



Why Business Intelligence...Makes You So Dumb

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This brief is based on the webinar “Why Business Intelligence Makes You So Dumb” presented by Karen Masullo, Chief Intelligence Officer EVP Predictive Intelligence, Firestorm



[Image: Cover of the Insurance Research Letter](#)

Why Business Intelligence Makes You So Dumb

“Technology is changing faster than anyone realizes. The rate of change is one of the biggest exposures the world faces today. Individuals, even those working in the technology field, are no longer able to forecast what the vulnerabilities and threats are of the technologies that are being created. Interestingly, Hollywood does a better job forecasting our exposures than people do.”

~ Harry Rhulen, CEO Firestorm

The amount of data that we receive today influences the decision-making process

Five exabytes of content were created between the birth of the world and 2003.

In 2013, five exabytes of content were created *each day*.

Generally, curiosity is useful. In our evolutionary past, knowing whether that rustling in the bushes belonged to a tiger or a mouse could have meant the difference between life and death. We're wired to reduce uncertainty because our minds were adapted for another, more hazardous, time.

We're fascinated with filling information gaps and that obsession can lead us astray. Especially today, when reducing uncertainty has become all too easy.

One of the top growing professions is a data scientist or analyst; someone who analyzes information and presents that information in an easy-to-understand format.

The Seduction of Data

In Business as Usual...

What data do you use to make decisions? In business as usual, you may have the opportunity to use a large amount of data to make decisions.

- Every day, we create 2.5 quintillion bytes of data
 - That data would fill 10 million blu-ray discs. The height of the discs stacked would measure the height of four Eiffel Towers on top of one another.

