

An effective data management strategy starts with the C-suite



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Introduction

When it comes to knowing your customers, the data you collect about them can provide a world of insight. In fact, data is increasingly becoming the means by which C-level executives are making informed business decisions.

We recently polled 1,400 data professionals for our annual global data management benchmark report, and we found that 84 percent of organizations view data as an integral part of forming a strategy. The chart below represents

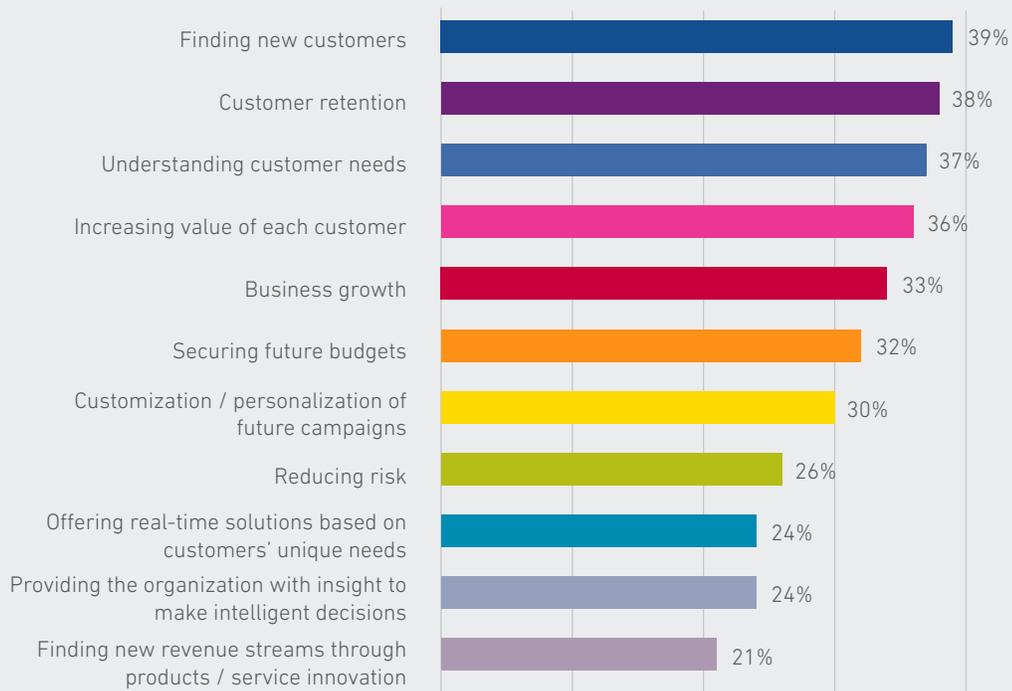
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the areas in which these businesses hope to leverage their data.

Not surprisingly, the top uses for data center on consumer intelligence: finding customers, retaining customers, understanding their needs, and increasing their value to the business. Based on this insight, it's clear that data is becoming a window into consumers' lives, allowing businesses to market to them more effectively.

While having accurate data is crucial to business success, the same study revealed that 23 percent of customer and prospect data is believed to be inaccurate. Given the increased dependence on data within organizations, inaccurate information

Chart 1
Biggest drivers to turn data into insight:



can take a serious toll: impeding your ability to make strategic decisions, reducing the efficacy of marketing campaigns, and damaging your business's reputation within the industry and among your customers. In fact, 75 percent of businesses believe that inaccurate data is undermining their ability to provide an excellent customer experience.

Data management starts at the C-level

For data to be actionable, it must be accurate and trustworthy. So how can a chief information officer (CIO) ensure the information their organization has been collecting is in tip-top shape? By working in concert with data stewards to develop a sustainable and scalable data management strategy.

While most enterprise organizations rely on a team of data architects and engineers who work hard to ensure that data is collected, stored, and accessed in a consistent manner, the ever-growing amount of data presents complex challenges that require robust data governance policies and an investment in the necessary infrastructure.

CIOs should ensure that their organizations' IT priorities are well defined, so the appropriate budgets can be allocated for data management projects. On average, 64 percent of organizations that plan to introduce a big data strategy in the next 12 months have allocated 25 percent of their IT budget towards achieving this goal.

