

REMARKS BY
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TO THE
NATIONAL ASSOCIATION SERVICE RETAILERS
WASHINGTON, D.C.
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ONE OF THE MOST DIFFICULT THINGS TO DO IN ONE'S LIFE OR IN ANY BUSINESS IS TO SORT OUT THE THINGS THAT REALLY MATTER FROM THE CONSTANT CLAMOR IN THE MARKETPLACE. ON ANY GIVEN DAY THE FRONT PAGE OF THE NEWSPAPER OR THE EVENING NEWS OVERWHELMS US WITH STORIES THAT ARE REPORTED AS IF THEY WERE OF GREAT IMPORTANCE, BUT WHICH WE HAVE DIFFICULTY RECALLING THE NEXT WEEK. THE TRULY IMPORTANT DEVELOPMENTS OFTEN DON'T MAKE HEADLINES, NEVERTHELESS, SOME OF THEM WILL IMPACT OUR LIVES AND OUR BUSINESSES IN SIGNIFICANT WAYS FOR YEARS TO COME.

TODAY, ONE SCIENTIFIC ADVANCE THAT HAS CAPTURED THE ATTENTION OF THE MEDIA IS THE REMARKABLE PROGRESS BEING MADE IN SUPERCONDUCTORS. ON OCTOBER 2 OF THIS YEAR, THE TIMES REPORTED THAT "A SMALL PROTOTYPE DEVICE HAS SHOWN THAT COMMUNICATIONS' LINES

MADE FROM THE NEW GENERATION OF SUPER CONDUCTORS CAN TRANSMIT DATA AT SPEEDS UP TO 100 TIMES AS FAST AS TODAY'S STATE-OF-THE-ART OPTICAL FIBER NETWORKS..." THE STORY WENT ON TO SAY THAT "A SINGLE SUPERCONDUCTING TRANSMISSION LINE COULD CARRY ONE TRILLION BITS A SECOND...THIS WOULD BE ENOUGH TO SUPPORT 15 MILLION SIMULTANEOUS TELEPHONE CONVERSATIONS OR...SEND THE COMPLETE CONTENTS OF THE LIBRARY OF CONGRESS IN TWO MINUTES." OTHER THAN PROVIDING ANOTHER STORY ABOUT A GEE-WHIZ SCIENTIFIC TRICK, DOES THIS KIND OF DEVELOPMENT REALLY MATTER THAT MUCH IN THE WAY OUR ECONOMY WORKS OR THE WAY WE CONDUCT OUR LIVES?

WE HAVE GROWN SO ACCUSTOMED TO USING TECHNOLOGY IN THE WAY WE LIVE AND WORK THAT IT IS HARD TO REALIZE HOW INFLUENTIAL IT HAS BECOME. WE ARE THE THIRD GENERATION TO USE

THE TELEPHONE, THE SECOND TO MAKE TELEVISION A PART OF OUR LIVES, BUT ONLY THE FIRST TO USE COMPUTERS ON A ROUTINE BASIS. RECENTLY THE CHIEF SCIENTIST OF IBM STATED THAT THERE HAS BEEN, AND WILL CONTINUE TO BE, A 20/30% PER YEAR IMPROVEMENT IN BOTH COST AND SPEED OF COMPUTERS AND THAT THIS PROGRESS WILL CONTINUE FOR ANOTHER TWENTY YEARS. IF THIS PREDICTION PROVES TO BE TRUE, AND THERE IS LITTLE REASON TO THINK THAT IT WILL NOT, THE IMPACT ON SOCIETY WILL BE IMMENSE.

TODAY ONE CAN WALK INTO A COMPUTER STORE AND WALK OUT CARRYING A MACHINE THAT DELIVERS MORE POWER THAN THE LARGEST MAIN FRAME AVAILABLE IN THE 1950's. TODAY ONE CAN SIT IN A CAR AND USE A CELLULAR TELEPHONE TO CALL ANYWHERE ON THIS GLOBE AND BE ASSURED OF HEARING CLEARLY. JUST AS THE INVENTION OF THE TELEPHONE AND ITS SUBSEQUENT DEVELOPMENT

CHANGED ALL BUSINESSES, SO ALSO WILL THIS NEW INFORMATION TECHNOLOGY CHANGE NOT ONLY THE WAY WE DO BUSINESS, BUT ALSO THE DELIVERY SYSTEMS WE HAVE BECOME ACCUSTOMED TO WORK WITH.

