OAKLIN INSIGHTS

Data, data everywhere… data empowerment or data overload?

Oaklin's Alex Walsh sheds light on how mastering data and using it as a fundamental driver in business decision-making can deliver step changes in customer satisfaction, return on investment and growth.

Data is generated everywhere. Every purchase; every mouse click; every 'like'; every product movement. Information can be collected and analysed at almost every point in the customer lifecycle and subsequently actioned to improve both customer and employee engagement.

Traditionally, business leaders have been (and still are) primarily concerned about technical aspects of data collection. This is understandable given the complexity of data silos and legacy systems. However, although this is an important and consequential task, it should no longer take centre stage.

Rather, at Oaklin, we believe that C-suite executives should focus greater attention on the effective management and utilisation of *existing* datasets; and on positioning data as the driving force behind intelligent decision-making. Building a sophisticated data analytics capability is undoubtedly a key step on this journey; but this can only be done effectively with a clear, cross-functional understanding of how data contributes (or should contribute) to the wider business strategy. This requires a significant cultural shift for many organisations.

In this Insight, we explain how to build a culture of data-based decision-making across your entire organisation. In our opinion, data analytics should permeate almost every business function, from customer experience and sales to supply chain, marketing and operations. Once it does, you will be able to make better-informed decisions; accelerate change; and place efficiency, innovation and growth at the heart of your organisation's agenda — which is essential to outperform rivals in highly-competitive marketplaces.

Evolution of data management

Data management has evolved significantly since the days of large data warehouses and high-level management information. Over the past five years, many businesses have invested significant resources in the purchase, refinement and analysis of operational, financial and customer data – often coined "big data".

In due course, these data sets have become so large and complex that most traditional data processing software has proved unable to manage them. As a result, global business investment in specialist data analytics capabilities has grown exponentially, and is expected to surpass $200 billion per annum by 2020.[1]

In recent years, there has also been a notable change in the way that data is stored. Data has typically been retained in highly-structured, tracked environments – analogous to storage in a giant warehouse – but this approach has become outdated. In this analogy, every item is boxed and housed on numbered pallets; on rows of shelves; within a specific, predefined area. While this was initially effective, the rapid growth of data sets means that, in many instances, the original map or scheme for data categorisation

struggles to house new items as they arrive. Some warehouses are also unable to effectively retrieve individual data points having been built for a fixed structure, number and type of items. Thinking has, understandably, moved on...

In modern businesses, data exists in a more unstructured, heterogenous 'pool'. The analogy here is more like a giant lake swarming with life.[2] Each individual element can occupy any area of the lake at any depth; and can swarm, self-organise and move around freely within the disorderly environment. As a result, there are no issues with the volume, diversity or complexity of data within the lake. There is also no overall structure or scheme by which objects are classified and, consequently, no issues with future-proofing. There is also no limit on the way objects can be retrieved from the lake, nor a limit on who or when this can be done.

From data swamp to data empowerment

In reality, most organisations exist somewhere in between these two extremes, mired in a dystopian combination of the traditional warehouse and the unstructured lake – more of a data 'swamp'.[3]

Many are hindered by outdated structures, multiple versions of the truth and technological limitations. How can an organisation use this 'swamp' to extract meaningful information on which to base its decisions? How can the swamp be proactively owned and managed, and not simply left to grow organically?

Faced with these challenges, it's tempting for businesses to purchase sophisticated and expensive software, and to set up a discrete group of skilled individuals to continually analyse the data. While both approaches are valid, before doing this, Oaklin would advise pausing; understanding and agreeing your organisation's data goals; and producing a clear overarching data strategy. This should integrate data management, control, security and governance.

Developing a data strategy for your business is not simply about building a data analytics capability.

Rather, the primary challenge involves the development of an organisation-wide understanding of the role and value of data; and an appreciation of how data-driven insights can help everybody make better, faster decisions. Determining the overall objectives of the strategy – whether increasing market share, improving customer satisfaction or driving business performance improvement – is a key first step. Only then should an organisation invest in building a data analytics capability to empower everybody in the organisation.

Building a data strategy

Leadership and cultural change

In our experience, delivering a coherent and implementable data strategy requires a mindset shift across the whole organisation. Indeed, there is a common perception that data analytics is run by a standalone team of boffins sitting on a separate floor in front of screens of data.

This perception is damaging and invariably discourages wider business engagement with data analytics. Without an overarching data strategy which effectively legitimises a Data and Analytics (D&A) function, there is a real risk that insights are fed into organisations in an ad-hoc, siloed and unappreciated way. In these scenarios, the value of data insights is limited and is likely to lead to poor decision-making.

Clear leadership is key to stimulating the mindset shift required. Worryingly, a recent survey showed that just 51% of C-level executives are fully behind their business's data strategy.[4] Limited change can be achieved without the support and sponsorship of senior leaders who shape the organisational culture. For data insights to have maximum impact, the C-suite needs to create an environment where data is empowering and eradicate perceptions of Orwellian-like "Ministries of Data". This can be achieved via a sustained communication strategy, sponsored by the senior leadership team, which encourages data-empowered decision-making. Leaders are well advised to tackle outdated perceptions and drive a new 'value add' culture via careful choreography and management.

