

An aerial photograph showing a blue and white speedboat moving down a river, leaving a white wake. The river is bordered by a dense, lush green forest on the left side. The text is overlaid on the left side of the image.

Best Practice Guide Five Steps to Adapt to Changing Demand

Innovating in ways which create value for both existing and prospective customers is a key challenge.

Customer satisfaction is a central metric for consulting organizations. But no matter how high this is, it doesn't reveal how existing customers needs are changing, what prospective customers are looking for, or what competitors are planning.

Business leaders are, of course, aware that new technology creates new possibilities, and that competitors will try to move in on popular propositions, offering them at lower rates. Many have views on where the risks and opportunities are in their sector.

But while senior executives may be aware of the need to look at where the market is heading and to identify new opportunities, they may also be too bogged down in the daily activities of running the business to be the experts they would like to be, or to do much about it.

And even where the company has agreed to innovate, money and resources may not be available as they are funneled into what may be an already declining "cash cow" instead of to the sectors that are likely to be tomorrow's star performers.

Having an agreed process helps the management team to grasp the opportunities which are the best fit - those that will provide real benefit at competitive rates for the most appropriate group of customers.

In this Best Practice Guide, we describe five simple steps to adapting to changing demand.

1 Formalize the innovation process

Prioritize innovations which will drive value for customers at competitive rates.

In some growing businesses, this critical area develops in an ad hoc way. It is subjective, and the process for deciding where to take the business next is opaque. Individuals who are more powerful within the business will throw their weight behind specific innovations.


As the business gets bigger, the C suite gets further away from the customer - their 'sixth sense' about what's required is not likely to be a great guide to what the market wants. Instead of pursuing executives' pet projects, it is much more effective to find mechanisms for testing propositions with real customers, iterating and developing them in line with feedback.

But it is also important to remember that innovating in line with the demands of existing customers might risk losing sight of the needs of those who have not yet chosen to become customers. What is their perspective?

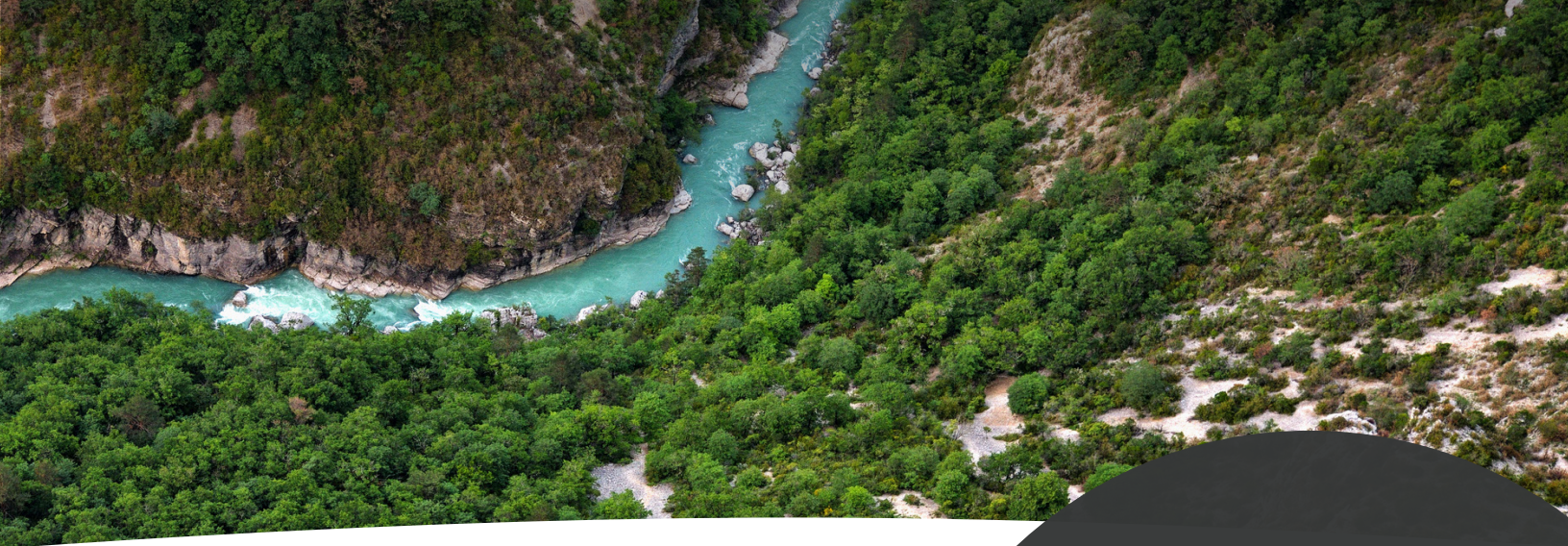
Within the business, people from different departments may emphasize different priorities for development, and the management team will need to choose between them.

