

A Reality Check for Leaders: Are You Interpreting Data Correctly? (And AI Can't Do It For You.) with Jim Sterne

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Narrator: Why do some companies stand out while others seem to merely show up? That's what we'll explore with leaders across multiple industries to hear how they're creating better experiences by design. And now your host, Susan Quinn.

Susan Quinn

Today I'm talking with Jim Stern, a true pioneer in digital analytics and the founder of the marketing analytics Summit. It's the longest running conference dedicated to helping marketers turn data into insight and action. He's also the author of *The New Science of Customer Relationships*. We dive into how AI is changing the landscape of marketing, and what it really means to create one on one customer connections.

When AI seems to be everywhere, at the end of the day, Jim reminds us human curiosity still matters most in this data driven world. Jim, welcome to Better Experiences by Design. What a pleasure it is to have you today and I am excited to jump in.

Jim Sterne

Thanks so much. I'm honored to be here.

Susan Quinn

I have been following you and your career because I am interested in marketing and I'm interested in data analytics, and I think you have a pretty distinguished career around many of those words. You could give our listeners a sense of how you became, honestly an expert, a subject matter expert in data analytics and more.

Jim Sterne

So first job out of college was selling Apple toys out of a retail store. But I sold business computers to companies that had never owned one before. Let me explain how all of your accounting and those file cabinets are going to go into this weird black box, and how that will help you. Then I sold software development tools to enterprise and government.

Jim Sterne

I got a degree in Shakespeare. So this is the technology is exciting and fun, but not my milieu.

So let me understand what you're building well enough so I can explain it to people who might buy it. Wow. And that's sales, then? That's marketing. So I was heavy into technology marketing, the software development stuff I got into eventually was object oriented distributed software development, which meant I had to understand networking.

And when the internet happened, you know, in 1993, it was like, oh, it all comes together. This is changing marketing. I need to go learn about this. And there was no place to learn. So I started public speaking and writing books. First one was 1995, World Wide Web Marketing, then email marketing and advertising online and customer service online, and then a lot of that.

And in about 2000, it occurred to me there were these tools now called web analytics tools. So it wasn't just my opinion that your website was bad. We could measure how much it sucked. And that would help us make improvements. So okay let's dive into the data. I understood computing spiders to networking. I understood the internet. Now I need to dive into data.

Okay. Here's how these tools work. I put on a conference that's the Marketing Analytics Summit in 2002. So analytics led to statistics, led to machine learning, which was the first artificial intelligence generative AI. You become a subject matter expert by just paying attention and and a love of learning.

Susan Quinn

Well, that is a beautiful place to be, especially in today's world where I think every day there is a new way to look at things. But we're going to dig into your latest book, The New Science of Customer Relationships, and the buzzword that we all are trying to find clarity on delivering the 1 to 1 promise with AI.

Let's go back to the summit that you do each year, the Marketing Analytics Summit. What takes place there? Who attends that? What is the purpose other than shared learning?

Jim Sterne

We are desperately trying to change the way that company executives look at data. So we are the analysts. We are the digital analysts with our hands on the tools. We are managing analytics departments. We are the vendors of analytics tools. We are the consultants who help companies. And we get together and go, here's what's possible. These new tools make all of this stuff possible.

But here are the problems that we've been having since the beginning of time. Data literacy, how messy data is. The fact that stakeholders, the business people, think of data as accounting. And it's not it's statistics. But add to that we're measuring human behavior and we're trying to infer intent. So we're playing with psychology. And there's just no way that that resembles accounting.

Susan Quinn

Well that ties up an interesting comment we recently published this past year. You've published 13 books. I published one. So you got to start somewhere. You're on your way. It really was a culmination of my career, and looking at the top traits at the highest performing companies that we have studied, and we actually did original research on this.

We had a hypothesis of what we thought it might be, and it's interesting to hear what others thought about that too. Certainly different mindsets. But trait number six is around track a data rich dashboard because you want to uncover insights that actually speak to you. And you know what we were trying to say in this chapter is that the data alone doesn't move people.

