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What Is So New?

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should use the gained information to make continuous adjustments along the way. The following are just a few areas in which speed is important.

What Is So New?

ABSTRACT

Stories about firms being created, about firms dying, about new technologies replacing old technology, and about e-Business are all we hear. If you read the popular press it would seem that these things are characteristics of the so-called *New Economy*, but are they? The answer is clearly, no. The dynamic economic process we are experiencing has been going on at least since the industrial revolution. But what is different is the speed at which change occurs and the increasing level of environmental uncertainty that managers and entrepreneurs face. Being able to deal with speed and uncertainty may be the most important skills that entrepreneurs and managers can have in the current business environment. But how do you make that happen? Top management leadership is only way. In addition, a tolerance for failure must be recognized. This is a short opinion piece highlighting some of these issues.

INTRODUCTION

Stories about firms being created, about firms dying, about new technologies replacing old technology, and about e-Business are all we hear. If you read the popular press it would seem that these things are characteristics of the so-called *New Economy*, but are they? The answer is clearly, no. The dynamic economic process we are experiencing has been going on at least since the industrial revolution. But what is different is the speed at which change occurs and the increasing level of environmental uncertainty that managers and entrepreneurs face. Being able to deal with speed and uncertainty may be the most important skills that entrepreneurs and managers can have in the current business environment. This is a short opinion piece highlighting some of the key issues.

Business and society itself are moving at a rapid pace. We hear the discussion of *Internet time*, which roughly equates one month to one year. What this means is that business cannot wait they must act. They cannot be paralyzed by analysis; they must act. Given that the firm will never have perfect information or complete information, it is better to act than to wait. In fact, by acting more information is gained. The process of acting itself will often bring to the fore new information that can only be revealed through acting and market participation. In fact this market participation may even lead to hitherto unseen market opportunities through knowledge corridors and opportunity paths [2] [5]. In Kirzner's view the reason that these opportunities (exist and) persist is because of the inability of current market participants to learn from their experience [4]. In the market process theory learning plays an important role, the market actors are suppose to learn from their participation and make adjustment in their own self-interest. In other words, you have access to different information when you are "inside" and often times the only way to get inside is to act. Furthermore, once you begin to act you

SPEED TO MARKET

First, this should go without saying. Get to the market fast. This does not mean that you should just put any old product or service on the market. It should be well tested. However, typically the most valuable test is how the product is received by the customers. Accordingly, the most valuable information will come from how the product performs with the customer in the customer space and against the competition in the market space [2]. On the other hand, business must be aware of the potential pitfalls of being the first mover [1].

First Mover Advantage?

First mover advantage and its (supposed) importance for with e-related businesses is well known. The story goes, "If we are first in the market place, we can gain market recognition, market share early and the lion's share of the market's money. We can become entrenched in the market so that our lead will be insurmountable and then we can ride the wave of momentum and relax."

First mover advantage is a bit more complicated than that. In fact, being first may be a disadvantage. Ultimately, relying on being first mover as a(n) (Internet) strategy and/or competitive advantage involves a great amount of risk. These risks must be balanced against the advantages of getting to the market quickly.

As a result, *qualified* speed to market is important.

SPEED TO HIRE

Speed to hire is how fast your firm is to hire, especially talented people. This is rarely thought about. As a result, if a manager can really understand this point, it may become a competitive advantage for his/her company. One of the most important battles any company faces is the battle to attract and secure talent. It is talented people that are ultimately going to create the products and plans that will make your company successful today and in the future. One of the most important tasks of top management is to first identify the skill and competencies it will need in the future and then to obtain them. There is time pressure to do this. The companies that are quick to identify their human resource needs and then are quick in obtaining them will be faster in their development and execution of their current and future strategies.

There are a number of ways. First, the firm must always be recruiting. The firm must have its eyes and ear open and be ready to hire when it comes across great talent. Second, the firm must recognize that it may be better to hire a brilliant people who does not have experience in the particular task and train him or her than hire a mediocre person with experience. Finally, the firm must hire the best recruitment staff it possibly can. It must instruct that staff that good is not good enough. The recruitment staff then must develop a

system to differentiate between good and great and then only hire those near the top of the heap.

Smaller and younger firms have the advantage here, because they probably have fewer average or below average people. For them hiring just a few key people may be enough to start turning things around.

SPEED IN SENSING CHANGE

The business environment is changing around us. This change is affecting all firms. How? Business is largely a sensemaking activity [6]. Part of sensemaking, of course, is sensing or perceiving. Sensemaking is about how the organization sees itself as well as its surroundings. So the question is, how does the typically firm sense what is going on in the environment? How does the firm determine what is relevant and what is not? How does the firm interpreting the results?

To be successful, a firm needs to have sensing structures established. Creating business intelligence units is a good way to start but it is neither the solution nor the only step required. All boundary spanning units and people must be trained and used in this effort (boundary spanning basically means structure or person that comes in contact with structures or people outside the organization)[3]. Ultimately, this requires a change in corporate culture. Successful firms need a culture that itself is sensitive to the environment, internal and external, and change.

SPEED AT ADJUSTING

Now after you have sensed the environment, what do you do? Firms need to structure their organization so that it is flexible enough to change when necessary. This also may require a certain type of corporate culture, as stated above. Organizational change is typically seen as threatening at the individual level as well as the organizational level. People have a natural inertia against change. You have to find a way to make change seem normal or routine.

Given that many changes cannot be anticipated with accuracy, those firms that are prepared and ready to respond the quickest and most effectively, will be the ones to gain a competitive advantage.

UNCERTAINTY

Speed and economic dynamism is increasing the level of uncertainty in the environment and with firms themselves. If change is uncomfortable to most people, uncertainty is frightening. Organizations attempt to limit or remove uncertainty whenever possible. Advanced market testing before product launches and strategic planning are examples of the way resources are expended to reduce uncertainty. Organizational crises create upheavals which disturb operations and paralyse effective decision-making. As a result, getting managers to make decisions and to act in an increasing uncertain environment is difficult, but may be one of the keys to success in the current business

environment. Huge profits await those who are able to take decisive steps in an uncertain environment.

But how do you make that happen? Top management leadership is only way. In addition, a tolerance for failure must be recognized. The nature of uncertainty will produce incorrect decisions. The workforce must see and believe that they will not be punished for taking decisive and rapid action. If the organization is monitoring and learning from their decisions, they should be able to adjust most decisions to the environment, if structured properly.

Speed and uncertain are not just two of the latest buzzwords. In the current business environment, it is not only success that may depend on how a firm deals with them, but also firm survival itself may depend on how it handles them. It would be wise for top management teams to begin preparing the organization today. Have a bias toward action and have a bias towards the future.

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