



# DATA QUALITY NAVIGATION FOR FINANCE PROFESSIONALS

**THE FASTEST ROUTE TO THE  
OPTIMAL QUALITY OF YOUR DATA**



**DATA  
CROSSROADS**



# Table of contents

Introduction	4
Calculate your gains and form a vision	6
Commit to realizing your vision, overcome your obstacles	8
Follow the navigation to optimal data quality	10
1. Take on the sponsor role	12
2. Find the responsible	13
3. Initiate analysis of data quality issues	14
4. Optimize reporting & specify data needs	15
5. Set up goals & assess maturity	16
6. Build a data management framework	17
7. Optimizing the information value chain	18
📍 You've reached your destination	19
Some final thoughts...	20
References	21

## Introduction

Before we start, let's do a mini-experiment. Read the following statements and see which ones trigger an emotional reaction:

- My company experiences challenges with data quality.
- My company's financial staff spends a lot of time on low level activities, such as manual data collection, correction, validation and reconciliation.
- I cannot get access to the right data at the right time.
- A lot of business decisions are not based on actual data.
- Your finance function lacks a trusted source of data.

So, what's your result?

If at least three out of the five mentioned statements sounded familiar, don't worry, because your company is not very different from others. The five statements represent the five main challenges companies have nowadays, as discovered by Prophix and FP&A Trends in 2017, and presented in "Defining the Evolution of FP&A: Benchmarks, Challenges and Opportunities"<sup>1</sup>. The results of this survey showed that 88% of the participating companies experience the same challenges. Also, all of them claimed that they were experiencing issues with data quality.

Let me ask you one simple question: *How much money does your company lose each year*

*because of poor quality of data?*

IBM tried to estimate this, and presented the results of their investigation in the Harvard Business Review, which said that “bad data costs the US \$3 trillion per year”<sup>2</sup>. Yes, this is something which is very difficult to calculate precisely, but an estimate can be done quite easily. You can try it yourself, think of:

- % of labor cost of financial employees that spend 50-70% of their time on the manual manipulation of data
- % of labor cost of IT staff that spends time on searching of the (unknown) location of data in undocumented databases
- % of maintenance costs for legacy systems that often contain duplicated data

I am sure your professional knowledge and imagination will be able to work out the figures. And those are quite impressive, aren't they?

You are a finance professional, so you know that these losses can be turned around and become additional monetary gains.



# Calculate your gains

AND FORM A VISION

Are you ready to do some math?

What you'll need are the last year's financial statement of your company and a pen. Now you will be able to do some calculations which will help you assess the monetary value you could gain from data if it were in full control.

*Gain due to increase of revenues:*

Your company's revenue	% of potential growth	Monetary incremental gain
	15-20 % *	

*Gain due to decrease of operational costs, including IT costs:*

Your company's revenue	% of potential growth	Monetary incremental gain
	40 % *	
Your company's IT costs	% of potential growth	Monetary incremental gain
	40-50%*	

\* The sources for these figures are TDWI, Bloor, Gartner, The Washington Post etc. published by BackOffice Associates® 3.

Are these numbers starting to paint a picture in your head? Now, you can start developing a vision and expectations about your desired results and a new situation. Think about your professional accomplishments such as:

- a shorter and easier budgeting and forecasting process
- the increased role of FP&A and Finance as a strategic partner
- active involvement of proficient FP&A staff in highly regarded analytical and business partnering activities
- your own active participation in making strategic decisions for the whole company.

Don't forget that this could also have a positive effect on your private life! For example, this could mean no more late hours at the office, going home at a reasonable time and having much more spare time that you can spend with your family, or enjoying sports or your favourite hobby.

All of this is very realistic and feasible! The only question is: what is stopping you from achieving them?



# Commit to realizing your vision

OVERCOME YOUR OBSTACLES

A lot of companies talk about improvements in managing data and data quality, getting value from data, solving issues with the quality of the data, but only a few of them do something about it in practice. But why do so many talk the talk, but don't walk the walk? What are the key obstacles? From my personal experience, here are few most important ones:

1. Top management is not ready to either initiate the process or provide adequate support.
2. The scale of the initiatives is often too big and too much complicated work is needed only to get quick wins in a short period.
3. There is a lack of skilled data management professionals that are capable of getting things done.
4. Data quality initiatives often cause changes in processes within most of the departments in your company. And change can be scary!
5. A lot of companies still deal with a lot of legacy systems.
6. Of course, I could right much longer list but the intention of the book to let you make things done.

So without further ado, let's take another action. This time, write down the three key obstacles that keep you from starting a data quality program tomorrow, and becoming one of the sponsors of this program. Below I provide you with a few suggestions for the formulation of the statements:

*I can't do it on my own because* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*I know how to do it on my own, but* \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

*I need guidance and support with* \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

I hope you've taken your time thinking through the different obstacles that keep you from taking action. There is another secret meaning to this exercise, which I haven't mentioned before: by writing down the obstacles, you have actually started creating an action plan for overcoming them!



