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Building a Data Culture is not just an option.
It's business-critical.

An interview with Sudaman Thoppan Mohanchandralal, Chief Data Officer at Allianz Benelux.

When talking to clients about their analytics transformation, it soon becomes apparent that—despite large investments in analytics transformations and data literacy training—many feel they have reached a plateau in terms of data monetisation and value generation. Notwithstanding initial high expectations or promises, the magic appears to be gone. People often do not automatically act in line with new role expectations and interactions between the business and data office seem to be difficult. Employees do not always understand what is expected from them and lose interest in data and analytics. After a while, the business starts to develop passive resistance due to insufficient results.

Almost all these challenges boil down to the inability to establish and sustain a culture of data-driven decision-making. No matter how smartly designed, the best data and analytics strategies, programmes or initiatives are incomplete without a Data Culture to support them. Data Culture and analytics ROI are intertwined and interdependent. If companies hope to transform, they must begin to address the cultural obstacles. Behavioural and cultural change are increasingly being recognised as the biggest challenge to addressing the full potential of data and analytics transformations. However, many companies do not really know where to start.

In our interview with **Sudaman Mohanchandralal**, Chief Data Officer at Allianz Benelux, a recognised industry expert and thought leader in the area of data and analytics transformation, we explore the main challenges in becoming a data-driven organisation, discuss concrete strategies for companies to get better at building a data culture, and the tangible value that a data culture can bring. Sudaman has 20+ years of professional experience in the world of data and analytics. He has a master in computer science, a prestigious degree in business administration along with super specialisation in business analytics, and has a distinguished career embracing data and analytics in banking and insurance. He describes his career as a triangle built on three core experiences: complex event processing, analytics, and financial data warehousing.

Sudaman, you have a record of accomplishment in data and analytics positions in banking and insurance. Could you share your perspective on the maturity of data analytics in the industry?

As we move away from far-outdated, mass-market product-push toward services and experiences embedded in customers' everyday lives, the entire notion of what historically made banks successful is being disrupted. Whereas success was, to a great extent, determined by very personal and physical commercial relationships of bankers, the notion of personal has an entirely new meaning in the age of data and analytics. Today and in the future, personal relationships will still be forged, but through data accentuated by physical relationships.

By capturing and leveraging large volumes of data, financial services organisations can now capitalise on new data-driven business opportunities. These include (but are not limited to) delivering highly personalised services and products based on customer profiles. These organisations use data on customer demographics, preferences, buying history and behaviour to better capture and understand their needs. We are in the path of understanding the world of opportunities that data and analytics has to offer, but we have only scratched the surface of its potential in banking and insurance.

Could you describe the main challenges you have come across in working toward your analytical aspirations at Allianz? How does the topic of Data Culture fit into that equation?

Data is and always has been a strategic asset of Allianz and managed with utmost care and passion. To ensure it supports and drives our business strategy, we need to design systematic ways to extract maximum value out of data.

The way we have approached value generation from our data has radically changed in recent years. Whereas traditional ways of statistical modelling started from building hypotheses and confirming these with the data sampled, today, we start by defining the business challenge and building data sets that encompass as much as possible all dimensions of the business challenge, and then generate hypotheses from this dataset. This requires a radically different way of working.

In addition, generating value from our data is dependent on an entire chain of events to which numerous stakeholders contribute. This becomes even more the case as data are scattered across the organisation. All these people need to change—to a certain or substantial degree—their behaviours. This requires a cultural change.

Data Culture has become a buzzword lately and, without a clear definition, risks being treated as a 'feel-good-concept'. Could you describe what it means for you?

A Data Culture essentially refers to the way an organisation and its workforce makes decisions. Companies that have been able to forge a Data Culture are those in which data-driven decision-making has become part of their DNA, a habit common to most people in that organisation. The harsh reality is that it doesn't feel good at all. Becoming a data-driven organisation requires a dramatic change and we all know people resist change at all costs.

Let us elaborate on the habit part. In one of our previous articles on Data Culture, we argued that most cultural change programmes fail to recognise that changing culture is essentially about changing human habits. Consequently, they fail to take advantage of what the science of habits can teach us about the design of effective data culture programmes. Your work and perspective are definitely exceptions to this.

