

## WHAT EUROPEAN BUSINESSES EXPECT FROM US

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*This paper presents considerations of strategies for communicating the value of 'business anthropology' and 'insights' to sceptical business audiences, based on a number of studies with a total of 47 interviews with executives in 27 large companies in mainly Europe, but also the US. The paper will present four major insights deriving from the research and suggest how 'insights', 'business anthropology' and ethnography can potentially be applied to new areas within business in dire economic times, including, but also going beyond, the traditional areas of application, i.e. 'innovation' and 'marketing'. I argue that the Practice can be expanded by moving beyond the identification of potential areas for innovation (the so-called unmet needs of users/customers/consumers/citizens), for instance to the identification of areas suitable for simplification: where users are currently having 'over-met needs', i.e. areas the user perceive as irrelevant and of little value. The paper will also explore the role of 'business anthropology' at a national policy level in Denmark and in the business community in Germany specifically.*

### INTRODUCTION

We tried to hire a number of anthropologists. We got that advice from [consultancy name]. But it didn't really work. The insights they came up with were too banal. And we needed a way to receive and implement their recommendations in the larger organisation. We had no idea how to use the insights. (Respondent 6, working in B2B company with experience in employing anthropologists. No anthropologists are employed in the company today. ReD Associates 2005b)

In 2005-6 the Danish government considered funding a new high-profile research institution focusing on two themes: 1. 'Applied business anthropology' (meaning the practice of anthropology applied on concrete business problems), and 2. 'The front end of innovation' (meaning the initial phases in an innovation/product-/service development project). As part of the effort to build a new research institution the Danish government initiated a number of studies. These would help in ensuring that should the research institution be built, the concept behind it would fit both academic and commercial needs. Also, the studies had as an aim to improve the chances of meeting the government's ambition: building an institution that would be perceived as a relevant, bold and robust initiative internationally.

The three studies were:

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1. 'Applied Business Anthropology' (ReD Associates 2005a). This study had as its aim to uncover how the academic community in Europe and the US had defined the field, i.e. its core theoretical and methodological tools and its leading institutions/individuals. This study also looked into how Danish academic institutions had organised and positioned themselves with regards to business anthropology, assessing the need for a new research institution in Denmark.
2. 'Businesses' View Upon Business Anthropology' (ReD Associates 2005b). This study had as its aim to uncover how businesses saw the role of 'business anthropology' and other social sciences in a commercial context.
3. 'The Academy for People-Centric Innovation' (ReD Associates 2006). This project had as its aim to give concrete recommendations on how a new research institution should be built, i.e. organised, financed, and lead. This third study was conducted in close collaboration with a number of international academic and commercial experts in the field.

As mentioned above, the second study focused on applied business anthropology and its relevance to the international business community. I headed up that study, aiming to understand the expectations from businesses. If they should be engaged in the research institution, its researchers and its students, as either collaborators, clients and/or future employers, what should the overall concept behind the research institution then be to make it attractive? I will primarily use the second study mentioned above as a baseline for this paper. Furthermore, I will refer to a fourth study (ReD Associates 2009, forthcoming) unveiling how corporations in Europe—and especially in Germany—develop and exploit 'insights'.

The study (ReD Associates 2005b) was conducted among 22 C-level persons in 13 large companies in Denmark, Sweden, Germany and the US. The respondents and respondent companies were selected on the basis of four criteria:

1. Size: The corporations should be of a certain size to be considered potential partners/interested parties/sponsors of a new research institution.
2. Well-known brand name: In order to give the study's recommendations credibility among politicians and high ranking civil servants it was seen as important to recruit respondents from well-known companies.
3. Potential interest in the ethnographic practice/previous shown interest in the practice: The companies should have practical experience with or the potential to show interest in ethnography as part of business development, product/service development and/or marketing.
4. Accessibility: Respondents should be recruited within a certain time frame, making people accessible through existing networks within ReD Associates and The Ministry of Economic and Business Affairs preferable.

