



# THE INSIGHTS REVIEW

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ARTICLE OF THE MONTH: “*Great Attrition’ or ‘Great Attraction’? The Choice is Yours*” - McKinsey

## About this Report

*The Insights Review* by ICG presents timely abstract reviews of the most relevant 'open published' perspectives and research reports from the world's leading branded management consulting firms.

This publication ensures that executives and their internal consultants are exposed to the widest range of high quality ideas, techniques and methodologies developed across the management consulting industry globally.

Relevant insights are identified and classified once only, either in a general category, or by topic alignment to an industry segment or a functional area using our proprietary taxonomy.

## Access to Full Reports

If you find an insight review of interest and wish to access the full report, simply follow the link beneath the title. Where possible, this will take you to the full report. Occasionally, the publisher may require the user to complete a registration or payment process prior to accessing the report.

Links are current at time of publication.

## Access to *The Insights Review* Archive

ICG has developed a significant library of curated reviews and has made these available to executives and internal consultants as a complimentary platform resource.

To access this library please click [here](#).

## Advertising & Co-Branding

ICG prepares *The Insights Review* for its professionals and their clients as an aid to their career effectiveness and development. Each month, it is sent to over 100,000 executives around the globe. It is also co-branded and sent to thousands of executives belonging to leading professional associations.

If your organization would benefit from redistributing, co-branding, or appropriate exposure in *The Insights Review* then please contact ICG's at [production@internalconsulting.com](mailto:production@internalconsulting.com)

## Insight Sources

ICG sources candidate insights for review from the best and most relevant material published openly by (at least) the following branded consulting firms:

- ACC – The Association of Corporate Council
- Accenture
- AT Kearney
- Bain
- BDO
- BCG
- Capgemini
- Deloitte
- Ernst & Young
- FMCG
- Huron Consulting Group
- IBM
- King & Wood Mallesons
- KPMG
- L.E.K. Consulting
- Macquarie University
- McKinsey & Company
- Mercer
- OC&C
- Oliver Wyman
- Parthenon
- Promontory
- PwC
- Roland Berger
- Strategy&



# Message From the Editor,

ICG

This month, my message is how to optimize the quality of any consulting services you are buying. The large firms use several well-established tactics to optimize their business model at the expense of clients who are less careful about the hiring process. Accordingly, we suggest you consider the following aspects of the unique ICG model that are benefits to our clients and to which you can insist your consulting providers adhere. Firstly, don't accept 'any shape you want, as long as it is a pyramid'; at ICG, we allow you to hire just what your project needs, not a leveraged pyramid that the consulting firms need to both train and supervise their people. Secondly, interview all team members and reject ones who don't have excellent experience in what you specifically need. Our model ensures you will always get fit-for-purpose resources, and we encourage you to interview each and every "unbundled" consultant that you assemble into your perfect team shape. Thirdly, as for transparent pricing by each team member. At ICG, the vast majority of all funds goes to the consulting team. Make sure your money is being spent wisely at each level and ask how much is the annual salary of their juniors compared to what you are paying them on an annual basis – you might find you are paying half a million dollars a year for very junior staff. To optimize your spend and use of consultants, we invite you to consider contacting your preferred ICG consultant or nearest ICG hub.

This month, Greg Barnier ([Greg.Barnier@internalconsulting.com](mailto:Greg.Barnier@internalconsulting.com)) our Human Capital Practice Leader, reviewed our *article of the month* '[Great Attrition](#)' or '[Great Attraction](#)'? [The Choice is Yours](#)' by the team at McKinsey.

Following is our current list of some of the most interesting projects this month. If you or your teams might benefit from a confidential and sanitized conversation on any of the below, please contact your preferred ICG professional or nearest HUB to be put in touch with the project team lead.

- Mortgage growth strategy for a leading bank
- Transformation program support for a leading wealth company
- Unbundled risk and compliance support for a leading superannuation company
- Strategy formulation help for a major international mortgage services player
- Payments risk appetite definition for a leading financial institution
- Payments strategy optimization for a leading P&C Insurance player
- Loyalty and recognition program design research
- Product profitability analysis for a major financial institution
- Acquisition and integration support for a major property portfolio
- Customer value proposition development for a major financial services firm
- IT strategy and architecture for a leading education provider
- Operating model design and customer experience pathway blueprinting for a leading medical roll-up
- Future of consumer transportation scenarios for a major motoring organization
- Future business model design for a large scale P&C insurer
- Fintech and payment tech partnership market review and selection for a major utility company
- Consumer data right strategy and partner selection for top 10 financial services company.

For access to all of our projects please go to [www.internalconsulting.com](http://www.internalconsulting.com).

Happy reading and happy internal consulting

**David Moloney**

Global Editor



**David Moloney**

Global Editor

## About

David has enjoyed a stimulating career in the global financial services industry. Unusually for a consultant, he spent the first decade of his career working in banking from retail stores to helping the CEO with consulting firm led transformation projects. Transitioning to consulting via an MBA, he has spent more than two decades serving every segment of the industry in many countries. Importantly, as a global partner at two leading firms, he was well known for developing fresh firm and industry insights and in one firm, was directly responsible for leading the authorship of the most significant global reports for release at the World Economic Forum.

**THE  
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The ICG logo consists of the letters 'ICG' in a bold, white, sans-serif font, centered within a dark blue rectangular box. The background of the entire page is a grayscale photograph of a city street with tall buildings, viewed from a low angle looking up, creating a sense of height and perspective.

**ICG**

# **Cross-Industry Functional Topics**

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**Innovation & Disruption | Cyber Security & Privacy | Pricing | Transformation**

## Cross-Industry Functional Topics

# Strategy


Review by: David Moloney | ICG Global Practice Leader Financial Services | [Contact](#)

## “The Road to Renewal - CEOs Are Confident & Optimistic About the Future as They Look to Drive Purpose-Led Growth & Accelerate Expansion” – KPMG

[VIEW PDF \(23 PAGES\)](#)

So-so annual survey of 1,300 CEOs (or their office managers, who often complete them on their behalf).

‘So-so’ because it’s too “lite”, journalistic in style and substance, and the few conclusions from the data are not cohesively pulled together.

