

Building Successful Master Data Management Teams

The role and importance of partnerships between business and IT in MDM strategy

White Paper

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Aligning Business and IT to Improve Performance

Ventana Research

1900 South Norfolk Street, Suite 280

San Mateo, CA 94403

info@ventanaresearch.com

(650) 931-0880

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Master Data Management: Now More Than Ever

The constant pressure on organizations today to demonstrate transparency and accountability and comply fully with regulations is having a strong effect on their data management efforts. To meet these challenges, many organizations are turning to master data management (MDM) – and finding a dearth of accurate information about it. Although much has been said and written on this topic, useful details about implementations of MDM remain scarce. As a result, there is uncertainty about best practices for adopting MDM.

Master data is indispensable to doing business. It includes the business objects, definitions, classifications and terminology that in sum constitute business information, as well as format specifications for transactional data. Master data management makes it possible to define and link master data, including those definitions, references, rules and metadata. It seeks to establish and maintain a high level of consistency and reliability of data.

Using MDM, a company can deploy and then manage processes that accomplish two important business goals: giving each line of business, regardless of its technological expertise, responsibility for its own data and enforcing standardized business practices and rules for conducting business and analyzing information. Successful MDM includes good processes, the right technology and people who manage not only the process of selecting and implementing the technology but also the ongoing process of managing the information.

Defining the Cross-Functional Team

To produce and maintain a good MDM process requires an effective MDM team. This team should be a partnership of business people (to manage the master data) and IT staff (to support business's efforts across the organization). Such a cross-functional MDM team not only promotes the efficiency of business processes but also can improve customer service and ultimately profitability. Building a successful MDM team requires a clearly expressed mission statement, well-defined roles and responsibilities for the participants and specific metrics to manage team performance.

To be successful, an MDM team must accomplish three tasks. The first is to define the business case for MDM. The second is to define and select the best technology solution(s). The third is ongoing: to perform the "people" tasks of master data management. While no one team structure will fit all groups, to accomplish those tasks there are some generic roles and responsibilities that should be part of any MDM team.

From the business side, the team should draw an MDM Champion, an Information Steward and an MDM Process Manager. The Champion not only builds the business case for MDM but also elicits buy-in from other business participants and assures that the organization is fully aware of

the project and its impact. This person either provides or must secure executive sponsorship and works directly with the IT Architect. The Information Steward defines the objectives for data quality and evaluates the results of the technology solution; he or she collaborates with the IT Data Steward. The Process Manager not only defines the processes for master data management but also helps manage them. The Process Manager should work in parallel with the IT System Manager.

As indicated, from the IT side the team consists of an Architect, a Data Steward and a System Manager. The Architect designs the enterprise-level strategy for master data management applications and assures that executives are able to follow the MDM process. The Data Steward identifies the requirements for fixing existing problems in data quality, makes sure that the level of quality remains high over time and ensures that the technology solution supports any preexisting data governance requirements. The System Manager ensures that the MDM technology supports existing technology platforms. The following chart details more responsibilities for each role.

Business	IT
Champion <ul style="list-style-type: none"> Identifies MDM risk and creates a mitigation plan Secures executive sponsorship Builds the business case for MDM Assures business buy-in and project visibility 	Architect <ul style="list-style-type: none"> Designs enterprise-level strategy for MDM applications Identifies solutions that have strategic fit and portfolio compatibility Provides executive-level visibility into the MDM process
Information Steward <ul style="list-style-type: none"> Defines information objects for MDM Defines objectives for data quality Evaluates results of pilot project Samples ongoing data quality 	Data Steward <ul style="list-style-type: none"> Defines data governance requirements for maintaining master data Identifies requirements for both existing and ongoing data quality Defines system integration with existing data flow for master data objects Ensures that technology solution supports governance requirements
Process Manager <ul style="list-style-type: none"> Defines and manages MDM processes Performs impact analysis for process changes Ensures successful rollout of solution in various departments Facilitates change management 	System Manager <ul style="list-style-type: none"> Ensures that MDM technology supports existing platforms Ensures that master data component integrates with source data solutions Ensures ease of integration with existing business applications

When selecting team members, keep in mind that people skills are just as important as technical skills. For example, the team leaders, the Champion and Architect, need to have good leadership skills. They must be committed to developing a team approach and allocating time to team-

building activities. In practice, however, team management is often a shared function, and team members should be given opportunities to exercise leadership when their experience and skills are appropriate to the needs of the team. So pick team members who are able and willing to contribute information, skills and experiences that provide an appropriate mix for achieving the team's purpose. Members also need to know how to examine team and individual errors and weaknesses without making personal attacks, so the group can learn from its experiences and continue to function smoothly.

