

## BUSINESS

### Small firms can thrive amid tech changes



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Futurist Jack Uldrich (left), Thunderbird professor Steven Stralser (upper right) and ASU associate professor Douglas Olsen (lower right) speak at a conference about how entrepreneurs can survive the challenges of technology. The conference was sponsored by Store Capital.

By Russ Wiles

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Jack Uldrich flashed a photo showing a homeless man accepting donations through his cellphone. "The world is changing in strange ways," he quipped.

It was a lighter moment against a backdrop of some anxiety and uncertainty as Uldrich, an author and futurist, warned a small-business audience in Scottsdale this past week about the accelerating technological changes that already have devastated taxi-cab

companies, video-rental stores, some retailers and many other businesses, with more disruption ahead.

It was one segment of a conference designed not just to warn businesses about looming threats but to help them identify things they might not be doing well — tips ranged from honing your marketing message to encouraging a culture of innovation, from acknowledging failures will happen to hiring young adults as "reverse mentors."

Christopher Volk, president and CEO of Scottsdale-based Store Capital Corp., described the conference as a

crash-MBA course for leaders of small and midsize businesses that might lack access to cutting-edge research and renowned speakers. Store, one of Arizona's most profitable corporations, extends financing to these businesses and sponsored the event.

Volk said he's concerned that some of Store's customers — pre-schools, veterinarian clinics, fitness centers and modest-size restaurant chains — might not be up to, or even aware of, the challenges presented by potentially drastic changes brought about by artificial intelligence, big data, robotics, nanotechnology, social

media and many other technological innovations.

“If they can take back one or two things (from the conference) to help them with their businesses, then it’s worth it,” he said. “If our customers succeed, then we succeed.”

### **Anticipating possible disruptions**

Futurist Uldrich reviewed some of the industries and companies that have been devastated by new technologies, citing Blockbuster video rentals as a prime example. He warned that the pace of change might accelerate in coming years and in various ways, from virtual-reality shopping experiences where consumers can examine products remotely to driverless vehicles, drone deliveries and other changing transportation methods.

Uldrich urged company leaders to take a full week each year — a “think week” — to ponder the disruptions their businesses might face. “As leaders, thinking about the future should be your top priority or right up there,” he said.

Uldrich also suggested that company leaders enlist the help of one or more “reverse mentors” or younger people who view the world from a different perspective. “They might alert you to opportunities (or threats) that you leaders, with your years of experience, might not see.”

### **Helping consumers welcome change**

Douglas Olsen, an associate marketing professor at ASU’s W.P. Carey School of Business, emphasized three key concepts in marketing success. One involves making sure customers can see the value associated with products or services, which relies in large part on clear communication of product features. He said the basic message should be: This is what it is. This is what it does. This is why it’s important.

The second step involves reducing

customer “stability” or comfort with their existing products, services or suppliers, and the third involves allaying customer fears or uncertainty about switching to a new alternative. There’s a lot of inertia to changing customer behavior, as seen in low rates of consumers who regularly shop around for new doctors, banks or other service providers — and epitomized by the United States’ almost unique reluctance to embrace the metric system after more than two centuries, Olsen said.

The second step is often where marketing fails, he said, because many businesses are reluctant to make product comparisons if it involves criticizing rivals. The third step, overcoming reluctance to change, can be eased with warranties, guarantees and effective post-purchase communication.

### **Expecting the unexpected**

Steven Stralser, an emeritus professor of entrepreneurship at the Thunderbird School of Global Management, now part of ASU, offered words of encouragement to business leaders who feel frustrated that their research efforts haven’t produced breakthroughs. “Very few things are absolutely new to the world,” Stralser said. “Most are improvements.”

Still, he said it’s important for businesses seeking innovation to create a culture that encourages new or modified products or services, better processes for doing things or more efficient organizational structures. Some of the most innovative corporations, such as Google, incorporate play and relaxed environments in the workplace, with a tolerance for bending the rules, Stralser said.

Businesses need to commit to looking at things differently, acknowledge that there will be failures, recognize that change can be threatening to people in an enterprise and commit to get everyone involved, not merely the engineers. “Innovation isn’t just for a few people in the organization,” he

said, adding that it’s probably more likely to happen at the branch level than at headquarters. Also, he said. “Innovation needs to be a process, not just something tried for a couple days each year.”

Among other speakers, Paula Campbell Roberts, an economist at private-equity giant KKR, said she expects the Trump Administration’s proposed tax cuts and infrastructure spending will stimulate the economy enough to delay the next recession to 2019, one year later than the company previously estimated.

Among concerns, many businesses have become more highly leveraged, having taken on a lot of debt in recent years. This could pressure companies if interest rates continue to creep higher, as might a rising-wage trend, the strong dollar for exporters and the possible loss of tax deductions for interest expenses, under possible White House reforms.

The good news, she said, is that consumers appear to be in better financial shape, especially in terms of housing equity. The next recession thus might not be as severe as the last one, she predicted.

James Lovell, captain of the ill-fated Apollo 13 lunar mission, emphasized the importance of maintaining a positive attitude in the face of daunting challenges. He called the mission, which was imperiled by an explosion on the spacecraft, a classic example of the need for leaders to expect the unexpected.

“It was a case of crisis management, where good leadership, teamwork and initiative all were important in turning an almost certain catastrophe into a successful recovery,” he said, adding that “There are people who make things happen, people who watch things happen and people who wonder what happened.”

Lovell is the grandfather of Thomas Lovell, a Store Capital executive.