to the
value chain

Align the data insight requirements to the big decisions in the Value Stream

2

Value Stream

Keep in mind:

Insert the data insight work into the value stream to:

1. Ensure the right insight is available at the right time in the right place to makes decisions
2. Ensure the right insight is extracted as far upstream as possible
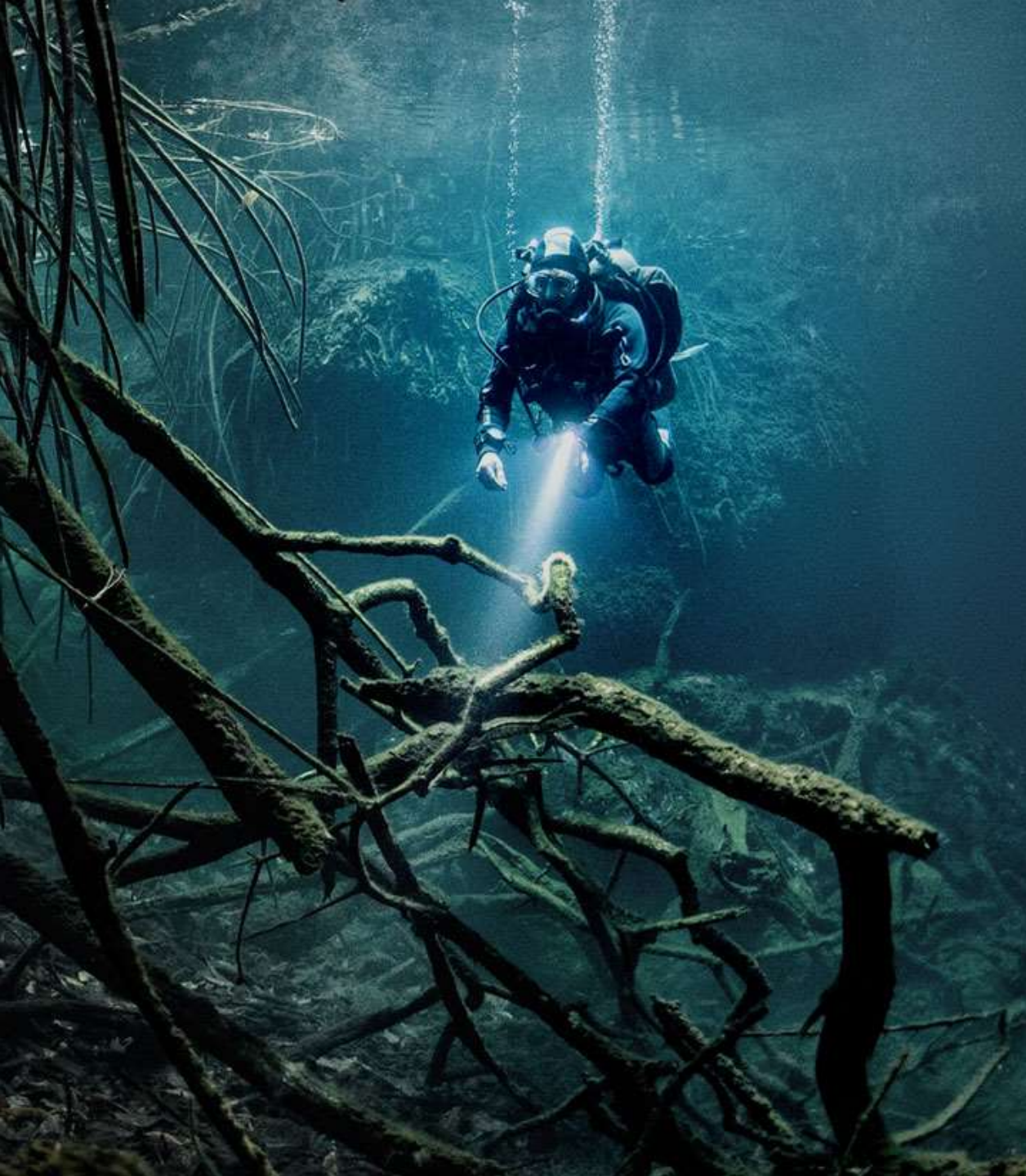3. Include both data collection and data analysis work

Data analytics is core value creating work

"Firms who take a data driven approach to decisions get 5%-6% higher output and productivity".