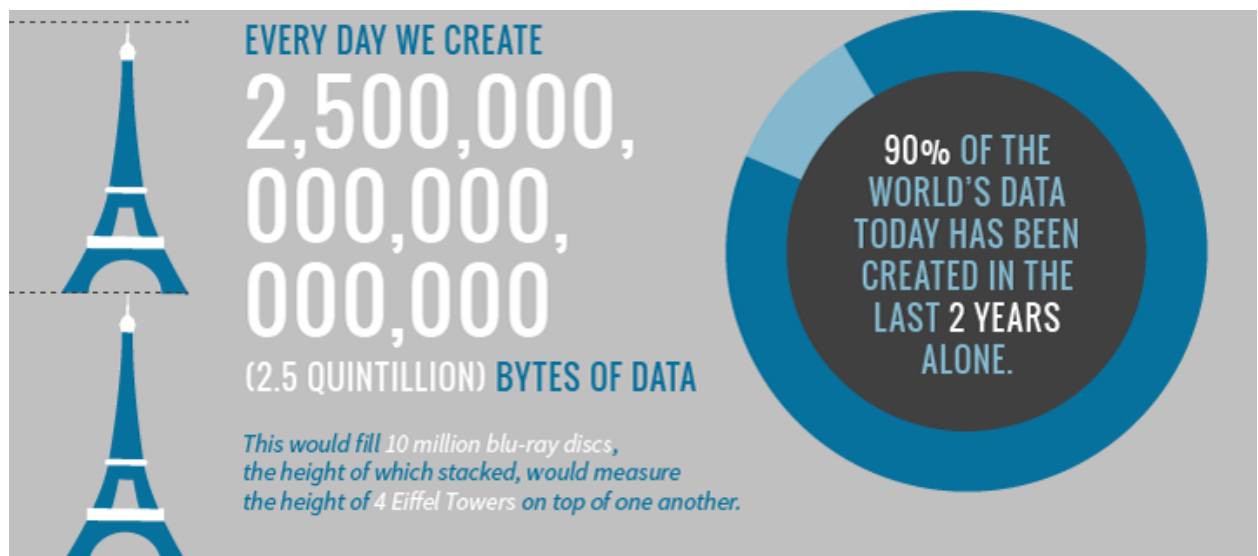
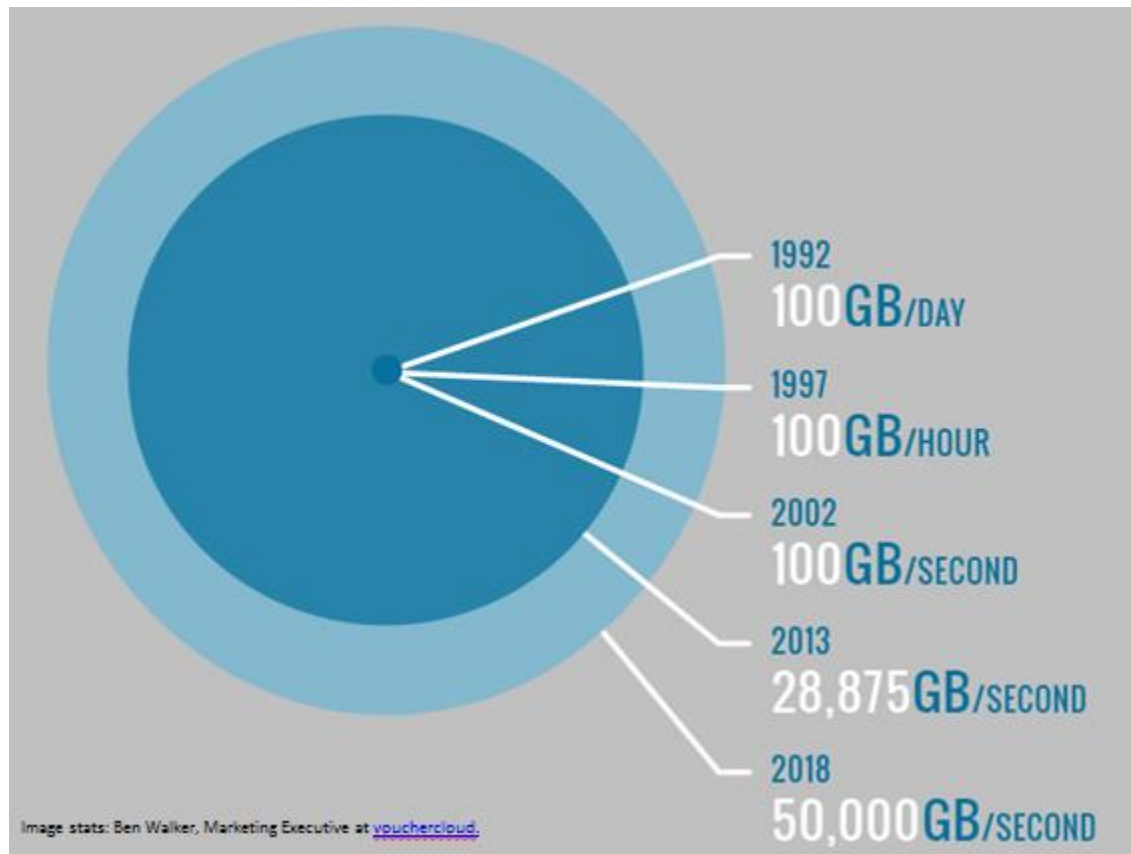


Image stats: Ben Walker, Marketing Executive at vouchercloud

How About Business as Unusual?



In business as usual, data is used in a variety of ways to make decisions. Political campaign decisions are based on analyses of data. An abundant amount of data moves quickly. Due to that, quite often when a politician speaks based on an immediate analysis of data, the next day, they revoke what they said. While politicians may have the leisure to do that, businesses do not always have that luxury.

In business as unusual, decisions must be made quickly; and they may be based from a variety of data. How do you know if the data you're using to make these critical decisions is the right data?

Types of Data

Structured Data: We're more familiar with structured data than any other form of data because we have been working with this type longer than any other. Structured data is information, usually text files, displayed in titled columns and rows which can easily be ordered and processed by data mining tools. The best way to picture this data is by envisioning a file cabinet of information.

