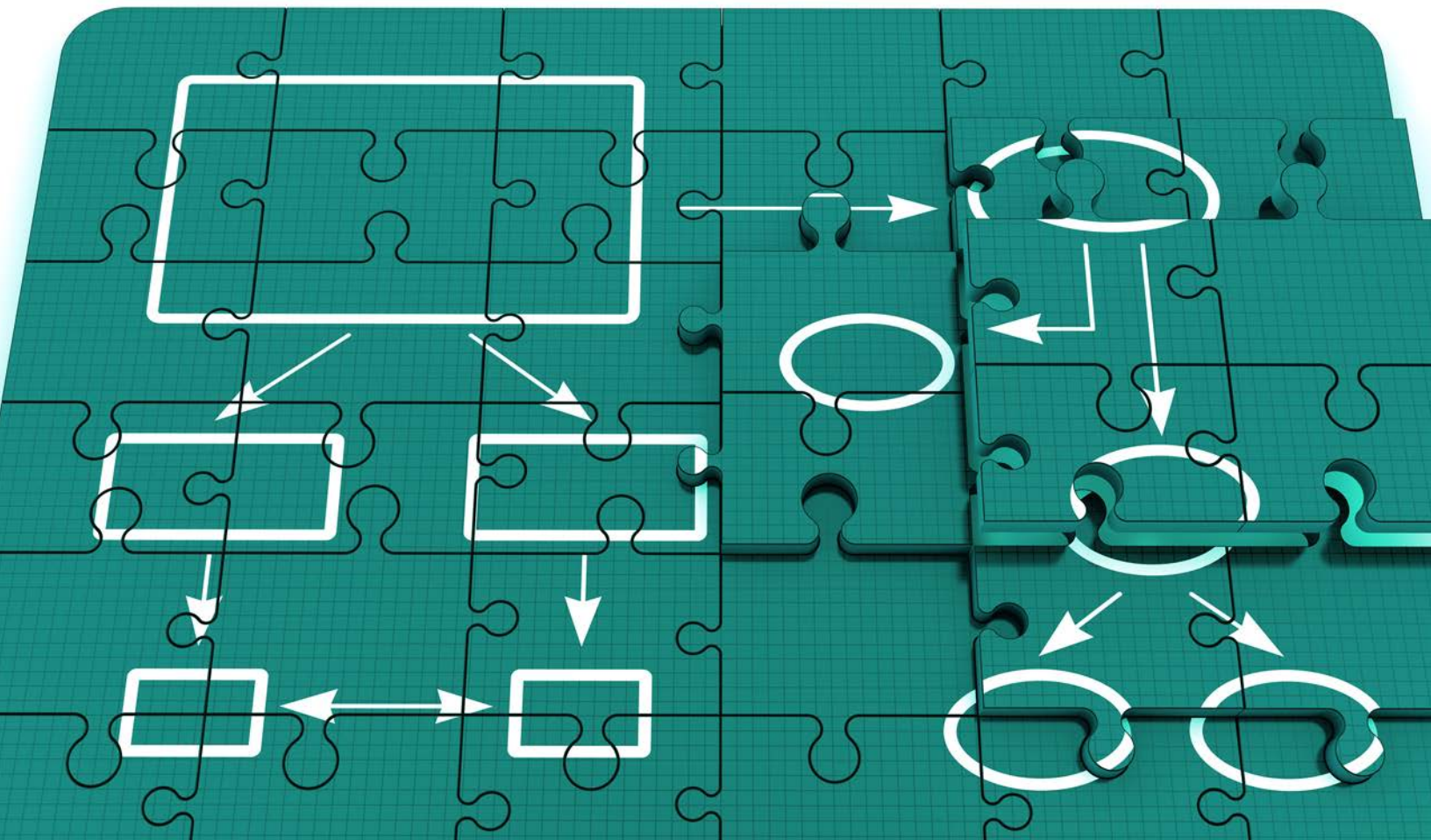


5 WAYS TO ALIGN MDM CAPABILITIES WITH BUSINESS PROCESSES



Master Data Management (MDM) capabilities are not just centered on data. It is also about managing the business processes that rely on well managed master data and the processes that create, update and retire that master data.

Here are 5 step-by-step ways to align MDM capabilities with the key business processes in your organization:



1

Build a Business Glossary with Business Rules for Master Data

We all know the problem: We use the same term but mean two different things. Or we use two different terms but mean the same thing.

Within master data management this is a huge challenge. The first step in cracking that nut is to build a business glossary. The business terms in use around master data are good examples of different meanings and the business glossary must explain for example what exactly a customer role means in your enterprise, what exactly a vendor type is, what exactly defines a product variant and so on.

