Y.E.O. October 2000

-presents-

Clicks 'n Bricks

Possibility Thinking
for the
New Economic Era

Prepare to be assimilated by -*e*...

Resistance is futile.

Purpose:

To equip ourselves for discovering the Next Generation of Excellence

In a way that will create a compelling vision for both our business and community

So that we can decide to become players in the "wild west" of cyberspace.
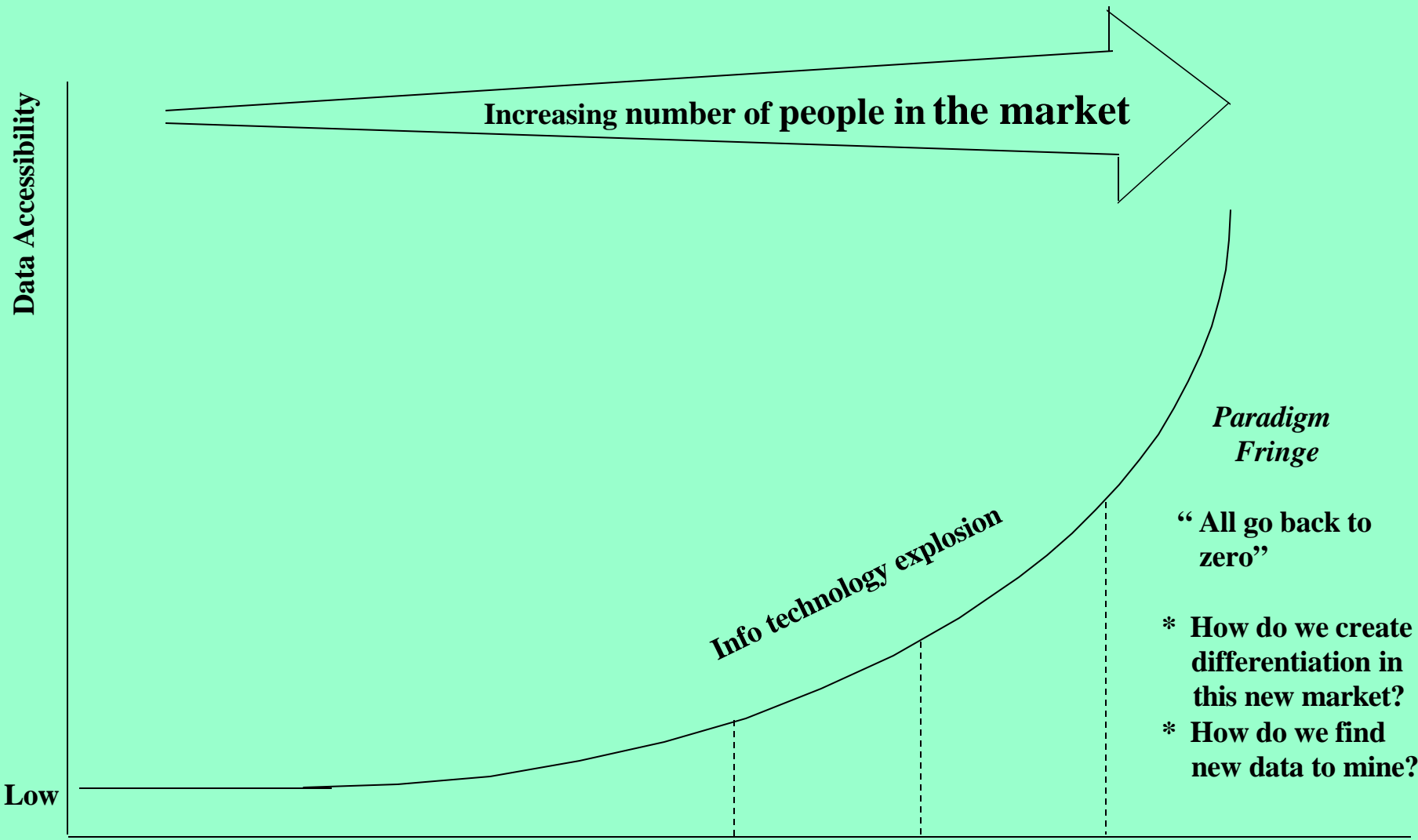
Products:

1. Personalizing Globalization
2. Adding the possibility of "clicks" to "bricks"
3. Developing a compelling vision for your business and community
4. Deciding to become a player in cyberspace
5. Thinking strategic -e

- Poor standards deliver_____Ugly_____results/rewards

- Good standards deliver_____Poor_____results/rewards

- Excellent standards deliver_____Good_____results/rewards

- Outstanding standards _____**Take**_____all the rewards

Outstanding

Poor   Good   Excellent

community

web enabled technology

new

globalization
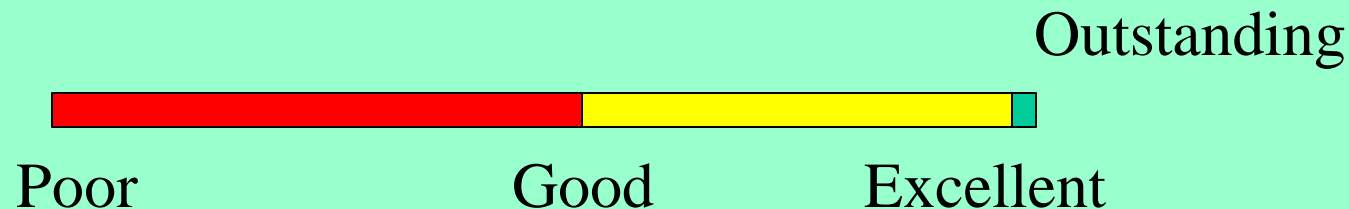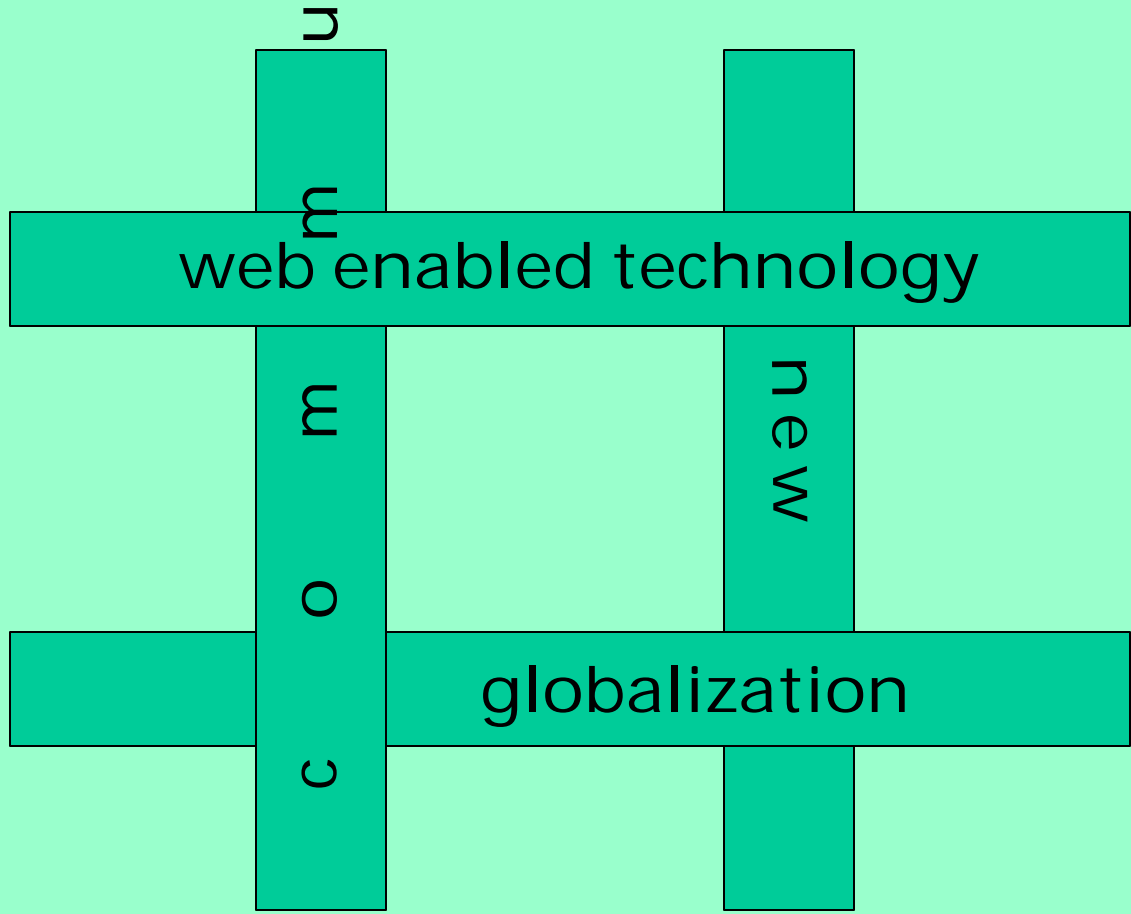
Possibilities of Web-Enabled Technologies

