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ARTICLE OF THE MONTH: ‘Recovering from a crisis and boosting resilience’ – BDO
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.

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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.

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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

Not surprisingly, the consulting industry continues to publish guidance on how to respond to various stages of the crisis with increasing granularity. This month, BDO has added its approach and is the worthy winner of our Article of the Month award. Its team has released a well-constructed framework which delivers a pragmatic yet detailed checklist of the things that managers and internal consultants should focus on. Our congratulations to the BDO team.

My theme this month is corporate cadence. I use this term to capture the clock speed of the organization which has seen an uptick in the small part of the organization responsible for crisis coordination and in big parts of certain sectors such as medicine and cleaning services, but has also seen a downtick in the majority of organizations suffering from declining demand. At ICG, we are now working with some clients to reset their corporate cadence by providing a gee-up in the form of a hard-working consulting team who can demonstrate what a return to normal operating rhythm feels like. This pacing unit can provide a wake up call or gently nudge the team back to their normal pace.

In closing, I would like to say ‘a big thank you’ to all of you who shared positive feedback on our COVID-19 Special Edition. This special edition was put together in record time by our global team of SMEs and researchers so a big ‘thank you’ to them for their hard work. If you missed it, please click HERE to access.

Stay safe and happy internal consulting.

David Moloney
Global Editor

About David Moloney

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.
# Cross-Industry Functional Topics

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Cross-Industry Functional Topics

In this Section:

- Strategy & Transformation | Ecosystems, M&A and Integration
- Leadership & Executive Development | Risk & Compliance | Human Capital
- Marketing & Customer Experience | Operations & Transformation
- Innovation & Disruption | Payments & Open Banking
- Cyber Security & Privacy | Career Transition
“Advantage Beyond the Crisis” – BCG

This high quality insight makes the useful distinction between transitional and transformational changes that firstly help manage the initial response to the crisis and those that respond to the longer term consequences. BCG argues that it is the later set of changes that make the most difference to long term survival and demonstrate how the longevity of firms is reduced dramatically during crises. The insight further identifies five key areas that shape successful transformational change: identifying permanent shifts; responding to these shifts in a more agile way; accelerating restructuring; capturing low value assets; link to fiscal stimulus.

ARTICLE OF THE MONTH

“Recovering From a Crisis & Boosting Resilience” – BDO

A comprehensively structured checklist packaged in an easy to digest PPT format makes this new insight from BDO a deserving winner of our Article of the Month. While the authors are clearly UK-based, the messages and wisdom are globally applicable. The insight starts with what has become the industry standard R-filled acronym: React, Resilience, Realize, and Rethink, and as appropriate for a firm with a financial heritage, it then details the most relevant financial scenarios, but then dives deeper than the other firms with an interactive web tool that provides up-to-the-minute guidance on seven key areas for management attention: premises, financial, legal and compliance, suppliers, employees, customers and management and leadership. Each section contains a well-developed suite of initial items for action or review. For any internal consulting function or management team, this insight provides the perfect starting point for planning an optimal COVID response.
“How Do You Find Clarity in the Midst of the COVID-19 Crisis?” – EY

EY’s six-monthly capital confidence barometer survey of 2000 C-suite views from around the world. Nothing surprising, but it does reinforce the need for more frequent strategy reviews, so worth a skim for more junior internal consultants.

McKinsey provides a good blueprint for making ecosystems in the insurance industry actually happen. Depending on how much ‘translation’ one wants to do, this approach could also work in the banking and some non-financial services industries.

This reviewer offers two additional aspects worth considering. First, this reviewer has always struggled with ‘setting bold visions’ as the sole starting point for any strategy. Equally important is a hard examination of the core competitive challenge that the business seeks to overcome and how an ecosystem would need to be constituted to address that challenge. Especially in what are inherently conservative businesses, this nuance will help derive a strategy that is actually capable of execution.

