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# END REVENUE LEAKAGE: THE BUSINESS CASE FOR DATA GOVERNANCE

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**For some companies, data governance became a top priority in 2018, when Europe's General Data Protection Regulation (GDPR) took effect. For others, it started to matter in 2020, when the California Consumer Privacy Act (CCPA) became enforceable.**

But even if you don't have customers in Europe or California, data governance is something you should care about – and not just because many other US states are considering CCPA-like laws of their own. No matter where you do business, adopting data governance best practices can improve your organization's financial performance, operations, legal and regulatory compliance, and customer experience.

In this whitepaper, we'll detail the ways data governance can lead to better business outcomes, explain what an organization needs to have in place to successfully adopt data governance best practices, and detail the steps to achieving data governance.

We'll also briefly highlight common software products used to facilitate data governance and offer insight into which ones tend to work best in various circumstances.

# WHAT HAPPENS WITHOUT DATA GOVERNANCE IN PLACE?

If you're reading this, you're probably aware that you need to implement data governance at your organization. But you may not be aware of all the ways data governance can add value – or all of the ways your lack of data governance is hurting your bottom line.

Envision this: Your organization has an opportunity to acquire a firm you've been in competition with for years. The problem is, your leadership doesn't know how to evaluate the opportunity. The window to make the decision is limited, but conversations about the deal keep circling back to the same issues: if only we knew this, if only we could measure that.

If you had better data governance in place, the decision would be much clearer. You'd be able to look at your dashboards and have confidence that they showed your best- and worst-performing segments. This would let you determine whether the other firm's capabilities would offer support where you need it.

You'd be able to examine how many of your customers overlap – and how much net growth is on the table. Even better, you'd be able to see these things at a glance, without taking hours of your analysts' time to crunch numbers and make graphs.

That's just one example of how data governance can benefit an organization. There are many, many others. Rather than listing them out (we'd be here all day), let's take a look at some high-level benefits data governance offers.

# DATA GOVERNANCE BENEFITS ANY ORGANIZATION WILL ENJOY

**Gartner breaks the benefits of data governance into four buckets: financial, operational, legal and regulatory, and customer-related.**

Here's a (non-exhaustive) look at some of the concrete benefits within each of those categories that a business can enjoy by implementing data governance best practices.

- Increase the value of an organization's data
- Increase overall enterprise revenue
- Surface and make visible business opportunities
- Improve marketing and sales performance

- Improve decision making
- Optimize solutions
- Increase confidence in end data
- Improve transparency
- Improve efficiency
- Improve monitoring and tracking of data
- Improve training and educational data practices
- Support the resolution of previous and current data issues

- Improve procedures for various compliance activities
- Improve compliance
- Decrease fines and penalties
- Reduce the likelihood of loss of reputation and attendant costs
- Improve training and educational data practices
- Support the resolution of previous and current data issues

- Speed up response to various requests
- Establish a single source of truth to power customer interactions
- Improve employee experience
- Make marketing more targeted and personalized

**Whichever route you choose, keep in mind that whoever takes this role must be an excellent collaborator. Their knowledge of your Salesforce data model and of the platform's capabilities will help you answer questions internally and make sure your teams don't paint themselves into a corner.**

## For example:

Imagine you're sitting in a meeting where a team member wants to know how to input a new customer – say their parent company is a subcontractor of a major corporation you already work with that's already entered into your org as its own contact. The Salesforce Admin in the room is the person who knows that the platform supports parent-child accounts and can let everyone know what's possible within this powerful CRM.

# WHAT HAPPENS WITHOUT DATA GOVERNANCE IN PLACE?

The table above highlights key ways data governance benefits various parts of an organization. Let's return to our earlier business case – one organization deciding whether to acquire another – to see how these benefits might manifest.

With data governance best practices in place, an organization would be much better positioned to evaluate the opportunity, thanks to…

Clear visibility into current performance

Fast turnaround on any data-based analyses executives want to run

Confidence that it could comply with data privacy laws and regulations (like GDPR and CCPA) that apply to the other company's customers

What's more, the organization would have high confidence that all of the above analyses were accurate. That's because data governance best practices eliminate mistakes caused by human error and outdated numbers.

But it's not just the decision-making process that data governance facilitates.

It would also make the actual acquisition easier. That's because it's much easier to merge two datasets (i.e., the data from two organizations that each have a single source of truth) than it would be to merge data from countless soiled systems on both sides.

When the acquisition is complete, data governance also makes it easier to keep customers happy. With their data stored in a single source of truth, the organization can easily answer their questions, service their accounts, and even delete their information seamlessly, despite the change in ownership.

And while we're on the topic of how data governance benefits consumers, let's take a moment to examine the compliance-specific benefits your organization will enjoy when you implement data governance best practices.