One observation of note is that the top three issues all rank equally and also are the same areas of three of ICG’s most successful Global Partners: Paul Merrick ([Paul.Merrick@internalconsulting.com](mailto:Paul.Merrick@internalconsulting.com)) on Supply Chain, Mike Trovato ([michael.trovato@internalconsulting.com](mailto:michael.trovato@internalconsulting.com)) on CyberSecurity and Tim House ([Tim.House@internalconsulting.com](mailto:Tim.House@internalconsulting.com)) on ESG. Feel free to contact them for much deeper insights on these priority areas. **DM** 




Cross-Industry Functional Topics

## Ecosystems, M&A and Integration

Reviews by: Michael Roch | ICG Global Practice Leader | [Contact](#)

### “Consumer Deals Riding a High Tide” - KPMG

[VIEW PDF \(5 PAGES\)](#)

Short, pithy comment by KPMG on YTD 2021 M&A in the retail sector. An efficient read for those within the sector. **MR** 





Cross-Industry Functional Topics

## Leadership & Executive Development


Reviews by: Wade Azmy | ICG Global Practice Leader | [Contact](#)

### “Every Leader Has Flaws. Don’t Let Yours Derail Your Strategy” – HBR

[VIEW PDF \(3 PAGES\)](#)

This HBR article goes beyond the effects of a leader’s personality on an organization’s culture to address the consequences of personality flaws on strategy formation and execution.


Risk factors like overconfidence, impulsive reaction, controlling tendencies, and feeling insecure are among other personality flaws which can create derailing forces for the leader and their organization.

Leaders need to assess the effectiveness of their strategy execution and ensure that their personality is not a barrier to success. **WA** 

*ICG Leadership conducts comprehensive assessments for senior leadership teams and organizations to support organizational effectiveness and outcomes.*

## “Fast Forward: How Cloud Computing Could Transform Risk Management” – McKinsey

[VIEW PDF \(6 PAGES\)](#)

This is a great article from McKinsey. It is spot-on about where the Risk function needs to focus, and will add real value – which is not by looking in the rear-view mirror. When your reviewer had their first Risk leadership role back in 2006, the Bank CRO at the time would reinforce Mark Twain in that “History never repeats itself, but it does often rhyme.” It is very true that we learn lessons from past mistakes and apply them going forward. However, the most effective Risk functions now are data savvy and data driven. They use this data to apply scenarios and stress test current strategies going forward into the future. In this way, they drive a more forward-focused Risk lens and in doing so enhance organizational resilience. **JS** 



## Cross-Industry Functional Topics

# Human Capital

Review by: Greg Barnier | ICG Practice Leader Human Capital | [Contact](#)

### ARTICLE OF THE MONTH

## “‘Great Attrition’ or ‘Great Attraction’? The Choice is Yours” – McKinsey

[VIEW PDF \(8 PAGES\)](#)

A very well written article from the team at McKinsey regarding the current trend we are seeing in all of the locations in which we operate: “The Great Resignation”. I strongly urge CEOs, CHROs, CROs and Board Directors to take the time to read this one.

McKinsey have identified that at least 40% of employees said that they are at least ‘somewhat likely’ to quit in the next 3 to 6 months. This finding by McKinsey has been widely reported of late. The authors propose that organizations need to understand why rather than jump to knee jerk reactions and initiatives to respond. The authors report that the trend may not be short term and those currently not considering the great resignation may also be at risk.

The exhibits in this article allow the reader to quickly understand the survey responses that support the insights identified by the authors. Exhibit 5 discloses the disconnect that employers have with the issues reported as important to the workforce. Suggestions are provided as to questions organizations should be exploring in order to understand and respond. Thought provoking, evidence based, and strongly recommended for reading! **GB**

## “The Future of HR - Lessons From the Pathfinders” – KPMG

[VIEW PDF \(26 PAGES\)](#)

The KPMG team have drawn on the insights from some 18 HR leaders from around the globe who they consider to be ‘Pathfinders’ to identify three main topics of importance. The article dives deeper into the topics and provides real examples of how the ‘Pathfinders’ are experimenting and forging ahead. The insights are interesting. In addition to the three main topics (read trends), the authors present a view on becoming a pathfinder, and the further rough waves ahead.

CHROs would benefit particularly from not only the examples of the three key topics, but also the skills and capabilities discussed for the re-imagined HR function. This one is worth reading. **GB**




## Cross-Industry Functional Topics

# Human Capital

Review by: Greg Barnier | ICG Practice Leader Human Capital | [Contact](#)

## “What the Insurance Workforce Wants” - BCG

[VIEW PDF \(21 PAGES\)](#)

In this article, the authors draw on global surveys to highlight differences since last year’s data and cross-industry responses for workers in the insurance sector. For those readers short of time, the key trends can be drawn from the summary found following the link above. A more detailed report can be accessed for further reading. The trends identified are not surprising, but are nevertheless important for employers to consider. **GB** 



Cross-Industry Functional Topics

ESG

Review by: Tim House | ICG Global Lead for Sustainability & ESG Subject Matter Expert | [Contact](#)

## “Getting Real - A Blueprint for a Commercially Smart Climate Transition” - Oliver Wyman / Climate Group

[VIEW PDF \(38 PAGES\)](#)

Any robust, credible company sustainability/ESG strategy must now include a plan for how the business will transition to Net Zero Carbon emissions – it is a mainstream expectation, and the scrutiny will only intensify. This report from Oliver Wyman suggests a framework for doing just that. At the center of their approach is strong, committed leadership – which itself is a critical dimension of sustainability – with a subsequent focus on three areas that include nudging customers towards a greener experience through a share of the risks and rewards, tilting the whole business system towards sustainability (not just parts of it) and accessing sustainable finance.

The authors’ approach certainly merits consideration if you are yet to embark on producing a Net Zero Carbon plan, and of course it will need to be adapted to circumstance. But two key principles stand out as sound advice for CEOs in any scenario:


1. Own the problem, don’t offload it, and
2. Innovate the business, not just the technology. **TWH** The TWH logo consists of the letters 'TWH' in a bold, black, sans-serif font, followed by a small square icon containing a white lowercase 'r'.

## “The Fast Track to Digital Marketing Maturity” - BCG

[VIEW PDF \(24 PAGES\)](#)

This article has as its focus the output from BCGs 2021 research on Digital Marketing Maturity, which brings up to date their original research on the topic in 2019. Despite there only being a two-year gap between the studies, with the global pandemic's impact in the intervening years accelerating customers' move to online channels, some significant changes and advances have been observed.