Unstructured Data: The data that can't be so readily classified and "filed": photos and graphic images, videos, streaming instrument data, webpages, PDF files, PowerPoint presentations, emails, blog entries, wikis and word processing documents.

When Firestorm created its predictive intelligence practice, we needed tools that allowed us to view large amounts of aggregate data. We also focus on very specific conversations and people and sort the data in a way that made sense.

The ability to view and make sense of large amounts of data is important, especially during times of stress.

Dark Data: Dark data is operational data that is not being used. Gartner Inc. describes dark data as "information assets that organizations collect, process and store in the course of their regular business activity, but generally fail to use for other purposes."

Managing That Data

One challenge companies face is the siloing of communication, operations and procedures. This also occurs with data. The goal should be to provide the right information to the right people in real time, accurately and adequately.

Support timely and efficient decisions. Assure only the most important and relevant information is provided to decision makers to support their decision-making process and responsibilities.

Samuel Clemens once said, "I didn't have time to write a short letter, so I wrote a long one instead." Data is similar; it needs to be clear and concise. The data must be analyzed and action/recommendations must be taken. Otherwise, all you have is information that needs to be sorted.

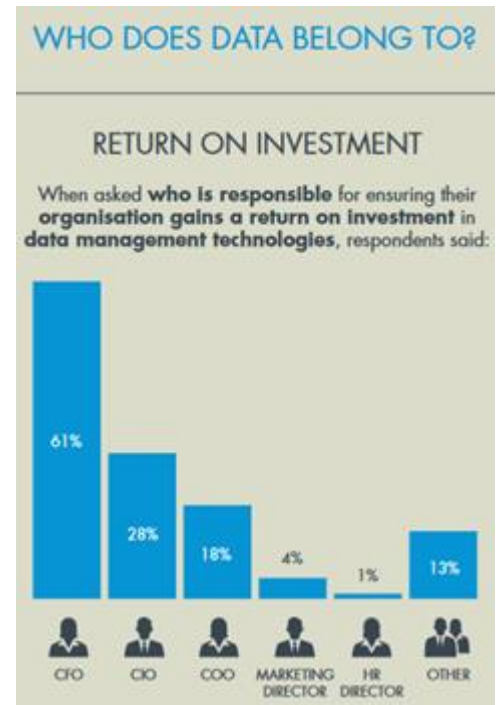
Who owns the data?

When the AICPA asked this question, the overwhelming response was: The CFO of an organization, followed by: the CIO, COO, the Marketing Director, HR Director and others. How does the Continuity Manager ensure they have a seat at that table and are involved?

On The Pursuit and Misuse of Useless Information – A Study Performed By Stanford and Princeton Universities

Imagine you are a loan officer at a bank and reviewing the mortgage applications of a recent college graduate. The graduate has a steady paying job, a sufficient credit history, but had failed to make a payment on a \$5,000 debt in three months. Do you approve or deny the loan? Seventy-one percent of the respondents said they would deny the request.

In a second group of participants, there was confusion over whether the amount was 5k or 25k. This allowed participants the opportunity to delay their decision to find out the amount. When they did find out, the amount was the exact same as in the first group, 5k, but unlike the first group where more than



70% chose to reject the application, 54% of the second study group chose to approve the application. Irrelevant data delayed their decision, and caused them to reach a different conclusion.

Moral of the story: You must be careful within your business and understand what information is flowing in and how that information is actionable. Information must be analyzed during times of “business as usual,” but especially in times of “business as unusual.”

“Decision makers often pursue non-instrumental information—information that appears relevant but, if simply available, would have no impact on choice. Once they pursue such information, people then use it to make their decision. Consequently, the pursuit of information that would have had no impact on choice leads people to make choices they would not otherwise have made.”

