THE OVEN ENGINEER'S EXPERTISE IN A COOKIE WORLD:
APPLICATION TO DATA AND ANALYTICS

AN **Msight®** WHITE PAPER

If the department responsible for the purchase and operation of the ovens for a cookie company were also responsible for the quality of the ingredients, would you expect to love the cookies?

Aspirations in data and analytics are everywhere today, with the growing realization that an effective use of information is critical to achieving business success. Yet even with much investment and efforts in the best tools and resources, conflicts and silos are all still too commonplace in data and analytics.

On the other hand, it is interesting to observe that data is often organizationally framed as an adjacency to, or even a component of, technology. Recent high-profile data breaches and new regulations have forced information risk management into one of the top priorities for many organizations. The management and governance of information are being addressed today primarily from the technology point of view, with a heavy focus on risk (security and privacy) and compliance.

THE CURRENTLY PREVAILING APPROACHES ONLY ADDRESS THE NEED FROM THE PERSPECTIVE OF THE INFORMATION SUPPLY CHAIN AND NOT OF THE INFORMATION VALUE CHAIN.

While the need for risk management and compliance is unquestionable, the currently prevailing approaches do this outside of the context of the greater business need for information, or, independently of value of the information to the business. That is, they only address the need from the perspective of the information *supply* chain and not of the information *value* chain.

DATA, ANALYTICS, AND TECHNOLOGY IN THE INFORMATION VALUE CHAIN

While no analogy is perfect, we can find a pretty good one in something we may all appreciate: cookies. Consider the following:

- Data are the ingredients to the insights, as the flour, the butter, etc. are the ingredients to the cookies.
- Analytical development results in how to formulate the explanations that lead to insights from the data, just as recipe development results in how to formulate cookies from the ingredients.
- Technology stores, transports, and provides the tools to transform the data into insights, just as appliances and vessels store, transport, and provide the tools to mix and bake the ingredients to produce the cookies.
- The business user consumes the insights, just as the consumer (buys and) eats the cookies.

The cookie value chain is complete when the cookie is consumed; without consumption of cookies, the value chain and its components have no reasons to exist other than for intellectual or scientific reasons. While this is intuitive to most of us with cookies, the focus with data continues to lean heavily toward storing, transporting, and accessing data—about the appliances, vessels, and tools. Cookie producers certainly have risks to manage (e.g., toxic materials, fire, etc.) and

compliance to address (e.g., health regulations), but we also understand that bad ingredients do not turn into great cookies, and undesirable cookies do not sell well.

To ensure that the value chain generates the desired value, the responsibility of each component must be owned by the people who understand the impact of their expertise to the end consumer. In other words, each owner of these responsibilities needs to understand what value they are adding to the end cookies and generate those values by ensuring proper execution. As consumers, we understand that while the butter and eggs are stored in refrigerators, manufacturers and operators of refrigerators are not experts on butter and eggs, and we understand that cookies are baked in an oven does not make oven engineers experts on recipe development.

However, that is what often happens with data: the data responsibilities and even the analytics responsibilities often fall under IT. On the surface this seems reasonable; after all, technology often generates the data as well as provide key capabilities in tools and environment.

MANAGING THE INFORMATION VALUE CHAIN RATHER THAN THE INFORMATION SUPPLY CHAIN

There are at least two major challenges with this approach. First, it assumes custody means ownership and expertise; here, the possession has somehow become the law. Second, it is designed to manage only the information supply chain, rather than managing the value produced. This supply chain view leads to difficulties in understanding the value of data. Furthermore, at least from what we have seen, dual roles are rarely as effective in practice as intended in a value chain.

The line is somewhat blurrier between data and analytics. Recipe developers should have a good understanding of the ingredients, especially about quality of the ingredients. However, their primary activities revolve around the development of the recipes and not the sourcing and the management of the ingredients; they may carry out those activities simply in support of their primary activities. Just as cookie manufacturers would consider the strategies for the ingredients and the recipes interrelated but different, data strategy and analytics strategy are two interrelated but different things. Both are equally important, and the cookie manufacturer needs to ensure focus on both to be successful.

THE SUPPLY CHAIN VIEW OF INFORMATION MANAGEMENT LEADS TO DIFFICULTIES IN UNDERSTANDING THE VALUE OF DATA.

In practice, however, it is very tricky for a single person to be accountable for two different areas of responsibility equally. We are all humans, and we are going to spend a greater mindshare on one of the two, intentionally or otherwise. In smaller organizations, or in organizations at the beginning stages of the data journey, one person may own multiple areas. In fact, this is often necessary for financial efficiency—some organizations cannot make the business case for funding three separate roles, and it would be irresponsible to the business to insist otherwise when it does not make sense. In this case, managers need to ensure that each area of responsibility is protected and given proper focus.

In larger and/or more mature organizations, departments and areas often take up multi-functional roles in the name of synergy. However, this is usually not nearly as effective as intended when it comes to data, analytics, and technology, despite the commonalities which intuitively lend to the idea of synergy. It is not uncommon for a single person to be competent in multiple areas, but subject matter competency does not equate to the level of attention given. While it is theoretically possible to balance two sets of responsibilities—for example, data and analytics are sometimes combined under a single umbrella—the actual amount of attention given is influenced by many factors. In our experience, dual responsibilities almost always result in one area getting the short end of the stick. Unfortunately, this is almost always data, perhaps because it is the least glamorous among the three, but also because it is the area that is often the farthest removed from the revenue stream. Even in the case of a dual role in data and analytics, the natural focus is on the sexier analytics over data, however well-intentioned he or she may be.

MANAGING THE VALUE OF DATA AS AN ENTERPRISE INFORMATION STRATEGY

It does not have to be complicated. It is far more important to clarify key subject matter ownership, responsibilities, and general rules of engagement—the few broad-brush aspects that help an enterprise standardize the vast majority of its decisions and keep from going too far astray—than to implement detailed structures, rules, or tools. In fact, it is very common for the true, fundamental strategies, if they exist at all, to become lost in implementing the details of information management. An enterprise cannot tactic its way into data and analytics strategy.

> **IT IS VERY COMMON FOR THE STRATEGIES TO BECOME LOST IN IMPLEMENTING THE DETAILS OF INFORMATION MANAGEMENT. AN ENTERPRISE CANNOT TACTIC ITS WAY INTO DATA AND ANALYTICS STRATEGY.**

It is also important to understand that a change in responsibilities and ownership does not necessarily mean a change in reporting structure. Clearly defining functional ownership and responsibilities and protecting those roles are far more important. Of course, all this needs to be done in the way that best suits the organization and its business goals, and the Human Resources department should play a huge part.

Finally, none of this means that the information supply chain does not need to be managed. The supply chain is a critical component of the value chain. Information risk management and compliance and the general supply chain must be an integral part of the larger strategy and management of the value of data. After all, what is the importance of the tightly managed appliances if no cookies are consumed?

ABOUT MSIGHT

Backed by nearly two decades of capability building in analytical consulting and delivery, Msight brings extensive experience with major global organizations across industries. We focus in the areas of strategy, business processes, organizational design and effectiveness, and project design and execution for data and analytics.

DISCOVER. UNDERSTAND. EXECUTE.

FOR MORE INFORMATION, PLEASE CONTACT:

Michiko I. Wolcott, Principal Consultant
Msight Analytics
+1 (404) 348-4314
michiko.wolcott@msightanalytics.com
www.msightanalytics.com