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# Innovation & Trends Expert Jim Carroll

## **“At Least Begin Doing Something!”**



*Reflections on the  
state of information  
technology today*



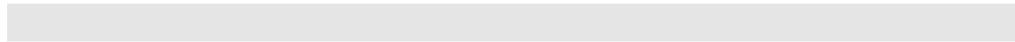
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## ‘It’s time to get over it!’

*Futurist, trends & innovation expert Jim Carroll regularly speaks on trends, the future, innovation and change. This article captures his insight as recently provided in the 2003 SAP Business Forums.*



We certainly live in interesting times!

I’ve coined the phrase “aggressive indecision” to describe the attitude and uncertainty that pervades the world of business today. Clearly, companies and executives throughout the business community have been hammered by constant surprise – everything from SARS and mad cow, to September 11 and the ongoing war on terror, to wavering stock markets and challenging business conditions.

“...it often seems no one wants to commit to doing anything new, nor do they like to make decisions.”

The result of so much uncertainty is that it often seems no one wants to commit to doing anything new, nor do they like to make decisions. And when people do make decisions, they’ve increasingly come to decide at the last minute. That’s taught them something – they can hold off until the very end, make a sudden, instant decision, and still get it right.

All of us involved in the world of IT understand this new reality, and the impact of such a mentality for any business organization is pretty challenging — a business cycle that increasingly relies on short term horizons and little lead time, with almost instant payback.

Yet we need to realize that this isn’t strictly an IT trend – it is a trend that pervades every sector of the economy.

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## **A loss of courage and innovation?**

Yet the IT sector is faced with a bit more uncertainty than other sectors.

Which begs the question – are we now witnessing the death of IT innovation in business organizations? Have we seen the death of courage – the disappearance of the era in which people were willing to try something new with IT?

It's a good question, and certainly one that has been on my mind of late. I think that while a lot of people stuck their neck out in the 1990's and tried out new ways of doing business, explored new technologies, and tried out innovative methods of dealing with markets and customers, much of that courage has disappeared today.

*“we've seen tremendous damage to the enthusiasm that organizations have had for technology solutions in the workplace.”*

There is a culprit, of course – the ongoing hangover from the dot.com collapse. The reality is that we've seen tremendous damage to the enthusiasm that organizations have had for technology solutions in the workplace. A dangerous new sense of complacency has set in. Innovators must now hang their head in shame, and the nervous nellys who dared not innovate reign supreme! Organizations must bring back the courage to innovate – otherwise, current attitudes will settle in like a wet sponge, smothering any chance for new innovation with IT.

We have barely scratched the surface in terms of what is possible from the strategic deployment of technology throughout the organization.

Yes, we've invested in a variety of systems, and have achieved some significant productivity improvements as a result, but we have barely realized the benefits that come from extended and connected transaction systems.

## **A new competitive disconnect**

I'm finding a new competitive disconnect is emerging, between those organizations who are stuck in a rut, focused on 'panic-cutting' as a strategy, and effectively killing off any innovation with business practices and

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processes – and those who realize that the era of extended connectivity that now exists provides unprecedented opportunities.

There are enough organizations who “drank the KoolAid” of the dot.com years, and who now have little appetite for risk and precious little wherewithal for innovative new ways of thinking. They have fallen prey to the myth perpetuated in a recent Harvard Business Review article that suggested that IT is no longer strategic; that it is simply nothing more than “plumbing.”

Then there are those who, while they experimented with the Web, didn’t get caught up in the orgy of enthusiasm that surrounded online shopping, B2B or other hysteria-of-the-moment driven initiatives. The result is that little damage was done to their enthusiasm for the strategic application of technology to their business operations. Their senior executives and IT staff still have the courage to try something new, a willingness to explore, and are still full of lots of new thinking when it comes to IT.

“There are many who have aggressive extended collaborative / supply chain / transaction initiatives underway.”