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The study revealed companies' perception of the 'applied business anthropology' practice as well as their hopes and concerns for a new research institution focusing on this area. The respondents were both asked to reveal current practices, as well as to give the interviewers advice on how best to position, conceptualise and promote the research institution to be.

### **FOUR MAJOR INSIGHTS**

Seen as a whole, there are four major insights from the study:

1. The ethnographic practice is seen as commercially relevant by the participating companies.
2. The ethnographic practice must use business conventions and business symbols to be perceived relevant.
3. Translating insights into commercial opportunities is key—and the majority of this work has to be done by anthropologists, the actual social scientists developing data-based 'insights'. This essential translation activity should not be handed over to other people in the client organisation, but can eventually be developed in collaboration with people in the client organisation in order to create ownership of insights, ideas and recommendations.
4. The success of the research institution to be depends on whether it can adapt to the fact that companies are on different experience levels when it comes to applied business anthropology—from absolute beginners to absolute nerds.

#### **Insight 1: The Practice is Seen as Commercially Relevant by the Participating Businesses**

Overall, the interviewed respondents can see the relevance of the ethnographic practice in a business context and welcome the idea of establishing a research institution focusing on applied business anthropology. In this study (ReD Associates 2005b) they are especially fond of the idea of linking the methodology and theoretical toolbox of the anthropologists with the front end of innovation, but later studies (e.g. ReD Associates 2009) show that the theoretical and methodological tools of anthropology and ethnography have the potential to take a more holistic role in firms. With regards to the Danish government initiative respondent companies have different motivations and arguments for endorsing the initiative. One respondent says:

We have streamlined our development process to an extreme degree. We have divided development into phases with milestones and requirements for documentation. And it looks really good on paper. But it also gives us a lot of problems. One of the issues is that we look at the world through our product portfolio. Another issue is that we never learn as an organisation. One project follows another and we often forget to

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ask ourselves: 'what is the big picture here?' (Respondent 7, pharmaceutical industry, ReD Associates 2005b)

Companies across industries seek ideas for how to organise 'the front end' and 'to get the big picture'. They have the impression that applied business anthropology can help them obtain this. A respondent says:

Our back-end part of the development process is running very smoothly, using a protocol. Now [after doing an ethnography-based project] we have a protocol for the front-end also. What we have now is a really, really good indication of how we will deal with these things in the future. We learned the *discipline* of doing front-end projects from [consultancy name]. (Respondent 10, leader of the 'concept lab' in consumer goods company, my italics. *ibid.*)

To a number of respondents, getting to know the practice of 'applied business anthropology' is the first time they encounter a model, or approach, that can help them streamline the early stages in a development project. They also acknowledge that anthropology gives them a somehow less biased/distorted view upon the users, and that this view is both more 'messy' (as in less classifiable) but also more holistic than traditional market surveys.

### **Insight 2: Business Conventions, Business Symbols**

The study shows that symbols and the staging of the practice are important. To be seen as a credible partner, a new research institution should put emphasis on 'business' rather than 'anthropology'. The connotations to 'anthropology' were so negative that several respondents suggested removing the term from the research institutions' name.

To me, this is not a carnival. But I think many companies will perceive this as carnival and circus. In that regard, I think staging and symbols are important. This place needs an aura of business – without being a business school. (...) Please, no hippie girls and discussions of Marx and Jung. It just doesn't work. And it's really a big danger. (Respondent 10, consumer goods company. *ibid.*)

One of the key symbols from academia that the new research institution should be aware of is 'abstract theory'. Even though the respondent above use examples from sociology and psychology to illustrate his point, the quote above shows that abstract theory is not a key priority for potential collaborating companies—it should at least not be presented as a core 'front stage' asset of the institution. And generally speaking, throughout the research phase it became eminent that the term 'anthropology' has an image problem. Basically, the term seems polluted in a business context. While explaining how 'business anthropology' can be applied to business problems during the interview sessions with the respondents, almost none of the respondents felt that notions like sociology, anthropology

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or ethnography would be helpful in the selling and promotion of the research institution to be. The respondents suggested that terms such as ‘world class’, ‘user insight’, ‘prototypes’, ‘product development’ should be incorporated as selling points. In other words should the research institution to be have a much bigger focus on impact and products/services on its shelves rather than its academic toolbox and capabilities.

