

Plan For Tomorrow, But Take Action For Today

Written by Steve Marr
Friday, 04 March 2005 01:00

Forward-thinking business leaders spend considerable time, energy, and financial resources determining which emerging trends and future developments will shape the business landscape. Looking to the future is both wise and necessary to keep a business on track and avoid disaster. As Jeremiah wrote regarding Jerusalem, "She did not consider her future, therefore she has fallen astonishingly" (Lamentations 1:9, NASB). However, the bigger questions for most businesses are how to assess, understand, and respond to changes that have already occurred in the marketplace, and how to take effective action.

According to an old investing axiom, a shrewd investor buys on rumor and sells on news. In business, we need to plan for the future (which amounts to buying on rumor because we cannot guarantee the future), but we must sell our products and services today based on events that have already happened. When we focus on responding to the changes that have occurred in our marketplace, we can take advantage of current opportunities that over time will create our business future.

The cities of Phoenix and Tucson, Arizona, grew dramatically throughout the 1970s, 1980s, and 1990s. The key catalyst for that rapid growth was the development of effective and affordable air conditioning during the 1950s. Some real-estate developers who understood that affordable air conditioning would make the 100-degree summer days bearable for more and more people began developing properties early. However, most developers reacted to the rapid growth only after the ball started rolling, but they were still able to capitalize on the expanding population trend.

During the 1960s, a significant increase in households with both spouses working outside the home, the rise in single-parent households, and increasing numbers of teenagers with disposable income fueled tremendous growth in the fast food industry. Companies such as McDonald's and Burger King tapped into a market that was there for the taking. They did not create the market- they simply filled it. Other companies such as A & W Root Beer and Dairy Queen, two fast-food pioneers, missed the trend. They failed to see the significance of the changing marketplace and continued to promote themselves as snack places, rather than as regular dining destinations. As a result, McDonalds, Burger King, and others passed them by.

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Today, in many parts of the United States, Spanish-speaking customers have become a sizable segment of the market-and a marketing niche that is likely to continue to grow. What steps should prudent businesspeople take in order to develop this market? A large auto repair shop in the Southwest began to advertise in Spanish-language newspapers and radio, added bilingual customer-service staff, and printed customer information in Spanish. Their non-Hispanic customer base has continued to grow at a rate of 5–10 percent per year, but their overall business is growing at a 30 percent rate, fueled by the growth in their Hispanic customer base.

Many businesses do a good job of being customer driven. They understand their customers' needs very well, and they respond quickly to their customers' demands. However, focusing too narrowly on one's existing customers can cause a business to lose sight of the broader market. To be market-driven rather than only customer-driven, a business must strive to understand the entire market rather than just their own customer base. A generation ago, for example, many department stores failed to spot the societal trend toward more two-wage-earner families. As families began to have more disposable income, time became more important than selection. Mass retailers such as Wal-Mart and others began to take market share away from the department stores. The department stores had done a good job of understanding their own customers, but they had failed to understand the changing marketplace.

Innovation often occurs first with non-customers. For example, four years ago, Larry Taylor, president of Desert Pacific Printing in Tucson, began receiving calls from non-customers asking if he could print from a computer disk. Responding to this new trend, Taylor quickly learned how to move from disk to finished product, gaining many new customers in the process. Now Desert Pacific employs a full-time electronic-printing specialist and most of their business is accomplished by electronic means. Identifying and then acting on this opportunity was a key to growing in a shrinking market.

Forty percent of the adults in the United States today are not married. That equates to 82 million people-and 50 million of these singles have never been married. What business opportunities can be generated to serve this emerging market? One group that might respond are the many dentists who are struggling to maintain their practices. Perhaps by establishing evening and Saturday hours while reducing their weekday hours they could build practices based on serving these single working adults.

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Every business is different, but you can effectively shape your business future by identifying key trends that have already occurred, and then taking action.

Steve Marr, Your Christian Business Coach

* as featured in Business Reform Magazine