The original article proposed four stages of digital marketing maturity; in ascending order of maturity - Nascent, Emerging, Connected and Multimoment. Not surprisingly, the team observed a progression between the two studies, with a 13% movement of companies into the two top levels of digital marketing.

However, of perhaps greater interest are the enablers of digital marketing maturity that the authors first identified in 2019. Through the more recent study, they have finessed their view and spend a considerable part of the article focusing on four 'accelerators' of maturity - First-Party Data, End-to-End Measurement (Tech Accelerators), Agile Performance Loops, and New Skills & Resources (Organizational Accelerators) - to offer the reader a road-map to digital maturity. The relatively large scale of the study means that the article not only offers a great degree of detail, but also plenty of relatable examples, illustrating their point that a balanced approach to investment across the enablers will allow organizations to remain agile whilst keeping pace with consumers' demands. **JM** 

## “The Superpower of Autonomous AI Systems” – Capgemini

[VIEW PDF \(11 PAGES\)](#)

Decisions should be based on the most up-to-date information available at the time of the decision. This article extrapolates that data processed quickly equals information, therefore an AI accessing such information can make autonomous decisions and take action – a risky proposition!

Artificial Intelligence? No such thing, there is no Intelligence in AI. An AI system simply follows programmed instructions, is constrained by the data it is fed, and is allowed to apply logic to the data to derive an outcome. An AI system does this quickly. Combine AI with a weighted scorecard that provides a feedback-loop to the derived outcomes and you have Machine Learning. When the resultant outcome matches or exceeds a defined threshold value, it can be used to trigger an associated event or second-order derived outcome.

Monish Suri, the author of the article, dresses this up as the ‘superpower’ of autonomous AI systems. The fact that AI systems are allowed to get things ‘wrong’ but do it so quickly (fast fail) gives the appearance that it is ‘right’, therefore intelligent. The fact that AI does this so quickly can surface permutations and combinations of data and logic that were unforeseen, therefore reinforcing the perception of ‘intelligence’.

Deploying this type of capability to trigger real-world events should only be considered within tightly-controlled parameters, where AI failure is acceptable and the risk of the wrong event being triggered is within risk appetite. **RJ**

## “Overcoming the Automation Paradox” – Bain

[VIEW PDF \(12 PAGES\)](#)

The automation of mundane, boring, repetitive tasks is inevitable. Many jobs have these characteristics and this article in essence covers the perceived dichotomy between automation and job security. The reader will be left with a recipe for success based on three I’s: Inspire, Invest, and Incentivise.

The Automation Paradox raised in this Bain article centers around the ‘want’ of the workforce to reduce many of their mundane and repetitive processes and the perception of automation technologies being owned by IT and technically complex, therefore unsuitable for business staff. The article suggests a federated or democratized approach where automation is ubiquitous to all staff with IT providing a guiding hand.

The movement to democratize automation stems from a few recent trends:

1. Slowing growth in labor productivity (down 1.7% since 2000)
2. Scarcity of technical talent
3. Digitally savvy employees
4. User-friendly automation technology


Four perceptions holding back automation in the workplace:

1. Fear of job loss
2. Increased data and IT security risks
3. Lack of confidence in employees
4. Disruption and higher costs

Impediments contributing to slow adoption among employees, despite high interest:

1. Cognitive - not certain about how automation adds value to their workdays
2. Organizational - no automation technology sanctioned / lack of available training
3. Product and training - perceived complexities

The experiences of leading companies that have overcome the automation paradox suggest four themes for success:

1. Break through the noise – top-down support / directive
2. Inspire employees – prizes for good ideas / KPI alignment / tie to performance
3. Formalize the democratization – have one enterprise-wide ubiquitous platform
4. Invest in culture change – communicate early and often / adopt an automation-first mindset. **RJ** 

## “A New Frontier for Transforming Non Personnel Cost Management in Banking” – McKinsey

[VIEW PDF \(6 PAGES\)](#)

McKinsey makes a good case for organizations and in particular banks to improve non-personnel related cost management. Their experience and surveys with over 1600 companies suggest these expenses represent over 40% of overall expenses. This is well worth reading if you are interested in applying advanced analytics and AI to better manage non-personnel costs in order to improve profitability.

The firm has seen organizations reduce these costs by 10-15% – and up to 35% – in some spend categories. COVID-19 disruptions provide motivation for firms to re-examine cost management. It offers a competitive lever to help offset decreases in revenue or shifts in operating model impacts due to the pandemic.

The article’s primary focus is on generating insights by using data analytics to improve cost and price transparency. It cites good examples where insights have assisted companies in reducing the costs of supplies, rents, and customer-related inventories. The insights form the basis for fact-based negotiations with vendors and actions to better control cost-generating activities. It also reminds companies to look at all expenses, not just those impacted by COVID. Examples include the amount of cash held in ATMs.

The article is valuable to companies and consultants wanting to reduce costs and improve cost management governance. **JL**

## “Cost Leadership at Fast-Growing Tech Companies: The Sector’s Unsung Hero” – Bain

[VIEW PDF \(12 PAGES\)](#)

Bain presents a case for strategic cost management at high growth technology companies based on an analysis of over 200 companies. It notes that companies that focus on cost management early offset the natural declines in growth rates over time to deliver superior investor returns.

The sample of companies recorded average annual growth rate declines from 40% to 10% over a six-year horizon. The best investor returns were generated from companies that sustained cost management improvements beyond the benefits of growth and scale. Bain notes five areas of focus for effective cost productivity and offers a series of examples across general administration, procurement, R&D, sales, marketing, and cost of goods.

