Whitepaper

Good Data Governance for the Long Term

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NewVantage Point! is published by NewVantage Partners LLC. Our partners and Associates work with Fortune 1000 clients to help mitigate the risk of large-scale business and technology initiatives. We bring an independent, expert perspective to every engagement through executives who have "sat in the chair". Our work is performed in small teams as trusted advisors to C-level and executive management; focused solely on achieving results in the short run.

NewVantage fosters a commitment to thought-leadership through a series of small group executive dinners, and through our executive advisory board comprised of current and former Fortune 1000 business and technology executives and well-known industry thought leaders.

As part of our core values, we share our experience and perspectives regarding successful practices that we encounter through our ongoing dialogue with a wide cross-section of Fortune 1000 C-level executives. We now look forward to sharing these perspectives in published form on a periodic basis. We hope you enjoy NewVantage Point!

NewVantage Point Summary

I define data governance as the management of data to insure its usability, security, integrity and availability. Good data governance specifies a decision-making; ownership rights; and accountability framework to encourage desired behaviors. Data governance therefore is a tool that empowers while maintaining control.

- Empowerment provides clear accountability and roles that allow teams to move aggressively to meet goals.
- Control ensures that data strategy and business strategy are in alignment and serve as a guiding principle.

Below I discuss the major factors contributing to the degradation of data governance that if avoided can help sustain your data governance program.

The State of Data Governance

I've observed that most Fortune 1000 companies have a data governance initiative planned, underway or implemented to some degree. Compliance demands along with data disasters and bad business decisions stemming from bad data have been powerful motivators. Most companies are now faced with the need to continually manage data governance and evolve it as capabilities and needs change and mature.

However, I have also seen a number of companies roll their data governance projects over from year to year. They see the potential benefits, but are stopped either by a lack of business support, a shortage of IT skills, or more importantly, a lack of understanding about their data. For now, I'd like to focus on sustaining existing data governance efforts.

Data Governance Implementations

I have seen and helped implement all kinds of data governance initiatives. Most fall into one of three models:

- Enterprise
- Decentralized
- Federated

All have their place depending upon the pace, data quality issues, requirements and operational capabilities of the business.

Enterprise Model

In this implementation, a single central body provides the rules, oversight and day-to-day management of all data assets for all lines of business. These implementations require the most senior management involvement on a day-to-day basis. They involve central committees that oversee processes, approve data decisions and keep moving the initiative forward — they make all the key data decisions.

This approach tends to lose traction over time and it should be seen only as a temporary implementation strategy to gain quick and solid traction.

I have implemented a few of these and found them very effective as long as:

- business and IT strategy is aligned
- roles and responsibilities are understood
- operating policies and procedures are clear and accountability is defined.

This is a very resource intensive model that is best used when you have complex data management problems coupled with an urgent need to resolve them.

Decentralized Model

In this approach, companies define the rules by which data is governed. Sometimes this is done centrally and other times in lines of business as units embark upon their own data governance efforts. In this implementation, all decisions are made locally. Business areas initially like this approach because it appears to give them control. In fact though, it actually only provides short-term relief. We all know how these arrangements work. Each project team makes its own data decisions and executes based on its own needs without necessarily factoring in upstream or downstream considerations. I've never been a fan of this approach. It's pretty much business as usual and it always leads back to the state in which businesses found themselves before they started their data governance and data management efforts — out of compliance; bad/inaccurate data; untrustworthy data; and lack of ownership.

Federated Model

This implementation is a hybrid of the Enterprise and Decentralized approaches. It couples overarching central oversight and management with local/line-of-business execution and decision-making. In this model, the central oversight/management role is to establish policies and procedures, set objectives, define roles and responsibilities as well as measure and drive progress. It usually does so by delegating execution. Day-to-day decisions are made locally as "local management" provides its own processes, oversight and measurement. These groups must follow guiding principles and report to a central body but also have direct authority over some assets. They must be accountable to central body for other assets.
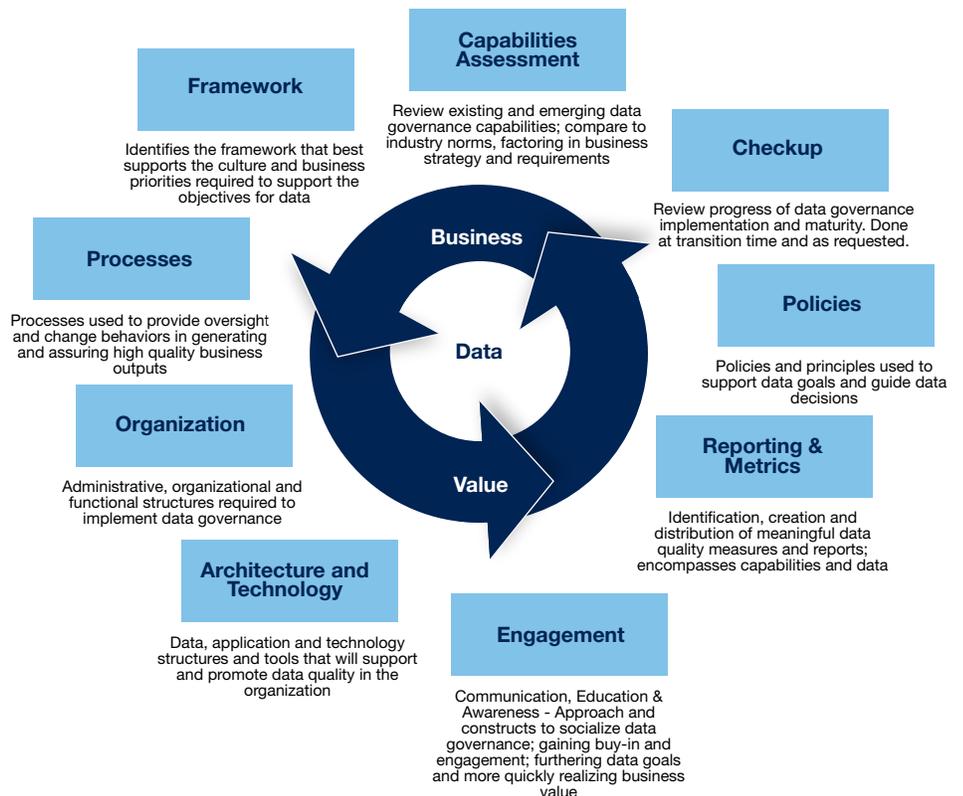
This is the implementation to which most organizations naturally evolve as they seek

