

# CONQUERING UNCERTAINTY

Understanding Corporate Cycles and Positioning Your  
Company to Survive the Changing Environment

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**MAIN IDEA**

Anticipating the future of a business and taking suitable action, particularly during times of rapidly changing competitive business conditions, can be challenging. However, business changes are not random and unpredictable - they actually align with seasons along a well defined pattern called "the S-curve".

Once a business can forecast which season will be next, actions can be taken to empower the corporation to successfully adapt to the coming economic climate. Levels of investment, research, innovation and the introduction of new products can be timed using S-curves and the company's position on its S-curve.

Eliminating business uncertainty is achieved when a company executes a successful business strategy -- a strategy that takes into account the economic conditions of the immediate future. Companies which do so can prosper, irrespective of external conditions.

**1. THE S-SHAPED PATTERN . . . . . Page 2**

The projected life cycle of consumer products and the rate at which substitute products will gain market share is of vital interest to any company or organization which wants to definitively forecast future revenue streams. Interestingly, the same life cycle patterns which show up in natural, biological systems also holds true for business markets and consumer products as well. This pattern -- described as an S-shape pattern -- reflects the natural consequences of the life cycle products go through. It also allows future demand and market penetration levels to be forecast accurately.

**2. STRUCTURING AN ENTERPRISE ACCORDING TO ITS SEASON . . . . . Page 3**

Business, in the form of products, companies and entire industries, goes through five cycles which align with the S-curve: Management decisions which are correct for one season might be entirely inappropriate for another season. Therefore, knowing where you are on the cycle is vital.

**3. GROWTH FROM CHAOS AND CHAOS FROM GROWTH . . . . . Page 4**

Businesses are frequently beset by spectacular failures and fiascos. Yet these very same events can, in fact, create fertile yet chaotic conditions from which future emerging markets and opportunities can emerge rapidly and impressively.

**4. THE BIG PICTURE . . . . . Page 5**

Successful business strategy, like a good game of chess, requires that you balance two factors:

1. Close attention to everything that is currently happening.
  2. A long-term perspective of where the industry is headed.
- Ignore either one of these factors at your own risk.

**5. INSTINCT VS. RATIONALE . . . . . Page 6**

Making business decisions by instinct is most successful when the business is in a summer season - that is, when instinct has the knowledge gained through winter and spring seasons to build on. In a winter season, the greatest advantages come from decisions which are rationally derived.

**6. THE GENETIC RE-ENGINEERING OF CORPORATIONS . . . . . Page 7**

The S-curve holds true just as validly for genetics and for the growth of a species as it does for commerce and for the growth of markets. With that in mind, there are a few lessons from genetics that can be successfully applied to business, namely:

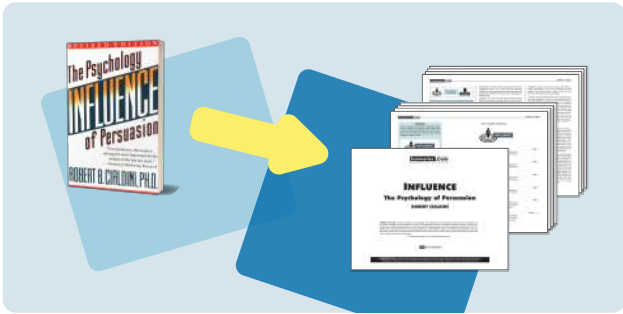
1. More than one species can occupy an ecological niche at any particular time. Similarly, the same existing market demands can be met by products from more than one separate and distinct product family.
2. In genetics, when one species attacks the defensive system of an incumbent species there are well known attacker's advantages and defender's counterattacks. These same principles can apply when companies seek to enter new markets.

**7. MANAGING A BUSINESS ENTERPRISE AFTER THE YEAR 2000 . . . . . Page 8**

Using the forward-looking portion of the world economic S-curve, numerous forecasts of the business world after the year 2000 can be made.

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