# Follow the navigation

TO OPTIMAL DATA QUALITY

When you step into your car and plan a trip to an unknown destination, you use a navigator. You enter your desired destination and press "Go". This book works in the exact same way. It is a "navigation system" which will help you get from your current situation to the future desired state of the quality of your data. It will point out the key points that you will have to pass on your way and tell you how you can enable your employees to take action and get things done.

Your directions will look like this:



# TAKE ON THE SPONSOR ROLE

During the next top management meeting, try talking about your concerns about data quality issues. If there is no program or initiative in your company at the moment, be the one to initiate it and proclaim yourself as a sponsor for the improvement of the situation.

To get data of required quality demands a lot of effort from a lot of people from different departments. Assume the finance department discovers an issue with the information about customer contracts. You will need to involve the sales department, as well as contract administration employees and ask them to check the quality of the data. However, they prove that they made a correct data input in a system. Something happened during data processing. IT is now on stage! And so on. To get data under control, you need to bring all departments together and motivate them to work in collaboration.

Establishing a collaborative way of working requires active involvement and support of top management. Finance is one of the most important and influential stakeholders around data as finance bears pains and carries the ultimate responsibility for reported company performances.

It is time now to start building a team.



# FIND THE RESPONSIBLE

You are now accountable for the things that need to be done. Now you need somebody who will organize the whole process. Look for a responsible person who will be in charge for data quality and data management in general (further referred to as “data manager”).

There are companies where data management has already been born, but at some companies management of data does not yet exist. Your actions will depend on the particular situation in your company. Let us assume the worst: you don’t know whom to contact. Your first action will be to call the head of the IT department and discuss the topic with them. Usually some specialists within IT, e.g. enterprise or solution architects or business analysts might be willing to take on the role. If not, search for an enthusiast in your financial department.

In my opinion, data management is an independent function and deserves its own place in the organizational structure. At the same time, I have seen a lot of companies that make data management the responsibility of finance or IT. The choice is yours. Now it is time to turn your attention to the data quality issues.

# INITIATE ANALYSIS OF DATA QUALITY ISSUES

At this stage, your role is only to start the process and agree on the scope, deliverables and deadlines. Your data manager will be accountable for execution and delivery of the results. When you are about to clean up your “data house”, you should first define the scope of work to be done. It is the same case with bringing the quality of data in order: you need to estimate the scope of the challenge.

If your company still has not managed to document and structure data issues, now it is time to do so. It is advisable to create an issue catalogue and define the priorities of issues. Then business analysts should perform an analysis of the data issues and investigate the causes. Here are a few tips for when it comes to analysing data quality issues:

**Tip #1:** The causes of data issues could be quite different by nature. Think of incorrect data input, wrong rules applied during data transformation, and systems bugs. Some issues, such as incorrect data input can be resolved rather quickly. Others, such as bugs in systems can cost a reasonable amount of time to fix. So, next to the prioritization of urgency, a classification of possible resolutions could be also applied.

**Tip #2:** If data is used for a purpose that it was not intended for, you can hardly classify issues with such data as data quality ones.

**Tip #3:** If you have never defined your data (quality) requirements, it is difficult to communicate your claims after you have received the wrong data.

**Tip #4:** If the number of issues seems to increase, advise your staff to concentrate on the most critical data. From my experience, the majority of companies have the most issues with customer data. So, ordering customer data would perhaps be a good starting point for you as well.

You should be prepared that documentation and analysis of data quality issues might take some time. In the meantime, you can take further steps in improving the situation with quality of data.

# OPTIMIZE REPORTING & SPECIFY DATA NEEDS

There is a very simple equation in the financial world: the amount of data you get from different business departments needs to cover the information requirements of your stakeholders (management, owners, regulators, etc.). By optimizing information delivery, you optimize your data consumption. By that you limit the scope of the data quality initiative.

Let us start with information delivery optimization. Very often information is still delivered in the form of reports, either on paper or in digital format. I knew companies that produced between 200 and 11,000 reports. Do you know how many reports circulate in your company?

The first action your financial staff should do is to ask their stakeholders the following questions:

- Which information do you use for which decision making?
- Which information don't you use?
- Which information do you miss?
- Is any information duplicated? It can be the case if different departments deliver the same information.
- What frequency and delivery methods are optimal for them?

Optimization of data delivery also includes standardization of report formats. All of these improvements will result in decreasing operational risks and costs.

As soon as you succeed in clarifying the information delivery requirements, your attention should focus on the optimization of *your* requirements for data delivery. You should ensure that data requirements from finance are clearly communicated to business departments who create and own data. While doing this, you might realize the following:

1. There are a lot of activities around data already taking place in your company. Still, goals and means to reach these goals need to be clarified.
2. You need a clear management framework that specifies data-related processes, tasks and roles accountable for their execution.

Before moving ahead, you should organize a quick scan to check the current situation around data.

# 5 SET UP GOALS & ASSESS MATURITY

By now, hopefully you have a clear picture of the scope of your challenge with data quality. The time has come to set up goals and priorities. It is advisable to, first, choose data which is critical for the success of your business at this point of time. In the beginning you might initiate a pilot project to test all of the ideas and techniques. It is important to deliver a few quick wins to convince people in your company to actively participate in the initiative.

