# Managing the Future

## 10 Driving Forces of Change for the ’90s

**ROBERT B. TUCKER**

### 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.

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.

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<td>Examine your business and look for ways to shorten the time between when a customer orders and delivery.</td>
<td>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 advantage.</td>
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<td>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.</td>
<td>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.</td>
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<td>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.</td>
<td>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.</td>
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<td>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.</td>
<td>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.</td>
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<td>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.</td>
<td>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.</td>
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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 to have everything overnight. Now, we’ve reached the point where customers expect overnight 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
2. Convenience
- Creating Your Own Dominos Effect

Main Idea
Convenience is so underrated as a factor in business success that by stressing it, you can gain a competitive advantage. All other factors being equal, people will buy where it’s most convenient. Cost is often less important than superior service.

Supporting Ideas
Examine from your customer’s point of view the convenience of doing business with you. Convenience is always evaluated in the eye of your customers. The convenience you offer today won’t be enough tomorrow. Future-managed businesses don’t wait for competition to force them to improve - they make obsolete their own products, services and business habits.

The real key is discovering how your business can make increased service levels pay. There must be creative dissatisfaction with current standards and a constant effort to expand the envelope with better and improved levels of service. Look for ways to make convenience pay, especially ways that noone else has thought of yet. By increasing your convenience level, you will often increase demand. You should never be so busy dealing with the problems of the present that you neglect managing the future.

There’s always a struggle in any organization with the choice between doing things that are convenient for the business and doing other things that are convenient for the customer.

To become customer-convenience oriented, consider these questions:

1. How do you define the ultimate level of convenience in your business area? What do customers really want when they do business with you?

2. Where are the major bottle necks in your operation at present - from the customer’s point of view? What competitive advantage can you seize by improving customer dealings with your business?

3. How can you improve any aspect of the purchasing cycle;
   1. The time frame - from entry to delivery.
   2. Payment methods - extended payment terms?
   3. Ease of doing business - how can this be improved?
   4. Ease of delivery and returns - are these easy to do?
   5. Ease of use, including packaging, etc.
   6. After-sales service - how are problems corrected?

Key Thoughts
“Seventy-seven percent of U.S. homes now have the convenience of a microwave. What’s now called cooking is more accurately described as assembling.”

--- Food Product Researcher

“Even though I could go right around the corner to buy business supplies, it’s easier to call an 800 number and place an order. They bring it right to the door.”

--- Joan Tedeschi, New York photographer

3. Age Waves
- Profiting from three generations

Main Idea
The three key age waves of the 1990s will be;

1. The mature market, or people over 50. This is the fastest growing segment of populations in countries around the world. They are also the most affluent group of all.

2. The baby boomers - one-third of the population of most countries were born between 1946 and 1964.

3. The baby bust is the flip side of the boomers. In the 90s, there will be a fall in the number of people entering the workforce.

Supporting Ideas
The age waves are going to come whether your business is ready or not. To manage the future, you need to creatively consider where you can gain competitive advantages in the marketplace, specifically geared to the requirements of the age-waves. This requires planning and examination, coupled with creativity.
4. Choice
- Exploiting the "Have It Your Way" Imperative

Main Idea
Offering customers enough of the right choices is one of the challenges of the 1990s business environment. Choices are expanding for a number of reasons - increased competition, deregulation, technology and flexible manufacturing techniques. Added to these factors, improved communication systems make it easier than ever before for segmental markets to flourish.

Supporting Ideas
To meet these challenges, consider these ideas:
1. Examine exactly where customers make a choice when dealing with your business. Identify their precise moments of decision making.
2. Define what would be the ultimate in customer choice. What level of choice would be absolutely incredible.
3. What level of customization do your customers ask for? How exactly can your product be molded to fit their requirements? Can you improve on your present level?
4. What are the practical operating limits that make an infinite number of choices unlikely to be achievable?
5. Ask customers what new choices or services they would like. What do they think of your business?
6. Go to the front lines of your business and interact with actual customers. Learn to see your business through their eyes, attitudes and perceptions.
7. Never become so complacent that you believe your customers owe it to you to do business with you. Stay at the cutting edge.
8. Constantly experiment with new twists and innovations. Take risks and pioneer new ideas.
9. Sell on your specific competitive advantages. Offer new options or alternatives that enhance the value of your product, not merely confuse.

