

MANAGING THE FUTURE

10 Driving Forces of Change for the '90s

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Main Theme

The key to being in business now is to manage the future - to put your business in a situation where it is progressively improving the way it serves customers rather than resting on past victories.

You can do this by;

1. Creating ways to get close to your customers so you can look at your business through their eyes.
2. Staying aware of the trends that developing in society.
3. Constantly introducing innovations and improvements. Never be satisfied with current performance levels.

The best way to predict the future is to invent it. By managing the future actively, you take a positive approach to where your company will be in the future. No business stands still. You either take an active role in managing the future or face being left behind by changes now occurring in the marketplace.

1. Speed

- Exploiting the "FedEx" Imperative

Examine your business and look for ways to shorten the time between when a customer orders and delivery.

Develop ways to increase your business speed in every way possible.

2. Convenience

- Creating Your Own Domino's Effect

All other factors being equal, people will buy where it is most convenient. Position and structure your business to make it as convenient as possible (from your customer's point-of-view) to do business with you.

3. Age Waves

- Profiteering From Three Generations

The mature market (people over 50) will be the fastest growing segment of society in the 90s. Then there will be labor shortages as less people enter the workforce. Structure your products to keep these trends in mind.

4. Choice

- Exploiting the "Have It Your Way" Imperative

Consumers are increasingly interested in having products which are customized to their exact needs. You need to examine specific areas you can offer choices in to be prepared for the future.

5. Lifestyle

- Benefiting from Changes in the Way We Live

Society changes as different values come into fashion for a while. You need to monitor these changes, and anticipate their future directions. Then mold your product line to align with the developing lifestyle trends.

6. Discounting

- Positioning a Business in Price Competition Eras

Discounting will sweep through every industry with huge impact. People today don't expect to pay full retail price, but actively seek price bargains. A future managed business will use the discounting consumer mind-set to its

7. Value-Adding

- Creating Alternatives to Price Competition

Value-added features differentiate you from any competitors, and makes your business stand out. Constantly be alert for value-adding extras you can be adding to your range to gain a competitive advantage.

8. Customer Service

- Building Competitive Advantage Through People

Excellent customer service can help you outsell any other business, and build customer loyalty. Develop a strong and permanent competitive advantage by providing outstanding, personalized customer service to all clients.

9. Techno-Edge

- Using Technology To Lead The Field

Technology reshapes the business environment constantly. Be alert to the customer benefits that can come through integrating technology in new or different ways. Seize the advantages and take a leading role within your industry.

10. Quality

- Cashing In on Customer Satisfaction

Use high standards of overall quality to maintain an excellent competitive edge over all your competition. Examine and evaluate quality frequently, always looking from your customer's perspective rather than your own.

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Introduction

Main Idea

Change can be turned into a competitive advantage rather than a drawback. It's an opportunity to prosper rather than merely survive and to increase market share. The winners in business in the 90s will be those who can not only envision the future of their company but who work to make that vision a reality.

Supporting Ideas

Two years after *In Search of Excellence* was published, 14 of the 43 companies profiled were in financial trouble. The reason wasn't that they were badly run, but simply that they failed to react and respond to change.

A large number of companies fail today because they fail to creatively respond to changes in the marketplace. Today, change occurs at a faster rate than at any other time in history. Quite simply, businesses that don't know how to adapt and respond won't survive.

Change itself can be a threat or an opportunity - and you alone hold the key to making that decision. If you respond to change effectively, you can generate a competitive advantage.

This requires you to:

1. Manage the future instead of the past.

In other words, go with the direction of the change and look for new opportunities rather than trading on as if nothing has changed. It means introducing innovations and improvements that were never before possible, including new products and services. It also means building loyal customers by being slightly ahead of them, not struggling to catch up.

Companies that manage the future strive to understand their customers better than the competition. They use that knowledge to provide greater service and improvements. This type of business looks for ways to meet changing customer needs through a changing product or service mix.

2. Be an attacker rather than a defender.

Attackers enter and commercially exploit markets where there are inefficiencies or where the existing players are complacent. Attackers mount competitive attacks with superior technology, improved service arrangements or better customer convenience. Their attack is based on a superior understanding of the forces of change.

1. Speed - Exploiting the "FedEx" Imperative

Main Idea

To prosper in the 90s, rethink your business approach to the issue of customer satisfaction speed.

Supporting Ideas

Speed is the number one concern of consumers in the 90s. Therefore, this is the number one opportunity for businesses who learn how to exploit it. People today are not increasing the amount of leisure time they have - rather they're spending more time on their careers than in past years. (One study showed people in 1987 averaged 48.8 hours per week at work while in 1973 the average was 40.6 hours). Two other factors are adding to the speed desire. First, there are more two-career households than at any time in history. Second, people are more ambitious and try to accomplish more with their lives rather than increasing their leisure time allocation.

The speed issue is influencing the success or failure of any business you might consider. Large companies have dramatically reduced development time for new products in response to more rapidly changing customer tastes (and through the use of computer technology).

In 1971, Federal Express revolutionized the parcel industry by introducing overnight delivery. The company was started by Fred Smith, who owned a small aviation company. He started an entire new industry by noticing that people were chartering his planes for urgent delivery of packages. Since then, Federal Express have continued to improve their service.

Photo processing is another example. Before 1980, everyone was willing to wait for a week for photos. Now, the one hour photo processing industry is booming and customer expectations have risen accordingly.

How do you win customers with speed?

1. Decide if speed is an issue. Are you in a business where speed is critical (fast food, for example) or is tempo more important (dining in a restaurant with full service)?
2. Challenge your time-based assumptions. Be aware "that which exists" could be changed into "that which could be". Examine every step of the request-to-delivery cycle for areas that could be improved - to give a competitive advantage.
3. Talk with customers, but listen to your instincts. Keep in mind the customer often doesn't know what they want until they see it, and they don't understand the process as well as you. Ask how speed affects customer satisfaction and look for ways to improve in those areas.
4. Measure the time between requests and delivery. Look for ways to mesh together all the activities required. Identify bottlenecks, speed up repetitive tasks and have tasks performed simultaneously.
5. Let your customers know what you're doing. Get them involved and aware.
6. Offer more speed to those who will pay for it. If premium service will add speed, offer it as an add-on.
7. Reward employees for speed. Look for specific ways to structure compensation programs to reward speed.
8. Offer time guarantees. Stand by your promise in some way.

Key Thoughts

"First, there was the Federal Express revolution where you had to have everything overnight. Now, we've reached the point where we can't even tolerate that."

— Mark White, Attorney

Time could end up being to the 90s what money was to the 80s.

— Time Magazine

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