

Index

A

Accenture, 40

Adaptive control: about, 16–17, 89–91; champion/challenger strategies for, 91–93, 94; defined, 89; finding efficient frontiers, 93, 95–96

Advertising: Facebook's Beacon, 70–71; targeting online, 72

Affinity credit cards, 18, 19

Agilent Technologies, 136

Agility: analytics and, 207; assessing, 199; defined, 84, 97, 198; measuring, 201

Air Products, 152

Akbank, 26–27, 118, 163–166, 167

Algorithms: defined, 2; differentiating, 20–23; distinguishing service with, 25–27; Google's breakthrough in, 25; improving with use, 63; predictive hiring, 135–137; public attention on, 1–2; rolling ball, 42

Allstate Insurance Corporation, 20

Always On (Vollmer), 58

American Airlines, 50

American Express, 11

American Investment, 9

Analytic professionals. *See* Decision science professionals

Analytics: about, 2; automating decisions with, 27–29; blending with marketing, 106–107; building customer loyalty via, 51–53; captured with MyCoke Rewards, 61; corporate differentiation and, 143, 144; creating feedback with, 123–124; current uses of, 23–24; customer-centricity and, 34; decision, 138–140; decision management vs., viii; defined, ix; descriptive, 128–131; designing project's, 196–197; determining model for, 207–208; evaluating purchasing behavior with, 45–46; expanding uses of, xvii; finding best approach to, 206–207; finding online profit with, 37–42; Google's use of, 25; ICICI, 118–119, 167; importance of, 102; improving, 203; infrastructure for, 150; media interest in, xi–xii; methods for organizing, 116–117; models using, 86; predictive, 8–11, 131–138; professional opportunities in, 103–104; profitability of, 48; startup's use of, 66–67; spread of, xii–xiii; Tesco Clubcard, 38–42; using for follow-up product sales, 47–49; *See also* Business value

- Analytics experts: decision management implementations and, 114; professional opportunities for, 103–104
- Anderson, Brad, 43, 44, 49
- Anderson, Chris, 24
- AOL, 72
- Apple, 59, 63, 170
- Aquafina, 72
- Architecture. *See* Decision architecture; IT infrastructure
- Armstrong, Lance, 59
- ASAP (Automated Strategic Applications Processing), 15
- ASDA, 38
- Ask.com, 1
- Association of National Advertisers, 106
- Automating: decisions with business rules, 126–127; insurance company decisions, 151; loan applications, 15–16; operational decisions, 127–128, 151; using analytics, 27–29
- Ayers, Ian, 121
- B**
- Bank of Montreal, 63–64
- Banks: Akbank, 26–27, 118, 163–166, 167; automated loan applications for, 15–16; changes with decision management, 168–171; competitiveness of ICICI, 166–168; credit scoring used by, 14; processing balance requests, 85; using champion strategy for consumer credit, 92–93; *See also* Consumer lending; Credit cards
- Beneficial Finance, 14
- Benkler, Yochai, 159
- Berkman Center for Internet and Society, 159
- Best Buy: about, xiv–xv; boldness and creativeness of, 87; changing focus to customers, 42–45; improvements to Reward Zone, 53–55; profitability of analytics at, 48; proprietary customer value model, 45–46; reward program for, 35, 45, 49, 53–55; store layout at, 176, 177; strategies for personalizing customer experience, 46–49, 53–55; vice-president of customer insight at, 111
- Beverage Wars, 60
- Blockbuster, 34, 35–37
- Bloomington, Alfred, 11
- Blue Shirts, 47, 49, 53
- Bock, Laszlo, 135
- Boldness, 86–87
- Booz & Co., 58, 97, 104, 106, 147
- Borders, Louis, 40
- Boston Consulting Group, x–xi
- Brands, 60–62
- Brin, Sergey, 25, 106
- Bryan, Lowell, 29
- Brynjolfsson, Erik, 142–143
- Bullocks, 176
- Business innovation: coupling analytics and technology for, 26–27; credit scoring as disruptive, 30; targeting video stores for disruptive, 35–37
- Business intelligence, 140–142
- Business process flow: creating, 194–196; for decision architecture, 209
- Business value: building customer loyalty with analytics, 51–53;