### Insight 3: Translating Insights

The single most important recommendation from the business community was that anthropologists and ethnographers must have a solid business understanding. It’s almost as if the anthropologists should start every project by using their toolbox to investigate the corporate culture of their client and understand how things work inside a big organisation in order to make impactful recommendations coming back from the field. One respondent puts it this way:

Theory and deep understanding of the field is not enough. You need to be able to understand the conditions of the business, have a good grip on situations and be able to translate insights into engineering and marketing language. (Respondent 13, software industry. *ibid.*)

Another respondent suggested:

It is not enough just to use anthropology to uncover unmet needs. The next phase, the translation of these insights into something useful is really important. This is where the major battle is fought in our organisation. *If you cannot cope with that, your insights will never be used anyway.* “So – we got a few insights and it was pretty fun to do, but what the f... does it mean?” It’s absolutely key that if you want to make anthropology successful you have to take it further, making it usable and commercial. (Respondent 10, consumer goods, *my italics. ibid.*)

As one respondent put it: *“You must be able to answer the question: ‘and so what?’”* (respondent 13, software industry. *ibid.*). The majority of this translation work has to be done by anthropologists themselves. It should not be handed over to other people in the client organisation.

### Insight 4: Different Levels of Experience

The last major insight is dealing with the experience level the different respondent organisations have when it comes to applied business anthropology. Basically, there are four groups of organisations:

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- *Aha!* – ‘absolute beginners’; these respondents almost believe it is part of their job to be open to the practice because it is ‘hip’ or ‘sexy’. Interestingly, this holds for respondents holding both senior positions as well as respondents further down the corporate ladder. Many in this group have heard about ethnography-based projects through colleagues outside their firm, or read about topics such as ‘user-driven innovation’ in more popular literature, such as management magazines and non-fiction bought in airport bookstores, but never experimented with it themselves.
- *Success experience* – these respondents are turned on by discovering the field after one-two projects, thrilled by the feeling that the anthropological toolbox provides them with a new world view. For some of these, the key to this success experience can be described as ‘seeing is believing’. Only after having experienced an ethnography-based project first hand are the benefits of anthropology and ethnography clear. (It is worth mentioning on a side note that neither respondents in the 2005 study nor the 2009 study had enough bad experiences to share stories about this – or, even worse, abandon the ethnographic practice.)
- *Experienced* – the respondents in this category have repeatedly done development projects using an anthropological approach the past three years or more.
- *Professional* – these are professional buyers and ‘absolute nerds’.

These four groups all have distinct needs and expectations to the practice. These can be seen in Table 1.

**TABLE 1** Different experience levels, different concerns when it comes to business anthropology

|                                       | Aha!   | Success experience                                       | Experienced  | Professional   |
|---------------------------------------|--|--|--|--|
| Experience with business anthropology | None   | 1-2 projects   | Repeatedly done projects past three years  | Professional buyers/ absolute nerds  |
| Biggest concern                       | Approval of project by upper management                              | Internally: picking up on the insights                   | This project will not have the same wow-factor/magic as the previous ones internally | Banal insights   |
| Success is...                         | To solve all end-user-related issues in one project                  | A tangible product/service on the shelves after X months | Recommendations applicable in many departments across organization                   | Insights fit into our pre-defined system of capturing and sharing internally |
| We do not care so much about...       | 1. Theory<br>2. Data quality<br>3. Exposure to methodology/the field | 1. Theory<br>2. Secondary data<br>management             | 1. Methodology   | 1. Internal buy-in<br>2. Exposure to methodology/the field                   |

I will now go through some, but not all, elements in the table above.

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**Concerns** – The more experienced an organisation, the more concerned it is on getting ‘high quality insights’, meaning insights that are concrete, deep, surprising, fact-driven, anything but banal – and mirrored up against theory (without theory, ‘insights’ are perceived as obvious observations, i.e. data compiled by designers with video cameras).