Data Accessibility

Increasing number of people in the market

Info technology explosion

Paradigm Fringe

" All go back to zero"

* **How do we create differentiation in this new market?**
* **How do we find new data to mine?**

Low

1930
* **Data flow low & slow**
* **Accessible to small # of people**
* **Cycle time of transactions: long**
* **Few people in the game**

1970
* **# crunching with main-frames**

1980 <PC Era>

1990 <Web Era>

Year

- Innovations in IT (hardware, software and most importantly the networking) have created new opportunities if we can see them.
- "Data flow" is the essence level flow we are dealing with
- Data management is the key to future success
- Building joint databases along the customer-supplier chain increases value to all
- Accuracy of seeing the future is worth a premium
- There are two classes of offerings:
  - current products and services delivered in a new way
  - new products and services in info management
- The business model created has value in itself
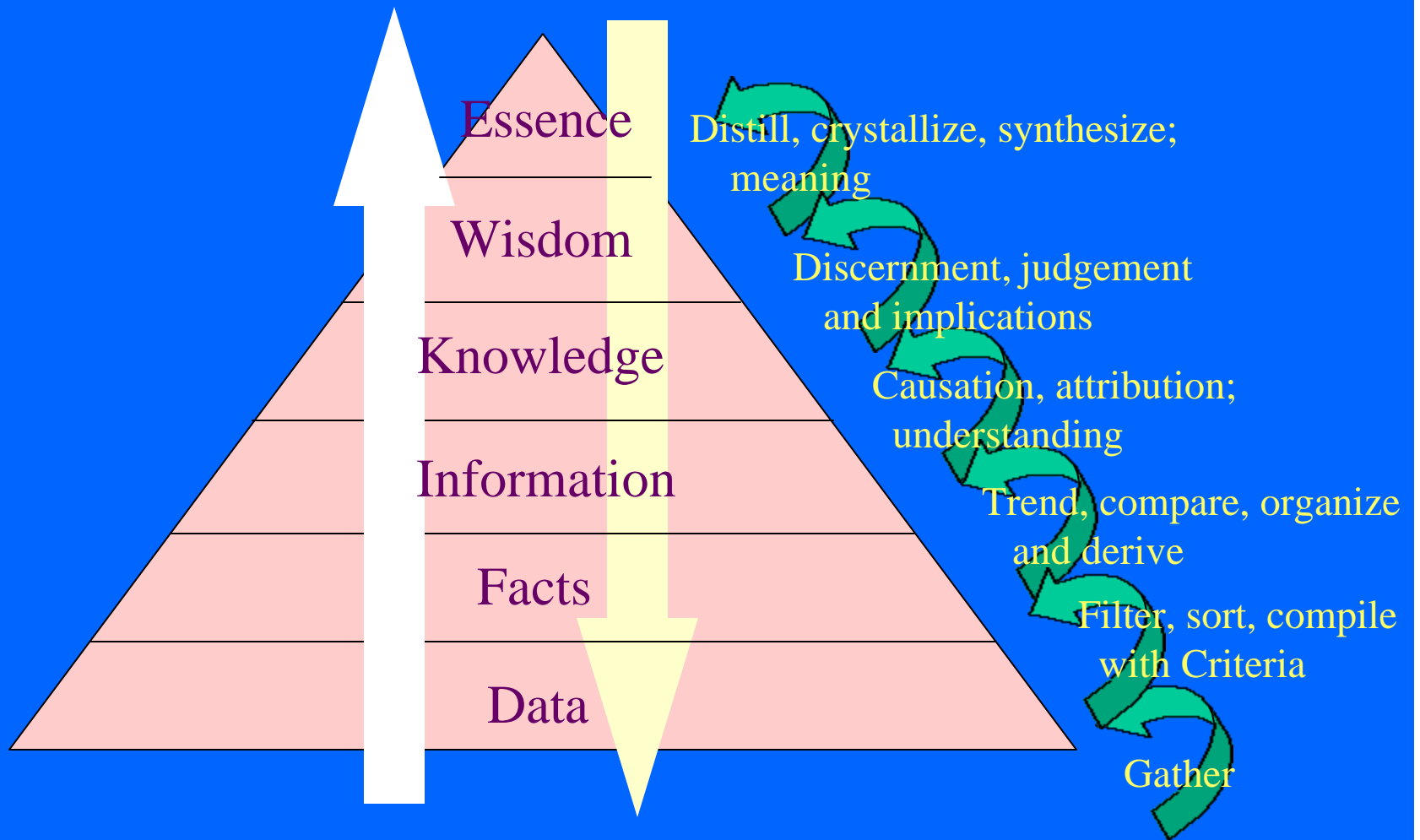- All data is important, but not all data is used the same way

- Historical institutional response time not e-speed adequate - **1 e-year = 47 days.**

- "e" world wisdom is inversely proportional to age.