Coke's MyCoke Reward program, 60–62; creating value from customer data, vii; decision models for increasing, 140; evaluating customer's purchasing behavior, 45–46; humanizing customer segments, 46–49; Internet data and, 25; proprietary customer profiles for, 37; *See also* Reward programs

C

- Canadian Tire, 87–88, 112
 Capital One, 17–20, 22, 63–64, 85, 86, 101
 Card Lab website, 64
 Carte Blanche, 11–13
 Cashless economy, 153–154
 Cell-phone based consumer lending, 163–166
 Cemex, 162
 Center for Digital Democracy, 75
 Center for Evidence-Based Medicine, 172
 CepKredi, 164
 Challenger strategy, 91–92, 93, 94
 Champion strategy, 91–92, 94
 Change: adopting customer-centric model, 44, 117–119; business strategy and, 145; identifying processes needed for, 204; implementing in decision environment, 223; making in operational decisions, 178–179; preparing employees for, 219–220; recruiting stakeholders for, 192–193; resistance to corporate, 113–115
 Charge cards, 9, *See also* Credit cards
 Chief decision officer, 111
 Christensen, Clayton M., 23
 Cinematch, 37, 41
 Citibank, 13
 CitiGroup, 165–166
 Club of Rome, 4
 Club Penguin, 160
 Co-creation: customizing car loans, 66–67; defined, 63; developing products with, 63–64; opt-in/opt-out choices with, 70–71; privacy of data and, 65–66; social networking invitations and, 159–160
 Coca-Cola, 59, 60–62, 75, 174
 Cohen, Jack, 37
 Commerce coalition, 154–155
 Companies: aligning priorities, 203–204; automating decision vs. work flow in, 127–128; business titles in, 111–113; co-creating with customers, 63–67; competitive advantage for, 142–146, 161–168; conflicting objectives for, 93, 95–96; as constrained profit seekers, xvi–xvii, 88–89; creating feedback between data and actions, 123–124; decision management journey for, 80–82; decision-making styles, 124–125; defining and executing strategies within, 148; differentiating, 20–23, 143, 144, 149–150; disciplines for data use, 82–87; effect of digitization on, xi; execution gaps between data and action, 122–123; finding revenue base, 35, 51–53; handling data privacy, 71–72; how they think, 55–56; introducing predictive analytics to, 81; managing trade-offs, xvi–xvii, 178; organizational

- Companies: (*continued*)
methods for analytics, 116–117;
recruiting stakeholders for change,
192–193; resistance to change in,
113–115; satisfying consumer and
profitability, 77; security breaches
at, 74; sharing data about com-
mon customers, 154–157; success
and data accessibility, 19; tapping
into unstructured data, 157–158;
virtual, 160–161; *See also*
Customer-centric companies
- Competing for the Future* (Prahalad
and Ramaswamy), 55, 56
- Competing on Analytics* (Davenport
& Harris), xii
- Concept of the Corporation, The*
(Drucker), 24
- Consistency: analytics and, 206;
assessing, 198–199; defined, 83,
97, 197; measuring, 200–201
- Consumer lending: adaptive
control for, 16–17; cell-phone based,
163–166; credit card decision mod-
els for, 139–140; credit scoring and,
7–8, 13–14, 22–23; ICICI, 166–168;
identifying high- and low-risk cus-
tomers, 87–88, 89; innovating auto
financing, 67; peer-to-peer lenders,
171; using champion strategy for,
92–93; *See also* Credit scoring model
- Consumers. *See* Customers
- Corporate differentiation: analytics
and, 143, 144; IT architecture
for, 149–150; using algorithms for,
20–23
- Cost: analytics and, 207; assessing,
199; defined, 84, 97, 198; measur-
ing, 201–202
- Crandall, Robert, 50
- Creativity, 86–87
- Credit bureaus, 17
- Credit cards: affinity, 18, 19; Capital
One's innovations, 17–20, 63–64,
86; cashless economy and,
153–154; Citibank issues, 13;
decision management's changes
in, 168–170; development of oper-
ations using, 9–10; first expense
account, 11; identifying high- and
low-risk customers, 87–88, 89;
innovative business effect of, 23;
mass marketing of, 13–20; screen-
ing applicants for, 12; tracking
delinquent accounts, 11–13; *See
also* Credit scoring model
- Credit scoring model: about FICO
score, viii–ix; current uses of, 14,
22–23; development of first, 7–11,
14; educating consumers about,
68–70; history of Fair Isaac's,
8–11; racial bias and, 10, 11; vari-
ables in, 8; *See also* FICO score
“CRM Analytics and the Integration
of Insight” (Herschel), 123
- Culhane, Pat, 132
- Customer Insight Team, 52
- Customer reward programs. *See*
Reward programs
- Customer segments: analyzing,
129–131; basing on behavior, 177;
data- and analytic-driven, 146;
humanizing, 46–49
- Customer value model, 45–46
- Customer-centric companies: adopt-
ing approach of, 44; Best Buy,
xiv–xv, 42–49, 53–55; Harrah's,
50–53; Netflix, 34, 35–37; organi-
zational changes toward, 117–119;
questions focusing, 33–34;

