



An introduction to successful Insight generation

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1. Introduction

No Insight team can be effective without the ability to routinely discover new insights, but if you talk to market researchers or customer analysts you might easily get the impression that the process of generating them is shrouded in mystery. Some use the analogy of alchemy, the science of turning base metals into gold, whilst others describe generating insights as a quest for the Holy Grail.

The IMA believes that it really doesn't have to be this complicated. It should be perfectly possible for intelligent people to draw commercially useful conclusions and recommendations from data and observation without the need for magic spells. So, what is it that most effective Insight teams do that sets them apart?

What is it that sets the most effective Insight teams apart?

1.1 Key areas to consider

As with most aspects of Insight management best practice, there are a number of key aspects to consider if we want to improve the way we generate new insights. The IMA prioritises 6 topics, and these are:

1. Have a clear definition of insights and insight

See section 3 below for a summary.

2. Understand the true purpose of insight

See section 4 below for a summary.

3. Map business issues from the market to the money

See section 5 below for a summary, and for a more detailed discussion, the Insight leader guide *IMP102: How to create joined-up Insight*.

4. Strike a balance between perfect data and agile insight

See section 6 below for a summary, and for a more detailed discussion, the Insight leader guide *IMP103: How to make up the numbers*.

5. Nail the real business issue before you begin new projects

See section 7 below for a summary, and for a more detailed discussion, the Insight leader guide *IMP104: How to nail the business issue*.

6. Adopt detective skills to run Insight investigations

See section 8 below for a summary, and for a more detailed discussion, the Insight leader guide *IMP105: How to approach Insight investigations*.