Second, and on execution, it is easy to talk about technological excellence, modular platforms, APIs, etc. McKinsey is right to showcase the success of an online insurer in this regard. Yet for most legacy insurers, flexibility remains out of reach as they continue struggling with the complexity and age of their legacy IT infrastructure, organizational structures and belief systems. The question is whether the capital base of the legacy firms is sufficient to compete against nimble newcomers.

Overall, it’s an article well worth reading by the C-suite.

This article from Deloitte covers some of the fundamental qualities of resilient leadership to help in dealing with the impacts of the crisis. The writer focuses on the practical lessons learnt from history and the relevant application in different phases of dealing with the outbreak.

The need to balance the heart and head mandates, demonstrate compassion towards employees and customers while applying rationale to minimize the financial performance impact of the crisis.

The article advocates maintaining a focus on the organization mission to find opportunities between hurdles, realizing agility over perfection, seizing the narrative, between realism and inspiration, and maintaining the foresight necessary for a new order and the needed innovation.

Applying the right approach and tactics will reveal opportunities for organizations to arise healthier and more powerful.


This second article from Deloitte is a continuation of the previous section with explicit emphasis on resilience as a way of being in the new order, and defines three frames for the leaders to fulfil: Respond, Recover and Thrive. The five leadership traits highlighted in the previous article continue to be the essential qualities across the three frames.

The writer travels in time from Respond to Recover, emphasizing the mind-shift leaders require to confront the uncertainty as to the new norm while nurturing strong fellowship based on trust to prepare for recovery.

The Recover phase necessitates leaders to define the destination and its related outcomes, which may result in an organization structure, business model, or distribution channels that look entirely different from the current settings.

Although the article is interesting to read, the first impression is a crowded space with various leadership and conceptual business frames jammed together.
Interesting article, but nothing new here. If you have not come across anything around the use of digitization in control functions, do read. However, it’s not clear the authors fully understand the different roles of the various second line controls functions, and also not sure they have fully understood the progress many banks have made. As ever, no discussion on how-to, other than very high level exhortations which most will be familiar with. What is missing in this reviewer’s mind is more how-to and more detailed discussion of the common pitfalls in undertaking such activity, backed by use of reference data qual and quant to support this. This is to the reviewer’s mind the real value of good risk management consultants, who know how to take firms on such a voyage.
**Cross-Industry Functional Topics**

**Human Capital**

Review by: Greg Barnier | ICG Practice Leader Human Capital | Contact

**“Talent & Workforce Effects in the Age of AI” – Deloitte**

This report from the Deloitte Center for Technology, Media & Telecommunications shares insights of AI early adopters based on a survey of 1,900 IT and business executives from seven countries. The report discusses the benefits identified by AI early adopters together with the challenges. A key insight is that the greater experience that organizations have in building AI systems, the more likely a larger AI skills gap will be reported. A significant skills need shift from a focus on ‘AI researchers’ to a desire for ‘business leaders’ is also reported for these organizations.

An analysis is made on how organizations are currently filling AI skills gaps and redesigning jobs. A key insight for the reviewer is one that aligns to AI-driven automation to free up workers for more creative tasks rather than eliminating jobs. Not written from an HR practitioners point of view. CHROs and CEOs would benefit from reading to understand the benefits and challenges faced by organizations as they continue to progress with AI adoption.

**“2020 Global Talent Trends Study” – Mercer**

This article reports the responses of more than 7,300 employees, HR leaders and C-Suite leaders to Mercer’s Global Talent Trends Study. At 68 pages, it is a lengthy but interesting and useful read. At first, the reader may find it a little difficult to work through as the ‘story’ and themes are reported at a high level. The reader needs to refer to the graphics to find more detail of the findings. The graphics do include interesting comparisons against the previous study and against high performing organizations. Those who would like to skim read will find figures 2,3, and 4 of interest and the comparisons of thriving employees to non-thriving employees in Figure 22.

