DEFINE
DETERMINE
DELIVER

The Red, Amber, Green practical framework for generating and delivering Real Insights from your data……for both analysts & leaders working towards a culture of insight led decisions

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WELCOME

Since my first ever role in finance, I have always been excited about working with people and data to generate insights. For me, insights have always been about using data to get a clear understanding of a situation, to enable high quality decisions and inspire action.

In a world where uncertainty is becoming the new norm, where technology is getting smarter and where big data continues to grow bigger, the pace of winning and losing is getting even faster. The margin for error now is even smaller for organisations, meaning high quality decisions, grounded in insight, have never been more important.

The use of technology that can simulate human activity to generate insights is already here and it will only get smarter. But no matter how smart this technology gets, it will always have one big flaw, it's not human. Generating insights is an inherently human process that needs human traits such as imagination, instinct, creativity, and emotional considerations to interpret what is really happening.

Therefore faced with a mountain of data, the organisations that will succeed and best leverage their data for high quality decisions will be the ones that find a way to combine human qualities and technology.

As my experience has grown in this field, I have also come to realise that generating great insights alone is not enough. And being able to communicate insights in an engaging way is equally essential to inspiring the action your insights deserve.

After twenty years at some of the world's best insight led organisations, I have seen how insights can really accelerate performance. Although, the thing that has really inspired me to write this book has been the people I have met along the way and their enthusiasm to get under the skin of what their data is really telling them.

The people I have had the pleasure to learn from have come from a variety of different organisations, sectors and disciplines and despite their differences they all had one thing in common. They all had the common goal of seeking to generate insights from their data and to deliver them in a compelling way for influence and impact. The insights they were generating were not just about driving financial performance, they were used for almost all things, from improving processes, growing sales, making staff happier and so on.

Whilst I have enjoyed learning from the people I have met on my insight journey, I too have enjoyed (and still do) sharing my learnings with others. I regularly train colleagues on how to do 'best in class' analysis on a whole range of topics (sales, margin, cash etc). To help share this learning further, I created my knowledge sharing website thefinanceanalyst.com. Whilst people found this helpful, they used feedback that they needed more guidance on how to approach insights. The feedback they provided included......

"How can you help us accelerate a culture of insight led decisions, we can sometimes waste a lot of time and the message can sometimes get lost".

"The world is changing and rational logic is not enough to connect and inspire action from my insights".

"Technology is a great accelerator, although as we capture more and more data sets being able to take it all in and analyse it is getting even harder without a model".

....such feedback soon became part of the founding principles of this book, which I will cover in more detail in a later chapter.

This feedback finally inspired me to research the topic of "how to generate and deliver insights" even further. The book draws on a number of sources. First and foremost, it is based on my experiences of working with some of the largest insight-driven companies in the UK and US. (Deloitte defines an "insight-driven organisation" as 'one which has succeeded in embedding analysis, data and reasoning into its decision making processes'). I was able to observe best practice in the way these companies collected and organised huge amounts of diverse data, gained a profound understanding of performance and how they were able to engage their people to take the right next steps, which led to stronger performance. Secondly, the model takes up the themes being debated by practitioners, experts, and authors, in terms of how to organise and interpret the huge, diverse data sets organisations are now collecting. And the more diverse and complex the data, the greater the challenge of communicating insights. All this allowed me to codify "what the right model was to generate and deliver Real Insights"....which I have the proud pleasure of introducing as the.....

Define, Determine, Deliver model of how to generate and deliver real insights.

If you want to generate and deliver real insights, then this book is for you.

So what will we cover as we read on through the book....

• **An introduction** into the Define, Determine and Deliver framework
• **An assessment** to see if you are delivering 'Level 3 Real Insights'. We talk about insights a lot in today's world, although are we talking about Real Insights?
• **Understand the founding principles** of this book
• **A deep dive into each stage of the Define, Determine, Deliver model**
• **Explore the 4 behaviours for insights**: as part of this book we will explore the 4 behaviours that were always present in the insight led companies that I worked for. These four behaviours cover communication, the right people, leadership and governance.

