

A White Paper

# Four Actions for a Chief Data Officer's First Year

**Paving the Path to Long-Term Success  
With Analytics and Data Management**



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Information Builders helps organizations transform data into business value. Our business intelligence, integration, and data integrity solutions enable smarter decision-making, strengthen customer relationships, improve performance, and drive growth.

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# Introduction



Data has become such a crucial asset for so many organizations, prompting some to create a role specifically to oversee it – the chief data officer (CDO). According to Forrester, “the new position arose from a growing awareness of the value of data, and recognition of an inability to take advantage of the opportunities that it provides – either due to technology, business, or basic cultural barriers.”<sup>1</sup>

The appointment of CDOs is on the rise. A NewVantage Partners survey shows that 54 percent of firms now have a CDO in place, compared to just 12 percent in 2012.<sup>2</sup> More than 75 percent of CIOs surveyed believe it will become an established board-level position by 2020, according to research by Experian.<sup>3</sup>

The CDO is “charged with establishing and maintaining data governance, quality, architecture, and analytics – enabling firms to harness information to manage risk and create revenue-generating opportunities.”<sup>4</sup> That’s a pretty tall order for even the most seasoned data experts, considering the massive amount of information being generated and managed these days.

What does this mean? As a CDO, you’re expected to:

- Facilitate more strategic use of analytics across your organization
- Promote the usage of data to drive revenue, improve process efficiency, and help achieve business goals
- Create a culture that is data-driven, where information becomes an integral part of day-to-day operations
- Educate the CEO and the board about the supporting technologies you’ll need to be successful – if they know what Hadoop is, and understand the benefits, they’ll be more likely to fund your efforts

## What You Want to Do

Meeting these objectives will require some game-changing approaches. You’ll need to establish predictive and prescriptive analytics as an important part of the executive decision-making process, and tap into the massive volumes of unstructured data you have in your enterprise. Data governance programs should also be created to ensure that trusted, high-quality data flows throughout your organization.

## What You’re Probably Doing

In reality, you’re probably spending the bulk of your time building dashboards for executive management, making decisions about new technologies (and probably implementing those technologies just for the sake of it), and managing an existing team of business analysts, or engaging in other tactical tasks. While these are important, they won’t dramatically impact your company’s bottom line or transform the way you operate. They’re simply tweaks or moderate improvements to the way things have always been done.

<sup>1</sup> Bellesent, Jennifer and Leganza, Gene. “Top Performers Appoint Chief Data Officers,” Forrester, August 2015.

<sup>2</sup> Bean, Randy. “Big Data and the Emergence of the Chief Data Officer,” Forbes, August 2016.

<sup>3</sup> “Dawn of the CDO,” Experian, 2015.

<sup>4</sup> “Great Expectations: The Evolution of the Chief Data Officer,” PricewaterhouseCoopers, February 2015.

Extraordinary results call for extraordinary measures. In this white paper, we'll highlight four key ways to demonstrate value to company leaders, and prove to stakeholders across your organization that data is an asset worthy of time and money investments.

You'll see how to:

- Increase the availability of analytics
- Create a more data-driven culture
- Monetize your enterprise data
- Drive data governance from business expectations

## Action #1: Increase Analytics Availability

The value of information grows as more people leverage it. A CDO's first order of business, therefore, is often to increase information access.

There are several ways to accomplish this, some more effective than others. For example, you can enhance operational reporting. But these are typically lower-visibility projects, and it can be difficult to convince stakeholders that they will lead to direct improvements in the bottom line. Or, you can provide users with tools for ad hoc reporting, data discovery, and data visualization. But these are often too complex for business users, forcing them into continued reliance on IT and power users. These initiatives are also likely to result in disjointed and disconnected analytics, creating multiple versions of the truth and other problems – kind of like ‘Excel hell’ but with a much higher price tag.

“If there is a common thread among the factors driving BI adoption, it’s knowing your business users – what they do, what information they need, what incents them and how they make decisions,” says analyst Wayne Eckerson.<sup>5</sup>

You’ll need to bring business intelligence (BI) and analytics down to the business process level, empowering everyone – particularly operational managers and workers – to tap into data to make better decisions. This means making it easy for your salespeople, delivery drivers, call center agents, nurses, physicians, police officers, and other non-technical users to efficiently analyze information.

That’s where apps come in. These stakeholders want analytics that are simple, precise, and focused on a specific business problem. Analytics apps give them an intuitive and straightforward way to interact with enterprise data and satisfy their own operational analytics needs.

Apps alone will never be enough to satisfy your more technical stakeholders; they’ll always want more sophisticated ways to manipulate information. A strategy that combines apps and tools is the most effective way to drive the most value from your data and promote the highest levels of BI and analytics adoption. Together, apps and tools ensure that everyone has the timely and trusted data they need to do their jobs, empowering them to answer questions and solve problems without constantly turning to others for help.



<sup>5</sup> Eckerson, Wayne W. “Part III: The Holy Grail of Enterprise BI – User Adoption,” Eckerson Group, November 2015.

## Action #2: Transform the Corporate Culture

Building a more data-driven culture isn't just about making information available to more people. It's about giving them a compelling reason to use it.