The summary on pages 1 and 2 do not give justice to the rich data in the study. However, the headings in the index which outlines the key trends will pique your interest. Take the time to read the ‘Moving forward’ and ‘Redesign HR to accelerate progress’ sections which conclude each chapter. CHROs and senior executives will find the article informative and thought provoking with some good tips on how they may progress their organizations.
“Remaking Banking Customer Experience in Response to Coronavirus” – McKinsey

In the last global financial crisis, banks were seen as a part of the problem. However, in the current COVID crisis they can be a key solution driver and by doing so gain deeper customer engagement and competitive advantage.

This McKinsey article steps through some international best practice examples ranging from banks supporting customers in setting up digital/contactless engagement to banks proactively helping customers restructure their debt and manage cash flow.

“Breaking the Bank: RBS Remakes Retail Operations Around Customer Loyalty” – Bain

This Bain article outlines how The Royal Bank of Scotland, almost bankrupted in 2008, has rebuilt its balance sheet and growth metrics.

The article attributes RBS’ success to pivoting around a customer centric strategy and specifically to reorganizing around customer journeys (vs. products). To embed the change, their leadership team drove a cultural shift towards individual accountability for customer satisfaction at each single step in the customer journey and they increased customer satisfaction by designing and delivering seamless digitally enabled (and increasingly paperless) experiences across these journeys. Great insights, worth a read.
“The SG&A Imperative in Times of Crisis” – McKinsey

This article encourages companies to respond strategically to the COVID-19 crisis by applying zero-based principles to SG&A functions. CFOs have been busy reducing spend in areas such as travel, entertainment and production staff – and can go further by using the crisis as an opportunity to rethink spending to better align costs with the changing environment.

McKinsey references studies of past crises, including the GFC, to identify actions that delivered the greatest post-crisis benefits. The main takeaway here credits fast movers with producing changes that helped it survive the crisis and more importantly improve competitive position following the crisis. Core to these actions were moves to improve spend visibility and applying zero-based productivity improvements.

The article is worth a read for executives and consultants tasked with transforming for a post COVID-19 world.

“Digitally Perfecting the Supply Chain” – IBM

This article is a joint report by Frost & Sullivan sponsored by IBM. It was produced prior to COVID-19 and hence makes no references to the crisis. It does, however, shine light on technologies that will be critical for improving supply chain performance post-crisis. These opportunities have grown in relevance as organizations rethink supply chains due to trade disruptions, supply and demand shocks and the need to improve resilience.

Three scenarios are presented to highlight improvement opportunities through the deployment of artificial intelligence (AI) and blockchain across extended supply chains. Core to all scenarios are the benefits available by improving visibility among supply chain partners and reducing the reliance of paper-based processes. This is more than an IBM infomercial, though pages 5-6 and 13-14 suggest IBM products as part of the solution.

The article is a good read for executives and consultants looking to transform supply chains for improved performance. However, it champions the benefits of AI and blockchain without touching on some of the challenges, suggesting benefits of further research before commencing your journey. 

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“Digital Strategy in a Time of Crisis” – McKinsey

Digital strategy is having a good crisis. In this article, McKinsey puts a COVID wrapper on its rationale and approach to digital transformations, making the point that the crisis has reduced resistance to bold changes, both for survival and advantage. The article goes on to recap McKinsey's previously published findings on the relationship between high performance and the extent to which a firm has gone digital. It also makes some suggestions for fast implementation, which the crisis both demands and excuses. There are no new insights here, but the recap is timely and well written. 
“Payments & COVID-19: Mastering the Dilemma” – Strategy&

A brief, European-based article on how COVID-19 is expected to impact the revenue of payments value chain players. Best takeaways are from the six business model implications, three that are being accelerated because of COVID-19 (cashless, e-commerce, and central bank digital currency) and three that are dependent on recovery (cost transparency, partnered service offerings, and M&A opportunities). A three-minute read.