- Redefining the market is a requirement in the new economy (AA selling travel, not only AA seat).

- "e-think" is not natural, cheerleaders required.

Paradigm Shift

Problem Solved

Time

A

B

C
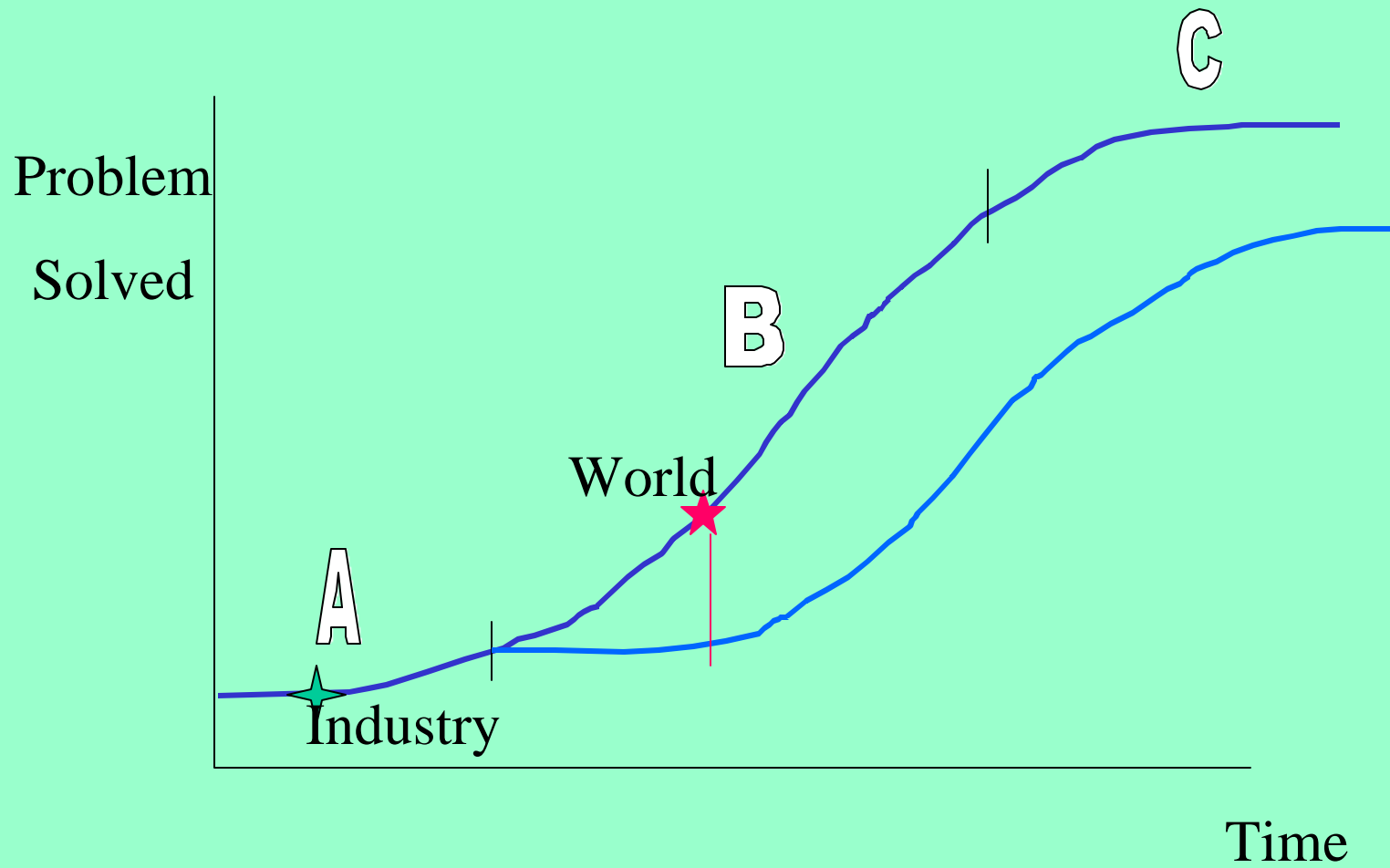
World

Industry

Where are we coming into the paradigm?

- Web era? - Industry?

Essence

Wisdom

Knowledge

Information

Facts

Data

Distill, crystallize, synthesize; meaning

Discernment, judgement and implications

Causation, attribution; understanding

Trend, compare, organize and derive

Filter, sort, compile with Criteria

Gather
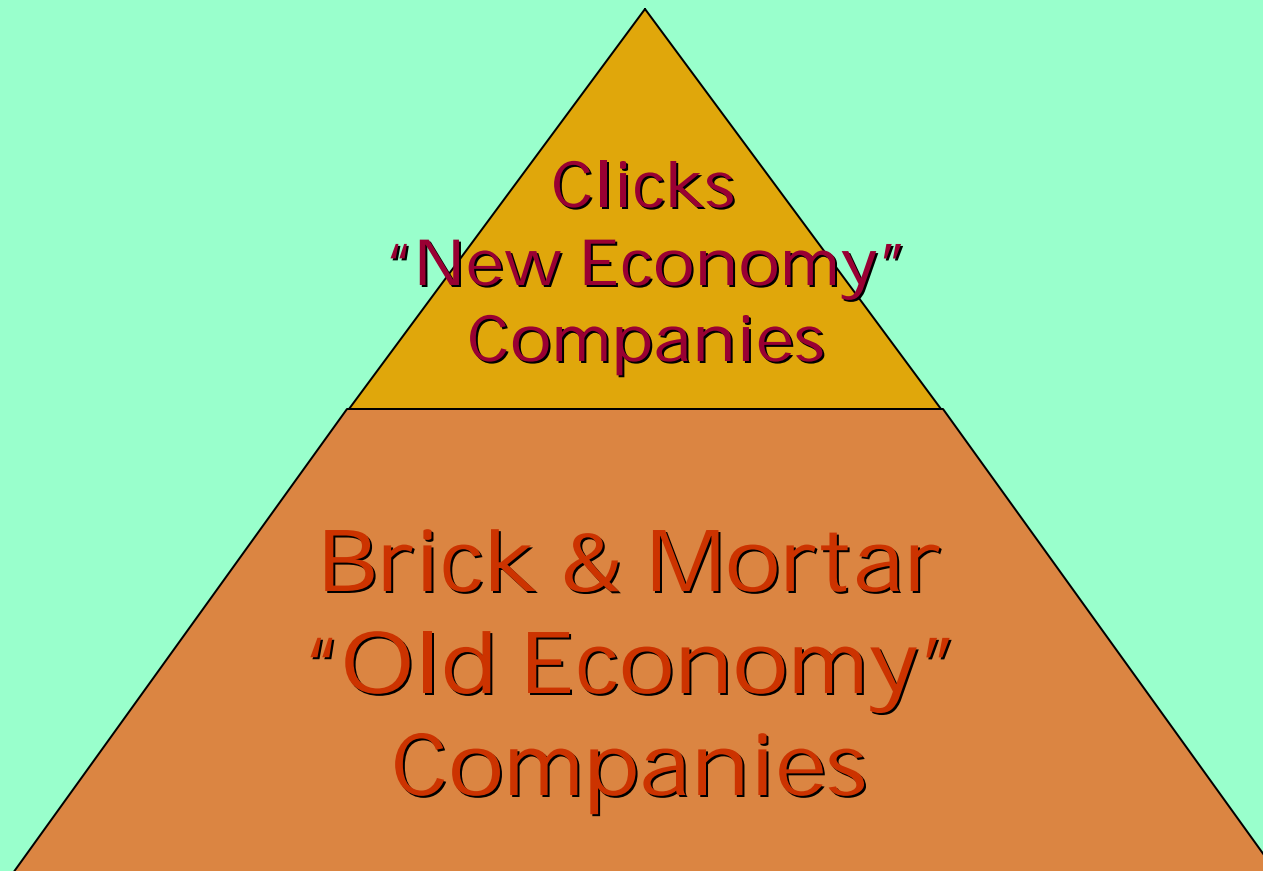
- The industrial world adding value is shifting to the information world adding value.