You've got to have clarity behind it. You've got to have a story behind the data that actually drives actions. So would you agree with that? Disagree with that? I would love from the expert of data to give context of how you see that.

Jim Sterne

1,000% agree. The disservice that the digital analytics world has presented to business is the impression that we are gathering all of this information, and it is all valuable. It is data which is the plural of datum, and the datum is Latin for that which is given. So we have this data, but it is the result of visiting a website and opening your email and posting on social.

There must be information in there, right? Here's the issue that we're having. Do you have any data that can help us make this decision solve this problem? It's like, well, that depends. What are you trying to accomplish? And then oh, now we have metrics. What should we measure. But what are your goals? What are you trying to accomplish.

And it's different for every company. How do you know you're doing a good job?

Susan Quinn

Well, you make a good point. So if I heard that correctly, it is. What are you trying to solve for? And we can collect a million data points. But if you're not using them, then it's an exercise in futility for the most part.

Jim Sterne

And if you're asking the wrong questions. How many people came to our website and downloaded this whitepaper? It's like, well, here's a number. Is it a good number? Like 42? Is that good? 42,000. Is that good? What in what context? And it's very difficult for the analyst because that question sounds pejorative.

Susan Quinn

We are primarily working with professional service firms in the B2B space. I know you've got some experience in that. And then we are the sales and marketing side of it. We often see they are two entirely different groups, almost siloed. The two worlds don't often come together. Where do we mess up in looking at things through the wrong lens? Is there any guidance of how we can do the basics of that better?

Jim Sterne

The first dilemma we come up against is silos. I was just on a call with a major automobile manufacturer, and their digital analyst is stuck between two masters. One says, we want online sales and the other says we want people to. We want to use it for lead generation. We want their

information so we can send them to an auto dealer.

No, no, no, we want them to buy. No, no, no. We want them to give us their information. Now these two are in total separate departments going to the same analyst saying why is this number going up and this number going down. What do we change. What should we change on our website to increase the number that we want.

No no no. That we want and that points to dysfunction at the higher level. That there is no North Star. Like no matter what happens, here's the most important thing. Instead, we have these department heads who are giving instructions down to their employees that cause battles at the coalface. They don't know that they're working at cross-purposes because they haven't been told.

Susan Quinn

I think you bring up a good point. I mean, if you stay in your silo and you're just focused in that lane, how do you then elevate that to the higher good of what you're doing? So that becomes leadership, a management opportunity. That's a story of how you can do that better. If you're not doing that in your own organization.

Take note leaders, but you need to find a way. How is it all coming together to make sense at the highest level? Let's get into the generative AI, which I know everyone wants to hear. How is that reshaping analytics, and how is that reshaping the way we can create a better customer experience for our customers?

Jim Sterne

And I'm glad we have seven hours for this podcast. Let me explain. The very first thing that it's doing is making it easier to write code. SQL queries Python code are code that the analyst is always manipulating data. This is a tool that really helps the development of that faster. So that's great. Number two is it is opening the door to allowing the stakeholder to have a conversation with the data, instead of the analyst having to be the interpreter all the time.

Jim Sterne

Here's the problem with that. We've been using computers for about 50 years and we have been trained how to speak computer. We learn to code. We learn to enter data. Just so in our spreadsheets we learn to use boolean queries. When working with Google, we are speaking computer. Now the computer speaks English. It does exactly what we tell it to do.

It's mechanistic. It runs the same way every time. Run payroll, it runs. Then we get into statistics and predictive analytics. And that's probabilities and likelihood. It's with some degree of confidence but it's not absolute. It's a lot more like humans. So generative AI is doing the same thing. It is confident. It's cheerful. It's happy to help answer any question.

It will tell you you're doing a wonderful job, and you look for an answer, and it will absolutely give you an answer that's not necessarily computed the way we expect it to be. So our biggest hazard here is assuming that it is an answer machine. Don't ask it questions of fact. That's not its purpose. Ask it for its opinion.

Here is all of my Google Analytics data for the last two months. What looks interesting? What questions might I ask? What should I think about our great questions? Instead of how many people saw the ad, went to the website, downloaded the PDF and bought the product? It'll give you a number, but you won't know if it's the truth.

