Five lessons for applying a product mindset to analytics solutions

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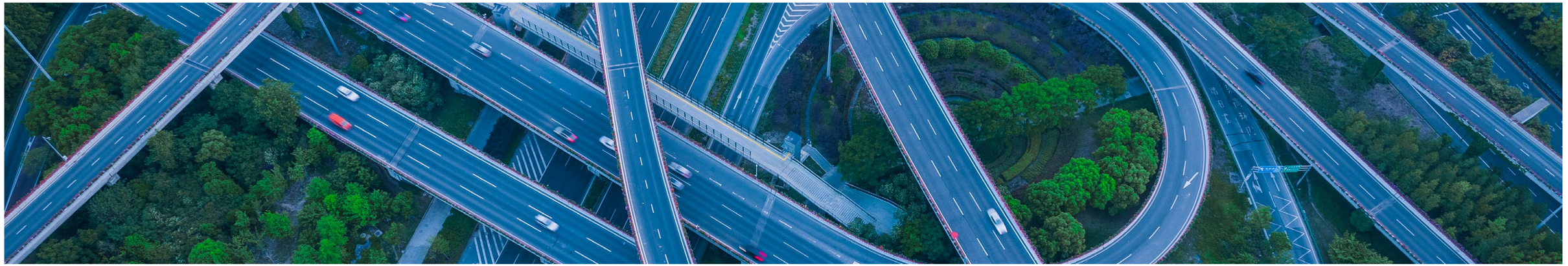
You'd think with all the data that companies now have access to, they'd be able to run every part of their business more efficiently and effectively. But many still struggle with managing and extracting value from their data. That's because it's not just about the data, it's about how you think about it and use it. And not a lot of companies have a good handle on either.

So how can they turn this around? One way is to take a step back and look at how successful consumer-facing digital products are developed. Many organizations have adopted agile methodologies to create these offerings, which has allowed them to make ongoing improvements based on continual testing and customer feedback. For companies willing to consider new approaches to creating data analytic solutions, adopting a "product mindset" can lead to a step change in value creation.

Here are five lessons from our experienced product teams using agile, value-centric approaches that can be applied to data analytics and other internal operational solutions.

Think of data as an asset and data delivery as a product



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Let’s look at the first half of this statement. Too many companies aren’t using the data they have — or if they are, they’re not using it wisely. If they view their data as an asset, they’re likely to appreciate it more and try to do more with it. But a company’s data is only valuable if it can be turned into actionable insights — and that should be the mandate of any data analytics solution. When data delivery is viewed through a product lens, different considerations come into focus, from customer needs to value-linked outcomes.

For example, Ally Financial recently changed the way it views and subsequently delivers its data. The company created three separate groups to help it move forward: 1) a product group, whose mandate is to develop use cases for data that focuses on improving the bottom line; 2) a data steering group that looks at how data is consumed; and 3) a data enablement group that is responsible for tracking the use of data tools and solutions. The new approach has placed a spotlight on data as a decision enabler and outcome driver, as well as highlighting the importance of having a modern data strategy.

Focus on your customers — and their goals

2

Often analytics solutions are developed with an “if we build it, they will come” mentality — so the “they” is essentially irrelevant. The result is tantamount to a big data lake/repository that does little to enhance decision-making. If data delivery is viewed as a product, on the other hand, the discovery phase will naturally involve identifying and targeting specific customers with specific needs. This means starting with the questions: “What problem are we trying to solve, and for whom?” Because ultimately, solving the problem is the goal — not the creation of a dashboard or data warehouse. Another way to approach solution development with a product mindset is to ask, “Who is making decisions based on the data the solution will deliver, and what do they want to do with it?” This places the customer at the center of the discovery and development processes.

It’s important to acknowledge that it’s usually not as easy to identify internal customers as it is to identify external ones. This is because the request for a solution doesn’t always come from the end customer, which makes it hard to nail down the value being provided or the outcome being driven. For example, a request for a data dashboard might come from a business analyst, but the end users could be spread across multiple departments. That’s why it’s critical to spend time creating a robust product strategy that lays out exactly what the decisions are, who is making them and the impact of those decisions — and consequently the solution itself — is expected to have on the business.