*Anthony Bastardi, Stanford University
Eldar Shafir, Princeton University
On the Pursuit and Misuse of Useless Information*

*“Information must be analyzed during times of “business as usual,” but especially in times of **business as unusual.**”*

*Karen Masullo
Firestorm EVP of Predictive Intelligence*

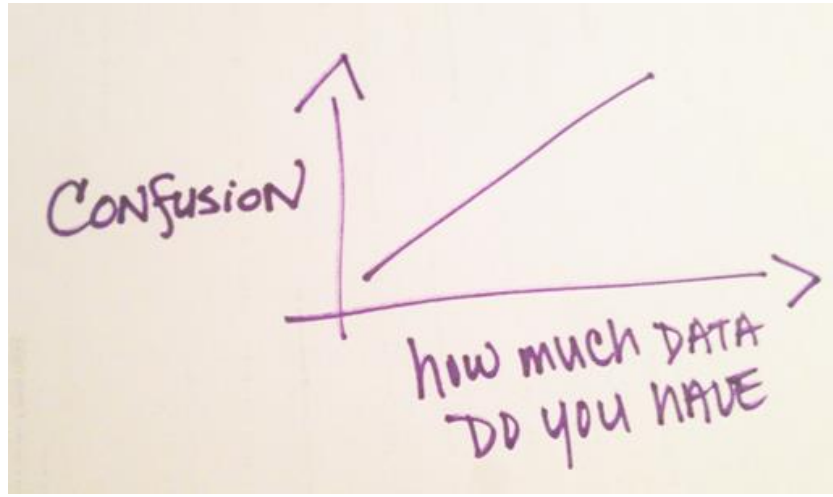
Data must be analyzed because what we do not want is the illusion of knowledge.

“The greatest obstacle to discovery is not ignorance – it is the illusion of knowledge.”

- Daniel Boorstin

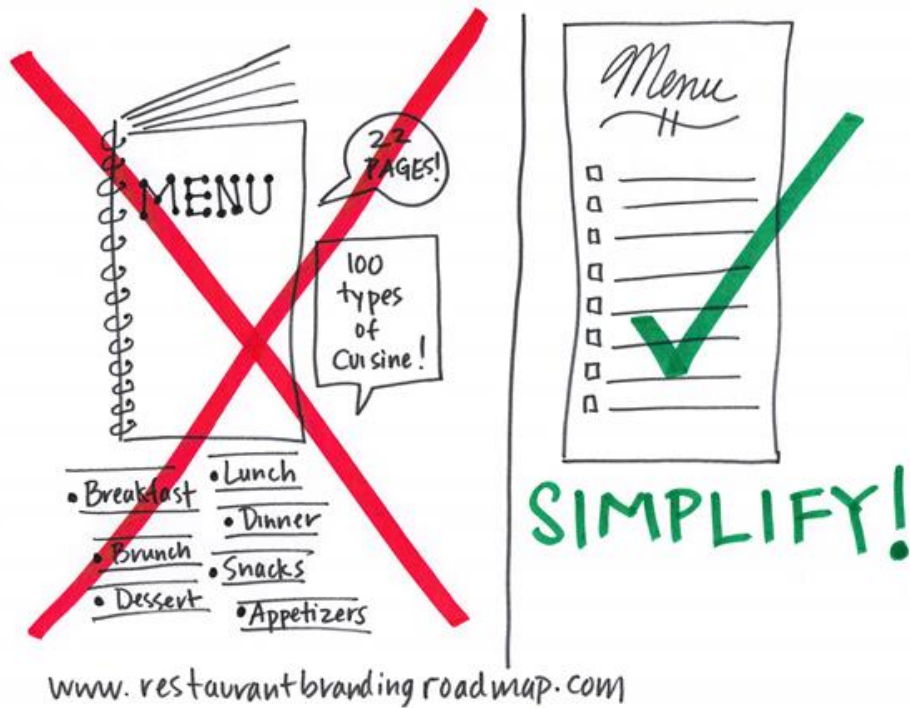
In the past, technology changed slowly. The threats that were created evolved over time periods that were manageable. Today, the rate of change has made it such that information from yesterday may be useless in predicting what is coming tomorrow.

How Does Data Affect Our Lives?



Without someone to walk you through data and provide a clear analysis, confusion will increase as the amount of data increases.