- relevant loyalty programs for, 50; Tesco, 25–27, 34–35, 38–42
- Customers: analytics for e-grocery, 39–41; balancing needs with profitability, 77; co-creating value with companies, 63–67; creating value from data about, vii; data privacy and, 57–58, 65–66, 71–74; data shared by companies, 154–157; expectations of, 27–28; exploring with descriptive analytics, 129–131; focusing on, 42–45; how they think, 55–56; humanizing segments of, 46–49; identifying high- and low-risk, 87–88, 89; predicting video selections, 26; purchasing behavior of, 45–46; questions focusing service on, 33–34; relevant loyalty programs for, 50; strengthening relations with, vii, xviii; support for classic department stores, 175–177; tracking behavior of, 153–154; unique shopping experiences for, 25–27; *See also* Customer segments; Personalizing customer experience; Reward programs
- D**
- Daniel Yankelovich group, 58
- Data: access to, 214; acquiring third-party, 215; addressing gaps in, 215; amassed by Cap One, 18–19; benefits of data mining, 121; building environment for, 187, 188, 211–215; captured with MyCoke Rewards, 61; co-creation and privacy of, 65–66; collected with Tesco Clubcard, 39–42; consumer responses to privacy of, 73–74; defined, ix; designing flow of, 211, 214; disciplining use of, 82–83; electronic medical records, 172–173; emergence of mass consumer, 13–20; execution gap between actions and, 122–123; exploring with descriptive analytics, 129–131; finding valuable information in, vii; gathering for mathematical models, 216–217; growth and costs of collecting, 23–25; handling sensitive, 71–72; Harrah's use of customer, 51–53; importance of using, x–xi; improving infrastructure for, 203; information architects' use of, 105; integrity when using, 75–76; measuring credit bureau, 17; obtaining from social networking sites, 158–161; organizational barriers to accessing, 115; security of, 57–58; sharing for common customers, 154–157; size of data sets, 22–23; from social networking sites, 158–161; strengthening customer relations with, vii, xviii; tapping into unstructured, 157–158; tracking consumer transactions, 153–154; using descriptive analytics with, 128–131; using Web browser, 25, 72; *See also* Analytics; Data environment; Privacy
- Data environment: about, 187, 188; addressing data gaps, 215; considering data source and quality required, 211–214; designing data flow, 211, 214; key questions for, 211; requirements for data access, 214
- Data General Nova, 15

Data sourcing, 211–214

Data-driven decisions, 125

Data-guided decisions, 125

Data-informed decisions, 125

Davenport, Thomas H., xii, 78

Davis, Ian, x, 2, 101

Debit cards, 154

Decision analytics, 138–140

Decision architecture: about, 187, 188; describing business processes, 209; designing decision environment, 208–209; determining analytical model for, 207–208; finding best analytic approach, 206–207; identifying analytic opportunities of, 207; infrastructure design for, 210; outlining roles, responsibilities, and rights of, 210; questions for designing, 206