Yes, in designing, implementing and sustaining a Data Culture at Allianz Benelux, we rely on the work and framework developed by Charles Duhigg. His work takes into account evidence found by MIT researchers who discovered a simple neurological loop at the core of every habit, a loop that consists of three parts: a cue, a routine and a reward.
By defining culture as a collection of common habits, it becomes easier to understand the complexity of implementing and definitely sustaining a Data Culture. Because culture equals habits, building a data culture is not an easy job. Changing culture does not happen overnight and requires a considerable amount of time and discipline. However, expecting that there will be resistance and being equipped to manage it is a proactive step.

Why should companies invest in building a Data Culture? What is the tangible business impact and value it can bring?

Allow me to say that literally every single investment in data and analytics relies on the ability to forge a Data Culture, because the actual adoption of data-driven insights relies on it. If there is no adoption, there is no value. If there is no Data Culture, there will definitely be no return from the investments.
Assume you buy an Apple watch, convinced by the fact that it allows you to count your steps and monitor your heart rate, resulting in major health advantages. But as soon as you have it, you spend the entire day watching Netflix. The Apple watch has no value whatsoever, unless you build a more active lifestyle. It requires a behavioural change. It is the same with data and analytics. They can only yield results if our habits and culture change. If not, it is just money down the drain.

> "Building a data culture is not just an option, it is business-critical. Literally 100 percent of data and analytics investments depend on having a Data Culture."

How widely accepted is this sense of urgency and importance?

Well, it is not that people do not understand the importance of investing in a Data Culture. It is rather about priorities. There are often more immediate boiling problems executives or other people face, which they cannot simply set aside. That is often the default attitude when it comes to culture investments. So obviously, a certain prioritisation needs to be done. Hence, we need to adopt a balanced approach when looking at culture investments. One of the most apparent complexities is that it takes a considerable amount of time to reinforce a certain habit loop and build a data culture. Rather than having to convince people of the importance of investing in it, the difficulty lies in giving it the sustained investment it requires.

> "Building a Data Culture calls for sustained investments. A considerable amount of time is required to create, reinforce and establish data habits."

Often, companies only start putting cultural change on the transformation agenda once they are stuck or do not get enough ROI from their analytics investments due to a lack of real adoption. When do you think a company should start to invest in building a Data Culture? At what stage of growth or transformation?

There is no one answer to that question. I would not blindly say right from the start. Rather, there are three questions that should drive the entire cultural effort: (1) Why do we exist as a business for our customers and why do customers chose to do business with us? (2) What is the type of information we need to serve the interest of our customers? (3) What would we do differently if we have that information?

From there, companies can carry out a proper analysis of their current culture and how it fits the business and services it aspires to deliver to its customers. In the end, that is the most important thing. It all starts from a proper definition of the culture a company wants to build to deliver upon their customer needs. Once it is clear how the current culture deviates from that aspired state, organisations can start designing and prioritising their culture journey, including the most appropriate timing of different interventions.

In your point of view, what are the essential ingredients of a successful Data Culture programme? What are some of the things you have seen that work?

The most essential ingredient is definitely the impact you make on the everyday lives of employees and customers. Therefore, sitting together and talking with different parts of the business, sales and distribution for instance, and understanding the kinds of decisions these people make on an everyday basis, is of utmost importance.

Equally essential is to have a framework to assess the data-driven nature of those decisions. Understanding how employee habits operate is key. Once we diagnose the cue, the routine and the reward, we are able to gain power over it. Having a framework for data-driven decision-making also helps us to select the right analytics initiatives and use cases. That means, initiatives that help to transform, augment, objectify or improve those core decisions. That is why I would say that data culture is a design principle. When selecting and designing your data and analytics initiatives, be sure to focus on the (internal) end consumer of the insights and the decisions he/she makes.

Finally, measuring data-driven decision-making allows us to monitor and track whether our investments pay off and if our company is moving in the right direction.

"Building a Data Culture should be approached as a design principle. It is a matter of staying close to decision-makers' priorities when designing your analytics initiatives."