The Institute of International Finance and McKinsey collaborated to take a National Institute of Standards and Technology Cybersecurity Framework (NISTCF) approach on survey based research on cyber resilience, based on peer institutions’ practices, yield familiar and regrettable findings of large institutions having better capability while they continue to compete head-to-head with smaller ones. Further, while money lags to identify, protect and detect, organizations compensate by stronger recovery capability – basically a break-fix mentality vs. a resilience mindset. Good immediate actions are provided, but one not included is to focus on the hidden game: leadership; culture; peer, supplier and customer networks; and change readiness. A clean and clear presentation of the issues and risks via NISTCF, suitable for boards and executives across the business to build awareness of the need to take action, who often ask ‘How do we compare?’.

“How Does Security Evolve From Bolted on to Built-in?” – EY

As a former EY cyber security Asia Pacific and Oceania leader, your reviewer is biased. However, the 22nd annual EY Global Information Security Survey (GISS) continues to focus on this firm’s deep security experience with top clients, and has been improved and ‘written-up’ to speak to boards and executives. To some extent, this is a loss for the security people that participated in the survey, although traditionally they got their own survey answers played back with detailed data analysis. Franky, one of the findings that hacktivists pose the second greatest threat after organized crime, seems to be a bit of an odd one vs. clients’ concerns over nation state attacks, however attribution has always been tricky. Still, the observations and five key recommendations are sound. Sadly, EY has lost their focus on resilience, the word only mentioned three times and mostly in relation to the often ignored discussion around Security by Design (SbD). EY would be wise to also include Privacy by Design (PbD), although that would mean the silos in the big firm would have to be broken down, those silos a strength and a weakness for their clients.
“Changing Careers During the Coronavirus” – Korn Ferry

Korn Ferry suggests that now might not be as bad a time as it seems to change careers. It provides some simple, yet effective, steps to take this path: test drive working at home, assess your skills and reskill on the job, and anticipate opportunities that might appear in 2021.

“Job Searching in the Outbreak Era” – Korn Ferry

Some practical tips here on job search in the post COVID-19 crisis world. Resetting expectations around the time to gain new roles, scarcity of roles and call to action, consider lateral moves that build skills for the new normal, keeping up to date and most importantly continue to develop your networking.
A thought-provoking look at a very topical subject: morality at work and individual career development. Using a job crafting approach based on both cognitive and task assessment enables individuals to navigate their way through the moral challenges in the workplace, and doing so in a way that aligns with their values in making and reasoning the right moral decisions. It also speaks on how to become an influence for good, giving a voice to express views around immoral, illegal, dubious, discriminatory, unjust and unfair actions in the workplace in a way that encourages more awareness and better moral decision making.
Industry-Specific Topics

In this Section:

Macro Financial Services | Retail & Business Banking
Corporate & Investment Banking
Wealth & Advice and Investment and Fund Management | General Insurance
“How Financial Institutions Can Confront COVID-19 With Their Own Triple Punch” – Kearney

The title promises much but fails to deliver. Instead, this is yet another guide to responding to the crisis based on three stages: Respond, Monitor and Plan. These three steps are detailed but offer nothing we didn’t see from others in our COVID Special Edition.

“Six Steps to Weathering the COVID-19 Outbreak for Financial Institutions” – Kearney

A lone wolf AT Kearney partner does a very decent job of providing summary advice for dealing with COVID. Of note is the migration to a Minimum Viable Operating Model, which feels like a more germane way of rebasing costs than zero basing or radical cost restructuring.
Noble work from Accenture, but it is mostly catchup thinking on the idea of shared customer value (or, as we prefer to call it at ICG, Creating Customer Outcomes). It draws on some early work your reviewer completed during the GFC on ‘good bank vs bad bank behaviour’. Accenture resurrects the idea of reducing bad bank revenues to instead build trust with customers, in order to generate a better outcome for the customer first and the bank second. This is particularly important in the face of higher regulatory standards, new threats from fintechs and neobanks, and advances in technology which make it easier for incumbents to deliver cost effective ‘lite-advice’ or banking coaching-like solutions. The real challenge with this strategy - which Accenture does not address - is what your reviewer termed ‘managed cannibalization’. This is because most good customer outcomes (think lower fees, lower interest rates) come at a cost to the bank and their shareholders. As a result, most of this work is along the lines of Accenture’s argument ‘you will lose them anyway, so here is how to justify an expensive retention strategy’ or ‘social license garnish’ rather than a genuine attempt to redesign a sustainable long-term value equation between the bank and the customer.
“How Banks Can Ease the Pain of Negative Interest Rates” – McKinsey