Decision environment: adding feedback to, 223; changing, 223; data flow within, 211, 214; designing, 208–209; identifying new decisions to improve, 224; operating in new, 222; *See also* Decision architecture

Decision inventory, 194–196

Decision leaders: basic questions for, 100; boldness and creativity of, 86–87; continual learning and improvement of, 86; defined, 76; disciplines of, 82–87, 102; impact of decisions by, 101–102; IT technology vs., 144–145; role in decision management, 78–79; systematic and quantitative decisions of, 83–86

Decision logic, 203

Decision making: across multiple dimensions, 82; automating work

vs. decision flow, 127–128; company's style of, 124–125; customizing for customers, 66–67; decision analytics for complex, 138–140; human, 3; identifying roles and individuals in, 195–196; improving decisions, 187, 188, 221–224; made by frontline workers, 85–86; measuring decision yield, 83–84, 200–202; planning areas to improve, 203; rules-based systems for, 81; simplifying with analytics, 27–29; trying alternative decisions, 89–91; working with conflicting objectives, 93, 95–96; *See also* Operational decisions

Decision management: analytics and, viii, 20–23, 27–29; applying, xv–xvi; assessing business opportunity with, 191–192; balancing consumer need with profitability, 77; building blocks of IT architecture, 143–144, 149–150; building infrastructure for, 79–80; business intelligence vs., 140–142; Carte Blanche's early steps in, 12–13; components of, ix; connecting decisions across multiple dimensions, 82; creating feedback between data and actions, 123–124; decision leader's role in, 78–79; defining corporate strategies with, 148; delivering differentiation with, 149–150; evaluating decision yield, 96–100; execution gaps between action and data, 122–123; Fair Isaac's impact on, 4–7; identifying business opportunities, 189–191; journey of, 80–82; making changes in indus-

- tries, 168–170; managing trade-offs with, xvi–xvii, 178; next wave of automation in, 126–127; operations research and, 29–30; overcoming resistance to, 113–115; pioneers in, 3–4; planning strategies for, 192–193; spread of, xii–xiii; used at Capital One, 17–20; using adaptive control for credit accounts, 16–17; viewing how companies and customers think, 55–56; *See also* Analytics; Decision management project methodology; Future trends
- Decision management project methodology, 187–226; building data environment, 187, 188, 211–215; building mathematical models, 187, 188, 216–217; creating operational environment, 187, 188, 218–220; designing decision architecture, 187, 188, 206–210; identifying decision yield, 187, 188, 194–205; illustrated, 188; improving decisions, 187, 188, 221–224; setting decision strategy, 187, 188, 189–205; stages of, 187–188, 225–226
- Decision models: about, 138–140; replicating GE's culture with, 145; selecting, 207–208
- Decision natives: about, 109; defined, 104; Harrah's hiring of, 109, 110–111; joining senior management, 119–120
- Decision rights, 210, 219–220
- Decision science professionals: blending analytics with marketing, 106–107; decision natives as, 104; financial mathematics for, 108; increasing productivity of, 151–152; information architects' use of data, 105; joining senior management, 119–120; mathematics skills used by, 121–122; new frontiers for, 103–104; skills and programs for, 107–109
- Decision strategies: about, 187, 188; assessing scope of opportunities, 191–192; creating high-level plan, 192–193; identifying business opportunities, 189–191; key questions for, 189
- Decision yield: analyzing current business with, 198–200; creating decision inventory and business process flow, 194–196; dimensions of, 96–100; identifying for potential strategies, 194–205; improving, 202–204; key questions for, 194; measuring, 83–84, 200–202; profit seeking and, 89; quantifying potential benefits, 204–205; realizing, 222–223
- Dell Financial Services, 98–100, 140
- Descriptive analytics: defined, 129; exploring customers with, 129–131; predictive analytics vs., 130
- Descriptive model, 207–208
- Diners Club, 11, 12
- Disney, 160
- Drucker, Peter, 24, 103–104
- Dual control. *See* Adaptive control
- Dubner, Stephen, 121
- Dunn, Brian, 42
- Dunn, Edwina, 38
- Dunnhumby, 26, 38–39, 40, 42, 50
- Duque-Ruberio, Robert, 162

