5 Reasons Your Business Must Be Faster

Of the 100 biggest companies in the US in June 2006, as set out in the S&P, 37 are no longer on the list – and 18 of these businesses, including Merrill Lynch, Anheuseur Busch, Black & Decker, Eastman Kodak and Lehman Brothers are no longer independent organisations. The flip side of this decline is the rise of other corporations that came on to the list. Interestingly, the world's largest corporation, Apple, was not a member of the Top 100 in 2006 and neither were Amazon, eBay, Capital One, CVS, Nike or Visa. The lesson is that nothing lasts forever and nothing fails like success. If some of the biggest, strongest and most powerful corporations can decline so rapidly then no company is safe, from the gales of creative destruction that are sweeping across every market.

As you plan your priorities for 2014 here are five reasons why speed and agility need to be at the top of your list:

1. Technological acceleration. Between 1993 and 2012 the number of patents granted the US Patent Office grew from 98,000 to more than 250,000. Led by R&D arms of major multinational corporations including IBM, Samsung, Canon, Sony and Panasonic, this acceleration in the sheer scale of technology development shows no sign of slowing down. Digital technology continues to be the key driver of this shift to technology-driven companies. Faster processing, growing memory storage and computing power, lower costs, greater inter-personal and inter-organisational connectivity through mobile and cloud-based applications is re-shaping both business and society in general.
2. Leftfield Competition. If you look at a list of the world's top retailers, the top 5 has remained relatively constant over the past decade. The Global Powers of Retailing, an annual reported from accountancy firm, Deloitte, for example, lists the top 5 as Wal-Mart (USA), Carrefour (France), Tesco (UK), Metro (Germany) and Kroger (USA), with 2011 retail revenues ranging from $90 billion for Kroger up to $447 billion for Wal-Mart, the clear #1. This analysis may lead you to think that the retail industry is relatively stable: but you would be wrong; very wrong. Just outside the Top 10, with 2011 revenues of $48 billion and a five-year growth rate of over 30$ per annum is a retailer without a single store. Since its launch in 1995 Amazon has reshaped the global retail landscape, directly impacting on customer service, home delivery, pricing and ranging decisions of virtually every other retailer. From its initial role as a new-start nuisance to the major players, it is now one of the fastest-growing players in the world's Top 100 list and is comfortably the thought leader for the retail industry. What non-traditional, leftfield competitors are entering and succeeding in your markets?
3. Shortening product life cycles. If you're not in the first wave of a new market opportunity it's now increasingly difficult for you to ever succeed. Take, for example, the adoption of three generations of phones: landline phones, mobile phones and smart phones. It took landline telephones 64 years to achieve 40% penetration of US households, it took mobile phones a little over 17 years to achieve the same level of adoption, and smart phones just 10 years. If you are an executive in the phone business you had decades to sort yourself out to win in the landline phone market but just a matter of months to find a winning edge in the smart phone market. That's why the decline of Nokia and Blackberry has been so dramatic. These companies were simply too slow out of the smart phone blocks and that initial hesitation has cost them their independence.
4. The end of the developing world. The share of global GDP that was generated by fast-growing markets (China, India, Russia, Brazil, Mexico, South Korea, Turkey and Indonesia) economies grew from just 9% to 25% between 2000 and 2011. At the same time, the 'developed' markets' share fell from 78% of global GDP to 63%. The investment bank, Goldman Sachs, has forecast that the fast-growing

markets' share of global GDP will climb to 46% by 2050, while the 'developed' markets' share could shrink to just 31%. The rapid shift in economic power creates both challenges and opportunities for companies in almost equal measure. The higher levels of growth of many economies is continuing to create new markets and potential new customers for business, but only if you are agile and focused enough to exploit them. At the same time, however, it is also creating new, lean and fast competitors. Nokia's growth problems, for example, were exacerbated by new competition from aggressive, high-growth Asian companies such as Media Tek and Huawei. What are the implications for your business from the ongoing growth of countries that were once in the so-called developing world?

5. Customer power and brand fragility. In 2011 Reed Hastings, the CEO of Netflix was forced to email a personal apology to millions of subscribers following the company's failed attempts to split its streaming (Netflix) and DVD (Qwickster) services between two websites requiring separate subscriptions and, at the same time, raised prices for its services. A few months later, following 75,000 negative tweets about the split and a fall in Netflix's share price, Qwickster was cancelled and the single subscription service restored. Brands remain a highly valuable asset, but they are also increasingly fragile. You must act at pace and be as open and as transparent as you possibly can if you want to retain your customers' trust. As customer connectivity grows over the coming years, so too will the power of customers, particularly those who are dissatisfied. It is going to become even more important that you are able to anticipate and deal with real-time brand issues before – as with BP's Deepwater Horizon, or Starbucks' UK tax issues – they explode in full public view. Currently, however, too many business leaders, from both large and small corporations, are struggling to keep up with what their customers are telling each other on Twitter, Facebook, Reddit and other social media sources, and are ending up emailing poorly-received apologies, offering their resignation and paying token tax contributions. What steps are you taking to engage with integrity with your customers through social and other media?

It has become a cliché to say that the pace of change continues to grow, but the fact is that it is real and it is impacting the performance of your company right now. For those businesses that are able to act with speed and agility there are huge opportunities for growth, but for those that remain rooted in old ways of working and organizing, the future is bleak and you run the risk of becoming irrelevant.

What will you do in 2014 to increase the speed, agility and success of your business?