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INSIGHT

Required Reading: Analytics: A Winning New Way

Thomas Davenport and Jeanne Harris argue that companies need analytics to make better decisions and extract maximum value from their business processes.

by [Colin Beasty](#)
Tuesday, May 01, 2007

In a world where the traditional bases of competitive advantage have largely disappeared, how do you separate your company's performance from the rest of the pack's? In *Competing on Analytics: The New Science of Winning*, coauthors Thomas Davenport, director of Accenture's Institute for Strategic Change, and Jeanne Harris, executive senior research fellow and director of research at Accenture, argue that companies need analytics to make better decisions and extract maximum value from their business processes. Leading companies no longer just collect and store data, they build their competitive strategies around data-driven insights that generate big results.



In the race for web integration, it's like having your own professional pit crew

CRM's Colin Beasty spoke with Harris about the book.

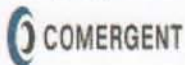
CRM magazine: In recent years we've seen BI tools bring analytics to the masses. How are companies leveraging this?

Harris: If you think about CRM tools four or five years ago, vendors were embedding basic decision-support capabilities and analysis. It wasn't the kind of statistical analysis and predictive modeling you could achieve with a tool from a company like SAS, SPSS, or Cognos. But those tools required a lot more knowledge of math and statistics. I think what's happened is, on the one hand, you have the CRM suite providers embedding more advanced decision-support capabilities and ad-hoc analysis in their solutions. On the other hand, best-of-breed BI vendors are coming at it from another angle. They've been selling solutions for years and realized that they needed to create customizable dashboards for end users in the financial department. They've realized that other parts of the business require the same functionality, such as marketing and sales. They're both converging, and the market is going to explode as there are more and more of these applications as opposed to just tools on the market.

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CRM magazine: With the amount of information businesspeople are being bombarded with on a daily basis, is it possible for a company to measure too many metrics using analytics?

Harris: If you're going to be an analytical competitor, you're going to need access to a lot of data. That said, there's an art and a science to analytics. The science of analytics is being able to crunch the numbers and analyze all the data, but the true art is being able to understand what metrics matter. You'll find that the most successful companies using analytics measure fewer metrics than most companies. They may have started out measuring 2,000 factors, but having done the analysis, they know that only 60 matter. You'll capture a ton of data, but you'll need the people to understand what the data is really telling you. Once you've done the analysis, you're much better off because you'll be able to focus.

CRM magazine: What will readers find most interesting about your book?

Harris: I think your readers will find chapter five interesting. It's where we talk about using analytics to develop customer intimacy. In addition, I think there are a couple of messages that resonate throughout the book. Companies have used analytics for years. But today we've reached a reflection point where we finally have the data, the processing power, and a new generation of statistically astute executives who understand the importance of analytics, both tactically and strategically.

Other Page Turners:

- Businesses believe they are communicating well with their customers. Bosses insist they are giving explicit instructions to employees. Coworkers think they are sharing all the information they have with their colleagues. This isn't the case, argues author Dianna Booher in *The Voice of Authority: 10 Communication Strategies Every Leader Needs to Know*. Booher tackles the issues of when to communicate, how to do it, and what to say to colleagues, managers, and customers.

- In an era of abundance and overwhelming choice, customer relationships, not products, are the most important source of competitive differentiation. The good news is that customers want trusting and close relationships. Engaged customers seek relationships that enable these experiences. *Addicted Customers* adds a new dimension to the rapidly growing field of customer experience management (CEM). Author John Todor lays out a psychoeconomic framework to enhance these CEM pursuits, and spells out the business strategies to put these principles into action.

- Salespeople need angles. About 14 million professionals work in sales, many desperate for help when it comes to crafting the perfect pitch. In *The Fisherman's Guide to Selling*, expert Joe DiMisa draws on his experience as a seasoned fisherman and sales veteran to explain through the eyes of an angler how to land the big one. --Colin Beasty

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