CHAPTER 1: Introducing.... Define Determine Deliver

Welcome to the Define, Determine, Deliver (DDD) model. In its simplistic form DDD is a practical framework that will partner you in generating and delivering Real Insights from your data.

The **<u>DEFINE</u>** stage starts with clarifying <u>why</u> the insight is needed (i.e. the value it will create), it then helps you define the high level principles of <u>how</u> you will generate your insight (i.e. your analysis plan) and finally it helps map out <u>what</u> specifically you will analyse. Define is all about thinking (not doing) and getting focused on the task at hand. The **<u>DETERMINE</u>** stage then offers a framework for generating and clarifying your insights, it focuses on the practical act of creating insight (i.e. doing your analysis). And the final stage **<u>DELIVER</u>**, considers how to best communicate your new found insights for maximum influence and impact.

Red, Amber, Green?
You may be asking now how does DDD link with the opening title; 'DDD: The Red, Amber, Green practical framework for generating and delivering Real Insights from your data'. For me, the two are inherently linked. Here's what I mean....

<u>DEFINE = RED-STOP</u>! Don't just start doing analysis, it could lead to wasted time and doing the wrong thing. Take time to think through why your analysis is needed, what you are trying to achieve and how you will go about it.

<u>DETERMINE = AMBER</u>. This is the stage where you will do your analysis (generate insights) and clarify your insight findings. It's Amber as generating your insights is only part way through the insight journey.

<u>DELIVER = GREEN</u>. Refine your insight message and communicate it an engaging way to generate the right influence and impact for your audience. It's green, for go, as delivering your insights should be the start of the insight journey, not the end. It should lead you into the deployment of the actions your insights propose. This stage should also involve monitoring and correcting the actions you propose to ensure the desired end result is delivered.

CHAPTER 2: Are you delivering Real Insights?

In today's world the word insight is used a lot, perhaps a little too much. In this chapter we will explore what I believe the word insight really means. When I refer to insight, I always refer to what I have termed as **'Level 3 Real Insight',** the highest of three levels of insight understanding. At the end of this chapter you will understand the three levels of insight and be able to assess what level you are at.

A brief introduction to Level 3 Real Insights
Level 3 Real Insights are all about providing a deep understanding of a situation, providing you with the clarity and confidence to take the most appropriate next steps. Level 3 Real Insights also consider how to best engage your audience with your insights so you get the action you require. This ensures insights are always the start of the journey and not the end.

In this book, I talk about insights in the context of a retail business, although in reality insight needs exist in all organisations, sectors and disciplines.

The following chapter describes the different levels to get to Level 3 Real Insights, to do this lets start at the lowest level, which is the fundamental building block of insight, data.

DATA: It is raw and unorganised, it has no meaning by itself. Imagine you learn a store has 95% product availability. It's a useful piece of data, although that's all it is. That said, it is worth remembering that whilst this is just data, such data is part of the essential building blocks of your insights. So take care to ensure your data is robust and understood.

INFORMATION: Data has been worked and organised to give it meaning e.g. what would you think if you also knew the store with 95% product availability is worse than last year when it had 98% product availability, therefore a reduction of 3% ppts. Adding to this that all other stores in the company are also down by a similar percentage. The summary of the information we now have is that the store has worse product availability than last year, although the rate of decline is no worse than all other stores in the company.

INSIGHT: At this level the aim is to have a deep understanding of what is happening, we should also be able to draw conclusions and propose appropriate actions. These conclusions don't have to be big profound discoveries, they can just be a really clear understanding of what is happening and why.

There are three insight levels...

Level 1 Insight: Why is something happening?

Level 2 Insight: Why? + Behaviour: Why is something happening? And what is the motivation of the behaviour driving this?