2. The Insight Roadmap

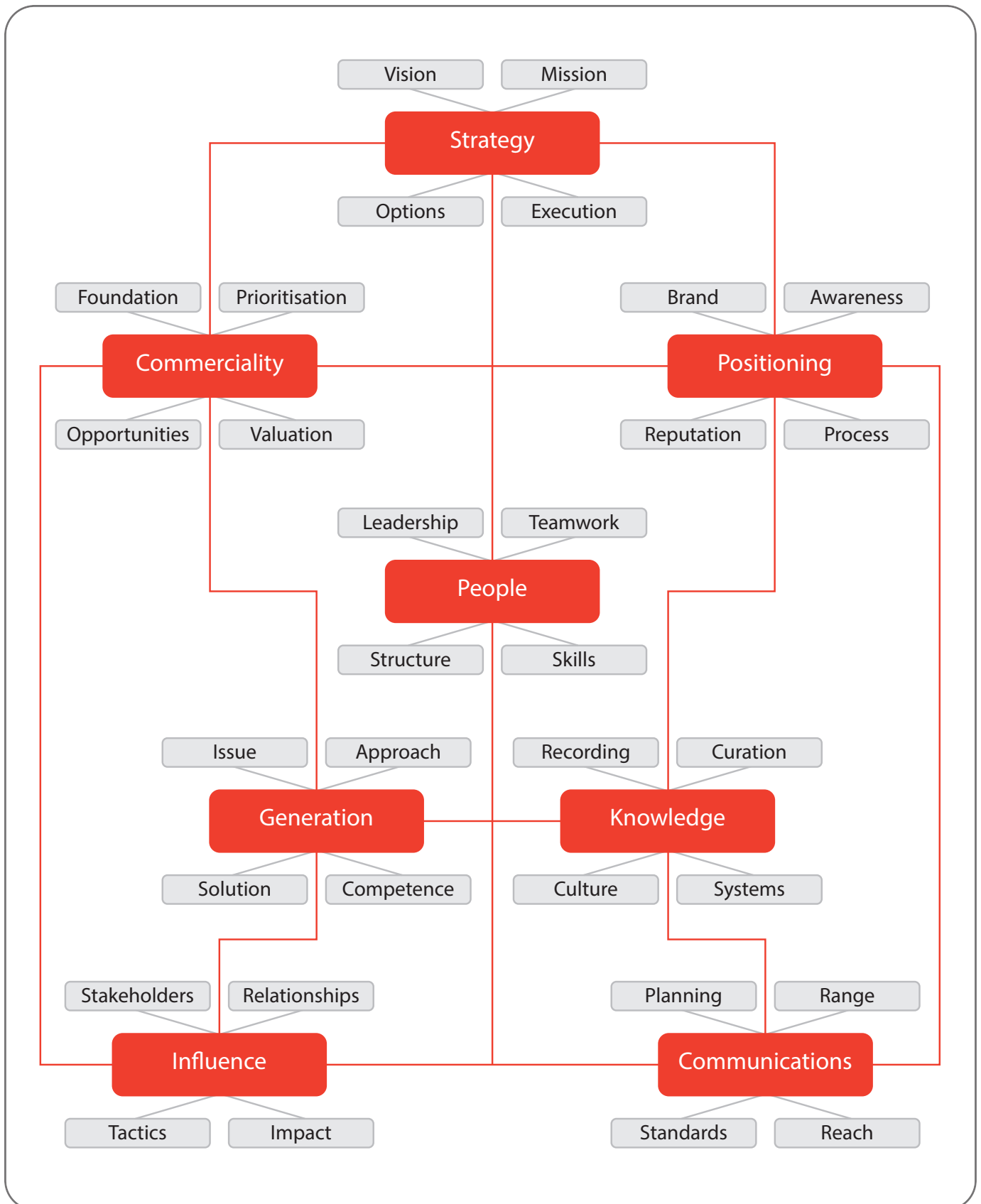


Figure 1: The Insight Roadmap

3. What is insight?

If you're reading this, there's a good chance that you work in an Insight team. So, what are insights?

Insights are contextualised observations...

Insights are not isolated facts or figures, they are findings presented in the light of a wider piece of contextual understanding. Writing this in April 2020, every day we are told how many people have been hospitalised with the coronavirus. Each instance represents a crisis for someone's family, but the daily numbers don't really mean anything as statistics in themselves. They only become insights if we are simultaneously told whether that is more hospitalisations or fewer than in previous days, more or less than our hospital capacity, more or less than expected, or the number seen in other countries.

...about consumer value, behaviour, habits, circumstances, attitudes, market or environment...

The long list in the middle – and I could have added more words to it – reflects the wide range of focus, even for a team specialising in customer and market insight. Any piece of evidence is relevant to our role if it helps us to explain how and why consumers in our market become customers of our organisation, and create or destroy value for it.

It follows that insights can be drawn from a wide range of data sources, including customer databases, other internal data, market data, and consumer research. But the most powerful insights very often come from a combination of sources, and one of the biggest mistakes an Insight team can make is to define its area of activity too narrowly, based on its expertise with one particular source or technique.

...that have the potential to change how an organisation acts and achieves success.

And finally, a key differentiator between insights and information. All progressive Insight leaders agree that insights have to be actionable, and if taken, that action would have to contribute to our organisations' success. Nine times out of ten it's possible, indeed imperative, to quantify that success with a \$ or £ sign; first to prove to ourselves that we have produced valuable insights, and secondly in order to demonstrate the benefit of our recommendations to decision-makers.

Insights and insight

If insights are individual, contextualised discoveries, insight is the accumulated understanding that is built up from many insights. It relates to the process of collating evidence and findings from multiple projects and sources, reflecting on the connections, and investigating the contradictions. It's this bigger picture that really enables corporate Insight specialists to form evidence-based opinions that explain to themselves and others how and why consumers in our market become customers of our organisation, and how they create or destroy value for it.

Insight is the accumulated understanding that is built up from insights

4. Understand the true purpose of insight

In the last section we defined insights and insight. Presumably it follows that an Insight team (as they are usually called in the UK, or Insights team in the US) spends its time producing a combination of insights and insight? I think the best answer to that is: sometimes... Let me explain.

