CFOs BECOMING DATA DOCTORS

Athena P. Reilly
Tiffany DeVaughn

Harness data for forward-looking insights into better business health

Data dysfunction is an epidemic. Data quality problems cost US businesses more than $3 trillion annually[1], and with the volume and velocity of data expanding from all sides, the pain of enterprise data management is only going to get worse—fast.

THE DATA DOCTOR
IS IN THE HOUSE

Digital expansion makes data top-of-mind for business leaders. There is more data than ever, and more ways to extract business value from it. Yet leaders are learning that data quantity brings challenges with data quality. Incredibly, more than 60 percent of organizations cannot answer basic questions about business performance such as total sales by customer or market.[2]

The CFO is being forced to become the data doctor for the enterprise. Luckily, the white coat fits. The finance organization has complete visibility and understanding across functions into enterprise performance. Finance also needs multidimensional data—big and small, enterprise and external, customer and competitor—to evolve the role of the CFO as the insights engine for the business.

Having the right data to deliver forward-looking insights to business leaders requires changes. It demands new roles and collaboration models, different organizational structures, emerging technologies, and next-level accountability. All are fundamental shifts in how the CFO and the finance organization work and connect with the business.

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Curing data dysfunction is a must for organizations to lay the foundation necessary for using analytics to become truly insight driven. And what business doesn't want to do this? Twice as many high performers in their industry are using analytics in key areas and embedding analytics in decision making. They are also four times as likely to receive significant return on investment from analytics.[3] Quality data is also essential to increase data-driven decision making to improve operations and drive innovation. The CFO is critical to making it happen.

THE VALUE OF FINANCE
IS HURTING

Many finance organizations lack the analytics insight to enhance the business value they deliver. Instead of predicting the future, Finance is often stuck in reporting the past. CFOs waste time chasing perfect data, navigating organizational silos, correcting errors, and validating and reconciling information to build trust.

This can be a thankless and dizzying cycle of work and rework that takes about 80 percent of the finance organization's resource time, based on Accenture experience. All this work and senior leaders are left questioning the value of the data that the CFO provides. The rear-view mirror orientation of reporting is problematic. So is the fact that reports generated by the CFO and the finance organization are plagued with bad data.

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An Accenture Strategy cross-industry survey of senior executives shows that data inaccuracy and data inconsistency (tied at 76 percent) top their list of data pain points. What's more, only four in 10 organizations can instantly answer key questions about their company; and an equal number can do it for their major businesses. This in the digital era where real-time is actually real, and people do not want to wait for answers. Not anyone with a smart phone. Certainly not the C-suite.

Such data dysfunction is pervasive, even in companies that are major players in their industries. Imagine a multi-billion-dollar global company managing its business through thousands of reports that are largely spreadsheets. Mindboggling in 2017, but still a reality for many companies.

Reality for one major hospitality player is managing a complex web of human integration to understand brand performance. Leadership often knows what's happening but not *why*. Getting to the "why" is a struggle that requires thousands of hours of manual intervention to integrate data sets. And even then, insights are not timely and leaders struggle to understand key performance drivers.

A CROSS-INDUSTRY SURVEY OF SENIOR EXECUTIVES
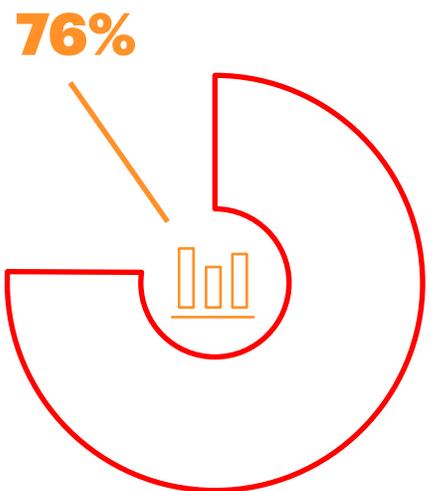
76%

DATA INACCURACY AND DATA INCONSISTENCY (TIED AT 76 PERCENT) TOP THEIR LIST OF **DATA PAIN POINTS.**

THE TREATMENT PLAN
IS NOT WORKING

This data struggle is not news to the finance organization. CFOs have been actively working to alleviate the problem. They have doubled down on point solutions and are standing up data governance models. Nearly 90 percent of companies have a formalized data governance program. The catch is that one-third of those lack full representation across a business area/function.[5]

Data governance councils are often part of the data treatment plan. These councils share a similar structure in that they typically include a large group of senior leaders who represent various business functions, and are often unwieldy. By the very nature of their roles and responsibilities, council members often have a narrow, often territorial, perspective. This makes data challenges worse, multiplying silos within the organization.