to find a balance between strong, central oversight and flexible, local decision- making. This is the most sustainable and best approach to ensuring that long-term data management goals are met. I have always believed in a measured approach to technology solutions. I like this model because it leverages the skills of the organization and allows for oversight at a central level without slowing down projects or initiatives unnecessarily because of local decision-making and execution.

Guard Against Data Governance Degradation

Data governance projects usually start off well but without active oversight and strategic positioning, they tend to degrade over time. Think about it. You have a new project with new data to capture. There are clear sponsors, roles and decision-makers. Data is at its best at this point.

But what happens over time? New developers come along, new business leaders take on efforts or other efforts try to "bolt on" to the previous work. Budget, resource availability, poor processes and the like intervene and before you know it, duplicate data stores are created or fields in databases are

Framework
Identifies the framework that best supports the culture and business priorities required to support the objectives for data

Capabilities Assessment
Review existing and emerging data governance capabilities; compare to industry norms, factoring in business strategy and requirements

Checkup
Review progress of data governance implementation and maturity. Done at transition time and as requested.

Processes
Processes used to provide oversight and change behaviors in generating and assuring high quality business outputs

Business

Data

Value

Policies
Policies and principles used to support data goals and guide data decisions

Organization
Administrative, organizational and functional structures required to implement data governance

Reporting & Metrics
Identification, creation and distribution of meaningful data quality measures and reports; encompasses capabilities and data

Architecture and Technology
Data, application and technology structures and tools that will support and promote data quality in the organization

Engagement
Communication, Education & Awareness - Approach and constructs to socialize data governance; gaining buy-in and engagement; furthering data goals and more quickly realizing business value

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reused for other purposes with limited exposure to the rest of the organization. The result over time is frustrated business leadership who can't depend on the data they need to make critical business decisions. We've all seen it and we've all been pressed with cleaning up these problems. In fact, this is probably what led many of us to initiate a data governance effort in the first place.

Enterprise models tend to break down as discussed earlier. They are great for rallying resources and driving fast and meaningful change, but as an organization gains capabilities and addresses their most pressing needs a plan to evolve the operating governance model must be put in place. I've seen organizations try to use this model for too long. Inevitably, they almost always shift to a decentralized approach. Usually, business leaders give up first. They're followed by the most senior IT executives and eventually by all other key decision-makers. Why? Because there are a lot of pressing needs in an organization and heavy day-to-day involvement in this kind of operational practice inevitably comes in conflict with other critical activities. In addition, projects feel the pinch as all data decisions are assessed and managed through this central group. Planned evolution is critical.

Decentralized approaches fail for obvious reasons. For one, there is lack of ownership. Downstream business processes cannot depend on data. Unfortunately, this often isn't noticed until something bad happens. Usually, it's a critical business fact that is wrong, which leads to a bad business decision. In decomposing the process to find root causes, the bad data issue often reveals itself. Another common symptom is resource overload as duplicate data perpetuates itself in the organization and business and IT resources struggle to determine which data sources is the best and lowest risk.

Federated models degrade when their care and feeding is not attended to. Since this is the implementation model to which I believe organizations naturally evolve, it's important that management take its role seriously. Policies, processes and objectives must be clearly established, success measures defined and progress tracked. In larger organizations, a critical element to sustain data governance is having a small team that can help do the detailed work for the central oversight team while also supporting local teams in their efforts to make informed decisions and communicate effectively across organizational boundaries. Lastly, local teams must not be passive. They must demand compliance within their own

borders and in other groups. Non-compliance issues should be raised quickly and non-judgmentally so that they can be quickly resolved.

Good data governance for the long term doesn't involve a lot of cost or complexity. However, it does require discipline and a well-defined strategy that is implemented over time.

About NewVantage Partners

NewVantage Partners is a boutique management consulting practice established in 2001 and comprised of former C-Level business and technology executives, and senior subject experts.

Our work comprises up-front planning – current state assessment, future state design, business case, execution roadmap, as well as the development of business and technical requirements, business capabilities, and business architecture. We are frequently engaged to provide a critical link between the business and technology organizations of our clients.

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