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# HIGH-IMPACT RESEARCH

THE NEW STRATEGIC PARTNER



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Here are four areas of change needed to transform market research: the management contract, the work, the capabilities and the execution.

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**T**he verdict is in – market research functions need to change. “85% of research leaders are neutral or dissatisfied with the impact they are making in their company.” – ARF survey. “Nearly 90% of blue-chip companies aren’t fully leveraging their market research functions. Less than 45% believe that their market research/consumer insight function provides a competitive advantage or high ROI.” – BCG study of 40 global, consumer facing companies, conducted among researchers and business partners.

“We need to go from insight providers to creative problem solvers, storytellers, disruptive thinkers and visionaries, acting to shape change and light the way.” – Stan Sthanunathan, VP Marketing Strategy & Insights, Coca-Cola.

How can market research (MR) functions increase their business impact? What does it take for MR to become a true strategic partner in the decision-making fabric of a corporation? How can MR proactively sense consumer needs that lead to innovation and drive growth? How can researchers become storytellers who bring the consumer to life, with insight baked into everything they do? How can researchers be trained to think and act like consultants?

**The answer to these questions has four components:**

1. The way we work
2. What we work on
3. Capabilities
4. Relentless execution.

### **1. THE WAY WE WORK**

**Developing a management contract:** Researchers often lament that they are brought in too late, are treated as order-takers, and don’t get a ‘seat at the table’, thus limiting their impact. Business partners criticise researchers for delivering data dumps, or for not making insights relevant for solving business problems. Clearly there is a gap to address, and what’s lacking is a ‘management contract’ for MR. Typically, there is at best a tacit agreement between MR and management about the way MR works with the organisation.

A management contract is an agreement between MR and senior management (C-level), addressing:

#### **MR mission, vision and culture**

- Mission must be about driving business impact
- Is the company open for MR to be ‘disruptive thinkers’ and true strategic partners?

#### **Key deliverables**

- What is MR tasked to do, and for which clients/functions?

#### **Principles and practices for MR involvement and voice**

- When is MR brought in?
- How can MR ensure having an objective voice with management?

#### **Structure, talent and staff development**

- Is talent aligned with deliverables?
- Will the company fund talent and training needs?

#### **Budget process**

- Can MR own the project budget, or some portion (eg, for company-wide strategic issues)?
- How will MR utilise outsourcing?

#### **Measurement of MR contribution, and performance feedback**

- How will MR be evaluated?

The management contract is initiated by the head of MR, who must involve and build support from staff and key clients, review and agree the contract with senior management, communicate with clients and the department, and revisit it annually.

Creating a management contract is breaking new ground, and will be challenging. Most likely, management will agree to some of what’s requested, and MR will have to deliver against this before negotiating to further strengthen the contract. Think of it as a continuous improvement process for how MR will operate and be evaluated.

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## 2. WHAT WE WORK ON

### Driving business impact for strategic issues

"I spend too much time and money researching tactical issues," is a frequent complaint. Budgets get eaten up with tactical and 'validation' research, while strategic issues are addressed using management judgement. Why? Does management not believe MR can help with major strategic issues? Is there a problem with how MR budgets are developed and funded? The answer to both questions is 'Yes', and must be addressed in the management contract.

Execution must focus on bringing thought leadership to strategic issues, including developing 'above the brand' and future-focused knowledge. I've enjoyed success using a research strategic planning process, which builds and funds a research plan, addressing knowledge gaps for major strategic issues. The focus is on strategic issues facing the company as a whole (or large parts of it), not just one brand or SBU. Leading this requires that the head of MR works with decision-makers across the company. I also recommend developing 'above the brand' knowledge by synthesising internal and external information that is available but has not been leveraged.

### Embracing listening

Listening is an emerging discipline that presents MR with an opportunity to leverage a continuous flow of insights. ARF defines listening as, "The study of naturally occurring conversations, behaviours, and signals, that may or may not be guided, that brings the voice of people's lives into the brand." This information comes from consumers talking about brands in their own language at the time when they want to talk about the brand. This is in sharp contrast to survey research, which asks questions in our language and asks consumers to respond in our timeframe. Listening will grow in importance; it will provide fresh insights, and is relevant for functions beyond those that are our usual business partners - such as corporate communications and public affairs.

MR functions must learn how to leverage listening and take a leadership role. There are two dangers. The first is that MR takes a cautious 'wait and see' approach and other functions take a leadership opportunity away from MR. The second is that other functions won't understand how to use listening information appropriately, resulting in misinformation.

