



Why Data is Indispensable for Strategic Alignment

This brief shares insights and reflections from a collaborative project with customer-facing Teradata client teams and technology experts to explore the use of data to support strategic alignment within complex corporations. It explores how data can be

used strategically to support superior business performance, transform corporations and provide the fuel necessary for innovation and customer-centricity in an ever more challenging digital age.

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“Data is a means to an end for our businesses, but it can be all too easy to lose sight of the end when we’re sucked into day-to-day firefighting..... or not heard by the front-line business”. We are (over)used to hearing data referred to as business’s ‘New oil’. Still, the sentiment expressed above by a Chief Data Officer of a major corporation I spoke to reveals volumes about the challenge of establishing the strategic value add of data in the modern complex corporation. Beyond technical excellence, the corporate custodians of an enterprise’s information – a resource of considerable and ever-increasing value – have a unique strategic role to play in enabling their businesses to overcome disruption, build resilience, and improve performance.

A key theme of my research is the design and leadership of businesses to be strategically aligned – which is to say, fit for purpose and high performing in the context of a more complex and dynamic business environment. A key but neglected aspect of research on alignment is how the mobilization of data and analytics can support businesses to achieve and maintain a state of superior strategic alignment over time. In close partnership with Teradata, I worked with its CTO, client-facing teams and a sample of clients from the financial services sector – all major multinational corporations – to convene a series of workshops with senior executives from technology, data and analytics functions.

This article shares insights from this collaboration and the rich conversations uncovered in the client workshops. It proposes a framework to better understand the strategic contribution of data functions to support their businesses to become better aligned in the form of:

- making better and more informed business decisions;
- gathering and sharing customer intelligence across the enterprise;
- fostering product, service and business model innovation;
- connecting teams and talent across lines of business and geographies;
- transforming the whole enterprise in line with stated priorities.

By adopting an alignment perspective on enterprise capability and performance, as the ends to which all functional strategies as the means should be aligned, we can better establish the strategic role of data and analytics and the opportunity for its leaders to deliver value and influence positive enterprise outcomes. Indeed, the experience of the key client workshops indicates that data is an indispensable asset to help enterprise leaders meet the strategic alignment challenge of the digital age business environment.

