The Positive Way

WAVESTONE

Strategy Brief

CHANGE MANAGEMENT TO DRIVE SUCCESSFUL DATA TRANSFORMATION

"Cultural factors continue to be the greatest obstacle to delivering business value from data investments."

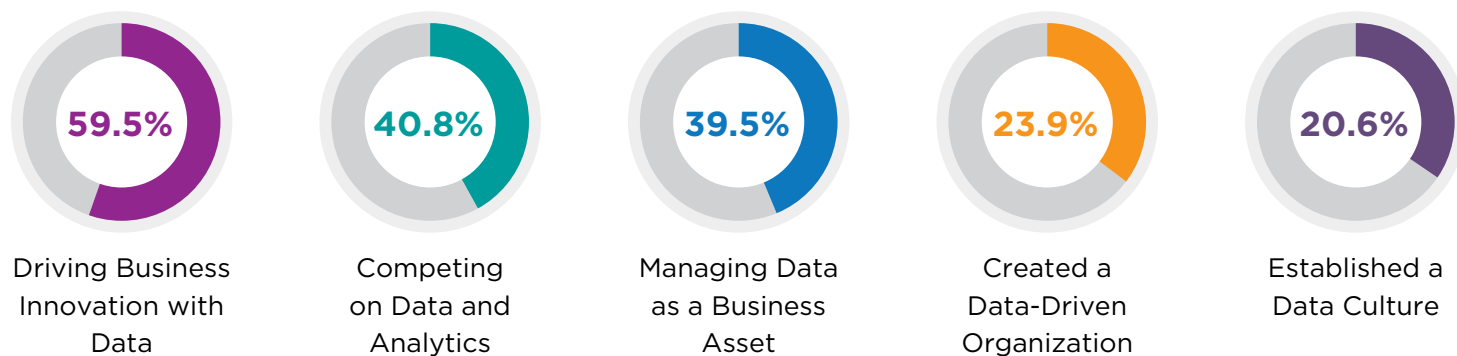**Data and Analytics Leadership Executive Survey 2023**

BARRIERS TO A SUCCESSFUL DATA TRANSFORMATION

Investments in data and analytics capabilities and initiatives are greater than ever, yet our research indicates that a significant number of companies are facing difficulties in achieving data transformation and adopting a data-driven approach. The biggest challenges to an organization's data transformation stem from human factors: culture, people, process, or organization.

Creating a data-driven organization and building a data culture remain aspirational objectives for most organizations. Our annual Data and Analytics Leadership Executive Survey 2023 revealed that only 24% have created a data-driven organization and 21% of companies say that they have developed a data culture within their organizations, reflecting that becoming data-driven is a long and difficult journey.

Progress of Data and Analytics Aspirations 2023
(as a percentage of organizations responding)

59.5%	40.8%	39.5%	23.9%	20.6%
Driving Business Innovation with Data	Competing on Data and Analytics	Managing Data as a Business Asset	Created a Data-Driven Organization	Established a Data Culture

Organizations can make significant investments in data products, data management, technology infrastructure, AI/ML, and more, but a lack of focus on business needs and human factors will likely result in disappointing results. According to our survey, the vast majority of data leaders – 79.8% – cite human factors as the greatest obstacles to realizing business value, reflecting that change is seldom easy, and organizational transformation tends to move slowly. **Yet, investment in people skills such as building data literacy remains low, with just 1.6% of companies citing this as their top investment priority.**

Principal Challenge to Becoming Data-Driven 2023

79.8%

Culture | People | Process | Organization

20.2%

Technology Limitations

Human factors can include, but are not limited to:

Organizational receptivity to change and business transformation	Changes to organizational processes	People and skills
Organizational alignment	Communications	Culture

A sign of hope is that 70.9% of data leaders report that their firms are receptive to change and organizational transformation. **So, how do we take advantage of these receptive environments and utilize change management to drive data transformation and become a data-driven organization?**

THE IMPORTANCE OF CHANGE MANAGEMENT IN DRIVING DATA TRANSFORMATION

" Change is hard because people overestimate the value of what they have and underestimate the value of what they may gain by giving that up. "

James Belasco and Ralph Stayer

Culture is defined by company goals, values, principles, and practices, and shaped by the conduct of leaders – executives, senior management, middle and front-line managers, and other individuals who have the power to drive change.