Susan Quinn

While you highlight something that I have seen many times is it telling the truth? And how do you make sure that you're getting the correct information? And I think you said it speaks English. So it does that well and it can be confident. But is it 100% truthful?

Jim Sterne

We're on our way to having a solid answer for that, because the people who are doing we're building these systems are working very hard to get them to validate and double check their own work. So I have a model that says, oh, I understand the question, and I understand the information I'm supposed to consider, and I'm going to invent an answer.

Here it is. And that gets handed to the next model that says, oh, let me judge whether this is within the realm of possibility. And if it is, let's give it to the next model. It says, oh, let me go check all the references to confirm. So, you know, the phrase trust but verify.

Susan Quinn

Yes.

Jim Sterne

Forget the trust. Just verify.

Susan Quinn

Just verify.

Jim Sterne

Because whatever it tells you, you are responsible for publishing, this is a tool you are using. It's not well, the computer told me to do it. No no no. The final result has your name on it. You are responsible. You need to do your own fact checking.

Susan Quinn

How would you advise companies that everybody's maybe trying out ChatGPT? Or pick one of the tools? I'm interested. I would like for it to be a part of our organization, but I want to do it in a thoughtful way that it actually is a productive part of the team and not sending us down rabbit holes. What steps would we need to follow to make that happen in our company?

Jim Sterne

Well, step one is use it as a thought partner rather than an answer machine. Here is our ideal customer profile for selling this product into this industry. Here are the websites of our competitors. And here's our landing page for this product. Compare and contrast. Rather than give me facts, give me an opinion. So that's step one. Use it as a thought partner.

Step two is find workflows where you're doing repetitive. It's that ridiculous stuff you do over and over. You can create a custom GPT that will do what you need. Task by task. It's not going to do the job. It's not going to do the project, but it will do a piece of it. Think of it just like you would hiring a group of brand new college graduates.

They're smart, they're capable. They're excited. They're happy to be there. But they don't understand your business and your industry. You need to train them. And you do that by giving them a task. See how they do, and then give them some more advice and more advice. And that's how we're going to work with these things from now on.

We're going to continue to tell them a little more of this and a little of less of that, and eventually they're going to get really good because we've given them lots of context.

Susan Quinn

It's an interesting way to think about it. So they are what we would typically have in the past. Your intern or a young college graduate who in today's world come out extremely smart, very digitally savvy, but they don't know what they don't know, and they can only go as far as their knowledge base to that point of their however many few decades.

And so it's incumbent on us to fill in the blanks, to guide that process, to ensure that it is accurate, that we have dotted the I's and cross the T's.

Jim Sterne

And just like with humans, you're going to learn what they're good at and not good at. Some humans are great at detail and others are not. Some are great at strategy and others are not. We are learning about these large language models as we use them, and then they come up with a new version that has more capabilities, and we have to relearn it all over again.

Susan Quinn

So you gave me two things. First of all, think of it as a thought partner. Find the tools that are repeated and then.

Jim Sterne

The tasks that are a task.

Susan Quinn

How do you know what AI tools to bring in for those different tasks? Do you have a guide for companies? If you're doing X, you want to go here?

Jim Sterne

Yes, but it's at a given moment in time. So right now you want to go to Claude and Tropics Claude for coding, and you want to go to Gemini for creating images, and you want to go to ChatGPT Sora two for creating video this week. Next week it'll be something different. So the rule of thumb is pick one.

Stick with it. So first race and you want to learn one environment deeply. That's more valuable than trying to understand all of them. But I want to go back to an earlier question. How does a company bring this stuff in? Starts with a survey. How are you using it already? And especially the well, you know, the areas where employees don't tell you they're using it.

You need to find out. Are your executives using it at all because they actually need to lead by example. But your executives in large companies, they have three personal assistants to do this work. They don't actually do tasks themselves. So the survey where are we now then form a council. The council is made up of your enthusiasts and your IT people and your legal team to figure out how are we going to do this?