**Success** – The non-experienced organisation has unrealistic expectations to what (or how many) issues one initial study can help solve. Especially when taking into account that these organisations do not have their own set-up for applied business anthropology in place and most often are dependent on external help (consultants) on a very limited budget. On the next stage of maturity, organisations often aim to get a concrete product on the shelves as a result of a study. The logic typically goes like this: ‘one project equals one product’. But as many of us knows that is not always the reality. On the final level of maturity (‘professional’), successful insights and recommendations are obviously deep and original—and fit into a pre-defined system for internal distribution.

**We do not care so much about** – Finally, a pattern emerges around respondents’ non-priorities. For the more inexperienced organisations theory is abstract, not commercial and not interesting. Also, visits to the field are left to professionals and the experienced. For the ‘experienced’ group methodology is not a priority any more. Obviously, methodology must be perfect, but it is not an interesting topic anymore.

All in all, the categorisation of the maturity level of organisations with little or a lot of experience with applied business anthropology shows that organisations have different expectations and priorities when conducting projects with anthropological tools, depending on their experience. These expectations and priorities can be taken into account when working in an organisation or for an organisation.

### THE WIDER IMPLICATIONS OF THE INSIGHTS FOR ETHNOGRAPHIC PRACTICE IN INDUSTRY

As mentioned above, the research (ReD Associates 2005b) indicated four major insights:

1. The ethnographic practice in industries is seen as commercially relevant by respondent companies.
2. The practice must use business conventions and business symbols to be perceived relevant.
3. Translating insights into commercial opportunities is key
4. The success of the institution depends on whether it can adapt to the fact that companies are on different experience levels when it comes to applied business anthropology.

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Of the four insights mentioned here, we at ReD Associates believe that no. 2 and no. 3 have the biggest immediate implications for current ethnographic practice in industry today. I will elaborate on why we believe so in the section below.

### **It is Necessary to Further Expand the Commercial Application of the Business Anthropology Practice in Today's Economic Climate**

Throughout this paper, 'business anthropology' has more or less implicitly been connected with the practices of innovation and marketing. In today's economic climate it might not be ideal to link anthropology too closely with innovation only. It is simply too narrow a perception of how the anthropological toolbox can be exploited commercially. One of the respondents from the 2005 study coined a potent version of business anthropology this way:

We need to understand our users' *perception of value* better. What is the value of our products to them? This is what you [the interviewer] previously called 'relevance'. We need to know the value and we need to act according to this knowledge, for instance in relation to new products, new offerings, new activities. But also with regards to price points, what type of stores, and so on. And the key to decisions on all of these issues is whether they bring value to the user. (Respondent 10, consumer goods, my italics)

This "perception of value" can generally speaking be exploited by corporations in two ways: *either* the company can improve existing offerings, developing new products and services in line with users' "perception of value". *Or* the company can *simplify* its offerings. This can be done by cutting away what is perceived as less valuable to the end user. This is a potent way of "translating insights into commercial opportunities" (a reference to one of the four major conclusions from the study previously introduced in this paper, see above). In other studies conducted by ReD Associates, we have seen how much value can be generated by cutting away the non-essential. For example, we have seen how pharmaceutical companies can save tens of millions of US dollars by diversifying packaging and cutting away exclusive packaging of devices aimed at consumption in hospitals. The reason? No one actually sees these nice packages at hospitals except the 1-2 staff members in the 'back stage' delivery area, where the devices are unwrapped and put into larger containers (This is not the same as saying packaging does not matter. It might, actually, be a very good idea to keep the exclusive packaging when the patient is discharged from hospital and needs to use the devices on his/her own at home)—or if packaging is a key marketing parameter in advertising (which tends to be the case in the US.) Another example: We have seen how breweries can save tens of millions of US dollars by only giving away merchandise and other sponsored material to clients and end users that are perceived as truly valuable to the receivers, instead of one-size-fits-all t-shirts, ashtrays, umbrellas and caps. Understanding *what* matters *when* and *why* should definitely not be seen as a key to develop new and better merchandise only, but also as an opportunity to cut away existing merchandise that does not



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work. Together with our client we went through the numbers and estimated how much could be saved by cutting away non-efficient merchandise, and the total sum ended up being more than US\$ 50 million that could be spent on other more relevant initiatives.