Redefine success

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Developing an internal data solution is generally considered a project with a specific budget and timeline. “Success” is typically defined as finishing the project on time and (ideally) under budget. For externally facing products, on the other hand, success is measured in terms of increased revenues, greater customer engagement or some other “hard” metric — but always one that’s linked to value. Approaching internal data solutions with a product mindset turns the whole idea of what constitutes “success” on its head. Success equates to moving the needle for the business.

Of course, coming up with the best key performance indicators (KPIs) for an outcome like better decision-making is easier said than done. Often the KPIs that get tracked for internal solutions like dashboards are vanity metrics that might make you feel good about your progress or look good to others, as opposed to true indicators of a desired change that can inform future strategies. To determine if the solution is helping move the business toward a desired outcome, it’s a good idea to take some baseline measurements before the solution goes live. For example, if the business is looking to reduce the amount of time it takes to produce reports, then it should be tracking time-to-produce metrics both before and after publishing the solution.

We recently worked with a large beverage company to help them optimize their in-store promotional budget allocations. This involved building a series of analytics tools and dashboards in four key areas: customer performance, bottler performance, trends and marketing spend and effectiveness. Our measure of success wasn’t adoption rates for these solutions but rather whether the teams using them were now able to make faster, better decisions. Clearly the answer was yes: Not only was a days-long, tedious and limited budget analysis process reduced to a 15-minute strategic exercise, but the company was able to identify increased revenue opportunities of $10+ million a year.

Create effective feedback loops

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The iterative process and continuous improvement are dependent on the ability to gather feedback from users — whether directly or from an automated mechanism that tracks consumer behavior (clicks, purchases, likes, and so on). This is far more difficult with internal analytic applications, but it can be done. It starts with simplifying the data environment and having well-organized, clean, harmonized data. Why? Because the underlying data needs to be easily accessible before you can shorten the feedback loop and improve attribution for specific outcomes.

It's also essential to bring the customer along with each iteration; the customer needs to see how their decision-making is improving based on how you incorporate their feedback. Something as simple as surveying users can demonstrate the value of an analytic solution in fairly short order. User surveys have the further benefit of surfacing additional user needs as they become more comfortable with the tool.

Get ready to pivot and iterate

5

The concept of a minimum viable product (MVP) is central to agile product development. An MVP is defined as the simplest possible product that still has the following attributes: People will buy it or use it; they understand how to use it; and the company can deliver it when needed with the resources they have available.

When an MVP is released, there's an assumption that the product will be continually improved based on customer feedback, meaning not every question needs to be answered before development begins. This is diametrically opposed to the project approach, where requirements are carefully mapped out in advance and the solution is built to specs. With a product approach, the objective is to deliver something now that'll solve a business need, but not necessarily every business need all at once. In other words, acknowledge that you can't know all the answers up front — or even all the questions — and that you might have to change direction along the way.

In addition, the team often doesn't realize they have found the MVP until they have gone through multiple iterations, tested them with users and received feedback. These small course corrections with each MVP release are what help the team deliver the most value as quickly as possible.

A case in point is a large manufacturing client we worked with recently. The finance department was struggling to pull together the information the team needed to generate basic accounting reports. We were brought in to develop a more seamless and rapid report-building process. We began by creating two dashboards that the finance team could use to compile reports — one for the balance sheet and one for the P&L statement. As intended, the time and effort needed to release these reports was dramatically reduced. But the project sponsor received feedback that value objectives weren't being achieved — specifically that there was more potential to move the business forward if we delved into operational costs. So, rather than continuing to build out the long list of accounting report dashboards as originally planned, we pivoted to constructing a series of operational dashboards, starting with logistics. This ability, agility, and willingness to shift gears is central to the product mindset.

The development process that many organizations have adopted for their customer-facing products offers some valuable lessons to teams responsible for creating internal data analytics solutions. When solutions focus on users and improving the quality and speed of their decisions — as opposed to simply organizing and visualizing a company's data — the payoff can be significant. But to be able to apply these methods when and where they are needed calls for a data product capability.

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