The article offers entrepreneurs, executives and consultants a set of “Monday morning questions” to help kick-start the process. This is an important and often overlooked topic at high growth technology companies. Embedding sound cost management early will help attract investors and enhance sustainable performance. **JL lr**



## “Innovation Study 2021: Beyond the Buzzword” – Deloitte

[VIEW PDF \(24 PAGES\)](#)

We got excited by the title, because we also dislike buzzwords and hype. In this case, the buzzword to be exorcised is “innovation”. Rather than launching into yet another opinion piece on this most hackneyed of topics, Deloitte took an empirical approach and asked industry what they mean by “innovation”. The responses were a mishmash which the authors organize into key questions and themes. Reassuringly, familiar ideas and frameworks emerge, e.g. a version of “nail it then scale it”. The paper is a useful summary of the issues, practices and models for innovation in a big company setting. Without turning it into a book, an improvement would have been to make the causal relationship between corporate strategy and innovation clearer (e.g. “ecosystem” or “shaping” strategies, which can enhance innovation, but can also provide competitive advantages in pre-emption, standards, marketing, agility, supply chain, cost structure, capital efficiency, etc.). **RD** 

## “Blockchain Analytics Tools Offer New Ways to ‘Follow the Money’ in Ransomware Cases” - KPMG

[VIEW PDF \(8 PAGES\)](#)

This quick read gives an overview of fighting ransomware attacks by “following the money” using blockchain analytics tools and anti-money laundering controls by authorities and crypto companies. This one is primarily of interest to financial institutions, and fraud and forensics people, but others may have a general interest. For most organizations, deploying these types of tools would probably be lower value activities versus spending on the basics and getting the organization’s cyber security maturity to align to their risk appetite. **MT**


## “Securing a Hyperconnected World - How to Prepare For & Respond to Cyber-Attacks Targeted at Critical Infrastructure” - KPMG

[VIEW PDF \(23 PAGES\)](#)

Surprisingly, as the authors are based in Argentina (typically are not amongst the top ten for cyber security), this well written paper offers a simplified view of threats to operational technology (OT) and what to do. Almost any board member or executive could benefit from their straightforward outline, with only limited jargon, of what is needed for protecting critical infrastructure. They also point out the irregularity of proper regulation in the OT space, so it is up to businesses to assess the possible business impact levels and then act accordingly - and then to test the physical and cyber security processes. **MT**

## “Cyber Resilience: Protecting America’s Digital Infrastructure” – McKinsey

[VIEW PDF \(9 PAGES\)](#)

A US-centric view on digital infrastructure security in a long interview between a McKinsey partner and a former Republican Congressman. They cover a lot of ground, but it can mostly be distilled to: back to basics, and hygienics. Sadly, 20 years after 9/11, we are still having this discussion. [The USA failed to pass its cyber critical infrastructure legislation in 2012 due to business pressure from the US Chamber of Commerce and Republicans.](#) We now see the result – failed pipelines, failed meat packing, failed electric grids, and so on. By comparison, Australia passed a limited Critical Infrastructure Act in 2018 and now dithers, while ransomware and other threats are rising, to pass the needed amendments again mostly due to business lobbyists. What many countries have in common is pressure from business not to regulate and to keep the short-term bottom line higher. It is regrettable, and probably only regulation will change this picture for consumers. **MT** 

## Cross-Industry Functional Topics

# Pricing

Review by: Alain Meloche | ICG Practice Leader Pricing | [Contact](#)

## “Beyond the Black Box in Pricing” – BCG


[VIEW PDF \(14 PAGES\)](#)

This fairly lengthy article is about price governance – not strategy.

Basically, the piece consists of two parts: first is a review of the evolution of pricing governance models. The authors highlight the swings between centralized and decentralized pricing over time. For those readers who have not focused on governance issues, this presents a good summary of the advantages and trade-offs of each of the three models:

- Decentralized sales-led
- Centralized “scientific” data-driven
- More decentralized tech-enabled pricing with more sales discretion.

The second part is an exposition of BCG’s “Smart Pricing Authority” and how it resolves those trade-offs. It has been this reviewer’s experience that companies do indeed seek the “magic bullet” solution to their pricing challenges and will latch onto black box solutions that tech appears to offer. So, in that sense, BCG’s proposed solution wherein business intelligence, pricing authority, and negotiating agility are integrated makes sense. However, reading further one gets a discussion of best practices that have been or should be applied normally. The implementation section which lists four key elements needed to implement their approach should be part of any corporate pricing practices and not just for a “Smart Pricing Authority”.

Bottom line: Read this to get an overview of various pricing governance models as well as what should be best practices. **AM** 



## Cross-Industry Functional Topics

# Transformation

Review by: Lauren Robins | Global Subject Matter Expert Transformation | [Contact](#)

## “The Secret Behind Successful Corporate Transformations” – HBR

[VIEW PDF \(10 PAGES\)](#)

Successful enterprise transformation continues to be as challenging and infrequent as John Kotter highlighted >25 years ago: that >70% fail. The authors’ take was:

- Meta-data analysis on the topic served to reinforce the conclusion, noting a 78% failure rate.
- The primary difference between the winners and losers came down to the company’s engagement model for their employees. Companies that delivered their transformation goals prioritized employee strategies such as DE&I programs, support for women colleagues, competitive pay, and access to quality healthcare.

Focusing meta-data analysis on key levers including financial metrics (revenue, stock price, market value) as well as reputational perspectives (shareholders *and* stakeholders), HBR found that successors were in small majority and that employee engagement was the number one differentiator. The linkage between employee engagement and performance is a long known differentiator. Why are so many transformations not focusing on the foundational building blocks that set them up for success? **LSR**

## “Banking on the ‘Soft Stuff’” – McKinsey

[VIEW PDF \(7 PAGES\)](#)

McKinsey takes a look at regional and mid-sized banks and the tremendous pressure of a rapidly evolving digital market with increasing popularity of fintech, cost of upgrading legacy systems, and challenges to operate with scale and agility. Middle-tier banks are regional, community, credit unions, and mid-size banks with \$50 billion to \$150 billion. Again, “soft stuff” comes as the number one differentiator in transformation with this segment – articulating bold ambitions at the top, clear messaging and role modeling throughout management, and engagement at all levels. Meeting financial performance metrics isn’t sufficient to drive transformational change; organizational health metrics such as a shared vision, setting challenging and inspirational targets, and servant leadership are needed – starting at the very top. How people manage their direct reports has a significant impact on not only the well-being and health of their team, but also their organization’s bottom line. Expanding focus to not only the “what” but also the “how” an organization is working lays the foundation for successful transformation. **LSR**

The ICG logo consists of the letters 'ICG' in a bold, white, sans-serif font, centered within a dark blue rectangular box. The background of the entire page is a grayscale photograph of a city street with tall buildings on either side, viewed from a low angle looking up.