The business glossary will optimally be a part of a wider metadata management framework encompassing the technical aspects of master data as well.

The next step is to apply the business rules to these terms. Here we have:

- External business rules, which are rules based on laws, regulations within industries and other rules imposed from outside your organization.

- Internal business rules, which are rules made up within your organization in order to make you do business more competitively than colleagues in your industry do.

External imposed business rules are most often different from country to country (or group of countries like the EU). Internal business rules may be that too but tend to be rules that apply worldwide within an organization.

The business rules should for this purpose ultimately be expressed in the way they affect your master data. Some examples will be:

- In order to open a business account, you must supply a valid Legal Entity Identifier (like Company Registration Number, VAT number or whatever applies to the business and geography in question)
- A delivery address must be verified against an address directory (valid for the geography in question)
- In order to bring a product into business there is a minimum requirement for completeness of product information.

data

/ˈdeɪtə/ 

noun

noun: **data**

facts and statistics collected together for reference or analysis.

"there is very little data available"

synonyms: facts, figures, statistics, details, particulars, specifics, features;

2

Get a Grip on Business Process Mapping

Understanding the role of master data in business processes is a foundation for optimizing and ultimately transforming the business in the digital era. In that quest, we can look at the different roles played by master data:

Business processes that purely consume master data

An example of such a business process is the execution of a direct marketing campaign.

Doing this in an effective way is heavily dependent on clean and updated master data. A key capability is the ability to separate which targeted real world entities belong to the so called “new market” and which are existing customers (or prospects

or churned customers). When working with known customers the ability to intelligently relate to previously purchased products and their categories of interest is paramount. Often knowing about the right relationship between targeted parties and locations is very valuable.

When doing MDM implementations and ongoing refinement the insight on how master data is used and creates value in business processes is the starting point.

Business processes that potentially change master data

The most commonly mentioned business-wide process is the order-to-cash process. During that process the customer master data may be especially affected. A key question is whether the order is placed by a new customer or a known customer. If it truly is a new customer, then effective collection of accurate and timely master data determines the successful outcome of receiving the cash based on correct credit check, correct shipping information and more. If it is a known customer there is a chance to validate and eventually update customer master data.

While customer master data often is changed through business processes having another main purpose, this is not the case with product master data.

3



Business processes with the purpose of maintaining master data

An example is from within manufacturing, distribution and retail where we have business processes with the sole purpose of enriching product master data. With the rise of customer self-service through e-commerce, the data quality requirements for completeness and other data quality dimensions have increased a lot. This makes the orchestration of complex business processes for enriching product master data a whole new flavor of Business Process Management where master data itself is the outcome – with the goal to be optimally used in order-to-cash and other business processes.

3

Embrace Event Management

Your business process mapping will reveal a lot of events that trigger the involvement of master data. Orchestrating these events will be an important part of an MDM implementation. The master data events may be from internal processing as well as triggered by external circumstances.

External events around party master data are for example:

- When someone changes name
- When someone moves to a new address

- When someone moves to another Line of business (or a legal entity dissolves)

External events around product data are for example:

- When a supplier introduces a new product
- When a supplier introduces a new available data element or digital asset
- When a merchant requires a new data element or digital asset



4

4

Nail how Master Data Will be Created, Read, Updated and Deleted

Based on your business glossary with business rules, your business process mapping and the identified events happening around master data you can build the picture of where master data plays a role in the order-to-cash process, in the procure-to-pay process and all other processes existing within your organization and between you and your trading partners.

Protip: Increasingly self-service scenarios must also be included. That covers customer self-service registration, supplier self-service registration and suppliers providing product information by automated services.

5

Deploy Master Data Fuelled Workflows

No matter if master data comes from the outside or originates from inside your organization the flow of master data must be governed.

First, the approval process must be supported by workflows where existing master data is presented to the approver and the state of the master data (including the before after state) is seamlessly reflected in the master data repository. Second, there will be a range of master data and data quality functionality that should be operationalized by being built into master data workflows. This includes on the fly matching of party master data between internal and external sources and address verification.

5



Conclusion

MDM and its alignment to critical business processes must go hand in hand when doing an MDM implementation. The starting point is a clear business glossary. The path will take you over identifying relevant business rules, mapping business processes, having an overview over all master data events and the master data lifecycle of onboarding, change requests and end-of-life handling. Based on that, you can apply the required master data workflows. The entire MDM capability lifecycle ties people, process and technology together and helps your business focus on what you do best – growing your business.



Check out the Profisee blog for more helpful resources, best practices, and strategy around Data Management.