Jim Sterne

What policies do we need to create? What rules and limitations do we need? And if once you have a policy in place now you need to build a training program. Because just throwing tools at people is not useful. So training program is going to be the thing that will get people on the road to learning more and more and serious productivity improvements and strategic improvements.

And then it's a matter of learning from each other, like bringing everybody together periodically. Standup meeting. What new tool did you term? What new capability did you discover?

Susan Quinn

If you're the leaders, lead by example and also learning from each other. It's part of the onboarding, but it's part of the continuing education. I think of any training program that you might have. How are we learning from each other? I think sometimes we forget that part of we're going to learn better if we can share best practices, lessons learned.

Do we do that at a larger group? I also like bringing different people from different departments of, you know, don't just get your one department.

Jim Sterne

We have to have adults in the room to say where the data is going and how to use it, but then we need the enthusiasts to who are excited about whatever new model capability is released this week, and they're paying attention all the time. We can't all do that. It would suck up too much time and then I need the people who are managers embedded in the organization, the marketing people, the operations people, the R&D people to say, what does your department need and what would be valuable?

And now we can match up what's possible with what's valuable through the lens of what's permitted. We need these different people from these different organizations together. Now

the important part about sharing knowledge get your team together weekly. There's a million YouTube videos and a thousand posts every day on LinkedIn. How to do the engineering? Fine. But what about here at our company, with our current culture and our current constraints and our current marketplace and our current customers, how are we using this here inside the company?

Jim Sterne

Let's socialize that, because just reading a document or a book or watching a YouTube video is informational, but it's when you have people in the room to say, wait a minute, that's interesting. How did you do that? Well, wait, my version doesn't have that. It's that interaction is how we learn.

Susan Quinn

I mean, if you don't have policies in place, what risk do companies have? If it's the wild, wild West in your organization. But just a reminder, if you haven't really taken the bull by the horns here and creating good policies, protecting your company's data. Just any good reminders there.

Jim Sterne

Yeah. So the first policy that was ever created was don't touch this stuff because it's going to suck up all of our proprietary data and they're going to make new models and it might leak out. And that was true for about a year. And now you can control whether or not your data is used by those machine, by those companies or not.

But the policy hasn't changed yet, so that's awkward. It's okay to use these tools, but here are ways to use it. Instructions on how to protect your data. Data you absolutely can't take home with you because we're finance or we're health care. It's like we've had these rules in place forever. But the more insidious problems are.

Expecting the results to be true. So not knowing that it's making things up and assuming it's correct and not fact checking. Number two is bias in the data. If you ask it to create a picture of a pilot and a flight attendant, it's going to be male and female doctor, nurse, male, female. That's how it's going to happen.

But then the third one is the people misusing it by mistake and intentionally like bad people doing bad things with power tools is a problem. That is a legit fear. Am I worried about these things taking over the world? No. I think we have better capabilities than that. Although the boomers do have some solid points to make, so I'm not 1,000% sure of my answer.

However, I am much more afraid of human beings using these powerful tools for nefarious purposes.

Susan Quinn

We'll save that for another episode. So let me continue down the mistakes that we could possibly make. Not fact checking. What exactly do we need to do to ensure that what we are gathering from AI that we have in fact checked that it is accurate?

Jim Sterne

Well, it starts with not asking questions of fact.

Susan Quinn

Okay.

Jim Sterne

Ask for opinions.

Susan Quinn

If we could, let's go to the whole customer client experience and we have a belief that if you get your brand experience uniquely positioned, that's got your DNA to it. You will attract and retain the best and the brightest. If you do your job well, you get that part of the flywheel. Then how do you make sure you've got the right clients, customers that want more of what we're doing?

Susan Quinn

From a sales and marketing standpoint and from your expertise in that. How can I help us create a better customer experience? That's not a chat bot. That's not the artificial side of what you just said. That can maybe help us get there faster. How might you look at that customer experience through the lens of AI, but there's still a human behind it.