Squarely aimed at bank treasurers, this article addresses the challenges of managing net interest margins in an environment of negative interest rates.

The article steps through the drivers of interest margins and provides a useful framework covering the full range of levers within the treasury toolkit that might be deployed towards the current challenge.

“The 2020 Retail Banking Outlook: Minimizing Loss & Maximizing Customer Trust” – Kearney

A useful summary of the potential impact of the current crisis on retail banking profits in Europe in 2020. Modeling projects a 20% decline in revenue driven by constrained consumer spending and record low interest rates. Costs will largely remain in place, with some banks taking the opportunity to increase their investment in digital services. This will unsurprisingly lead to a short-term squeeze in profit margins across the industry.
**“COVID-19: How Banks Can Manage the Business Impact”**
- Accenture

This is a deep-dive into the impact of the pandemic on retail banks. No fresh insights, however it provides comprehensive coverage across credit management, revenue, customer service and operating model considerations.

The article also makes the important point that fast action is critical – it is important for banks to signal intent to clients and staff across the key dimensions, rather than having all the details in place before acting.

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**“Banking & Capital Markets Trends 2020: Laying the Foundations for Growth”**
- PwC

Banking and capital market (BCM) leaders should skim this article, which identifies the risks and opportunities foremost in the minds of surveyed CEOs. Issues that are keeping CEOs awake at night include increased regulation, digital transformation and data security. Opportunities include becoming more customer-centric, simplification of processes and blending human and digital approaches.

The survey was conducted prior to the onslaught of the COVID crisis, which is likely to accentuate both sides of the ledger.
SHARE YOUR INSIGHTS

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Industry-Specific Topics

Corporate & Investment Banking

Reviews by: Andrew Boyes-Varley | ICG Financial Services Practice Leader | Contact

“How Private Equity Operating Groups are Taking on the Challenge of the Coronavirus” – McKinsey

A similar article to the one by Bain, [here](#) – which takes a sector perspective, while McKinsey opts for the contrast between Asia and the West in its version of dealing with COVID-19 here. It is private equity portfolio company oriented, but with general application. Look out for the sidebar on leadership – worth a quick look.

“Steering Through the Next Cycle” – Oliver Wyman

A comprehensive ‘blue paper’ jointly authored by OW and Morgan Stanley on the outlook for Corporate and Investment Banks, in shaping their response to the COVID-19 global disruption. One of the best pieces of analysis and recommendations that has appeared in this section of TIR for some time. You should read this if CIB is your sector.

VIEW PDF (32 PAGES)

VIEW PDF (6 PAGES)
“Lessons for Private Equity From the Last Downturn” – McKinsey

This one from McKinsey is definitely oriented for the PE Funds (general partners, that is), not everyone else. Notwithstanding the orientation, your reviewer was not able to discern any insight of which the said general partners would not already be aware.

“Reinventing Corporate & Investment Banks” – BCG

Returning readers to this section of TIR will recognize this paper by BCG as very similar to their previous offerings of their prescription for the CIB sector.
“Global Private Equity Report 2020” – Bain

A very dense fact-filled report from Bain, which has a very deep history with private equity. While the analysis of 2019 is in-depth, and as is very much in Bain house style – ‘show me the data’ – this report was clearly finalized before the realization about the COVID-19 pandemic disruption, as it is not mentioned in the 2020 outlook. That is not to say that the ‘five ways top PE firms are stepping up their game’, is no longer relevant – it may be even more so. Not a light read, but a reference document and recommended one at that. See Bain’s post-COVID-19 pandemic point of view for PE in the next article.