Indeed, it is this latter group of companies who will be true winners in the years to come. They haven’t lost their confidence in the opportunity to transform their operations through extended connectivity and sophisticated technology applications. There are many who have aggressive extended collaborative / supply chain / transaction initiatives underway.

Take Dow Chemical, for example – they are now doing some 50,000 to 60,000 transactions a day through a portal that has been established for contract customers. Consider Aeroexchange.com, an initiative that provides access to spare parts for approx. 14 member airlines. One participant, Air Canada, reports "average unit savings of 25%, while another, Skyservice boasts savings of 30 to 40%. No wonder – the service provides access to some 1.5 million parts at 480 global sites.

There are many like these organizations who are proceeding slowly, methodically, carefully, without the hype, and who are proving that new ideas work.

If you think about it, what they are taking advantage of is the maturity -- and renaissance -- of IT. We are witnessing the payoff from the significant R&D of years past; the benefits that come from extended connectivity as we truly become a broadband economy; mobility applications that take advantage of

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the massive investment in wireless infrastructure, new technologies that play a key role in supply chain management such as RFID. Perhaps most important, we now have proper expectation setting, a disappearance of hype, and a reawakening in tech strategy within many organizations.

### Three Laws

That's why I have devised three laws that I think should guide any executive today with respect to information technology issues:

- it is ludicrous to be complacent
- it is insane to stop pushing the envelope in terms of new potential
- and last but not least, it would be a darned shame to miss out on opportunity because you are in a funk from years past.

### Real applications, real companies, real benefit

What's needed to reaffirm the faith of executives in the role of technology? Case studies, examples, best practices. There are plenty of those about. We'll consider three areas out of potentially dozens – employee portals, customer self-service and supply chain initiatives.

#### Employee portals

Certainly the world of employee management continues to be affected by the ongoing implementation of sophisticated new HumanResource systems within the organization, as employee self-service comes to take hold. There is no denying that the trend has legs – one survey indicated that 94.7% of HR / benefits professionals rank integrated self- systems as "a must have, very important or important" system.

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The benefits are immediate and dramatic. A senior VP at Vail Resorts reports that while “it used to be a four-five day process to hire an employee” .... they

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can now do it in two hours. They are finding that many of their itinerant, part-time staff working at ski resorts prefers the ability to interact via the Web, right from the process of applying through to the process of managing the employer / employee relationship.

### **Customer self-service**

I recently returned from giving a keynote presentation at a conference in Lake Tahoe. Not surprisingly, I lost my bill, which my wife needed to invoice the client. In the past, she has had to call AVIS and request a copy of the bill via mail or fax. Not this time – all we had to do was visit the AVIS site, provide the rental contract number (which I had in an e-mail message) and our name, and there was a printable receipt waiting right there.

“... in some industries more than 80% of customer calls are related to simple queries regarding their account”

The economics are compelling – AVIS believes that while it costs \$7 for a typical contact to its call center, and about \$2.25 when the Internet is used for customer support that involves some type of human intervention, it costs only about fifty cents for the type of completely automated self-service transaction that I was involved in. The economics are even more compelling when you consider that one statistic which suggests that in some industries more than 80% of customer calls are related to simple queries regarding their account.

With numbers such as these, it is obvious that online self-service is the slam-dunk application of computer applications. Customers are willing to use such services right out of the gate, as UK's TicketWeb discovered. Within two weeks of establishing a self-service site, 75% of their visitors were using it.

### **Supply chain initiatives**

Put self-service into the business context, and you've got a supply chain initiative. Consider Southwire, a large scale building wire and utility cable provider. They established a customized portal for their business clients that includes access to pricing information, ordering, and delivery/order status details. They've seen their online orders go up to \$200 million from \$14 million in 2000, a good indication that far from being dead, e-commerce continues to grow at leaps and bounds.

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Many such initiatives are built with the objective of streamlining the supply chain, an effort that will become far less optional in years to come. Organizations such as WalMart are so far down the path with aggressive supply chain initiatives that it is estimated that about 70% of retailers are expected to be involved in such initiatives by 2005.