5. Lifestyle
- Benefiting from Changes in the Way We Live

Main Idea
Lifestyle changes are occurring constantly, and they affect customer’s perceptions of your product or service. There are a number of long-term trends changing society in general and numerous fads may crop up within the general context of these trends. Keep a watchful eye and be responsive. The goal is not to simply react to change but to be proactive and introduce new ideas working in the same direction as the trend.

Supporting Ideas
This requires that you constantly develop new ways for your business to grow. You should try to have a constant flow of new products or features that respond to the changing needs of customers. This requires you to listen to your customers, to read as widely as possible on lifestyle changes and to search for evidence of changing tastes, attitudes and priorities.

Some ideas on how to spot developing trends:
1. Read widely. This should include newspapers, magazines, newsletters, trade publications and, in fact, everything you can lay your hands on. As you read, look for unusual facts or new ideas. Concentrate on feature stories which have information buried within them. Read current non-fiction best sellers to develop a feel for the views currently in favor with society at large. There are also trend newsletters you can subscribe to.
2. Make a conscious effort to talk to people outside your close business contacts. Join networking groups or professional associations to meet people with different perspectives from your own. Examine how they perceive events.
3. Listen to your intuitions or gut-instincts. Imagine you’re a customer in your own business - what would you like, dislike or change?

The first step is to become aware of changing lifestyles. The critical step, however, is what your business does about it. The challenge of any future managed business is to develop innovative responses to the changes. Turning lifestyle changes into profits should be the constant and central goal of any developing business.
### 6. Discounting
- Positioning A Business in Price Competition Eras

**Main Idea**
Selling goods and services at less than full retail price is the most powerful, most well entrenched trend of all. It will sweep through every industry with significant impact. Discounting slashes through all the layers between the makers of a product and the users.

**Supporting Ideas**
Consumers in general are wary of paying full price for anything. There's a general rebellion against manipulation in value through middle men. This is closely allied to a sensitivity about costs in general and a resurgence in the do-it-yourself attitude. Computers and software now available makes it more practical than at any other time in history for people to produce professional quality results working by themselves.

Discounters are usually welcomed by consumers and openly attacked by the industry they operate in. There is frequently a backwash against discounters, even from surprise quarters that don't appear to be directly related to the business at first glance.

Discounters also have the problem of differentiation among themselves. When two price discounters go head to head, the focus shifts from prices to amenities or other features. There are a whole host of new problems that can arise.

Discounting has the potential to completely alter an industry over night. If you consider your business so well established that there is no threat, you are at your most vulnerable point.

**Key Thoughts**
"It's amazing that someone will actually fight traffic, deal with parking, push a cart around and wait in line at the counter holding heavy items just to save $5. Price is an all important marketing tool. The real issue in business now is, what can you do to charge less for your goods?"

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--- Jack Miller, President of Quills

### 7. Value-Adding
- Creating Alternatives in Price Competition

**Main Idea**
To manage the future, you must add value and enhance the product or service offered. In other words, it's an ongoing process and not a one-off event.

**Supporting Ideas**
There are a number of reasons for value-adding to be treated as a process and not an event. Obviously your competitors will not be standing still - they'll be searching for ways to reduce your competitive advantages. But more importantly, if a business chooses to compete on price, then in the long-term it will inevitably compete on everything else. Continually adding value is the only way to sustain a competitive advantage over the long haul.

Sometimes providing additional services that the competition don't provide is part of value-adding, allowing a business to avoid the need to compete solely on price.

Future managed businesses make it a priority to know their customer's changing tastes and to cater for those changes. There must be a continuous search to add value in every stage of the purchase cycle.

Small businesses, in particular, have the ability to outmaneuver big companies through personalized service and extras that a big business can't offer. In other words, small companies are more flexible, more personalized and more innovative than the mammoths.