**ICG**

# **Industry-Specific Topics**

In this Section:

**Macro Financial Services | Retail & Business Banking | Fintech  
Corporate & Investment Banking | General Insurance  
Data & Analytics | Local Government & Health**




Industry-Specific Topics

## Macro Financial Services

Review by: David Moloney | ICG Global Practice Leader Financial Services | [Contact](#)

### “In Banking, Location is Everything Again – for Now” – McKinsey

[VIEW PDF \(3 PAGES\)](#)

Wow, a surprising and somewhat farcical insight from McKinsey. It has one key point, which is that 10 years ago, banks in developing countries were growing much faster than those in developed economies. The gap narrowed as developing economy growth slowed. Now, because of interest rates and the US-China conflict, growth in developed countries has slowed even further and now the location of a bank in a developing country is the primary explanatory variable. The ‘so what’ you may ask? Well, banks in developed countries should invest in banks in developing countries. Please, please, save your shareholder’s money and contact your preferred ICG consultant or nearest HUB for some better macro financial insights. **DM** 

## “The Digital Battle In SME Lending” – Oliver Wyman

[VIEW PDF \(12 PAGES\)](#)

Oliver Wyman’s survey of small businesses finds that speed of approval is the most important factor considered by business owners as part of the lending process – pointing to digital processes, and credit models linked to open banking, as the emerging battlegrounds of small business lending. **JC**

## “Emerging Markets Leap Forward in Digital Banking Innovation & Adoption” – McKinsey

[VIEW PDF \(21 PAGES\)](#)

With most countries now coming out of lockdowns, and their retail banking industries looking to transition to a post-pandemic environment, we see a spate of articles focused upon how retail banks should be looking to refine their channel strategies. This article is the pick of the bunch this month, focusing on the rapid acceleration of digital banking across the Asia-Pacific region.

The digital banking adoption rate among emerging markets (such as China, India, Indonesia, Vietnam and others) has been astonishing – rising from 54% to almost 90% over the past 5 years. With this shift to digital, banks need to focus on core questions relating to the role of branches, customer engagement, and overall competitive position.

Critical to navigating these challenges is developing the right capabilities, and the article thoughtfully covers the AI and analytics capabilities required across each of the key areas of sales and service, operations and IT, and organization and talent. **JC**



**“Working in a Retail Bank Will Never Be the Same” - BCG**[VIEW PDF \(13 PAGES\)](#)

This article focused upon the changing role of business development and client relationship managers as retail banking customers shift an ever increasing portion of their interactions to digital channels. Customers will, in many cases, be looking for hybrid journeys spanning both digital and in-person interactions. Banking employees will need to work efficiently with digital tools and may also need to adapt to working remotely and outside standard hours. An interesting overview that doesn't break any new ground. **JC**

**“Building on the Digital Banking Momentum: How Banks Could Influence Customer Channel Preferences” - Deloitte**[VIEW PDF \(24 PAGES\)](#)

Another article focused on the emerging hybrid model, under which retail banking customers are looking for a blend of digital and in-person interactions. This article looks at the key considerations facing retail banks as they recalibrate their servicing models and look to find the right balance across channels. For example, banks should look to “humanize” the digital interaction through offering more empathic AI models and chat-bots, while also enabling customer journeys that seamlessly integrate across both digital and in-person channels. Some interesting ideas, however these same points have been made more concisely elsewhere. **JC lr**



Industry-Specific Topics

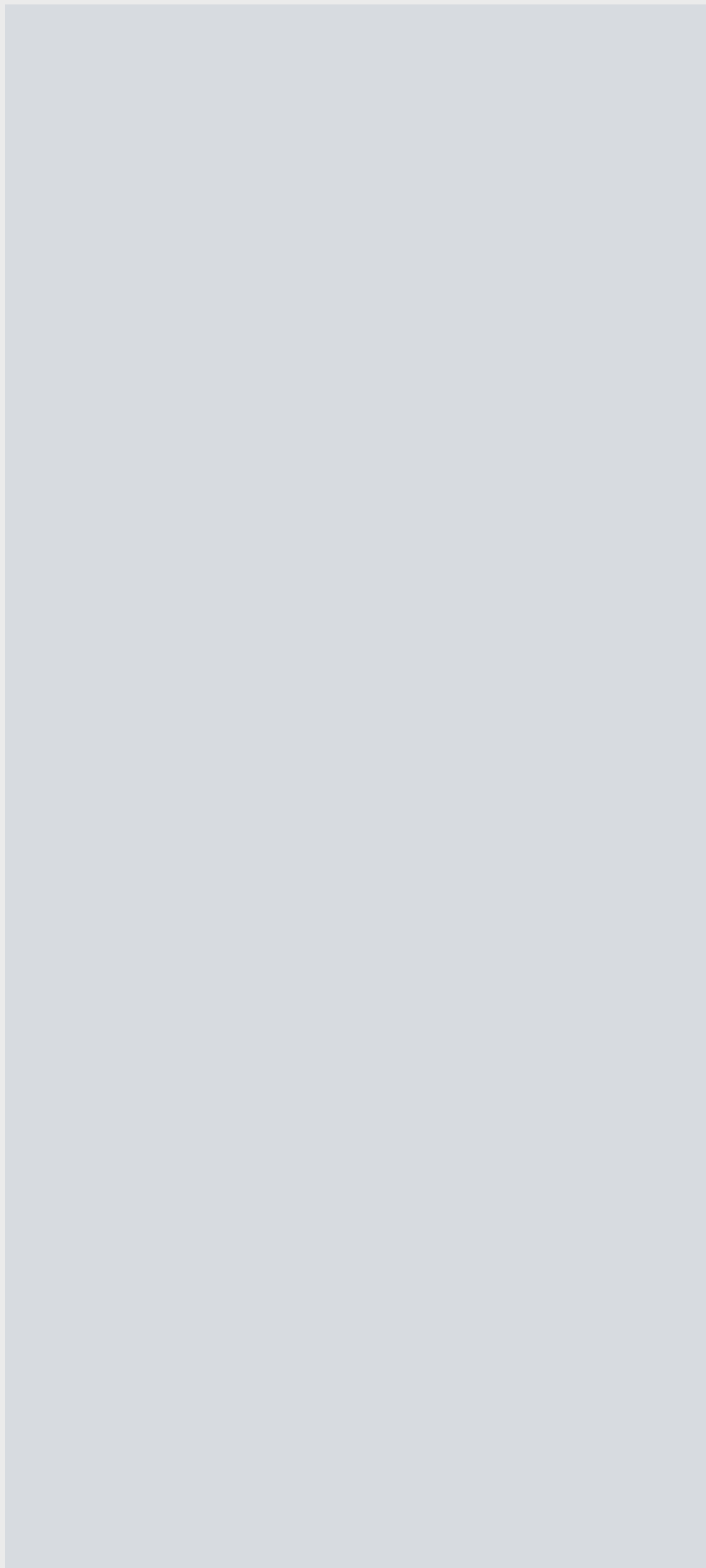
## Fintech

Reviews by: Richard Dale | ICG Subject Matter Expert | [Contact](#)

