Harvard
Business
Review

READING GUIDE

Customer Data and Privacy

The Insights You Need from Harvard Business Review

Collect data *and* build trust. With the rise of data science and machine learning, companies are awash in customer data and powerful new ways to gain insight from that data. But in the absence of regulation and clear guidelines from most federal or state governments, it's difficult for companies to understand what qualifies as reasonable use and then determine how to act in the best interest of their customers. How do they build, not erode, trust?

Customer Data and Privacy: The Insights You Need from Harvard Business Review brings you today's most essential thinking on customer data and privacy to help you understand the tangled interdependencies and complexities of this evolving issue. The lessons in this book will help you develop strategies that allow your company to be a good steward, collecting, using, and storing customer data responsibly.

Here are some key lessons and takeaways to get you started and guide your reading.

What you need to know about customer data and privacy in 57 words:

Thanks to the rise of big data and machine learning, privacy and security are converging. Several governments have begun to question the unrestricted cross-border flow of data, but too many regulations could create data islands. The advent of cyber-physical systems has made cyberattacks an issue of human safety. Data gathering doesn't have to be exploitative or creepy.

The largest threat to privacy and security is no longer unauthorized access to our data.

- We should be concerned by the uncannily accurate inferences made by algorithms that are able to sift through and combine multiple sets of data.
- For individuals and governments, this means *consent* will no longer play a meaningful role in protecting privacy. They are taking note by abandoning platforms they can't trust and introducing new privacy legislation.
- For organizations, this means security and privacy teams will have to work together more closely; legal and privacy personnel will become more technical, and technical personnel will become more familiar with legal and compliance mandates.

In the absence of government regulations and widely accepted best practices for the use of personal information, companies should become "information fiduciaries."

- Becoming an information fiduciary would mean acting in customers' best interest and putting their customers' interests above their own when conflicts arise—ideally by choice, not by legal mandate.
- The fiduciary approach would give customers the right to know what data has been collected about them, the right to ask that it be corrected or purged, and the right to withhold certain data entirely.
- Instead of the hidden or obscure data harvesting that is now the norm, a fiduciary data gatherer would act more like a skilled hired professional, helping people whose data is in play to share what they are willing to share and no more.

"Privacy actives" are a new kind of consumer.

- Privacy actives care about their privacy, are willing to act, *and* have demonstrated this by taking concrete action (such as deleting accounts). Your organization should take steps to earn their trust.
- First, recognize that privacy is as much about customer experience as it is about privacy itself.
- Modify surveys you already distribute to get customers' input about privacy policies and fair use of their data.
- Engage your privacy actives to help you explore new ways to use data. They'll help you build your business, and they'll raise red flags before you make big mistakes.

EXPLORE CUSTOMER DATA AND PRIVACY ON HBR.ORG

Audio: "Consumer Privacy in the Digital Age" *HBR IdeaCast* with Timothy Morey and Allison Schoop

Article: "The New Rules of Data Privacy" by Hossein Rahnama and Alex "Sandy" Pentland

Webinar: "How To Use Customer Data to Actually Help Customers" with John Hagel III

Article: "What Smart Companies Know About Integrating AI" with Silvio Palumbo and David Edelman

Audio: "Brain Tech Is Getting Really Good. Here's What Manager Need to Know." *HBR IdeaCast* with Nita Farahany

Article: "Do You Care About Privacy as Much as Your Customers Do?" by Thomas C. Redman and Robert M. Waitman