“Investing in a Time of Crisis” – Bain

This is Bain’s offering in contrast to McKinsey’s, noted on previous page. An informative piece on the potential and shape of recovery across various sectors, following the COVID-19 pandemic business disruption. Written from a private equity point of view, but useful for anyone considering the shape of businesses’ response and ability to recover.
“Sound Advice: The Big Pivot for Wealth Management Firms During COVID-19” – Bain

Engage more with your clients. Retain your best advisers. Seek M&A opportunities. These are the primary takeaways of a succinct article that serves up a short list of corporate focus areas for any era – not just the current pandemic. Useful as a checklist for executives and internal consultants but ultimately little new here – we all know what’s important.
“Maximizing the Value of In-force Insurance Amid Enduring Low Returns” – McKinsey

Interesting article that is worth a read and, for life insurers, quite an easy fix to undertake.


Great Article. Should be read by all executives as it gives a great snapshot of the direction of travel for most business lines and will help effective granular internal company investigation.
“Are You Covered? An Insurance Executive’s Checklist to Handle the COVID-19 Turmoil” – Bain

Well worth a quick read. Pretty much along the lines of most major consultancy firm advice.

“State of Property & Casualty Insurance 2020” – McKinsey

Quite long, so focus on the sectors which cover off what market shapers do differently and McKinsey’s definition of six forces shaping the industry. This will give readers good insight into how to be successful. As always the challenge is how to execute well – and for this we recommend you contact your preferred ICG consultant or local HUB.
“The Multi-access (R)evolution in Insurance Sales” – McKinsey

The people at McKinsey have been busy. The issue with this article is that really gives no sense of how to effectively deliver this. A fundamental premise around insurance is that it is sold not bought, and thus all players are rightfully very careful around distribution structures. Very easy to recommend changes to distribution structures, but if you get it wrong, as has happened, it can be devastating, to the top and bottom line. More exposition around how to be successful in adapting distribution would be a better use of the considerable intellect applied to this document.
REVIEWS OF THE WORLD’S LEADING INSIGHTS

THE INSIGHTS REVIEW

ARTICLES OF THE MONTH
THE BEST INSIGHTS OF THE PAST 12 MONTHS
“Future of Finance: The Human Perspective” – KPMG

This paper is a valuable resource for CEOs, CFOs and CHROs looking to ensure that proposed finance transformation programs have the appropriate investment in people to ensure the programs success. The article is easy to read and covers the catalysts for a finance transformation and examines the key findings of a global survey and good practice case studies. This is more of a useful tool or resource rather than just another research paper. It includes questions for the reader with the ability to see instant results from all respondents to those questions. Figure 2 details a model for the shape of the finance function in the digital world.

A well prepared resource which would be a great investment of time to review!

“How Can Your Growth Strategy Evolve Faster than the Market?” – EY

A helpful and novel insight from EY which appears to expose the IP they have acquired through a boutique acquisition.

The insight starts with a general introduction regarding how to define a strategic context and rightly emphasizes that innovation and technology can make traditional approaches obsolete. (Side note: ICG solves this issue by helping clients to build a strategic disruption radar capability that continually monitors and updates the most likely strategic consequences of new entrants, and innovations. This reviewer also personally recommends a summary analysis he calls “Who is winning and why? And, who is losing, and why?” as the best way to illuminate strategic choices that are working or not).

The rest of the insight focuses on a new industry portfolio tool which uses Relative Market Share (rather than absolute) and absolute return on sales. This approach nicely demonstrates the margin benefits that accrue from scale which will work well for commoditized industries; those industries with players targeting high margin segments will need other tools.