### “World InsurTech Report 2021” – Capgemini

[VIEW PDF \(38 PAGES\)](#)

Cap Gemini may have done it again! Like their World Fintech Report 2021 which won our review of the month in June, this one also leads with the voices of experts from different parts of the world’s insurance industry, providing details on trends and business models, while modestly leaving the advertorial until the end. Key trends discussed include: how the growing importance of data and digital customer journeys plays to the strengths of digitally native startups and big tech companies (both with funds to burn from enthusiastic investors and share-markets), how support from re-insurers is enabling entry and scale-up, and how incumbents are responding through digital transformation. Definitely worth reading for a balanced deep dive. **RD** 





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**ICG**

## “Capital Markets’ Message to Financial Institutions: Differentiate or Perish” – McKinsey

[VIEW PDF \(4 PAGES\)](#)

A concise piece by McKinsey that is drafted to pose questions for universal banking. It draws on their analysis of the market (capitalization) performance of 599 diversified global institutions, to identify winning approaches in a COVID-impacted world. The winners (out-performers), less than 11% of institutions, generated \$1.3 trillion in increased capitalization. These winners are from two models: specialists and universal banks that have both a strong domestic franchise and differentiated digital offerings.

The questions the reader is left with are “If my organization is not one of these winners, what are we to do to survive in a post-pandemic world? Is our model becoming obsolete? Is horizontal expansion and/or domestic consolidation inevitable?” No answers yet, but as has been the theme in this section of *TIR* for many years now, the implication is to go digital or die. **ABV** 

## “How Top Tech Trends Will Transform Insurance” – McKinsey

[VIEW PDF \(8 PAGES\)](#)

A good article that delivers a comprehensive list of the technology available. What it doesn't give is a narrative on how to put this all together and deliver. I suspect that the answer is to call McKinsey. Nonetheless, good to have a list of considerations. **PD**

## “New Claims Solutions: Transforming the Value Proposition” – KPMG

[VIEW PDF \(6 PAGES\)](#)

Nothing new here. What they propose has been around a long time, and been implemented by market leading insurers. They miss out three key truths. Prioritization via factory versus firm work-streams. Irrespective of the firm, an eternal truth is that 80% of the volume of claims accounts for 20% of value and 20% of volume accounts for 80% of claims value. Finally, the poor performance of many insurers during the pandemic is not the first time insurers have been found wanting – pay claims quickly and fast and, over time, trust will follow. **PD**




Industry-Specific Topics

## General Insurance

Reviews by: Peter Dale | ICG Subject Matter Expert | [Contact](#)

### “Transforming Claims Into a Strategic Asset” – KPMG

[VIEW PDF \(4 PAGES\)](#)

A call-to-arms, and very laudable too. However, the best-in-class insurers have been doing this for years. Again, a list of technologies but no central narrative. Please see the comments regarding the previous article. **PD** 



Industry-Specific Topics

## Data & Analytics

Reviews by: David Harrington | ICG Global Practice Leader Insurance | [Contact](#)

### “How Data & Analytics Are Redefining Excellence in P&C Underwriting” – McKinsey

[VIEW PDF \(8 PAGES\)](#)

It's no surprise that the leading insurance performers are using advanced analytics. The key insight from McKinsey in this article is that the leaders have replaced annual portfolio management reviews with real-time monitoring and dynamic capital allocation of portfolios of market micro-segments using AI. They embrace new external data and incorporate hundreds of variables in their risk and pricing models. They are increasingly behaving like advanced hedge fund managers that actively manage their portfolios of risk and investment.

This approach allows the leading insurers to:

- Handle substantially larger books of business with more precision and control
- Monitor a mix of both leading and lagging indicators to enable proactive portfolio management
- Prioritize prospects, validate exposures, and dynamically change pricing, and
- Build continuously evolving risk models tailored by line, segment, and emerging loss trends.

The gap between insurers that are using these advanced underwriting approaches and those that are not is growing very quickly. The delta in performance is improved loss ratios of 3 to 5%, new business premium uplift of 10 to 15%, and retention in profitable segments of 5 to 10%. **DH**

### “Data & Analytics: Unlocking the Power of Claims” – KPMG

[VIEW PDF \(5 PAGES\)](#)


KPMG have recently published a number of articles on how data and analytics can transform the claims experience for insurance customers.

The key insight here is that building a focus on insights from claims is inherently linked to other advanced analytics use cases in supplier management, policy pricing, and underwriting.

Insurers typically suffer from data silos across different insurance functions, and having separate functional leadership and operations. But extracting the most value from data using AI and ML requires integration of the data across these functions, and integrating insights across the customer journey.

According to KPMG “Integrating transformation requirements and capabilities into the end-to-end client journey is critical and it requires executive-level input and strategic support to ensure new processes and system changes encompass all organizational needs beyond claims.”

The authors caution insurers to not become obsessed with using new data and AI tools to evaluate past performance to refine lagging indicators, but to also focus on building real-time leading indicators for the business.

For most insurers this will require integration of data from policy administration systems with other systems of engagement and with new external data. Insurers will also need to significantly uplift their data science capabilities and deploy agile teams that cut across traditional functions to optimize customer experience across the whole customer life-cycle and across the customer journey. **DH** 

## “Coming Together: Multi-Sector Convergence in Healthcare” – KPMG

[VIEW PDF \(4 PAGES\)](#)

A useful selection of views highlighting the differing perspectives of KPMG sector leaders on where they see collaboration between their sector and healthcare.

