

TOMORROW, TODAY 3: HOW TO WIN THE PRODUCTIVITY CHALLENGE

VIDEO TRANSCRIPT

Oli Barrett:

As the lead of Accenture's Strategy and Consulting Practise in the UK and Ireland, Matt Prebble has unique insight into what is keeping the country's executives awake at night. In this episode, he'll be helping us understand what those execs can do to ease their worries. Welcome back to Tomorrow, Today.

Matt, thank you for joining us. Great to see you.

Matt Prebble:

It's a pleasure to be here today, Oli.

Oli Barrett:

To kick off, I wanted to get a sense from you about how different the businesses you're working with today are to the ones you were working with a couple of years ago. What has changed?

Matt Prebble:

Well, many of the businesses we're working with today have been just through an incredible journey over the last couple of years. If you think of pharmaceutical companies have had to find new ways to launch and develop drugs and vaccines in just a much shorter period of time. If you look at retailers, they've had to find ways of being able to operate without their stores open and with only half their colleagues available. And they're in a position where our clients have had to really work out how to become agile at the core and to become hybrid environments for workers. And so, this concept of agility is just absolutely key at the moment in business.

Oli Barrett:

I mean, you get to work with such an amazing range of companies. I wondered to what extent they're thinking about this overall theme, if you like, of productivity. I mean, is that a word that resonates anymore?

Matt Prebble:

It's a word that resonates hugely at the moment. I think if you look at it from a global perspective across the world, hopefully now we can see a way through the pandemic. Hopefully we can be in a position where we can navigate that moving forward. But at the same time, we're still going to be left with a world with high inflation. We're going to be left with a world with high debt, with low birth rates, and we have to navigate that together. And so, the concept of being able to do more with less is really really top of the business agenda at the moment.

Oli Barrett:

Right. So this is exactly what I was hoping to unpick with you, because it's easy for me to throw out that word 'productivity', but just remind us what that means to you, because it can mean different things in the macro and individual business sense. But maybe just help us explore that a bit.

Matt Prebble:

Well, in its essence, it really is doing more with less. And if you think about it, it is the real key to economic growth. You can't really have sustained economic growth unless you can



unlock productivity. And that economic growth can then increase wages, it can improve people's income. And if we get it right and redesign the future of work correctly, it can actually improve people's lives.

Oli Barrett:

And we've had a bit of a challenge on this, haven't we? Especially in the UK and Ireland. Why do you think that is? What have we faced?

Matt Prebble:

Well, it's really interesting. If you look at the last decade, the UK has underperformed the G7 quite dramatically in productivity. Ever since the financial crisis, we've never really recovered or made real ground in productivity. It's interesting why, you ask yourself why that is. Some of it is around infrastructure, investment in things like education, really making sure the country is set up for productivity. But another side of it is businesses. And what I think is really interesting is actually in this digital transformation phase, it's clear that customers have adopted and adapted much quicker than businesses. And that's because effectively, businesses have to reengineer the core of their business to take advantage of the new digital technologies.

Oli Barrett:

Yeah. And to put it bluntly, relying on you to lead them through that. What's at stake for those businesses? Because it's easy to see it as some macro term, but just bring it back down to the ground.

Matt Prebble:

Well, I think everything's at stake when you really look at it for companies. We've done quite a lot of research to look at the top performers. And what we found is that the highest 10% of companies deliver almost twice as much revenue as the bottom 25% when it comes to adopting and adapting to new technology. And that impact and that divergence is only getting bigger. The higher performers, the companies that are able to adapt quicker, are actually moving further and further away. So, companies really do need to be able to adapt to new technologies, adopted for productivity, to really drive and be part of the future.

Oli Barrett:

Right. So, on that, I get a sort of sense there of the sort of dynamism that we're sort of looking for, that fast pace, ability to experiment. So, if we're on this theme of reimagining work, what role for leadership within that mix? What are the board doing?