The IMA carries out a lot of capability benchmarking to help organisations in the UK, North America and Europe better understand their Insight capability. What are the most common findings? Well unfortunately, despite best intentions, many Insight leaders when asked about their teams will recognise that they:

- Spend more time producing data, facts and figures than real insights
- Find it difficult to devote much time at all to joining the dots between projects
- React as a service function that responds to research and data requests from other departments
- Lose sight of what happens once decision-makers have received their reports
- Are so busy peddling on the corporate hamster wheel that they don't reflect on the underlying purpose of insight.

That doesn't sound so great, does it?

Insight is an expensive business. It costs a lot of money to acquire data, to manage it, to analyse it, to buy market research from agencies, to employ people with analytical or research skills. It takes a lot of time and effort to recruit Insight teams, to manage them, to supervise their work and support them as individuals.

So, like every corporate department, we have a collective responsibility to make sure that our organisations are getting the best possible return on their investment, otherwise there's a good chance that those resources would be better deployed elsewhere.

The most effective Insight teams therefore concentrate their efforts on 4 activities:

- They investigate business issues and produce real insights
- They invest time in developing an accumulated bank of knowledge and understanding
- They work on their influencing skills and build relationships with key decision-makers
- They professionalise the communication of insight across the entire organisation

But the most effective Insight teams share another attribute. They don't just work at the task level, they reflect on the purpose of insight, and then use this insight about themselves as a reference point and source of inspiration. We look in detail at the topics of Insight strategy, ambition, vision and positioning in other Insight leader guides, but I need to put a stake in the ground at this point.

Too many Insight teams define their role too narrowly, often because they start with the data they habitually analyse, or the research methodologies in which they have most expertise. The most effective Insight teams focus on the output not the input; they see good data, great research, and critical thinking as means to an end, not the end itself.

The most progressive Insight teams recognise that they have an underlying purpose, which is to identify value for their organisation and to drive change within it. To identify value and drive change.

5. Mapping from the market to the money

If our organisations are to perform well, they need joined-up insights. They don't need isolated facts and figures, they need contextualised observations: new discoveries about how customers think and behave that can help our business to achieve its aims. If these discoveries are to have any interest, validity, sense of proportion or importance, they have to be generated in the context of other known truths. Good decisions require joined-up insights; real insights require joined-up thinking.

*Use the MADE
in Insight
model to map
business issues*

In 2004, the IMA published the report that first coined the phrase **Insight Management**. It recommended that organisations should see joined-up insight as a key means of solving business problems and identifying market opportunities. So, what had been separate functions like market research, competitor intelligence and customer analysis, would be far more effective if they worked together. The individual disciplines were important to produce valid inputs, but the ultimate aim was to create joined-up insights and enable our companies to take joined-up decisions.

But 15 years later, how many organisations consistently produce joined-up insights? In its daily conversations with corporate Insight leaders in the UK, North America and Europe, the IMA usually hears one of three stories:

- Market research and analytics are sitting in different business silos with corporate decision-makers forced to choose which department they go to
- Market research and analytics are in the same business unit, but are working on separate sets of projects, with different mindsets, approaches, and contexts for their work
- Market research leaders are taking on some responsibility for analysts or, even more common, analytics departments are taking over market research teams, but neither knows how to get the best out of the other

In each case, the generation of new insights, and the input to corporate decision-making, usually remains fragmented. So, how can we as Insight leaders change our thinking - and our colleagues' working patterns - to create the joined-up insights necessary for better business decisions?

The answer is to reframe our approach to Insight activity. We should move away from a focus on functional disciplines like market research, customer analytics and competitor intelligence, and instead see each of these as inputs to the creation of a holistic story about how consumers in our market become customers of our organisation and create value for it. To do this consistently, we need to adopt a causal model into which we can add every new piece of knowledge.

The IMA calls this the **MADE in Insight** model:

- **Metrics:** the business outcomes our organisation aspires to achieve
- **Activity:** the customer behaviour that directly affects those business outcomes
- **Decisions:** the consumer choices that really drive that activity
- **Environment:** the market context that frames those choices

This model can underpin all our Insight work and help our organisations take joined-up decisions that are MADE in Insight.

