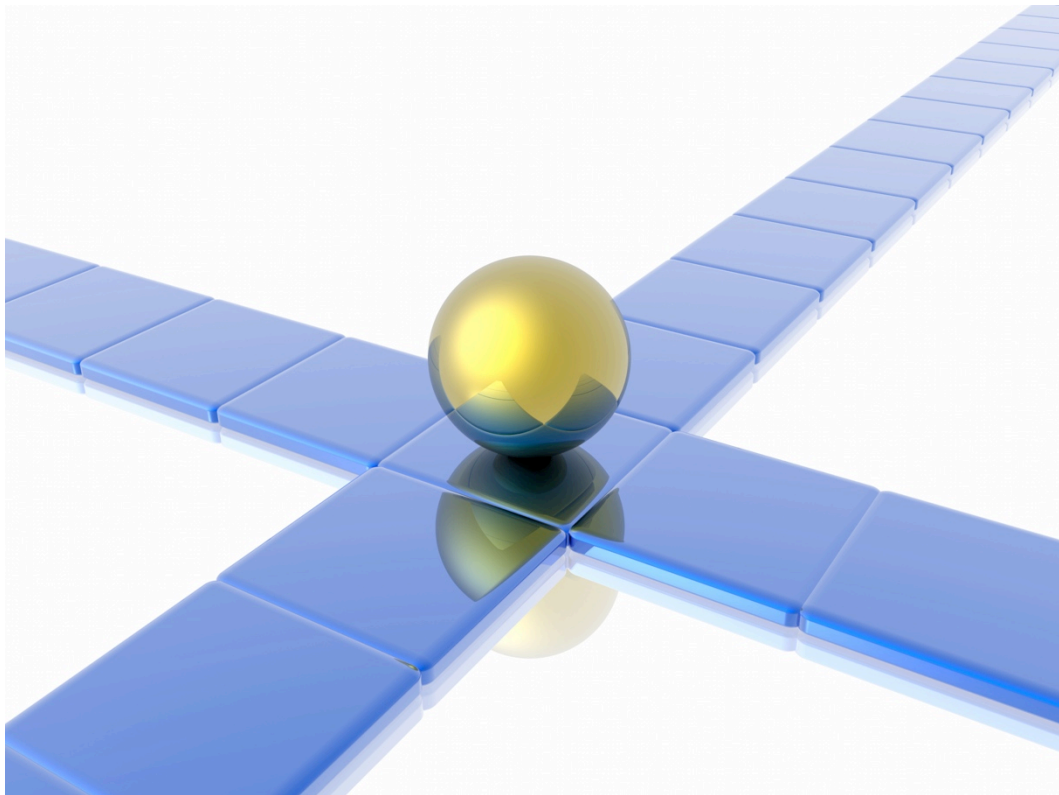# The 8 Worst Practices in Master Data Management and How to Avoid Them

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EXECUTIVE SUMMARY

Today's business world changes at a breath-taking pace — even agile enterprises must work hard to keep up. And just as rapidly, companies are uncovering new competitive advantages through the increased use of "big data" and advanced analytics, often in real time.

Keeping pace with on-demand decision making requires trustworthy data that must be accurate and timely. Enterprises can now use high quality data more effectively to optimize operations and business process execution, reduce costs, grow revenue, and increase competitiveness. By implementing solutions that transform data into true corporate assets, companies can now raise business performance and decision making to a new level of speed, power and incisiveness.

The strategic and tactical needs of the enterprise have put increased focus on the value and benefits of master data management (MDM). MDM consists of practices, processes and technologies for ensuring the accuracy, completeness, timeliness and consistency of multiple domains of enterprise data — across systems, functional areas and organizations. Master data embodies the mission critical, high value information shared and consumed by enterprise-wide business processes.

MDM is a key foundation for trusted data and more efficient business processes. It touches almost every important activity in a company. Using this data strategically can differentiate companies from their competitors. Overall, how well an enterprise manages master data is a reflection of how well it operates and achieves its objectives, and how quickly it can respond to change.

> *"You gave us what we asked for, but it's not what we want…"*
>
> *— The Business*

Master data management is not just about data and processes. It depends on an alignment and partnership between business and IT, because both groups are critical to maximizing the value of MDM. The business has to guide the implementation and use of master data management in order to ensure alignment with overall corporate goals and objectives. IT has to build and operate the MDM architecture, and draws on its experience to guide the selection of technologies and partners.

