

Business Trends for 2012

The Outward Insights Staff

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Rita McGrath, an associate professor of management at Columbia Business School identified five “big trends” in business innovation for 2012 in a [recent article](#) in *Forbes*. We found these interesting, for two reasons. First, they appear likely to significantly change the business landscape, and second, they carry serious implications for competitive intelligence and strategy practitioners.

1. ***Strategy and entrepreneurship will have ever-greater interdependence.*** According to McGrath, with companies continuously striving for meaningful innovation, practices formerly associated with entrepreneurship are going mainstream. This changes the nature of innovation. Many companies will maintain their competitiveness by acquiring small, entrepreneurial firms in new markets where building competencies organically would take too long. As a result, the nature of strategic intelligence early warning will change, from being principally threat-focused, to being focused more on spotting and assessing new opportunities.
2. ***Access to assets will be replacing ownership of assets.*** In uncertain times, organizations must avoid making fixed-amount commitments to specific assets and capabilities. Doing so can hinder flexibility. Instead, companies will be seeking just-in-time access to the outputs that goods and services provide, rather than actually owning them. This applies both to fixed assets, like plants and equipment, and to people and talent. As a result, competitive strategy must become more nimble, and concerns about whether a business has the necessary capabilities under its ownership to execute strategy become less important.
3. ***The tradeoff between reach and richness will continually diminish.*** In an information technology-driven world, for a message to reach a lot of people, it has to be stripped of a great deal of rich contextual information. McGrath believes that we will see more advances in making remote communications feel more real, and that will change how businesses and virtual teams interact. Strategic insights, recommendations, and implications will need to be communicated with this in mind, forcing strategic

analysts to find new ways to communicate that preserve the analytical richness so necessary for making intelligence actionable. This may mean employing visualization tools, relying on videocasts to deliver intelligence, and exploring other non-traditional means of communication.

4. ***Mass markets will be micro-fragmenting.*** Markets will continue to shatter, presenting challenges to companies used to dealing with mass markets. Companies will have to profit by serving niches rather than broad markets. This fracturing of mass markets will favor companies that can leverage intelligence and insights on customers’ particular desires, and tailor the production of goods and services accordingly. The functional lines dividing competitive intelligence, competitive strategy, and market research will continue to blur.
5. ***Oblique competition will become ubiquitous.*** Traditionally, businesses competed within industries; today, competition can come from anywhere and take over entire market segments. A company’s most important competitors may not even be in the same industry. This expands the range of what a typical strategist will have to pay attention to. It also challenges traditional analytic models and approaches and creates a need for new frameworks through which to assess more volatile competition.

McGrath concludes by identifying three key themes that we believe speak directly to the work of intelligence and strategy professionals. First, we must compare our existing assumptions to unfolding reality, and be prepared to abandon yesterday’s beliefs and perceptions. Second, it will become critical for companies to pay attention to early warning signals; doing so means business leaders will have to take a break from day-to-day operational concerns and find time to think more strategically. Last, intelligence and strategy practitioners will have to tap into different sources of data and insight or risk overlooking crucial trends.

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