- Scarcity creates value is shifting to accessibility has value.

- Power is shifting from industry to the consumer.

- Software and hardware are only valuable as a system
- Information= anything which can be digitized
- Producing info has high fixed costs and low marginal costs
- Price according to value, not production costs
- Info is an "experience goods," every time you use it
  - Tease users in through browsing
  - Get users through branding/reputation/authority
  - Image is everything because it conveys brand
- Providers add value through locating, filtering and communicating only the info desired by the customer
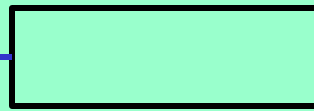- When info becomes a commodity, its price drops

- Gather
- Sort
- Compile
- Trend
- Report
- Analyze
- Decide

DATA ACQUISITION	DATA MANIPULATION	DATA ANALYSIS	DECISION FROM ANALYSIS

GATHER

Power of gathering historical data from data generator can have huge impact.

SORT
COMPILE
TREND
REPORT

ANALIZE

INTERMEDIARY
COLLABORATION
(Integrators)

Dell calls this "outsourcing to the consumer"
- ATMs
- Gas Pumps

COLLAPSE

INTERMEDIARIES

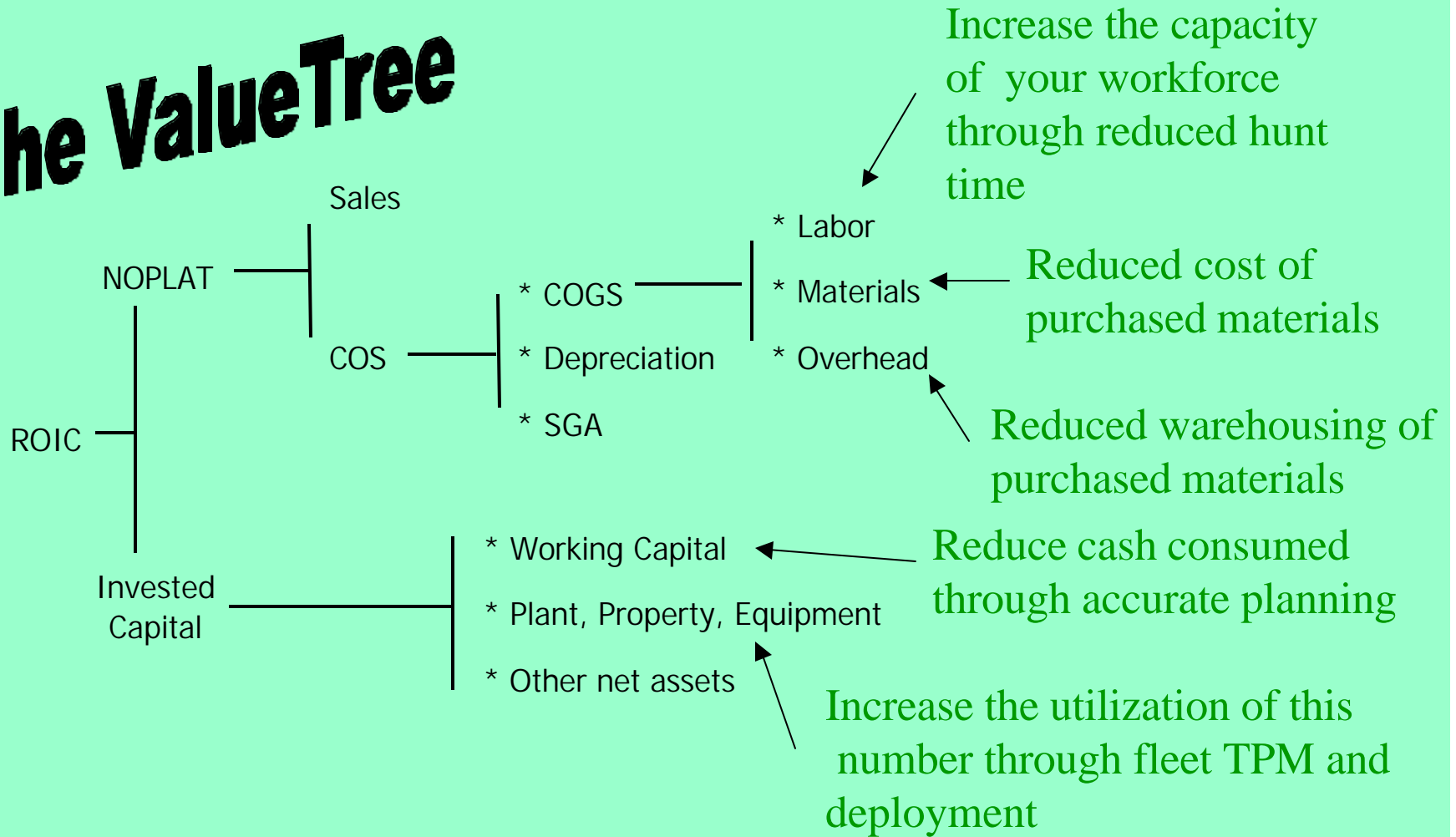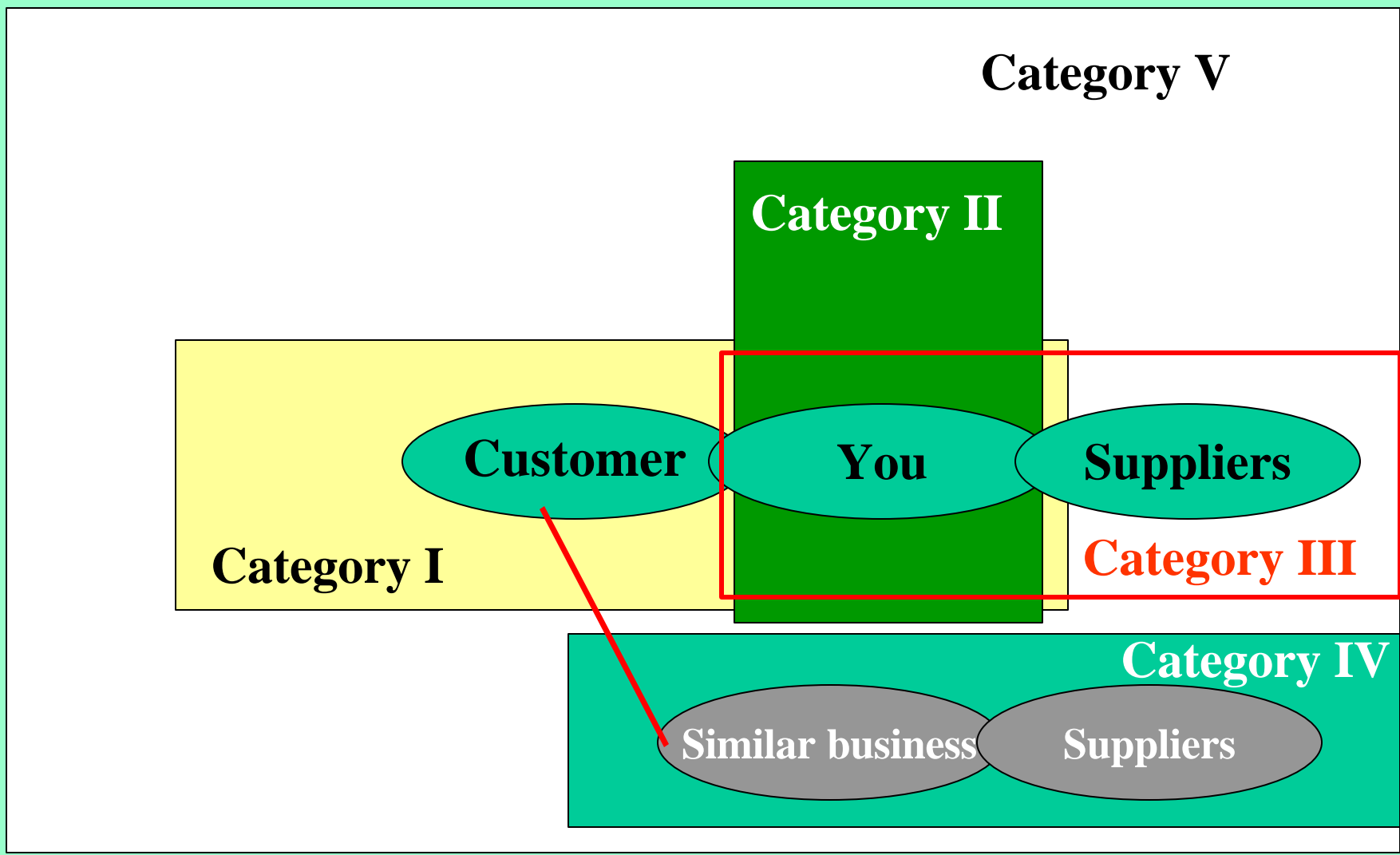INCREASED CAPACITY
&
C/T REDUCTION