Who is or should be responsible for building a Data Culture? Could you describe the key stakeholders involved?

Building a Data Culture definitely starts at the top. The CEO, who is steering the ship, should lead by example and set the expectation that data-driven decision-making becomes the norm. His/her behaviours, actions and practices propagate downwards and can catalyse substantial shifts in company-wide norms. If your CEO does not breathe or speak data, it is going to be a major challenge to get the rest of the organisation on board.

"Building a Data Culture starts at the top. It depends on leaders who are willing to invest and set expectations around the use of data in driving decisions."

However, everyone in the organisation has a role to play, which is part of the complexity. Most problems with data and value generation are not limited to a single team or line of business. They require data from multiple systems and collaboration across many people, from IT, actuaries, data analysts, underwriters and so on. Mixing up those very different areas of expertise to achieve a joint outcome definitely requires a new way of working. It may create tension and often involves some finger pointing when it comes to roles, responsibilities, and accountability.

Breaking down Chinese walls, bringing these different people together and building an ecosystem that enables them to work together in a systematic and transparent way, is crucial to create or increase levels of trust and boost collaboration. In a Data Culture, employees have a shared purpose: extracting maximal value out of data to increase the efficiency, effectiveness or competitiveness of the organisation. When working together toward that goal, people amplify the impact they and the organisation can have with data. It requires a huge amount of discipline but definitely pays off.
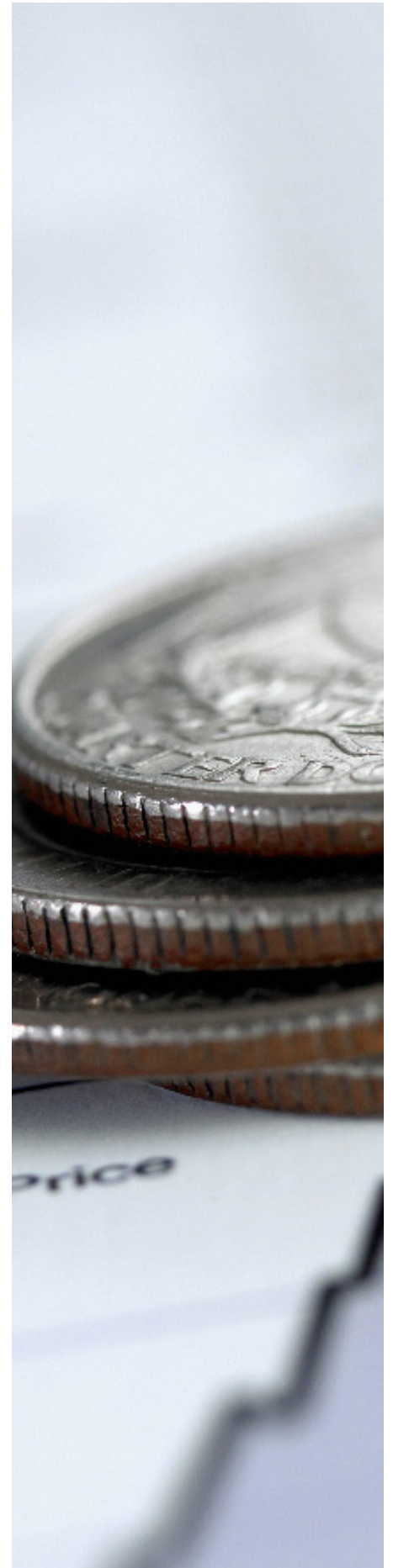
"Building a Data Culture relies on collaboration and trust. They are essential to creating an ecosystem that allows different people to systematically work together toward a common objective."

Many companies have advanced their analytical capabilities rapidly in the last few years, but many are just getting started. What advice would you provide to them in terms of establishing a roadmap? Is there a particular starting point you would recommend?

My number one advice would be never to start a data or analytics initiative until you have the full commitment from the business to embed your solution into the business processes. If you do not have their commitment to move from point A to point B, do not start. Commitment to achieve a certain objective does not come along the way; and it doesn't exist if it doesn't exist at the start. It is a matter of connecting to people's priorities.

Thank you for these relevant insights, Sudaman!

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