The 8 Worst Practices of MDM

1. Executive sponsor missing in action
2. Skipping the business case
3. Setting up MDM as a "big bang" initiative
4. Failing to plan for organizational and cultural change
5. Taking a one-dimensional approach
6. Underrating the importance of a data governance group
7. No metrics for measuring success
8. Relying on the wrong technologies

But the road to a successful MDM program can be full of detours and dead ends. Frequently, MDM initiatives take wrong turns into "worst practices".

One of the best ways to "get it right" when planning and designing a MDM and data governance program is to understand where things can go horribly wrong.

#1   Executive Sponsor Missing in Action

The worst possible way to start a master data management initiative is failing to recruit a senior executive from the business to act as the champion or sponsor.

Your MDM program needs a sponsor who is actively invested and involved in its progress. MDM changes not only how data is managed but also the business processes and practices that affect many departments, groups and people across your company. This type of change will be disruptive and filled with political landmines. Involvement from the top helps ensure your project will be able to preserve its momentum.

Photo: David Crockett

You may be tempted to use a "bottom-up" or even "middle-up" approach. It won't work — and if you go this way, your project will likely be derailed.

Lower and mid-level managers don't have the clout or political standing to bring about large scale organizational change over a sustained period of time.

Another temptation is to think that MDM and data governance are technology problems, best handled by IT. This couldn't be more wrong. The business must be the "navigator" that charts the course. IT is the valued partner that provides and supports the infrastructure for a successful MDM implementation.

The business, starting with the executive sponsor, needs to direct the activities that determine what the MDM initiative will accomplish and how it aligns with the overall corporate strategy.

Otherwise, the business will consider master data management "someone else's problem" and will expect IT to just "make it work". But IT doesn't always have the business knowledge or perspective to make the right decisions about business processes, organizational culture, and the policies and business rules required to increase data quality across the master data domains.

If you can't sell your MDM initiative to an executive sponsor, then you're not ready to launch it — and there's more work to do. Part of that work is closely related to the next "worst practice": *skipping the business case*.

#2   Skipping the Business Case

The best way to **never** gain buy-in for an MDM initiative is to fail to identify the business need and value, and the stakeholders and business users that are impacted. Not translating those critical points into a compelling business case is a huge blow to your program. You won't be prepared to answer the common question "tell me again, why are we doing this?"

Your business case should tackle big problems (the company's "800 pound gorillas") and their solutions through master data management and data governance processes. By solving significant issues and achieving positive impact, you'll open the door for expanding master data management in the future. It will be easier to connect master data projects to corporate strategies, goals and objectives. The benefits will be clear and you'll gain fans in the business.

Business users know how data is used in company functions and processes. Reach out and spend some quality time talking with them.

Photo: Pixland

If you don't know where the most urgent problems and needs are, or how to quantify the benefits of MDM, follow the "Five Whys" approach. When your users complain about a data quality issue, ask "why". Listen to the answer and ask "why" again. Continue until you've drilled all the way down to the root causes. Then, ask questions about how much the issue is costing the business.

Don't forget to involve IT when building the business case to make sure that the solutions you're proposing are grounded in technology reality.

But take care to not start with the technology solution versus the business need or problem. You'll lose your business support if you only talk about master data in terms of software and infrastructure ("speeds and feeds"). When you name the initiative, choose something that calls out the business nature of the program, like "Customer Centricity" or "Single View of Product".

If you create a realistic business case, you'll win executive sponsorship and business user buy-in. Funding will follow, especially if your case quantifies the benefits and the costs of fixing the pain points and business problems. But be careful not to take too big a bite for your business case or give into the temptation of *setting up MDM as a "big bang" initiative*.

#3   Setting Up MDM as a "Big Bang" Initiative

A successful MDM initiative is a continuous balancing act between the strategic and the tactical. You need strategic vision for the long-term, but that can trick you into starting your first MDM project with a scope so large that it can't be completed quickly and effectively. An impossible-to-achieve scope will make it difficult to show timely value to your executive sponsor and your stakeholders.

Start your project with initial objectives that are aligned with near-term goals. But the initiative should be designed to adapt and meet future needs that you may not anticipate right now. If you create your master data program solely as a short-term project — only covering your starting point — it won't have the right elements to support strategic business value or the future of your company.

Trying to identify and standardize all of your master data domains and elements in one "big bang" initiative just doesn't work. Focus on a single domain like *Customer* — after all *Customer* will likely be the core of your master data initiative as you add other data domains. You can note relationships to other domains as you work out the standardization and data quality needs for your first domain.