A transparent process which links different areas of the business together in a coherent way will help to ensure that everyone understands what innovations are being chosen and why. A strategic approach will select the innovations which fit best with the business's core proposition and values, and which are likely to find the strongest demand from both existing and prospective customers.

Scheduling a regular meeting of stakeholders is an important way to ensure innovation stays at the top of the priority list. Having a strategy and finding ways to measure how the company is performing against it are vital.

A sailboat with a large white sail is sailing on a blue ocean under a blue sky with light clouds. The boat is positioned in the lower left quadrant of the image.

Having an agreed process helps the management team to grasp the opportunities which provide value for customers.



2 Evaluate skill sets

Make use of the data created by PSA software to identify skill sets that will be more or less in demand in the future.

We can all think of skills and capacities which a few years ago were highly valued – website development for instance – but which are now much less so.

New technology also creates the potential to find new ways of doing things and new skills emerge which were not required previously (such as experience with creating reports in PSA.)

Looking closely at the data can help to pinpoint areas which may be losing relevance. Using good information intelligently is what gives some businesses a competitive edge.

What are the emerging skill sets that are finding a market? Is there an opportunity to transfer these skills to other members of the staff through training and development?

Looking at long-range forecasts and analyzing the win/loss ratios can also help to identify skill sets for which demand is decreasing before that trend is evident to all.

Using good information intelligently gives a competitive edge.

3 Create new propositions

Look at new developments as an opportunity, not a threat.

Digital transformation is a significant opportunity. It is fueling the growth of consulting businesses – but a few years ago many people expected there to be lots of jobs lost to the digital revolution. Organizations which look at new trends as an opportunity, not a threat, are more likely to be able to exploit new developments to their advantage.

While it might be some years before, for instance, AI takes over many of the tasks that consultants do today, it's important to assume it will happen. Make the assumption and then see what will become possible and what opportunities arise. Could this be a chance to make the services of elite consultants available more easily in areas which have not traditionally been targeted?

Encouraging this way of thinking – one that starts by accepting the change proposition instead of arguing that a particular change (self-driving cars for example) will never happen because of X or Y reasons, encourage the thought experiment of accepting it. Asking “if this, then that, then what?” – is an essential step in the innovation process.

This will likely yield some possible new strategies and propositions – but it is important to be focused on customer value when selecting ones to pursue.

*Head to where your
customers will want
to be tomorrow*





4 Channel key resources towards innovation

Move senior and high-performing individuals into new areas of the business.

Once new offers have been selected, it is important to make sure that the right people are put in charge of them.

What often happens is that the highest-performing and most experienced staff members are in charge of the more mature sectors which typically generate the most profit. Often, this is part of a wider picture where new ideas are not followed up and are forgotten about because of the pressure of daily operations.

But if the innovation process has identified that the market is shifting away from some of the business's core propositions then it is important to act upon that.

Rather than putting the newest hands into areas of innovation and development, consider allocating more senior people. Doing this will help to ensure that more focus remains on these areas and that they have the best chance of success.

When these more senior people report that they need more resources, or if they have to deliver bad news, such as that new propositions need to be fine-tuned or rethought, they are more likely to be heard.

Shift key people and resources towards innovation

5 Commoditize the services the business already offers

Don't try to hang onto existing services for as long as possible – instead deliver them faster to create capacity for new offers.

When dealing with areas where what the business does is being affected by developments in technology or a changing market, rather than trying to hold onto them for as long as possible, managers should be quick to release capacity for new areas of development.

Offering services in these areas more efficiently, at a lower cost, and delivering them more quickly will help to maximize the value to the customer and thereby help to build strong collaborative relationships. It will also help to fend off the competition.

Focus on understanding how the customer's business is being impacted by changes in technology and what they need to solve their problems. This is a sound basis for offering new propositions which will be of value to existing customers.

But it will also free up time and resources within the business to invest in the new areas that the innovation process has identified.



Focus on understanding how the customer's business is being impacted.

Conclusion


Companies which are quick to see the potential of new advances in technology will also be among the first to take advantage of the opportunities they present to create value for customers.

Having a clear and focused process will help business managers to select the strongest propositions and to ensure that the right resources are diverted towards them.

Example: Kainos

Kainos was quick to identify the potential of the human capital and financial management software Workday, developing early expertise around its implementation and adoption. In 2013, they launched the Kainos Smart™ testing platform to help clients automate the testing of their Workday configurations, both before and after initial deployment.

"It's sometimes hard to believe that what started out as excited scribbles on a whiteboard has grown into this tool." said Malachy Smith, head of Kainos' WorkSmart division. Kainos, which has tripled in size since implementing Kimble PSA, has built a successful Workday services division, recently opening offices in Denmark and Germany where Workday has expanded.

An aerial photograph of two small, narrow boats on a body of turquoise water. The boat in the foreground is blue and white, while the one behind it is orange and white. Both boats have long poles extending from their sterns.

Having a clear and focused process will help business managers ensure that the right resources are diverted towards the strongest propositions.