*“...they’ve seen increased sales as a result of a reduction in stock-outs, an important factor when you consider one estimate in Business Day that “more than 2% of retail industry revenues are lost due to stock-outs.”*

There are many other companies busy investing in such initiatives. Coles Myer in Australia, a large retailer with multiple different channels, is investing \$650m(AUS) in supply chain efforts through the next five years, with spending consisting of \$351 million in capital and \$315 million systems and software. In doing so, they will be consolidating some 600 applications and 4,500 interfaces.

The benefits go beyond consolidation -- Procter &Gamble Asia reports that they saw a 20% reduction in the number of SKU's, a \$2.00US per case cost savings, and a 10% reduction in inventory. Most important, they’ve seen increased sales as a result of a reduction in stock-outs, an important factor when you consider one estimate in Business Day that “more than 2% of retail industry revenues are lost due to stock-outs.”

Supply chain efforts are also being seen in the food sector. One food producer is using a variety of handhelds, with sophisticated geographic information system (GIS) and GPS services to track farm produce. The information feeds directly into their "FoodTrace" and "ShipTrace" systems, which allows them to pursue business strategies that involve better yield management and supply chain efficiencies.

*Alan Greenspan is still a true believer in technology and its ability to create a productivity enhanced, real-time economy*

Who are they? A food producer in northern Thailand, Malee Sampran Plc! While some North American companies remain in their post-dot-com funk, there are others who continue to charge ahead, putting in place a robust and sophisticated infrastructure for the future.

What has come together through the last ten years are a wide variety of technologies and systems that permit rapid advances in business strategy.

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As noted in Dow Jones International News, “Alan Greenspan is still a true believer in technology and its ability to create a productivity enhanced, real-time economy.”

Shouldn't we all be?

### **What should you do?**

First and foremost, *believe in the rightness of the opportunity*. The last few years have seen many executives and specialists buffeted by forces beyond their control, with the result that it has become all too easy to dismiss the idea that IT can help achieve strategic benefit. Resist such thinking – because it is inherently dangerous. If your competition is succeeding with new business models, re-doing their cost structure, providing more effective customer support – and you aren't, the end result can be quite obvious.

Second, *maintain and foster an insatiable curiosity*. There continues to be countless new solutions, business models, opportunities, case studies, best practices .....and new technologies that can take you forward! Never stop investigating the huge array of opportunities and possibilities that are in front of you.

Third, *get dirty*. Return once again to the process of actively working and experimenting with new technologies. Consider the issue of "collaboration skills" necessary to many supply chain initiatives. How will you know what to do, if you don't know what's involved in such a radical business process transformation?

Fourth, *take risks*. Restore the ability to make mistakes, encourage failure and step outside your comfort zone! A lack of risk taking spells inertia, and inertia spells disaster in the long term.

Last but not least, *realize the benefit of initiative*. Oliver Wendell Homes once said, "I find the great thing in this world is not so much where we stand as in what direction we are moving...we must sail sometimes with the wind and sometimes against it--but we must sail, and not drift, nor lie at anchor."

At least begin doing something!

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## **Jim Carroll, FCA**

As a leading international futurist, innovation and trends expert, Jim dedicates his time and expertise to making organizations and their people ready and able to adopt tomorrow, today.

Since 1992, Jim Carroll has spoken to tens of thousands of people as a conference opening and/or closing keynote speaker, or a workshop/seminar leader in over 1,000 presentations.

His clients include many of the world's leading organizations, such as the American Federation of Teachers, Microsoft, American Express, the American Payroll Association, Taiwan Semiconductor Mfg. Co., VISA, Electronic Transaction Assn, Blue Cross/Blue Shield, KPMG, the office of the Prime Minister of Hungary, and more.

Jim has written 34 books that have sold in excess of 750,000 copies worldwide, as well as over 600 articles for a wide variety of national and international publications.

An extensive Web site containing information about Jim, including video, client references, and other information, can be found at [www.jimcarroll.com](http://www.jimcarroll.com).

