





WELCOME TO

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THINK QUARTERLY

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THE DATA ISSUE

**SPEED.** At Google, we often think that speed is the forgotten 'killer application' - the ingredient that can differentiate winners from the rest. We know that the faster we deliver results, the more useful people find our service.

But in a world of accelerating change, we all need time to reflect. *Think Quarterly* is a breathing space in a busy world. It's a place to take time out and consider what's happening and why it matters.

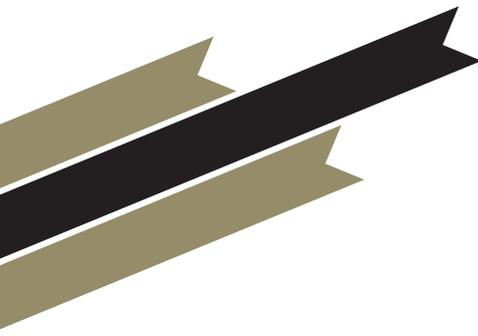
Our first issue is dedicated to Data - amongst a morass of information, how can you find the magic metrics that will help transform your business? We hope that you find inspiration, insights, and more, in *Think Quarterly*.

*Matt Brittin*

Managing Director, UK & Ireland Operations  
Google

INTERVIEW BY ULRIKE REINHARD  
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# SOFT VALUES, HARD FACTS

PETER KRUSE HAS DEVELOPED A TOOL THAT CAN TAP INTO THE INTUITIVE BELIEFS THAT DRIVE SOCIAL CHANGE. BY ACCESSING THE PARTS OTHER DATA CAN'T REACH, IT OFFERS YOU THE MOST VALUABLE INSIGHT OF ALL: WHAT'S COMING NEXT.

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rofessor Peter Kruse is the founder and CEO of nextpractice, based in Bremen, Germany. Alongside a team of psychologists, economists, sociologists, computer scientists and designers, he develops customised management tools to support entrepreneurial decision-making and empower collective intelligence. Using the 'nextexpertizer' tool, Kruse is able to access the collective intuition of groups, revealing the hidden value patterns underpinning social change. The data that emerges enables us to answer the question: what's next?

**THINK QUARTERLY** We produce so much data every day that it is becoming difficult to generate genuine insights. How can we use these data streams more efficiently?

**PETER KRUSE** The biggest challenge is to reduce complexity by detecting meaningful patterns. Otherwise the risk of sudden and dangerous breakdowns - like the financial crisis we've just recovered from - is far too high.

So the question is how to get the right data. Using customers, citizens and other experts as detectors for relevant

information maximises complexity reduction in data analysis. This is where the nextexpertizer method comes in.

**TQ** The mantra of nextpractice is 'A Matter of Fact in a World of Values'. What does this mean?

**KRUSE** In established methods of collecting data, like standardised questionnaires and predefined scales, people give their judgments on the basis of hopefully intelligent questions and simple categories like 'yes' and 'no', multiple choice, ranking, etc. The respondent can only add value when the intentions of the interviewer are decoded correctly. But language is a very tricky phenomenon, so the first difficulty to be tackled is the problem of semantics, which adds a lot of noise to every measurement. The second problem is a direct consequence of the first. Interpretation of language is a mainly conscious process that isn't well connected with a person's intuitive knowledge and unconscious valuations, which are crucial for complexity reduction.

Only when people are given total freedom to explain something in their own words - as in a qualitative interview - can their full potential to add reasonable information be enabled. But a qualitative interview only shifts the problem of semantics over to the person collecting the data. Now the one listening to the answers is in charge of interpretation.

To solve this dilemma of quantitative versus qualitative measurement, about 20 years ago we started a project to develop an interview technique that combines the strengths of both forms of measurement. We aimed for a method that was able to get full access to a person's unconscious valuations and was then capable of mathematically combining this individual data into a common picture that merited the name of 'collective intuition'. Our nextexpertizer computer-based interview tool is the result of all these endeavours.

