

Showing the Value of Ethnography in Business

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This paper explores the value that ethnography brings to business. It uses the idea of examining the impact and value contribution of the ethnographic praxis within the innovation process and corporate culture. To specify the business impact, it highlights a framework for understanding the value that ethnography brings to a business context. Based on the ethnographic value contribution analysis of different projects and meetings conducted with our clients and with various participating stakeholders, we propose a broader framework and performance indicators for identifying and showing the ethnographic impact regarding business value. Finally, we offer reflections on the value of ethnography contribution as a growing and evolving path.

ETHNOGRAPHY AND BUSINESS

Ethnographic research applied to business has always been seen as the "unexplainable art", but now increasingly Chief Executives and Chief Financial Officers are looking to ensure that measurements of return on investment are used throughout the business. Since the economic collapse, companies have adopted a thrifter approach, requiring measured accountability for every expense, including ethnography. However, ethnographers are not used to establishing metrics and arguments that can clearly explain their value, because it looks so obvious to us: "Isn't it evident that ethnography can trigger a new product offering, a better service experience or product which will increase sales, thus increasing revenues?" Unfortunately, this understanding isn't necessarily shared by company CEOs and CFOs. As ethnographers, we are increasingly asking: "How do we communicate our value to the business world?" We often speak in terms of values, behaviours and perceptions, however business people operate in a world of numbers, and they speak in terms of value contribution and objectives: reduce cost, increase revenue, improve time to market, etc. As ethnographers, we have to embrace that world.

How to Show the Value of Ethnography in Business

In order to achieve equal importance with other management performance indicators, ethnography needs to have indicators which encompass the overall performance of the ethnographic contribution. Ethnography performance needs to be reported in a manner which is intelligible to CEOs and CFOs to effectively demonstrate the relation to efficiency and profits.

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The Drivers: Efficiency & Alignment

If innovation is a key function of companies, then creating the environment for sustainable growth through innovation is the principal responsibility of the company managers. Management has a responsibility to establish strategic directions and build the organisation culture to embrace and encourage the generation of innovative ideas. Within this context, it seems logical that the value proposition we want to define for the ethnography should include

- the innovation process
- and the organizational culture

Let's assume that ethnography qualifies as a legitimate tool for opportunity recognition and for moving the idea forward into the innovation process as well as a catalyst for merging new practices into existing processes and adopting new practices to embed an innovative culture aligned within the organization. Our multi-industry interviews with marketing directors, market research directors and innovation directors from 20 companies indicate that there are two main drivers in assessing the importance of ethnography in their value proposition for business:

- efficiency—to increase the **efficiency of the innovation process**, when relevant insights are needed for fuelling the Innovation Funnel;
- alignment—to **align the organization culture** giving strategic direction, when there is the need for cultural change. Let's consider each one in detail.

FRAMING THE VALUE OF ETHNOGRAPHY: THE “SEED” METHOD

Acknowledging the value and impact of ethnography in a business context is always challenging, although over recent years there have been valuable precedents with interesting works such as those presented at the last EPIC conference (Cramer, Sharma, Salvador and Beauregard 2008; Flynn and Lovejoy 2008) showing the impact of ethnography on the product development process. However, the information and data on the ethnographic impact is not very usual, and less so in a business context; also, it is often available in ethnographic terms, but not in the type of language in which business people typically operate in terms of value contribution and outcomes. As a result, the lack of indicators compatible with other management performance indicators explains why ethnography has not acquired the same status and importance as other disciplines in a business context. It is for this reason we believe it is important to define an open framework to show the value contribution of ethnographic praxis in a manner which effectively demonstrates the relationship between efficiency and profits and which can also evolve and expand in view of other potential categories which may evolve in the future.

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The Impact and Stages

Many companies build organizations incapable of meeting the demands of sustainable innovation. The functions and responsibilities that may drive sustainable innovation are spread out, divided between organizational functions that have only minimal connections:

- marketing identifies opportunities;
- R&D and design leads the products development;
- operations make the product;
- sales do the selling.

Usually there is no fluent communication or cross functional collaboration. An organization culture capable of sustainable innovation requires cultural alignment, but to change an organization's culture, people must be motivated to think differently.