This brief overview covers tackling healthcare inequalities and targeting the most vulnerable in society, co-ordination of infrastructure projects, enabling collaboration between technology providers, finding strategies to join up retail for the benefit of the consumer, improving healthy communities in a sustainable way, and describing how insurers are investing in supporting and improving health outcomes and services. **PN**

## “Old Problems, New Friends in Healthcare” – KPMG

[VIEW PDF \(5 PAGES\)](#)

This article looks at how unconventional partners have helped tackle persistent problems in healthcare.

Longstanding problems such as creating more customer-centric experiences and applying non-clinical interventions to better health are benefiting from the introduction of new expertise and capabilities from alternative sources.

The author demonstrates this principle through a number of case studies where these challenges have been addressed and overcome.

This is an interesting and easy read that should resonate with most healthcare professionals. **PN**



## “Building a Resilient Government” – BCG

[VIEW PDF \(15 PAGES\)](#)

Following the pandemic, this article is a description of six principles that public sector organizations should follow to prepare for any future, global crises.

Focusing on:

**Prudence** – the ability of governments to anticipate and prepare for different scenarios.


**Modularity** – ensuring the components of systems have their own, in-built resistance to failure.

**Redundancy** – creating buffers against unexpected shocks.

**Diversity** – offering options when responding to crises.

**Adaptability** – to rapidly adapt to new circumstances.

**Embeddedness** – the alignment of government goals and activities with the broader economic and social systems.

This collaborative article is well-reasoned and a useful guide for the forward-thinking public sector leader. **PN** 

REVIEWS OF THE WORLD'S LEADING INSIGHTS

**ICG**

# THE INSIGHTS REVIEW

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**ARTICLES OF THE MONTH**

**THE BEST INSIGHTS OF THE PAST 12 MONTHS**



## ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS

SEPTEMBER 2021

### “BCG’s Get Ready for the Future of Money” – BCG

[VIEW WEB PAGE](#)

This report provides a strategist’s approach to the opportunity presented by the digital currency technologies. Some good framing paradigms around social impact, design considerations and suggestions to experiment to design an ecosystem that your firm can grow with. BCG presents a view that critical mass in digital currencies will take another five years. They put forward their view that the first mover advantage will be difficult for others to overcome. Given the open architecture, relatively low cost of the technology, and increasing capabilities being developed, this may not be the most probable case. **AH**

AUGUST 2021

### “Real-World Supply Chain Resilience” – BCG

[VIEW PDF \(14 PAGES\)](#)

The authors have created a compelling description of the need for resilient supply chains, having seen the pandemic highlight the downside of focusing on lowest cost and lean over the past two decades. Overlay on top of this the inherent complexity of product offerings and a reliance on a limited number of suppliers in a low cost labor country, and there is an argument that this was an accident waiting to happen.

The six pillars of supply chain resilience are a practical guide to rethinking your supply chain strategy, especially the redesigning of global supply chain networks and setting new parameters for supply chain parameters. ICG argues that there are two additional challenges that must be addressed to achieve a truly resilient supply chain.

The first is the over-reliance on technology and algorithms to manage the supply chain at the expense of critical thinking. Supply chain leaders must reset this balance to ensure they and their teams really understand what is happening in their supply chains and what short term actions are needed to address supply and demand imbalances.

Secondly, supply chain planning as a critical business capability needs to be reestablished. This is where supply chains are configured to meet the demand needs of customers both strategically and tactically including where to invest in resiliency in the form of inventory, supply capacity, and supply network based on customer service and financial objectives.

This topic of supply chain resiliency is likely to remain an executive and board of directors topic for the foreseeable future. This article is an excellent read for both audiences.



## ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS

JULY 2021

### “Supercharging IT Delivery” – Kearney

[VIEW PDF \(14 PAGES\)](#)

A well constructed and insightful article is dealing with the problems facing IT departments managing change within legacy environments. The advent of the cloud has further enabled platform plays that allow new businesses to leapfrog the issues of legacy environments. Coupled with new development approaches such as agile, the old world’s metabolic rate for change is far slower than the new. A two speed IT management market that has ripple effects on market agility.

The article leverages the experience of veterans to distill some interesting insights. A few areas, however, remain unexplored. Enterprise architecture in a platform world is still relevant and can be used effectively to navigate overlaps between platforms and integration issues. Enterprise data is now vital and needs to be managed effectively. Secondly, agile methods often take time to get productive, so organizations need to accept a learning curve that may take a while to embed new approaches and philosophies. In the interim, there will be some turbulence. This is where external parties can help play the role of catalyst and respond at pace when needed.

The article is an excellent review of the challenges facing the world of system development and provides some compelling graphics of platform plays.

JUNE 2021

### “World FinTech Report 2021” – Capgemini

[VIEW PDF \(44 PAGES\)](#)

This is a very good and differentiated report from Capgemini. Several big consulting firms regularly issue reports on the state of play in the game of fintechs and challenger banks versus the incumbent institutions. We review all of them. These reports are usually based on extensive surveys and present thoughtful commentary on the changes and trends since last time, and their consequences. While this report from Capgemini also stands on large survey data, it’s differentiated by its discussion in terms of ideas and strategy frameworks, both for the challengers and the incumbents. It reads like a handbook for thinking about contemporary strategies and business models in financial services, illustrated with case studies and interviews with protagonists. Also refreshing is the way Capgemini takes a back seat and lets a diverse range of the industry players talk. It’s not until the last page that you get to the advertisement for Capgemini experts and offices around the world. Worth reading.

## ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS

MAY 2021

### “Everyone is Within Learning Distance: Building Skills Remotely” - McKinsey

[VIEW PDF \(8 PAGES\)](#)

A must-read for all leaders with an interest in the future of work. Key McKinsey SMEs examine building skills to succeed for the new remote workplace. With learning more focused on virtual and remote delivery it argues for learning in the new world via practice and application, reinforcement and spacing, intensive and immersive experiences, social learning and collaboration, and motivation and mindsets. In doing so, this will challenge traditional approaches. This suggests that the above learning can only happen successfully when conducted in person, as it is hard to recreate this environment on a virtual basis. The article examines how this perceived barrier can be overcome.