And don't ignore the complexity of your MDM program. Your project will involve: data and business analysis, consultations with business domain experts, data profiling and remediation processes, data integration, entity resolution, third party data enrichment, and the processes and technologies that make it all happen. Data governance policies and procedures will have to be created and set into motion. If you underestimate project complexity, you won't bring in the right resources at the right time, and may fail to plan for all contingencies.

Photo: Flickr.com/ClassBlog

Your MDM planning should include many *what-if* scenarios, including possibilities for future corporate directions and scalability, potential new markets, strategic acquisitions, new customer segments, and new or unexpected data sources. Even as you're implementing the early phases of your MDM program, change is taking place. It never stops. So another aspect of your plan should be a plan for responding to changes that is rigorously reviewed with stakeholders and business domain experts.

For master data processes to support the optimal performance of your company, approach your MDM initiative with a comprehensive, well-researched program that produces both reliable data and the flexibility for agile change. Think "continuous" improvement, but realize, in some cases, that you may be introducing this concept to the company for the first time.

Another success factor for your initiative is to thoroughly understand the impact that your MDM strategy has on the organization itself. Such success can be disrupted by *failing to plan for organizational and cultural change*.

#4   Failing to Plan for Organizational and Cultural Change

Your project will quickly be in trouble if you're not prepared to handle cultural and organizational changes, and the inevitable corporate politics that stem from master data projects.

Part of master data management involves reducing business and data silos while consolidating and standardizing master data. Addressing the data silos requires examining cross-functional processes and the question of data ownership, which introduces new organizational and departmental challenges.

Stakeholders, constituents and influencers are all critical to the success of your MDM project. Communicating to each group and providing the necessary education will prove invaluable over the long-term, since they can make or break your initiative. As part of your MDM program, you'll also be conducting a marketing and communications program that targets your internal customers and partners.

Categorize stakeholders and constituents in order to understand what communications each should receive and the best way to deliver that information. Identify which people are impacted by specific aspects of the MDM project, as well as who might be a problem, and who'll go to bat for you. A well-constructed communications strategy, with continuous engagement, can greatly improve transparency and organizational change.

It may be human nature to resist change but don't make the mistake of discounting that resistance. In many cases, there are real reasons behind the fear of change. It's your responsibility to discover, understand and correct the real problems related to concerns about the MDM initiative. Education is a good approach, but listening well to constituents and stakeholders may be the most important path. You may discover real pitfalls lurking behind old processes that could seriously impair your efforts.

It often pays to bring in a neutral outside consultancy to help in achieving effective organizational change. With a third party's insight, you may be able to identify problems early on.

Many people in the enterprise will feel more comfortable speaking with an outside party and will be more likely to disclose important information. An outside consultant can present case studies from successful projects that will help constituents see the value of master data and allay particular concerns and fears.

Spending time on the **people, processes and practices** of the organization can go a long way to help you avoid *taking a one-dimensional approach*.

> **No Business Case — No Executive Sponsor**
>
> An IT project team for a global manufacturer began building a product master data infrastructure. But they were missing one critical ingredient: no business problem to solve, and no way to connect MDM to business value.
>
> At the 3-year point, the team had made little traction towards company adoption. It wasn't until company sales greatly slowed, sales teams were duplicating prospect outreach, and standardized product pricing collapsed, that senior management got in the game to support and grow the MDM initiative.

#5   Taking a One-Dimensional Approach

There are no "silver bullets". If you take a one-dimensional approach to MDM, such as stressing technology improvements over organizational change and redesigned business processes, you've missed the point of how master data governance benefits the enterprise.

A successful MDM initiative **is** a balanced endeavor to provide key infrastructure and organizational change for the data-competitive enterprise. To do anything less can spell disaster.

You may stumble into a one-dimensional approach because you think MDM is all about the technology platform. But, you can't bring in the technology until you understand the people, practices, processes and politics, as they relate to your MDM project. Without that understanding, you'll lack an integrated vision of the impact of master data across the enterprise. Leaning solely on technology ensures that you won't meet the needs and requirements of the business and that you'll fail to adequately address the non-technology elements.

For a balanced approach, start with the people, politics and culture; then address data governance practices and processes.

What you learn from this approach will greatly improve how you bring in technology tools for your MDM initiative.

