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CONSULTING

EMBRACING A HYBRID

DATA GOVERNANCE

STRATEGY: BALANCING

CONTROL AND FLEXIBILITY

The history of [data governance](#) reflects the evolution of data management practices, regulatory requirements, and technological advancements over the decades. Governance over data originated organically from the analysts, as there was a need identified for consistency to improve data quality and analysis efficiency. This led to a very decentralized strategy throughout organizations.

Initially, data governance emerged in a decentralized manner, where the responsibility for managing and enforcing data governance policies, procedures, and standards were distributed across various departments or business units. Each unit managed its own data according to its specific needs and practices.

As [data management practices](#) evolved, organizations recognized the need for a more structured approach, leading to the adoption of centralized data governance models. In this model, a single, central authority or team is responsible for defining, managing, and enforcing data governance policies, standards, and procedures across the entire organization.

Decentralized Data Governance vs. Centralized Data Governance

Below, we explore both the benefits and challenges of decentralized and centralized data governance:

Benefits of Decentralized Data Governance:	Benefits of Centralized Data Governance:
▪ Flexibility: Business units can tailor data governance practices to their specific needs, leading to more effective data management. ▪ Agility: Faster decision-making and implementation of data-related initiatives within individual units. ▪ Innovation: Encourage innovative approaches to data management as units experiment with different tools and practices. ▪ Engagement: Higher engagement and accountability at the unit level, as teams have more control over their data governance.	▪ Consistency: Ensures consistent data definitions, standards, and practices across the organization, reducing data siloes and inconsistencies. ▪ Compliance: Easier to ensure and demonstrate compliance with regulatory requirements, as all data governance practices are centralized and standardized. ▪ Data Quality: Improved data quality and accuracy through centralized data quality management and monitoring. ▪ Efficiency: Streamlines decision-making and policy enforcement, reducing duplication of efforts and resources. ▪ Accountability: Clear roles and responsibilities, with a central body accountable for data governance outcomes. ▪ Strategic Alignment: Aligns data governance initiatives with the organization's overall strategic goals and objectives.

Challenges of Decentralized Data Governance:	Challenges of Centralized Data Governance:
▪ Inconsistency: Risk of inconsistent data standards and practices across the organization, leading to data silos and integration issues. ▪ Compliance: Ensuring regulatory compliance is more challenging due to varied practices across units. ▪ Coordination: Requires strong coordination and communication between units to maintain overall data governance alignment. ▪ Resource Duplication: Potential for duplicated efforts and resources in managing data governance across different units.	▪ Bureaucracy: Risk of creating bureaucratic processes that may slow down data-related initiatives. ▪ Resistance to Change: Potential resistance from departments or business units accustomed to managing their data independently. ▪ Scalability: May face challenges in scaling data governance efforts in large and highly decentralized organizations.



The Modern Approach: Hybrid Data Governance

Recognizing that most companies utilize a combination of centralized and decentralized data management and analytics structures, the hybrid data governance model has emerged as a balanced solution that mirrors effective hybrid operations. This model combines elements of both centralized and decentralized governance to balance control with flexibility.

Key Features of Hybrid Data Governance:

A few key features of a hybrid data governance model include:

- **Centralized Framework with Local Flexibility:** A central governance body defines global policies, standards, and guidelines, while local units can adapt these to their specific contexts.
- **Shared Responsibilities:** Governance responsibilities are distributed between the central team and local data stewards, promoting both consistency and responsiveness.
- **Centralized Tools and Decentralized Implementation:** Use of centralized [data governance tools](#) for consistency in data quality, metadata management, and compliance, with local units implementing these tools according to their requirements.
- **Data Stewardship:** Designated data stewards within each department or business unit manage local data governance, reporting to a central governance team.
- **Coordination and Communication:** Regular communication and coordination between the central governance team and local units ensure alignment and address emerging issues.

Challenges of Hybrid Data Governance:

While a hybrid data governance model brings a number of benefits, there are also a few challenges that can arise:

- **Coordination Complexity:** Requires strong coordination mechanisms to manage the interaction between central and local governance activities.
- **Potential for Inconsistency:** Risk of inconsistent application of standards if local units diverge too much from central policies.
- **Resource Allocation:** Requires skilled resources to maintain both central oversight and local autonomy.

Governance always presents a difficult problem for any company, and any solution will come with its own set of challenges to be aware of. However, a flexible hybrid solution allows you to define what works best for your organization and move forward with greater confidence in your data management practices.

Implementing a Hybrid Data Governance Model

For companies looking to implement a hybrid data governance model, we recommend keeping these key steps top of mind:

- 1 **Define Central Governance Framework:** Establish global [data governance policies, standards, and guidelines](#) that all units must follow.
- 2 **Identify Local Needs:** Work with departments or business units to understand their specific [data governance needs and challenges](#).
- 3 **Appoint Data Stewards:** Designate data stewards within each unit responsible for local data governance activities.
- 4 **Develop Local Policies:** Allow units to create data governance policies and procedures tailored to their specific contexts, within the framework of central standards.
- 5 **Implement Governance Tools:** Deploy centralized data governance tools for consistency, with local customization as needed.
- 6 **Ensure Communication and Coordination:** Establish regular communication channels and coordination mechanisms between the central team and local units.
- 7 **Monitor and Review:** Continuously monitor and review governance practices to ensure they meet organizational goals and compliance requirements.



What Do Hybrid Data Governance Practices Look Like?

Below are a few examples of hybrid data governance practices you can adopt within your organization:

- **Data Catalog:** Implement a centralized data catalog where core data assets are registered and documented, while local units maintain detailed metadata relevant to their specific use cases.
- **Compliance Framework:** Centralize the compliance framework to ensure adherence to regulations like GDPR or HIPAA, with local units responsible for implementing specific measures.
- **Data Quality Management:** Set global data quality standards and metrics, with local units executing data quality checks and remediation processes.

Embracing a Hybrid Data Governance Model

A hybrid data governance model provides a balanced approach that can adapt to the needs of various organizational contexts, promoting both governance and agility. By combining the strengths of centralized and decentralized models, organizations can achieve consistency, compliance, and high data quality while maintaining the flexibility to address specific departmental needs.

For guidance on establishing a hybrid data governance model or on our lessons learned from past experiences, reach out to Clarkston; our [data and analytics experts](#) can help.

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