

THE ORGANIZATION OF THE FUTURE

More and more, consumer attitudes are being driven by fast-paced technology and the volatile high-tech industry. Consumers increasingly expect not only newer, higher quality products at lower prices, but products that are custom designed to meet their exact specifications. In a nutshell, customer expectations are changing.

Maintaining a focus on the customer is essential to the success of any organization. However, technology can drastically alter an organization's interaction with its customers. For example, because the World Wide Web allows consumers to easily comparison shop for product and price—and because this is expected to become even easier in the future with the emergence of more sophisticated search engines—organizations can't rely on customer loyalty or long-term relationships. Customers expect a higher level of perceived value, and if you can't provide it, they can easily access it somewhere else.

As new technologies continue to alter the ways we have traditionally conducted business, organizations must become increasingly flexible. The organization of the future must be able to do more than adapt to changes in the marketplace; it must anticipate new consumer expectations and challenge its thinking about quality, production, and competition.

Metaphysical Quality

In the September 20, 1999, issue of *The New Yorker* magazine, writer John Seabrook observed that "quality, which was once the exclusive property of the few, has slowly and inexorably become available to the many." Better manufacturing standards have led to the mass production of high quality goods. Customers no longer expect to have to pay a high price for quality; instead, they take quality for granted. In order for quality to have marketable value, it has to be taken to another level: what we call *metaphysical quality*.



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Metaphysical quality can be best defined in the words of an NEC executive: “What we are trying to do is create products that meet the subconscious wants and needs of our customers. We want the customer, upon seeing our products, to say, ‘this is exactly what I always wanted. I cannot imagine what life was like before I had it.’”

The idea of metaphysical quality means creating a product or providing a service that *profoundly affects the customer*. It is more than defect free; it is exactly what the customer has always wanted. If your factory has achieved six sigma quality and hasn’t shipped a defective product in the last five years, that’s great—but it won’t differentiate you in the marketplace.

The next war for quality will be fought at the level of the customer’s subconscious desires. And that means being so disciplined at collecting, processing, and analyzing information about your customers that you can anticipate their desires before your customers can even fully articulate what they are.

Mass Customization

As it evolved, mass production created the benefit of low cost, but it removed the possibility of customization. If your body size wasn’t quite right for a pair of Levis or if you wanted a car color other than black, you were out of luck. The lower cost of mass production also meant less choice.

Advanced manufacturing techniques began to change all that. Now you are increasingly able to have things your way—you can have made-to-order the ingredients on your Wendy’s hamburger, the processor speed and amount of RAM in your computer, the size and components of your bicycle, or the fit of your ski boots. Most large corporations now have flexible benefit packages; most consulting firms—including ours—will assure you that the problems facing your organization are unique and require a tailored approach; a brokerage house will assess your individual investment objectives and tolerance for risk and provide you with a

personalized asset allocation recommendation. The acceptance of “one size fits all” is gone. If you can’t easily (and inexpensively) tailor your product or service to meet your customer’s specific needs, then your customer is probably looking for someone else who can.

Yet the approach to mass customization is not the same as approaching a product as if it is “one of a kind.” In order to successfully customize your product or service for a mass of diverse customers, you must first have good standardized processes in place. Instead of departing from the ways of mass production, you must build on them; you must apply everything you’ve learned about standardized mass production in the past to your success in the future.

Coopetition

When Steven Jobs announced at the 1997 MacWorld Expo that Apple Computer had struck a strategic alliance with Microsoft, boos and hisses erupted from the crowd of Apple faithful. Shock and disbelief spread as the image of Bill Gates flashed onto a giant screen behind Jobs, and the software mogul began to describe the alliance the former enemies had struck. The moment was a perfect symbol of how the very meaning of competition has so profoundly changed.

“Coopetition” is the practice of fiercely cooperating with your competitors. Apple Computer, the longtime standard bearer in ease of use, was dismayed at how similar Microsoft’s Windows operating system was to the Mac OS. A court battle ensued but was cut short when Jobs and Gates instead created an alliance to potentially benefit both companies. And this was not Apple’s first venture in a cooperative relationship: IBM, along with alliance partner Motorola, provided innovations that enabled the Apple Macintosh to achieve unprecedented gains in processing speed. Yet while IBM was helping to push forward key technologies used by the Macintosh, it was simultaneously competing with Apple tooth and nail for computer sales and market share.

The bottom-line: to ensure your future survival, your competitor today could be your partner tomorrow.

A Learning Organization

These emerging practices—metaphysical quality, mass customization, and coopetition—are three examples of new pressures facing managers. Having great quality, excellent processes, and a handle on your competition is simply not enough to ensure success in the near future.

The central challenge of tomorrow's leaders will be to develop organizations that can quickly adapt (and ideally even anticipate) the breakneck rate of change we now face. Leaders will need to be skilled at forming teams capable of generating, accessing, and applying new knowledge on a continuing basis. Without an intelligent and dynamic organization in this age of change, the future is very bleak.

ABOUT RAYNER & ASSOCIATES

Rayner & Associates is a training and consulting firm specializing in helping organizations create and sustain high performance. We work with groups to develop a total change plan, including the development of a detailed vision for the future. Other services include organization assessment, role transition, leader and team training, the establishment of ongoing feedback and development mechanisms, and plans for enhancing and accessing organization knowledge.

Our goal is to provide our clients with the tools and resources they need to help themselves. This might include establishing a network of internal change agents—or *Team Advisors*—to direct the organization's ongoing evolution toward high performance.

In addition to our consulting services, we offer a number of training programs aimed at work teams, including *Orientation*, *Team Start-Up*, *Team Performance*, *Virtual Team*, and *Team Advisor*.

THE DEVELOPMENT PATHWAY