The master data program also has to involve cross-functional teams and requires solid collaboration between the business and IT.
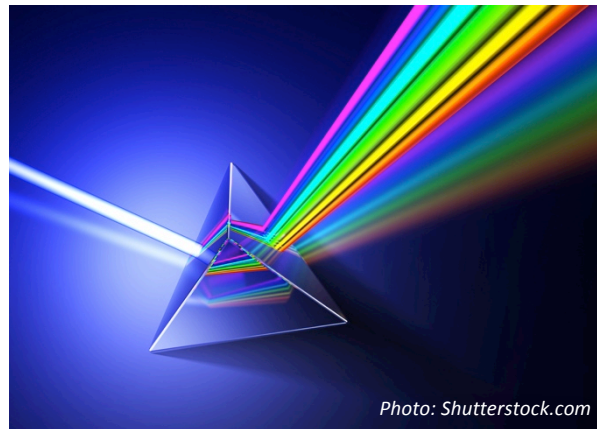
Photo: Shutterstock.com

Develop a well-structured MDM vision that parallels and supports overall corporate strategies, business unit goals and optimal business operations. Your MDM vision needs to encompass not only how business is done today, but what the enterprise wants to accomplish for the future. A one-dimensional, technology-only approach has no way of connecting to significant business strategies and objectives.

Another opportunity to connect your MDM initiative to important business goals will be missed if you *underrate the importance of data governance*.

#6   Underrating the Importance of a Data Governance Group

Your enterprise can't become a data-savvy organization that relies on timely and reliable data without implementing data governance responsibilities, practices and processes. Managing master data and data quality are dynamic processes that require constant monitoring and change to reflect the challenges and goals of the enterprise.

The business world runs at a frenetic pace. Your master data initiative has to keep up if it is to provide the right value now and in the future.

If you don't create a plan for establishing data governance early on, be prepared to face serious obstacles as your project progresses.

The lack of a data governance plan will also impede the growth of MDM initiatives. Data governance aligns the important elements of people, practices and processes that make or break MDM projects. It's the pathway that connects these elements to business strategies, goals and objectives, and to the technologies that support master data processes.

Practically speaking, the data governance organization will be invaluable in your MDM implementation in terms of deciding on business rules for data quality and identity resolution, redesigning processes to be more efficient, and managing the business aspects of the hub after it is implemented.

Lack of planning, preparation and establishment of data governance also makes your MDM initiative vulnerable to organizational politics that could hinder or even stop the initiative. Data governance is instrumental for setting up and managing business-IT partnerships. These are critical to MDM success and to the cross-functional collaboration that underpins master data processes. Without an organizational commitment to data governance, you may not have a "champion" in place to dial down the infighting and "turf wars" that could occur among different stakeholders.

You'll need to enlist the help of your executive sponsor and your chief stakeholders to build the case for a dedicated data governance function. Together you can show the value it brings to creating and maintaining trustworthy master data. Data governance delivers a strong accountability platform that is significant for risk management, compliance and audits.

But that accountability can be at risk if you have *no metrics for measuring success*.

> **No Centralized Data Governance**
>
> A large global company called together several business data owners from different groups to develop a set of common standards. Each data owner promoted a separate standard; none of the owners wanted to give up control.
>
> The company took a "tail wagging the dog approach" by failing to mandate a centralized platform for data governance practices and policies for all groups in the company. "Turf" politics took over instead.

#7 No Metrics for Measuring Success

Without agreed upon performance metrics, you'll never be able to answer the question, "Are we there yet?" More seriously, if you can't tie the value of what improved master data is achieving back to your expected return on investment (ROI) from the business case, you won't get far with your initiative. Corporate management and stakeholders expect to see quantifiable results quickly.

The metrics should measure how well you're achieving the goals you put into place with the business case. Metrics mainly quantify the benefits versus the costs for solving business problems with master data management. If the purpose of your MDM project is to provide reliable customer data as related to sales data, then your metrics should be based on customer retention improvements or the successful completion of cross-selling opportunities.

Metrics take you back to where you began: how to demonstrate to your executive sponsor that you're achieving the goals for the use case you're solving with the master data project. A lack of ROI indicators will likely dry up your business sponsorship. How do you know if you've been successful with your initiative? Was it cost-effective? Did it deliver the expected value?

"If you can't measure it, you can't manage it." Your stakeholders need to see the value that impacts their areas of the company. Without metrics and periodic assessments of benefits and value, it's difficult to decide "what should come next" for MDM.

As with business processes, your MDM initiative must focus on continuous improvement to assure alignment with current and future requirements.

Even with the right planning and metrics in place, you may get nowhere fast if you are *relying on the wrong technologies* to help build your MDM initiative.

