Data Governance – Getting Started

How to assess what needs to be done and where to start

Acuate WHITEPAPER
Data Governance may not be new for some, but has an increasing impact and business value as the Information Age advances.

As corporate data increases by 50% each year, the case for Data Governance becomes more pressing.

What is Data Governance?

Data Governance is a set of policies, processes and business rules applied by formally assigned roles within the organisation to assure the management of corporate data assets. Such management includes the principal that data be “right first time”, that there is accountability for the creation, update and any correction of data to optimise its value to the business. In the event of issues, there must be an effective resolution process with escalation and arbitration where required.

Why do we need it?

Most organisations will need to manage ongoing growth of data volumes and greater complexity as data is increasingly shared. Urgency may prove greater for those undergoing rapid expansion, involved in mergers and acquisitions, or simply with high product or customer turnover (or “churn”).

Key concerns and examples may be categorised as follows:

1) **Operational Issues** – typically affecting the supply chain or commercial operations and accentuated in some cases through transparent links to customers
   - Unclear identification of products/services, their variants and successors
     - Inefficiency and delay in order entry
     - Return of goods and penalties
   - Inadequate definition or specification, incomplete or inaccurate costing of products
   - Missing or incorrect data impeding despatch
   - Incorrect customer information
     - Delivery and invoicing addresses
     - Payment terms and conditions
   - Duplication or redundancy of data left after business evolution

2) **Compliance and Risk Issues** – both externally and internally imposed on the enterprise
   - Industry based regulatory issues such as hazardous goods legislation, medical and Pharmaceutical compliance, environmental waste regulations
   - Financial regulation issues such as Sarbanes-Oxley, Basel I and II, HIPAA
   - Global and national legal requirements for data protection

Internal controls, which would be in addition to the above, are at the discretion of an organisation, but could well impact data in the form of business policies and rules for which compliance is considered mandatory.

3) **Planning and Revenue generation** – affecting decision making
   - Pricing issues impacting directly profitability
   - Reporting of business activity compromised by underlying data quality
   - Incorrect data affecting tax management or even leading to financial penalties
Data governance is also a means to mediate between operational rules and technology and systems.

How can we assess what needs to be done?

Two aspects need to be covered in the assessment:
- Organisational readiness for data governance
- (High level) scoping of the business rules and key data

There will be a brief assessment prior to establishing a pilot (or first) project. Later, work will be done based on the experience gained by enterprise personnel in execution of that pilot.

Organisational Readiness for Data Governance

The figure below shows the key elements of Data Governance and the derived data integrity for users and their operations.

Certain Data Governance principles are essential to start work:
- Management sponsorship of the initiative
- Readiness to assign Accountability and Stewardship within the organisation
- Commitment to improve data management processes

Others should be progressively added to facilitate later work:
- Identification of a Steering Committee
- Development of a virtual organisation of data responsibilities within existing personnel
- Management and Change Control Processes to enable evolution of the business rules
- Development of key policies for
  - operation of the Data Governance organisation
  - use of software tools, documentation and training support
  - the business rules and data identified in its scope

There are many “maturity models” for data governance usually starting with an unmanaged status, progressing through reactive and proactive stages to a predictive model (http://www.globaldataexcellence.com/services/maturity_model.html). These will help establish a “road map”, but really need to be worked through in an “education” phase early in the implementation.
Scoping of the Business Rules and Key Data

This is a **scoping exercise** based on the data of most **importance and value** to the business. This does not need to be long and exhaustive – a statement to Management of current issues by representative stakeholders from each function would suffice.

Such an inventory can provide content for a long term data governance program, but should be prioritised to make success achievable in logical and visible steps and avoid any perception of trying “to boil the ocean”. The top priority should be made part of a “proof of value” with a measurable result.

In principal, the list should always be considered as “open” to controlled reappraisal and will be revised after the “proof of value”.

Typically, focus will be on master data – that which is repeatedly used and may form a common “themes” in the scoping process.

However important the **accuracy of this master data** may be, it only exists to serve the operational transactions and so any assessment of priorities must take into account the effectiveness of those transactions - the accuracy of users’ outputs and efficiency of their process. The following provides a base for considering the potential root cause of operational problems to be found in master data.

Examples of **primary master data** are the **products or services** sold by the company, the **customers (or consumers)** to whom they are sold, the **suppliers** providing materials and the **employees** in the company. In the public sector the customers may be termed **citizens** or **patients**. Common to all are the financial elements of accounting and cost structures.

Further information is compiled within systems to form **secondary master data** – typically **sales prices** (depends on the product, but may also be customer dependent) and **costs** (depends on the product and its source). The **composition** of products or services will itself be business critical.

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"**A pragmatic** approach to Organisational readiness and **scoping** of a Data Governance initiative is **recommended** to start work"

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How to make a start on Data Governance

Starting to focus on data governance is likely to lead to an initial alarm, which is important to assess objectively. There will be a change in perception of data as “something IT deal with” to “an asset owned by business operations”. Issues will become more transparent and a positive approach will be required – it’s better to know and manage the problem. Why it was not visible before is history and now a matter only for ongoing continuous improvement.

It is unlikely that an organisation will suddenly “degrade” in terms of data governance, but is important to make a start to avoid any artificial overload of implementation resources, many of whom will and should continue to have operational roles within the business.

Prompt and visible evidence of improvement within short term initiatives will be key to ongoing support and may even enable “self-funding”, by releasing resource from remedial tasks to a more proactive and preventative working style.
The key to starting is to achieve sufficient readiness in Data Governance to execute a “proof of value”. The experience alone of doing this will shape thinking on the overall approach.

- Identify a business sponsor and an interim “Steering Committee”
- Mobilise a task force to undertake the initial scoping and prioritisation of data assets. This should include subject matter experts within the business
- Develop a formal presentation of the business rules
- Execute analysis, identify causes, publish results

Ongoing work will be to finalise the assessment of organisation readiness and propose elements required to reinforce and consolidate the interim organisation set up for the proof of value.

The scoping process will have created a potential work programme, which can now be regularly reviewed and validated by the Steering Group

Conclusions

The advantages of the approach described above are:

- Implementation cost can be contained through a progressive approach, which liberates resource for further work and continuous improvement
- That its starting assumption is usage of primarily internal resources
- That it instates control, but allows for evolution of the organisation
- Avoidance of an (over-)prescriptive approach, which may not fit the organisation
Acuate and Data Governance

Acuate provide Professional Services to initiate, guide and help execute Data Governance programmes. Our experts use the above techniques to create programmes that suit your organisation.

- **Initiate** data governance with an *Awareness Workshop* and a “Proof of Value”
- **Develop** a data governance *Roadmap*
- **Support** implementation of the data governance *program*

Contact us to arrange a no obligation, no cost consultation.

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Acuate is passionate and committed to delivering advanced technologies and service excellence to assist organisations in overcoming their data quality challenges.