MIT and Wharton 2011

"Big data leaders work on developing a horizontal analytics capability."

Pearson & Wegener

#3

Locate Data Analytics close to the work

Data analytics, Specialist v generalist work?

Structure

Keep in mind:

1. Wherever possible put the work to generate insight within the boundary where it will be used.
2. Minimise the amount of specialist work.
3. People own what they create, design for self – service and self-generated insight.
4. Keep the decisions close to the work.

"When analytics is centralized, however, the data scientists may be far away from the business units they are supposed to support".

Grossman & Siegel

#4

Information Systems are are business critical

The Information System(s) become a critical Management Mechanism

Mechanisms

Keep in mind:

Design for the timely flow of accurate data and information within and across boundaries

1. Co-locate data and work, don't create roles that need to 'search' for the data needed.
2. Where does data need to be pushed v where does it need to be pulled

"Enterprise systems decrease the need to move information through a hierarchy, allowing people to organize around the work itself.

Zammuto et al. (2007)

Design for agile decision making

1. Where are decisions made
2. How are decisions made, who owns 51%

"The ultimate goal is making decisions in real time".

Jay R Galbraith

#5

Design for data governance

Design for data governance

Mechanisms

Keep in mind:

Data Governance becomes a critical mechanism within the organization;

- Design in data compliance and security for proprietary, public, purchased and derived data
- Ensure that data quality is maintained across the organization

Operate in such a way as to make sure that there is accountability, transparency, and traceability .

Grossman, Siegel

#6

Reward right behaviors

Reward & recognize the creation and use of data driven insight

Rewards

Keep in mind:

Reward and recognition drive and reinforce the actions and behaviours you need in the organisation, reward;

- The use of insight to drive decisions
- Sharing of data and insight
- Sourcing of data
- Use data and insight to determine reward and recognition.

"... the folly of rewarding A, while hoping for B?"

Kerr (1975)

#7

Build
capability in
data analytics
AND its
presentation

Build data analytics skill and capability at all levels

People
Processes

Keep in mind:

Data analytics becomes a capability required throughout the value stream;

- Being able to ask the right questions of the data
- Using the insight gained to inform decisions
- Act on the decisions made
- Track the business impact.

"A key skill involves explaining big data outcomes to executives in visual displays or verbal narrative"

Grossman & Siegel

"Big data leaders work on developing a horizontal analytics capability."

Pearson & Wegener

CULTURE

#8

Design for
the culture
you want

Design for a culture that drives performance through analytics

Organizational Renewal

Keep in mind:

An organisation that is effectively using data will have a culture that;

- Values data
- Drives performance through analytics
- Is proactive
- Turns insight into action
- Measures the impact

Design for the culture you want or you will not get your ROI on data analytics

"We've gotten pretty good over the years at extrapolation and educated hunches… almost everything we do in modern society is based on guesses… now we are moving from empiricism to real-life measurement".
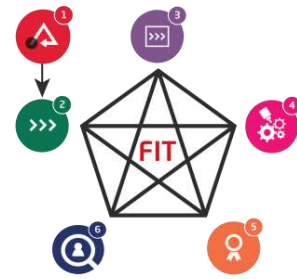
Michael S. Malone

#9

Practice what you preach

# Data Analytics for the Organisation Designer

Keep in mind:

The capability now exists for Organization Designers to mine and analyze the myriad of data points about an organisation;

 – Performance
 – Value stream
 – Structure
 – Management mechanisms
 – People

A deep analysis of the Current State and modelling design options should be core part of the Organization Designer's toolkit

The "processes of organization design are unlikely to change because of big data."

