

Supply Chain Data: You Need a Governance Strategy With Teeth

Gartner suggests that 25% or more of critical data within large businesses is problematic—inaccurate or incomplete.¹ Collateral studies from IBM suggest that poor data quality costs over \$3 Trillion in the U.S. each year² and other recent academic studies find that knowledge workers to waste as much as 50% of their time hunting for data, finding and correcting errors, and searching for confirmatory sources for data they don't trust.³ Increased process costs are the primary impacts, and supply chains are especially sensitive to data quality, where even modest data issues can wildly inflate process costs while compromising operational execution.

Our experience is that it's a profound problem.

In 2018, companies are projected to spend more than \$13 billion on supply chain technology platforms, with billions more going to services in support of those efforts. It's a shame, but many of these companies will fail to realize the benefits they expect from investing in these tools, simply because they fail to assure that their data is "right".

What Usually Happens?

The phenomenon is widespread: each year, companies pour money into automating their supply chains while neglecting critical processes and technologies to ensure the data they're using is accurate and timely. Without the essential practices and tools to address what are often *pervasive* data issues, companies quickly fall back on manual planning, execution, and procurement processes to work around the bad outputs of their systems, and behave as if fixing the root causes of their issues is beyond reach.

So much for ROI.

¹ <https://www.gartner.com/newsroom/id/501733>

² <https://hbr.org/2016/09/bad-data-costs-the-u-s-3-trillion-per-year>

³ <https://hbr.org/2013/12/datas-credibility-problem>

Many companies are frankly unprepared to manage data at a level that modern supply chain systems demand. Most often, these challenges involve essential master data like items and attributes, customers, suppliers and procurement parameters, BOMs, lead times, routings, locations, and customer information and order policies. This data is needed to model the business and enable automation, but it's typically dispersed across many "sources of truth", often out of synch, and defined inconsistently.

Companies usually underestimate the volume, scale, and impact of data errors until the late stages of supply chain system implementation. User acceptance and adoption falters and, even when data issues are ultimately addressed, major delays and compromised system credibility are routine consequences. And, a substantial slice of system implementations fail outright due to inadequate data quality.

There is a better way.

Managing this data is much more than a technical challenge; it's an organizational one.

Elevating data quality requires a business-driven initiative that aligns culture, business process, and technology to recognize the value of data as a key enterprise asset. Governance is essential, just as it is to the company's financial reporting. With a comprehensive data governance mandate and strategy, data management stakeholders become empowered; without it, they are pushed to the sidelines.

Spinnaker's ARM Data Governance offering is a comprehensive approach designed to:

Assess current data quality and master data management practices;

Remediate issues prior to system implementation;

Manage data quality post-go-live with an advanced data governance audit engine.

Instead of one size fits all process, Spinnaker takes a unique approach to assess both the existing data sources and the workflows that maintain the data that will feed your supply chain system. We work with you to profile each system source and develop a set of custom audits to ensure that each field within each data source meets clear integrity and accuracy rules. This "business-first" methodology aligns to your unique business rules and conventions to ensure that your data is truly system ready.

Spinnaker brings our proven "5 Lenses" approach to our data governance offering. We holistically address the People accountable for maintaining data, the Processes designed to deliver complete and validated data, the Technology used for data transformation and integration, and the Policies and Metrics that management uses to ensure data quality is a priority.

With data quality rules identified and audits defined, Spinnaker implements automated data quality assessments to automatically evaluate data quality on a constant basis. Audit results are forwarded to data stewards for corrective action, and progress towards 100% data accuracy is monitored via executive dashboards.

Can This Really Make a Difference?

Clients are emphatic that our focus on quality data really works:

“We have realized a 4% increase in service level, along with a \$100 million reduction in inventory ...”

“Measurable reduction of bad data in the supply chain system of 20% ...”

How Can I Start Protecting My Supply Chain Investment?

We will gladly help you assess your situation and highlight where a data quality initiative will have an impact. Spinnaker’s methodology is easy and quick to implement, and every step of the process adds visible value.

Spinnaker has worked with many companies to implement a supply chain centric data governance initiative, both as part of technology adoption and as stand-alone exercises to improve the quality of planning decision-making. To find out how we can help your organization achieve true practitioner enablement, please reach out and we’ll be happy to discuss.

We hope you found this information to be helpful. To access more Spinnaker thought leadership [click here](#) or to learn more about our services [click here](#).

About Spinnaker:

Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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