If data transformation can be integrated into the current culture of an organization, then it is possible to achieve it without any significant culture change. However, if the current culture cannot facilitate this transformation, it becomes necessary for top-down leadership to engage in cultural change to enable data transformation. **For change to be accepted and integrated by employees, they must believe in it and understand how they can contribute.**

Often change management focuses on project or technical delivery – implementing a new system, tool, process, organization structure – rather than achieving a business outcome (e.g. efficiency, speed, simplification, growth, innovation, better customer and employee experience).

Employee buy-in is contingent upon their comprehension and recognition of the benefits of the forthcoming changes. However, this can be difficult to achieve since, as humans, we are creatures of habit and habits make us feel comfortable. Resistance to cultural change is to be expected because, at first, it forces employees to learn something new and step out of their comfort zone. **Investing in change without investing in the methodologies to set employees to adopt the change, sets the transformation up for failure.**

6 GUIDING PRINCIPLES FOR SUCCESSFUL CHANGE MANAGEMENT AND DATA TRANSFORMATION

People are a company's greatest asset and are an investment that requires mobilizing the right resources and expertise to power the transformation process. A successful change management plan should take an agile approach and be customized to a company's specific needs, desired outcomes, and culture.

Key principles to successfully implement change management include:

1 Enable an enterprise-wide end-to-end perspective with a clear vision & objectives, oriented towards business outcomes rather than just project delivery

2 Secure strong sponsorship from executive and senior leadership to commit to driving the transformation

3 Customize adoption plans by stakeholder segment to meet specific needs of various groups

4 Impact employee mindset and data practices by addressing resistance to change head-on and engaging employees by leveraging continuous feedback

5 Communicate early and often to raise awareness and increase engagement

6 Enlist influential "Change Agents" outside the project team that will help increase awareness, readiness, and buy-in across the organization

Change management and transformation is ultimately about behavioral change and should be planned, executed, and measured as such. **If change management is an afterthought or add-on, the chances of success are lessened.** It should be purposeful and an integral part of your data strategy and roadmap to ensure your organization's culture supports a successful data transformation.

AUTHORS

John Ahrendt
Senior Partner, Data

John is a strategic advisor and consultant to Fortune 1000 firms and market leaders, helping organizations in their data transformation to leverage data as an asset, become data driven, and innovate with data. John provides thought leadership and delivery expertise ranging from strategy and planning to execution and implementation with proven results in creating value from data across a portfolio of business initiatives. John has led global teams at Wells Fargo, E*Trade, and Bank of America directing strategy, architecture, product development, platform management, and operations of large-scale data and analytics environments.

Erica Mansfield
Senior Consultant, Data

Erica is a Senior Consultant at Wavestone, helping clients successfully execute and realize value in their large IT and Data Transformations. Erica provides project management & change management expertise in any phase of a project: from strategy and planning to execution and implementation. Erica's combination of technical know-how and people skills/cultural awareness allow her to help business and technical teams work together to ensure a successful end-to-end transformation.

WAVESTONE'S DATA & ANALYTICS SERVICE OFFERING

Wavestone Data & Analytics is a consulting practice specializing in strategy, data management and governance, architecture and ecosystems, data science & analytics, change management, and the responsible use of data. Our team brings a winning mix of extensive hands-on experience, thought leadership, and best practices expertise to help clients drive their data transformation to better manage, govern, and use data to create business value. As industry experts and trusted advisors, we can help revitalize data strategies, modernize capabilities and practices, and drive transformative change.

About Wavestone

Wavestone is a business and digital consulting firm that supports organizations in delivering their most critical transformations. Over the past two decades, Wavestone has championed the transformations of more than 700 of the world's largest enterprises from a wide range of industries. Behind these successes is our ability to bring a winning mix of extensive hands-on experience, powerful analytical skills, and creative problem-solving to address our clients' greatest challenges. We drive change for growth, lower cost, and risk, and create the trust that gives people the desire to act.