Slinger & Morrison
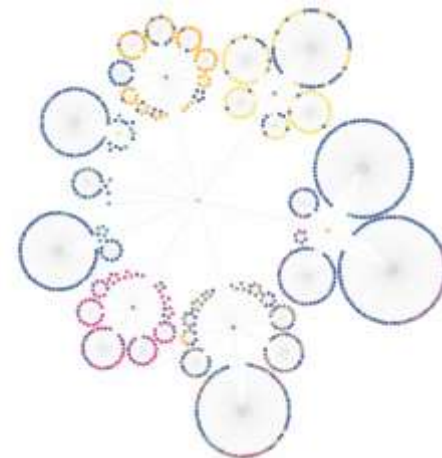
#10

Design holistically

Big Data and Data Analytics is not a bolt-on

3. Data analytics, Specialist v generalist work?

1. Big Data & Data Analytics should be an integral part of the organization's overall strategy

4. The Information System(s) become a critical Management Mechanism

10. Designing a data driven organisation needs a holistic approach, don't try a bolt on approach.

2. Align requirer decisions in the Value Stream

6. Reward & recognize the creation and use data driven insight

7. Build data analytics skill and capability at all levels

8. Design for the culture that drives performance through analytics

9. Data Analytics for the Organization Designer

ON THE MARK

Any comments, questions or reflections?

Ask now or write to us, we'd love to hear from you…

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1. It's about **Big Data**, right?

2. It's not about the **Data**; it's about the **Insights**

3. It's not about the **Data** or the **Insight**, it's about the **Decisions**

Enable the **Organisation** to gather the right data, generate the best insight and empower the right people to make the right decisions at the right time.
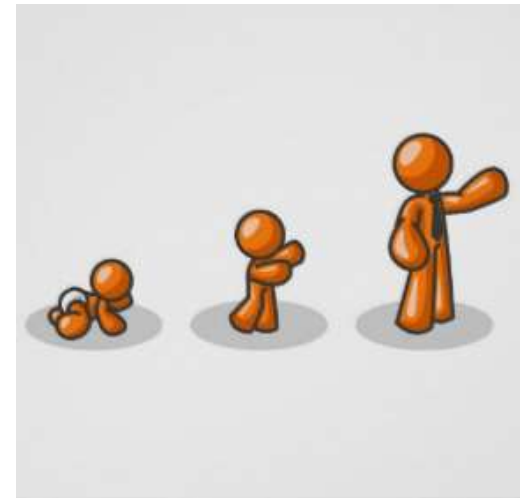
Upcoming OTM Events 2016 Q2

What	Format	Who	When, where
ODF Conference	Conference (incl. presentation)	Mark LaScola	Chicago, 3-5 May
Evanta CHRO Leadership Summit	Conference (incl. presentation)	Mark LaScola and OTM team	San Francisco, 17 May
Executive Briefing	2 hour breakfast meeting	OTM Team	London, Manchester Spring & Summer
Webinar	Mergers & Acquisitions	Mark LaScola	Online, end May TBC
Executive Briefing	2 hour breakfast briefing	OTM team	Chicago, San Francisco, San Diego Spring & Summer
Further whitepapers, newsletters & webinars	Various	OTM Team	Monthly

Visit ON-THE-MARK.COM for more info and register

Open Positions at OTM

Position	Job Description Link	Finders Fee £,€,$
Senior Consultant	http://on-the-mark.com/wp-content/uploads/2015/07/Senior-Org-Design-Consultant-One-Page-Job-Desc-at-OTM-v2-July-2015.pdf	$500
Support Consultant	http://on-the-mark.com/wp-content/uploads/2015/09/US-Support-Consultant-Job-Description-September-2015.pdf	$250
Business Development Partner	http://on-the-mark.com/wp-content/uploads/2015/04/Business-Development-Partner-Role-2015.pdf	$500

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