Level 3 Real Insights: Why + Behaviour + Judgement + Next steps + Engaging way for your audience + Monitor: Why is something happening? What is the motivation driving this? Bring the insight(s) together to make a judgement on what it all means. With the new learnings gained, what next steps should be taken? This needs to be delivered in an engaging way to connect with

the audience to ensure it drives the right impact and influence, we will then need to monitor these next steps to ensure they bring about the desired change. Therefore, in the book when I refer to "Real Insights" I am talking about Level 3 Real Insights.
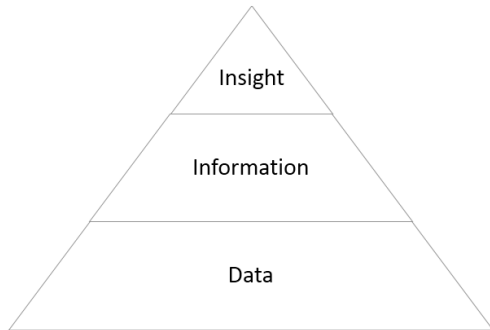
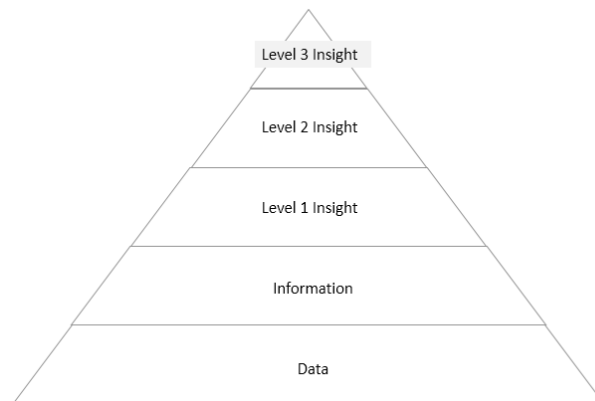Figure 1: Traditional Data-Information-Insight model

Figure 2: Revised Data-Information-Insight model

Using the above example here's how it could work in a live situation.

DATA: A store has product availability of 95% (i.e. All products are available to customers for 95% of the time).

INFORMATION: Availability is 3% ppts lower than last year, the decline is in line with all other stores in the company, and so whilst a reduction is not good, the store is no worse than peer stores.

Question: How many of you have often been at this stage and thought "information" was an insight?

LEVEL 1 INSIGHT: Availability is down 3% ppts as out of stocks have worsened, although there are no out of stock issues being driven by our suppliers. The problem is our internal replenishment process is not being followed and therefore the stock is not being put out onto the shelves for customers.

LEVEL 2 INSIGHT: Stock is not being replenished appropriately as store sales have grown massively over the last year and as a result the store staff are struggling to do all their job responsibilities in the allocated time. Therefore store staff are prioritising by serving customers at the till and not replenishing stock. After further review it was clear staff knew the process expected of them and this was purely a challenge of having enough time to carry out all job responsibilities.

LEVEL 3 REAL INSIGHTS: Knowing the level 2 insights as to why staff are not replenishing stock could lead to a review of the worst stores (high sales stores, lowest availability stores, focusing on largest lost sales stores) to understand the appropriate amount of extra overtime hours or extra staff that are required to carry out the work. Such a review should also focus on cutting out non-core responsibilities versus just investing more payroll.

The engagement angle could be the lost sales or the sales that could be achieved if stock and staff were at the optimum level. Alternatively, you could focus on the brand impact to customers not getting the product they need. The engagement approach taken will need to be tailored to the audience to ensure it resonates with them to inspire them to take the action your insights propose.

It's also important to note that the 'next steps' element of Level 3 Real Insights is what ensures that insight is the start of the process, not the end. Once you have the insight you need, it needs to be put into action and then monitored to ensure it delivers the proposed value.

Question: Where are you (your team, or organisation) on the different levels? Are you demonstrating Level 3 Real Insights regularly?