E

e-payments, 154

Economist, The, 41

Efficient frontiers, 93, 95–96, 100

Eisenhower, Dwight D., 148

Emerging markets: competing against, 161–168; leap-frog advantages of, 162, 163–166

Employees: hiring with predictive analytics skills, 135–137; identifying project roles for, 195–196, 210; new competencies needed for, 220; preparing for change, 219–220; recruiting for new projects, 192–193

Energy Brands, 60

Environments. *See* Data environment; Decision environment; Operational environment

Epinions, 159

Equal Opportunity Act, 11

Equifax, 17, 69

Execution: aligning strategies and organization for, 203–204; gaps between data and, 122–123; linking to integrated strategies, 147–148

Executives: impact of decisions by, 101–102; using IT infrastructure as strategic resource, xiv; *See also* Decision leaders

Expert-driven decision making, 124–125

F

Facebook, 70–71, 159–160

Fair Isaac: about, viii–ix, xiii; adaptive control technology, 16–17, 89–96; automated loan applications developed by, 15–16; Carte

Blanche billing system by, 11–13; catalysts for, 4–7; champion/challenger strategies, 91–93, 94; decision management journey, 80–82; developing credit scoring model, 8–11; fraud-detection product, 137–138; launching of myFICO website, 68–70; methodology used by, 187–226; tracking consumer credit data, 7–13; work with Akbank, 163–166; *See also* Decision management project methodology; FICO score

Fair, William R., xiii–xiv, 4–7, 9, 11, 16, 19–20, 29, 108

Fairbank, Richard, 18

Falcon Fraud Manager, xiii

Fast Company, 18

Federal Home Loan Mortgage Corporation (Freddie Mac), 69–70

Federal National Mortgage Association (Fannie Mae), 69

FedEx, 144

FICO score: about, viii–ix; consumer Internet access to, 68–70; development of, 9; predicting credit-worthiness with, 131–134

Fifth Discipline, The (Senge), 4

Filter.com, The, 63

Financial mathematics, 108

Financial services industry. *See* Banks; Consumer lending

First USA, 17

Follett, Earl, 7, 9

Ford, Henry, 57

Ford Motor Company, 161

Forrester, Jay, 3, 5, 28

Forrester Research, 53, 106, 110

- Frankland, David, 53, 110
Freakonomics (Levitt and Dubner), 121
 Frontline workers, 85–86, 169
Future of Management, The (Hamel), 29
 Future trends: changes in financial services, 168–171; competing with emerging markets, 161–168; improving health care industry, 172–173; overview, 147–149, 178–179; retail business improvements, 174–178; sharing customer data, 154–157; tapping into unstructured data, 157–158; tracking data for cashless economy, 153–154; using social networking data, 158–161

G

- Gartner, Inc., 122–123
 Gen X and Y managers, 104–105
 Gender bias and credit, 10
 General Electric, 145
 General Motors, 157
 Glossary, 227–228
 Gödel, Kurt, 23, 138
 Google, 2, 25, 59, 135–136, 156
 Graham, Ann, 22, 232
 Grossman, Bill, 72
 Gupta, Yash P., 109

H

- Haier, 162
 Hamel, Gary, 29
 Harrah's Entertainment Inc.:
 consumer data collected by, xi–xii, 22; finding revenue base, 35, 51–53; hiring decision natives, 109, 110–111; relationship

marketing at, 110, 111; using customer reward data, 50–53

- Harris market research, 156
Harvard Business Review, 142–143
 Hastings, Reed, 36
 Hayward, Martin, 42
 Health care industry: credit scoring used by, 14; decision management changes in, 168–170; future trends for, 172–173; increasing productivity in, 152; third-party data aggregators for, 155–156
 HealthVault, 156
 Herschel, Gareth, 122–123
 Hilton, Conrad, 11–13
 Household Finance, 14
 Humby, Clive, 38, 40, 50, 86

