

# Tune to the Market:

## Five Steps to Adapting to Changing Demand

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Innovating in a way which helps consulting businesses to retain and build market share against a backdrop of rapid technological change is a key challenge.

Many managers do their best to keep abreast of new developments: attending conferences, reading papers like this, and watching webinars. Many have views on where risks and opportunities are likely to arise 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 for the business.

It is not possible to base a data-driven innovation process on a home-grown or spreadsheet-based

system. As with the other best practice guides in this series, we assume the reader has or is planning to buy a professional services automation system. Below are five simple steps to using this capability to tune to the market.

1

### FORMALIZE THE INNOVATION PROCESS

**Take a coherent approach. Prioritize innovations which will create a competitive advantage in the business' core market.**

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.

Creating a transparent process means the management team can consider a range of diverse perspectives. That is an advantage. But it is likely that different individuals and departments will emphasize different priorities

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and areas for development, and the management team will need to choose between them.

Having a process is about linking these different aspects of the business together in a coherent way. 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 within its market. A key question to ask is: "How will this give us a competitive advantage?"

Scheduling a regular meeting of stakeholders is an important way to ensure this 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.

## 2

### EVALUATE SKILL SETS

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

Pulling numbers out of the PSA and interpreting them is a way to evaluate how different skill sets are being impacted by new developments.

*Using good information intelligently is what gives some businesses a competitive edge.*

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. 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.

## 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 management consulting firms – 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 when selecting ones to pursue. Leveraging management experience and knowledge of core markets will help to identify those most likely to pay off.

## 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.

## 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. 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.

## CONCLUSION

Companies which are quick to see the potential of new advances in technology and to seize the opportunities they create are more likely to get benefit from them.

Having a clear and focused process will help business managers to select the best areas to move into and to ensure that the right resources are diverted towards them.

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

### Kimble Best Practice 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 introducing Kimble PSA five years ago, has built a successful Workday services division, recently opening offices in Denmark and Germany where Workday has expanded.



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