



Market Insight as a Catalyst for Performance Improvement

A White Space white paper

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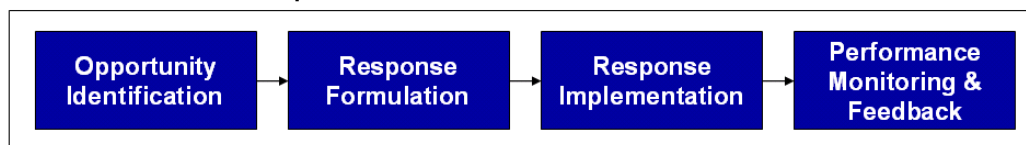
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Introduction: The Need for Performance Improvement

Leading companies do not sit back on their success but continually seek performance improvement to increase their competitive advantage. For more obvious reasons, performance improvement is also of critical importance to struggling companies who may have more potential for improvement, but may be less able to identify and implement the necessary strategies to achieve it.

The ultimate goal of all performance improvement is to either directly or indirectly increase market effectiveness. Market understanding can therefore play a central role at all stages of the performance improvement process.

Generic Performance Improvement Model



Market Insight and Opportunity Identification

Before performance improvement can be achieved, it is necessary to identify where opportunities exist for improvement. By looking internally to company performance information, it may be obvious that a particular department or process is seriously underperforming or that a change in approach could significantly increase market effectiveness. However, this is not always the case. Performance is a relative concept, and so understanding approaches adopted by competitors and out-of-industry companies may reveal opportunities you previously did not realise existed. It may also be the case that your customers feel that you are letting them down in key areas, or that opportunities exist for you to serve them more effectively.

It may also be necessary to identify the costs associated with carrying through performance improvement initiatives. Understanding the costs incurred by other companies who have prioritised similar initiatives could supplement your own internal calculations, allowing a stronger business case to be built for implementation.

Market Insight and Response Formulation

Once a decision has been made that performance improvement is necessary in a particular area, a company has to work out the best way of achieving it. Again, market insight can play a central role in this process. By understanding the approaches adopted by similar companies, including those in other marketplaces or geographies, it is possible to understand which strategies have worked well and which have failed. This may also allow you to gain an understanding of the real cost of improvement and support decision making between a range of different options. Customer perspectives may also add insight, allowing you to base change upon their experiences and priorities.

Market Insight and Response Implementation

Once a performance improvement strategy has been developed, success will depend on the quality of its implementation. This may include factors such as the background and experience of the key staff, the delivery channels adopted, stakeholder management, internal communication of change and the external suppliers used to provide support. You may be able to draw upon the counsel and experience of your marketplace to maximise chances of success. Customers, for instance, may be able to tell you in advance how to minimise the disruption caused by any change which affects them. They may also be able to provide a valuable external perspective on critical success factors, where change has direct impact on the wider marketplace. Competitors and out-of-industry organisations may well have implemented similar strategies, in the process gaining valuable experience and war stories which you may be able to draw upon to your benefit. Knowledge of how others have pursued similar goals, and of what in hindsight they would have done differently, could provide you with a solid foundation when moving along a new and otherwise dimly-lit path.

Market Insight and Performance Monitoring and Feedback

Having successfully implemented a performance improvement strategy, it is generally necessary to monitor its ongoing success to drive continual improvement.

Establishing fair, relevant and meaningful performance metrics is important, but this can be difficult, with many organisations placing too low a focus on quality measures. Aside from the usual range of measures which relate to internal company performance, gaining an understanding of the impact of change on the wider marketplace, including customers and competitors, could be an appropriate measure of the quality of an initiative. Alternatively, insight could be gained from understanding the metrics used by other organisations who have undertaken similar performance improvement initiatives.

Developing and implementing an effective feedback process is the final step necessary to ensure success of an initiative. Once success has been measured, where appropriate, measurement should be used to drive the ongoing refinement of strategy, in turn driving continuous improvement. Some organisations are better at this than others, and you may be able to support the development of your own process by learning from best practice.

Conclusion: Market-Driven Change

Organisations embark upon performance improvement programmes for a variety of reasons, with the common theme being that they are all seeking to either directly or indirectly improve market competitiveness. By fully understanding their marketplaces, including the true demands of customers, and drawing upon the experiences of other organisations who have undertaken similar courses of action, chances of success can be improved, and with it the chances that competitive advantage will be gained and sustained.

For more information on how White Space's market insight can support you with performance improvement, please contact:



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