Jim Sterne

There are many things that can be automated. If I'm a client and I've got a logistical question, I could send you an email and get an email response. I could leave a voicemail and get a voicemail. I don't need to actually be here talking to you. I just need the answer. And if I have to wait, if I have to send it off and wait.

Okay. Or I can go to a chat bot that now I mean, the old chat bots were horrendous. They were rules based and you had to ask the questions in exactly the right way. Now they understand context. It's not pretending to be a human, it's just giving an answer to a logistics question. I don't I don't need to talk to somebody.

How can I engage you to help the company? Help me understand what you do. I don't want to just read what you wrote on your website. I don't want to just read what the chat bot comes up with. I want to see how you answer and where you are more and less confident, and your body language and your chemistry.

That's never going to change, but fully half the work you do could be done by somebody else. If I suddenly gave you five assistants, it's like, oh yeah, do my scheduling for me. Oh yeah, I do my meeting prep. I always look for these things in my meeting prep. Make that happen for me. That's not the connection time, but it is part of the relationship.

It's preparing for connection. And that's where I can help immeasurably.

Susan Quinn

Yeah, well, you said at the very beginning, if it can take out the mundane tasks, it gives more time for building truly valuable relationships. That but, you know, that part takes time to invest in that, to be present. Isn't that a wonderful thing that we can not just rely totally on technology, but get back to eye to eye and face to face and what are you most excited about?

You're always looking out. You're guiding us. Serve up what's coming. I want to imagine that it just continues to get better and smarter. But what excites you right now?

Jim Sterne

Oh, let's go to Maslow's pyramid of self-actualization.

Susan Quinn

Okay.

Jim Sterne

If food and water and housing and all of that stuff is taken care of, what brings me joy is I like learning new things. Well, wow. I've just been given the magical answer to being able to learn like, I don't understand quantum physics, but I'm curious. I would like to learn how to do ceramics. I would like to learn how to ice skate.

There's no end of stuff that might be fun and might be interesting. That's way over the horizon. Immediately, I'm excited about the fact that I. There is nothing to stop me but time.

Susan Quinn

Well, I agree with you that the only limit really is time or the lack thereof. We all have 24 hours and this is a tool that can help us maybe get more done in a day, but it's also a reminder that we can't be working all the time and I, I think our time is coming to an end, unfortunately.

But I think you hinted at this as I asked the other question about what excites you going forward. But I ask this at the end of every episode. Jim, what do you do? Set a daily ritual to keep bettering your best. Clearly, you're curious, but are there steps or tasks that just help to fine tune when honed your skill?

Jim Sterne

I have become a big fan of podcasts and I've given up some free wheeling thought. Time for that. So while I'm watering the yard or doing laundry, I've got voices in my ears instead of just daydreaming. I don't know if that's a great trade off or not. Remains to be seen. That's part one. Part two is the curiosity thing.

I am not at all shy, about every interaction with with strangers. I just remember that I know my story. I want to know their story that keeps me going. It's finding out from my fellow humans what

interests them.

Susan Quinn

That's wonderful. I want to include anything that is important to you in the show notes. We will certainly put a link to your new book. Is there anything related to the Marketing Analytics Summit that you want to make? Sure. Is in the show notes of when the next one is or to encourage people to attend?

Jim Sterne

Yeah. If you're at all interested in improving your marketing by measuring it, Marketing Analytics summit.com is the place to go. I'll also point people to my LinkedIn profile. I have a newsletter that I write maybe once a month, including the ten tips on how to find a new job. That is where my thought leadership ends up when I'm not busy writing a book.

Susan Quinn

Some. So you've written 13. How many more do you have?

Jim Sterne

How long is a piece of string? I would have stopped at 12, but then generative AI came up and today's it would be what we should be teaching children in order for them to be ready for an AI world and how to manage entry level workers.

Susan Quinn

I love your curious mind. It's helping us all understand. I think a complex way to view the world and the business world, but it sure is fascinating.

Jim Sterne

Well thank you. That is high praise indeed.

Susan Quinn

We will get you back soon. Until then, please take care.

Jim Sterne

Thank you.

Narrator

Thank you for being part of our best in class community. And until next time, keep bettering your best

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