

The Future of Insight

How AI is Transforming Business and Being Transformed

Donald Farmer
TreeHive Strategy

Donald.Farmer@TreeHiveStrategy.com



From Wow!

... to How?



What's going on here?



What's going on here?

1. A mashup of ideas, based on examples it has seen before and some broad prompts.



What's going on here?

1. A mashup of ideas, based on examples it has seen before and some broad prompts.
2. A guess at what looks right based only on what looks approximately right



What's going on here?



What's going on here?



What's going on here?



What's going on here?

1. A mashup of ideas, based on examples we have seen and some broad prompts.

2. A guess at what looks right based only on what looks approximately right





Setting the scene

Wide adoption

- Many industries already rapidly adopting AI
- Personal use expanding
- Increasing invisible adoption

Continuing improvement

- More accurate, self-improving algorithms.
- Multi-modal capabilities.
- Increasingly customizable

Emerging considerations

- Privacy and piracy
- Bias
- Regulation
- Social impact

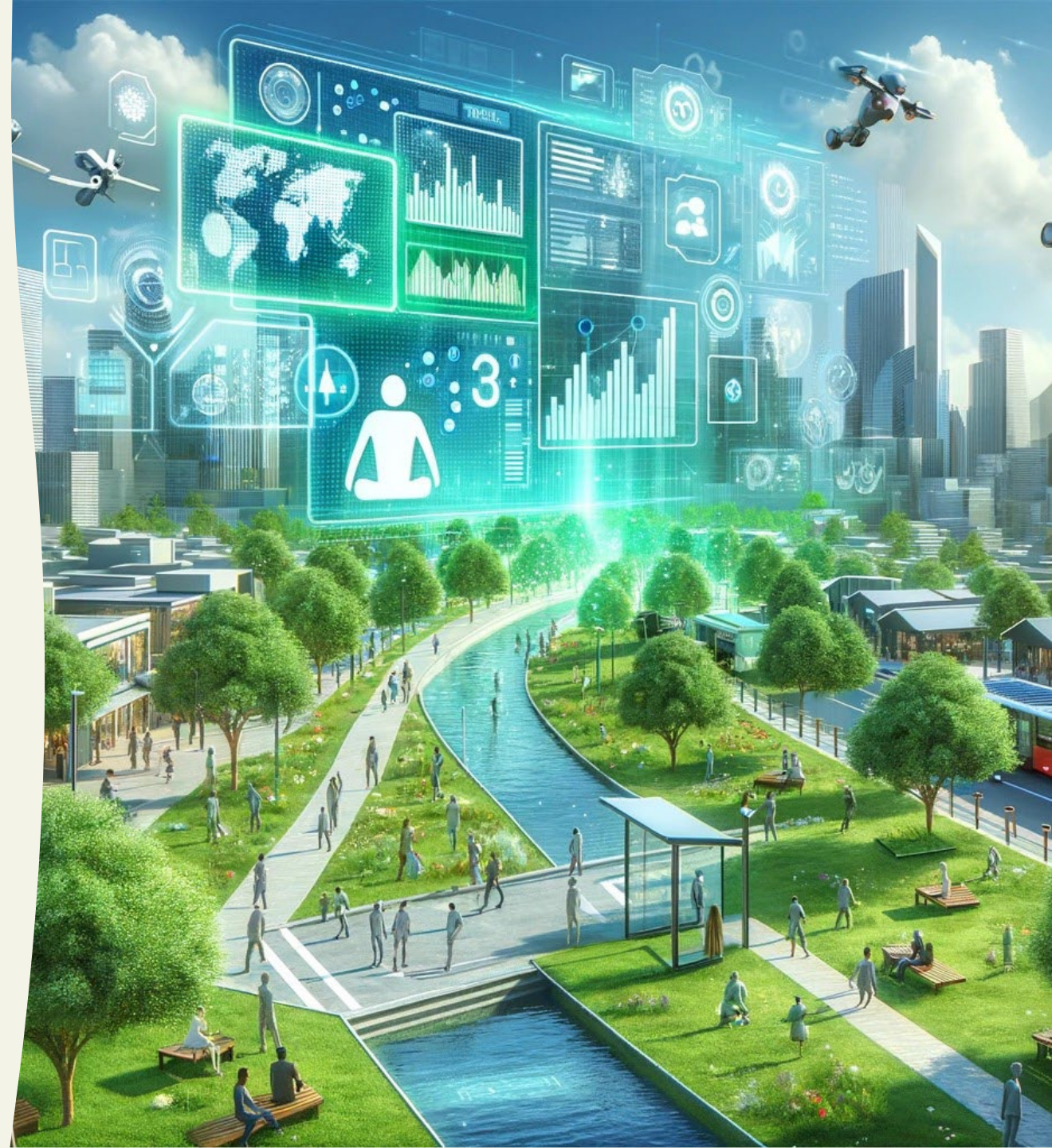
The positive promise

Enhanced productivity

- Automation of routine tasks: humans focus on high-value activities.
- Streamlining operational decisions.

Enabling Innovation

- Product and service innovation with new AI-enhanced offerings
- Advanced analytics provide a more profound understanding of market trends and customer behavior
- **Improving strategy**
 - Based on extensive analytics and scenario modeling rather than forecasting.





Barriers to Adoption & Success

- Lack of understanding and expertise
 - Hiring and retaining AI talent.
- Data Quality and Accessibility Issues
 - Poor data collection & management.
 - Data privacy challenges in using data
