OTM Webinar

How do Big Data and Data Analytics Impact Organization Design?

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About the Presenters

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Introduction

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,

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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.

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

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

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Why organizations care...
Companies with the best analytic capabilities outperform the competition.

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

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

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

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

Source: Bain Big Data Diagnostic survey; n=409
Why Org Design cares...

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

Analytics means change and transformation.

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

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

Source: Big Data: The Organization Challenge, Pearson & Wegener
Introduction to the OTM Applied Star Model
OTM’s Applied STAR Model

Business Direction
- Strategy, Value Proposition, Gravitational Pull
- Customer Experience, Product & Service Offering
- Customer Demand
- Desired Social and Cultural Attributes

Structure
- Boundaries, Sub-Boundaries and Sub-Sub-Boundaries (Structural, Geographic, Time)
- Departmentalisation, Shape, Power
- Vertical & Horizontal Glue

Value Stream
- Top Level Process that Delivers Customer Value,
  Core Production Processes, Inputs & Outputs
- Key Decisions, Waste

Management Mechanisms & Systems
- Governance & Compliance, Metrics & Measures, Management Roles, Reporting,
  Decisions, Information Flow

People Processes
- Performance Management
- Employee Lifecycle (Recruitment through to Exit)
- HR Work

Reward & Recognition
- Compensation, Reward Recognition, Incentives, Leadership Styles

Organisational Renewal
- Cultural Changes, Engagement, Design Capability
- Joint Optimisation
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

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
Design Consideration #2

Align the data insight requirements to the big decisions in the 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 make 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
Design Consideration #3

Data analytics, Specialist v generalist work?

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.
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
Information Systems are business critical
Design Consideration #4

The Information System(s) become a critical Management Mechanism

**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

Design for agile decision making

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

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

Zammuto et al. (2007)

“The ultimate goal is making decisions in real time”.

Jay R Galbraith
#5 Design for data governance
Design Consideration #5

Design for data governance

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
Design Consideration #6

Reward & recognize the creation and use of data driven insight

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
Design Consideration #7

Build data analytics skill and capability at all levels

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
Design for the culture you want
Design Consideration #8

Design for a culture that drives performance through analytics

**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*
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
Conclusion

Big Data and Data Analytics is not a bolt-on

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

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

3. Data analytics, Specialist v generalist work?

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

5. Data for what?

6. Reward & recognize the creation and use of 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

10. Designing a data-driven organization needs a holistic approach, don’t try a bolt-on approach.
Any comments, questions or reflections?

Ask now or write to us, we’d love to hear from you...

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OTM’s last word … the three eras of Big Data

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

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<tr>
<td>ODF Conference</td>
<td>Conference (incl. presentation)</td>
<td>Mark LaScola</td>
<td>Chicago, 3-5 May</td>
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<tr>
<td>Evanta CHRO Leadership Summit</td>
<td>Conference (incl. presentation)</td>
<td>Mark LaScola and OTM team</td>
<td>San Francisco, 17 May</td>
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<td>Executive Briefing</td>
<td>2 hour breakfast meeting</td>
<td>OTM Team</td>
<td>London, Manchester Spring &amp; Summer</td>
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<td>Webinar</td>
<td>Mergers &amp; Acquisitions</td>
<td>Mark LaScola</td>
<td>Online, end May TBC</td>
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<td>Further whitepapers, newsletters &amp; webinars</td>
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Visit ON-THE-MARK.COM for more info and register
## Open Positions at OTM

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