Six Critical Success Factors for Data Governance

by Sonia Parekh

The last ten years have brought a notable shift in the way organizations value data. Although once viewed as an operational necessity, today most leaders consider data to be a vital strategic asset, leveraged to drive both sales and profitability. Unfortunately for many companies, the lack of usability, integrity and availability of the data impedes the ability to harness its total value, and though some organizations have invested in data warehouses, product information management (PIM), and master data management (MDM) solutions, progress has been minimal.

Most commonly, the missing piece is data governance. Data governance is a system of decision rights, accountabilities and processes set up to ensure formal and consistent management of important data assets or information.

Governance is a critical enabler to address some of the most common pain points felt by the business, including:

- Multiple versions of the truth
- Inability to pull actionable information in a timely manner
- Limited understanding of how metrics are calculated and where the data is sourced
- Disagreement on who owns the data
- Inconsistent data definitions

Solid data governance programs are business-led and IT-supported, and include a governing body or council and a set of defined policies and procedures which that group follows. Most commonly, the council is led by an executive, appointed as the council chair, and is made up of members who represent senior leadership across all the major functions. The council is supported by data stewards who set standards and establish rules in order to manage the quality of the data. Working together, this group is responsible for optimizing the organization’s ability to create valuable data, which is then used to make better operating decisions on a daily basis.

Setting up a governance program takes a significant amount of work, and can seem like a daunting exercise. As you launch the initiative, keep the following six factors in mind to make certain that your plan is set up for success.

1. **Start strong.** Data governance is a foreign concept for most organizations. Getting started will require educating stakeholders so that they buy in to the benefits of new behaviors. In addition, put in significant up-front effort to set up the council, define an operational model and scope, and communicate expectations. When all stakeholders are prepared, the initial meetings are more likely to achieve real results.

2. **Get some quick wins.** Showing success out of the gate will go a long way toward getting people excited and on board, and keeping them committed to the program. Look to demonstrate the value of governance to a widespread audience by resolving an issue or fixing a problem with broad visibility and impact in the organization. For some people in the company, the data governance program will involve giving up decision rights and conforming to new rules. Show benefits early on to help illustrate the positive side of that tradeoff.

3. **Ensure executive buy-in.** In addition to the council chair, name a visible executive sponsor and make sure he or she is committed to supporting the mission and vision for the data governance program. Typically, the sponsor leads a function that benefits significantly from better data, and can communicate the value proposition by delivering results that also drive value for their cross functional partners. Providing key executives and leadership with regular updates and arming them with success stories will be crucial in helping to get the message disseminated across all functional teams.

4. **Set up a proper foundation.** The council needs to know what they are governing. Make sure the organization has a strong data management program including data models, metadata (data dictionaries), etc. Business and IT leaders need to know who owns which data, and have knowledge of the major issues, quality problems, and how they are impacting the business. A good foundation will ensure the long term viability of the program, and an understanding of the baseline will help to chart progress.

5. **Measure results.** Once you have set a baseline, establish metrics to measure the council’s impact on the organization on a regular basis. Track data quality, and if possible, measure impacts to revenue and costs, and report the progress to the council at each meeting. Set up a maturity model to measure the qualitative performance of the council itself. Visible metrics will guarantee that the group is held accountable for results.

6. **Execute for longevity.** A successful data governance program will require time and resources – especially during the initial stages where the working structure and processes are still being defined and implemented. Provide council members with the necessary support so they can dedicate the time to make the program a priority. Over the long term, the council must stay on top of new data-related issues that the organization is facing so that the program can continue to show a meaningful impact.

Managing data is increasingly difficult and costly; data volumes are growing exponentially while the variety of data types that organizations must gather and analyze is increasing. Unstructured data is becoming as meaningful as structured data, adding even more complexity to the
situation. At the same time, using data has never been more important.

Leading companies continue to demonstrate that prosperous growth requires making precise operational decisions based on robust data analytics and information. Put a stop to eroding data quality and unlock the power of the data you already have with data governance.

Originally published on October 26th, 2015

What's your view? Add your question or comment
About the Author

Sonia Parekh
sonia.parekh@kalypso.com

Sonia brings over 15 years of industry experience. She has deep retail industry knowledge having worked as a consultant and in operating roles with many large, national retailers.