- Financial and Resource Constraints
 - Significant cost of AI dev and deployment.
 - Resources for ongoing training & review.
- Resistance to Change and Cultural Barriers
 - Organizational difficulty adapting to new technologies and workflows.
 - Customer resistance and distrust



Your very own AI crisis. What will it be?

- Misalignment of expectations
 - Anticipating and managing the costs of development and management.
 - Intangible results.
- Misalignment of strategy
 - Technical Integration with existing systems and workflows
 - Scaling from experiments to full-scale, operational deployment.
- Compliance failure



The winning values

Innovation & creativity

- AI opens new avenues for creative problem-solving and innovation.
- Accelerating R&D

Boosting efficiency & optimization

- Streamlining operations in every industry
- Personalizing Services

Enhancing equality & accessibility

- Making knowledge more accessible to diverse populations worldwide.
- Improving accessibility for the under-skilled and under-resourced.
- Strengthening global collaboration across language barriers



Bringing it home and making AI stick

1. Alignment with strategy
2. New, dynamic, adaptive, AI-based processes
3. A culture of data and AI literacy
4. A robust data infrastructure
5. Cross-functional AI teams
6. Ethical, well-governed, AI use
7. Measurable ROI
8. Digital team members

AI and Strategy

AI as a Strategic Innovator

1

Rapid
prototyping

2

Generating
scenarios

3

Simulating
strategies

4

Customizing
existing
strategies

Describe your strategy

- For AI to help, you must be able to describe your strategy to the AI
- You should also describe the parameters and variables of the strategy
- And you should be able to describe any constraints

