Big Data Strategy: s+b’s Strategy of the Year

BY KEN FAVARO
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In last month’s post, we invited you to name your choice for the most fashionable “strategy” of 2013—the one that seemed to grab all the attention and come into its own as the next big thing. Your response was genuinely enthusiastic, and I thank all who participated.

You nominated many worthy candidates: social media strategy, innovation strategy, digital strategy, content strategy, mobile strategy, agile strategy, and more. You also introduced many additions to my ever-growing list of the something-strategies that are pushing their way into the corporate world: curation strategy, ecosystem strategy, cyber security strategy, adaptive mutation strategy, jugaad strategy, tap-and-leak strategy, and sprint-and-scrum strategy. So many strategies I’ve never heard of—I really should get out more often!

But “big data” strategy received the most nominations from you, and it matches best with what I saw emerge last year in the corporate fashion world. Hence, it is my and s+b’s winner for 2013’s Strategy of the Year.

Big data strategy has all the hallmarks of a strategy-in-vogue. It has engendered new jargon and frameworks—from unstructured data and the four Vs (volume, velocity, variety, and veracity) to semantalytics and distributed file systems. It’s making headlines all around the world. Just a few weeks ago, Canada’s national daily, the Globe and Mail, published a survey of executives answering the question: “Has your company implemented a ‘big data’ strategy?” And a New York Times article wondered, “Is Big Data an Economic Big Dud?” There’s even a Big Data for Dummies book out now. If all this isn’t the height of style, I don’t know what is.

Big data strategy is the latest example of how a particular something-strategy can suddenly win rapt attention on the runways of corporate fashion.

Businesses are drowning in an explosion of data unleashed by the convergence of low-cost, high-volume computing; ubiquitous wireless telecommunication; and the Internet’s continued penetration into more and more aspects of our daily lives.

Business leaders are giddy over what they could do with their reams of new information, aided by huge advancements in analytical techniques, to improve efficiency, customer reach, and product or service quality.

At the same time, they are increasingly worried that they’ll miss out on this latest phenomenon affecting their businesses.

Add a few influential business advisors and a pack of ravenous data and analytics vendors to throw on a little lighter fluid and a lit match and—voilà!—big data strategy is on fire as the “it” strategy of 2013. No wonder that, according to Gartner, almost two-thirds of all companies planned to invest in big data last year.

Yes, the purpose of selecting a Strategy of the Year
is to have a little fun; but s+b and I also have a more serious mission in mind: to re-affirm the importance of preserving the true power of strategy. And herein lies the problem with strategy as fashion. Taken too far, it undermines decision making and execution because it creates an indiscriminate, headlong rush into doing something for which the underlying justification is... that everyone else is doing it. This leads to enormous wastes of time, money, and opportunity, and often to debilitating confusion of the company’s real strategy, true needs, and right priorities. Quality in the 1980s, reengineering in the ’90s, and the dot-com fad in the last decade hurt as many companies as they helped for these very reasons.

But there is a solution to the phenomenon of strategy as fashion, so that any new development (China, mobile, lean, social media, and so on) can be harnessed to good effect. Using big data as an example, you begin by addressing five central questions when developing any something-strategy.

1. Does big data change the businesses you should be in? For example, could you create a new business with your big data assets and capabilities? Or could big data help you disrupt the value chain downstream or upstream of your current businesses?

2. How could big data improve the way you add value to the businesses you are in? Could it open up new ways for you to help your businesses get better at growing organically? Could it help you reduce the cost or improve the quality of any shared services that you are providing your businesses today?

3. Could big data change who your target customer is? For example, I know of one company where big data has prompted a change in the primary customer from the CFO to the CMO. Instead of just providing a financial service to the CFOs of its customers, it can now provide services to CMOs that enhance customer acquisition and loyalty.

4. Does it change the value proposition to your target customer from, say, providing a product or service to promising an outcome or result that new, big data-enabled insights allow only you to deliver?

5. How can big data enhance the enterprise capabilities that differentiate you from your competition? For example, if you add value to your businesses through a particularly strong strategic planning capability, big data might help you make it even stronger. Or if a superior credit management capability is an intended differentiator of your customer value proposition, big data might help you further differentiate it.

I see many companies organize their big data strategies around the infrastructure of big data: IT systems, data architecture, analytics programs, recruiting and training, partnering, governance, and so on. This is what leads to the waste and confusion I mentioned earlier because it’s not grounded in clear and coherent answers to the five questions above. The trap is set when you start by asking, “What is our big data strategy?” Instead, start with the five questions. While everyone else is talking about big data strategy, you’ll be thinking about how big data can bring a new edge to your corporate and business strategies. ✪