Be aware that data and its quality might somehow already be managed in your company. Before inventing the wheel, it is advisable to check what you already have. A maturity scan is not a “must” but is a handy technique nevertheless. But this technique has proven its value many times.

Run a quick maturity scan on the Data Crossroads website:  
**[datacrossroads.nl/dm-maturity-scan](https://datacrossroads.nl/dm-maturity-scan).**

You can also invite some of your colleagues to do the scan separately from one another and compare their outcomes afterwards.

In the end of the maturity scan, you will get an free of charge advice on key points you need to pay attention to in your data quality initiative.

Once you are done with the assessment and know where you stand, you need to bring some formal organization into your data quality project.

# BUILDING A DATA MAN- AGEMENT FRAMEWORK

To get the quality of data in order, you need to specify processes and roles that will ensure resolution of data quality issues. I call this a “data management framework.” You should have a clear understanding that the level of your ambitions regarding managing the quality of your data will specify the required framework.

By “framework” I mean the required organizational processes, roles, and their accountabilities and tasks. Such a framework should be effective and flexible to allow involvement of many people from different departments.

Very often, companies assign such roles as “data owners” and “data users.” But why do you need them? Data flow from the originating application to the end user through different applications. On its way, data undergoes transformation. The roles of “data owners” and “data users” specify accountabilities of staff involved in different stages of this processing.

At this point, you should involve data management professionals to assist you in defining and setting up the framework.

Now your company is almost ready to put on stream resolution of data issues. There is only one element missing. And this element is the key to solving the puzzle.

# OPTIMIZING THE INFOR- MATION VAL- UE CHAIN

This key element is the knowledge of your information value chain. The information value chain is a set of business capabilities that enable transformation of raw data into meaningful information. As mentioned above, data flows from its origin to the destination point. The information value chain describes these data flows, as well as explains what happens to the data on the way of their transformation. Without knowing it, it is almost impossible to resolve any data quality issues. You need to know in which part of the flow something went wrong.

The information value chain allows you to get answers on the following questions:

1. Who receives and uses my data and for which purpose?
2. What does my data mean?
3. Where is my data located?
4. Where does my data come from and where to does it go?
5. How have my data been changed and transformed, and where is it?

Again, to record the information value chain, you need assistance of IT and data management professionals. It might be a time-consuming process. And, of course, I again can advise you to start with the most critical data and a pilot project. Then, documentation of the information value chain will become a natural part of further development.

If you would like to learn more about the information value chain, I invite you to consult *The Data Management Cookbook*<sup>4</sup>.



**YOU'VE  
REACHED  
YOUR  
DESTINATION**

If you got so far in your efforts, it is time to start getting results. And it is also time to summarize the success factors of your data quality initiative:

- 1. Active collaboration of different data stakeholders.**  
Data flows through the whole company and many departments are to be involved in the resolution of data quality issues.
- 2. Limited scope and small deliverables.**  
Start improving the situation with quality of data by initiating a pilot project and by limiting data to the most critical one. Small and valuable deliverables will prove the correctness of chosen methods and techniques and will evoke enthusiasm of staff.
- 3. Top management of the company has to act as the main sponsor and supporter of this initiative.**  
The initiative might require resources and changes in organizational structure and the way of operations. Without support from the top, the goal is not reachable.
- 4. Maintenance of quality of data is an ongoing process.**  
You can develop processes and assign accountabilities to staff. Yet, you are never protected from unexpected data quality incidents.
- 5. Maintenance of quality of data requires set up of data management framework.**  
Without developing and setting up business processes and specifying roles accountable for execution of data-related tasks, you can't maintain quality of data at the required level. Furthermore, specific deliverables of data management such as information value chain are required to enable resolution of data quality issues. Next to business specialists, IT and data management professionals play an important role in the process.

## Some final thoughts...

Hopefully, our Data Quality Navigation System has inspired you and helped you define the path you need to walk. In order to succeed in moving from the situation “as is” to your desired situation, always keep an eye on your final goal. Keep in mind that the road might be rocky, but it will be worth it.

Optimization of data quality will require an investment of resources (money, people and time), but it will start paying off shortly, and you will enjoy the long-term results for many years to come. For the nearest future, you can expect the following gains:

- Decreased number of manual tasks, such as data error corrections and reduced time spent on manual report preparation
- Decreased number of inconsistencies in reports
- Decreased number of reported operational risk incidents related to data and its processing
- Reduced operational (IT) costs as a result of optimized data / information value chain and application landscape optimization
- Increased revenue streams due to deeper and improved data analysis
- Improved forecasting results.

ENJOY THE RESULTS!

# References

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## About **Data Crossroads**

We deliver value to businesses by contributing in:

- implementation of customized data management programmes;
- developing predictive models for business planning.

Our specialists adapt leading standards to the company's requirements and capacities, depending on the company's needs. We ensure our expertise on a high professional level by teaming up highly qualified experts from various industries.

We provide our services in various formats: coaching, consulting and customized training in the form of workshops.

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