What it basically does is, first, creates a list of elements for comparison. This list can contain up to about 60 short word descriptions, pictures or even video clips to direct the attention of a person to a chosen topic of interest.

Then a relatively small sample of 100-200 people with in-depth practical experience of the topic of interest is interviewed. The interview is strictly ritualised. Interviewees are confronted with two elements from the predefined list, asked to decide whether these two elements are more similar or more different, and to describe in their own words why they are similar or different. The 'experts of experience' are then told to rate all the other elements very quickly on the basis of the dimension they have created for differentiation. With every decision, a slight indication of their unconscious value system passes the threshold.

At the end of the procedure, which usually takes up to two hours, every interviewee has described his or her picture of the topic of interest in a matrix associating all the elements of comparison by 10-20 freely formulated dimensions. Due to the enormous amount of decisions taken to create the matrix, there is no chance of intellectual control. The meaning of comments can be assigned by the way words are used to define the relationship between the compared elements. By calculating three-dimensional representations of the vector spaces created by the expert interviewees, it is easy to perceive directly the implicit value system they share. The right data is presented in the right way for the upgrading of decision-making processes. Unconscious soft data is transformed into facts and mathematically defined key performance indicators.

The measurement of collective intuition is a very promising alternative for understanding the actual behaviour and predicting the future behaviour of customers, citizens and other persons ]

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involved in complex cultural order formation processes. As our studies show: you can be years ahead.

**TQ** What you are saying is that you can predict people's behaviour by analysing the dynamics of these collective value patterns?

**KRUSE** To be honest, in the beginning we were very sceptical ourselves. But after years of involvement in very different fields of application, and after analysis of many thousands of matrices, the answer is clearly 'yes'. Three value propositions of nextexpertizer can be substantiated by the studies made so far. One: understanding the dynamics of cultural value patterns is possible on the basis of relatively small interview samples. Two: changes in value patterns take place on a far slower timescale and a lower level of variety than attitudes, opinions or behaviour. Three: despite the problem of semantics it is possible to compare individual as well as cultural value systems using the same method. The same interviews can be conducted in different countries without additional work. The cultural context is created by the people interviewed and represented in the matrices.

For Volkswagen, for instance, we analysed the cultural value system for cars in Europe and Asia since 2006. Years before the financial crisis - and clearly ahead of the decline in the premium segment in Germany and other mature markets - changes in cultural value systems indicated a significant breakdown in the status function of cars. People's preferences turned to the functional aspects of mobility - a big chance for public transportation. The collective intuition of a few hundred people was able to anticipate an upcoming shift in consumer behaviour that went against the grain of what public opinion and the mass media were saying. Even the growing importance of the new segment of small premium

