Data-driven reinvention
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Think of data as water. Water is everywhere.

It makes up 60% of our bodies, covers 71% of the earth, is a massive source of energy, critical to our sustenance, a conduit for the flow of goods and services, a source of beauty and awe, and an endangered resource. Yet, as a global society, we are often drowning in data because we have yet to figure out how to harness the vast sea of data effectively or how to catalyze its power and utility. We confine it in data pools and lakes, rather than letting it flow to inform everything. We treat data as an accessory to decision-making and as an information tool, rather than as a vital resource—like water or capital. We rely on instinct and what’s worked in the past to set the course for our future. We think we’ve got this. Then something huge happens, such as the pandemic, causing many CEOs to wake up to a future that looks like a sea of unknowns and feels like a punch to the gut.
That is, unless you are a CEO who is running a data-driven company. Then you have the knowledge needed to drive decisions and an organizational culture that embraces data to respond to dynamic situations and drive change. If you are fortunate enough to be that CEO, then you already know what to do. And you are confident that you can not only weather this or any other storm, but that you can grow your business despite whatever challenges arrive.

In an uncertain economic environment where long-established companies are struggling, and the majority of business leaders are managing through triage, growth may seem unachievable. That’s not the case. An Accenture study found that data-driven organizations are actually growing at an average of more than 30% annually\(^1\). But it takes leadership and a “go-big on data” mandate from the CEO.

**How to become a data-driven CEO**

More than anything, it requires a leadership pivot to be a data-driven, even data-obsessed, CEO. It is a shift to a new mindset, an overall data strategy and an investment in an enterprise-wide data and analytics foundation. It’s about data, but it is also about people. So, most importantly, it is also building and nurturing a data culture. And this is where it gets personal. It’s a personal commitment and mandate from the CEO to make data paramount to every decision, every function and every process. By putting in place an enterprise-wide data strategy and foundation, the CEO signals that data is critical. And by investing in data leadership and cultivating data literacy throughout the organization, the CEO is instilling a data-driven culture that ensures the company is successful and sustainable.
Data-driven reinvention—the third wave

Over the past 45 years, forward-thinking CEOs have ridden the waves of business management to catalyze success. First came Total Quality Management (TQM) that defined the late 80s and 90s. Business Process Management (BPM) swiftly followed as an outgrowth of the information economy and the need to evolve processes to incorporate people, systems and information. Now with the Fourth Industrial Revolution unleashing innovation and new technologies such as AI and cloud, CEOs are embracing Data-Driven Reinvention (DDR) as a third wave of management. DDR goes beyond approach or discipline to be a complete reimagining of business through data. This means embracing data as you would human, financial and intellectual capital—the lifeblood for businesses to grow and compete over the last few centuries.

CEOs who see data as capital can grow and ultimately reinvent their businesses to be data-driven. But the impact is even greater. It drives new business models and new partnerships based on data. For example, a large pharmacy retailer partnered with a pharmaceutical company to align OTC products with customer buying habits. There is the profound opportunity to use data and analytics to manage profitability, improve ROI, maximize efficiencies, reduce manufacturing costs, create new products and services, improve customer satisfaction, enhance brand loyalty, help meet regulatory requirements, achieve compliance and ultimately improve lives.

Or the opportunity to save lives as is the case for the CEO of a pharmaceutical company. The company had a long history of managing data in silos. Lacking a consistent set of analytic metrics, the company’s leadership was unable to look horizontally across markets and therapeutic areas to see trends and respond to market shifts, and ultimately patients. At all levels of the organization, decisions were driven by a culture that prioritized historical precedent or instinctual thinking. When they embraced DDR, the CEO was able to transform the pharmaceutical company into a data-driven organization, driving therapeutic and business performance.

By 2022, 90% of corporate strategies will explicitly mention data as a critical enterprise asset. For more information on how data as capital can grow and reinvent businesses, read our POV “Data is the New Capital.”
Data strategy

“Data is like garbage. You’d better know what you are going to do with it before you collect it.” — Mark Twain

The writer Mark Twain said that way back in the Industrial Age. But it’s true today. In fact, we use the same terminology of “Garbage In/ Garbage Out”. Essential to transforming into a data-driven company is the development and adoption of an enterprise-wide data and analytics strategy. While many CEOs have communicated their strategic intent to become data-driven, most are struggling to define what that really means and more importantly how to get from just looking at how data is collected, analyzed and applied today to thinking about what a business needs to achieve and building the data strategy to support it.