Complexity Does Not = Clarity



Data Without Insight is Risky Business

Bad data = bad analysis = bad business decisions

Risking Bad Analysis – Assumptions made based upon flawed data.

Missing Data – How do you know what you don't know?

Lack of Visibility – Poor data means there's no transparency across the organization to help teams create repeatable and reliable processes. Siloed information and leaders who withhold critical information are key signs of an unhealthy organization.

Lack of Focus – Flawed data is a distraction.

"There are three kinds of lies: lies, damned lies and statistics"

-Benjamin Disraeli



The difference between possessing data and possessing actionable intelligence is displayed simply in the image above.

Information + Insight = Intelligence



First, we gather data. Then we analyze the data, next insights are created. Based on experience and analysis of facts and figures, actionable intelligence can be created.

During times of crisis, people are surprised they are experiencing difficulties making decisions. Normally (not during a crisis), they are great decision makers.

Decisions, Decisions...

- How do you make decisions?
- What is the decision-making process?
 - Is the decision-making process situational?
 - Do members of the team change based upon situation?
- Do you have a trusted, objective sounding-board?
- What additional intelligence will help?

Decision Making In Crisis

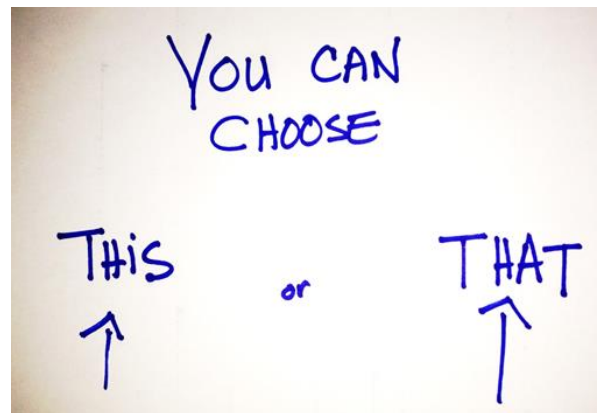
Most executives are trained to make decisions based upon information, data, and policy. In a crisis:

- Information is generally wrong
 - Today, you may learn of information regarding your business via social media (i.e. – Facebook, Twitter, Instagram, etc.)
- Data is not available
- Policies do not exist
- Command and control is lost
- Brand and reputation are under attack
- Leadership is involved and engaged personally
- Impacts are disproportional
- Events are escalating
- Speed is quality or even survival
- Issue is the center of media focus

What if Data is unavailable during a Crisis?

What happens if your systems were hacked and you cannot access company data? What if there is a power outage that prevents the access of information? What happens if you have **no** data available?

You can choose **this**, or you can choose **that**; even if both choices are bad. Regardless, you **must** make a decision.



Response Process and Decisions

Most Threats Can Be Identified Before They Occur

- Firestorm develops predictive, actionable intelligence for clients.

- We help you target threats and risks before they materialize.
- As a result, there is time for intervention. In many cases, risks can be mitigated or eliminated.

“I found the Firestorm team of senior level advisors invaluable in navigating a crisis and guiding our company. In my opinion, their counsel and judgment were instrumental...”

-William G. Stanley
Chairman and CEO Emeritus, VEREIT, Inc.

