



How Incumbents Are Adapting to Disruption

Incumbents are focusing on people skills, culture and customer centricity when it comes to digitisation.

One competitive factor is defining our popular products and services today: personalisation. Across all elegantly designed consumer devices, AI and cloud-based apps fill our screens with top picks across channels based on our preferences. Customer centricity is winning the day.

Discriminant analysis of the largest ever **IBM Global C-suite study**, which I co-authored, reveals that one factor more than any other distinguishes the market leaders – the “reinventors” – from other organisations; it is the capacity to use data to identify unmet customer needs. According to this study, 8 in 10 reinventors report they’re very effective at uncovering new or unmet customer needs.

As design thinkers, reinventors are always on the hunt for new clues that reveal their customer needs. More than one-quarter of reinventors turn to AI technologies and cognitive solutions to better understand customers and improve the customer experience.

Personalised experiences that make products or services irresistible come from organisations with an inherent empathy for their customers. But these organisations are also acutely aware of the relationship between their employees’ experience and their customers’ experience.

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People skills rising

IBM, in cooperation with Oxford Economics, surveyed over 12,800 CxOs on the external forces they think will impact them the most in the next two to three years. Market factors, technological factors and people skills were a very close top three.

A longitudinal analysis of 13 years of C-suite studies shows the rise and fall of “people skills” as a factor of importance to organisations.

People skills previously focused on the skills gap, especially technological skills. While this remains important, executives now think about the skills gap in a broader way. Investing in talent and developing the skills of management were recurrent themes. Now more than ever, developing talent through restructuring work and culture in new ways is at the forefront of C-suite awareness to keep retention high.

Open and agile

One differentiating factor for the reinventors is their focus on culture and remaining nimble. In fact, 70 percent of reinventors said they have both an open culture and agile operations, leading by a large margin in a few crucial ways. The following characteristics define these factors.

Open culture:

- Leaders actively solicit input from employees to develop new ideas and approaches.
- Teams are empowered to decide the best course of action.
- Leadership promotes collaboration and knowledge sharing across the business.

Agile operations:

- Invest in continuous employee skills improvement
- Have the right network of partners, suppliers and distributors
- Equally reward fast failure and successful innovation
- Have the required people skills and resources to execute the business strategy
- Optimise business processes to support the business strategy
- Adopt a fluid work structure built on cross-functional teams

It is no coincidence that reinventors are also better at using data to uncover unmet customer needs, integrating customer feedback into their planning and design processes. They are more effective at creating detailed customer journey maps than their peers. This enables them to spot crucial fixes to solve customer pain points and deliver superior experiences to keep customers coming back.

Reinventors are also good at moving with the times. They actively scan their environment, which includes analysing their partners and even competitors. Reinventors think of themselves as constantly evolving machines.

While market factors were key to the C-suite's concerns, they pay close attention to people skills and have restructured their organisations, including their cultures, to encourage experimentation and bring new ideas to the fore.

The incumbent's ability to seize this opportunity – to hold onto a marketplace position, and grow and sustain it for the long term -- is wholly dependent on two things. While future leaders' abilities to harness the exponential access to data is important, transformed internal cultures and capabilities that foster innovation and creative thinking are equally so.

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This story first appeared on the **IBM THINK Blog**.

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