Data foundation

Beyond strategy, a CEO needs to prioritize investments in an enterprise-wide data platform, data governance and management processes. This means a data and analytics platform that identifies connected and contextual data across the enterprise. Take the example of data pocketed throughout an organization. This is common, particularly as companies have grown silos of data over time. But data and analytics environments have evolved from the first generation of data warehouses for securing critical data to the second generation of data lakes and data meshes used to store vast amounts of data to the current wave of platforms that are being engineered to process and analyze data from machines, sensors and devices at the speed of light. These platforms can create analytics reports, train artificial intelligence or machine learning models to hone predictive capabilities or be used for operational applications and can convert data for easy consumption and enable agile data processing.

The ideal data and analytics platform is centrally architected on a cloud-based infrastructure to enable secure and scalable storage, processing and delivery of data as well as mechanisms to organize, integrate, share and democratize data for consumption. The platforms are built for speed and adaptability, enabling the processing of complex, data-driven insights in real-time. And they importantly support data management and governance policies and approaches, ensuring data is secure and trustworthy.

To return to the water analogy, a cloud infrastructure allows the data to flow like water to where it is needed, but also ensures that it is clean and healthy. With the advent of COVID, the migration of applications and data to the cloud has not only accelerated, it is table stakes for any business that intends to remain competitive and differentiated.

81% of organizations lack an enterprise data strategy to fully capitalize on their data assets¹.

84% lack the right data platform¹.
The saying goes that “culture eats strategy for breakfast” and that is true when executing a data and analytics strategy. The commitment to be a data-driven company must permeate throughout the organization, but it starts with the CEO. It is vital for the board, the CEO and the top management of the company to become knowledgeable on how data can add value to the business. Critically, the leadership of a company needs to make data an imperative and model its importance to every aspect of the organization. This means that the days of “this is the way we’ve always done it” or “our competition’s doing it” or “my gut tells me...” are over and replaced by “What’s the data tell us?” or “According to our data...”. By demanding that every discussion includes data and every decision is supported with data, the senior leadership immediately establishes a data-driven mindset that soaks into a company’s processes and culture.

Additionally, there needs to be a data champion within the company with a seat at the leadership table for discussions of company strategy, investments and key initiatives. Whether that’s a Chief Digital Officer, Chief Data Officer, Chief Analytics Officer or some other CXO, what’s critical is that the data champion must be equally well-versed in the company’s business as well as technology. The ideal Chief Data Officer is someone who is entrepreneurial, understands business, thinks analytically, thinks about new products through a data lens and is a true guardian of the data, ensuring regulatory compliance, data management, data governance and the ethical use of data.

By 2021, 75% of large enterprises will consider the office of the CDO a mission-critical function comparable to IT, business operations, HR and finance.

Cultural challenges are the biggest obstacle to adoption. Only 31% have a data-driven organization. Only 28% have created a data culture.
Finally, the entire company needs to become data literate, learning to read, write and comprehend data—aware of what data can do to improve business processes at the grassroots levels and how to make it happen. Companies that have quickly pivoted to become data-driven had a grassroots embrace of data, coupled with a top-down leadership commitment. Often, a cross-company initiative may serve as the catalyst to show the power of data in a big way.

The process of change management will vary greatly from company to company. However, there are tools and platforms that can help drive data literacy and adoption throughout an organization to train and reskill. For example, gamification and social collaboration are useful to introduce data literacy. But ultimately, it’s about building new habits, embedding it in the way employees work and how products or services are marketing and sold, and establishing measurement metrics.

Only 25% of employees feel fully prepared to use data effectively and just 21% report confidence in their data literacy skills.

To help executives visualize and eventually realize the possibility of data-driven reinvention and discover their own prescription for success, Accenture created the Data-Driven Index.

The Accenture Data-Driven Index

Determines a company’s data maturity, its strength, weaknesses, growth trajectory and establishes a roadmap based on its growth target.

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If a company’s culture creates resistance, then the data strategy will stall. The upside is too great to let that happen. When a company embraces data strategically, technologically and culturally, the result is powerful. A major global bank shifted to the point where they describe themselves as a data and technology company, not a bank. A large energy company completely pivoted to bring data into every aspect of their business. Or take the example of a pharmaceutical large company, with a 100-year history and long-tenured leaders that reinvented itself in four years to become data-driven. These companies discovered what Accenture’s Data-Driven Index has proven: that putting data at the heart of business correlates into enjoying higher growth and accelerated performance over competitors.

Data-driven reinvention is a ticket to growth.

3 steps to data-driven reinvention

1. Communicate and institutionalize the CEO’s commitment to data and establish becoming data-driven as a priority.

2. Develop a data strategy that emanates from the company’s business strategy and serves to deliver on its mission.

3. Establish senior data leadership with an appropriate focus and emphasis on the necessary resources to execute the CEO’s data-driven mandate and strategy.

1. Accenture Research survey of senior executives in 190 U.S. companies across five industries in 2019
2. Qlik/Accenture study of 9,000 full-time employees
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