WHEN I WAS A BOY, ONE OF THE MOST STABLE JOBS IN TOWN WAS THAT OF THE ICEMAN. THE COMMUNICATION SYSTEM WAS SIMPLE. ON THE APPOINTED DAY, YOU PUT A CARD IN THE KITCHEN WINDOW CALLING FOR 25 OR 50 POUNDS OF ICE TO PUT IN YOUR ICEBOX. THE DELIVERY SYSTEM CONSISTED OF A HORSE AND WAGON WHICH WAS LATER SUCCEEDED BY A TRUCK. IT WAS VERY EFFICIENT FOR ITS TIME. THE FACT THAT THE SYSTEM WORKED WELL, WAS NEEDED AND WAS QUITE COST EFFECTIVE DID NOT, HOWEVER, PROTECT IT FROM EXTINCTION. THE INVENTION OF THE COMPRESSOR WHICH MADE MODERN REFRIGERATION POSSIBLE, DESTROYED THE ENTIRE INDUSTRY.

HIGH SCHOOL FOOTBALL PLAYERS LOOKING FOR SUMMER JOBS TO BUILD THEIR MUSCLE BY LIFTING HUGE BLOCKS OF ICE HAD TO LOOK ELSEWHERE, AND NATURAL ICE COMPANIES, WHICH WERE ONCE A MAINSTAY OF MANY LOCAL ECONOMIES, FADED FROM THE SCENE. THIS WAS NOT THE FIRST INDUSTRY OR THE FIRST DELIVERY SYSTEM TO DISAPPEAR, NOR WILL IT BE THE LAST.

PEOPLE WITH A VESTED INTEREST IN PRESERVING THE STATUS QUO OFTEN BELITTLE NEW DEVELOPMENTS, PERHAPS IN THE HOPE THEY WILL GO AWAY AND LET THEM CONTINUE THEIR LIVES IN THE OLD FAMILIAR WAY. VERY FEW PEOPLE WISH TO EXCHANGE THE RELATIVE TRANQUILLITY OF CONTINUITY FOR THE TRAUMA OF CHANGE. THIS ATTITUDE REACHES INTO ALL LEVELS OF MANAGEMENT. IT IS AN OLD PHENOMENON THAT IS ROOTED IN HUMAN NATURE. THE CHIEF EXECUTIVE OF WESTERN TELEGRAPH COMPANY TOLD HIS ANNUAL

STOCKHOLDERS MEETING IN 1907: "I DO NOT LOOK UPON ANY SYSTEM OF WIRELESS TELEGRAPHY AS A SERIOUS COMPETITION WITH OUR CABLES." THIS FAILURE TO RECOGNIZE NEW REALITIES IS ONE REASON SOME ONCE-GREAT COMPANIES NO LONGER EXIST, AND WHY NEW COMPANIES SPRING UP TO CAPITALIZE ON MARKET OPPORTUNITIES OTHERS HAVE MISSED.

TECHNOLOGY CAN CHANGE NOT ONLY THE PRODUCTS WE SELL AND THE WAY WE DELIVER THEM TO THE CUSTOMER, BUT ALSO SOME OF THE BASIC FACTORS WE THINK ABOUT IN ANALYZING A BUSINESS.

