



Agile Master Data Management™:

Data Governance in Action

A whitepaper by First San Francisco Partners

Executive Summary

What do data management, master data management, data governance and data integration all have in common? Well, other than the fact that they are all current top of mind issues for Chief Information Officers and Compliance Officers; they all also help address the problem of poor data. Central among these is data governance. The cost of poor data governance is hidden in inefficient business processes, excessive data management activities and the inability to use information for strategic business advantage. These translate into lost opportunities to increase revenue and profitability – it is no wonder why they are garnering so much attention.

Master data management (MDM) by its very nature is both cross-functional and geographical, and MDM project teams need an agile approach to plan and successfully deploy an operational MDM hub to meet business requirements in a reasonable amount of time. Agile Master Data Management™ was conceived to support the definition of global goals with local objectives, aligning stakeholders, delivering rapid proof points and deploying master data solutions incrementally to reduce risk and quickly provide a working prototype. It comprises data governance, systems architecture and data quality assessments, and alignment workshops among stakeholders.

Data governance is a critical business process component of MDM, and a good place to start. A sound data governance strategy not only aligns business and IT to address data issues; but also, defines data ownership and policies, data quality processes, decision rights and escalation procedures. Equally, MDM is an important ingredient of a data governance strategy as it serves as a component of the technical foundation providing a single, reliable enterprise-view of data while facilitating auditing and compliance.

Data as an Enterprise Asset

Data governance is the lever that allows organizations to take full advantage of and adequately manage one of its most valuable assets: the data and information resources at its disposal. A data governance program consists of the inter-relations of strategy, standards, policies and communication. It is the human aspect of data. Data governance supplements data management and is included in the organizational structure as a function that spans across an organization's business functions and geographies. It provides the guidance to ensure that data is accurate, complete, available and secure.

Data governance success comes from defining data standards and instituting policies to address:

- Common data definitions, business rules and processes
- Adherence to business rules
- Enforcement of authentication and access rights
- Compliance with regulations
- Enablement of standards using tools and technologies
- Organizational buy-in and communication

The treatment of data as an enterprise asset is a key outcome of data governance. And the business value derived from a sound data governance program comes from improved data quality, context and usability. Each of these positively impacts an organization's ability to improve, among others, customer experience, supply chain efficiencies, marketing effectiveness and adherence to regulations. With improved data quality an organization is better able to reduce costs and increase revenue with productivity improvements and streamlined business processes. Organizations are finding the first step toward unleashing the business value of their data assets is to conduct a data governance assessment.

Data Governance Assessment

A data governance assessment entails analysis of the current and desired future state, review of data governance best practices, and the development of a data governance strategy and roadmap.

First, it is necessary to take stock of an organization's current data policies and procedures and assess the desired future state by conducting interviews with key stakeholders across lines of business and IT. Secondly, all data flows, people and dependencies within business processes, along with the current processes and tools that are involved in governing data, need be identified. After which, an organization's current state can be compared to data governance best practices so that a unique and realistic data governance roadmap can be developed.

A successful roadmap is one that addresses the unique organizational challenges in addition to best practices, is realistic, and effectively gains commitment to data governance across the organization. The following case study discusses how one global biotech company undertook a data governance assessment to gain confidence in the reliability of their corporate data while improving their ability to successfully launch new products.

Anatomy of Agile Master Data Management

Data Governance Assessment: Identify the current and desired future state, and gaps that exist in an organization's data governance policies, procedures and roles. All data flows, people, processes, procedures and dependencies are discovered along with issues identified by business owners, data consumers, data owners and data stewards. The processes and technology that enable data governance are reviewed and compared to best practices. The data governance assessment produces a realistic data governance roadmap to address organizational challenges.

Architecture Assessment: Understand current architecture and systems infrastructure, and a company's ability to absorb an MDM hub. The architecture assessment highlights areas of risk and concern and areas of cost savings and architectural improvements.

Data Assessment: Identify the current data landscape, areas of risk, concerns and opportunities for improvement. Recommend approaches to address data quality and completeness based on business priorities and expected business value.

Alignment Workshop: Identify common goals across departments and lines of business, prioritize the impact areas and quick wins, and create a continual "buy-in" process among stakeholders. Project teams are prepared to think globally about the organization and the MDM effort and act locally to prioritize projects.

Prototype: Rapidly build a working, business-value focused MDM hub. Identify risks and miscommunications early to ensure the solution most closely aligns with business goals.

Case Study: Biotech Discovers Data Governance Best Practices

Developing small molecular drugs for serious diseases consumes a start-up global biotech company. The company works with top researchers, thought leaders and healthcare professionals to develop, conduct clinical trials and launch breakthrough drugs. Gaining accurate and reliable knowledge of these customers is critical to new product launches and to enabling growth.