Although there is not proven formula for ethnographic value recognition, based on our projects, we have defined a method called SEED (Savings, Efficiency, Envisioning and Differentiation) that identify several key factors for tracing the impact and value contribution of ethnography into business. By means of this method, we provide a clear guide to performance across the whole innovation process. Through the ethnographic value contribution analysis of different projects, we have defined these **four top drivers of business impact**. The top drivers are based on the analysis of several outcomes, projects and meetings conducted with our clients and with various participants ranging from FMCG to households and financial services companies. At the same time, in various interviews we were able to identify a series of significant outcomes to make the value contribution of ethnographic praxis perceivable in business, such as the percentage of high performing concepts transferred to the funnel, the improved communications between business units and the building of an empathetic connection with consumers.

The four drivers of business impact are:

- Savings,
- Efficiency,
- Envisioning,
- and Differentiation.

This open framework enables us to build a conceptual bridge which links the four stages of the innovation process:

- Idea Generation,
- Opportunity Recognition & Evaluation
- Development,

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- and Commercialization.

The process starts with two key activities: idea generation and opportunity recognition. Once an opportunity is recognized, the idea must be evaluated; if it works, the idea is moved into development and finally to commercialization. The final test is Commercialization, customers make the final evaluation. So, learning more about an idea and relevance for the customers is a key issue but involves costs for testing and market research. In fact, the quicker a company can eliminate ideas before bringing them to this final phase, the lower its costs will be.

We can define a map showing examples of the value provided by ethnography such as Figure 1.

FOUR STAGES OF INNOVATION						
		IDEA GENERATION	OPPORTUNITY RECOGNITION & EVALUATION	DEVELOPMENT	COMMERCIALISATION	
FOUR DRIVERS OF BUSINESS IMPACT	SAVINGS	% Decrease Ideation Platforms Management	% Decrease Market Research Success Rates	%Decrease Testing and Re-works	Reduce Risk	OPERATIVE OUTPUT
	EFFICIENCY	Idea Generation Effectiveness		% Decrease Lead Time	Increase Success	
	ENVISIONING	Increase alignment Improve Employees Awareness	Capitalize Knowledge Dissemination	Increase Alignment		STRATEGIC OUTPUT
	DIFFERENTIATION	Increase Radical Ideas	Increase Customer Empathy	Reduce Time to Market	Improve Customer Retention Levels	

FIGURE 1 Value map: open framework with examples to acknowledge the value of ethnography in the business context

This map helps us to think about two key aspects:

- 1) how to identify the impact of ethnography on the innovation process, and
- 2) how to recognize the impact of ethnography on the “organization and culture”

Any company can use this method to identify the value offered by ethnography at various stages of the innovation process.

The ethnography value map makes it possible to embrace a wide range of experiences of ethnographic praxis which are established in the four stages of the innovation process, from Idea Generation to Commercialization. In turn, in each of the top four drivers of

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business impact can be a series of outcomes of the ethnographic contribution that can be identified in the business context. Thus, this framework can be used to identify the value contribution of ethnography offered in each new project or application in the various stages of the innovation process. By establishing the various outcomes in each box the impact of ethnography can be evaluated. A process in which we can benefit by posing the following questions:

- What is the type of output which adds most value to the business according to the top four drivers? Does it fit in with any of the four stages of the innovation process?
- Which of these outputs is the most highly valued by the stakeholders according to the top four drivers?
- Is the importance of this output greater or lower than the value added by other, non-ethnographic outputs?
- How can we redesign our output to offer our stakeholders greater value in accordance with each of the four stages and top four drivers?

By answering these questions, and with the compilation of the framework using the results of ethnographic praxis, we believe it is possible to identify the added value and impact of ethnography in the business context.

Now, let us assume that the outcomes of the ethnographic praxis used to fill in the various boxes are classed as legitimate impacts on the business—i.e., they have real value. The next task would be to make a rough qualitative evaluation, considering the contribution of ethnographic outcomes in relation to the top four drivers of business impact:

1. Savings. Does the ethnographic outcome improve profitability and cost reduction, saving time and money?
2. Efficiency. Does the ethnographic outcome lower risk and increase effectiveness, helping the company meet its innovation needs and obligations?
3. Envisioning. Does the ethnographic outcome help in increasing alignment and communications across business units, sharing market knowledge, ideas and developments?
4. Differentiation. Does the ethnographic outcome help in embedding the competitive advantages of the offerings, creating an emphatic connexion with consumers?