WHILE GEOGRAPHY STILL IS RELEVANT IN DISCUSSIONS OF NATIONAL OR BUSINESS POLICY, IT IS RAPIDLY BECOMING LESS SO. EXAMPLES ABOUND ON BOTH THE PERSONAL AND INSTITUTIONAL LEVEL. NO MATTER WHERE YOU TRAVEL IN THE WORLD, IF PROPER ARRANGEMENTS ARE MADE, YOUR

PERSONAL MEDICAL RECORDS ARE ALMOST INSTANTLY AVAILABLE TO ANY DOCTOR WHOSE SERVICES YOU REQUIRE. ON THE BUSINESS LEVEL, THE WAY INFORMATION IS ASSEMBLED, STORED, MANIPULATED AND ACCESSED HAS CREATED WHAT AMOUNTS TO A REVOLUTION IN THE WAY PRODUCTS ARE DESIGNED AND MARKETED. THERE IS, FOR EXAMPLE, A DATA BASE IN CANADA THAT CONTAINS MULTIPLE BITS OF DATA ON EVERY SCHEDULED AIRLINE FLIGHT IN THE UNITED STATES, INCLUDING THE NUMBER OF PASSENGERS CARRIED, YIELD, REVENUES AND FUEL CONSUMED. IF YOU ARE AN AIRPLANE MANUFACTURER DESIGNING A NEW AIRPLANE TO SERVE A PARTICULAR MARKET, THIS INFORMATION IS INVALUABLE. YOU CAN FIND OUT WHICH ROUTES ARE GENERATING THE MOST REVENUES, HOW MANY SEATS YOU SHOULD DESIGN INTO YOUR PLANE, THE RELATIVE IMPORTANCE OF FUEL EFFICIENCY AND MANY OTHER FACTORS. YOU CAN DESIGN YOUR

PLANE TO FIT A MARKET NICHE, INSTEAD OF SIMPLY BUILDING AN AIRPLANE AND TRYING TO SELL IT TO THE AIRLINES. THIS REPRESENTS AN ENORMOUS CHANGE IN APPROACH WHICH CAN MAKE THE DIFFERENCE BETWEEN SUCCESS OR FAILURE IN MANUFACTURING. THE SERVICE BUSINESSES ALSO HAVE BEEN HUGELY IMPACTED BY INFORMATION TECHNOLOGY. LAWYERS CAN NOW CONDUCT AN INTERNATIONAL PATENT SEARCH BY UTILIZING A DATA BASE MAINTAINED IN ENGLAND, OR RESEARCH RELEVANT CASES TO BUTTRESS THEIR ARGUMENTS BY ACCESSING A LEGAL DATA BASE RUN BY A PAPER COMPANY IN THE MIDWEST. THE INCREASE IN PRODUCTIVITY IS STAGGERING.

AN INDUSTRY OF GREAT IMPORTANCE TO YOU, RETAILING, ALSO HAS BECOME A BIG USER OF NEW INFORMATION TECHNOLOGY. IT IS NOT TOO FAR FROM THE TRUTH TO SAY THAT THE DIFFERENCE BETWEEN SURVIVAL OR FAILURE, OVER TIME, MAY

WELL BE THE ABILITY OF MANAGEMENT TO MANAGE AND UTILIZE NEW TECHNOLOGY. SO FAR, THE HUGE MAJORITY OF COMPANIES HAVE AUTOMATED ONLY A VERY SMALL PART OF THEIR BUSINESS--MOSTLY THE MECHANICAL FUNCTIONS LIKE ACCOUNTING, ORDER ENTRY AND, INCREASINGLY, WORD PROCESSING. AUTOMATING YESTERDAY DOES NOT PRODUCE TOMORROW'S PRODUCTS, ALTHOUGH SOMETIMES IT WILL SUGGEST WHAT THEY MIGHT BE. COMPUTERIZED AIRLINE RESERVATION SYSTEMS ARE A CASE IN POINT. AMERICAN AIRLINES SABRE SYSTEM, BY GETTING THERE FIRST WITH THE MOST ENHANCEMENTS, CAPTURED THE LION'S SHARE OF TRAVEL AGENTS' COMPUTERIZED RESERVATION BUSINESS. BUT AMERICAN WENT FURTHER. IT BUILT A DATA BASE OF FREQUENT FLYERS AND USED THAT INFORMATION TO DEVELOP NOT ONLY MARKETING STRATEGIES, BUT ALSO NEW PRODUCTS. THE HUNDREDS OF MILLIONS OF DOLLARS AND THE

MANY YEARS IT TOOK TO BUILD THE SABRE SYSTEM
CREATED A COMPETITIVE BUSINESS ADVANTAGE THAT
WILL BE HARD TO DUPLICATE.

