



Three steps for increasing business agility

How CDAOs can do more with trusted data

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“It’s no longer the big eat the small. It’s the fast that eat the slow.”

Keith Krach, Former U.S. Under Secretary of State¹

Data intelligence drives operational excellence



Operational excellence (OpEx) is a management methodology that focuses on improving efficiency, effectiveness and agility in an organization. It emphasizes continuous improvement within processes and across functional activities to maximize the flow of value to customers. Chief Data and Analytics Officers (CDAOs) may be familiar with other operations methodologies that use continuous improvement principles, such as data operations (DataOps), machine learning operations (MLOps) and financial operations (FinOps). These continuous operations approaches all contribute to OpEx by improving the quality of outputs, streamlining processes and maximizing utilization of resources.

Yet, overall organizational performance can still be sub-optimal if these multiple “Ops” activities are not aligned with each other and the strategic goals of the enterprise. The remainder of this ebook will look at three ways data intelligence empowers CDAOs to do more with trusted data to improve business agility and outcomes.

1. keithkrach.com



1. Data and AI strategy: Charting your course



Your data and AI strategy serves as a foundation for operational excellence by ensuring that data-driven initiatives are aligned with business goals, operational processes that impact goals are understood and the impact of the strategy is measurable through business metrics. It must clearly document how to manage and use data to make effective decisions, efficiently execute those decisions in day-to-day operations and continuously improve and adapt to stay competitive.

Nearly ninety percent of C-suite executives plan to increase their technology spend in data, analytics and AI as they forge the link between technology investment and business value.²

For CDAOs who are now responsible for AI initiatives, there's good news: your AI strategy builds on the foundation of your existing data strategy. It's the natural progression in using trusted data to improve business outcomes. This next step layers in developing goals and objectives for AI development, integrating it into your operations, and maintaining compliant and efficient use over time.

Aligning data and AI to business goals

Aligning data and AI strategy to business goals is foundational to operational excellence because it ensures that data and AI initiatives are directly tied to and supportive of an organization's overall goals and objectives. It establishes a clear direction for resource allocation and the coordination of activities across

teams, as well as facilitating performance management and continuous improvement.

One of the many responsibilities of CDAOs is to communicate the vision of how data and AI can help executives and line-of-business owners improve their organizational performance. Alignment with stakeholders' goals is key to getting their buy-in and support for the data and AI strategy. A few examples of stakeholders and their goals include:

- **Chief Financial Officers (CFOs):** goals may include increasing liquidity and cash flow
- **Chief Revenue Officers (CROs):** goals may include increasing profitable revenue growth
- **Chief Marketing Officers (CMOs):** goals may include increasing campaign return on investment
- **Chief Procurement Officers (CPOs):** goals may include increasing sustainable sourcing
- **Chief Operating Officers (COOs):** goals may include increasing manufacturing yield and throughput

Mapping business goals to operational processes

Understanding the relationship between business goals and related business processes is essential for operational excellence. It facilitates alignment, efficiency, measurement, continuous improvement, and ultimately helps organizations achieve their desired outcomes. Let's see how processes map to three of the business goals outlined above.

2. <https://www.accenture.com/content/dam/accenture/final/accenture-com/document/Accenture-Forge-Link-Technology-Value-2023-New.pdf>

Liquidity management: The business goal of liquidity management, ensuring sufficient cash flow for operational needs, is impacted by processes such as financial close, accounts payable and accounts receivable. These processes directly affect cash flow by managing timely invoicing, collections, payments to suppliers and financial reporting.

Profitable revenue growth: The goal of profitable revenue growth is impacted by processes such as lead generation, opportunity management and order fulfillment. These processes drive customer acquisition, effective sales management and timely delivery of products or services, all of which contribute to increased sales and revenue growth.

Sustainable sourcing: The goal of sustainable sourcing is impacted by processes such as local sourcing, recycled sourcing and alternate sourcing. These processes involve identifying and procuring materials, products, or services that align with sustainability principles, reducing environmental impact, and supporting environmental social and governance (ESG) compliance.

Establishing metrics to demonstrate business impact

By establishing relevant and meaningful metrics, organizations can more effectively measure and manage the impact of data and analytics on operational excellence and overall business performance. To assess the impact on business outcomes, consider the factors that influence the outcomes, such as process efficiency, employee productivity and speed of decision making. Next, identify the data-centric metrics that impact these factors, including data accessibility, data completeness and data accuracy. By establishing a hierarchy of metrics, you can illustrate the connection between data metrics, process metrics and strategic business KPIs used to measure business goals.

