Why Strategy Is Better With Data

Presented By
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Agenda

• Bio
• How Strategy is Changing
• Environmental Scanning
• Collecting External Data
• Using PPAI Resources
• ‘Small Data’
• Making Better Decisions
• How to Recover Faster!
Poll Question

• Question- How many hours a week do you spend reading about business trends?

• Answers-
  • A- Almost No Time
  • B- 1 to 4 Hours a Week
  • C- 5 to 10 Hours a Week
  • D- 11 to 40 Hours a Week
Dr. Vequist’s Short Bio

• Tenured Full Professor of Management in the H-E-B School of Business & Administration at the University of the Incarnate Word (UIW) in San Antonio, Texas, U.S.A. He is also the founder and Director of three research centers. A member of the global ISO team member developing standards in Healthcare Management. Before that, Dr. Vequist was an executive for Methodist Healthcare (a multi-billion dollar HCA-owned healthcare system in Texas) and previously was a consultant for Ernst & Young LLC. Also, sold a small training business to Bloomberg several years back.

• An accomplished speaker, author, researcher and futurist on the topic of healthcare trends, medical & retirement tourism, health technologies, social media analytics, training, development, leadership, and technology management. He has presented on five continents, consulted with Fortune 500 corporations, NGOs, countries and has published numerous books, articles, papers, chapters, and been interviewed in many media publications.
## How Strategy is Changing

### The Shifting Source of Competitive Advantage

<table>
<thead>
<tr>
<th><strong>UPSTREAM ACTIVITIES</strong></th>
<th><strong>DOWNSTREAM ACTIVITIES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WHAT ELSE CAN WE MAKE AND SELL?</strong></td>
<td><strong>WHAT ELSE CAN WE DO FOR OUR CUSTOMERS?</strong></td>
</tr>
<tr>
<td><strong>Sourcing</strong></td>
<td><strong>Shape Customer Perception</strong></td>
</tr>
<tr>
<td>Contract with lowest-cost suppliers</td>
<td>Define competitive set</td>
</tr>
<tr>
<td>Production</td>
<td>Change purchase criteria</td>
</tr>
<tr>
<td>Reduce costs/ maximize scale and throughput</td>
<td>Build trust</td>
</tr>
<tr>
<td>Logistics</td>
<td>Reduce customer costs and risks</td>
</tr>
<tr>
<td>Optimize supply-chain and distribution efficiency</td>
<td>Tailor offering to consumption circumstances</td>
</tr>
<tr>
<td>Innovation</td>
<td>Harness network effects</td>
</tr>
<tr>
<td>Build better products</td>
<td>Accrue and deploy customer data</td>
</tr>
</tbody>
</table>

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What is Your Business Model?
Remember!

‘Culture eats strategy for breakfast’
- Peter Drucker
Environmental Scanning

Analysis of Societal Environment
- Economic
- Sociocultural
- Technological
- Political-Legal Factors

Market Analysis
Community Analysis
Competitor Analysis
Supplier Analysis

Selection of Strategic Factors
- Opportunities
- Threats

Interest Group Analysis
Governmental Analysis

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How Do You Create Value for Customers?

Brandenburger & Nalebuff: Value Net

Customers

Substitutors

Company

Suppliers

Complementors

Downstream Competitive Advantage

• “Downstream competitive advantage, in contrast, resides outside the company—in the external linkages with customers, channel partners, and complementors. It is most often embedded in the processes for interacting with customers, in marketplace information, and in customer behavior.”
  • [https://hbr.org/2013/12/when-marketing-is-strategy](https://hbr.org/2013/12/when-marketing-is-strategy)
Collecting External Data

• Your Contacts
• Email
• Social Media
• Articles/Research
• Vendors
• Your Sales Data
• Industry Organizations
Examples: Aviation and Covid-19

