

Transformations: Some Lessons

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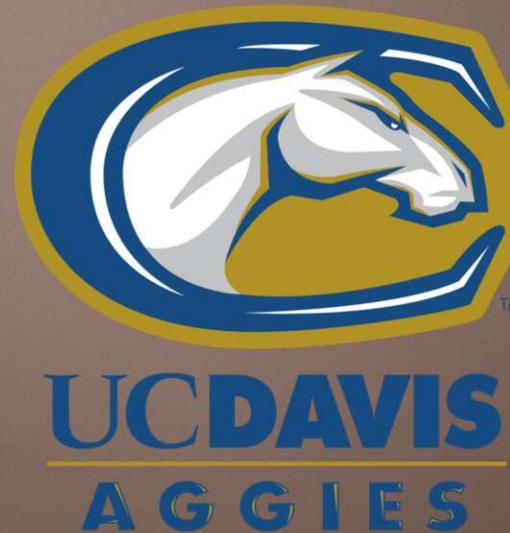
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About me: Education

- ▶ Education:
 - ▶ UC Berkeley
 - ▶ Economics Masters: UC Davis
 - ▶ Management PhD: UCLA



Work Experience

- ▶ Bates White
 - ▶ Consulting
- ▶ TinyCo (A16Z backed startup)
 - ▶ Director of Analytics & User Acquisition
- ▶ Sega
 - ▶ Director of Analytics
- ▶ Currently:
 - ▶ Professor of Data Science
 - ▶ Director of Partnerships, The Data Institute



Interns/Partnerships



See a Generational Gap in Companies

- ▶ Post-data companies:
 - ▶ “Data driven” or “data-informed” comes naturally.
 - ▶ New data sources quickly assimilated and used.
 - ▶ Easy and Rapid investment in data technologies and solutions.
- ▶ Pre-data companies:
 - ▶ New Data viewed with suspicion.
 - ▶ Data used as a weapon.
 - ▶ Difficult and *targeted* investment in data technologies.
- ▶ Can be a local condition – but tends to be global.

AI?

- ▶ It's really difficult to build even more advanced products and services if this baseline, data driven, functionality isn't met.
- ▶ For example:
 - ▶ Pre-data companies, even when they have data, tend to have poor data hygiene or even access to data.
 - ▶ Pre-data companies have a hard time understanding advanced data errors (and being comfortable with them).
- ▶ If you want to jump on the AI hype train successfully, you need to have a successful data foundation.

Sadly...

- ▶ Many companies want to move from one generation to the other.
- ▶ We will cover a few strategies that companies undertake that I've seen fail (and why that failure happened).
- ▶ Finally talk about the one system that works.
- ▶ Disclaimer:
 1. All thoughts my own.
 2. Still thinking through this.

Strategies

1. The Incubator
2. The Special Projects Team
3. The IT-special
4. The Cultural Acquisition
5. The “Core Competency”

I. The Incubator

- ▶ Basic idea: Let's put together a new group of people who will work as data consultants within our company!
- ▶ We will hire some MBA's, Data Analysts, Scientists and Engineers and they can push teams forward!
- ▶ Example:
 - ▶ Multi-national company with databases and teams regionally focused and Managed (e.g. North America Team, ASEAN Team, etc.).
 - ▶ Logistics / Supply operations also segmented.
 - ▶ CEO creates a team to “pull our logistics operations into the 21st Century”
 - ▶ Wants to start by “Synchronizing and Standardizing Reporting”

Why this doesn't work

- ▶ History
 - ▶ Do regional managers believe that they are going to outlive this effort?
 - ▶ Most CEO driven initiatives last 2-3 years.
- ▶ Ill-defined goal
- ▶ Entrenchment sources not removed
 - ▶ At the IC level within the company, what is forcing a behavior change?

2. The Special Projects Team

- ▶ Basic idea: Let's put together a team to do a special data-focused project.
- ▶ Let everyone do what they are currently doing, but the special projects team will do data-focused versions of the same task.
- ▶ Example:
 - ▶ Large CPG which traditionally spends a lot on marketing (via an Agency) has decided to put a SWAT team together to bring their performance marketing operations in house.
 - ▶ Goal is to work outside, in parallel to the marketing team.

Why this doesn't work

- ▶ Organizational resentment
 - ▶ Two-silos = One is team A and One is team B
- ▶ Trust
 - ▶ Why should the old marketing team trust the new marketing team?

3. The IT-special

- ▶ Basic idea: Let's have IT lead, they know computers!
- ▶ The IT team will build a plan to move our company forward by using their computer sense and IT knowledge.
- ▶ Example:
 - ▶ Traditional services company which relies significantly upon (long-term) government contracts has decided to modernize their aging (MAINFRAMES!!!) infrastructure.
 - ▶ Initial budget given to IT to explore modernization.

Why this doesn't work

- ▶ Incentives and Expertise
 - ▶ IT group is a *Cost center*.
 - ▶ Data infrastructure an obvious cost, but also benefits.
 - ▶ How to define SLA?
 - ▶ What expertise does IT have in this area?

4. The cultural acquisition

- ▶ Basic idea: There is a company in our industry that has the DNA we want, so lets buy them, we have money!
- ▶ We will purchase a company that is successfully doing what we want to do (or where we want to go), but not at our scale.
- ▶ Examples abound!

Why this doesn't work

- ▶ Why would this work?
- ▶ What mechanism is going to pull information up?

5. The “Core Competency”

- ▶ Basic idea: Outsource everything since this isn't our "Core Competency"
- ▶ Data is important – but our strength / differentiator is in our Marketing (or logistics or manufacturing or brand name or whatever), so lets outsource our data knowledge.
- ▶ We'll be able to leverage our expertise and data will just *multiply* our Core!
- ▶ Example:
 - ▶ Company hires a firm to build all of their data infrastructure.

Why this doesn't work

- ▶ Lack of flexibility:
 - ▶ Change is no longer a natural process, but not a new contract.
- ▶ Lock-in:
 - ▶ Outsourcers naturally Silo (hard to write an RFP with links)
- ▶ Differential Incentives:
 - ▶ Company: Growth / Experimentation / etc.
 - ▶ Outsource: Revenue & Continuing the contract.
 - ▶ “New Technology” incentive

So... is this hopeless?

- ▶ NO. There is one model that works!
- ▶ Bottom-up support + Top-down pressure + Time

Bottom up support

- ▶ Remove obstacles to using new technology:
 - ▶ Training, training, training: OVER train
 - ▶ Build in buffer around failure (when numbers don't match or reports are late)
- ▶ Increase obstacles for using old technology:
 - ▶ How do you de-incentive old processes?
 - ▶ Increase literacy and use positive examples to culturally incentivize.
 - ▶ More training / conferences
 - ▶ Need to undo both organization and personal momentum for tasks.
 - ▶ Exposure is an under-utilized weapon when trying to change.

Top down pressure

- ▶ What specific goals are being put in place? Are they concrete?
 - ▶ By next July all ROI calculations have to be presented from our new in-house reporting system.
 - ▶ Hiring: All new job postings + hiring processes include a significant data component.

Finally: Time

- ▶ Don't expect organizational / personal change to be quick.
- ▶ It takes a lot of time.
- ▶ Years.

Thanks!

- ▶ Questions!?!
- ▶ Feel free to also reach out: ncross@usfca.edu