A helpful contribution and well worth a read by all our readers.
**ARTICLES OF THE MONTH**

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

**NOVEMBER 2019**

"Global Retail Banking 2019: The Race for Relevance and Scale" – BCG

**VIEW PDF (32 PAGES)**

An excellent article from BCG explores how digital disruption is reshaping retail banking value chains, resulting in a shift from vertical integration towards a platform-based or “stacked” industry structure. This is a transformative change, leading to the emergence of new business models.

For example, companies that develop leading customer interfaces can offer consumers a broad variety of financial and other services through ecosystems, without having to develop their own banking products and infrastructure. At each layer of the stack, technology enables the modularization of services and challenges the integrated universal-banking model.

Incumbent banks will need to develop new capabilities, and to carefully determine the business model they want to pursue in the emerging industry landscape – whether full-service, ecosystem-based, or product-only. The article includes a very useful taxonomy of the business model design choices available to incumbents and insurgents.

Well-presented, and highly readable.

**OCTOBER 2019**

"Retail Banking Distribution" – BCG

**VIEW PDF (17 PAGES)**

In recent years, we at TIR have seen many articles on the disruption of retail banking distribution.

This article from BCG stands out in articulating a compelling view of the key trends that are driving change across banking distribution, and the key shifts that banks will need to make.

The trends explored include the expanding suite of channels, devices, and social networks that banks will need to leverage to connect with their customers, the blurring robo-human interface, and the ongoing drive towards mass personalization through use of customer data.

Achieving the shift will require profound transformation, and the article sets out some of the changes required. For example, banks will need to development automated-routing capabilities to choose the best delivery option for each interaction based on the customer potential and nature of the request. Banks will also look to increasingly establish extended ecosystems based on Open Banking and through enabling third-party APIs, as a way of extending their reach and accessing new capabilities.

Recommended reading for those working on digital disruption or channel strategy – and a worthy winner of our Article of the Month.
“The Productivity Imperative in Insurance” – McKinsey

A good read for insurance executives, and in its way groundbreaking.

The author’s main take out is the need to strategically invest, and secondly, reduce business complexity.

Worth reading more than once as it will provide executives with a blueprint to adjudge initiatives.

“The Productivity Imperative in Insurance” – McKinsey

“Breaking the Commodity Trap in Trade Finance” – BCG

Though the title suggests that the article is limited to international finance, it actually provides an excellent example as to how B2B companies can apply a systematic pricing approach when prices are negotiated by regional sales managers (RSMs) with extensive discretionary pricing leeway.

It leads readers through a three-step approach:

1. A quantitative analysis of existing data to identify the extent to which “field discretion” can account for price dispersion;
2. The implementation of new pricing models and guidance that is more aligned to evolving market conditions; and
3. The provision of robust pricing tools as well as coaching and training for an effective change in pricing discipline.

This will be of interest to senior-level sales, pricing, and finance executives responsible for overall profit maximization on a corporate level, where products have been viewed as commodities.

The article is relevant to a number of industries where rapid changes are occurring and latent profit potential opportunities need to be identified and exploited.
“Optimize Social Business Value” – BCG

Wow – a tremendous insight from BCG. Not just a reminder that purpose led strategy is on-trend, this is a wonderfully thoughtful and comprehensive framework-based approach to merging business sustainability and sustainable competitive advantage. The highlight is seven sustainable business innovation ideas that would create a wonderful basis for any internal consulting team tasked with exploring this issue.

It is a worthy joint winner of our Article of the Month, and is highly recommended for all readers.

“Does Digital Leadership Matter?” – Accenture

A long but very valuable insight from the most senior team at Accenture. The first message is the sobering news about the proportion of revenue that is going to non-traditional players. While the message is obviously self-serving (technology-enabled strategy wins), the analysis and logic are compelling. The writing also has an unusual edginess to it – as if the non consultant trained editor was overruled – which allows for many more thoughts and left-of-centre insights to be packed in. This makes this insight differentiated from the rest of the pack. It is well worth a read, and a deserving co-winner of our Article of the Month.