IN THE RETAIL FIELD, J. C. PENNEY HAS
ACHIEVED ONE OF THE TRULY REMARKABLE USES OF
INFORMATION TECHNOLOGY TO LET THE COMPANY DO
MORE BUSINESS IN A BETTER WAY IN MORE PLACES.
NO ONE HAS TO REMIND THIS AUDIENCE, OR ANYONE
WHO EVER TRIED TO SELL ANYTHING, THAT THE
CLOSER ONE GETS TO THE CUSTOMER, THE BETTER
ONE'S INFORMATION IS ABOUT THE CUSTOMER'S
LIKES AND DISLIKES. IN TODAY'S COMPETITIVE
ENVIRONMENT, THE CUSTOMER WILL DETERMINE
WHICH PRODUCTS ARE WINNERS AND WHICH ARE
LOSERS. IN THE IDEAL WORLD OF MANAGEMENT
TEXT BOOKS, STORE MANAGERS WHO KNOW THE
COMMUNITY IN WHICH THEIR STORES ARE LOCATED
SHOULD PICK OUT THE MERCHANDISE ASSORTMENTS
MOST PLEASING TO LOCAL TASTES. IF THEIR

JUDGMENTS ARE CORRECT, SALES INCREASE,
MARKDOWN DECREASES, AND PROFITS RISE. THE
PROBLEM HAS BEEN TO MAINTAIN THE LEVERAGE OF
THE HUGE BUYING POWER OF A CENTRAL OFFICE,
WHILE AT THE SAME TIME LETTING STORE MANAGERS
MAKE MERCHANDISE SELECTIONS. PENNEY BUILT A
DIRECT BROADCAST TELECOMMUNICATION SYSTEM
THAT LINKS ALL THEIR STORES. THE SYSTEM IS
USED FOR INVENTORY CONTROL, REORDERS,
ACCOUNTING AND ALL THE STANDARD BUSINESS
PURPOSES. BUT THAT IS ONLY THE BEGINNING.
CURRENTLY, STORE MANAGERS GATHER IN CENTERS
FAIRLY CLOSE TO THEIR STORES TO VIEW A
TELEVISION SCREEN ON WHICH APPEARS THE LATEST
MERCHANDISE PICKED OUT BY THE BUYERS IN NEW
YORK. STANDING IN A PENNEY TV STUDIO ON
SIXTH AVENUE, THE BUYER DISPLAYS A DRESS, OR
SWEATER OR OTHER ITEMS, DESCRIBES THE
MATERIAL, THE PRICE AND DELIVERY TIMES AND,

IN EFFECT, ASKS FOR ORDERS. THE ENTHUSIASM, OR LACK THEREOF, FOR AN ITEM REFLECTS EACH STORE MANAGER'S ASSESSMENT OF HIS OR HER MARKETPLACE. HEAVY SWEATERS MAY BE HOT ITEMS IN MINNEAPOLIS BUT OF LITTLE INTEREST IN HOUSTON. THE ORDER SYSTEM ITSELF IS BASICALLY PAPERLESS AND A VAST SIMPLIFICATION OF THE OLD MANY LAYERED PROCESS. FROM A MANAGEMENT POINT OF VIEW, THE STORE MANAGER CAN NO LONGER EXCUSE SUBSTANDARD STORE RESULTS BY COMPLAINING THAT SOME BUYER SENT OUT A POOR MERCHANDISE ASSORTMENT THAT HAD LITTLE APPEAL IN HIS OR HER PARTICULAR MARKETPLACE. TODAY MANAGERS CAN BE HELD ACCOUNTABLE, WHILE AT THE SAME TIME EACH STORE BENEFITS FROM THE MASS BUYING POWER OF THE CENTRAL OFFICE. TECHNOLOGY HAS PERMITTED A WIDELY DISPERSED ORGANIZATION WITH ABOUT 1,400 STORES TO FOLLOW CUSTOMER-DRIVEN

BUSINESS PRACTICE, AND GAIN A VERY REAL BUSINESS ADVANTAGE.