90%
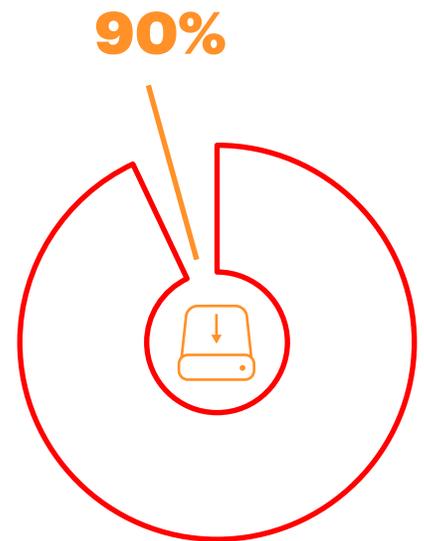
NEARLY
90 PERCENT
OF COMPANIES
**HAVE A
FORMALIZED
DATA
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While the councils meet regularly, they accomplish very little, despite having the best intentions. Either councils do not have the data to make informed decisions, or territorialism makes it impossible to assess the data landscape broadly. When councils do make progress, they often lack the rigor to measure the improvements.

Looking to shift away from standard reporting and get analytics-ready, a large high-tech electronics company created a chief data officer role and a data governance council. The investment did not initially pay off as the council did not understand what data needed to be addressed, when, and for what purpose. Because the council had little visibility into the data supply chain from creation to consumption, this new data governance did not drive the anticipated improvements. Unfortunately, this situation is not unique. In 74 percent of organizations, executives do not fully understand the data supply chain and make sub-optimal decisions because they receive incomplete or incorrect information from the business and IT department.[6]
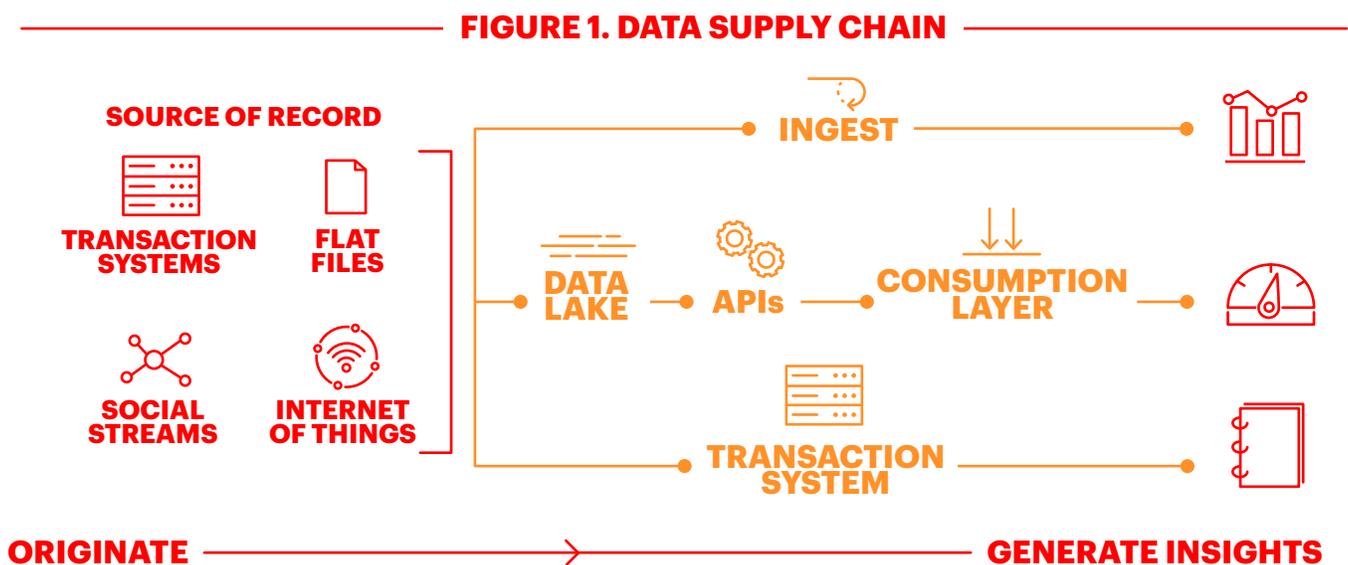
There is another way. Data governance should reflect an understanding of the end-to-end data ecosystem across the enterprise. This is a stark but welcome contrast to today where business units change and augment data to meet their specifications, and there is no single, trusted source of truth. While still business-led, effective governance starts at a data's source. It remains part of the fabric throughout the data supply chain, connecting today's disconnected ecosystem.