Matt Prebble:

Some of the key things that we found is if you can create a culture of continual learning, you can embed that within the DNA of your organisation. What that also does is embed productivity culture within your organisation, always that constant appetite to get better and improve. And so, leaders that are able to foster that, will set themselves up with almost an antifragile business for the future.

Oli Barrett:

Yeah, I'm very drawn to that thought of a culture of continual learning. What does that look like in practise? Any ideas, any thoughts that you've seen that have inspired you?

Matt Prebble:

We're working with a medical training company at the moment that's adopted virtual reality, which means that they can get to a much larger number of hospitals to be able to train in the latest techniques. You can see 3D patients, watch practitioners treat those patients, take the learnings from that. And you can also apply that at universities, as well as people, come through medical degrees. So that ability to be able to get such reach with digital channels and transform, is absolutely key. And what that does, if you get it right, is it does trigger that embedded culture of learning within your organisation.

Oli Barrett:

Excellent. And it's more than the companies you're working with. You're walking the walk on this. So, what are you doing internally at Accenture on this?



Matt Prebble:

We've got a programme across Accenture, which is called TQ, which is Technology Quotient, which we run with all our new graduates coming in and we run with everybody and we refresh it on a quarterly basis. That, we're also deploying with our clients. And that ability to improve the technology quotient within an organisation has shown a direct link to productivity. That ability to create that, has been huge for us. We've also now adopted VR. We're one of the largest companies currently using VR, and we've created our own Metaverse for training and learning, where we take our new graduates through and we also take our experienced hires through as well. And that's really having an impact right now.

Oli Barrett:

Yeah, I think that is automatically inspiring because hence the name of the series Tomorrow, Today. Very often when we bandy around phrases like the Metaverse, it's something that we will start to see in a few years. You're experiencing it today. Any early lessons?

Matt Prebble:

A common misconception, actually, around the Metaverse is that it's all around the consumer. Now the consumer is a big part, but if you look at the corporate Metaverse, it's absolutely huge what we can achieve. Let me give you just one example. We're working with a large confectionery company at the moment. We have created a digital twin of their whole manufacturing process around sweets and chocolate. And what we found is even taking just a few of those lines, creating a digital twin running and optimising within the digital twin before we apply it to the physical manufacturing, means that we can get a 200 million pound benefit for that client just for a handful of lines. And the opportunity then to roll that out across, is huge. So, this concept of being able to create digital twins for companies and corporations is huge.

Oli Barrett:

And just to be clear Matt, the 200 million pound saving, that's not a hypothetical saving as predicted by some Metaverse or digital twin simulation, that has actually sort of in the real world if you like.

Matt Prebble:

Real saving, identified and deployed into manufacturing sites as of today.

Oli Barrett:

Love it. So, help us think a bit more about this link between technology and productivity, because there's clearly a relationship. But I'd love you to help us explore how those two interact.

Matt Prebble:

If you look geographically which countries have the best productivity, there's a clear correlation between the countries that have been able to adapt and adopt new technology as well as innovation. That's the biggest reason for the improvement in productivity if you look globally. If you then come down to a company level, as I said before, the top 10% of companies are generating twice as much revenue by doing things like moving to the Cloud, applying AI. If you just take something like the journey to the Cloud, a lot of companies embarked on the journey thinking there's an opportunity for cost saving. What actually transpires, is the real opportunity is around productivity.

And if you can do things in the Cloud that you just can't do on premise, you can do things like pricing and promotions, if you're a retailer, in dramatically different ways. You can reinvent the drug production process, if you're a pharmaceutical company. And the opportunity to collaborate with lots of different organisations and to reuse components and capability that have already been developed in the Cloud. If you just look at AI, the latest wave, we've been on a ten year journey for AI and this wave is now getting really interesting. We're almost on an exponential curve right now and the capability that you can get access to by being in the Cloud, can just make a huge difference.

Oli Barrett:

On artificial intelligence, on AI, are there examples that come to your mind that really have cut through?



TEST TEST So if you look at Mars, they've got a new global coalition called Kinship, which is defining a great in the future of pet care across health care, science, nutrition, to investment and collaboration with startups. It's largely autonomous to Mars and operates across sort of the typical industry boundaries. So you've got startups focusing on owner meet-ups, payments, virtual [apps 00:07:10], all these sorts of things that broaden the ecosystem.