WHILE NEW TECHNOLOGY HELPS MANAGEMENT DO TODAY'S BUSINESS BETTER, IT IS ALSO CHANGING THE WAY WE DO BUSINESS. FROM YOUR POINT OF VIEW, THE IMPORTANT FACT IS THAT THE COMPETITIVE LANDSCAPE IS RAPIDLY CHANGING. ONCE-DISPARATE BUSINESSES ARE MOVING CLOSER TOGETHER. INDEED, MANY DIFFERENT TYPES OF SERVICE MAY NOW BE DELIVERED OVER THE SAME COMPUTER TERMINAL. AS SERVICES PROLIFERATE, NEW COMPETITORS APPEAR. COMPANY EXECUTIVES AND TRADE ASSOCIATIONS THAT FOCUS THEIR ATTENTION ON TRADITIONAL OLD COMPETITORS MAY WELL OVERLOOK, OR FAIL TO RECOGNIZE, FORMIDABLE NEW ENTRANTS IN THEIR MARKET. YOUR OLD COMPETITORS MAY DISAPPEAR AND YOU MUST BE AWARE OF WHO IS MOVING UP TO REPLACE THEM. IT FOLLOWS FROM THIS THAT IN TODAY'S

WORLD, THE EXECUTIVE WHO LIMITS HIS OR HER INFORMATION TO NARROW AREAS MAY WAKE UP TOO LATE TO SAVE THE BUSINESS. EXAMPLES ABOUND. SINCE ALL GOOD BUSINESSES ARE CUSTOMER DRIVEN, IT SHOULD BE CLEAR THAT BUSINESSES WHICH ARE IN DIRECT TOUCH WITH CONSUMERS-- WHETHER AT THE CHECK-OUT COUNTER OF A RETAILER OR ON AN AIRLINE RESERVATION SYSTEM--HAVE A COMPARATIVE ADVANTAGE OVER THOSE WHICH ARE NOT. IT WAS NOT HARD TEN YEARS AGO TO PREDICT THAT RETAILERS WOULD BECOME EFFECTIVE COMPETITORS OF BANKS IN THE 1970s AND '80s, YET MANY BANKERS REFUSED EVEN TO CONSIDER THIS POSSIBILITY. TODAY THIS ONCE HERETICAL VIEW IS CONVENTIONAL WISDOM, BUT IN THE MEANTIME, MANY BANKS HAVE LOST MARKET SHARE TO COMPANIES THEY DID NOT BELIEVE WERE THEIR COMPETITORS.

AS MARKETING BECOMES MORE SOPHISTICATED, WE ARE LEARNING THAT THERE ARE ALL KINDS OF SHARES, FROM SHARE OF MARKET TO SHARE OF MIND. TODAY, THERE MAY WELL BE A NEW MEASURE: SHARE OF DESK. THE PLACING OF A SUPPLIERS' TERMINAL ON A CUSTOMER'S DESK ALTERS THE COMPETITIVE BUSINESS BALANCE. THIS SHIFT OF MARKETING POSITION TAKES PLACE IRRESPECTIVE OF WHETHER THAT TERMINAL DELIVERS ELECTRONIC INFORMATION ABOUT THE WORLD MARKETS, OR A LETTER OF CREDIT, OR HELPS A DRUGSTORE KEEP TRACK OF INVENTORY. A TERMINAL HELPS TIE A CUSTOMER TO A SINGLE SUPPLIER TO THE OBVIOUS DETRIMENT OF OTHER SUPPLIERS. IT IS A SHORT STEP FROM USING A RETAILER'S ELECTRONIC TELECOMMUNICATION SYSTEM FOR STORE INVENTORY CONTROL TO USING THE SAME NETWORK TO START A TRAVEL SERVICE, AN AIRLINE RESERVATION SYSTEM, OR CREDIT CARD

PROCESSING FOR A CHAIN OF GAS STATIONS,
INDEED, ALL OF THESE THINGS ARE CURRENTLY
HAPPENING.