And so on. The toolbox of the anthropologist has the potential to not only be exploited commercially through the identification of *unmet needs*, but also by identifying so-called *over-met needs*. Our experience is that such recommendations must be handed over to the client by adapting to his/her language (in other words, we try to use “business symbols and conventions” —another reference to one of the four major conclusions from the study previously introduced in this paper). When handing over recommendations to clients, we tend to talk about “decreasing churn” instead of talking about “increasing loyalty”. Instead of talking about “profits” we talk about “margins” and “EBIT”. Instead of talking about “conclusions” we try and talk about “return on marketing dollar”. Et cetera. The analysis, recommendations and contents are the same as in other commercially driven anthropology-based projects. But the language is tweaked a little, the power point slides look a little drier and a suit goes a long way.

## EXPLOITING THE INSIGHTS IN GERMANY

Shortly after the conclusion of the 2005 study ReD Associates decided to open a branch in Germany. I was asked to head up this new office. Some of the experiences from the study were put into action in the effort to build a German client base. We soon found out that most German companies are on the ‘aha!’ level (a reference to the four maturity levels of organisations working with ethnography introduced earlier in this paper) and it was a challenge to crack a market where innovation equals engineering and ‘applied business anthropology’ as a field does not exist.

Tellingly, at EPIC 2008 in Copenhagen, only five participants came from Germany: one of them was me (a Dane), another was a colleague of mine (a German), the remaining three were from consultancies—and none of the larger German companies was represented.

In the following, I will give a short introduction to the climate for ethnographic practice in the German industry with a special focus on the academic stance towards commercial exploitation of ethnography. Then I will elaborate on the two of the four major insights from the 2005 study.

### **The Relationship Between Academia and Business in Germany: Vorsprung durch Technik**

Germany is the biggest exporting nation in the world. Since 2006 the German government has actively pushed an agenda trying to boost the confidence of Germans by highlighting the country’s proud history within innovation and product development. Through an ambitious nation-wide campaign that included publications, ads, seminars and

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award shows with the overarching theme/title ‘Germany – Land of Ideas’ the government has been promoting innovation and business development as one of the core pillars in the nation’s joint effort to sustain Germany’s growth and future (Langenscheidt 2006).

Germany is a nation with strong links between businesses and academia, especially when it comes to engineering and the natural sciences. The network of engineer-based ‘Max-Planck-Institutes’ is a commonly used example in Germany of how businesses and scientists can collaborate and create extraordinary results together. The strap line and company ethos of German car maker Audi—*Vorsprung durch Technik* (‘Advancement through technology’)—is often used to describe the corporate culture in companies throughout the nation.

Obviously, ‘anthropology’ exists in Germany, but the practice is most often not linked to commercial activities. A German respondent from the 2005 study captured the business/academia climate when he said: “*We often hear from the universities that we are not a suitable environment for anthropologists because we are a part of a company that produce concrete products.*” (Respondent 9, leader in automotive-funded think tank).

There are exceptions, though. The Hasso-Plattner-Institute for Design Thinking at the University of Potsdam collaborates with d-school at Stanford University, and the privately-funded Zeppelin University in Friedrichshafen focuses explicitly on educating its cultural science students to collaborate with businesses and ‘creators’ (as in ‘designers’ and ‘marketers’). Also, graduates with an M.A. degree in Cultural Studies from The University of Lüneburg are often employed in production companies and/or advertising agencies to ensure the inclusion of ‘cultural aspects’ in the development and promotion of products and services. But in general, it is difficult not to get the impression that the dedicated sociology-, anthropology- and ethnography institutes at universities across Germany view the commercial exploitation of qualitative social science with a great deal of scepticism.