I

- IAC Search and Media, 1
 IBM, 4, 161
 ICICI: about, 161; analytics at, 118–119, 167; competitive edge in, 166–168; joint venture with Prudential Life, 65, 66
 Improving decisions: about, 187, 188; adding feedback into decision environment, 223; changing decision environment, 223; identifying new decisions to improve, 224; improving decision yield, 202–204; key questions for, 221; meeting decision yield, 222–223; operating in new decision environment, 222
Industrial Dynamics (Forrester), 3
 Information architects, 105
 Information Technology departments. *See* IT departments
 ING, 134–135, 160, 170

Institute for Operations Research and the Management Sciences (INFORMS), 29–30

Insurance companies: algorithms differentiating, 20–23; credit scoring used by, 14; customer data and privacy issues for, 65–66; decision management changes in, 168–170; decision yield applied to, 98; faster claims with predictive analytics, 134–135; increasing productivity of, 151

Intel, 43

Interdisciplinary skills and programs, 107–109

Internet: Card Lab website, 64; companies co-creating value with customer via, 63; consumer access to myFICO, 68–70; controlling opt-in/opt-out choices, 70–71; creating business value from data, 25; data from social networking sites, 158–161; developing e-grocery shopping, 34–35, 37–42; influence on marketing, 58–59; MyCoke Rewards website, 60–62; myFICO website, 68–70, 133; Nike marketing via, 59; social networking sites, 158–161; using browser data, 25, 72; video rentals online, 36–37

Isaac, Earl J., 4–7, 11, 12, 14, 19–20, 29, 108

IT departments: BI tools used in, 140–142; building from scratch, 118; implementing decision management with, 113–114; investing in, 142–146; using as strategic resource, xiv; *See also* IT infrastructure

IT infrastructure: architectural building blocks of, 143–144, 149–150; building, 79–80, 210; identifying areas to improve, 203; as strategic resource, xiv

It's a Wonderful Life, 14

iTunes, 63

J

J. P. Morgan Chase Bank of Canada, 87

Jack (Welch), 145

Jaguar, 161

James, LeBron, 59

Jarayaman, Johan, 118

Javelin Strategy & Research, 74

JCPenney, 9

Jeeves, 1

Johnson & Johnson, 156

JPMorgan Cazenove, 41

K

Kauffman's, 176

Kennedy, Simon, x–xi

Knowledge technologists, 103–104, 151–152; *See also* Decision science professionals

Krishnan, M. S., 143, 150

Kroger, 26

Kurzweil, Ray, 30

L

Land Rover, 161

Leahy, Terry, 38

Ledger cards, 10

Lee, Bob, 105

Lending Club, 171

Levitt, Steven, 121

Limits to Growth (Meadows), 4

Long Tail, The (Anderson), 24

- Loveman, Gary W., xi, 51, 52, 110
- Loyalty: building product, 60–62; customer support for classic department stores, 175–177; developing, 50; Harrah's effective analytics and, 51–53; *See also* Reward programs
- Loyalty Management Group of Canada, 64
- Lucier, Chuck, 147–148
- M**
- Macy's, 175–177
- Managers: adopting customer-centric approach, 44; Best Buy merchant groups and, 47–48; Gen X and Y, 104–105; providing guidance to mid-level, 28–29
- Marketing: blending analytics with, 106–107; consumer-centered, 58–59; designing from customer data, 62; emergence of mass, 13–20; Harrah's relationship, 110, 111; interdisciplinary skills needed in, 107–109; Nike's always-on, 59
- Marks & Spencer, 38
- Marshall Field's, 175
- Martin, J. P., 87, 112–113
- MasterCard, 154–155
- Mathematical models: about, 187, 188; building and testing, 217; gathering data for, 216–217; key questions for, 216
- Matheson, Dave, x–xi
- MBA's, 107–108
- MBNA, 17, 18, 101
- McAfee, Andrew, 142–143
- McKinsey & Company, x, 2, 157–158, 162
- McKinsey Quarterly, *The*, 29
- McNamara, Frank X., 11
- Meadows, Donnella, 3–4
- Meebo, 105
- Mental models, 3
- Micropayments, 154
- Microsoft, 43, 156
- Millennium BCP, 82
- Mint.com, 155–156
- Models: adopting customer-centric retail, 44; Best Buy's customer value, 45–46; decision, 138–140; designing pilot, 196–197; mental, 3; PAYD, 65, 66; seeking profit with, 89; types of Tesco's Clubcard, 41–42; *See also* Credit scoring model; Mathematical models
- Montgomery Ward, 9, 90, 92
- Morris, Nigel, 18, 22
- Mosaik, 63–64
- MoveOn.org, 71
- Movie Tickets.com, 160
- MyCoke Rewards program, 75
- MyFICO website, 68–70, 133
- N**
- Nash, John, xiv, 231–232
- National Cash Register (NCR), 10
- Nayfeh, Basem, 106
- Netflix: how it beat Blockbuster, 34, 35–37; predictive analytics used by, 26; reward program for, 34, 37
- New Age of Innovation, The* (Pralhad and Krishnan), 143, 150
- New York Times*, 2
- Nike, 59
- Ning, 105
- Norton, David, 110–111
- Norwich Union, 66