COLLABORATE

"We are in an all out brawl and there are no rules."

Paul Allaire-Xerox

- How do I extend my reach into other's data, leverage my data and play an increasing role in their transactional processes and decisions from their data while increasing everyone's value?

The ValueTree

Sales

NOPLAT

* COGS

* Labor

* Materials

* Overhead

COS

* Depreciation

* SGA

ROIC

Invested Capital

* Working Capital

* Plant, Property, Equipment

* Other net assets

Increase the capacity of your workforce through reduced hunt time

Reduced cost of purchased materials

Reduced warehousing of purchased materials

Reduce cash consumed through accurate planning

Increase the utilization of this number through fleet TPM and deployment

ying the Future

Category V

Category II

Category I

Customer   **You**   **Suppliers**

Category III

Category IV

Similar business   Suppliers

1. The customer "owns" their profile.
2. Customers are willing to trade anonymity for convenience, accuracy & personalized service.
3. Customers prefer to answer their own questions and get their own pricing information, asking for help only when they need it (and their information will be in front of you when you answer them).
4. It is most important to get to the people who use the product, not necessarily the ones who pay for it.
5. Data is the new "gold" and is worth discounts to get it.
6. The customers expect us to know the balance between "big brother" and being helpful.
7. e-mail confirmations give customers a sense of reassurance.
8. Customers like a place to "show-off" their product knowledge.

9. The more data a customer leaves with a business, the higher the probability of "sticking."

10. Customers like to help one-another with technical problems.

11. Unsolicited reminders can betray customer trust.

12. Customers love "one-stop" shopping.

13. Customers want access to our troubleshooting knowledge.

14. Customers want to work "friction free" with the business.

15. Customers want the elimination of every step which wastes their time.

1. Target the right customers.

2. Own the customer's total experience.

3. Streamline business process that impact the customer.

4. Provide a 360° view of the customer relationship.

5. Let customers help themselves.

6. Help customers do their jobs.

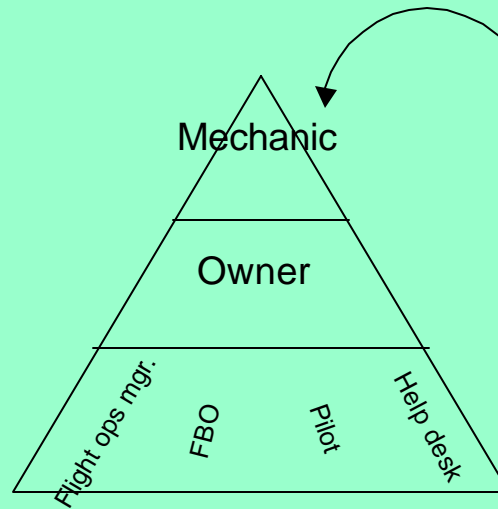7. Deliver personalized service.
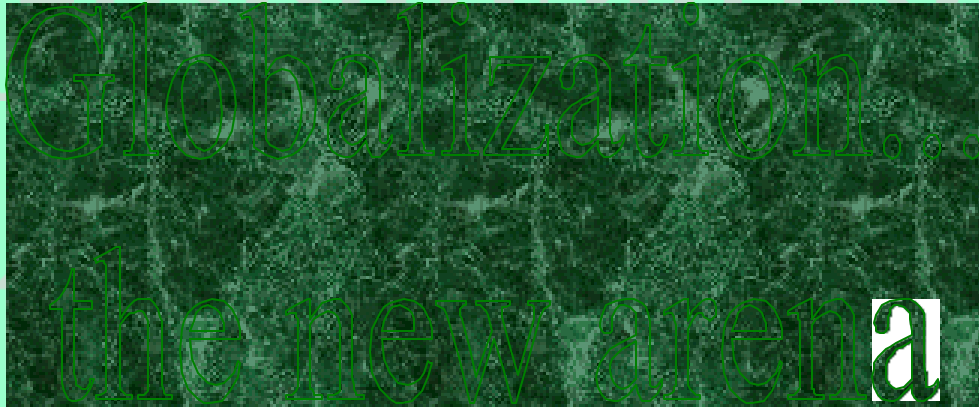
8. Foster community.