And then if you looked at ventures, say P&G's Venture studio partners with startups and inventors to build businesses and brands within the CPG space, so you can increase the portfolio breadth. An example would be Zevo. It's a small plug-in device. It's a start up that was partnering with P&G to reinvent people's experience with, of all things, home pest control, which again is a new take on, in this case, an almost \$20 billion industry.

Renee Ertl: Okay. So now let's turn to data for a moment. How are CPGs using it in their pursuit of new consumers, categories, or collaborators?

Oliver Grange: So I think data and analytics, because I think the two are important to say together, it's going to be one of the biggest differentiators on the journey of big CPG to growth. And the amount of data available today is staggering, but 76% of consumer-products executives acknowledge they'll struggle when it comes to scaling data across the business; so getting it there fast enough to be able to use effectively.

Different functions need different types of data. Some need the same data for different purposes. And the Holy Grail, I suppose, is having a truly holistic data model for consumer goods where there's clear structure around what data is required, where it comes from, how to use it, and then how to measure success.

No one's really cracked this yet, from zero party data all the way through to data that comes out of companies and systems. But once you get to that truly holistic data model, I think there'll be huge value, particularly in driving the growth agenda.

TEST TEST And so CPG has got to leverage the wealth of data available to them and then apply the analytics to create those deep insights about customers and consumers.

For some years, with their Freestyle platform, Coca-Cola had been using intelligent vending machines, which are enabled with AI to mine vast amounts of consumer data in order to innovate drinks and flavors, optimize locations, and drive consumer targeting and loyalty. But data alone can't drive disruptive innovation. There is a critical combination of human plus machine that creates and harnesses end science, and then channels them into growth.

So, in essence, every company will be fully data-driven in 10 years. The ability to access and extract insights from different forms of consumer data and customer data and all the other varieties and flavors will be one of the biggest differentiators for growth.

Renee Ertl: Oh, yes. And so much change is happening in the industry and it's happening fast. Oliver, do you have any advice for CPGs trying to figure out the path forward?

Oliver Grange: We suggest sort of four steps to start. So first one, pressure test your purpose. Define what your organization's fundamental reason for being, and the broader purpose you serve and your ecosystem serves, and hold your business and your ecosystem accountable at every level with rigor. Measure the success.

Secondly, choose those partners wisely within that ecosystem. So proactively seek partnerships to unlock capabilities and access to new experiences, and then frame those partnerships in models of shared incentive and success to grow together. If your incentives are aligned, then there's more chance your ecosystem will be healthy in the long run.



Matt Prebble:

I'd probably take customer service as a big space. I mean, we've talked about the application of AI to customer service around how you interact as a company, with your customers. But now when we see what's possible in terms of being able to answer queries, do upwards of 80% of engagement with customers directly before passing off to a human, it's absolutely huge right now. And if you can take AI and automation and apply that to your processes and re architect the processes, there's real real productivity gains that we have right now.

Oli Barrett:

Now, Matt, sometimes we ask people in this series what's keeping you awake at night? Let me flip that round. The companies that you're speaking to, what's getting them out of bed in the morning?

Matt Prebble:

Well, the CEOs and the C-levels that I talk to, there's just such an opportunity right now. Building that continual learning into the DNA of the organisation is just so crucial because if you can do that, you can build productivity and that opportunity for people to think, how do I improve? How do I get better? How do I get personal growth? And if you can get that personal growth right, that translates to company growth as well. And that link more and more people are making, which is if I can empower my employees and give them the opportunity to grow personally, then my organisation will grow as a result of that. And that connectivity between personal growth and corporate growth is increasingly becoming more important in high performance businesses.

Oli Barrett:

I think that is an incredibly powerful thought and a fantastic place to end it. Matt Prebble, thank you so much for joining us.

Matt Prebble:

Thank you, Ollie. Really enjoyed the conversation.