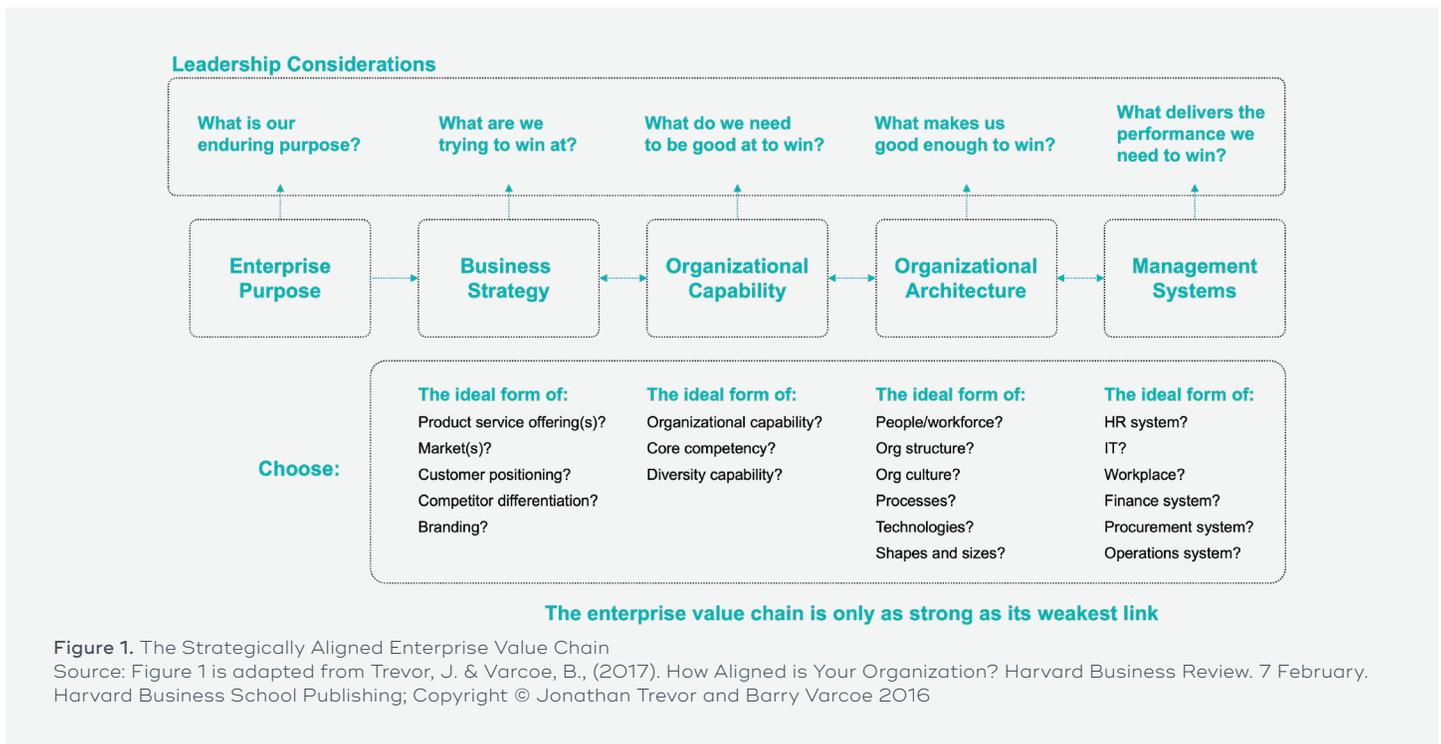
The Strategic Alignment Challenge

Illustrated in Figure 1, strategic alignment is configuring all elements of a business – from its market strategy to how it is organized – to ideally support its enduring purpose. Any business is only as strong as its fundamentals, and each organization might be thought of as a value chain connecting purpose to performance via several critical linkages. The first link in the value chain is the enterprise’s purpose (it’s *raison d’etre*): what it does, why it does it and why anyone should care; second is its business strategy: the choices about which products and

services to offer to the market and how they should be offered to give the enterprise the best chance of winning; and third is its organizational capabilities, the competencies, resources and systems required organizationally to implement the chosen strategy as intended. The best-aligned enterprises are the best performing, all other things being equal.

The challenge is that whilst an enterprise’s purpose is enduring, all other value chain linkages are not. Strategy and organizational capability should change in step with evolving external threats and opportunities. This requires an enterprise’s leaders to choose the ideal form and function of these two ‘dynamic’ linkages of their value chain over the short, medium and long-term, to support the fulfilment of the enterprise purpose as best as possible.(ibid)

Consider the example of one major banking client. The bank was in the process of integrating a newly acquired business, itself a major player in international markets. Whilst there were obvious synergies, there were also inevitable differences in culture, ways of working, core competencies and structures. Each bank represented



a different value chain – in fact, both were value chains consisting of many different sub-organizations – but the challenge overall was to meaningfully align the new combined enterprise and develop it as a whole to be more valuable than the sum of its individual parts. Standardised and bespoke (by business line and geography) analytics have a significant role to play in enabling the smooth integration of both banks and sustaining high performance ‘business as usual’ in the future.

Extending this thinking further, there should only ever be one ‘why’ (the enterprise’s purpose), but there can be a thousand ‘hows’ – for instance, a thousand different strategies for how to go about fulfilling the enterprise’s one enduring purpose. Securing superior strategic alignment requires leaders to make careful and well thought out choices. This is where data has a unique role to play.