“Pursuing Cybersecurity Maturity at Financial Institutions” – Deloitte

This must-read, high quality paper is based on a survey fielded by the Financial Services Information Sharing and Analysis Center (FS-ISAC), in conjunction with Deloitte’s Cyber Risk Services practice in the fall of 2018. It is clearly written and with excellent insights on resilience, cyber maturity, spending, and the “hidden game” that leaders with adaptive cybersecurity play.

This one will interest business unit leaders, CISOs, CIOs, and CROs, as well as board members interested in a business perspective vs. a lot of jargon and discussion around cyber hygiene and cyber threats.

Well done, Deloitte.
“Why Organizations Should Be Concerned About Privileged Accounts” – EY

Although it is often passed over as a key security topic, privileged account management (PAM) is getting increased attention from regulators worldwide due to several high profile attacks.

This quick read is ideal for board or executives interested in understanding key controls in this important area, and could be used by CISOs as an outline for a PAM improvement project in their organizations – provided that they also apply a risk lens on the business unit or process to be secured. Although this paper was developed within the Asia Pacific market, it would apply to any other; just replace the relevant country or state regulation for compliance purposes.

Ultimately, compliance should be a by-product of good privacy and security controls, as described here for PAM.

“Large-Scale M&A: Capturing Value Demands Flawless Integration” – Bain

As part of its larger private equity study, Bain focuses on what makes large-scale M&A successful when executed by mega-PE houses.

This article is a rare instance where the title under-promises and over-delivers. It is exceptionally well-written, engaging and useful.

It is a must-read for anyone involved in structuring, performing due diligence, or integrating M&A transactions, large and small.
“AI Risk: The Newest Non-Financial Risk Every CRO Should Be Preparing For” – Oliver Wyman

In order to create a competitive advantage while increasing efficiency and customer experience, financial institutions seek to augment their operations with Artificial Intelligence (AI) technology. Examples of AI usage include customer onboarding processes, real-time fraud detection, and support in underwriting as well as pricing decisions.

However, according to Oliver Wyman’s article, organizations are less prepared to manage risks incurred through the use of AI technology. Contrary to traditional risks which are well understood, risks associated with AI technology are composite and complex in nature, spanning multiple horizontal as well as vertical dimensions. Oliver Wyman suggests creating a separate risk category for AI technology which requires:

• Clear definition of risk appetite, operating model, and surrounding governance
• An inventory with all current and future AI endeavors
• Clear definition of 2nd line ownership including in descriptions of roles and responsibilities across all specialties, and
• Collaboration along the entire governance structure resulting in a risk-based, tiered management approach.

While some may consider AI risks as a future problem, due to the increased use of AI technology in today’s environment associated risks need to be identified, assessed, and managed simultaneously. The article is therefore a recommended read for all risk executives across all three lines of defense and technology professionals.

“The Five Trademarks of Agile Organizations” – McKinsey

This comprehensive McKinsey article will benefit anyone embarking on, or already on the road to, implementing agile ways of working. Its strength is in consolidating a number of insights into a framework for agile organizational success.

The 22-page piece leverages the experience of fifty of the firm’s agile practitioners to identify five trademark elements for agile success.

The trademarks are supported by 23 specific practices that provide a useful level of detail for the reader. Exhibit 2 provides an excellent summary of the concept, trademarks, and practices covered in the article. Exhibit 3 adds a number of building blocks for agile organizations. There is also an attempt to provide a historical context for the move to agile, as well as four trends driving the need for change.

While much of this is existing knowledge, it provides a practical level of detail for the reader. The authors take a position that all five trademarks are required to achieve agile success, and that they must work together.

This is a worthy read and part of McKinsey’s focus on agile transformation. It is also a good complement to their recent paper “How to Create an Agile Organisation”.

ARTICLES OF THE MONTH
THE BEST INSIGHTS OF THE PAST 12 MONTHS

MARCH 2019

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JANUARY 2019

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