6. Strike a balance between perfect data and agile insight

It's a great time to be in Insight. Almost without exception, our organisations now claim to recognise the need for a more data-led, insight-driven approach to decision-making. The demand for greater knowledge about the customer, the decisions they make, and the drivers of those decisions, is ever increasing.

Many organisations are investing more in analytics capability, data and software, and the people with the right skillsets. At the IMA, we believe this represents a huge opportunity for the role that Insight can play in driving our organisations. In the best cases, Insight professionals are now seen as the translators within our businesses, making the links from the data and research to the key decisions.

To support agile decision-making, our senior stakeholders often need answers fast, even if it's just 'something to work with'. So, for every decision, a trade-off needs to be made between perfect insights and agility. This middle ground is where the workable solutions are found.

What can effective Insight teams do to bridge the gap between agile decision-making and good quality insights?

We believe there are 4 key aspects that every Insight team should explore:

1. We need to understand the difference between accuracy and precision, and know when it's better to quote a less exact figure than supply a spurious level of precision
2. We should become experts in 'back-of-an-envelope' thinking at the start of our projects to understand the scale and to estimate the size of the prize
3. We have to learn how to handle big numbers by putting them in context and seeing the bigger picture
4. And we have to practice, practice, practice to improve mental maths skills, not to qualify as higher-level mathematicians, but to find shortcuts to work out rough answers quickly

How do these approaches help Insight teams to have more impact? They help us to develop better perspective, enhance our agility, and give us greater confidence and credibility with decision-makers.

At the IMA we are great fans of one book in particular that has informed our thinking on this topic: *Maths on the Back of an Envelope* by Rob Eastaway. In the Insight leader guide *IMP103: How to make up the numbers* we will draw on some of the examples given in Rob's book and then describe the implications for Insight teams. But reading the Insight leader guide is no substitute for reading the book itself, and we wholeheartedly recommend that you buy a copy for your organisation.

7. Nail the underlying business issue

Many Insight projects fail because they start in the wrong place. Our analysts and researchers take a request for information – information that somebody else believes to be relevant to one part of an issue - and dutifully conduct research or analysis to find that data. If our teams want to generate real insights that solve business issues, we have to move away from taking data requests and research briefs. We have to change our mindset and improve our ability to nail the underlying business issue that needs to be solved.

The IMA recommends a 3-step **RED** process to anyone who wants to nail the underlying issue:

Reflect: Before we respond to requests from stakeholders, let's stop and think. What's the context for the question being asked? What do we know about this market, customer segment, brand or product from previous analysis? What do we know about the revenue and costs associated with it? What has our company tried to do before in this space? What is it trying to do now?

Engage: We cannot generate insights in a vacuum, we need to speak to business decision-makers. The stakeholder who asked us for the new research might have a clever plan for how they are going to use the new data to help them to solve a problem or a seize a new opportunity. Or they might be passing along a request from their boss, which has probably gone to other departments as well, sowing the seed for contradictory data and a confused strategy. You decide which is more likely in your company!

But every member of the IMA has found that they can generate better insights by talking to decision-makers, probing their assumptions, providing context and challenge to the way a problem has been framed.

Diagnose: Identify the underlying issue, just like a doctor or a management consultant. The IMA loves the SCQAB model for structuring Insight projects, based on Barbara Minto's SCQA model for training management consultants. Let's consider this tool in more detail.

Adopting the consultant's approach:

S is the background **situation** relating to a market, customer segment, product or channel

C is the **complication** that has arisen, leading to the perceived need for new insight

Q is the key, underlying business **question** that emerges from **S** and **C**

A is the **answer**, the Insight team's evidence-based opinion and recommendation

B is the **benefit** available to the business if it follows the recommendation

*Invest time
in nailing the
underlying
business issue*

8. Adopt detective skills to run Insight investigations

Effective Insight teams adopt a common mindset regardless of whether they are data analysts, quantitative, qualitative or desktop researchers. It's the mindset of the detective.

There are 4 broad stages involved in every Insight investigation, but the sequence can vary because of the iterative nature of good Insight work. Every time we see a piece of evidence we should be asking, 'What? So what? And now what?':

- What is going on here? What is this piece of data telling us that we didn't know before?
- So, what does that now mean for our understanding of the topic and are there implications for our business?
- Now, what do we look at next? Where does our investigation go from here? Or what should our business do differently?