Business Model Canvas

Key Partners

Key Activities

Value Propositions

Customer Relationship

Customer Segments

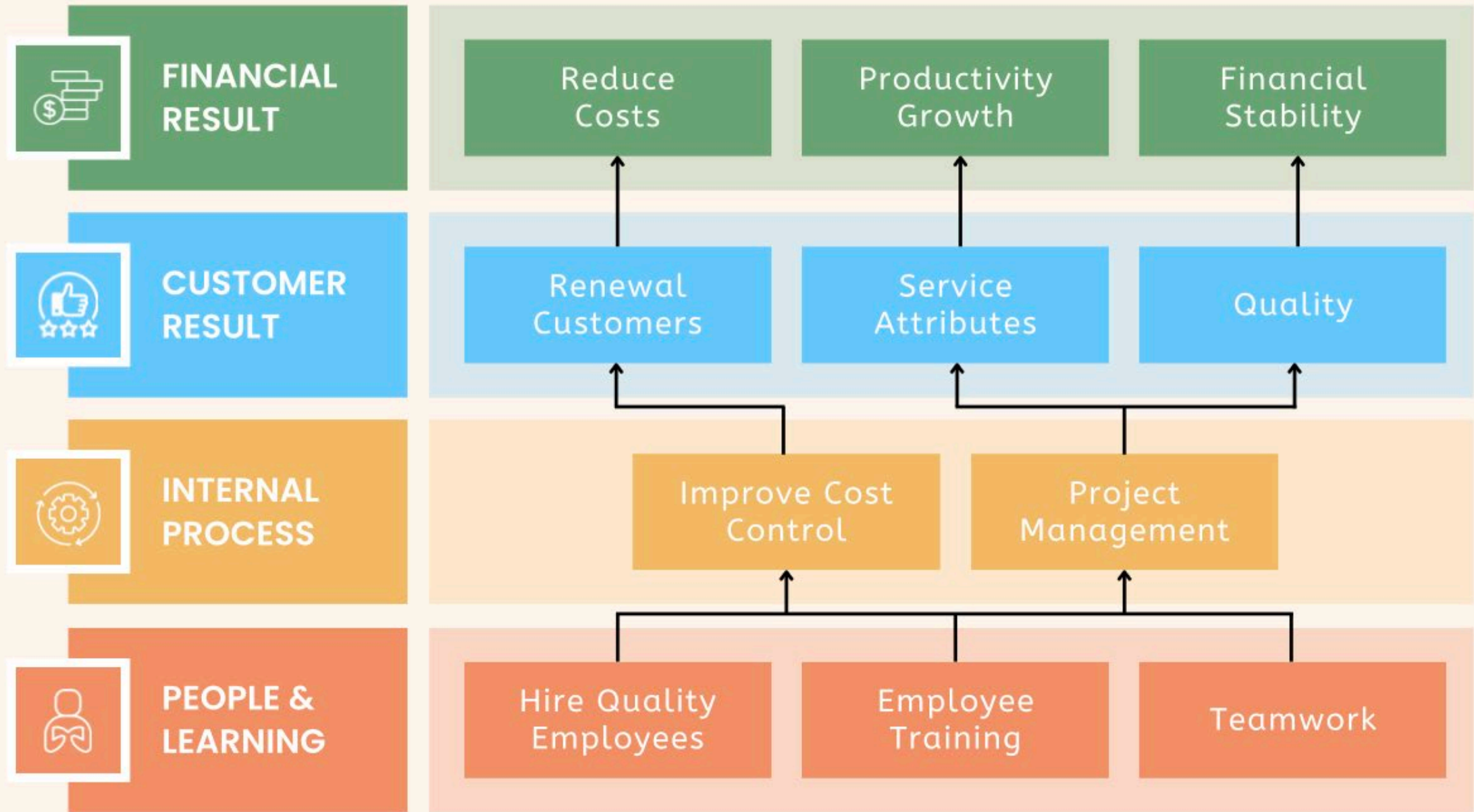
Key Resources

Channels

Cost Structure

Revenue Stream





Retailer Strategy on a Page

From Jill Dyché, The New IT



IT vision

To mechanize and propel the Company's goal of delivering the best shopping experience for our customers across product categories, purchase cycles and relationship stages.



performance measures

Business requirements driven,
Agile (regular and incremental) delivery of functions and platforms.
Value is measurable for each initiative.



