



Mick Yates, Founder and Leadership Strategist at LeaderValues

I'm Mick Yates and I'm a visiting professor at Leeds University Business School. My day job is in the world of big data, with a company like dunnhumby, which is basically responsible for the Tesco Club Card that most people would know.

I'd like to talk a little bit about the change implications of big data. Now actually I think that something like clubcard loyalty data is big data in a sense, there's a lot of it, but it's relatively little data because it's one source of information. Big data is actually about taking multiple sources of information, structured databases like loyalty programmes or financial services, even geo-location data and unstructured data, what you say on social network sites and Facebook and so forth. Putting that all together and making sense of it, that's what big data is all about.

Interestingly it's not just a technological challenge, it's a massive organisational challenge. If you think about the decisions your enterprise or business is currently taking, you use different kinds of data sources to take different kinds of decisions. Now there's much more data, much more information available. What that means is you can either make those decisions more complicated or you can use the big data to simplify the decisions.

So big data means organisational change, it changes the way that your enterprise needs to decide on things, it changes the way your departments need to talk to each other, it changes the way you interact with customers and so on.

So I think there are two fundamental strategic approaches to dealing with big data. The first is what I call customer-centricity. When you are running a business we've all said historically that we want to look after our customers. Actually data, big data allows you to understand much more about your customers than ever before. Interestingly it also allows customers to know more about your products and services than ever before. When we buy a new camera for example, we don't just walk into a camera store, we do search on the web, we talk to friends on Facebook etc, etc. There's lots of different information we are bringing to make choices. So the days of having marketing people push products at you, push products and services, are kind of gone. We're choosing ourselves what to buy, we're actually pulling things to us, we're pulling the data towards us, we're using the data to take our own decisions. So enterprises need to realise that the balance of power has shifted, it's moved from the enterprise having all the information, to the customer actually having all the information.

So understanding big data, what it means to you, how to make your enterprise more customer-centric is absolutely fundamental to dealing with this technological sea change that we're currently going through.

The second strategy is what I call innovation networks. Now historically people used to invent things inside their own companies, those days have largely gone and there's lots of collaborative ways of doing innovation these days, but when you think about the amount of information flowing through the world that's generated by science industry, the amount of ideas, nobody can keep track of all of that. So you need to create networks to bring in all the information about all the new ideas, to put requirements out there so people can know what you need to deliver to your customers and you are going to create ever more complex networks of innovation. Big data fuels those networks, but it also allows you to understand what's going on inside the networks. It allows you to if you like sort the wheat from the chaff. It's a way of actually getting great ideas more quickly and being able to spread them around the world.

So two strategies, customer-centricity and innovation networks.

So with those two basic strategies let's look at organisational implications. What is difficult about embracing big data in your organisation?

First inertia, people are used to taking decisions the old ways. They've always done it that way, they don't really want to deal with change, big data is too complicated, inertia. That's the same as any change process.

Second, the technology. Not everybody is tech savvy, not everybody can understand how to manage all of this information, so we need tools and analytical processes and visualisation methods to allow people to bring all this information in and make it into some kind of useful insight that they can act upon. So that puts a real premium on the technical solutions you're bringing, it puts a premium on training people to be able to use the information and it puts a premium on turning the data itself into useful insight and therefore action, massive premium on the analytics.

Third, it means that you have to figure out the processes across boundaries in your organisation. We've all got a little better at matrix management, at team management over the years, but when you think about all of this data about your customers coming into the enterprise affecting all of the decisions, you must figure out how to get every part of your organisation working together with each other. It's no good having your marketing people truly understanding customers if your buying people actually don't care and just worry about margin. That's always been the case in a customer-centric enterprise, but with big data people are so focused on the thing that they can truly understand about the data, they lose track of how it impacts everybody else in the enterprise, so that's the third thing, how it impacts everybody in the enterprise.

In my work at dunnhumby we effectively help retailers use data, usually loyalty programme data or point of sale data, financial data, to improve the offers they make to their customers and also to improve the way that they manage their stores, to make them more customer friendly if you like, where the ranges are more likely to be appreciated by customers. But it's all about the attitude of the management to the change, that's where it can either go right or where it can go wrong. If the retailer truly wants to serve customers, then they have to change every process in their business. In my experience, the ones that have not decided to truly serve customers, the ones that have said "No I need to focus on my profit margin, I've got other interests at work here and not just my customers," they don't change all the processes in their business and therefore they don't get the best possible result from embracing big data. They don't make the changes in the organisation and it fails.