How Data Can Support Superior Strategic Alignment

Data can support the strategic alignment of business in many important respects, each corresponding to individual linkages of the enterprise value chain. Consider the strategic role for data in delivering strategically valuable outcomes:

- a. **Purpose:** an enterprise’s purpose is its *raison d’être* – its reason for being. Like any other resource, process or activity, data is a means to the enterprise’s enduring end – its purpose, whatever that may be. However, data also has a unique role to play in supporting the enterprise’s purpose specifically. First, it can help make an enterprise’s purpose as well understood and meaningful as possible to the broadest possible spectrum of stakeholders. This is important when considering that purpose-led companies enjoy the highest employee engagement rates and customer loyalty, according to research.

Second, analytics can provide real-time feedback on a range of performance measures that indicate

whether or not the enterprise is performing as expected. These measures are not simply limited to financial performance measures, such as revenue or profit. Sophisticated analytics enable enterprises to gather comprehensive feedback from customers on values alignment and brand loyalty. Similarly, analytics can help better understand the needs of communities and the impact the enterprise might have e.g., environmental, social and governance goals.

- b. **Strategy:** an enterprise’s business strategy articulates how it intends to perform its purpose in the context of known and emerging market opportunities and threats. From thousands of options potentially, enterprise leaders must choose the one strategic approach (per line of business) deemed best able to respond to customers’ changing preferences and needs whilst also differentiating from the capabilities and posturing of competitors. Of course, a company with a diversified portfolio of offerings to market may have to accommodate many different strategic approaches simultaneously, according to market requirements.

When used strategically, data can support a wide range of competitive plays – it is an enabler of competitor differentiation. For example, Stephen Brobst, Teradata’s Chief Technology Officer, highlights that Customer Data Platforms (CDP) permit enterprises to develop a 360-degree view of their customers across what might otherwise be separated product and service verticals with limited information sharing. Equally, when data is connected horizontally across different lines of business, it can support the novel bundling and re-bundling of products and services in novel ways to serve multiple market segments.¹

Or consider the use of data to support bottom-up experimentation and innovation to improve customer centricity and the continuous alignment and realignment of products and services to changing customer preferences. As Stephen notes further, data can enable enhanced customer agility by supporting the organization of innovation hubs,

¹ This section draws upon some of the insights from the strategic alignment workshops co-delivered with Stephen Brobst in 2021 with a selection of Teradata’s financial services clients. I am grateful to Stephen for his collaborative input.

self-service (i.e. delegated) data management, the efficient provision of resources, hackathons and the dissemination and scaling of novel ideas across the entire enterprise.

Perhaps the most exciting strategic approach of all, but also the most complex to manage, is the potential offered by platform-based business models. Unlike the traditional focus on exploiting economies of scale, platform-based business models seek to exploit economies of association by harnessing data to (a) provide a vehicle for efficient transactions at scale and (b) to capture and commoditize a greater range of services than could ever be developed cost-effectively internally and to offer to the customer via external partnering organizations.

Banks, third parties, and technical suppliers are closely connected and share customer insight to align to shifting market demand more closely. For instance, within the context of banking, data can support the building of robust platforms and an open banking agenda. Similarly, platforms enable banks to develop an ecosystem of partnering organizations to offer their customers a wider variety of non-financial but complementary products and services, e.g. lifestyle geared offerings.

The enhanced ‘bill of goods’ platform provides a point of competitive differentiation, with competitors not being able to match the choice on offer unless they develop the platform and data capability required to exploit the economies of association within their ecosystem. Serious challenges reside within this model, not least of which is governance concerns. When leveraging an ecosystem of external partners, for instance, inevitably, the ‘commissioning’ business – such as a bank – is devolving responsibility necessarily to its partner(s), but retaining accountability for performance and governance, whether in the eyes of customers or regulators. Selecting the appropriate data architecture and ensuring effective data management is one of the most critical components to ensure the enterprise, as a platform, works as it should.

- c. **Organizational capability:** an enterprise’s organizational capability is the abilities, powers, and competencies it requires to effectively implement its business strategy. Organizational capability is essential because whichever strategy an enterprise’s leadership chooses to pursue, it is merely a set of good intentions unless implemented effectively. Data has a critical role in supporting the building of requisite capability and the ongoing support of business operations.