O

Operational decisions: automating, 127–128, 151; changing, 178–179; effect on strategy outcomes, xvi; Macy's innovative, 176; profitability and, 147–148, 169; success based on, 147–148

Operational environment: about, 187, 188; building decision management application for, 218–219; key questions for, 218; rolling out new, 220; setting up decision rights for, 219–220

Operations research, 6, 29–30

Oracle/Siebel, 144

P

Page, Larry, 25

PAYD (pay as you drive) model, 65, 66

Peapod, 38

Peer-to-peer lenders, 171

Pepsi, 60

Performance: agility and corporate, 201; competitive advantage with innovative IT technology, 142–146; consistency and precision of, 200–201; corporate success and data accessibility, 19; cost and, 201–202; enhancing with analytics, 20–23; speed and, 202

Personalizing customer experience: Best Buy's strategies for, 46–49, 53–55; locating companies closer to customers, 35; Tesco and, 34–35, 38–41; tracking what customer wants, 34, 35–37; using customer types for, 35

Pilot models, 196–197

Post-managerial society, 29

Prahalad, C. K., xi, 55, 56, 63, 143, 150

Precision: analytics and, 206; assessing, 198; defined, 83, 97, 197; measuring, 200

Predictive analytics: adopting, 81; benefits of, 137–138; data needed for, 213–214; defined, 131; descriptive analytics vs., 130; enhancing retail sales with, 177; faster insurance claims with, 134–135; industry awareness of, 169; Netflix use of, 26, 34, 35–37; predicting behavior with, 8–11, 131–134, 135–137; replicating GE's culture with, 145; using in insurance industry, 98

Predictive model selection, 207–208

Privacy: co-creation and data, 65–66; consumer concerns about, 57–58, 73–74; electronic medical records and, 172; handling sensitivities about data, 71–72; opt-in/opt-out choices for, 70–71; using data with integrity, 75–76

Privacy indifferent, 73

Privacy pragmatists, 73–74

Procter & Gamble, 174

Products: adopting customer-centric retail of, 44; analytics and follow-up sales of, 47–49; building brand-loyalty for, 60–62; connecting decision making for all, 170–171; customer co-creation of, 63–64; optimizing mix and placement of retail, 176, 177–178; reducing development time for, 152

Profitability: balancing with
 consumer needs, 77; Best Buy's
 analytics and, 48; constraints on,
 xvi–xvii, 88–89; decision manage-
 ment and, 102; operational
 decisions and, 147–148, 169;
 Tesco's online shopping, 37–42

Progressive Insurance, 20–22

PROSPER computer language, 15

Prosper.com, 170, 171

Q

Quality of data, 211–214

R

Racial bias, 10, 11

Radio-frequency identification tags
 (RFIDs), 122, 159

Raiffeisen Bank, 82

Ramaswamy, Venkat, 55, 56, 63

Reed, John, 13

Relationships: Harrah's relationship
 marketing, 110, 111; mapping
 in decision models, 138–140;
 strengthening customer,
 vii, xvii