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TECHNOLOGY IS THE
BEST MEDICINE

New technologies and digital innovations can dramatically improve the data supply chain, and are essential to keep up with data proliferation. Yet companies have been slow to use them. In fact, less than half of companies are investing in the right tools—such as master data management, data cleansing, data movement and application programming interfaces—to transform data supply chain outputs[7] (see Figure 1).

This slow adoption of enabling technologies is perplexing. More than 90 percent of companies struggle with data access and automation of the data supply chain. Both are problems that technology can help solve. For comparison, no CFO of a major corporation closes the books manually each month. So why are they manually cleaning and managing data in Excel? There is no good answer.

FIGURE 1. DATA SUPPLY CHAIN

SOURCE OF RECORD

TRANSACTION SYSTEMS

FLAT FILES

SOCIAL STREAMS

INTERNET OF THINGS

INGEST

DATA LAKE → APIs → CONSUMPTION LAYER

TRANSACTION SYSTEM

ORIGINATE →
GENERATE INSIGHTS

Any industry can benefit from putting technology in place that can stop the pain of wasting time, money and effort on data challenges. Manufacturers can remove complexities around distribution and channel management. Pharmaceutical companies can improve transparency to enable cross-selling and up-selling. Consumer goods and services leaders can tap into consumer and product data for real-time promotion and category and SKU optimization. The list goes on.

Technology improvements should not be about massive, multi-year transformation initiatives. Organizations that try to heal all of their data ailments at once rarely gain traction or get the outcomes they want. Working together, the business and IT, with the CFO as a bridge between them, can identify priority data and focus efforts on those. The goal cannot be perfect data. After all, data is inherently messy. No technology will change that. But the right technology can deliver perfect data sets to answer specific business questions. The investment is reasonable. The impact is immediate.

A PRESCRIPTION FOR
QUICK ACTION

Organizations can finally bring all of the data that is relevant to the business together into a digital data supply chain using new technologies to access, analyze and extract insights from an increasing number of data sources. CFOs that understand master data management, data quality, data integration and data federation have a head start. But curing data dysfunction, and inoculating a company against it in the future, takes a lifestyle change. CFOs can start today with these actions:

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STOP THE BLEEDING

Master data management is a top priority. This involves identifying the most valuable data sets—no more trying to boil the ocean. It is also critical to ensure that there is clarity around data ownership and a common business language across business units and functions. The CFO is well positioned to lead these efforts because he/she has the long view of the organization, and can take the lead in bringing all of the pieces together. The CFO can also advocate for the importance of these steps, educating the rest of the C-suite on the questions they should be asking to ensure enterprise data management is on the mend.

HEAL THE ECOSYSTEM

Stovepiped data and territorialism are health hazards in any organization. They not only isolate data, they isolate people and departments that should be working together. A hub-and-spokes model with enterprise data services at the center creates intimacy between IT, the business and other functions. It also fosters data quality and accuracy. The CFO is the best person to direct these efforts. With an acute understanding of the business issues, the CFO can effectively translate business needs to IT. This helps to put the right solution in place without frustration and unnecessary rework.

TRIAGE INTERVENTIONS AT SPEED

Any organization that expects to implement an enterprise data management solution over three years is not facing reality. Companies are exhausted by big, bold IT project that do not deliver. Getting buy-in for future outcomes will be hard. What's more, the symptoms of data dysfunction are dire—there is no time to wait to act. The good news is that agile approaches can bring significant improvements in data quality in weeks or months, not years. The CFO should organize workforce structures, tools and talent to enable agile approaches that involve prototypes, pilots and rapid scenario-driven changes.

EVERY ORGANIZATION WANTS A CLEAN BILL OF HEALTH WHEN IT COMES TO DATA— quality data that provides meaningful business value. With the CFO as a data doctor, Finance can harness data like never before to generate business insights fast and accurately. That's just what the doctor ordered.

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CONTACT THE AUTHORS

Athena P. Reilly
athena.p.reilly@accenture.com

Tiffany DeVaughn
t.m.brown@accenture.com

CONTRIBUTORS

Jane Murphy
jane.a.murphy@accenture.com

NOTES

[1] Thomas C. Redman, "Bad data costs the U.S. $3 trillion per year," September 22, 2016.

[2] Accenture Strategy CFO as Data Steward Survey, February 2017

[3] High Performance Analytics Study (Accenture and MIT), June 2014

[4] Accenture Strategy CFO as Data Steward Survey, February 2017

[5] Ibid

[6] Ibid

[7] Ibid

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