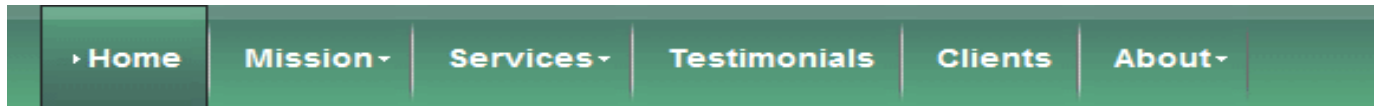


# Focus

A publication of Wagner Consulting Group

April 2011



## Transforming Data to Wisdom – For Profit!

Forty-eight percent of respondents to the March 2011 Wagner Consulting Group CEO survey listed finding more profitable work/customers as their top leadership challenge. In these times, imagine that!

Moreover, market shifts happen more rapidly nowadays, so maintaining profitability is a problem even in a decent economy.

Pricing pressure is not new. Commoditization of products and services is a well-established trend. In the old days (i.e., very recent past) the “China price” was the price floor for manufactured goods; now Vietnam or some other emerging nation often claims that honor. Pricing pressures are also evident in services.

In addition to Commodity Hell, other forces of rapid change are transforming what customers buy and how they buy it. This transformational tsunami is growing, and will affect everything in its path. The key to survival in this business environment is to be surfing the top of the wave – not being swept under it.

Surfers anticipate and then ride a wave. Business should do likewise, and adapt to mega trends, not fight them. If a wave peters out, the expert surfer quickly abandons that wave and begins paddling out in search of a new breaker. Business should also identify and abandon failing strategies.

In our transformational world the penalties for a slow response to big shifts are more severe than in the recent past. We have less time to recognize and adapt. That’s a cold, hard reality. There is an upside, however. Current trends offer new opportunities to add real value to customers by transforming data into wisdom. Here’s how to do this.

- Collect and analyze data to produce information
- Convert the information into something actionable – knowledge!
- Add context to the knowledge and you create wisdom – timeless advice

A common example of transforming data into wisdom is a geotechnical engineer carrying out

foundation research before a structure is built. Much of the data (core samples, regional geology, etc.) included in the engineer's report are probably meaningless to the owner. The value the engineer brings to the client is twofold: Recommending the most economical and appropriate foundation structure, and explaining to the client *why* the recommended site work and design are in the client's best interests. The timeless advice might be something like, "Don't skimp on the unseen foundation or your pretty superstructure will soon develop cracks."

Also, consider all the fancy graphics local television stations bring to their weather forecasts and severe weather warnings. They are competing for eyeballs by leveraging technology to paint vivid pictures of weather.

If your business has a product or service that is being commoditized, create a new customer value proposition by adding a new service wrapped around the old product/service. Use technology (either new technology or old technology used in new ways) to create value, like the TV weather forecasts. Remember that your customers are living in the same rough seas as you are, and – with a little imagination – you can identify their pain points.

Here's an example of using technology to add a service for which customers will pay *and* that can generate new business from the customers.

One of my clients, a commercial electrical contractor, bought thermal imaging devices and entered a new line of business called *predictive maintenance*. The idea is to scan electrical panels, motors, and other devices for temperature variations to spot incipient problems. Fix before failure – what a concept.

Notice how the preceding example addresses customer needs (save downtime and reduce maintenance costs) and leads to higher-margin consulting and service work. It's a win-win.

There is no Magic Silver Bullet to solve all your business problems (which is fortunate for consultants like me!) but you can make the most of shifting trends. Remember the expert surfer and take advantage of the big waves, abandon dissipating markets, and look outward for the beginning swell of your next opportunity.

*Tom Wagner*

Wagner Consulting Group helps leaders prepare for succession,  
develop employee management skills,  
and solve strategic problems.

[www.wagnercg.com](http://www.wagnercg.com)

If you do not want to receive this newsletter, reply to this e-mail with REMOVE in the Subject field.

Copyright 2011 Wagner Consulting Group, Inc. - (800) 422-1374