Managing the future means improving your business.

Four principles to apply in adding value are;

1. Determine how your customers experience value. What do customers like most about your current products? What are your unique strengths? What enhancements would they like and which enhancements would they steer away from?
2. Survey customers frequently. Value adding is an ongoing process requiring frequent feedback every step of the way. Adding the right things builds customer loyalty. Adding the superfluous simply increases overheads and alienates clients. Your surveys don't need to be sophisticated, only frequent. The key issue is what are customers willing to pay more for, and how can you increase value while keeping the same price.
3. Listen to your competitor's customers as well as your own. Try to evaluate why people choose to use your competitors for clues to competitive advantages you can incorporate.
4. Survey the competition. Ask questions about your competitors. Don't be afraid to talk to their staff members for more information.

Some specific ways that a business can add-value rather than compete on price alone include;

**Manufacturers**
- Add product enhancements or innovations
- Shorten delivery time, using electronic systems
- Provide innovative financing arrangements
- Provide an effective warehousing service
- Introduce more options on shipping
- Provide better quality point-of-sale materials

**Retailers**
- Provide an information desk or resources desk
- Run in-store classes or seminars
- Arrange product demonstrations for new releases
- Provide better signs for customer convenience
- Free samples
- Greeter at the door to direct and assist customers
8. Customer Service
   - Building Competitive Advantage Through People

Main Idea
Customer service can single-handedly overcome a competitor’s price advantage, let a small company out sell a large company or build customer loyalty that will last for years.

Supporting Ideas
Consider these facts about customer service:

1. People today are extremely busy, and they have begun to appreciate service more now than ever before. They are also more willing (and more able) to pay for service now than at any other time in history.
2. Customer service is the only way a business can differentiate itself from other businesses in a competitive marketplace.
3. Customer service is the surest way of building a lasting competitive advantage. It takes less money to keep a good customer than it does to gain new customers. It makes good economic sense.
4. Customer service is more difficult for a competitor to imitate than any other business factor.
5. Even discounters need customer service to distinguish their business from other discounters.

Customer service works for any business, regardless of it’s size. To use the power of customer service, try these ideas:

1. Improve service from the top down. You can’t build a service oriented company by sending all employees off to a smiling school. Ultimately, any company reflects the attitudes and standards of the top people.
2. Create a measurable service strategy, with written customer-service goals. This needs to be simple, clear and specific.
3. Recruit an enthusiastic customer-centered team to push the program. Move those employees who enjoy customer-contact into the front lines to lead and motivate by example.
4. Provide training on customer care. Come up with imaginative ways to constantly reinforce your strategy in refreshing and unexpected ways. Try a service boot camp for new employees for starters, and frequent in-house motivational sessions.
5. Provide incentives for those producing exceptional service. Find ways to financially differentiate between employees who provide great service and those who don’t. Reward the behavior you want by performance plans, profit sharing, cash prizes for good ideas and recognition in the company.
6. Give your staff enough power to solve problems that come along. They need to be able to make instant decisions the business will honor. Perhaps have a limit, but up to a reasonable level let your staff use their judgment.
7. Reward anyone who goes above and beyond the call of duty in the name of providing superior service.

Service excellence is not easy, just financially rewarding. It is a long-term approach to building a customer base. To consistently deliver top service requires dedication, commitment and patience. However, it is a competitive advantage you can build that’s extremely hard for anyone else to overcome.

Key Thoughts
People demand service, and are able to pay for it. If they don’t get it from your company, they’ll get it from your competitors.

--- Cheryl Russell, Magazine Editor

I solemnly promise and declare that for every customer that comes within ten feet of me, I will smile, look them in the eye and greet them, so help me Wal.

--- The Wal-Mart employees pledge
9. Techno-Edge
- Using Technology to Lead the Field

Main Idea
A techno-edge can come from any tool a business uses in a way that from the customer’s point of view provides superior service or flexibility - the customer gets more of what they want.