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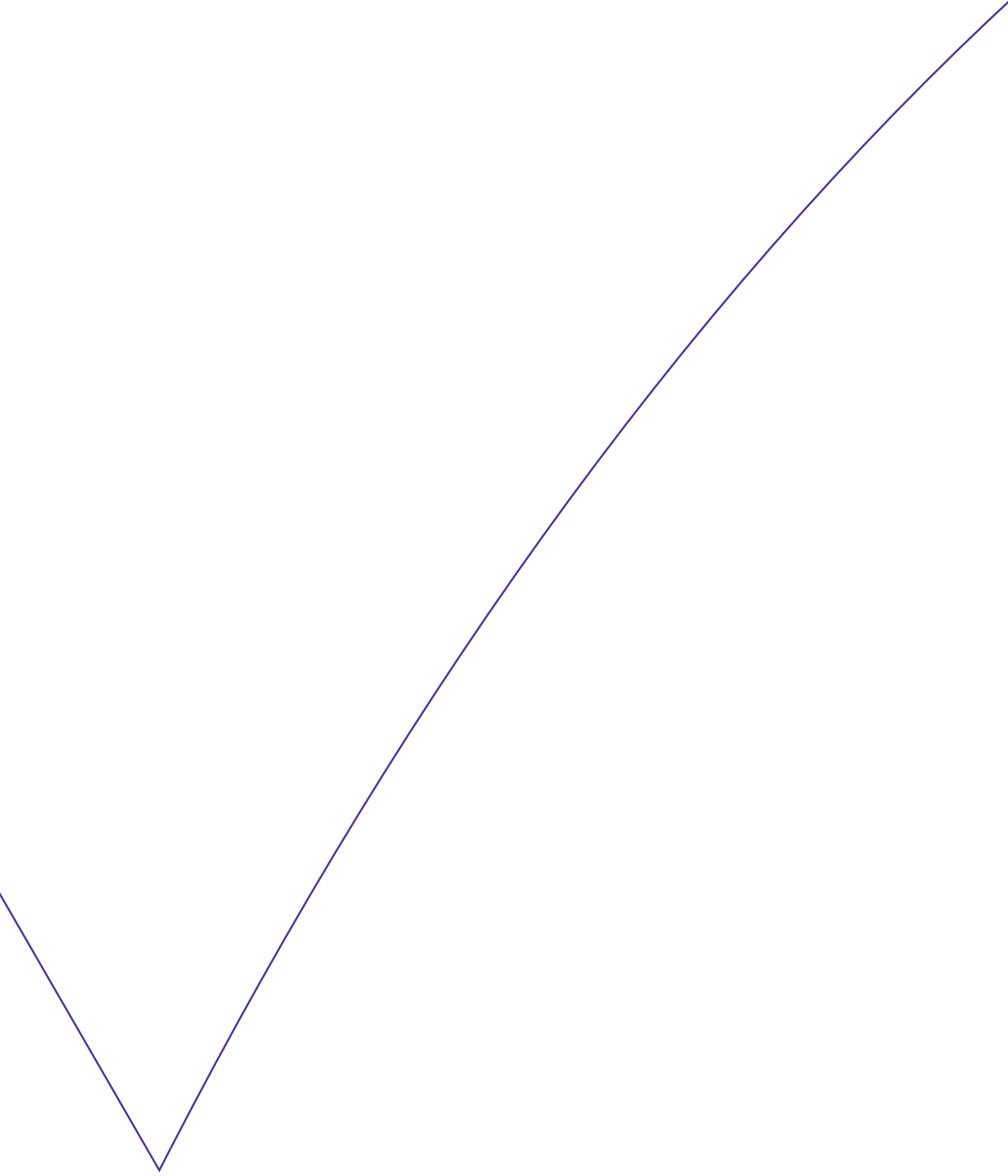
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WAVESTONE

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In a world where knowing how to drive transformation is the key to success, Wavestone's mission is to guide large companies and organizations in their most critical transformation projects, with the ambition of a positive outcome for all stakeholders. That's what we call "The Positive Way".

Wavestone brings together 4,000 employees across 9 countries.

It is a leading independent player in the global consulting market.