### Redefining how we work with research firms

Outsourcing partnerships should be re-evaluated so that combined internal and external resources maximise business impact. Therefore, seek partnerships with research firms that can provide strategic insights, and integrate them as an extension to staff. Maximally outsource research that doesn't require senior internal talent, helping to focus on strategic priorities.

For major strategic initiatives, consider working with management consulting companies. Wherever possible, identify opportunities for outsourcing (including offshoring) to free up internal resources. Partner with company procurement leadership to build buy-in.

Additionally, there are likely opportunities to stop doing low value-added work, and to expand client self-service, focusing on work that creates business impact.

## 3. CAPABILITIES

MR must have a mission and a culture that focuses on driving business impact; it must have the right structure and leadership; the right talent and to expertise, with top notch consulting skills; and commitment to training.

### What does future leadership of the MR function look like?

The top staff will be strong conceptual thinkers; who are grounded in research but not necessarily career researchers; who understand the business; who have the drive to be change agents; and who are great consultants that will be effective with C-suite. They might have MR career backgrounds, but they might come from management consulting companies, or be agency planners, or come from marketing or strategy functions. These leaders need an understanding of research principles, and must be comfortable working with approaches that range from the 'left brain' quantitative analysis of large digital databases and traditional surveys, to the more 'right brain' approaches of 'listening' to social media, ethnography and biometrics.

### Structure and talent

A reassessment is needed to determine the best combination of internal and external sourcing, and to determine the optimal internal structure and staffing model. It starts with evaluating which capabilities, knowledge and activities must be retained internally, everything else being outsourced.

Talent will need to be evaluated against the evolving profile for market researchers:

Mindset	Skills
Change agent	Conceptual
Provocative	Visionary
Curious	Creative
Open-minded	Analytical
Collaborative	Problem solver
Integrative	Storyteller
Future-focused	Relationship builder
	Persuasive

Training, coaching and mentoring will be needed to develop promising researchers into effective consultants who can become strategic partners.

## 4. RELENTLESS EXECUTION

Research must identify rich insights that drive impact by:

- Innovating and being open to disruptive change
- Working collaboratively and integrating knowledge from multiple sources
- Understanding the business and the company's capabilities
- Communicating for and provoking impact, utilising storytelling
- Always raising the bar on performance.

Driving business impact requires rich consumer and market insights. Today, value is 'left on the table' because the MR culture and way of working is sub-optimal. MR functions need



to create cultures that embrace and reward innovation, including disruptive change; and break away from risk-averse mindsets that get locked into best practices and inhibit innovation. The research toolkit has expanded dramatically in recent years, with more opportunity to learn the unexpected, and MR needs to embrace new approaches that fit with business objectives.

One sub-optimal practice is that researchers 'own' projects, and do not usually reach out to others when developing insights. Hence, they don't focus on integrating multiple sources of knowledge and expertise, missing an opportunity for richer insights. Researchers must understand the business and the company's capabilities, ensuring that insights translate into actionable recommendations.

Insights don't add value unless action is taken, and researchers must take responsibility for making change happen. This involves learning to communicate for impact, and taking responsibility for making action happen subsequent to presentations. Researchers need to become storytellers, bringing the consumer to life through visual imagery to make an emotional connection.

### **Continuous Improvement**

Ongoing tracking of business impact, communicating impact with MR staff and senior management, and performance management that focuses on impact – all are needed to continually drive impact.

An 'Impact Log' can be highly effective. Researchers post impact successes to a log that is visible to all research staff, and the log is used for ongoing dialogue in MR and for communication with management.

Building mini-360 evaluations into annual performance appraisals is another effective tool. Evaluations are conducted by senior MR staff using individual interviews (not surveys!).

The first step is to take stock of the current situation:

### **What is the tacit management contract for MR?**

- What are the key issues?

### **How does the MR function spend its time and budget?**

- What percent of the budget is for strategic issues?
- Is MR leveraging Listening?

### **Have outsourcing partnerships been reviewed recently?**

- Do they free up time for strategic issues?
- Do research firms contribute valuable strategic insights?

### **How well-developed is the talent for the function's requirements? Is there a well-developed and funded training programme?**

### **How is MR performing on key dimensions, from the perspectives of:**

- MR staff
- Business partners
  - At the brands
  - Senior management & C-Suite
- Research company partners

Answering these questions will highlight the needs from which to develop a plan for increasing business impact.

One final recommendation. When embarking on this journey, don't try to 'go it alone'. Commitment from senior management is necessary to have a meaningful management contract and support for implementation. With their support, research can deliver lasting, superior business impact. **RW**



### **Ian Lewis**

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