MAPPING THE VALUE RECOGNITION OF ETHNOGRAPHY: EMERGING VALUE PROPOSITIONS IN BUSINESS

As evident from our framework, the variety of approaches to ethnography and its application involves different options with different implications. Naturally, the question is how do I decide which are the best outcomes to demonstrate the value addition? To answer

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this question, it is necessary to develop a systematic approach to the company. It should start with a sound understanding of the organisation, culture, structure and innovation process. With this knowledge it is easier to limit and focus the value contribution on the framework which is more significant for their innovation process: process, stages, gates, metrics, and internal organizational characteristics that together define the frame within the company to define and pursue their innovation.

For example, consider the organizational culture aspects. What is the existing innovation infrastructure of the company? What type of relational skills has it developed? Does it involve people who understand the company's capabilities, strategy, and customers? What type of value system assessment is it comfortable with? The answers to these and other similar questions can tell us about the company's innovation culture, relevant roles and interactions, and how it perceives the value in the different activities which contribute during the innovation process. Therefore, before starting to establish the framework of ethnographic value it is important to observe and gain an in-depth understanding of the corporation and its innovation landscape. An important issue is the need for continued experimentation—around value creation as well as value recognition.

We believe the framework holds potential opportunities for organising and shaping the ethnographic value contribution in diverse industries and markets. However, an important issue relates to the appropriateness of this framework to particular contexts and future evolutions.

An important hallmark for the evolution of any model is the emerging new dimension of social innovation. This surging demand for innovation to resolve existing social, cultural, economic and environmental challenges for the benefit of people and the planet is creating an important market, not only for companies but also for the application of ethnographic praxis. For example, not only to identify new opportunities and understand behaviour, but also to innovate in new methods and techniques which can be useful in the social processes of innovation, such as open source methods and techniques. Therefore, it is logical to think of the evolution and consideration of different value propositions of ethnography in business, and much more so in the emerging context of social innovation and social entrepreneurship.

Examples

We recently worked with a Fast Move Consumer Goods company. We learned that our data could be packaged in ways to be memorable and consumable for marketing, sales, product and communication team members. Therefore, to ensure culture organization alignment, we set up an intra-platform knowledge management system to disseminate all the knowledge and experienced captured during the research, the idea generation and opportunity recognition. Subsequently, we have also seen how the platform is mainly used across business units and departments as a database to continue to refill the idea funnel and

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provide insight to inspire and encourage idea generation, design and communication. This “ethnographic knowledge” facilitated by the platform is further devoted to identify strategic and tactical insights of benefits to product managers, brand teams, business units and corporate leaders; to build conceptual bridges that relate market insights to the specific areas of interest and business recommendations tailored to the brand, business unit, etc.

As a way to visualize all the value with the Director of Market Research we launched a weeklong seminar “First Feel” to communicate valuable insights throughout the company, and make them “digestible”. Our team created a set of tools and activities to insert ethnographic insights throughout the corporation. In this event, we were able to deliver clear value in aligning the organization culture and teams with customer understanding. Additionally, we learned that our ethnographic data is highly relevant to all corporate audiences because it provides them with stories of “real people” that they remember, adding richness in a way that quantitative data does not. Also, both the platform and the event have enabled the company to put in place a more empathetic approach, with less internal documentation, enhancing communications between business units and reducing the “silo” culture. However, now the company also views its relationship with its customers not just a customer relationship management initiative but as a partner in innovation.

SUMMARY

Although we are dealing with a task in progress, we have attempted to define an initial framework to identify and show the value of ethnography in the business context; to build an example of how the return on the ethnography investment across the whole innovation process requires the understanding of the various ethnographic activities that drive market research and generate revenue. At the same time, we have attempted to show how the bulk of our value proposition comes from the efficiency that we can create in a company's operations and culture throughout the innovation process.

The specific implementation of this model might evolve over the time as companies and ethnographic praxis experiment with different business models, processes and organizational cultures. However, there is one factor which will always endure – ethnography and its praxis in industry will become more of a focal point and gain importance over the coming years.

Finally, demonstrating the value of ethnography in business is not only a tool for showing ethnography's true value, it can also illustrate how and when the ethnographic approach can be most effectively used as a tool to consistently generate the highest profit and efficiency. It's time to find common and acceptable guidelines by which our work can be measured, and the aim of this paper is to plant the first SEED.

NOTES

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