In their new book, *Darwinism in a consumer-driven world*, Erik Campanini, Partner, BearingPoint, and Kyle Hutchins, Director, West Monroe Partners, apply Charles Darwin’s 150-year-old theories to today’s rapidly evolving consumer-driven market.
One-hundred-and-fifty years ago Darwin published his seminal theories on evolution. Today, those theories have been given a novel new perspective to offer insight on one of the biggest issues facing business today: how can companies become both digital and more human-centric?

Evolutionary theory and the digital revolution

In the 19th century, Charles Darwin’s publication *On the origin of species* introduced profound new concepts about how natural ecosystems have evolved, based on principles such as ‘survival of the fittest’ and ‘symbiosis’. Fast forward 150 years and we see the rate of corporate failure increasing due to demographic shifts and the impact of the digital revolution.

Change has never been so rapid as in today’s increasingly consumer-centric world. The net result is that companies can now rise and fall faster than ever. Being the biggest business, with the longest heritage in the market, is no longer a guarantee of survival. According to Richard Foster at Yale University, the average time a company in the 1960s would spend on the US S&P 500 index was over 60 years. Now it is less than 20, which means that 3 out of 4 companies will not be on the list in 15 years’ time.²

We are in the middle of a digital revolution, catalysed by wave after wave of technology, from the world wide web to social media and mobile devices, each extending the potential reach and scope of an organisation’s products and services. Alongside such a wealth of opportunity is the threat of demise, however. Organisations have the choice to run constantly behind the curve of innovation, or to look to established models to learn how to respond to change and develop a core focus on what consumers want, need and expect.

IN 30 SECONDS

- The authors apply Darwin’s theories on evolution to the present day competitive business landscape, claiming it is those able to best adapt to the digital revolution that will survive
- The new book argues symbiosis, migration and natural selection principles should be applied to the context of digital change
- Businesses must quickly answer this key dilemma: how can companies become simultaneously both more digital and more human-centric?
- Placing the customer at the heart of the business model will ensure win–win long-term relationships
Applying Darwinism in the context of digital change

This book applies the famous naturalist and geologist’s theories to the struggle for corporate survival in today’s fast-paced environment. Darwin’s models, in particular the theories of natural selection and symbiosis, hold four keys to corporate survival in a consumer driven world.

**Supercharged instinct:** Just like eagles have developed advanced pattern recognition to detect camouflaged prey, businesses need to develop the ability to detect weak signals in customer behaviour, preferences, attitudes, context and any other data they can access. Companies need internal processes, procedures and systems that are flexible enough to enable organisations to respond quickly to weak signals that are detected.

**Migration:** Just as salmon investigate far-off environments in search of resources, businesses should be constantly exploring options and opportunities to migrate some of their activities to more favourable environments, too (for instance, less competition or cheaper solutions). In the digital ecosystem the costs of exploratory migration are low, but the price of standing still is high because the environment is changing.

Businesses should identify opportunities through digital media to act at multiple places in their existing supply chains. They should then take radical approaches to trialling new habitats, whilst constantly involving customers as co-producers in the process of exploration.

**Natural selection:** Companies should be aware of natural selection as a model for business. Integrating this well-known Darwinian principle unlocks a new perspective on business operations. Instead of relying solely on corporate research and development functions to generate new product and service ideas, customer-generated product concepts can originate in niches and compete organically for resources within the company. Ideas with potential from the marketplace should compete with in-house initiatives, to grow and then populate other niches. To do this best, companies should embrace variety – allowing multiple solutions to be generated.

Next, companies should embrace natural selection processes. Small project teams should sometimes be allowed to work in competition with each other and to build on customer- or employee-led innovation. Most important of all, businesses should be prepared to fail fast – failing fast means failing cheap. Company mentality needs to shift from long-term, top-down planning to a mind-set of rapid, bottom-up innovation and adaptation.

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Three quarters of S&P 500 companies will be replaced by 2027 at current churn rate 🏷️
Figure 1: No company is immune from joining the catalogue of extinct species if they fail to adapt and interact with customers.
Blockbuster and Eastman Kodak were both giants in their respective domains, today they have been overtaken by companies that have been able to ride the digital tidal wave sweeping the globe.

Figure 2: Moving towards a win–win long-term relationship
Investors can only reap rewards once each stage of the cycle has been fulfilled.
Symbiosis: In natural selection, the ‘fittest’ means the organism best suited for a given context or environment. Darwin noted in *The descent of man*, ‘In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most effectively have prevailed.’ In today’s connected environment, populated by hybrid consumers who are always switched on and connected to one another, the authors believe that collaborative relationships between companies and consumers are the defining feature of sustainability. Such an outlook makes clear that customers are a company’s biggest resource in the development of products and services. In order to succeed, a business must unleash customers’ potential symbiotically.