It's important to recognize that you may need separate teams for different master data objects –one for suppliers, for example, another for customers and a third for the chart of accounts – because each object is used in different business processes. You can't expect the Information Steward for Materials MDM, for instance, to be knowledgeable enough to play that role for Customer or Location MDM. As well, each master data object is stored in appropriate business applications, and each application requires its own domain expertise.

Tips for Building Successful Teams

People in every workplace talk about building teams and the importance of working as a team, but few understand how to design or develop an effective team. Belonging to a team, in the broadest sense, is the experience of feeling part of something larger than yourself, which is rooted in an understanding the mission or objectives of the group. Thus, creating an effective MDM team starts with defining its mission and purpose. That purpose should include defining technology requirements for IT vendor selection, evaluating master data management products and managing the ongoing MDM process. Whatever the specific mission, team leaders should define roles and expectations and garner commitment, establish lines of communication and identify metrics that will be used to measure the success of the mission.

In a specialized work environment, such as IT or the supply chain, individuals may have trouble seeing how they contribute to the overall success of the organization. Even though team members have a specific job function and belong to a specific department, the key in setting up the team is to get them to understand their role in accomplishing the overall objectives. So define the mission clearly and make sure team members understand and accept it.

Setting expectations for and garnering commitment from team members are essential. Team leaders must make sure that executive sponsors communicate – unambiguously and in writing – their expectations for the team's performance and expected outcomes. Garnering commitment not only means getting buy-in for the mission and roles from each team member but also from the larger organizational group or the entire company. You'll need buy-in also as your MDM project progresses within the organization.

As you gather requirements for technology and model the MDM process, both as it is in beginning and as you expect it to evolve, keep in mind that this will require deliberate efforts in change management. In this context, change management goes beyond implementing new methods and systems for managing master data to include communication of the new processes, systems and roles. Too often, change leaders make the mistake of assuming that others understand the issues, feel the need to change and see the new direction as clearly as they do. The best change programs reinforce core messages through regular, timely advice that is both inspirational and practical. Communications about the MDM project team's efforts and how they affect business routines should be crafted to provide employees succinct information at the right time and to solicit their input and feedback. Often this will require repeated, even redundant communication through multiple channels.

Finally, you need to identify metrics that you will use to monitor benefits. First, determine the business performance metrics you will use to monitor how fully the business benefits of master data management are being realized. (Our research reveals that most organizations see improving customer satisfaction as their top key performance indicator, or KPI.) Be sure to select KPIs that are important to the success of your particular business, establish a baseline, measure performance against it and then adjust targets and set new ones as you progress. The following chart suggests some metrics for materials master data management and how to measure them.

Metric	Target	How To Measure
Accuracy of data	98% duplicate free	Take a statistically valid sample of new items added every quarter and manually check for duplicates
Process time for new item additions	Company specified percent reduction in cycle time	Measure time from new part addition to part being available for use
Customer satisfaction	100% perfect order	Measure the number of returns or customer service calls as result of incorrect or duplicate part number

Final Questions

Here are some questions the answers to which can help ensure success of your team effort:

- ☐ Does the team understand its important goals?
- ☐ Is each team member's role defined?
- ☐ Do executive leaders give the work of the team sufficient emphasis as a priority in terms of their time, discussion, attention and interest?
- ☐ Are performance targets established that require diligent effort but are achievable?

- ☐ Do leaders frequently evaluate team performance to see where improvements can be made?
- ☐ Have all team members contributed to developing and supporting effective ways to solve problems and communicate?
- ☐ Does the team have the capacity to create new ideas through group interaction and input from outside experts?
- ☐ Does the team follow up good ideas, and are people rewarded for innovative risk-taking?

Resist the temptation to be only task-oriented. Spend time and attention on each of these people- and team-building issues. The more innovative companies have done this, and report that the success of their MDM initiatives and their data quality has improved significantly.

About Ventana Research

Ventana Research is the leading Performance Management research and advisory services firm. By providing expert insight and detailed guidance, Ventana Research helps clients operate their companies more efficiently and effectively. We deliver these business improvements through a top-down approach that connects people, processes, information and technology. What makes Ventana Research different from other analyst firms is our focus on Performance Management for finance, operations and IT. This focus, plus research as a foundation and reach into a community of more than 2 million corporate executives through extensive media partnerships, allows Ventana Research to deliver a high-value, low-risk method for achieving optimal business performance. To learn how Ventana Research Performance Management workshops, assessments and advisory services can impact your bottom line, visit www.ventanaresearch.com.