

## MASTERING DATA QUALITY

*Best Practices for Product Data Governance and Successful Pricing Initiatives*



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He has over two decades of experience in General Manager and Sales Manager roles, mainly in B2B organisations in industries such as Graphics, Automotive and Media. He studied Mathematics at the University of Barcelona and holds an Executive Development Program (PMD) from IESE and an Executive Master in Sales & Marketing from ESADE.

His unique blend of experiences in management, Mathematics, and different markets and industries has enabled José to develop and implement successful pricing improvement projects.

José lives in Barcelona, is married, is the proud father of two teenage twins, and is an amateur runner in 1 mille, 5- and 10-kilometre distances.

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### ABSTRACT

The success of pricing initiatives is often hindered by a lack of executive buy-in, resistance to change, and limited resources. However, one critical factor that can limit the success of any pricing project is poor data quality. This article focuses on the importance of data governance in pricing models. It presents best practices for product data governance that can be adapted to different contexts, as well as other datasets relevant to pricing, such as customer information. The author highlights the challenges brick-and-mortar companies face in digitalisation and growth through acquisitions and integrations, resulting in a perfect breeding ground for poor product data quality. The article emphasises the need for consistent product data classification and attributes and the importance of establishing dedicated teams, clear rules, and regular cleansing processes to maintain consistent data content and structure. It provides valuable insights for businesses looking to implement pricing initiatives, highlighting the critical role of data governance in achieving pricing excellence.

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## INTRODUCTION TO PRICING INITIATIVE CHALLENGES

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Pricing initiatives can be derailed by a lack of executive commitment, resistance to change, or lack of resources or investment... the list of possible failure points is long, and anyone involved in implementing pricing projects is familiar with most of them.

However, even within these undesirable scenarios, you can achieve some level of success. For example, if there is no executive buy-in or your budget is very limited, you can always run a small pilot with one business unit and prove the impact. However, there is one limiting factor in any pricing or revenue management project: data quality.

No matter how good your model is, if you are using machine learning or any other type of artificial intelligence, the adage "garbage in, garbage out" always applies.

Pricing models are fed with many different data sets: transactions, customers, competitors, products, and weather forecasts...

During a pricing conference, I conducted a survey: product data was a headache for 71% of the audience. In this article, we will cover some best practices for product data governance that can be adapted to other contexts.

In most cases, brick-and-mortar companies are lagging in digitalisation, as the focus is on other parts of the business, mostly on ensuring smooth transactions. On top of that, acquisitions and integrations are part of the growth path, so we have the perfect breeding ground for a product data mess!

## MASTERING DATA QUALITY: ENSURING CONSISTENCY AND QUALITY IN PRICING MODELS

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Building and maintaining product data consistency is crucial for organisations to maximise the potential of their data and make informed decisions. Ensuring that all departments and business

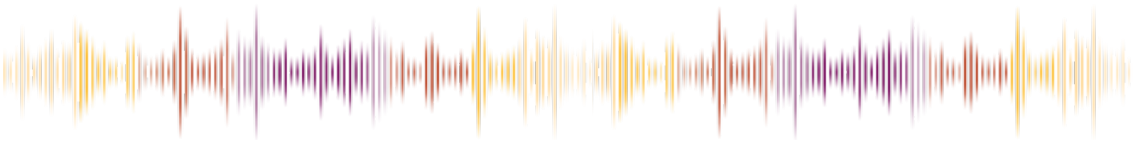
units are on the same page when it comes to product data can be a challenging task. However, it is essential for driving growth and maintaining a competitive edge.

### 1. THE IMPORTANCE OF PRODUCT DATA CONSISTENCY

The entire company needs to speak the same language when it comes to product data. Regardless of the business unit, geographic region, or department, a part must always have the same SKU ID, Period. Sounds basic, right? Go and check in your company. You might be surprised.

Similarly, SKU aggregations to build meaningful and relevant hierarchies must be the same, as well as units of measure and conversions between different units.

I remember one sales organisation that decided to classify 25-yard rolls as 22 meters instead of 22.86 meters because it was "easier to manage in the warehouse", so imagine how tricky it became to answer the simple question "How many meters have you sold during the last 12 months?"