"Many leaders fail in their efforts to build a data-driven culture because they focus too much on logic and not enough on emotion," says John Weathington, president and CEO of management consultancy Excellent Management Systems. "Logic makes people think, but emotion makes them act."<sup>6</sup>

Try tapping into psychological factors, like incentives and rewards, to encourage users to embrace BI and analytics. Avoid using negative tactics like fear, so analytics usage is a positive experience. Demonstrate how strategic use of information can improve the way they do their jobs.

Healthy competition can also help. For example, give employees a real-time view of their performance compared to that of their peers. Just be sure to keep it light. Friendly rivalry can be productive, but BI and analytics shouldn't turn your organization into *The Hunger Games*.

Industry benchmarking can also be effective. Users can be encouraged to analyze data to understand how they're doing in comparison to competitors and other companies in your sector, and to find ways to use that insight to improve productivity, performance, and profitability.



<sup>6</sup> Weathington, John. "How to Build a Data-Driven Culture With Emotion," TechRepublic, June 2016.



## Action #3: Monetize Your Data



Nothing will reveal the value of your data more than your ability to turn it into a revenue stream. Innovations in analytics and other technologies make it easier than ever to use your data to make money, or leverage it to save money.

"Where knowledge is power, data is wealth. It's not intrinsic in the data, it's what you do with it," said Bruce Daley, an analyst at market intelligence firm Tractica and author of *Where Data Is Wealth: Profiting From Data Storage in a Digital Society*.<sup>7</sup>

There are several ways to monetize your data. Your information assets can be effectively converted into profit-creating products and services. You can streamline operations to improve cost-efficiency or uncover ways to reduce expenses. Or, you can improve communication and information sharing with clients. This will drive loyalty and retention, and strengthen relationships – which will have a direct impact on your bottom line.

Effective data monetization is not about tools, according to KPMG, although technological capabilities do influence monetization strategies. "The starting focus for strategy formulation should be on defining the value to the enterprise, the value to its customers, and the potential value to third parties in its immediate or adjacent industries. It is about monetizing data or transforming this corporate asset into currency, profits, and market advantage, and not about optimizing servers and databases, data mining, or dicing and slicing past performance information to support tactical decisions."<sup>8</sup>

The same techniques mentioned in Action #2, aimed at encouraging users to engage with BI and analytics, can also be used to increase revenue or boost customer satisfaction. For example, you can:

- Enable customers to benchmark themselves against other customers (anonymously, of course), or against industry data
- Deploy BI and analytics to initiatives with clear, quantifiable revenue and cost-reduction results
- Strategically use customer information to better identify opportunities to up-sell and cross-sell
- Automate costly manual processes, which will substantially lower related expenses

Similar economic benefits can be achieved by opening up data to supply-chain partners. Greater visibility into supply-chain operations can eliminate waste and redundancies, and highlight new ways to reduce costs.

<sup>7</sup> Morgan, Lisa. "8 Ways to Monetize Data," *InformationWeek*, January 2016.

<sup>8</sup> "Framing a Winning Data Monetization Strategy," KPMG, September 2015.

## Action #4: Promote Data Governance

Data governance is at the top of the list of a CDO's responsibilities. The need for data governance has grown in response to many factors, including regulatory compliance. In fact, 38 percent of CIOs see chief data officers as key hires who can help businesses cope with increasing regulations.<sup>9</sup>

Embarking on a data governance plan can seem overwhelming, and few CDOs know where to start. Use business expectations to guide you. Your leaders expect you to focus on analytics, so start by ensuring that business users have access to the information they need, and that it is accurate and reliable.

Remember, not all data is equally valuable. Trying to govern everything will be unmanageable – and ultimately unsuccessful. Be responsive to business requirements by focusing your efforts on the data that users most need or are most likely to utilize.

"A significant trap that many data governance efforts fall into is trying to solve all of an organization's data problems in the initial phase of the project," says consultant Rick Sherman. "This is a case in which you need to 'think globally and act locally'. In other words, data problems need to be broken down into incremental deliverables. 'Too big, too fast' is a sure recipe for disaster."<sup>10</sup>

Once the expectations for accessibility and reliability have been determined, they can be used to drive data resources and create an initial set of analytics. To build confidence in the trustworthiness of the data, and to show that solid governance yields better results, you can measure data quality at the outset, and then continue to assess it over time and share the results to demonstrate improvements. It may also help to identify any possible sources of error, so you can proactively prevent quality problems.



<sup>9</sup> "10 Chief Data Officer Career Trends," Information Management, 2016.

<sup>10</sup> "Framing a Winning Data Monetization Strategy," KPMG, September 2015.

## Conclusion



Ninety percent of CIOs believe that data is changing the way they do business, and 92 percent think a chief data officer is best suited to define and oversee the plan for harnessing that data.<sup>11</sup> By defining the right priorities and focusing on strategic applications of data rather than just tactical solutions, CDOs can create new models for exploiting data to improve productivity, performance, and profitability.

While CDOs aren't just technology leaders, but business ones too, technology still plays an important role in turning their visions into reality. Information Builders' 3i solutions – intelligence, integration, and integrity – position CDOs to embrace all data assets, promote data quality, and enable innovative and impactful use of data throughout their organizations.

<sup>11</sup> "10 Chief Data Officer Career Trends," Information Management, 2016.

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