# THE COMPLIANCE-SPECIFIC BENEFITS OF DATA GOVERNANCE

**There's a saying about regulations in the United States... as California goes, so goes the country.**

The California Consumer Protection Act (CCPA) took effect in 2020. Virginia has passed a similar law that takes effect in 2023. As of this writing, lawmakers in at least nine other states are considering similar bills to give consumers more control over their data.

Businesses that operate in the US or serve US-based customers will likely be required to comply with one of these laws sooner rather than later.

Compliance is much easier when you implement data governance. Why? A key component of many of these laws is that consumers can request that a company delete their data. Companies are required to comply within a fixed timeframe; if they don't, they may be subject to fines and / or open themselves to lawsuits.

Without a single source of truth (as you would have when you've implemented data governance best practices), it's nearly impossible to know where all your data exists.

For example, maybe you've deleted the customer from your CRM, but does their information still exist in your email system? Did a salesperson ever download a spreadsheet with the customer's phone number, and might that still live on a hard drive somewhere?

If you don't know where data lives, you can't delete it, which means you can't comply with data privacy laws.

## US STATE PRIVACY LEGISLATION TRACKER
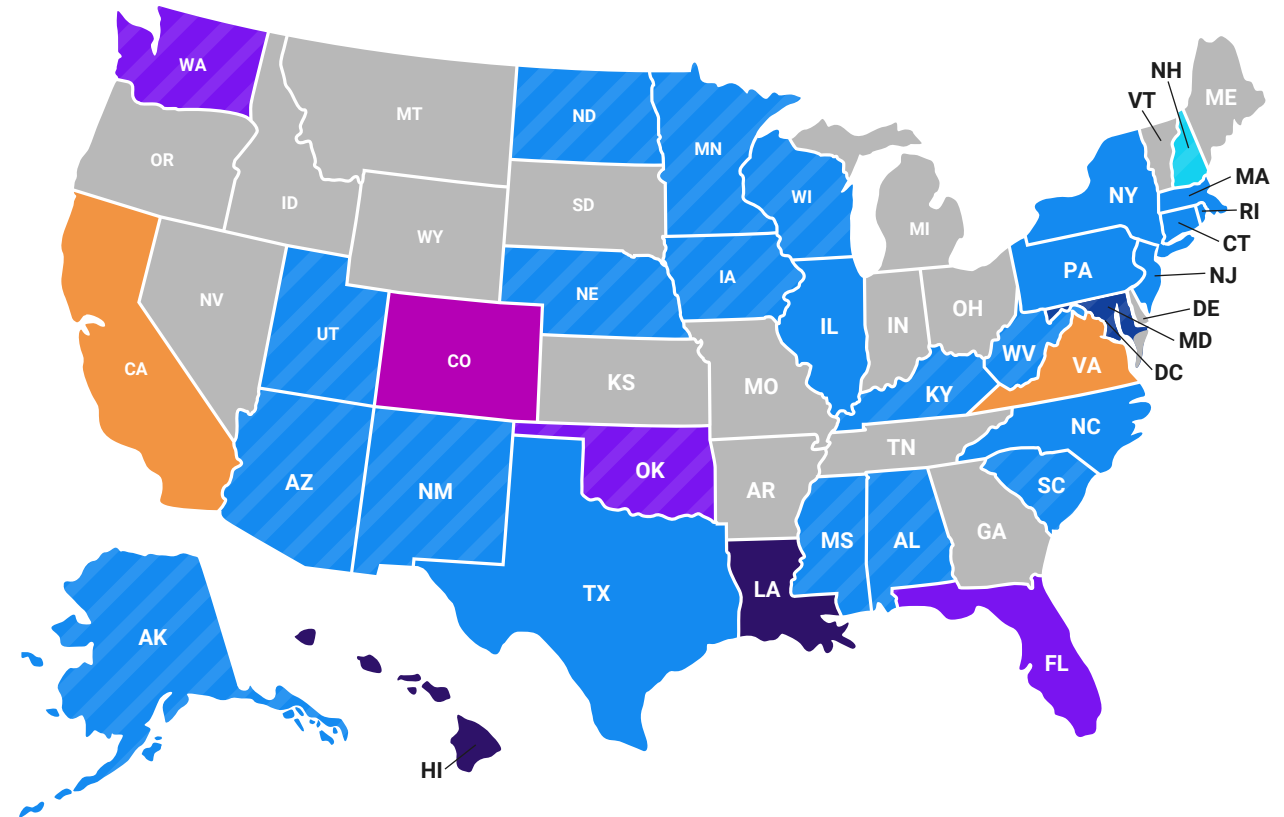


### STATUTE/BILL IN LEGISLATIVE PROCESS

- Not in process
- Task force substituted
- Bill died in committee or postponed
- Introduced
- In committee
- Cross chamber
- Cross committee
- Passed
- Signed

**By 2023, Gartner estimates that 65 percent of the world's population will be protected by consumer-focused data privacy laws.**

Translation: even if it didn't offer tremendous bottom-line benefits, data governance would still provide serious value to organizations because of its ability to enable compliance and therefore prevent fines and penalties in the near future.