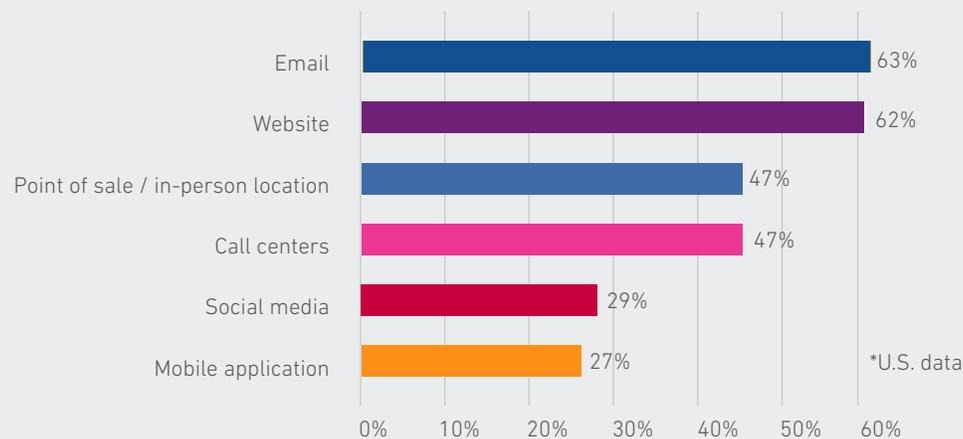
Overcoming internal data management challenges

In order to realize the full potential of customer information, C-level executives will need to ensure that the information their businesses collect is accurate and fit for purpose. Accomplishing this goal, however, can seem impossible given the complexity of organizations' databases. But when broken down into manageable steps, you can overcome your internal data management challenges and be a leader in the industry.

1. Get a handle on big data

In today's always-connected world, the speed and volume with which data enters organizations are unprecedented, and it increases every day. The following table represents the most common channels through which organizations collect data.

Chart 2
Most common channels used to collect customer data



Organizations that can analyze their data and deliver actionable information will achieve an extra \$430 billion in productivity by 2020.

But that's not all. The number of devices connected to the Internet of Things (IoT) is expected to triple by 2020, according to the International Data Corporation (IDC), which means a lot more customer information will be entering organizations. The ability to analyze this data is critical. IDC reports that organizations that are able to analyze their data and deliver actionable information will achieve an extra \$430 billion in productivity gains over their less analytically oriented peers by 2020.

Given the explosive growth in inbound data, it makes sense that 61 percent of US organizations have a big data strategy in place, and another 30 percent plan to introduce a big data strategy in the next 12 months.

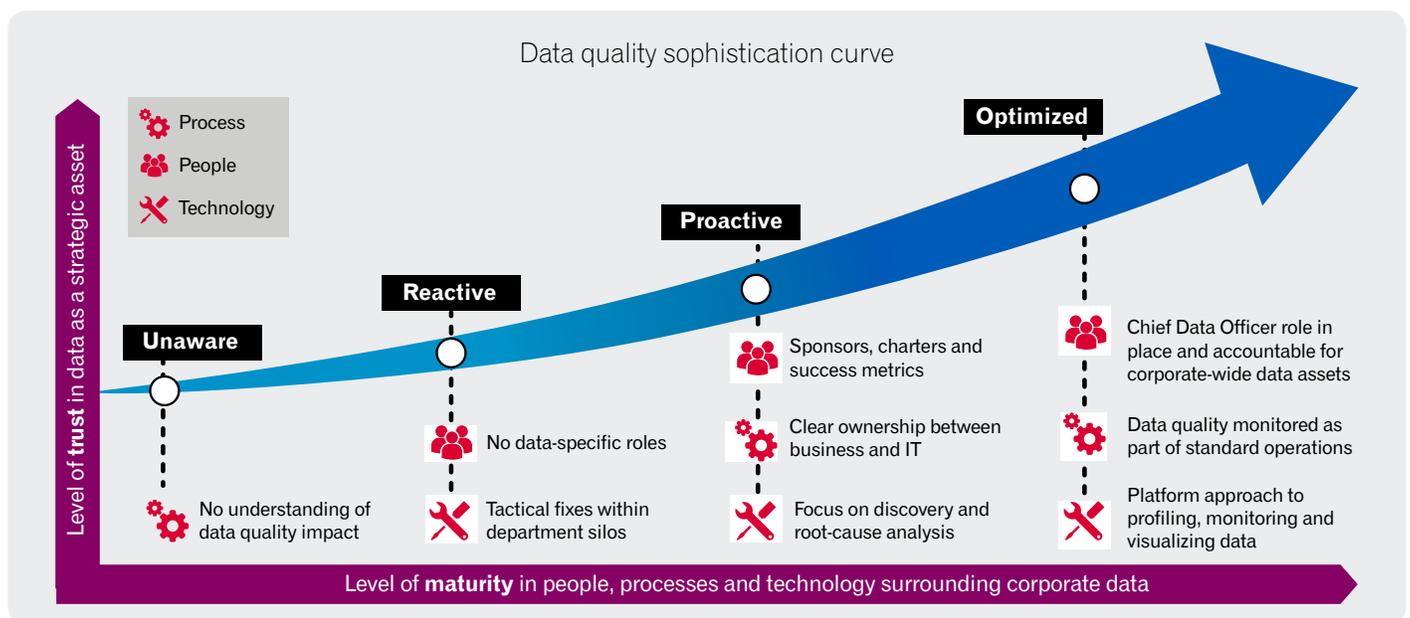
But not all of the collected information can be considered immediately actionable. Remember when we said, "For data to be actionable, it must be

accurate and trustworthy"? As information enters your organization from a multitude of channels, it should be analyzed for consistency with existing data before it can be trusted for business analytics.