The company was in the early stage of deploying a master data management (MDM) solution, but had an immediate need to improve customer data quality as FDA approval was pending in advance of a new product launch. A customer master data implementation started in lockstep with a data governance assessment in order to lay the foundation for future systems and processes. One of the critical elements in building an MDM foundation is defining and putting in place data governance rules and policies to authorize who can change data and how data is changed—based on best data governance practices.

Data Governance Assessment: The company worked with First San Francisco Partners (FSFP) to develop a data governance strategy tailored to their current and future data requirements, resources and business processes. Data governance focuses on the people and processes required to validate customer data, and so they started with a data governance assessment. Over the course of five weeks, FSFP conducted interviews and analyzed current business processes and resources in order to thoroughly discover, analyze and recommend a realistic data governance strategy tailored to the company's needs. The discovery process identified how customer data is being used, data challenges and existing processes for maintaining data. The existing people, processes and data flows were mapped to pinpoint current and future state gaps. The assessment helped to gain a clear understanding of the company's data governance readiness and current infrastructure (people, processes and technology) to support data governance. Through the assessment process, FSFP helped the company to understand data governance principles and the value to the organization, align objectives, and get everyone bought-in to the importance of the program.

Data Governance Strategy: FSFP recommended a data governance strategy outlining the appropriate organizational structure and roles and responsibilities necessary to improve customer data quality — based on business priorities. Moreover, the strategy defined how to launch a data governance program to ensure commitment to data governance and help streamline existing data governance practices. With a realistic strategy in place the company is now equipped to reduce manual customer data maintenance and improve the quality of the customer data lifecycle. The company found FSFP to be very accommodating and able to uniquely tailor a data governance strategy that was also realistic to the company's specific needs. For example, the adequate number and types of resources needed for data governance was identified to fit the business today and tomorrow as the company grows.

Data Quality Supports Product Launch: The company has successfully implemented the recommended strategy as it relates to the customer master initiative based on FSFP's proven assessment process. Within a short time frame, the roles and responsibilities for data governance were clearly defined and understood – without which the company would have continued to “spin their wheels” and have ongoing miscommunication leading to inefficiencies and messy data.

With a data governance strategy in place the company is more confident in the reliability of the data and their ability to successfully launch new products. And by sponsoring the data governance assessment the company learned that their data management processes and procedures were not as bad as they had previously thought. More importantly, they learned how much effort and what resources are needed to properly manage data governance as an ongoing discipline. Net, the company is now able to better manage customer data and mitigate the costs and concerns over bad data.

Data Governance In Action

How does an organization put all of this into action? The biotech company followed a best practices roadmap – a set of five prescribed actions – that when executed launched their data governance program while ensuring its ongoing success. This data governance roadmap can be used to guide data governance success regardless of whether your data governance initiative spans the entire organization or any one line of business or division. Let us take a closer look at the five steps to launch a data governance program:

1. Charter

A data governance charter defines the mission and objectives of the program. A mission statement should communicate the primary purpose of the data governance program and act as a reference for all future decisions. More importantly, it should tie the goals of the program to the corporate strategy and coordinate people, processes and technology to common objectives. The charter should also define the scope for the data governance standards, roles and responsibilities.

In this way, the program will more readily gain buy-in and the required resources needed to ensure its success. And by tying the mission statement to the corporate strategy, it can readily be adopted across the organization. Ultimately, the charter will help your organization make faster, more consistent decisions and enforce them – a primary role of data governance.

2. Operating Model

An operating model forms the basis for the data governance organizational structure and ensures proper oversight and expertise are in place to resolve data related challenges when they arise. It outlines ownership and accountability, along with decision rights and controls. The operating model defines who gets to make decisions concerning data exceptions, when and by what processes, by addressing questions such as: Who has the authority to add new customer records? What information needs to be verified and by what process? How long is data retained or archived and what is the audit process? Whereas, controls ensure that data access and usage adhere to the organization's rules and risk mitigation policies. Controls typically consist of access rights, usage guidelines, and security and privacy policies. They are considered the “checks and balances” to enforce data governance policies and procedures.

The operating model further defines the metrics an organization wishes to track, along with the measurement and monitoring processes. Metrics should reflect the mission and objectives of the data governance program. For example, if a key program objective is to improve customer data quality, then a possible metric would be the number of duplicate records or the accuracy of billing and shipping information. In this instance, the number of duplicate customer records could be easily monitored using a data quality or MDM solution; however, measuring the accuracy of billing and shipping information is less clear. Data may be compared to a benchmark, such as a feed from a data service provider, or it can be validated manually, or else monitored by the amount of returned mail. Regardless of the chosen metrics, it is critical to communicate the agreed-upon metrics and performance against identified goals. Everyone involved with data governance should know what success looks like, and how it is being measured.