THIS CHANGE IN THE WAY BUSINESS IS
CONDUCTED, ARGUES FOR THE WIDEST POSSIBLE
FOCUS ON THE INFORMATION A MODERN EXECUTIVE
NEEDS. MOST MANAGEMENT INFORMATION SYSTEMS
THAT EXIST TODAY ARE TOO NARROWLY FOCUSED,
THEY ARE GOOD FOR MEASURING A STEADY STATE OF
BUSINESS, BUT OFTEN FAIL TO TELL COMPANIES
WHAT THEY NEED TO KNOW TO SURVIVE AND PROSPER
IN RAPIDLY CHANGING MARKETS. INDIVIDUAL
ENTREPRENEURS ARE AT THE SAME DISADVANTAGE
UNLESS THEY, TOO, GREATLY BROADEN THEIR
INFORMATION SPECTRUM. MR. JACK KILBY WHO,
ALONG WITH ROBERT NOYCE, HAS BEEN CREDITED
WITH INVENTING THE INTEGRATED CIRCUIT IS
QUOTED AS SAYING: "AT FIRST, THE PROBLEM
SOLVER HAS TO LOOK THINGS OVER WITH A

WIDE-ANGLE LENS, HUNTING DOWN EVERY FACT THAT MIGHT CONCEIVABLY BE RELATED TO SOME KIND OF SOLUTION. THIS INVOLVES EXTENSIVE READING, INCLUDING ALL THE OBVIOUS TECHNICAL LITERATURE BUT ALSO A BROAD RANGE OF OTHER PUBLICATIONS--BOOKS, BROADSIDES, NEWSPAPERS, MAGAZINES, SPEECHES, CATALOGUES, WHATEVER HAPPENS IN VIEW." ALL OF THIS SHOULD MAKE IT CLEAR THAT INTERNAL MIS SYSTEMS MUST BE INTEGRATED WITH EXTERNAL MARKET DATA IF THEY ARE TO BE REALLY USEFUL IN A RAPIDLY CHANGING ENVIRONMENT. TRYING TO KEEP TRACK OF WHO YOUR COMPETITORS ARE IS ALMOST A FULL-TIME JOB, BUT TRACKING NOT ONLY WHAT THEY ARE DOING, BUT WHAT THEY ARE LIKELY TO DO IS BECOMING CRITICAL.

MANY OF THE PEOPLE TO WHOM YOU SELL ARE CHANGING DRAMATICALLY THE WAY THEY DO BUSINESS. NO LONGER ARE QUANTUM CHANGES

LIMITED TO GIANT CORPORATIONS. THE CONTINUING DECLINE IN COST OF HARDWARE HAS MADE IT POSSIBLE FOR RELATIVELY SMALL ESTABLISHMENTS TO ENJOY AUTOMATED INVENTORY CONTROLS. SOME OF THESE SYSTEMS ARE BEING INSTALLED BY SUPPLIERS WHO, THUS, ARE ABLE TO REPLACE INVENTORY ALMOST AS SOON AS IT IS SOLD. IN ADDITION, THE RUNNING TALLY OF GOODS SOLD PROVIDES ESSENTIAL MARKETING INFORMATION. SUPPLIERS DON'T HAVE TO GUESS WHICH PRODUCT IS SELLING AND WHICH ONE IS NOT. THEY HAVE THE INFORMATION ON A DAILY BASIS FOR A WIDE GEOGRAPHIC AREA AUTOMATICALLY REPORTED BY ALL THE STORES THAT HAVE ACCEPTED THEIR COMPUTER SYSTEM. THIS, IN TURN, IS AFFECTING MANAGEMENT STRUCTURES. THE OLD MILITARY MODEL OF COMMAND AND CONTROL IS GIVING WAY TO A FLATTER STRUCTURE, AS MORE

AND MORE INFORMATION BECOMES AVAILABLE AT ALL LEVELS.