# 4 PRINCIPLES FOR ADOPTING DATA GOVERNANCE BEST PRACTICES

The case for implementing data governance best practices is clear. Now let's get into how organizations can make it happen. Before we get into a step-by-step breakdown, let's establish four principles your organization should embrace to make the data governance adoption process as smooth as possible.

**1. Initiate early**

It's more cost-effective to prevent problems than solve them. Unless you have a time machine, the best time to start your data governance journey is today.

**2. Define policies for data lifecycle management**

Apply intelligent policies that automatically follow your content as it flows throughout your organization. This is particularly important sensitive and regulated data.

**3. Align with all stakeholders**

Data governance requires participation and buy-in from every part of your organization. While one person should be named the leader of the effort, it's important to get all leadership players on board.

**4. Stay on course**

As you put protocols in place, it's best to paint with broad strokes. Aim to create policies that apply to as much content as possible, especially with high-risk or regulated content.

# 4 SOURCES OF HIDDEN REVENUE IN YOUR COMPANY'S DATA

**How data governance can help increase revenue by improving the efficiency of operations**

By now, the assertion that data is the new oil has become a cliché. One of the most important ways that data is essentially a tradable commodity is that it's only valuable to an organization if that organization knows how to extract it, refine it, and use it – all things that become possible when data governance best practices are in place.

Here are four specific revenue sources hidden in many companies' data. While we will only touch on four points, it's important to note that most organizations have many more.

## 1

## REVENUE FROM CROSS-SELLING

**Most organizations realize that it's more cost-effective to sell to existing customers than to attract new ones. It's worth reiterating just how cost-effective cross-selling is: winning a new customer costs between 5 and 25 times what it costs to sell to a current customer.**

This will help your Salesforce team determine how to maintain the platform and your backlog of issues, especially if you are a small org with only one or two admins This process may be as simple as asking users to email the admin with an issue and that person entering their request into a queue (which could be as simple as a spreadsheet).

After all, a new customer who's likely to spend far more with your company than an existing customer may well be worth the additional cost of acquisition.

Without a data-driven strategy for identifying those customers and effectively cross-selling to them, though, organizations can waste a lot of valuable time and money trying to figure out what works. Data governance can help.

With a single source of truth for customer data, an organization can easily see which products or services a customer currently has and which ones they might be interested in.

**Here's an example;**

A personal lines insurance company offers life, auto, homeowner's, and renter's insurance. But because the organization grew via mergers and acquisitions, its databases for these products are siloed from each other.

That's a problem because every time a person's address changes on a homeowner's or renter's policy, they probably need to update their auto insurance. What's more, when people buy homeowner's insurance for the first time, they're also more likely to buy life insurance because a first home purchase often coincides with starting a family – a major life insurance trigger.

In addition, having this data well organized could help the organization identify characteristics of new customers likely to fit the same profile (i.e., likely to purchase multiple policies) – and target those potential customers in marketing and advertising efforts.

If this insurer has data governance best practices in place – and a single source of truth about its customers – highly effective cross selling would be possible:

- Whenever the address on a renter's policy changed, the insurer could reach out to see if they needed to update their auto insurance – and bring that policy in house if it wasn't already.

- Whenever a customer bought homeowner's insurance for the first time, the insurer could reach out with information about life insurance offerings – and potentially sell an additional policy (or increase coverage amounts for existing customers).

Crucially, these instances of selling and cross-selling add real value to the customer's life, improve their experience, and make their life easier, therefore increasing the likelihood that they'll stick around at renewal.

# 2

# REVENUE FROM UPSELLING

**The benefits of upselling are similar to those of cross-selling: by helping customers understand when a premium product or service would better suit their needs, an organization can increase its revenue from that customer. And just as with cross-selling, upselling is made possible with data governance best practices.**

Let's look at another example. As a matter of course, a bank sends out occasional credit card offers to those with checking accounts and debit cards. A customer applies online.

When a customer service rep reaches out to finalize the transaction, they look at the customer's file and see that the customer makes frequent debit card purchases at airlines and hotels. The rep suggests that the customer might instead want the credit card that offers higher cash-back rates for travel spending – and the customer agrees.

By being able to access a 360-degree view of the customer, the customer service rep was able to sell a card that was more lucrative for the bank – while also delivering higher value to the customer. A win-win made possible by data visibility.

# 3

# INCREASED CUSTOMER RETENTION

**Customer churn is costly, and the higher your churn rate, the higher your cost of acquisition. Luckily, improved data visibility can also boost your customer retention rates – and set the stage for the cross-selling and upselling opportunities outlined above.**

Improving customer retention is often as simple as making customers feel like you understand them and have their best interests at heart – which is easiest when you actually do exactly what they think you are doing.