strategic imperatives

Deliver platform for enterprise Voice of the Customer	Expand information management competencies	Create big data support infrastructure	Modernize online channel.	Establish social media capabilities for Marketing and CS projects
---	--	--	---------------------------	---



initiatives

Create functional & data requirements	Determine existing data skills (cross-functional)	Procure big data technologies (Hadoop/grid)	Find & consolidate product catalogs	Obtain key social data from sources
Inventory & document master systems	Formalize & document job roles/descriptions	Obtain/load web log or social data	Release RFP to web vendors	Purchase and integrate 3 rd party data
Determine optimal analytics platform	Review & publish conceptual data model	Conduct data discovery and regressions	Acquire recommendation engine	Architect platform to integrate/reuse
Procure customer survey provider	Acquire & roll out data quality process/tool	Organize data for efficient access & retrieval	Optimize web paths	Create social sandboxes for BUs
Deliver V1 VOC dashboard	Hire business analysts/data stewards	Enrich or hire data scientist skills	Integrate online and offline analytics environments	Integrate social, big data, and analytics functions

The image you sent is indeed a strategy on a page for a retailer. The retailer's vision is to deliver the best shopping experience for customers across product categories, purchase cycles, and relationship stages.

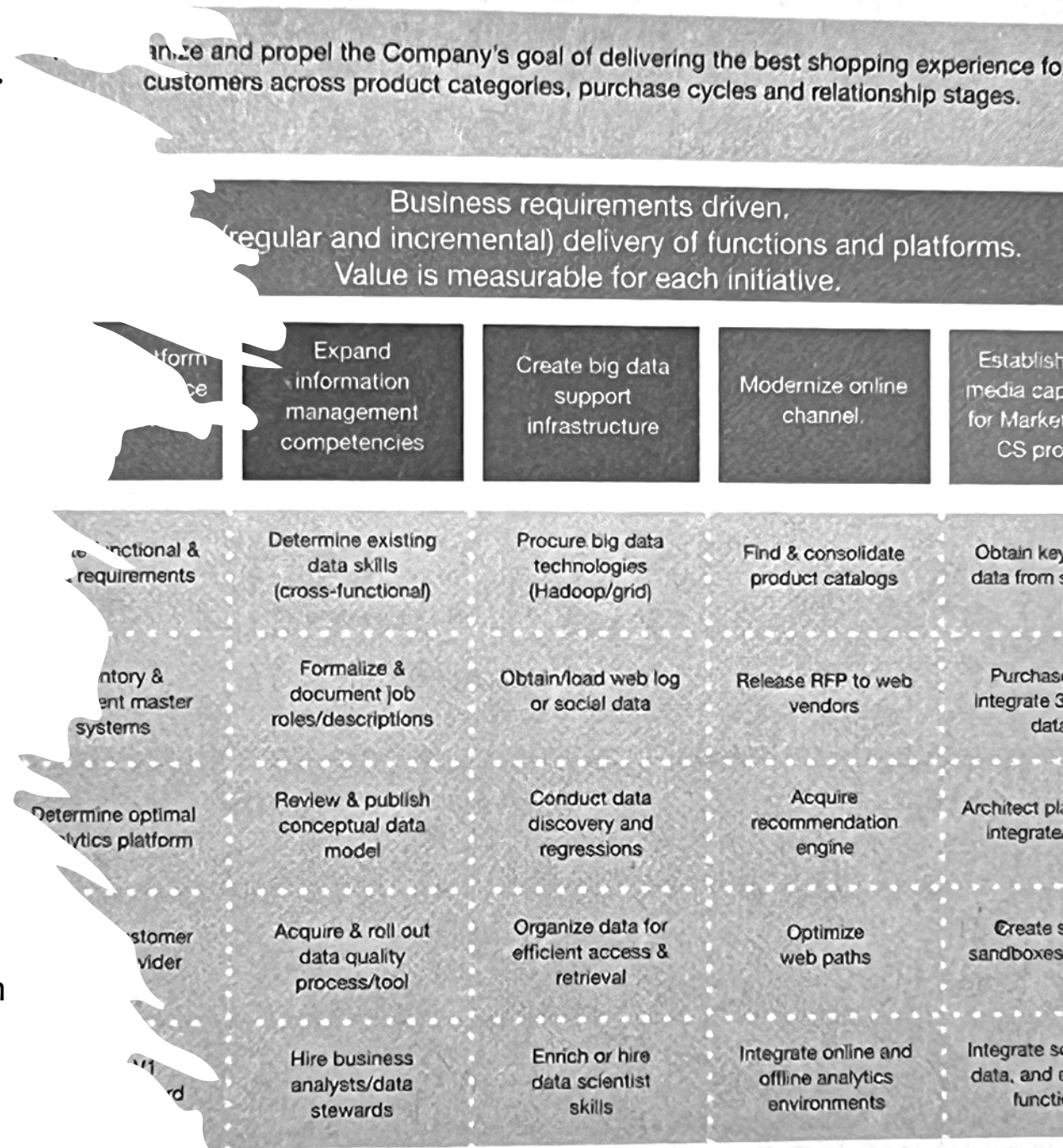
The strategy outlines the following initiatives:

- Create functional & data requirements
- Determine optimal analytics platform
- Procure customer survey provider
- Deliver V1 VOC dashboard
- Establish social media capabilities for Marketing and CS projects
- Expand information management competencies
- Create big data support infrastructure
- Modernize online channel

The retailer plans to achieve these initiatives through the following:

- Business requirements driven, Agile (regular and incremental) delivery of functions and platforms
- Value is measurable for each initiative

Overall, this strategy on a page outlines a data-driven approach to improving the customer shopping experience across all channels.



DF Can you recommend any improvements to this strategy for a time when the market is showing signs of shrinking due to reduced consumer spending?

When facing a market contraction due to reduced consumer spending, the retailer may want to consider the following adjustments and additions to their strategy:

1. Prioritize initiatives that deliver quick, tangible cost savings or efficiency gains, such as optimizing inventory management, streamlining supply chain processes, or automating manual tasks. This will help shore up the bottom line during leaner times.
2. Double down on customer retention initiatives. It's more cost-effective to keep existing customers than acquire new ones. Leverage the VOC dashboard and social media monitoring to quickly identify and address sources of customer dissatisfaction. Personalize offers and experiences to boost loyalty.
3. Scrutinize the marketing mix and reallocate spend towards the highest-ROI channels and tactics. The social media capabilities and big data infrastructure can help determine which campaigns and segments are delivering the best returns, allowing for more targeted and efficient marketing investments.
4. Accelerate the development of online and omnichannel capabilities to cater to shifting consumer behaviors. With tighter budgets, many consumers will favor retailers that offer convenience, competitive pricing, and a seamless digital experience. Ensuring a strong e-commerce presence and smooth integration with offline channels will be key.

Vision

- To deliver the best value-driven shopping experience for customers across product categories, purchase cycles, and relationship stages, while ensuring resilience and adaptability in a challenging market.

Key Performance Measures:

- Agile (regular and incremental) delivery of high-impact initiatives
- Value is measurable for each initiative, balanced between short-term efficiency and long-term competitiveness

Strategic Imperatives:

- Optimize cost structure and resource allocation
- Enhance customer retention and loyalty
- Accelerate digital transformation and omnichannel capabilities
- Expand value-oriented offerings

Initiatives:

- Identify and implement quick-win cost optimization opportunities
- Refine customer segmentation and personalization strategies
- Conduct comprehensive marketing mix analysis and optimization
- Accelerate e-commerce platform enhancements and integration with offline channels
- Introduce or expand private label and value-focused product lines

What to do on Monday

1

Ensure you can **describe your strategy** in ways AI can understand

2

Practice with generative AI for strategic innovation

3

Learn the limitations through experiment and research

4

Invest in **human creativity**

The Future of Insight

How AI is Transforming Business and Being Transformed

Donald Farmer
TreeHive Strategy

Donald.Farmer@TreeHiveStrategy.com