If you are collecting information through Ecommerce channels, for instance, you might have customers who accidentally enter their names into address fields, or who create duplicate accounts when they can't remember their passwords. Bad data like this is common in company databases, and it can have ripple effects throughout the organization from order fulfillment, to shipping, to invoicing, to customer service, to marketing and sales. And given the amount of data entering organizations daily, the only way to keep on top of bad data is by continuously monitoring your data quality.

2. Define data strategy responsibilities

The success of any data management project hinges on having stakeholders who are responsible for the long-term strategy. In fact, 22 percent of organizations surveyed say that their ability to enforce a data management policy is undermined by not having a dedicated owner.



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While this responsibility used to lay with IT departments, many organizations are moving data management to a centralized business role. In some organizations, this responsibility lays with the chief data officer (CDO), who is responsible for establishing and enforcing the business's data governance policy. In addition to handling the long-term data management strategy, the CDO can help to ensure standardization, governance, and accessibility of data across the business.

Organizations with a defined CDO role are well poised to take advantage of the data they are collecting. The figure above demonstrates the data quality sophistication curve. While most organizations today (58%) consider themselves 'unaware' or 'reactive,' those with clear responsibilities have greater trust in their data as a strategic asset. 'Optimized' organizations (19%) that have a defined CDO role are at the front of the pack. These organizations can make informed strategic decisions based on their data.

While not every organization has a CDO, every business needs to define a primary data management stakeholder to ensure the program's success. By identifying an individual in your organization who can carry the long-term strategy forward, you can begin to build a greater trust in the data you have collected.

3. Ensure your data practices meet compliance standards

Data management is necessary for companies to keep up with changing regulations and ensure that they are in line with applicable data standards. In certain sectors, such as healthcare and finance, data compliance is heavily regulated, and data management strategies should account for these regulations. In healthcare, government mandates like the Healthcare Insurance Portability and Accountability Act (HIPAA) require that individuals' health information is kept private, and it holds violators criminally accountable. In finance, Basel Committee on Banking Supervision (BCBS) 239 mandates that financial services companies implement systems for risk data aggregation and reporting, and Metro 2[®] requires credit information to be accurate and reported in a universal way.

The effects of regulations are not limited to the healthcare and finance sectors. In fact, 80 percent of organizations believe increasing regulation has driven their need for better data analytics and management. Most notably, the Telephone Consumer Protection Act (TCPA) instituted by the FCC has wide-reaching effects across industries.

The TCPA, which places tough restrictions on the use of telemarketing via automated dialers, mandates that telemarketers must receive prior written consent before robocalling consumers, and it says that consumers must be able to easily opt out of receiving calls. Companies found to be in violation of the TCPA can receive a fine of \$11,000 per incident. Since its implementation in 1991, the FCC has issued multi-million-dollar fines against companies that have

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violated the TCPA. The financial consequences can be damaging to organizations.

How can you ensure your organization doesn't accidentally violate TCPA, BCBS 239, or any other regulatory practice? The CDO should lead the charge to define a data management strategy that accounts for these government and agency regulations. By ensuring that the quality of your customer data is good, you can mitigate the risk of sizable penalties.

4. Train employees on the data management policy

A majority of businesses attribute data problems to human error, so it's vital that executives ensure that their employees understand the business's data management strategy. As with any policy, a data management strategy is only effective if employees abide by it.

Call center staff, sales teams, and customer service representatives should all be trained on how to enter customer information correctly and how to best utilize the software that is available to them.

Because we live in a multichannel world, you should carefully consider all points of data entry (such as point-of-sale or call centers) to identify where training will be needed or where software can assist with data validation before it is ingested.

If in-store POS data tends to be inaccurate or incomplete, it may be necessary to provide additional trainings for store associates. Alternatively, if incorrect customer information is coming from your call centers, it may be wise to investigate ways to improve communication to ensure accuracy.

A well-trained staff will not only reduce the number of errors in your data but will shave precious seconds off of each interaction. Your team can now attend to customers with greater efficiency, which should result in an improved customer experience.



Conclusion

In today's data-driven business environment, building a strong data management strategy is essential, and it begins with the C-suite. Executive leadership should work with their teams to identify weaknesses with their current data program and to develop a robust strategy moving forward. This includes investing in the necessary infrastructure and appointing a CDO, who will be tasked with maintaining the long-term strategy. By doing so, organizations will be better poised to realize the substantial benefits that their data can provide.



A solid data management strategy is the first step to taking full advantage of your organization's data. Experian can help you make more informed decisions with our industry-leading data quality management platform.

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