With a single source of truth about customers, this becomes relatively easy.

**Let's look at two quick examples**

First, a manufacturing company. During a routine account renewal call, the customer service reps sees that the client has been on a monthly payment plan for two years. They mention that there's a discount if the customer pays

annually and offer that option. The customer doesn't end up changing their payment plan, but is delighted that the rep was looking out for them – and writes a glowing review online.

Second, a bank. A data analyst is examining data that's newly visible thanks to data governance best practices. They notice that multiple password reset requests for online banking correlate with account closures. They talk to the marketing team about this. The marketers decide to follow a password reset email with one mentioning that the app can be accessed via fingerprint ID.

That email leads to significant app downloads and decreased reset requests - a big success.

Note that these examples don't immediately lead to increased revenue. But they make customers' lives easier, and, according to Gartner research, customer effort is 40 percent better at predicting loyalty than customer satisfaction.

**What's more...**

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**4**

# NET-NEW OPPORTUNITIES

**The above examples show how data governance best practices can help an organization increase revenue by improving the efficiency of its existing operations. But with better visibility into data, organizations can also recognize net-new opportunities that would have otherwise been completely hidden.**

**Let's look at two**

First: A sales dashboard that shows real-time performance indicates that two salespeople consistently outperform their peers. While their managers generally knew they were the best, it didn't become obvious how much better they were than everyone else until the dashboards laid out the numbers visually.

The organization's head of sales determines that they should shadow these two leaders, learn how they operate, and train the rest of the team in their best practices.

The result: the entire team's performance improves, and revenue increases.

Second: A new business dashboard shows that close rates for clients on the West Coast are consistently worse than those for clients on the East Coast and in the Midwest.

The head of sales wonders if this is because all salespeople currently work Eastern hours – could they be reaching West Coast clients at inconvenient times?

They decide to run a test where they incentivize a few salespeople to work Pacific Time hours to engage with West Coast clients. If close rates on the West Coast improve, the degree of that improvement can determine how much to incentivize working later. If they don't, the head of sales can run another test.

## BONUS

### DATA GOVERNANCE CAN ALSO ELIMINATE REVENUE LEAKS

**For the most part, we stuck to examples here where improved data visibility leads to additional revenue. But it's also true that data governance best practices can prevent common revenue leaks (like employee turnover).**

As organizations have the ability to collect more and more data, the potential value of that data increases – as does the imperative to tap into that value. Broadly speaking, data governance empowers organizations to take action more wisely, strategically increasing revenue on multiple fronts simultaneously.

# HOW TO IMPLEMENT DATA GOVERNANCE AT YOUR ORGANIZATION

**While every organization's journey to data governance looks a little different, they all require the same basic steps:**

### Discover

In this step, the organization performs data discovery and profiling, inventories data and processes, and runs CRUD analyses. During this phase, you'll identify things like how much data you save, how much data lives inside your organization, who has access to what data and how they're able to use it, and more.

### Apply

Here, you talk to internal teams that use your data: sales, financial, marketing, customer service, etc. The goal is to understand how data flows throughout the company.

### Define

In this step, you'll establish classifications for your data, relationships among data points, KPIs, business rules, and more. For example, what counts as a "first name"? What counts as a "product"? When a salesperson makes a new contact in person, how does that information get inputted to your system and de-duped, if necessary?

### Measure and monitor

This is the long-term goal of data governance: having data that lets you measure and monitor your organization's performance. You can achieve this via dashboards that show real-time performance and ROI of various activities and therefore enable executives to make better decisions.

## Data Governance Tools of the Trade

There are many tools on the market for helping organizations achieve data governance. Here's a high-level view of what each of them does best:

| Collibra | Informatica | talend | IBM | alteryx |
|---|---|---|---|---|
| Good at responding quickly | Best for GDPR compliance | Provides the best data integration solution, regardless of size | Good for its data integration capabilities | Good for data analysts |

# DATA GOVERNANCE BENEFITS EVERYONE YOUR ORGANIZATION TOUCHES

**Media coverage of data governance often focuses on the consumer benefits of implementing data governance best practices: improved privacy, security, and control over personal data**

In reality, implementing data governance best practices benefits every layer of an organization. It facilitates the creation of real-time dashboards that drive top-level business decisions. It provides customer service representatives with a complete view, on a single pane of glass, of a customer's relationship to the organization. It highlights opportunities for revenue growth and places where resources are being wasted.

As your organization continues to operate, your data is only getting more complex. The best time to implement data governance best practices is today. To work with professionals experienced in implementing data governance, get in touch with our team. We'd love to help you realize the many benefits data governance can deliver.

# Apexon

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