Journey from an Instinct-Driven to an Insight-Driven Organization

While recent good news regarding select economic indicators lends hope for the future, the global economic crisis continues to negatively affect the Consumer Goods industry. The result of the last three years differs depending on geographic markets, consumer segments, categories, retail channels and price tiers, but the breadth of the crisis has impacted every manufacturer in three notable ways:

- The real and perceived loss in confidence produced a rapid and dramatic shift to value consciousness which has affected attitudes, habits and practices in all consumer segments
- The shift to value consciousness has resulted in broad and deep changes in shopping behavior
- Changes in shopping behavior have impacted attitudes regarding retailers; how consumers regard brands; and even how households view dining outside the home, nutrition, entertainment, etc.

In another two to three years hindsight will make it easier to identify organizations within the Consumer Goods industry that were negatively or positively impacted by the global economic crisis, pinpoint those that have grown weaker/stronger and to recognize decisions which contributed/detracted from long-term success.
Challenges Instinct Alone Cannot Meet

Manufacturers whose organizations remain largely instinct driven face three key obstacles to developing the insights needed to understand how the crisis-driven changes in consumer behavior will impact the economic recovery:

• **Competitive advantage is changing.** Typically, instinct-driven organizations relied on proprietary information provided to a select few. The combination of advances in information technology (increased connectivity, advanced analytics) and increased adoption of industry and technical standards has led to a shift from closed and proprietary to open and collaborative. With information so readily accessible and more productive use of it so easy, access to data has greatly diminished as an area of competitive advantage.

• **Work is changing.** Instinct-driven organizations often rely on institutional knowledge possessed by on-staff subject matter experts rather than on inquisitive, probing groups collaborating across organizational silos. This open approach to information-sharing is changing the nature of work itself, making it less structured, more interactive and increasingly collaborative. It rewards the ability to process disparate sources of information and understand the cause-and-effect relationships which lead to insights, and leverage advances in information technology to drive change, both internally and externally.

• **The workforce is changing.** Most instinct-driven organizations evolved from a culture which is counter to how the new generation of the workforce has grown up. Recruiting, hiring and retaining a workforce with the unique skills and tacit understanding needed to sustain the new, collaborative nature of work requires a different culture, operating model and platforms.

Preparing Your Organization to Move Forward

Whether instinct driven or insight driven, in the current economic climate every organization faces strategic imperatives common to all manufacturers, and should be asking themselves:

• How will we evolve from insights based on the traditional product, channel and geographic lens to integrating information around consumers, need states, shopping trips and product use?
• How will we develop a 360° view of consumers and integrate insights across all interactions?
• How will we connect with consumers as they shift from listening to our brands to listening to each other talk about our brands?
• How will we leverage social media as a research tool in developing actionable insights?
• How will we collaborate with retail partners in influencing in-store behavior?

While instinct may have been sufficient in responding to the challenges manufacturers faced at the start of the global economic crisis, instinct is unlikely to provide the insights needed to address these strategic imperatives going forward.
The Three Keys to Market Advantage

Some believe today’s marketplace represents the new normal while others believe attitudes, habits, and practices will return to those prior to the global economic crisis. Still others think the future is likely to lie somewhere in between. Industry leaders recognize that the current marketplace requires decisive, bold action. The most forward-looking are accelerating their journey from instinct driven to insight driven.

Working with a wide range of Consumer Goods companies, I see clients who have completed this journey, clients who are progressing, and clients who are still almost completely vested in the instinct-driven organizational model. While each situation is unique, I have observed characteristics common to organizations that continue to make progress despite the challenges presented by the global economic crisis:

- **Market leaders are delivering results and enhancing capabilities.** The economic crisis put tremendous pressure on most organizations. While some limited their focus to delivering results, others managed to address the challenges while simultaneously enhancing the business model needed to address the five strategic imperatives mentioned above. To what extent is your organization balancing quarterly results with building capabilities consistent with long-term strategic plans?

- **Market leaders view data as a strategic asset.** While the economic crisis negatively impacted most budgets, some organizations proved to senior leadership that data fuels the information required to develop the insights needed to retain competitive advantage. These companies used the crisis to elevate information to a strategic asset rather than viewing it simply as something needed to run daily operations. Has your organization increased the percentage of the budget dedicated to information management, reporting and analytics?

- **Market leaders regard technology as an investment.** The global economic crisis increased the emphasis on technology. Some organizations solidified their position that technology is a cost to be cut; others saw it as an enabling investment. Awareness, understanding and collaboration were required before the crisis and are more important now than ever; however, the most successful companies acknowledge that the role of technology in enabling these capabilities has changed significantly during the past three years and likely will continue to change at a similar pace.

Have your Chief Marketing Officer and Chief Information Officer partnered to strengthen the company’s competitive position?
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