Powerbroker

Decision Maker

Technical Advisors

Mechanic

Owner

Flight ops mgr.

FBO

Pilot

Help desk

How do we use **e**-tech to help make this person's job easier?

Small commercial equipment: Single Owner/Operator

Globalization...
the new arena

Purpose:

To recalibrate our perspective on the arena within which we do business
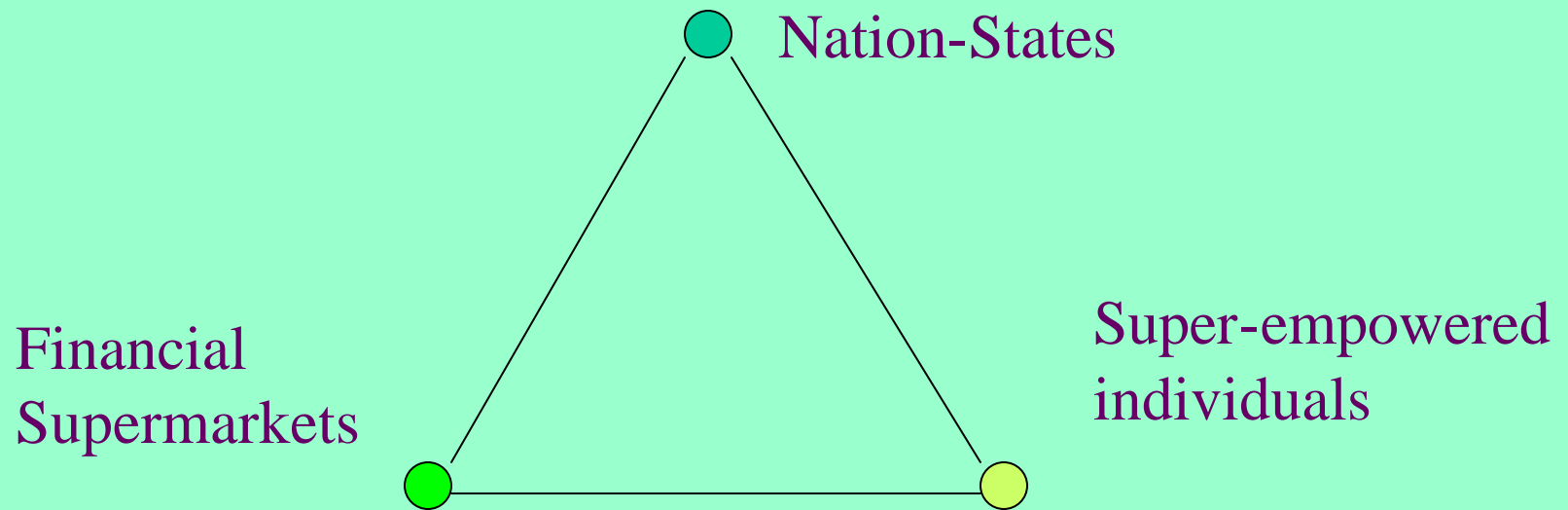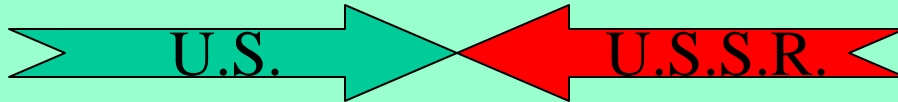
In a way that begins to appreciate the incredible changes taking place as we sit here today

So that we become willful in seeing and seizing the opportunities available to us.

Products:

1. Awareness of world-shaping trends
2. Increased will

	Cold-War Era (1954-1989)	Globalization Era (1995+)
Power	U.S./U.S.S.R. Balance	No-one
Economics	Partitioned	Boundryless
Culture	Regional	Global, homogenizing
Ideas	Communism vs. capitalism	Free-market capitalism
Perspective on Globe	Division	Integration
Demographic trends	East/West…South/North	Rural/Urban with global tastes
Defining technology	Nuclear	Computers, micro, internet
Defining measure	Throw-weight	Speed
Symbol	"The Wall"	WWW
Defining document	The treaty	The deal
Defining law	E=MC² (Einstein)	Computing power 2x/18-24months (Moore)
Sport analogy	Sumo wrestling	Daily 100-meter dash
Enemy	Visible	Invisible
	Insular	Global

Ref. The Lexus and the Olive Tree, Friedman

U.S. → ← U.S.S.R.

Nation-States

Financial
Supermarkets

Super-empowered
individuals

Stanford study of the timing and impact of new technology on society concluded that it takes 2 adult lifetimes (70-80yrs) for a new technology to be a part of daily life.

Phase I: economic maturation (25 years)

Phase II: Counter productive, unreliable (25 years)

Phase III: Hyper-productive, all-at-once, transformational (25 years)

If the pattern holds true for Computer History:

1946-1970   Phase I (eniac and the census bureau)

1971-1995   Phase II (wages fall 15-20%, double incomes the norm)

1996-2020+   Phase III (by 2010 we will be extremely prosperous)

                               we have climbed out of a twenty year wage

                               drought in 5 years.

- Taylorism is dying as more information and decisions move to the worker

- Workforce distribution will create virtual teamwork

  - 35% with core competencies
  - 25% sub-contracted to support businesses
  - 25% contingency
  - 15% independent contractors