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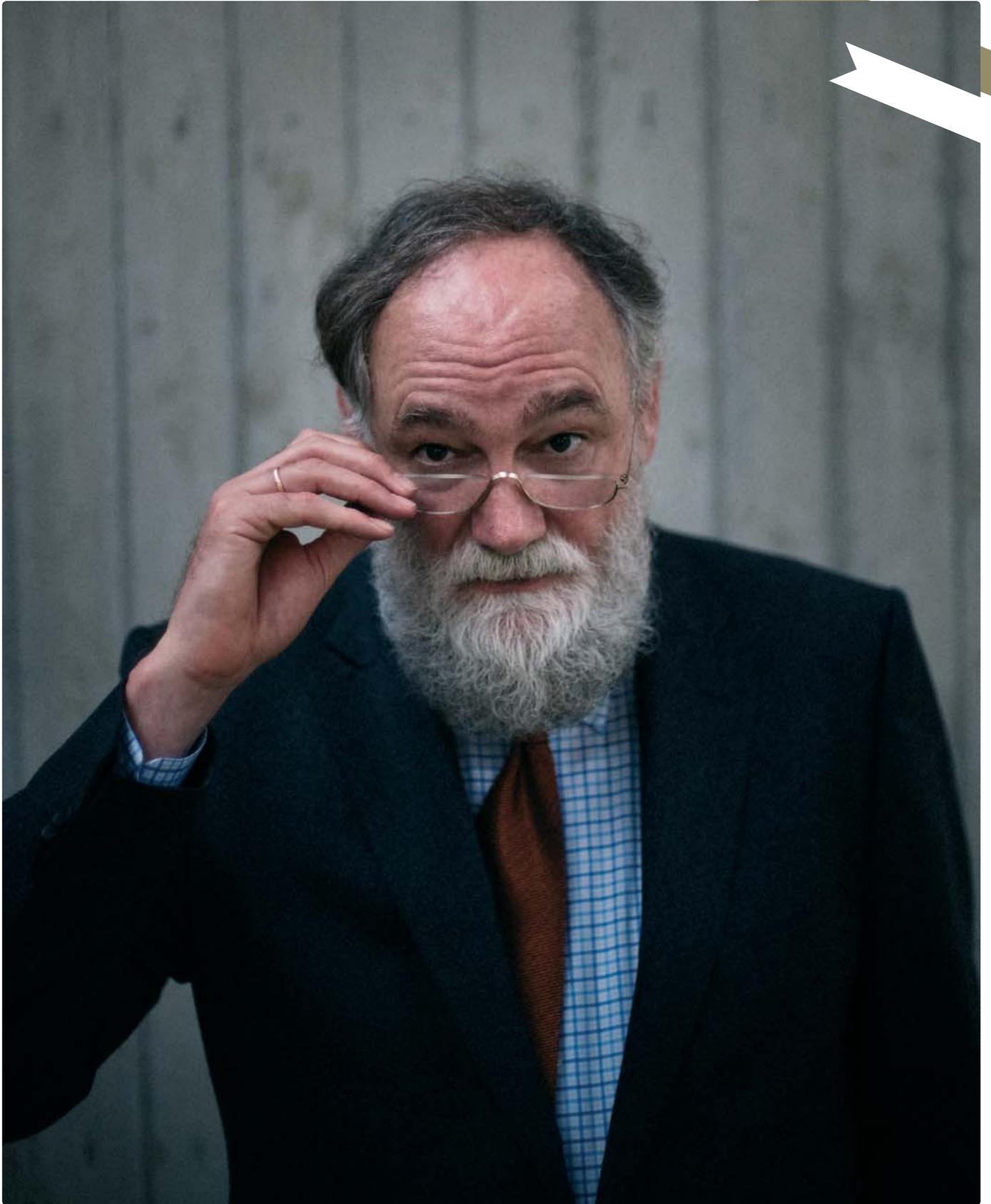
cars was indicated long before any real increase in sales volume. But as one can see by looking at the actual performance of public transportation, any given chance needs spirited decision-making in order to be realised. So it makes sound sense to upgrade entrepreneurship by providing leaders in business and politics with data that is able to back up complexity reduction by pattern formation.

**TQ** Why are you so convinced that measuring the dynamics of cultural value systems is the order of the day?

**KRUSE** The internet is the key. Success is no longer a matter of pushing by presence in the mass media. It's not even a question of attracting people's attention. The new magic formula is pull by resonance.

When millions and millions of people interact in a high connectivity network like the internet, small causes may have great effects. When a topic or an event hits the value system of people in such a way that they tune in by active promotion, positive feedback loops occur and the hype kicks in. This effect of crossing the threshold to active involvement based on emotional impact is called 'resonance'. A person can become world famous, a product can turn into a blockbuster, a brand can be ruined or a population can topple a hated regime - and all in only a few days. This becomes possible when cultural value systems enable resonance effects, and this is why it is so important to understand their dynamics today. For business leaders, entrepreneurs and politicians, access to the data which make these dynamics transparent is vital for coping with the challenges of a networked world. It's not necessary to become a data freak like I am, but reducing complexity by order formation is the number one skill needed by all leaders in the twenty-first century ©

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