Supporting Ideas
At the Battle of Waterloo, the British introduced a new idea that enabled them to win the battle, defeat Napoleon and change the course of history. They introduced signal flags which enabled the fleet commander to vary his tactics according to the developing battle. Even though the French had better and more numerous ships, bigger guns and a superior leader, they lost the battle because the British could communicate quickly, respond rapidly and overcome the odds.

Technology is rapidly and relentlessly reshaping the business environment you operate in. It is also reshaping customer expectations, and even changing complete industries. To give the customer the same as you gave him yesterday is to give him less.

To lead the field, you need to use technology as a strategic weapon, as an integral part of your battle plan. To create a competitive advantage from technology:
1. Develop a systematic plan to examine and adopt new technology developments. This requires that you stay current with innovative companies within your industry. You should also consider outside companies, who may be using products you can profitably adopt.
2. Research your company and your customers. Consider whether your customers would adopt to new ideas successfully, and whether they would like it. Can the benefits be clearly explained to customers?
3. Make all technology decisions solely on the results delivered to your customers, and their perceptions. Technology is only a tool, not an end in and of itself. Don’t focus on being state-of-the-art just for bragging rights alone. The trick is in how you use the machines available, not just in having them.
4. Look for what kinds of enhancements would make your business a technology leader in your own field. Often these ideas may start as good ideas you can adopt from other industries. Then go out and find the technology that will help you achieve what you want to do. Push the envelope for your own industry.
5. The power of information, and how you use it, can give your business a competitive advantage. The storage, retrieval and organization of information has never been as easy in the history of mankind as it is at present. Information is power.
6. Businesses in the 90s that compete on price will cut costs by automating the low end of their service requirements with machines. Businesses that compete on value will add people to critical points in the purchasing cycle to personalize the high end by providing superior service.

10. Quality
- Cash In on Customer Satisfaction

Main Idea
In one sense, all of the other driving forces are part and parcel of quality. However, quality as perceived through the eyes of the customer is all important. In fact, there is no other accurate definition of quality for a business. They must gauge quality through their customer’s eyes alone.

Supporting Ideas
Surveys consistently identify quality as more important than price. Some ideas on how to profit from quality are:
1. Assess your current level of quality. Ask your customers where they feel your quality level is high, and where it needs improving.
2. Step back from your competitors and design your product, service or methods of doing business from the perspective of your customer. Don’t assume you understand the needs of your customers - ask them. Define their real needs, and mold your business to produce results that customers will consider to be high quality.
3. Seek ways to independently assess your quality relative to your competitors. Don’t fall into the trap of asking only your favorite customers - they like you anyway and may not even have used any of your competitor’s products. Be objective.
4. Keep an eye on changes in the way your customers assess quality. As customer perceptions change, you need to be modifying your perceptions of quality to maintain a competitive advantage.
5. Constantly search for innovative ways to make your product or service more user friendly. The most important value of all is usability by a non-specialist.
6. Take up the cause of quality on behalf of your industry. Talk about the need to improve quality with everyone you come into contact with in the industry.
7. Send your employees out into real-life situations to meet customers and see your product or service in action. It will help everyone see things in a different light.
8. Ask customers what they want, but temper their feedback with your perspective of the ways new technology will alter their perceptions as it is introduced. Merge the customer’s needs with the increasing capabilities of what technology will be capable of delivering in the future. Be visionary.

Key Thoughts
“Our customers are not there to field-test our products.”
--- Stanley Gault, Chairman, Rubbermaid

“When all else fails, let your customers help you design your products.”
--- Techsonic Industries

“If your primary focus is on the competition, you will never step back and ask what the customer’s inherent needs are or what your product really is about.”
--- Kenechi Ohmae

“If you slavishly follow what the customer says, you will produce today’s cars. People have to feel a little bit uncomfortable about a design.”
--- Fritz Mayhew, Ford stylist

“Great products come from melding two points of view - the technology point of view and the customer point of view. You need both. You can’t just ask customers what they want and then try to give it to them. By the time you can get it built, they’ll want something new. They won’t ask for things they think are impossible.”
--- Steven Jobs