Structure the organisation to deliver

To successfully deliver a data strategy and transform an organisational culture, it is important to structure your business in a way that enables data to become foundational to decision-making across *all* business functions. To do this, business units should have access to, and the capability to execute appropriate data analytics (i.e. from simple to advanced) on, all organisational data. This is likely to be facilitated by a central D&A function.

A central D&A function is responsible for designing an organisation's data architecture, and ensuring sound data governance, data management and data security. It should be seamlessly integrated with consumers of the organisation's data – people who understand the business, its ways of working, its challenges and, ultimately, its customers or end-users. A hub and spoke model – with the D&A function acting as a hub with spokes into individual business units – is typically the most effective way to encourage data empowerment.[5]

A sound organisational structure should also aid the quick delivery of data insights which are typically needed to solve pressing business problems. Insights should, therefore, be available to users wherever and whenever they need them. These insights should be testable and empower users to derive immediate value for effective decision-making, with a clear feedback loop for transparency and accountability purposes.

[5] BCG (David Ritter, Elias Baltassis and Martin Ouimet) 2017

Key principles

Before embarking on a data analytics programme, it is important for businesses to determine their current data maturity level and agree what level of maturity they realistically want (or need) to achieve to advance their wider business strategy. At Oaklin, we have five key data analytics principles which we use to help clients develop a coherent data strategy and drive business performance improvement.

1. Leverage appropriate data

Businesses often have more data than they know what to do with. This means that it's easy to feel overwhelmed by the sheer volume of data available, and to become overly concerned about losing or missing certain data to drive key decisions. To avoid drowning in a largely unstructured data 'swamp' and subsequently missing key insights, businesses should identify and prioritise relevant data sets.

Thinking about what data is available today should be coupled with determining what additional data might be needed *tomorrow*. Note that you are highly unlikely to need everything

2. Develop a single source approach

Unfortunately, it is common for businesses with legacy systems to deal with multiple versions of the truth. At Oaklin, we often encounter situations where time is wasted debating the validity of data rather than investing time in interrogating and analysing data to drive business performance improvement. To help, we recommend adopting a single source data approach; and a top-down governance system. This can help to build confidence in the validity of the data and potentially mitigate inefficient internal challenges. A common data model, with an associated data glossary and data definitions, can also help to align an organisation's understanding.

3. Empower real-time decision-making

Making common data / data sets available across an organisation in a consistent manner, whenever and wherever required, is key to empowering real-time decision-making. Insights and expertise in your business should not be clustered or concentrated in one area, but should be spread strategically across almost every business function. This will ensure that data can be consistently leveraged in a timely manner, driving ongoing business performance improvement.

4. Foster a culture of continuous improvement

Agile organisations recognise that the data which drives today's business benefits may not be the same as the data that drives *tomorrow's* business benefits. This means that organisations need to develop a culture of continuous improvement. This involves identifying, implementing and measuring data changes throughout the entire organisation, and doing so on a regular, iterative basis. Fostering an environment where ideas are encouraged and leveraged across the entire organisation is critical to long-term success.

5. Keep it simple

Although it is important to develop and implement a coherent data strategy, it is tempting to overengineer this strategy and its associated processes and solutions. This is very risky. Instead, you should focus on what you are trying to achieve with data analytics. This reduces the temptation to overcomplicate things. In our experience, leveraging 'quick wins' (i.e. low-cost proofs of concept or data modelling activities) helps to build valuable early engagement, buy-in and momentum. We, therefore, encourage clients to identify and subsequently prioritise scenarios that can be readily modelled and, once complete, demonstrate tangible business performance improvement. Keeping things simple, in a world where personnel can quickly become disillusioned or overwhelmed by the complexity of data and change, is key.

Conclusion

For many businesses, establishing a centralised D&A function is a no-brainer due to the range of potential benefits on offer. However, the pressure on C-suite executives to embrace the data revolution often causes organisations to rush into significant investments, without necessarily thinking about what their business wants to achieve using data.

For this reason, at Oaklin, we believe that is essential for all organisations to develop an overarching data strategy which defines how data will be positioned as a foundation for organisation-wide decision-making. This is a pre-requisite for businesses who want to gain competitive advantages from data insights, but often requires a fundamental shift in the mindset of both senior leadership and other management teams.

To achieve meaningful cultural change, data analytics capabilities must be properly defined; widely communicated; and supported by a forward-thinking operating model which empowers users to access data-driven insights anytime, anywhere.

Beyond data insight... data empowerment is key.

Get in touch

Please contact Alex Walsh if you would like to discuss the issues raised in this Insight, or how Oaklin could assist your business to empower business decision-making through data.

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