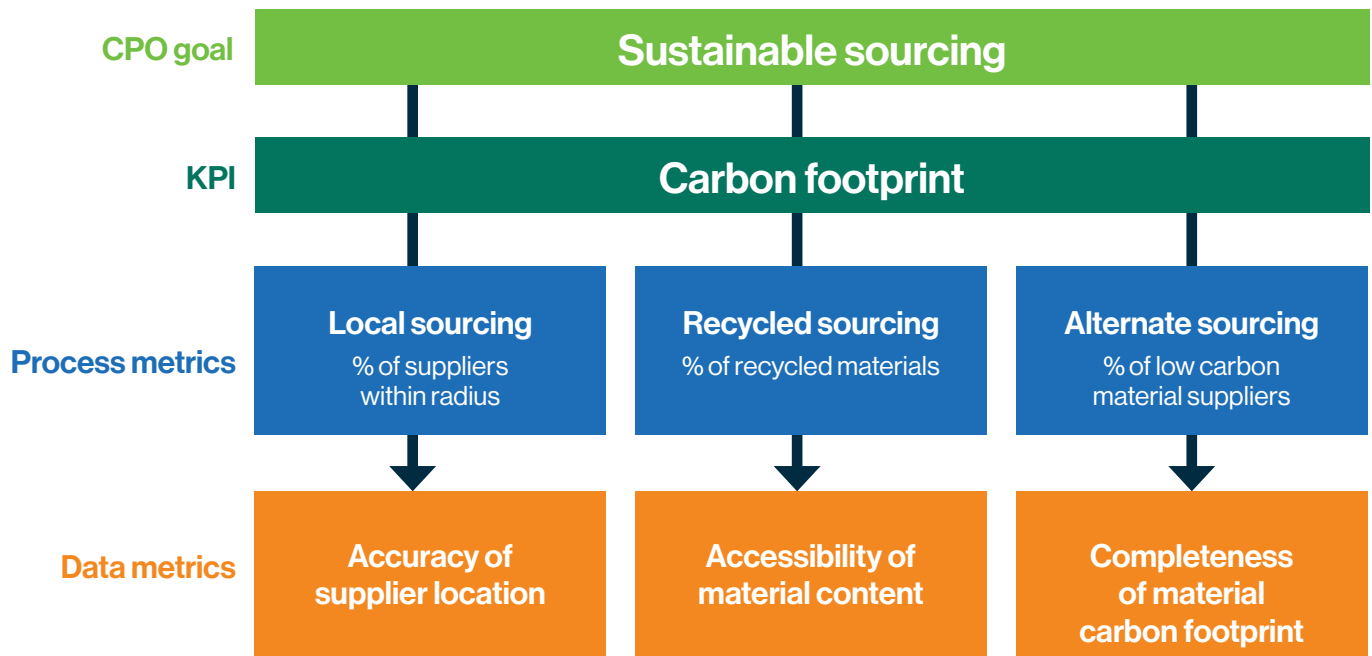


Figure 1: Mapping data to business outcomes



2.

Data and AI governance: Establishing your operating model



Data and AI governance serves as an operating model for operational excellence by providing a framework and structure for managing and leveraging data and AI effectively across an organization. Establishing policies for data and AI, defining roles and responsibilities, and facilitating alignment and collaboration across teams helps increase accountability, coordination and productivity that improves overall operational performance.

The combination of strategic technology investments and operating model improvements is propelling top innovators ever further ahead of the pack.³

The combination of strategic investments and operating model improvements is propelling top innovators even further ahead of the pack. New technologies, such as GenAI, will only accelerate this advantage, particularly in an era of global uncertainty, when identifying shifts and adapting to them are even more critical. Companies launching digital transformations with the hope of speeding growth and innovation can improve their odds of success by taking a broader look at their operating models and cultures. These non-technological elements are often overlooked, but research shows them to be critical to anchoring the innovation practices that are necessary for growth and long-term performance.

Establishing policies and procedures for data and AI

Data and AI governance promotes operational excellence by establishing policies and procedures for data and AI. This involves defining guidelines, compliance standards, and best practices for data management, AI development and use, as well as privacy initiatives. By having clear policies in place, organizations ensure consistency, accuracy, and compliance in data and AI related activities. These policies provide a framework for operational practices, promoting operational excellence by ensuring that data is managed effectively and used appropriately throughout the organization.

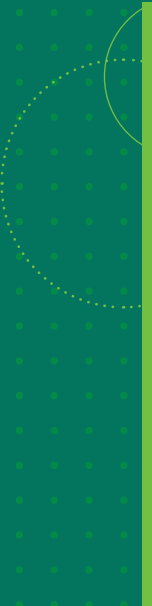
Defining roles and responsibilities for data and AI

By creating a common framework for data and AI responsibilities across teams, data and AI governance helps drive individual productivity and organizational performance. This includes identifying data stewards, data engineers, data scientists and other roles. Defining the specific responsibilities of each role in managing and using data, such as ensuring data quality, building data pipelines and training machine learning models. Clear roles and responsibilities foster a sense of ownership and accountability, ensuring that teams understand their specific contributions to data and analytics related activities. This clarity helps avoid duplication of efforts and ensures tasks are performed effectively and efficiently, contributing to operational excellence.

Empowering alignment and collaboration across teams

Data governance helps drive operational excellence by making execution of your data and AI strategy more effective and efficient. It improves data literacy by providing employees with a shared understanding of data and analytics related concepts, terminology and best practices. Data governance fosters collaboration as teams and individuals recognize the interdependencies of their activities, and how their efforts contribute to broader organizational objectives. It helps establish the overall structure and sequence of activities enabling efficient hand-offs between teams and clear delineation of tasks at each stage of the workflow. Data governance establishes communication channels where teams can learn from one another by sharing their expertise, discussing lessons learned and developing cross-functional best practices.