For instance, the integration of multiple lines of business to form one coherent portfolio or customer bundle requires high levels of horizontal connectivity. Horizontal connectivity supports cross-cutting collaboration, the sharing of customers insights, the pooling of technical knowledge and collective creativity. Data supports such collaborative behaviour by ensuring all of an enterprise’s talent have comprehensive information available on tap when they require it. In other words, valuable business intelligence does not become compartmentalized (unless intentionally so). Still, it is permitted to flow across the entire enterprise structure to wherever required.

Enhanced organizational connectivity and agility require organizations to embrace network structures and abandon the known and simple hierarchy model of organization. As networks, organizations become complex adaptive systems, made up of formal and informal connections between a large number of moving – and constantly changing – parts, both internal (think teams) and external (think partners) to the organization. Perhaps the biggest challenge of all is increased complexity and increased change as business as usual – simple and stable is out.

Consider another example from the banking sector. One blue-chip bank we spoke to noted the challenge of cross-selling internally financial products and services across different and often very well-established lines of business. For sure, it is all too easy to focus on one’s own domain, and many organizational structures reinforce precisely that. But it is a problem when a market winning strategy requires collaboration between teams (and lines of business) and the exploitation of know and nascent synergies.

Unless an enterprise is capable of implementing its chosen strategy, poor performance is inevitable despite the best of intentions. Structure and culture can both enable or close down the realisation of ‘cross-value’ if improperly managed. Data is no different. In the case of the bank, the data function had a strategic role to play in facilitating enterprise-wide organisational connectivity, in the form of “Our goal is to provide next generation data and analytics capability to give our people real-time, omni-channel and 360 customer insight and information whenever and wherever they need it”.

Finally, in the context of large complex corporations specifically, enhanced data strategy and management (and accompanying analytics) can help bridge the spans of control across different levels of operation. This is essential for good governance and to ensure a careful balancing of risk and reward in transactions, deal-making and new customer propositions. It is also crucial for regulatory compliance and corporate level ‘systems’ leadership, the priority is to ensure all of the moving parts of the enterprise are operating as intended and within prescribed governance principles, processes and rules.

Viewed in these terms, strategic data management can support enterprise leaders collectively to ask good questions, have better conversations and make the best decisions possible, ranging across the critical linkages of the enterprise value chain. Thus, data has an invaluable role in connecting decision-making, activity and performance at the various levels of the enterprise, including the enterprise level (e.g. group strategy, performance and governance), the divisional/business unit level (e.g. business unit strategy, governance and performance), the team level and the individual level. (e.g. individual employee alignment).

However, one major challenge in many corporations is that no one leadership group outside the Board is responsible for aligning the business’s purpose, strategy and organizational capability. Finance focus on finance issues. Strategy folk focus on strategy. HR focus on HR and IT focus on IT. Whilst specialization is necessary for technical sophistication, and data and analytics leaders are no exception, the division of leadership responsibility

into narrow technical channels runs the risk of missing the bigger enterprise picture.

An urgent requirement for many businesses is to connect their leadership population to make better joined-up decision-making. Data makes this possible by providing an enterprise’s leadership collectively with the information necessary to make better decisions about the strategy and organization of their business (in all aspects) over the short, medium and longer-term. But what does this level of strategic influence look like in practice, and what does it mean for the corporate custodians of data strategy and management?

The Strategic Contribution of the Data Function

The data function has a unique and strategically valuable role in leading its business to formulate highly differentiated business strategies and develop distinctive organizational capabilities. Whether analytics, data management or information, there are four critical roles of the custodians of an enterprise’s data architecture and management. Illustrated in Figure 2, they are in ascending order of strategic influence: executor, champion, facilitator and visionary.