Responsibilities in decision
 making, 210

Retail businesses: decision manage-
 ment improvements for, 174–178;
 switching to customer-centric
 model, 44

Revenues Sciences, 72

Reward programs: American
 Airlines, 50; Best Buy, 35, 45,
 49, 53–55; customer loyalty and,
 50; Harrah's, 50–53; MyCoke
 Rewards, 59, 60–62; Netflix,
 37; Tesco ClubCard, 26,
 38–42, 86

Reward Zone, 53–55

Rights in decision making, 210,
 219–220

Rivers Run Red, 160

ROI analytics, 106–107

Roles in decision making,
 195–196, 210

Rolling ball algorithm, 42

Rosenberger, Larry, xiii–xiv, 10, 16,
 37, 136, 231

Rules management software: auto-
 mating decisions with, 126–127;
 health care industry and, 173;
 insurance company decisions
 and, 151; replicating GE's culture
 with, 145

Rules-based systems, 81

S

Santander Group, 92–93, 94

SAO, 149

SAP, 144

Satre, Phil, 51

Schrage, Michael, xiv–xv

Schwartz, Mort, 134

SEAC, 5

Sears, Roebuck, 9

Second Life, 160

Senge, Peter, 4

Shaheen, George, 40

Shelf-centered collaboration, 174

Signet Bank, 18

Silva, Ralph, 171

Singularity Is Near, *The*
 (Kurzweil), 30

Sirosh, Joseph, 158

Six Sigma, 145

Slide, 105

Smith, Matt, 44, 53, 54

Snyder, Ralph, 11

Social networking sites, 70–71, 158–161
 Speed: analytics and, 207; assessing, 199; defined, 84, 97, 98, 198; measuring, 202
 Stakeholders in company strategies, 192–193
 Standard Oil Company, 6
 Stanford Research Institute (SRI), 4, 5, 108
 State Farm Insurance Company, 20, 21
 Sternberg, Seth, 105
 Strategy, effect of operational decisions on, xvi
 Stross, Randall, 2
 Sullivan, John, 136
Super Crunchers (Ayers), 121
 Symbiosis, 30
 Synergy, 30

T

Tacoda, 72
 Tata Group, 161
 Tattersall, Mike, 41
 Technology: building decision management, 79–82; competitive advantage with innovative, 142–146; coupling with analytics, 26–27; defining new, 204; handling larger data sets, 22; managing increasing volumes of data, 23–24; processing balance requests, 85; tapping into unstructured data, 157–158; *See also* IT infrastructure
 Telecom companies, 168–170
 Tesco: analytics used by, 25–27, 38–42; ClubCard loyalty program, 26, 38–42, 86; finding profit in

online shopping, 37–42; managing high volume decisions, 84; online shopping, 34–35; online shopping at, 37–42; store layout at, 176, 177
 Testing mathematical models, 217
 Third-party data aggregators, 155–156, 215
Time, 12
Today Show, The, 70
 Total Gold/Total Reward loyalty program, 51, 53
 Tower Group, 170, 171
 Trade-offs: efficient frontiers and, 95; managing, xvi–xvii, 178; retail store, 177–178
 Transaction systems, 141
 TRIAD, xiii
 Trust: importance in co-creation, 75, 76; losing and earning customer, 71, 72; security breaches and loss of, 74

U

Unstructured data, 157–158
 U.S. Bureau of Standards Electronic Eastern Automatic Computer, 5

V

Value. *See* Business value
 Virgin Money USA, 171
 Virtual companies, 160–161
 Visa, 144
 Vollmer, Chris, 58, 59, 104, 106

W

Waller, Fats, 37
 Wal-Mart, xiv–xv, 23–24, 38, 84–85, 88, 144
 Watson, Jr., Thomas J., 4

We7, 63

Websites. *See* Internet

Webvan, 38, 40

Welch, Jack, 145

Wells Fargo Bank, 15

WestJet, 64

Work flow, 127–128

Z

Zealots, 73

Zopa, 171

Zuckerberg, Mark, 70