3. Organization

A data governance organization and its structure should be defined to align with your company's organizational hierarchy and resources. Most importantly, it should consist of two main bodies – an executive group or Data Leadership Council, and an operating committee or Data Governance Committee. The former is the executive arm and is empowered to approve, fund, prioritize and recommend projects to address data and business needs. Typically, stakeholders included in the Data Leadership Council are Senior Vice President and Vice President levels within marketing, sales, business systems and the geographic regions. This group is responsible for data governance across lines of business and across the organization.

On the other hand, the Data Governance Committee is the working and analysis body of the organization. Project teams are formed from its members, with assistance from subject matter experts when needed. They are comprised of the following roles: data strategist, data steward, data model lead and data governance lead. The roles and responsibilities of each member should be documented and communicated across the data governance organization.

Not every company creates a data governance organization in the same way. However, when creating the organization, it is important to impact the current organization as little as possible and to ensure cross-functional participation from the various business stakeholders. In order to accomplish this, identify employees that are currently doing data management functions, and recognize and involve them first. And only as data governance needs grow, should you need to look to hire additional resources.

4. Policies and Procedures

The data governance policies and procedures are documented guidelines, processes and tasks that provide direction to the data stewards and other data managers. Policies and procedures that are well documented are valuable as these are the tools that lay the groundwork for data quality and enterprise-wide standards and efficiencies. The ability of an organization to leverage data, its most important asset, and make informed strategic decisions is dependent on the quality of the foundation of documentation, procedures and policy.

More specifically, policies flow out of the data governance program objectives and goals. Whereas, processes and procedures are the actual means through which policies are enforced and measured. The nature and number of data governance processes put in place depend largely on the scope of the organizational requirements and any associated MDM initiative. Typically, data governance policies span those related to: data asset management; naming standards; data access, security and protection; match and merge rules; conflict resolution; and principles for authorization.

5. Communications Framework

Finally, a key responsibility of the data governance function is communication. The communications framework is a guideline and process that drives stakeholder awareness and helps maintain momentum and participation. Some of the important questions that should be addressed when creating a communications framework relate to individual updates: To whom do we need to communicate? What qualitative and quantitative information is important to them? How frequently do they need to be updated? Who should deliver the information? What is the most effective method of delivery?

A communication plan outlines the details of each communication vehicle for each stakeholder group within the organization. Key elements of a communication plan include key meetings, frequency, audience, format and contact information. It is important to communicate the original plan and all updates, including communicating among the different project teams. In addition, data governance communication should have a formal distribution process and be made available via a company portal/intranet or newsletter so that everyone has ready access to program updates, metrics and accomplishments.

Summary

By employing this data governance best practices roadmap a data governance strategy is put into action. A sound data governance strategy aligns business and IT to address data issues while defining data ownership and policies, data quality processes, decision rights and escalation procedures.

It may sound formidable; yet, by first undertaking a data governance assessment a realistic, tailored strategy can be defined to meet your organization's current and future data challenges. A key outcome of data governance is the ability to manage data as an enterprise asset so that your organization can more easily identify opportunities to increase revenue and the bottom line.

About the Author



Kelle O'Neal is Managing Partner at First San Francisco Partners. Having worked with the software and systems providers key to the formulation of master data management (MDM), Kelle has played important roles in many of the groundbreaking initiatives that confirm the value of MDM to the enterprise. If you have any questions or comments, please contact her via email at kelle@firstsanfranciscopartners.com.

About First San Francisco Partners

Aligning the Enterprise for Master Data Management

A specialized professional services firm, First San Francisco Partners focuses on helping market leading companies understand and benefit from master data management (MDM). We excel in partnering with line of business owners, systems managers, operational executives and other stakeholders to help them make informed decisions about MDM planning and organizational alignment. With our knowledgeable guidance you will learn how to reduce risks, contain costs and anticipate problems before they can occur.

First San Francisco Partners approaches MDM from a vendor-neutral and technology agnostic standpoint. When you work with First San Francisco Partners, you can be certain that we will not steer you toward a particular solution set or engage you in open ended consulting relationships. We deliver time to value. Our clients learn how to jump-start their MDM initiatives and achieve the greatest possible return on their investments in systems, services and software.

Founded by a core group of technology executives with more than forty years of domain experience and enterprise level data integration and MDM experience, First San Francisco Partners brings a rare combination of hands-on expertise and strategic thought leadership. The firm is made up of a core group of MDM experts who have served in senior level capacities at leading firms in the data management, enterprise software and consulting sectors.

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