APRIL 2021

### “What Companies are Disclosing About Cybersecurity Risk & Oversight in 2020” - EY

[VIEW PDF \(8 PAGES\)](#)

Published by the EY Center for Board Matters in late 2020, this excellent summary of 100 company disclosures is a must for any board member or CEO wanting an overview of what others are doing to drive better risk governance for cyber security. Although there are some very encouraging signs that organizations are realizing the existential threat and the impacts on individuals or privacy breaches and outages caused by cyber attacks, this paper reveals much needs to be done. Major gaps include expertise on boards, expertise at executive level, lack of independent advice, and worse yet, no test plans. This reviewer spent the last year assisting a client with responding and recovering from a major cyber incident, and can assure you boards and executives must fully grasp the risk they are governing, or suffer the serious impacts on individuals and the bottom line.

## ARTICLES OF THE MONTH

### THE BEST INSIGHTS OF THE PAST 12 MONTHS

MARCH 2021

#### “When Molehills Are Worse Than Mountains” – Strategy&

[VIEW PDF \(2 PAGES\)](#)

This article seeks to highlight the serious impact of multiple small service failings vs. the large service problems that are usually picked up in customer feedback. The research shows that multiple ‘microfailures’ can be a bigger driver of customer churn than larger service breaches that actually stop the core service being delivered. This is because ‘microfailures’ (e.g. a glitchy entertainment system, uncomfortable temperature, or a seat that won’t fully recline on a plane) often result in the customer feeling reluctant to complain as this could be seen as ‘making a fuss’ and/ or would not result in any positive change/ outcome for them. Conversely, when a significant service failing occurs (e.g. lost luggage or being bumped off a flight) customers typically complain providing an opportunity for the service provider to demonstrate empathy, show remorse, and rectify the situation. These ‘moments of truth’ also allow the brand to both form a lasting positive impact with the customer and systemically improve service. There are more layers to the consumer behavior explained in this article, which is worth a read.

FEBRUARY 2021

#### “From Survive to Thrive: The Future of Work in a Post-Pandemic World” – Deloitte

[VIEW PDF \(10 PAGES\)](#)

This article from Deloitte is a highly recommended read for CEOs and CHROs this month. There is a detailed analysis of the faults in job design today as we consider the future of work. The authors posit that organizations are adopting technology solutions without considering human capabilities in relation to the work design. Examples of how some organizations are humanizing work are provided, together with suggested approaches as to how organizations can create an environment to optimize human potential in today’s technology-driven world. Leaders are required to set the enterprise mindset, recognize that the biggest motivator for humans is work itself, and re-orientate from past performance to future potential. For each point as to what needs to change, there are useful suggestions as to how to get started. Make an investment of your time to read this one.

## ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS

DECEMBER 2020 - JANUARY 2021

### “A Strategic Approach to On-Demand Talent” - BCG | HBS

[VIEW PDF \(32 PAGES\)](#)

We couldn't resist including this great insight from our dear friends at BCG who now also recommend the use of online talent platforms such as ICG. Their argument is you cannot maximize organization outcomes without fully embracing on-demand talent platforms as part of your culture, policy and processes, and approach to projects. A must-read for anyone wanting to optimize their role in the agile enterprise - and an obvious choice for our *Article of the Month* as it talks so precisely to the ICG business model!

NOVEMBER 2020

### “The Working Capital Treasure Hunt” - Kearney

[VIEW PDF \(8 PAGES\)](#)

This is a great read and very insightful. Your reviewer loved the working capital tree diagram, and urges all executives to read this article. It is very much on-point, and a real example of the benefits that strategy houses deliver when they put their minds to operational issues.

## ARTICLES OF THE MONTH

### THE BEST INSIGHTS OF THE PAST 12 MONTHS

OCTOBER 2020

#### “Sustainability is The Next Digital” – Bain

[VIEW PDF \(12 PAGES\)](#)

A must-read insight which signals the scale of impact that the move to sustainability will have for organizations around the world. The insight takes a top-down look, highlighting the relative poor performance of sustainability change programs compared to other efforts, and provides thoughts on strategic and implementation choices. With some compelling up-to-the-minute examples, this insight is a must-read for all internal consultants and their clients.

#### “Building Trust to Enhance Employee Potential & Leave Your People & Your Business Net Better Off” – Accenture

[VIEW PDF \(37 PAGES\)](#)

On first reading the introduction to this article, your reviewer thought that Accenture had discovered the obvious: trust in the workplace is important. Going further, the authors have introduced their ‘groundbreaking’ new Net Better Off model. People have long understood the importance of financial health, physical health, and emotional/mental health in the workplace. The ‘Net Better Off’ model goes further to address fundamental human needs, and it is well worth the reader taking an interest!

This article also provides further insights as to what organizations can do to provide the right environment to create ‘Net Better Off’. This article is a must-read for all senior executives looking to build employee engagement and enable value creation through their workforce.

SEPTEMBER 2020

#### “Having an AI Strategy is Essential to Survival” – Roland Berger

[VIEW PDF \(12 PAGES\)](#)

This fascinating article is a book and interview summary for Roland Berger, authored by a senior journalist. The book is titled *Competing in the age of AI* by Harvard Professors Karim Lakhani and Marco Lansiti. In it, the authors argue that AI is not something to be applied in the future when the technology has matured, instead they provide countless examples of companies that are already embracing relevant applications of AI to reposition their businesses for advantage now. This includes small firms, not just what they call the ‘Digital Super Powers’.

The traditional view of AI is it only works in narrow applications like chess. The authors argue this is just fine for huge, globally-scalable businesses like ride-sharing, which will self-improve through their experience curve. The critical point for executive readers is that general AI is not going to replace management any time soon, but managers who use AI in narrow applications will replace managers who don’t. The critical point for internal consultants is that companies need to be thought about from an abstraction “What is it that we’re serving? Why do customers come to us? And what did we learn from those customers?” Strategy then becomes about choosing data streams which apply better algorithms, to deliver better service, to generate more usage, to generate more data, and so on.

The article also includes a classic four-stage transformation model applied to the digital operating model. It evolves from siloed data to a pilot, to a data hub, to an-end state in what they call an “AI Factory”.

A great book summary and advertisement for the book – and a must-read for all *TIR* subscribers.





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# THE INSIGHTS REVIEW

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**REVIEWS OF THE WORLD'S LEADING INSIGHTS**

**OCTOBER 2021**