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# Guide to Building a Data Strategy

Components of a Data Strategy

Your data strategy should be unique to your financial institution. Below are some components to consider, with a deeper dive in each area to follow. As you craft your strategy, you may determine there are additional considerations that are important to your organization. Remember that this is just a framework to get you started and your strategy may look different in the end.

People

There are several roles to consider in your data strategy, including the executive sponsor, champion, and subject matter experts. Each role plays a distinct—and important—part in the overall strategy.
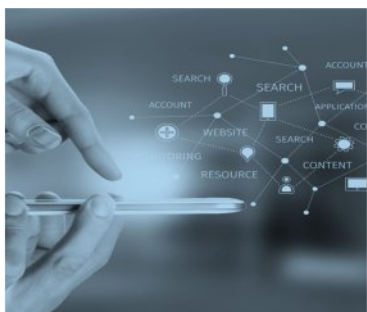
Current State

Taking time to evaluate your starting point will help when it comes time to outline your roadmap. Consider the data sources available to you, the skills your team possesses, and any technologies currently in place.

Future State

Here is the fun part. Where do you want your data journey to take your organization? Gather perspectives from different stakeholders then use those requirements as a guide as you explore technology providers. Also consider whether your technology partner can support you in creating your roadmap and building your strategy.

Roadmap

Once your future state is defined, you can start to build a plan to get there. This may include conversations around adoption and roll-out, data governance, maintenance, and more. Lean on your technology partner to drive your institution along the journey.

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PEOPLE

There are many stakeholders in a data strategy. Some of the most common include the Executive Sponsor, Data Owner or Champion, and Subject Matter Experts. You may identify additional roles as you embark on your journey.

Executive Sponsor
The Executive Sponsor will ultimately be the person with overall accountability for the data strategy. This person will be able to set the tone of the initiative, communicate the vision throughout the organization, and align the data strategy to the overall business strategy.

Subject Matter Experts
The Subject Matter Experts (SMEs) will provide valuable insight into their line of business. They will be able to explain what types of data they use and the way certain systems and data sets work. Tapping into SMEs is also a great way to uncover challenges and opportunities that data could address.

Champion(s) or Owner(s)
Ownership is critical to the long-term success of a data initiative. At many institutions, the owner(s) will wear multiple hats making it difficult to dedicate significant time to defining and executing the strategy. In some cases, it may make sense to choose two owners to lead the initiative. If this approach is taken, it would be wise to choose one person from a technical role and one person from a business role as they will be able to balance each other out and represent very important perspectives along the journey.

Leaning on a strategic partner can also help lighten much of this workload. A good strategic partner will get to know your strategy and offer guidance in how to achieve it. Some will even take the lead in defining and measuring your strategy if you desire.

Choosing the right Data Champion
When choosing who will be your data strategy's champion, consider both technical aptitude and business acumen. Your data champion will be responsible for not only successfully launching a data warehouse or business intelligence solution, but also keeping it relevant and progressive over the life of the journey. The ideal champion will be able to build a relationship with the subject matter experts and other stakeholders throughout the organization, as well as the strategic partner selected to provide the technology.
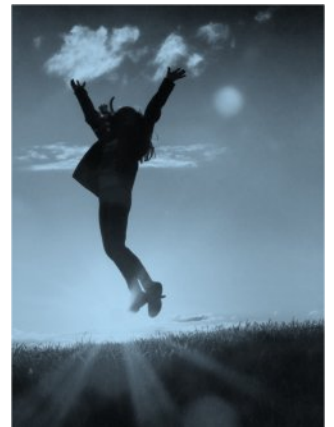
CURRENT STATE

Take time to really assess the current state of analytics in your organization. Even if you do not have a formal data plan in place, that does not mean your organization is not using analytics. Consider what types of reports your stakeholders are currently using, the data sources available, and what technologies already exist.

Reporting
Most, if not all, leaders in your organization are using some type of reports on a daily or monthly basis. These reports may be canned reports from software applications or Excel files created and maintained by staff. These represent excellent starting points when determining what types of reports will need to be created using your new technology.

Data Sources Available
The average credit union uses dozens of disparate data systems, driving the need for a multi-source data warehouse. As you prepare for your data journey, it is helpful to take inventory of the systems in use across your organization. You may uncover some sources you had not yet considered, such as GL/Accounting software, call center telephony systems, or even budgets stored in Excel files.

Technologies in Place
Interview various departments to determine what tools are in use today. This may include Excel workbooks, Access databases, or reporting tools built within different software applications. Outline who is using which tools and for what reason.

Sample Data Source Inventory

#	Source	Department	Type of Data	Current Use
1	Core Processor	Entire Organization	Membership, Accounts, Transactions, Demographics	Operational, marketing, sales, staffing
2	Consumer LOS Platform	Consumer Lending	Loan application data, credit data, productivity data	Pipeline reporting, staffing
3	Credit Card Processor	Card Services	Credit card transactions, credit limits, balance	Credit line increases, balance transfers, fraud reporting

FUTURE STATE

Now it's time to have some fun! Spend time thinking about where your organization wants to go on your data journey. This may look different depending on who you ask, so the data champion's job will be to align perspectives from multiple stakeholders to put together a comprehensive plan. The Executive Sponsor should be involved in the creation and communication of this part of the data strategy.