Photo: Flickr.com/lexnger

#8   Relying on the Wrong Technologies

There are so many ways to get off track when it comes to choosing the technologies you need to support your MDM initiative. You may think the technologies you already have in place are enough, without really knowing if you have the tools you need to be successful. You might decide to select tools on a piecemeal basis. But if you do, you'll end up with a stitched together patchwork of poorly integrated technologies.

Or you could focus only on near-term business needs or even on a single data domain, like *Customer*, and fail to see that your tunnel vision will cost you quite a bit when your technology choice comes up short later. When selecting your MDM technology solution, you need to consider your company's strategic vision and plan for growth. It's likely you'll be adding more data domains later on. If you pick a specialized MDM solution that only fits your first data domain, you won't have what you need when you add other domains down the road.

If you're already guilty of focusing too much on technology, then you're probably relying on IT to select your MDM technologies. Conversely, some companies lean too heavily on the business to make the selection, without IT participation. Either way, you're only working with half of the equation. Your requirements for an MDM solution should be both business-related (functional) and technical (non-functional).

Photo: Hermera Technology

Decisions to select an MDM solution should reflect the enterprise, not just a single department. Your MDM initiative impacts many teams — all stakeholders must be involved in determining requirements, reviewing software offerings, and making the purchase decision. For example, your partners in IT will help by evaluating which solutions can take advantage of the current enterprise infrastructure for better interoperability between systems.

Your initiative is better served by choosing an MDM platform that includes certain core capabilities:

- Master data hub
- Tools for data integration, profiling and quality
- Data governance tools
- Interoperability
- Workflow management
- Ease of use — different UIs for technical and business roles
- Scalability and high performance / high availability

Saving Your MDM Initiative from the 8 Worst Practices

In many enterprises, data is not consolidated or standardized — it's scattered throughout many disparate silos and systems, with a lot of inconsistency and duplication, as well as missing, inaccurate and outdated data.

Without a master data program, inaccurate data provides only a fragmented view of what's going on in the business, which can be debilitating to other initiatives, operations, analytics and decision making.

The benefits of a well-implemented MDM initiative become obvious when newly reliable and up-to-date information can be put to work improving operations, business intelligence, customer experiences, sales and marketing programs, and many other functions.

Achieving high integrity, standardized master data is only possible if your MDM initiative avoids these worst practices. If your company wants to respond quickly to opportunities and challenges, implementing a well thought out, metrics-based master data management program will set you on the right course.

The Right Way to Implement Your MDM Program

- Determine the most beneficial starting point for MDM while considering long-term business and data strategies.

- Implement comprehensive and realistic data governance policies and practices — which you continually review and update.

- Build and grow collaboration between the Business and IT teams — both are needed for MDM to deliver the best results.

- Visualize and align strategic and tactical milestones, while moving forward on the right path.

- Perform thorough analysis and planning for integrations with business processes and systems across the enterprise.

- Gain business user confidence in the reliability, timeliness and usability of the master data.

- Continually use metrics to demonstrate current and potential value of MDM.

Moving from *Worst* to *Best*

No one experiences **all** eight of these "worst practices". But avoid as many of them as you can to have a smooth, functional MDM initiative, with a gradually maturing data governance function.

Most of the bad data management habits in your organization have developed over a long period of time, but you can start turning them around right now, through education, communication and accountability. Choose people with a positive vision for how the company can turn questionable data resulting from inefficient business processes into a "lean, mean data machine".

The insights available through improved master data and sound governance principles will bring new competitive advantage to the company, increase revenue, reduce costs, and enable better compliance and decision making. **Improvements like these are too compelling to pass up.**

About Hub Designs

Hub Designs is a global leader in the development and delivery of high impact master data management (MDM) and data governance strategies. The company publishes Hub Designs Magazine, one of the first online publications specifically for the information governance industry. The firm's Thought Leadership practice produces white papers and webinars, and Hub Designs' President, Dan Power, is a frequent presenter at conferences and trade shows. For more information, please visit hubdesigns.com or follow us on Twitter at @hubdesigns.

About Information Builders

Information Builders helps organizations transform data into business value. Our software solutions for business intelligence and analytics, integration, and data integrity empower people to make smarter decisions, strengthen customer relationships, and drive growth. Our dedication to customer success is unmatched in the industry. That's why tens of thousands of leading organizations rely on Information Builders to be their trusted partner. Founded in 1975, Information Builders is headquartered in New York, NY, with offices around the world, and remains one of the largest independent, privately held companies in the industry. Visit us at informationbuilders.com, follow us on Twitter at @infobldrs, like us on Facebook, and visit our LinkedIn page.

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