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Chief Data Officer Role Shifts to Offense

By Randy Bean | Contributor | April 7, 2015

Shakespeare said “April hath put a spirit of youth in everything.” It was one year ago that I published a column, [Chief Data Officers Blaze Uncharted Corporate Frontier](#). The premise was that a fresh new corporate role had emerged, originating in direct response to growing demands for coordination of corporate data policies, practices, and strategy. In an [executive report](#) I published later in the year, I noted that “the Chief Data Officer role is becoming a corporate standard,” with 43% of executives reporting that their firm had appointed a chief data officer, up from only 19% just two years earlier. This trend was most evident among financial service firms. In 2013-2014, AIG, American Express Charles Schwab, JP Morgan, Nationwide Insurance, Raymond James, State Street, and Wells Fargo, all established a CDO function. It seemed that a consensus had been established. Or, had it?

If you follow the ongoing trials and tribulations of Fortune 1000 organizations as they struggle to derive business value from their data initiatives and to leverage data as a corporate asset, you may note that levels of frustration and dissatisfaction with the progress of data initiatives continue to be high. For some firms, the chief data officer has been seen as a quick fix, a silver bullet – as if, by virtue of establishing the position and filling the role, an organization’s data challenges would immediately fall into place. And because of this, a backlash has been brewing in some quarters.

In late 2013, as many banks were announcing the establishment of the chief data officer role, Bank of America Corp. was concluding that the CDO role was not essential, and eliminated it. Banks like Capital One Financial Corp., regarded by many as being at the forefront of data and analytics, have steadfastly avoided naming a CDO. Leading insurance companies have largely bypassed naming a CDO, opting to organize the functions of the CDO under a range of roles — chief risk officer, chief analytics officer, or head of Informatics. Asset management firms have mostly sidestepped naming a CDO. Other industry sectors – life sciences, high tech, media, retail, and manufacturing – have been slow to adopt the CDO position. And, while Experian recently reported that “92% of CIO’s will be the new keepers of data strategy and data quality within large enterprises – with CDO’s grabbing corporate board seats by 2012”, Carlton Doty of Forrester challenged this assumption, characterizing the CDO role as a “short-term fix.” So, what does the future hold for the chief data officer?

CDO as Compliance-Focused. Companies have long aspired to use the data they have to become smarter. This is not new. Establishment of the CDO role was propelled by the 2008 financial crisis. Many financial service firms found themselves unable to fully trust the quality of their data, or understand its lineage – how it originated, was derived, or consumed. They lacked standards for managing data, or processes and policies for governing data, and concluded that they needed to establish a chief data officer to “stop the bleeding” and “get the data under control.” The initial breed of chief data officers adopted a largely “defensive” posture – to ensure regulatory and compliance satisfaction.

CDO as Opportunity Focused. In the ensuing years, there has been an additional imperative driving establishment of the CDO role – the idea of creating new information-based products and services, or providing more highly customized products and services in response to customer behaviors and needs – often associated with Big Data. This next wave of chief data officers has adopted a more “offensive” posture. Yet, things are never quite that simple. There is not a standard model for the CDO role. In different organizations, the CDO might sit at the executive table, or may report to the CIO, CMO, or another function. Most CDO organizations are small, with limited budgets and limited authority. John Bottega, who held an early incarnation of the position of CDO at CitiGroup in 2006, quips “Organizations did not know what the role was then, and they still don’t know.”

How will the CDO role evolve? Will it be the role of the CDO to be a change agent who forges a culture of data, or will the CDO operate largely as a data guardian who oversees and enforces the development of data standards, policies, and practices? Or, perhaps most likely, a blend of both? We’ll see.

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