## 2. KEY REQUIREMENTS FOR PRODUCT DATA EXCELLENCE

Based on personal experience and successful company practices, three basic requirements can be identified for product data excellence:

1. A dedicated team responsible for data governance and feeding data into all enterprise systems.
2. Clear (and strict) rules for product classification and product data attributes.
3. Processes in place for regular cleansing and maintenance to keep data content and structure consistent.

## 3. CHALLENGES IN DECENTRALIZED ORGANIZATIONS

We often see in decentralised organisations (or with very powerful business units and companies that grow and extend via acquisitions) that product data is managed at a local level, in siloes where each subsidiary does its best, but without a common strategy and processes. This will not work in the long term and create recurring challenges.

## 4. BUILDING CONSISTENCY ACROSS BUSINESS UNITS: INCLUSIVE APPROACH TO PRODUCT DATA GOVERNANCE

Consistency, with everybody talking the same language when it comes to product attributes and aggregation, is crucial to:

- Take advantage of larger datasets that are required to feed segmentation and classification models, and
- Build meaningful and actionable reports, especially when consolidating information from different business areas.

To build consistency, you need to establish some common ground and accept that, whatever you create, you are not going to satisfy everybody.

Nevertheless, this does not mean you must establish your product data requirement and processes in a “data lab” and cascade it down.

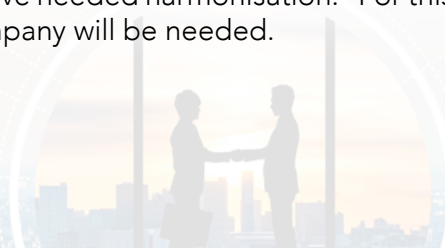
The best practice here is to collect requirements and inputs from the data users but also deep-dive and make sure local organisations and business units are part of the process.

It is not always the case, but most of the time, there are good reasons why people operate in a certain way. Just because a certain product aggregation makes sense in, let's say, France due to local market specificity does not mean it can work in Australia or Belgium as well.

The best approach here is to listen to everybody who can contribute, gather best practices, ideas, and requirements, identify the highest common denominators, make a case for why and how the initiative will help the company achieve its goals, and explain to all parties what is in it for them.

## 5. LEVERAGING TOP MANAGEMENT SUPPORT FOR SUCCESSFUL IMPLEMENTATION

Persuasion, good communication skills and making everybody feel part of the process are critical, but from time to time, with some individuals or departments, your own efforts will fail, and you will need reinforcement and support from the top management to drive needed harmonisation. For this, support from top executives within your company will be needed.





## IMPLEMENTING PRODUCT DATA GOVERNANCE: CENTRALIZATION, CLEANSING, AND SCOPE MANAGEMENT

In the world of business, data is king. However, having access to data is not enough to drive growth and success. It is what you do with the data that matters. That is where a product data “dictionary” and “grammar” come in. The terms “dictionary” and “grammar” are being used metaphorically to represent the structure and organisation of product data. In this metaphorical sense, the “dictionary” refers to all the individual fields and data attributes that need to be identified and de-

fined, while the “grammar” represents the rules and guidelines governing how these fields and attributes should be structured and interact with each other.

Establishing a clear and comprehensive foundation for organising product data is crucial for effective data management, and the use of a “dictionary” and “grammar” can significantly aid in achieving this goal. However, once you have built this foundation, what comes next?

### 1. ESTABLISHING PRODUCT DATA GOVERNANCE ROLES AND BUILDING YOUR TEAM

Once you have built your product data “dictionary” and “grammar,” it is time to determine who will be responsible for making decisions related to product data and who will be responsible for managing the data in the system. There are different approaches to this, but one that has demonstrated success is centralising product data governance to maintain consistency and efficiency in data entry. As a result, you should prepare to ask for the necessary budget and create a team to handle these responsibilities, which will need proper training.

### 2. IMPLEMENTING ROBUST DATA CLEANSING PROCESSES AND MONITORING QUALITY METRICS

Once you know how and who will manage your product data, you also need to put robust cleansing processes in place, working at two levels: quality and legacy. Because once you establish how to manage your data, you need to decide what to do with the already existing and probably not compliant data according to new standards.