Stage 1 - Generate hypotheses: Having nailed the business issue, most good analysts and researchers will then spend some time generating hypotheses. These are educated guesses about what the answer to the underlying business question might be. What might be the best way to increase sales or reduce customer attrition? How might we best spend our advertising budget or improve customer satisfaction?

Stage 2 - Explore the evidence: For many people in Insight this is the fun bit. Finding new database variables, hearing views expressed in a focus group, identifying fresh perspectives using a new research technique. Good Insight specialists have to display curiosity about customers, markets and their own business. The urge to find out new things, identify patterns that nobody else has seen, make a connection that suddenly makes sense of customer behaviour... these are a few of our favourite things.

Stage 3 - Interpreting the evidence: Consultants sometimes talk about 'diamond-shaped' thinking: you start with a simple view of an issue, then your comprehension of the different aspects grows as you investigate it. But you have to reach a point where you turn a corner and focus on the manageable number of aspects which are going to form the basis of your recommendations. In reality, this process doesn't just happen once in the course of a project, it happens multiple times at different levels. We are constantly casting our net, hauling in the fish, discarding the ones we don't want, then starting again.

Stage 4 - Develop an opinion: This final stage is an uncomfortable one for some people. We probably all know analysts who would rather present us with a table of data and leave us to form a view of the 'so what and now what'. If you have some of these people in your Insight team, a good development step can be to ask them to identify and evaluate a small range of options. This can feel safer than having to come down on one side of the fence or another about what should happen next. And it can also be a canny way of persuading stakeholders to buy in to your findings.

Insight generation: checklist

Here is a short summary of the key points made in this Insight leader guide:

- Insights are contextualised observations about consumer value, behaviour, habits, circumstances, attitudes, market or environment that have the potential to change how an organisation acts and achieves success
- Insight teams should focus on 4 key tasks: generating new insights, accumulating knowledge, influencing decision-makers and communicating insight
- Effective Insight teams recognise that the true purpose of insight is to identify value for their organisations and drive change within them
- The MADE in Insight model can be used to map business issues from the market to the money
- The place that most research and analysis projects are likely to go wrong is before they have started, so invest time in nailing the underlying business issue
- We should adopt a detective mindset to run Insight investigations, generating hypotheses, exploring evidence, interpreting the evidence and developing opinions

About the Insight Management Academy

The Insight Management Academy is the world's leading authority on transforming corporate Insight teams. Over the last 15 years we have helped over 1000 organisations on 3 continents to use Insight more effectively to drive change and create competitive advantage.

We provide our members with inspiration and guidance through conversations, benchmarking, training, consultancy and publications.



About the author

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James Wycherley joined the IMA as CEO in May 2015 after 10 years as Insight Director at Barclays Bank. He is regarded as an expert on Insight strategy, analysis, and communication. James has delivered consultancy and keynote presentations in Europe, North America, India, Australia and the Middle East.

About this guide

This Insight leader guide is part of a series published by the Insight Management Academy to define best practice in all aspects of Insight management. It is one of five that look at how to generate new insights.

It is based on extensive research and on-going conversations with our corporate members, as well as the practical experience of the directors and advisers who work with us.

The IMA's Insight forum has met over 60 times in London and Manchester, and at each meeting the group has explored a different aspect of Insight management. We have now published over 50 detailed best practice reports and Insight leader guides. Taken together, they provide Insight leaders with comprehensive guidance on how to set up, develop and run an effective Insight function.

This guide is part of a series which look at best practice in generating new insights. The set includes:

- IMP101: An introduction to successful Insight generation
- IMP102: How to create joined-up Insight
- IMP103: How to make up the numbers
- IMP104: How to nail the business issue
- IMP105: How to approach Insight investigations

The IMA also offers memberships that include regular conversations and advice on how to transform your Insight team. If you would like a free membership trial, please contact us.

For more information, please email info@insight-management.org