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>-32%</td>
<td>-4</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-37%</td>
<td>-88</td>
</tr>
<tr>
<td>Europe</td>
<td>-46%</td>
<td>-76</td>
</tr>
<tr>
<td>Latin America</td>
<td>-41%</td>
<td>-15</td>
</tr>
<tr>
<td>Middle East</td>
<td>-39%</td>
<td>-19</td>
</tr>
<tr>
<td>North America</td>
<td>-27%</td>
<td>-50</td>
</tr>
<tr>
<td>Industry</td>
<td>-38%</td>
<td>-252</td>
</tr>
</tbody>
</table>

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Using PPAI Resources (1)

Strategic Foresight Playbook

NOW AVAILABLE

Download FREE Digital Copy

Purchase hard copy at: shop.ppaio.org

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Using PPAI Resources (2)

https://ppai.org/advocacy/get-in-touch-campaign/
Using PPAI Resources (3)

‘Small Data’

• You have probably heard the term ‘Big Data’

• What is ‘Small Data’?
  • Data you collect as part of your normal business operations, and
  • Data you can gather from external resources

• For example:
  • Sales from the past year
  • Emails from potential customers
  • Social media inquires
  • External data- weather patterns, economic forecasts & consumer behavior
Example of How Small Data Could Work

“The difference between a clear day and a cloudy day means a difference of 10-12% in orders for our Clothing, Home/Furniture, and Wholesale retailers, and, just as interesting, makes no significant difference for our Big Box retailer.”
https://www.richrelevance.com/blog/2012/08/15/what-happens-with-online-shopping-when-it-rains/
Another Example- How to Analyze Emails
Making Better Decisions

The New Landscape of Decision Making

Ancient approaches to decision making have recently been augmented by improvements in technology and new research. But every approach has both benefits and drawbacks.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Small-group process</th>
<th>Analytics</th>
<th>Automation</th>
</tr>
</thead>
<tbody>
<tr>
<td>premature convergence on a decision is unlikely</td>
<td>making effective decisions with just a few people</td>
<td>using data and quantitative analysis to support decision making</td>
<td>using decision rules and algorithms to automate decision processes</td>
</tr>
<tr>
<td>clear responsibilities can be assigned</td>
<td></td>
<td>decisions are more likely to be correct</td>
<td>speed and accuracy</td>
</tr>
<tr>
<td>multiple alternatives can be examined</td>
<td></td>
<td>the scientific method adds rigor</td>
<td>criteria for decisions are clear</td>
</tr>
</tbody>
</table>

| Cautionary messages | | | |
|---------------------|-----------|-------------|
| norms for debate must be rational, not emotional | gathering enough data may be difficult and time-consuming | difficult to develop decision criteria may change |
| everyone must get on board with the decision after debate | correct assumptions are crucial | |

Make Better Decisions
Thomas H. Davenport
November 2009 Issue
Harvard Business Review

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Porter’s Diamond Analysis - Plan Ahead
More Optimal Decisions - Maturity Models

FIG. 7 Supply chain analytics maturity model

STAGE 1
- Data is manually analyzed in Excel
- Reliability on data and calculation is spotty
- Data is descriptive ("what happened?")

STAGE 2
- Key decision makers are connected to data through visualization
- A focus exists on blending key internal data sources
- Analytics begin to become diagnostic

STAGE 3
- A shift toward predictive analytics begins
- Advanced visualization is achieved
- Real-time dashboard capabilities are rolled out
- External data is automatically integrated to analysis

STAGE 4
- Analytics drive all decision making
- Maturity in people analytical skills is achieved
- The data drives optimal decisions
- Prescriptive analytics are consistently used

Source: The Hackett Group

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How to Recover Faster!

• Consumer Behavior Will Change
• Relationships Still Matter
• Staying In-Touch is a Skill
• Anticipate Rather Than React
• Predict the Future
Session Review

• You Have Choices:
  • Read Continuously
  • Look for Advantages
  • Not Planning, Is Planning to Fail
  • Increase the Maturity Level of Your Operations
  • Recover Faster Than Your Competitors
Q&A

• What questions do you have?
• Thank you for your time and attention!
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• LinkedIn: Dr. David G. Vequist IV
• Facebook: David Vequist