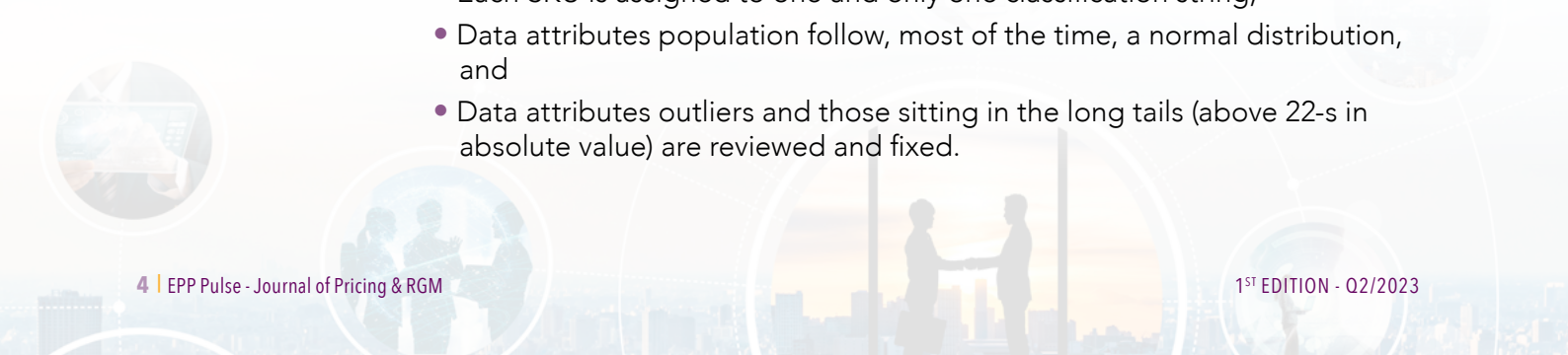
No matter how well you have defined your rules of engagement to classify and define product attributes, and no matter how well the team is trained, there will always be mistakes. That is a fact, and I have seen pricing initiatives derailing after a promising start due to product data quality issues that generate a lack of trust or even the impossibility of measuring and tracking the impact.

You need to define data quality metrics to track consistency and allocate time to make regular spot-checks.

The rule “it should be OK as nobody is complaining” does not work here.

Basic data quality analysis should ensure that:

- Each SKU is assigned to one and only one classification string,
- Data attributes population follow, most of the time, a normal distribution, and
- Data attributes outliers and those sitting in the long tails (above 22-s in absolute value) are reviewed and fixed.







### 3. MANAGING LEGACY DATA AND DEFINING THE SCOPE FOR PRIORITIZING PRODUCT DATA:

Legacy data management and cleansing is a large and complex topic requiring another article to scratch its surface, so let's cover the most basic principle: defining the scope. You cannot fix everything in one go.

You might need to start with some specific product ranges or business lines, but if this is not given, common sense is always a good starting point.

Identify the 20% of your products that generated 80% of your sales during the last 24 months so you can work with the current year and compare with the previous one, and then make sure all those products follow everywhere in the "dictionary" and the "grammar" you have already established.

From that, expand the scope by adding more products in waves until you cover 99% of your revenue for the last five years.

## THE FINAL PRINCIPLE: DATA FIRST, THEN PRICING

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One final concept that should be carved in stone and is valid for all companies, all industries and all kinds of pricing or revenue management initiatives is that one:

Only start your pricing project if you have got good data.

Good 'data hygiene' processes are needed to make sure that the one-time cleaned-up data does not immediately degrade.

If not, fix it first.

Not the other way around, not in parallel.

First, data, then pricing.

## CONCLUSION

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In conclusion, the success of any pricing initiative is highly dependent on the quality of data fed into the models. By establishing transparent processes and rules for data governance, ensuring consistency, and emphasising the importance of data quality, businesses can overcome the challenges associated with data management and move forward with effective pricing initiatives. Always remember that data quality comes first, and pricing initiatives can only follow once the foundation of reliable data has been established.

By implementing these strategies, businesses can unlock the true value of their data and set themselves up for long-term success.





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