Technology

Opportunities can be found where things change quickly

By Jay S. Mendell and
Henry Sarkis Jr.

Can you name three possible future developments that would compromise opportunities for your company in the next five years?

Would these be opportunities for your competition, too?

Would the effect of missing out on these opportunities be negative -or merely neutral?

Who in your own company has a stake in failing to exploit the opportunities?

A firm can improve its situation in many ways -by cutting costs, increasing one's market share, and bringing out a new product or service. The best place to look for opportunities is where things are changing quickly.

For instance, robotization of the workplace is an opportunity for manufacturing companies plagued by quality control problems and the rising cost of labor, though it is a negative opportunity (a threat) for the unions.

The aging of the "baby-boomers" (who are now 20 to 40 years old) is an opportunity for enterprises catering to the middle-aged (cardiologists should look forward to a busy practice.)

The flourishing of personal computers is an opportunity for commercial printers who permit their customers to set their own print on the computer and transmit it to a computerized typesetting device at the printer's establishment.

In five minutes the authors jotted down the following:

- Expectations of the "baby-boomers" in the workplace: greater worker participation, individualism, employee rights.
- "Echo baby-boom" will result in increased expenditures for child care, durables, potential decrease in travel and leisure.
- Working mothers pressure for flextime, child day care, job sharing, professional part-time employment.
- Tremendous opportunity for private, affordable care for the elderly.

Even the items that appear at first glance to be problems may be flipped over into opportunities: pressure for flextime favors the company that uses it to attract the smartest employees. Any threat is an opportunity if it can be turned into a bigger problem for the competition than one's-own company.

If, after fifteen minutes, you failed to think of any opportunities worth mentioning, you are probably paying too much attention to refining and administering the situation as you find it every morning.

Blame it on an educational system that finds it much easier to teach refinement of technique than to teach daring leaps of the imagination. But recognize that your planning is subconsciously based on "more of the same, " and "more of the same" is, in the long run, a losing strategy.

As a rule of thumb, make up a list of areas where you are weakest (relative to your competitors, or in terms of cost control) and another list of where things are changing fastest (computers, robotics, telecommunications, migration, immigration, aging of the population, and so forth) and concentrate your attention on these two lists until you see a connection. This takes practice, and more instruction. (We will furnish more instruction later, but don't wait for us.)

Some opportunities are special. Electronics manufacturers in South Florida can exploit an improving economic climate in South America more effectively than can manufacturers in Iowa. On the other hand, sometimes it is devastating to allow a competitor to get too far ahead, as far ahead in personal computers as IBM allowed Apple to get..

Believe it or not, there are people who have a stake in pursuing a non-innovation strategy. Besides those who are not convinced of the virtue of any particular opportunity, there are those who are afraid of mistakes, afraid of big decisions, afraid of uncertainty, and afraid that their jobs depend on doing things the old-fashioned way.

So as long as companies reward employees for contributions only to short-run profitability, there is little incentive to search for and implement long-run opportunity.

By basing bonuses and raises on balance sheet indicators -debt-to-equity ratio and degree of financial leverage, for example or non-financial indicators -attainment of service levels, repeat customers, and reduced employee turnover, for example -the company rewards managers for longer term performance.

A focus on the long term encourages the search for opportunity. ■ .

Dr. Jay S. Mendell is a professor at Florida Atlantic University in Boca Raton. Hank Sarkis is a director of Silicon Beach Consultancy Inc. Their column focuses on business strategy.