That Germany is uncharted land when it comes to ethnographic practice in industries is also visible in the (lack of) literature reflecting on the status quo of the field in Germany. Plattner (eds. 2009) stands remarkably alone in his examination of ‘design thinking’ in Germany. The fact that he argues that ‘users’ and ‘consumers’ are relevant factors in new product development is quite a statement considering that his readers are typically brought up in the engineer- and lab-savvy German corporate culture. Steinhof’s paper (2009) gives a rare sneak peek into how corporations like Deutsche Telekom and T-Mobile work scientifically with ethnography and insights development in innovation processes at the joint development center T-Labs, and Stahl and Meyer-Höllings’ article (2008) introduces the reader to ‘Empathic design in der BMW Group’ in an otherwise engineer-focused compendium of articles on innovation management. A thorough literature study on how the ethnographic practice is described in German corporate culture would be relevant to conduct in order to get a more exhaustive overview of the status of the field in Germany. However, after two years living in Germany I have not witnessed a steady flow of academic articles, papers or books examining this area explicitly.

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Summing up, the status of university education and academic literature in the field give us two rough indicators on how the academic community in Germany prioritises the commercial ethnographic practice: it has a low priority.

Ironically, for the relatively few German companies working seriously with ethnography a strong academic collaboration is necessary to recruit decent staff, and to create the appropriate feeling of seriousness in a national culture where universities, science and academia plays a big role in the public debate and in corporations. Due to the strong commercial-academic link in engineering and the natural sciences, companies often seek to create an explicit academic connection for employed ethnographers both to make the science more credible inside the company, but also to attract ethnographers and anthropologists (ReD Associates 2009). One respondent from a well-known German corporation expressed it this way:

We recruit our staff from academia and it needs to be clear to them that they can have an academic career working here. It takes time [for us] to get accepted in the academic community and we are working hard to get that acceptance in order to be perceived as a credible employer. Papers, conferences, articles, and recruitment symposiums are just some of the tools we use. For instance, all academic staff must publish papers and articles about their projects. And 20% of our projects are of a pure academic, scientific, non-profit nature. (respondent from the ReD Associates 2009 study)

The quote above, as well as the quote from the automotive think tank coming out of the 2005 study (shown in the first lines of this section of the paper), illustrate German businesses' need for a strong collaboration with academic institutions. The two quotes also show the low interest from the academic community to engage in a fruitful relationship with corporations. How many participants from German universities will EPIC see this year?

### **The Insights in a German Context**

In the following, I will analyse how two of the four insights from the 2005 research can be applied in a German context. The two insights are:

1. The ethnographic practice in industries is seen as commercially relevant by respondent companies.
2. The practice must use business conventions and business symbols to be perceived relevant.

In the following, I will first take a look at German consultancies offering ethnographic services. Then, I will look at how German companies (i.e. potential clients) perceive offerings coming out of a consultancy actively promoting ethnography.

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***German consultancies offering ethnographic services are either very small or individual consultants in a bigger ‘mother consultancy’*** – Ethnography is very much still a niche practice in this market. The German community of practitioners is small. Most consultancies specialising in this field has a total staff of 1-4 (ReD Associates 2007). However, a number of larger advertising agencies (such as TBWA), management consultancies (such as McKinsey) and design consultancies (such as IDEO) have been actively recruiting ethnographers as part of their teams in their German branches in 2007-9 (ibid.).

***German companies typically perceive and purchase ethnographic services as market research*** – The biggest immediate development actors in the practice in Germany should be aware of is the tendency towards making ethnography part of market research (and, hence, not part of solving other, more high-level problems in corporations). This tendency towards market research most likely derives from the German tradition of putting development of new products and services into labs, and after the development phase reaches an end the marketing department takes over to push the newly developed product to customers. The biggest task for the practice in Germany today is to change this logic from inside-out to a more holistic ethnography-based outside-in logic towards corporate problem solving of any kind. This might be the case in many markets, but Germany seems like a special case given its deep roots in engineering. In other words, German companies are likely to purchase ethnographic services (which in some regards is good, it shows there actually is a demand), but the service is often boxed as ‘market research’ (which in some regards is bad, since market research is a low-priced commodity with purchasers typically placed fairly low in the organisation’s hierarchy).