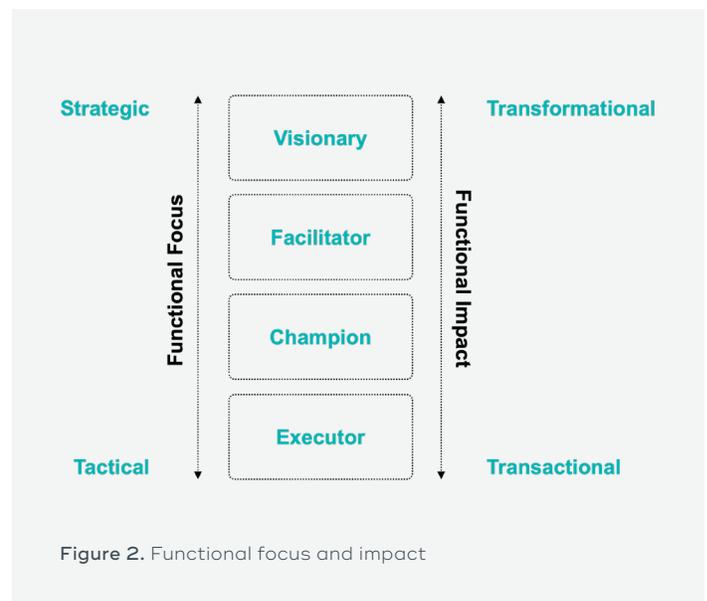


Figure 2. Functional focus and impact

1. Executer: at the most basic level, the data function must deliver on their business’s essential data and information requirement through stable and reliable infrastructure. Data, in this sense, is the lubricant that enables the company to function effectively as intended, whether that be supporting transactions or operational efficiency simply. Any disruption to operations results in wastage, poor performance, unnecessary cost and poor customer service. The

focus for the function is to ‘not get it [the data service] wrong’. Unless data is used and managed on a reliable basis, the data function cannot hope to graduate to the next level of strategic influence – the Champion.

2. Champion: this is the function in advocacy mode. The opportunity is to champion data’s strategic and operational value, what good data practice (e.g. technological innovation) looks like, and the

Table 1: Strategic & Transformational

	Data Business Outcomes	Data Function Attributes	Strategic Consideraions
Visionary	<ul style="list-style-type: none"> Enterprise-wide business transformation Co-creating robust for the long-term future Applying differentiating technology Defining the innovation envelope Finding solutions for intractable problems 	<ul style="list-style-type: none"> Enterprise visionary Strategic influencer Long-term horizon Structured decision-making Business integrated 	<ul style="list-style-type: none"> What is our enterprise-wide vision of winning in the medium and long-term business environment to fulfil our common purpose?
Facilitator	<ul style="list-style-type: none"> Enabling local leadership Supporting capability development Business unit performance upgrade Providing necessary tools for change 	<ul style="list-style-type: none"> Key stakeholder engagement Collaborative leadership Local focus and insight Offering suite of support 	<ul style="list-style-type: none"> How can we partner to support local leaders in navigating disruption and improving performance in their business area?
Champion	<ul style="list-style-type: none"> Delivering technology expertise Radar for latest trends & innovations Disseminating industry best practice Educating key stakeholders 	<ul style="list-style-type: none"> Externally connected Finger on the tech pulse Strong internal brand and network Communicate key messages 	<ul style="list-style-type: none"> What does great data and analytics innovation and practice look like, and how can we influence our internal stakeholders best?
Executor	<ul style="list-style-type: none"> Reliable systems for transacting Efficient supply of business data Secure data storage Responsive risk management ‘It just works’ in the background 	<ul style="list-style-type: none"> Business as usual Execution focus Formal systems and processes Assured quality standards Performance accountable 	<ul style="list-style-type: none"> How can we deliver the most consistent, reliable and efficient service against the enterprise’s varied and complex data requirements?

requirements for good data governance. In part, the role is educational, as data function experts seek to socialize their internal clients and colleagues on the role and management of data and how it aligns to support superior business performance. The use of external examples and thought leadership is powerful, but only to support internal thoughts leadership and the sharing of expertise. An important principle when seeking to influence (in many cases beyond the formal authority of the function) is to show and not tell. The presenting of evidence is far more potent than simply issuing guidance or prescription when seeking to get stakeholders to do something different from what they otherwise choose to do.