Business Requirements
Spend time with your stakeholders discussing their business requirements. Encourage each stakeholder to think about the present as well as the future. Be sure to note what is a requirement along with what is on their "wish list." Ensure you collect information from various types of stakeholders, including front-end users on the business side of your organization, back-end users who will be using the tool to build reports and dashboards, high-level executive positions, and users who will be using the platform for day-to-day operations.

Technology Options
Begin to research various technology options, using the business requirements to drive the evaluation. When researching providers, you will likely go through multiple demos of the technology. As you narrow your evaluation down, ask the vendors if you can provide specific examples of the types of reporting and dashboards you'd like to create. Trusted partners will take advantage of this opportunity to show you how their solution will work in real life. Choosing your technology provider is an exciting milestone that should be celebrated!

Data Integration Plan
Begin to prioritize all of the data sources you identified in your Current State exercise. If you have chosen a partner, they can add valuable insight into your integration plan by helping to project the ROI from each system.

Timelines and Phases
Once you begin working with your chosen partner, they will be able to provide guidance on your timelines and a phased approach, if necessary. Be sure to communicate any critical deadlines as early in the project as possible.

Finding a technology partner - not just a technology vendor

When researching providers for your data warehouse and analytics solution, it is important to think beyond the technology. Choosing a provider with vast industry experience, knowledgeable technical support, and even strategic support will ensure a smoother, more rewarding analytics journey in the long run. Lean on your provider to design your strategy, put together a plan to execute, and review the strategy throughout the life cycle of your partnership.

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ROADMAP

Implementation

Work with your chosen partner to develop an implementation plan. This will include connecting to any data sources you have chosen to integrate in the beginning, balancing the data in the new data warehouse, training your staff on both building and accessing reports and dashboards, and more.

Consider an agile approach to implementation, where you identify the minimum viable product to roll out the solution and then continue to add enhancements as you progress. This is a great way to build and sustain momentum throughout the organization.

Roll-out Plan

When considering your roll-out plan, a good strategy is to identify people who are excited and eager to leverage data. You may find that some people or departments are more resistant to change, which is natural and understandable. Working closely with the individuals or areas who are already on board with the changing culture will help you further the initiative throughout the organization. Use your success stories from the supporters to help find people who are excited and eager for data - use them to build out success stories then use success stories to create a snowball effect.

Communication

Communication is a critical component of your data strategy.

In the beginning, the champion, Executive Sponsor, and Leadership Team should constantly reinforce the reason for this change initiative. Remember to listen to the concerns and ease the fears that are shared as you embark upon this journey.

As you progress along your analytics journey, continue to share your organization's vision, how it relates to different teams, and how the data strategy is moving your organization forward.

Governance

You have likely heard the phrase "garbage in, garbage out." This is especially true when it comes to data: the reports, dashboards, and insights you produce are only as good as the data used to build them. Putting in a data governance component of your data strategy will enable you to start with a clean, efficient database and keep it that way.

To put it simply, your data governance plan should outline the availability, usability, integrity and security of your data. While some institutions dedicate entire roles or even teams to data governance, that is not always possible. Credit unions should consider relying on their data warehouse partner to manage their data governance plans.

Sample Data Strategy

PEOPLE

Executive Sponsor: Joyce Osborne
Data Champion: Terry Combs
Data Analysts: Sam Parker
               Riley Adams

Marketing SME: Alex Warren
Lending SME: John Robbins
Operations SME: Megan Crowe
Digital SME: Josh Miller

CURRENT STATE

Current reports are mostly prepared in Excel and distributed via email. The Lending and Operations team have the highest needs and are open to improving existing processes. Accounting has many needs but is resistant to change. Data sources are outlined in a Data Source Inventory.

FUTURE STATE

ABC Credit Union's goals include getting to know our members better, providing personalized experiences, and increase loan penetration. A robust data warehouse will help us dig in to our members' behaviors and begin to implement action plans.

ROADMAP

🖥	Choose a technology and strategy partner. Begin to work through implementation and strategy discussions.	✔
👥	Assemble a team to begin outlining current data sources, challenges, opportunities, etc	✔
⤵	Assess department readiness for data transformation to identify areas to focus on in the beginning	
📣	Leadership team begin to communicate the importance of a data-driven culture and share the vision	

Need help getting started? Rely on a trusted partner to help build your strategy.

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ABOUT LODESTAR

Lodestar provides data warehousing, business intelligence analytics and professional services solutions to financial institutions and other organizations looking for assistance with the complex technology systems needed to bring efficiency, sustainability and profitability to their business.

The Lodestar team boasts a range of experience from both technical and strategic perspectives, enabling them to build your data warehouse solution while also designing and executing a robust data strategy.

Visit us online at lodestartechnologies.com to learn more or contact us to start planning your data journey today!

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