***Case: Illustrating how insight #2 “The practice must use business conventions and business symbols to be perceived relevant” is the biggest challenge for a successful breakthrough in Germany*** – The second insight from the 2005 study is especially relevant in a German context because of the status of ethnography (ethnography = market research) as described above. Being a consultancy with a deep ethnographic history, but with clear ambitions to be perceived by clients as a strategic problem solver, and not a market research agency, the ‘market research label’ was (and still is) a constant positioning challenge for ReD Associates Hamburg when in dialogue with potential clients.

Especially a German automaker was a challenge for ReD Associates in Germany. We had a dialogue at the executive level of the organisation about a specific problem on the future of environmentally-friendly automobiles. Due to the corporate culture in Germany, the executives insisted on having ethnographic specialists taking part of all meetings negotiating a study. The only specialists on qualitative research in the company were to be found in the market research department. They did not share the view that the toolbox of the anthropologist can be used to solve more holistic problems and/or provide insights in the early phases of product development. Even though we were on good footing with senior management, our inability to convince the market research department that our framing of

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the problem and our suggested methodology were appropriate were part of the reason for us not getting the project in the end.

This case illustrates that in Germany, even though top executives are willing to experiment with new tools to solve new problems in new ways, the corporate culture of including specialists in negotiations with consultancies can be an obstacle—particularly if the specialists do not share the consultants' view on how to solve the problem or if the wrong specialists are casted to be the sparring partner with the consultancy in the purchasing process. At ReD Associates, we learned the hard way that senior management will always lean towards their own specialists' recommendations and will never (never) overrule their specialists' recommendations, or their specialists' decisions where the specialists have mandate to decide—also if the specialist is far down in the hierarchy. (On a side note: what impressed me personally the most in this story was that the specialists had the guts to clearly speak against senior management's preferences. We are talking about a low-level market research manager versus a senior vice president here).

### **Summing up: Doing Business in Germany**

ReD Associates has been working with German clients since 2005 and has had a permanent office in the country since 2007. When the US-based management consultancy McKinsey & Co. first established an office in Germany in the 1960ies they soon learned that German clients were different from their well-known American clients in a number of ways, among them that for Germans, a so-called 'black box' in problem solving does not exist—all questions can be solved in a transparent process and Germans feel they have the right to know in detail how each sub-element in a study has been developed and concluded upon. Another key difference between German and US corporate culture was that Germans clients were (are) extremely patient and detail-oriented—there is always time to discuss even the slightest detail (see Bower 2004/1979).

I knew about these observations when I moved to Hamburg in 2007, but thought the mindset of Germans had changed slightly since the McKinsey's consultants had experienced them back in 1960ies. To my surprise, they had not changed a bit. Establishing a consultancy in Germany is a long journey and patience pays off. That said, working in Germany, with the specialised staff in some of the world's largest and most interesting corporations have been an interesting experience I would not live without.

## **APPENDIX**

List of respondents (ReD Associates 2005b):

1. Senior Vice President, media group
2. Senior Vice President, national railway
3. Director, international telco (former national monopoly)
4. Director, international retail chain (FMCG)
5. Director, national broadcasting corporation

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6. Director, B2B company, world leader in its industry
7. Director, pharmaceutical company, world leader in its field
8. Director, international consumer electronics company (cell phones)
9. Director, think tank funded by corporation in the automotive industry
10. Director, consumer goods (toy industry)
11. Director, pharmaceutical company (devices), world leader in its field
12. Director, consumer electronics (white goods)
13. Director, software development company, world leader
14. Director, international consumer electronics company (cell phones, world leader)

*Note: some interviews were conducted as group interviews with two respondents from the same organization together at once. The total number of respondents in this particular study was 22.*

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only)
- 2006              The Academy for People-Centric Innovation
- 2007              Internal ReD Associates competitor analysis of the German market
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