THE TOTAL IMPACT OF THE INFORMATION REVOLUTION ON SUPPLIERS, MANAGEMENT, INVESTORS AND CUSTOMERS IS ONLY EMERGING GRADUALLY. WHILE OUR UNDERSTANDING OF THE DETAILS OF THE CHANGES BEING VISITED ON BUSINESS IS FAR FROM COMPLETE, WHAT IS CLEAR IS THAT INFORMATION TECHNOLOGY IS CHANGING THE BASIS OF COMPETITION, THE ORGANIZATION OF BUSINESS ENTERPRISES, THE PRODUCTS THAT ARE SOLD, AND THE DELIVERY SYSTEMS.

IN THE PAST, MANY INDIVIDUALS AND COMPANIES IGNORED WHAT TURNED OUT TO BE FUNDAMENTAL TIDES RUNNING IN OUR SOCIETY AND SOONER, RATHER THAN LATER, JOINED THE RANKS OF THE DEAD OR DYING. ALL OF THIS ARGUES, NOT AGAINST THE FUTURE SUCCESS OF ANY GIVEN BUSINESS OR PROFESSION, BUT RATHER FOR THE

NECESSITY OF LEARNING TO RECOGNIZE AND MANAGE CHANGE IF WE WISH TO BE AMONG THE SURVIVORS IN THE YEAR 2000. IF THE PAST IS A GUIDE TO THE FUTURE, IT TEACHES THE PRUDENT BUSINESS PERSON TO CONSIDER THAT WHATEVER THE PRESENT TRENDS IN THE MARKET, IT IS A FAIR GUESS THAT THEY WILL NOT CONTINUE. THE SUCCESSFUL BUSINESSES OF TOMORROW WILL BE OPERATED BY MEN AND WOMEN WHO STUDY HOW CHANGES ARE OCCURRING, AND FIND WAYS TO EXPLOIT THESE CHANGES RATHER THAN DEPLORE THEM. OUR DAILY NEWSPAPERS ARE FULL OF EXAMPLES. DENTISTS, WHO HAVE WATCHED THE WIDESPREAD USE OF FLUORIDE IN WATER SYSTEMS AND TOOTHPASTE KNOW THAT THE BUSINESS OF FILLING CAVITIES WILL BE GREATLY REDUCED IN THE YEARS AHEAD. AS A RESULT, MANY HAVE MOVED WITH THE TIMES INTO COSMETIC DENTISTRY. THE CURRENT EMPHASIS ON HEALTH HAS CREATED WHOLE NEW LINES OF

PRODUCTS AND CAUSED SUCCESSFUL FOOD COMPANIES TO CHANGE THEIR PRODUCTS AND THEIR STRATEGY. THEY NOW MAKE AND ADVERTISE FOODS LOW IN CALORIES, LOW IN CHOLESTEROL, LOW IN SODIUM-- OR WHATEVER SCIENCE TELLS US, NEXT, IS GOOD (DR BAI) FOR US. THOSE WHO MISSED THE SHIFT IN PUBLIC TASTE ARE PLAYING CATCHUP BALL.

THESE ARE BUT TWO EXAMPLES OF THE WAY BUSINESSES TODAY CAN CHANGE. MANY OF YOU ARE ALREADY ADAPTING TO CHANGE IN YOUR COMPANIES AND MARKETS, OTHERS WILL FACE INEVITABLE CHANGES IN THE FUTURE.

THE WINNERS IN TOMORROW'S WORLD WILL BE THOSE ENTREPRENEURS AND MANAGERMENTS WHO RECOGNIZE THAT TOMORROW WILL NOT LOOK LIKE YESTERDAY, AND MAKE CHANGE THEIR BUSINESS PARTNER--AND THE LOSERS, THOSE WHO LIKE THE 2,800 MEMBERS OF THE FLAT EARTH RESEARCH SOCIETY, REFUSE TO FACE THE NEW REALITY.