Be Global

Sustain Local

1
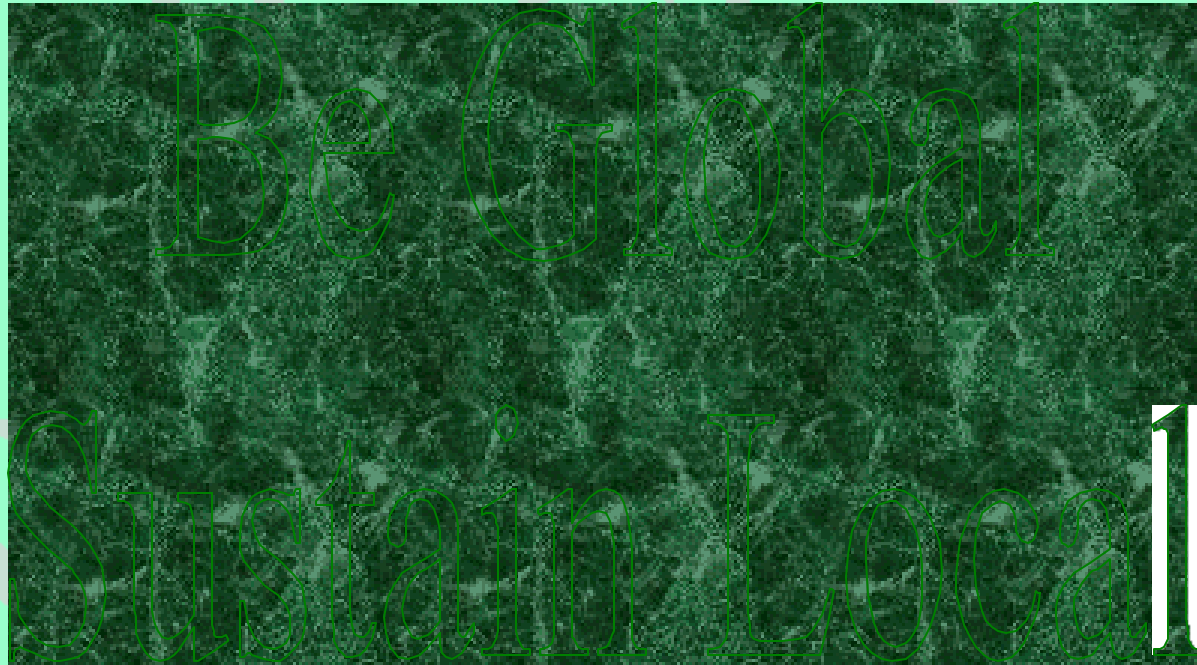
With the culture of capitalism sweeping the world...

and the world getting smaller...

do you have a compelling vision not only
for your business
but your town and neighbors?

- ## International Institute for Sustainable Development
  - http://iisd.ca/

- ## Mondragon, Spain

**Mondragon Study Tour
Spring, 2001**

Join your hosts Alden Davis and Josep Barbera as we learn about the powerful 40 year vision which won Mondragon Spain a United Nations Exemplary Community Award.
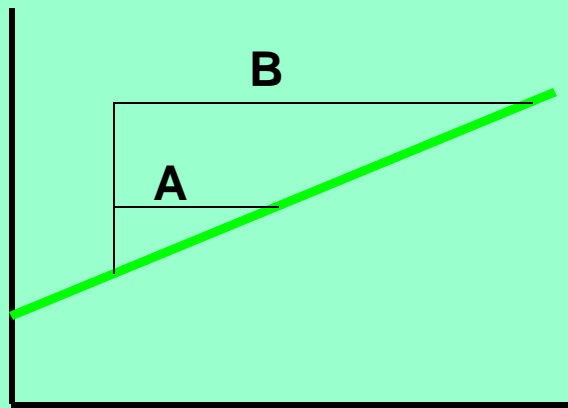
Located in the gorgeous Basque region of Spain, Mondragon is home to 160 employee-owned cooperatives, involving 23,000 member-owners with annual sales over $3B US. Discover what makes these cooperatives twice as profitable as the average Spanish corporation with productivity levels without equal.

Learn about one community's approach to sustainable development for multiple generations by focusing on relational cooperatives dedicated to the common good.

If you have a passion for building a thriving business and desire a compelling vision for your town, join our learning community as we study from those who have succeeded in Mondragon.
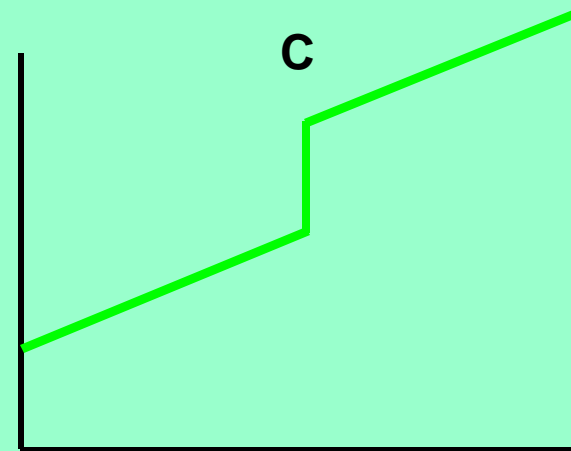
Come and find the inspiration to take you to the next level of your life's mission.
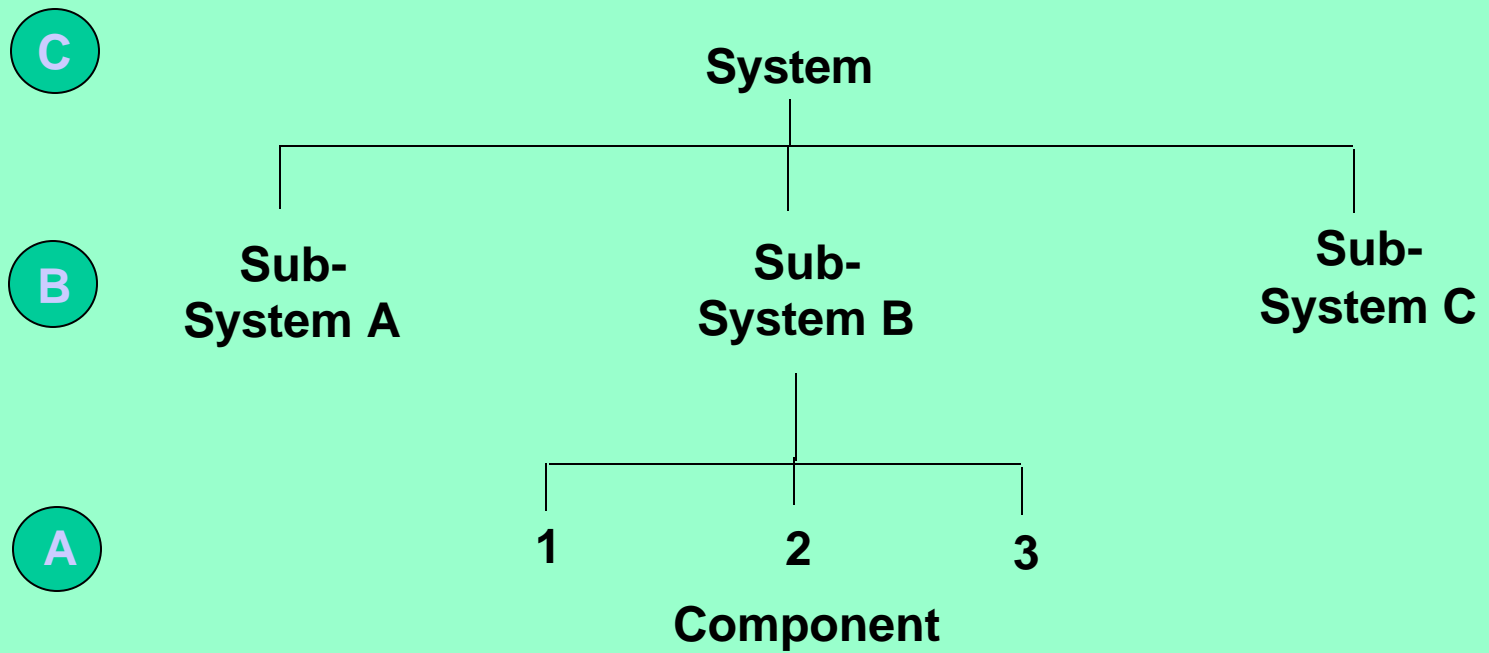
Response

B

A

No Wiggle Room!