- 3. Facilitator:** beyond championing good practice, an even more value-added role for the data function is to facilitate individual teams, functions or business units within the wider enterprise to transform themselves to become a better fit for purpose for the future. This may include data aspects of business model innovation, business transformation, agile working or reconfiguring the customer proposition. As the facilitator, the function is a partner in supporting localized business transformation, whether on a bottom-up basis or as part of a more extensive corporate transformation programme. The goal is for internal clients to realign their business area to overcome external disruption or improve performance simply by focussing on a poorly aligned element of its value chain.
- 4. Visionary:** the functional role that offers the most significant potential for strategic influence is 'visionary'. Strategic in focus and transformational in impact, the visionary role is where the function leads enterprise-wide decision-making over the long-term about the enterprise's business strategy, organizational capability, architecture and management systems. Visioning is guided by the enterprise's north star – its enduring enterprise purpose – and requires extremely close integration between front-line business units and corporate functions. The result is a compelling vision of the enterprise at its best and the impetus to make it a reality through purposeful realignment.

No one role is more or less important than the other in functional terms. In my work with corporate functions,

data included, many express the greatest enthusiasm for the visionary role. However, poor execution of data management poses a significant risk to business performance and governance. Execution is the minimum requirement of the function by the business. It must be performed well if the function is to graduate on to roles with the potential for strategic influence. For fully mature and strategically influential data functions, the crucial factor in their effectiveness is ambidexterity – the ability to perform these different but complementary roles simultaneously and sustainably over time.

Conclusion

There are many thousands of underperforming enterprises globally that are failing to live up to their potential or, worse, failing entirely due to their failure to align these fundamentals of their enterprise. Poor alignment (and poor performance) or even misalignment (and organizational dysfunction) occur for a variety of reasons, but the top of the list is:

- Failure of leaders to manage alignment strategically: too much of a focus on operational issues, problem-solving and firefighting, at the expense of strategic considerations.
- Becoming overwhelmed by the complexity and dynamism of the business environment and losing strategic focus. Simplicity has many virtues, especially when leading a complex and adaptive enterprise.
- Failing to realign the enterprise (including its strategies, capabilities, structures, cultures, processes, systems and people) to the new realities of the changing marketplace, whether shorter-term disruption (e.g. the Covid-19 global pandemic) or longer-term transitions (e.g. developments in machine learning capability and artificial intelligence)

And, critically:

- Not possessing the necessary information to formulate effective strategies (e.g. competitor intelligence, performance data); develop core organizational capabilities that are difficult for competitors to acquire and emulate; or sustain high-performance operations.

Data has a unique and indispensable role to play in supporting enterprise leaders to strategically align their enterprises by developing the capabilities required for strategic and transformational impact, but only when managed and led for value by capable functions. This is an ideal time in the evolution of business to invest in data capability and the leadership competencies required at all levels of the enterprise to ensure it brings the greatest advantage to enterprises, their people, partners and customers.

Author Biography: Jonathan Trevor

Dr Jonathan Trevor is a noted management researcher, author, advisor, speaker and teacher on strategy and organizational alignment. Jonathan consults extensively with executive leadership teams in all sectors and internationally to apply his research to transform their organizations to be fit for purpose. He publishes in leading journals, including Harvard Business Review and MIT Sloan Management Review. His research is also featured regularly in the media, and he has provided expert comment for the Financial Times, BBC, Wall Street Journal, CNN and Forbes.

Jonathan is an Associate Professor of Management Practice at the University of Oxford's Said Business School and teaches on the Oxford MBA, Executive MBA and international executive education programmes. Previously he was a University Lecturer at the University of Cambridge Judge Business School. Before his academic career, Jonathan worked as a management consultant in London for a major international consultancy firm and has served in various non-executive director roles. He holds a doctorate in management studies and economics from the University of Cambridge and was a visiting scholar at the Massachusetts Institute of Technology.

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