Firestorm Crisis Management Performance Maturity Rating™

	STAGE 1 LIABILITY	STAGE 2 BASIC	STAGE 3 SUPPORTIVE	STAGE 4 STRATEGIC
	SURPRISE	REACTION	PREACTION	CULTURE
DECISION PROCESS	Process developed as a reaction to the situation, lots of debate on process, experts called in late	Generic process, decision rights not completely clear, some degree of confusion	Defined process structure, defined decision rights with little debate	Clear playbook for major crisis types, clear and known decision rights
ROLES AND RESPONSIBILITIES	High levels of confusion and changing assignments, decision processes not clear, some areas overlooked	Roles and responsibilities clear but defined as needed, support resources not defined, most issues covered	Clearly defines roles and responsibilities, aligned with processes and event types, support resources defined	Clearly defined and established roles and responsibilities, predefined by event type, support resources identified and trained, all areas covered well
INFORMATION CLARITY	Difficult to obtain good data, slow to identify needed data and slow response from organization	Required basic data defined, delayed response from organization, difficult to obtain precise information	Basic data predefined, event specific information quickly identified, fast organization response for data and input	Basic and event type information predefined and information processes pre-established, fast response for unique data
SPEED OF DECISION MAKING	Slow process, events outpace leaders, serious confusion, consumes executive team	Some lack of timely decision making, reacting to events, highly resource intensive	Generally timely decision making, adequate response to events, efficient process	Highly efficient and timely decision process, anticipates events and needs, consumes only resources needed
COMMUNICATIONS EFFECTIVENESS	Confused messages, highly reactive, key channels missed, messages not timely	Established message development process; most major channels addressed, reactive messaging	Defined messaging process and channels, effective and timely message development, some messaging standardized	Proven messaging process, predefined messages for major event types, message content standardized and refined as appropriate

Where does your organization fall on the Maturity Rating™ Graph? Think about your team and what occurs during a crisis situation. Initially during a crisis, most organizations fall into the first stage: surprise. This is a liability phase. During this stage, procedures are developed on a fly if you are not following a detailed plan. Confusion levels are high and multiple people are assigned the same task. Processes are not clear and information is overlooked. Due to information slowly flowing in, response time is usually slow.

From a communication standpoint:

- Messaging is inconsistent
- Key channels are missed
- Messages are not timely

During the reactive stage, the decision-making process improves. There is, however, still confusion in general. Basic data begins to flow.

Stage three, the preaction stage, contains structure. Defined decisions are made with little debate. Decisions are clear, concise and increasingly efficient. As a result, people know their roles and responsibilities. This allows timely leadership decision-making actions. During this stage you have:

- Defined messaging
- Strong message maps
- Effective and timely messaging

Stage four is a culture of strategic decision making that provides more time to make sound decisions.

EVENT	ACTION CODE	STAGE 4 STRATEGIC CULTURE
Fire Alarm	B, A	Clear playbook for major crisis types, clear and known decision rights
Power Outage	C, A	
Security Breach	B, A, D	
Tower Lights Outage	A	
UST Monitor	A, E, F, G	Clearly defined and established roles and responsibilities, predefined by event type, support resources identified and trained, all areas covered well
Injury / Death	A, D	
Workplace Violence	B, A, D	
Fuel Leak	A, E, F, G	
Hazardous Materials Spill	A, E, F, G	Basic and event type information predefined and information processes pre-established, fast response for unique data
Fuel	A, H	
Water Leak	A, I	
Electrical Problem	A, J	
HV/AC	A, K	Highly efficient and timely decision process, anticipates events and needs, consumes only resources needed
Protestors	B, A, D	
Media Onsite	A	
Tree Down	L, A	
Structural Issue	A	Proven messaging process, predefined messages for major event types, message content standardized and refined as appropriate
Elevator	M, A	
Computer / IT Issue	A, N	
Phone Problem	A, O	
Water Main Break	B, A	

Next Steps

- **PREDICT:**
 - Let us assist you in an assessment
 - Analyze relevant data to create Insight & Intelligence
 - Establish an Intelligence Network
- **PLAN:**
 - Develop plans with specific action plans for each threat
- **PERFORM:**
 - Train
 - [May 25th Virtual Exercise – Cyber-Crisis Breach \(Business\)](#)
 - Call Firestorm

Contact Firestorm to learn how to:

Align your plans to best practices

Create your own *Intelligence Network*

Schedule *CRISIS COACH*[®] training

Attend any of our other webinars by [registering here](#).

View previous Webinars on our [YouTube Channel](#).

No-Fee Self-Assessment

Receive a no-fee, Self-Assessment & Expert Analysis (\$2,500 value).

Link: <http://www.firestorm.com/engage-us/contact-firestorm>

Contact Us

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