3. <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/how-innovative-companies-leverage-tech-to-outperform>



3. Data and AI use: Executing your plan



Data and AI serve as an execution engine for operational excellence by modeling scenarios and outcomes, recommending actions for different scenarios, and generating insights using natural language interfaces. Accelerating understanding of what might happen, how to respond and deciding on the best course of action is critical to turning operational excellence from a theoretical concept into real-world management practice. Without execution, your strategy is just documentation.

Companies that are clear-headed and focused in deploying resources delivered an average of 18% higher EBITDA margin compared to their industry peers.⁴

Increasing operational agility with predictive analytics

By anticipating risks, identifying opportunities to optimize resource allocation, and driving continuous process improvement, predictive analytics increase operational agility. Predictive analytics use historical and real-time data to identify patterns, trends and anomalies that enable the early detection of potential risks like supply chain disruptions, customer churn, and cash flow shortages before they escalate into major issues. Comprehensive modeling of scenarios and outcomes using predictive analytics can be used to optimize capital allocation strategies across a portfolio of projects based on projected risk, return and alignment with strategic goals. By considering a range of possible outcomes and their associated risks and likelihood, predictive analytics enable continuous process improvements, such as predictive maintenance schedules to optimize equipment throughput, reduce downtime and improve production yield.

Guiding decision making with prescriptive analytics

Prescriptive analytics plays a crucial role in operational excellence by guiding adaptation to changing conditions with actionable recommendations. By analyzing customer

purchase and browsing behavior, demographics, location, inventory availability and other information, prescriptive models can make product and promotion recommendations that increase conversion rates and average order values. Prescriptive analytics can improve in-full and on-time delivery rates by analyzing factors such as location, inventory availability, transportation routes, and traffic conditions to recommend optimal delivery schedules, routes, and methods. They help optimize inventory levels by analyzing demand patterns, lead times, and production capacities to recommend optimal reorder points, safety stock levels, and replenishment strategies, preventing overstocking or stockouts, reducing carrying costs, and improving operational efficiency.

Empowering data-driven decisions with Generative AI

Large Language Models (LLMs) empower broad and consistent use of data across an organization by simplifying data discovery, curation, understanding and use. LLMs' natural language processing (NLP) capabilities enable individuals of all technical skill levels to explore and analyze data by simply making requests and asking questions in plain language without the need to understand complex technical queries or involve data scientists and analysts. By automating and accelerating data cleansing, data transformation, feature engineering, and other repetitive tasks that traditionally require significant manual effort, LLMs increase the productivity of technical experts like data engineers and scientists and accelerate time to value. Training LLMs in specific business domains promote data literacy and culture with context-specific insights and interpretations that assist in the production of summaries and narratives that help audiences understand the implications for improving efficiency, effectiveness and agility in their area of expertise.

4. <https://www.pwc.com/us/en/services/consulting/business-transformation/library/growth-strategies-for-business-challenges.html>

Data intelligence checklist for operational excellence

Setting success criteria creates a basis for stakeholders to understand what's expected, helps in the acquisition and allocation of resources and enables teams to be held accountable for their performance. It's a way to ensure everyone is aligned and working together towards common objectives. Success criteria also allow for tracking progress, learning from experiences and making ongoing improvements over time.

1. Data and AI strategy

Formal validation and sign off on your data and AI strategy from the key business stakeholders is a key criterion for success. It should document their approval, commitment and accountability for the following aspects of your data and AI strategy.

- Aligning data and analytics to business goals
- Mapping business goals to operational processes
- Establishing metrics to demonstrate business impact

2. Data and AI governance

Formal training and acknowledgement of your data and AI governance practices is a key criterion for success. It should document peoples' understanding, commitment and accountability for adhering to the following aspects of your data and AI governance.

- Establishing policies and procedures for data and analytics
- Defining roles and responsibilities for data and analytics
- Empowering alignment and collaboration across teams

3. Data and AI use

Formal measurement and communication of the outcomes of data and AI use is a key criterion for success. It should document the impact on business metrics defined in your strategy from the following aspects of your data and AI use.

- Increasing operational agility with predictive analytics
- Guiding decision making with prescriptive analytics
- Empowering data driven decisions with generative AI

Are you ready?

In today's dynamic and highly competitive business environment, operational excellence stands as a powerful differentiator that can drive performance to new heights. Chief Data and Analytics Officers (CDAOs) play a pivotal role in helping their organizations fuel greater levels of business efficiency, effectiveness and agility with data intelligence. Powered by a well-crafted data and AI strategy, supported by a robust data governance operating model, and empowered by machine learning and analytics, CDAOs can cultivate a culture of continuous improvement and performance optimization. The time for action is now. Are you ready to do more with trusted data?



Ready to build a successful and efficient
AI governance framework? [Check out our workbook.](#)