Figure 3: Symbiotic process

The ultimate answer is to adopt or start embracing a symbiotic company–consumer relationship to identify and service opportunities that your customers will want and need.
This leaves a fundamental and intriguing dilemma – how can companies become simultaneously both more digital and more human-centric? To answer this, the authors advocate the careful deployment of a modular, customer-based foundation for innovation: what they term a ‘symbiotic experience platform’, with the following four characteristics:

1. Customer centred
2. Based on open technology
3. Exemplary in its treatment of human resource management and its governance
4. Focusing on endless innovation and ability to improvise rather than over-planning

Using a platform with the above capabilities, guided by the four nature-inspired models (supercharged instinct, migration, natural selection and symbiosis), business processes are redefined to put the customer at the core of the business model. This requires a change of perspective: instead of isolated economic actors, think interaction; instead of fixed certainties, think endless adaptation; and instead of ruthless competition, think cooperation and symbiosis. Companies that forget this fundamental principle are likely to be consigned to the catalogue of extinct species.

Figure 4: Customer-centric platform
Industry leaders reflect their customers at every step: their internal organisation mirrors client types, they integrate big and unstructured data along the experience lifecycle into a platform that is simple, connected and ubiquitous.

Source: West Monroe Partners

Darwinism in a consumer-driven world will be published in May, see here for details: http://inst.be/ex-DCW
How real is digital Darwinism?

We can see many examples of where corporate survival is no longer about size or strength. Not just examples like Kodak or Blockbuster, but many traditional industries (including utilities and finance houses) are now struggling against the onslaught of newcomers with less weight and greater reach. Remember the adage that banks are ‘too big to fail’? Darwinism may not be new, but natural selection has never been as fast as in this increasingly fickle, consumer-driven world.

Note that this isn’t just about digital technology. Mobile and social technologies, cloud and big data, machine-to-machine and the ‘internet of things’ are all changing the nature of business. However, if you focus only on the technology, you are missing the point. As technology extends reach and removes traditional differentiators, businesses need to create increasingly innovative services and meaningful experiences. Not only that, they have to do so faster than the competition.

How are you seeing organisations adapt?

We have been working closely with a number of companies in the healthcare, telecommunications and finance sectors, among others. From these experiences we have learned the importance of two aspects in particular. First, companies that adopt a digital-by-default strategy, embraced by the entire Board and accepted across the culture, are far more likely to succeed than those who simply run digital initiatives. We have seen this at organisations as diverse as Barclaycard, the credit card company, and Nutricia, a subsidiary of Danone.

A second differentiator is an open platform of technologies and processes, which is fundamental to an organisation’s ability to adapt and improvise in the face of future unknowns. We have worked with L’Oréal on such platforms, which underpin the company’s distribution models and enable extended reach, direct to consumers. We have also learned, in workshop sessions with a series of customers, how time-to-market can be debilitated by over-detailed planning processes. Processes need to incorporate testing, learning and, potentially, failing fast.

A great example of success is Crédit Agricole, which built an ‘app store’ for its customers and partners5 – exactly the kind of open platform we are talking about. To do so, it had to create an arms-length organisation, otherwise piloting such a concept would have been impossible.
Where are you seeing the impact of digital Darwinism right now?

In terms of verticals, it is pretty clear that the retail sector is taking a beating right now. RadioShack recently reported it would be closing 1,100 stores across the USA, while Staples is closing 225 – that’s about 20% for each company. The trend does not stop at retail, we’re seeing it ripple into financial services and insurance. We expect the impact to be felt in healthcare and other directly consumer-oriented sectors before taking in utilities, manufacturing and others. No sector is immune.

What are organisations doing about it?

Through our work with leading companies we’ve seen them realign organisational structures and processes around the consumer, hire digital-native leaders, build customer experience labs to test concepts with consumers, and use technology to bring consumers and employees together.

Is there a good place to start?

In our experience, we’ve found that the best response to the lack of clarity about the future is to focus on the numbers. There are many different options available to organisations and they need to make some hard choices. For example, selecting the best multi-channel combination requires detailed financial analysis and thorough benchmarking to then create a plan that can be delivered.

We feed these findings into our work around customer-experience transformation and marketing enablement. What we have found is that organisations should stop thinking of digital Darwinism as a threat, but rather as an opportunity. The reason why older-thinking companies are getting forced out is because newer organisations are recognising the very real upside, and orienting themselves towards that.

Notes

2. Creative destruction: why companies that are built to last underperform the market – and how to successfully transform them, Crown Business, New York, USA, Richard Foster and Sarah Kaplan, reprint edition, 03/04/01, http://amzn.to/1ohvHp
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