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8 Reasons Data Projects Fail

Enterprise data analytics can offer a wide range of benefits: but most fail before implementation is completed. What are the reasons for failure, and how can your project be successful?

Data analytics are a priority for organizations of all sizes - in fact, in a recent survey¹, 53% of CEOs said that big data analytics was a major priority – up from just 17% in 2015. The massive surge in interest is motivated by the benefits that are associated with implementing analytics for business intelligence. These benefits include:

Top Benefits Reported to HBR

The most important benefits provided by data analytics implementation as reported to the Harvard Business Review.

82%

Improved Quality of Decisions

76%

Improved planning & forecasting

73%

Improved information consistency across the enterprise

Low-quality, Inconsistent data

Data analytics is dependent on the idea of ‘garbage in, garbage out’ – a simplified way of saying that analytics results can only be as good as the information that is fed into the system. Research from Gartner³ found that poor data quality is the reason for the failure of 40% of business initiatives; while KPMG⁴ found that 84% of CEOs are concerned about the quality of information that they are using to make business decisions.

Bad data, that includes inaccurate, irrelevant, obsolete information will skew results, and undermine findings as well as confidence in the program overall. To overcome this issue, ensure that your analytics program includes data management for proper cleansing of data.

Siloed Data

Siloed data is as detrimental as bad data – information that, due to lack of organizational transparency or incompatible format, remains separated. Data that is siloed makes it difficult to achieve analytics success, as it reduces the credibility and quality of data and makes it challenging to gain the kinds of insight that are a primary driver of analytics program implementation.

To combat data silos, a company implementing analytics should look at a platform that provides robust integration and centralization of data. Data harmonization is one of the central tenets of data management, and one that will have a lasting effect on the long-term success of an analytics program.

The Wrong Technology / tools

Technologies that were at the forefront of business intelligence a decade ago can be difficult to integrate with large-scale data analytics. Old-school BI was often based on a system like an ERP or CRM, and hosted in on-premise data centers; while most modern data analytics programs are cloud-native, making information difficult to integrate.

Moreover, predicting IT infrastructure requirements at the outset of a data analytics project can be difficult. Exponential data growth challenges infrastructure capacity, so it is critical to be certain that analytics tools, and data management, are scalable for current and future needs.

Lack of Expertise

A recent report from LinkedIn[5] showed a shortage of more than 150,000 data scientists, with experienced data analysts particularly difficult to source in large cities. There is a growing gap between demand and availability of skills is holding back data analytics projects, as there are not enough skilled candidates to design and implement projects successfully.

Nationally,
we have a shortage of
151,717
people with data science skills

34,032
New York City

31,798
Los Angeles

31,798
San Francisco Bay Area

Unengaged or Absent Stakeholders.

A lack of support from key stakeholders throughout the organization represents a major impediment to data project success. Research from McKinsey[6] found that ensuring support from senior management was the most significant reason for the success of analytics programs at high-performing companies; and the lack of support was the most significant reason for the failure of analytics programs at low-performing companies.

Implementing a data analytics program is a resource-intensive, high-visibility project that can take a long time to complete. The support of key stakeholders throughout the organization ensures that interest in the project is sustained, even in the face of challenges or roadblocks. It also improves communication, which is key to organizational buy-in across different departments.

Setting Realistic goals

The benefits of data analytics are well-publicized, driving adoption for business intelligence and analytics programs. However, it can be very difficult for companies that are new to large-scale data analytics to articulate, or visualize, what the end product will look like. There is a difficulty in setting up the framework for gathering and managing raw data, creating an analytics program, and tying it to the actionable insights and practical, and measurable parameters that managers expect.

Without a clear statement of program goals, expectations may be unreasonable, and difficult to manage. Moreover, different stakeholders may have competing priorities for the analytics program, resulting in a lack of communication and increased competition.

User Adoption Issues.

For the ultimate success of a data analytics program, it must be used on an ongoing basis to create business intelligence for actionable insights. However, according to some estimates [7], the average adoption rate for business intelligence programs is approximately 22%. This means that post-implementation, almost 4 out of 5 employees refuse to use the analytics programs that have been implemented.

Support from key stakeholders is one way to guarantee that data analytics programs are used by the business. Another is to consider the user experience: will the analytics program provide a positive user experience for the different types of users, helping to increase overall adoption? The user experience can be improved with training and support, as well as an intuitive, uncomplicated, easy-to-use user interface.

Analytics adoption rates better in smaller companies

Small Companies

26%
or Under 100 Employees

Medium Companies

12%
or 101 to 1000 Employees

Large Companies

7%
or over 1000 Employees

Long Timeframes

One of the biggest problems with successfully implementing a data analytics project is the need for a large investment of resources up front, with a long project timeline, and only a vague description of what the eventual outcomes and business value would be.

Moreover, data is most valuable in the moment – the longer it remains unused, the less useful it becomes.

With an extended timeframe, every challenge becomes more difficult to overcome; stakeholders lose interest and confidence in the project; it becomes less of a priority; and companies become less likely to continue investing time and money in data analytics.

Data analytics projects offer companies the opportunity to achieve enormous benefits – improving revenue, sales, and customer

satisfaction, streamlining business processes, and identifying trends and opportunities for growth.

In a recent survey [8], companies that implemented data analytics for business intelligence reported faster reporting, analytics and planning (67%), better business decisions (49%), and even improved employee satisfaction (43%). These, and many other business results, will continue to drive interest in data analytics programs.

If your company is considering implementing data analytics for business intelligence, ensure from the outset that the main reasons for failure have been considered, and the foundation laid for the success of the project. Ensure that your project is one of the 13% that succeed, rather than the 87% that fail.

Sources

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