C

"Incrementalism is innovation's worst enemy."

Nicholas Negroponte
MIT Media Lab

C

System

B

**Sub-
System A**

**Sub-
System B**
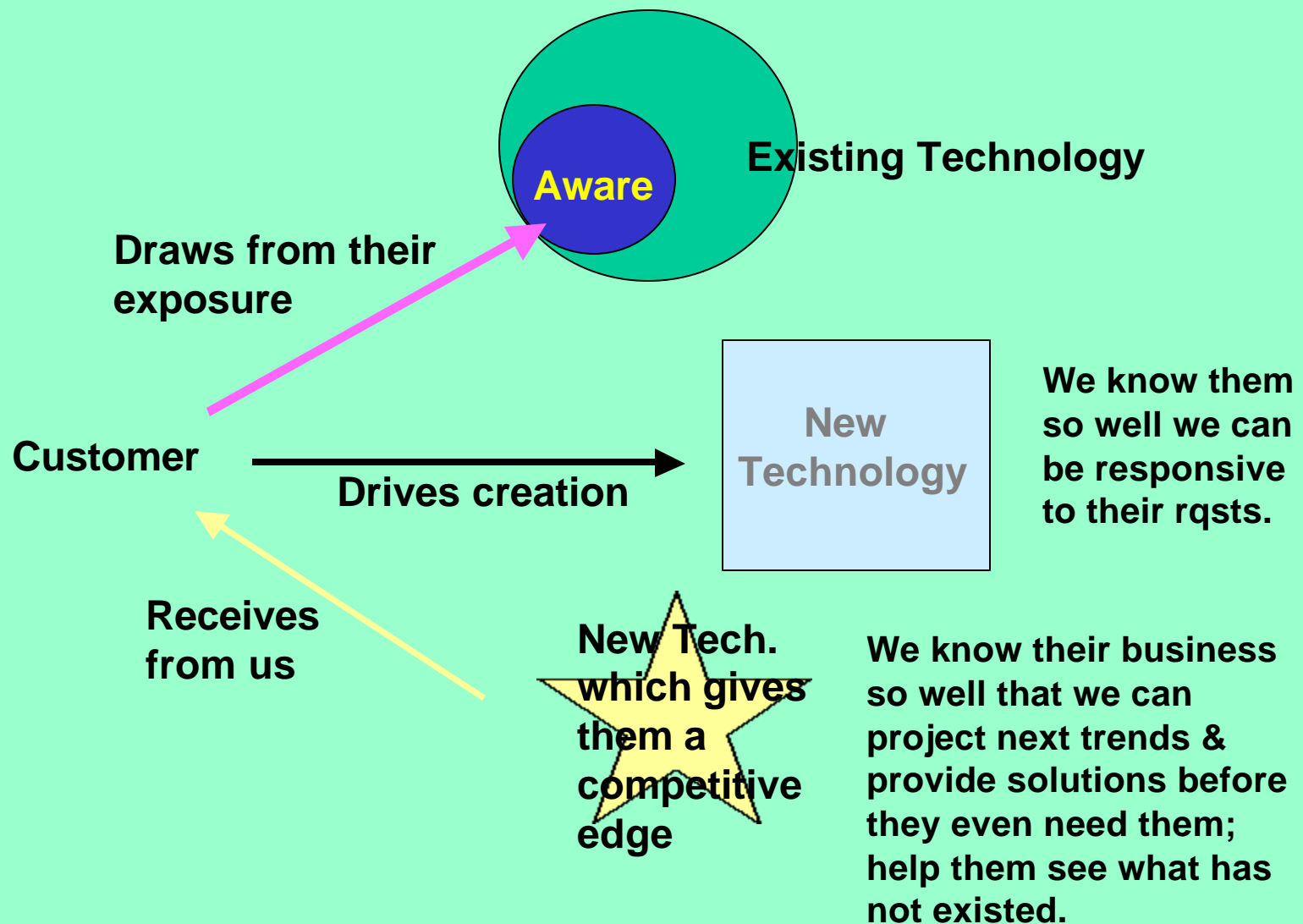
**Sub-
System C**

A

1

2

3

Component

"The customer is a rear view mirror, not a guide to the future."

George Colony, Forrester Research

"If you worship at the throne of the voice of the customer, you'll get only incremental advances."

Joseph Morone, President, Bentley College

Existing Technology

Aware

Draws from their exposure

Customer

Drives creation →

New Technology

We know them so well we can be responsive to their rqsts.

Receives from us

New Tech. which gives them a competitive edge

We know their business so well that we can project next trends & provide solutions before they even need them; help them see what has not existed.

"The e-conomy is one of re-intermation, where new technologies make it possible to radically increase complexity and efficiency with the introduction of new marketplaces. In these markets, *value chains constantly reorganize as the demands of the consumer and business change.*"

Thomas Koulopoulos, Delphi Group

You are the Rock Stars of the B2B Age!

Message: *You are Re-invention Evangelists!*

Enter ...

*The WOW Project!**

*The Project50

"Reward excellent failures.
Punish mediocre successes."

Phil Daniels, Sydney exec

"Every project we take on starts with a question: *How can we do what's never been done before?*"

Stuart Hornery, CEO, Lend Lease

The greatest danger for most of us
is not that our aim is too high
and we miss it,
but that it is too low and we reach it.

Michelangelo

DISTINCT ... OR EXTINCT!

"If there is nothing very special about your work, no matter how hard you apply yourself, you won't get noticed and that increasingly means you won't get paid much, either."

Michael Goldhaber, *Wired*

"The 'surplus society' has a surplus of *similar* companies, employing *similar* people, with *similar* educational backgrounds, coming up with *similar* ideas, producing *similar* things, with *similar* prices and *similar* quality."

Kjell Nordstrom and Jonas Ridderstrale,
Funky Business

"You do not merely want to be the best of the best. *You want to be considered the only ones who do what you do.*"

Jerry Garcia

eying the Future

"We are crazy. We should do something when people say it is 'crazy.'
If people say something is 'good', it means someone else is already doing it."

Hajime Mitari, Canon

"Car designers need to create a *story*. Every car provides an opportunity to create an *adventure*. ...
"The Prowler makes you *smile*. Why? Because it's *focused*. It has a *plot*, a reason for being, a *passion*."

Freeman Thomas, co-designer VW Beetle; designer Audi TT

"Success means never letting the competition define you. Instead you have to define yourself based on a point of view you care deeply about."

Tom Chappell, Tom's of Maine

"If things seem under control, you're just not going fast enough."

Mario Andretti

- You have a proven track record of success.

- You are well suited for the next Generation of excellent...

Let's Do It!