



NACD BOARD LEADERSHIP Fellow

# Newsletter: June 2016

## The Market Values Trends, Shouldn't You?

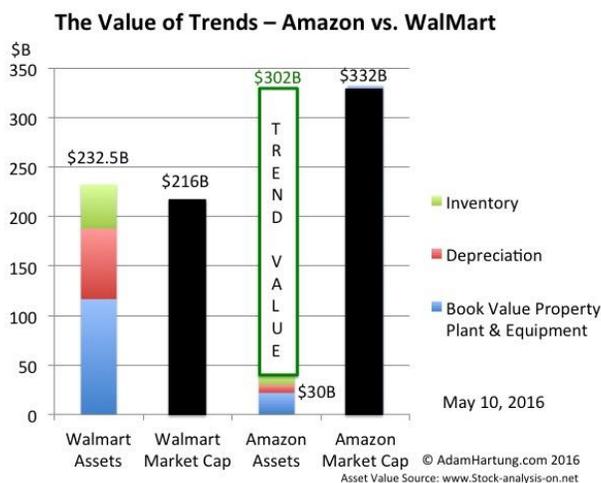
Summer is here in the Northern Hemisphere, and it is time to get outside. And it is also time to take a new look at what's going on outside your business.

Why do most companies spend all their resources on projects that support the current, internal company status quo? Why is 85% of corporate public information focused on the past? Why is past data scrutinized ad nauseum? Why does the planning process rely almost exclusively on past results? After all, isn't it most important to project what will happen...in the future?

Past data is understood, certain and quantitative. Future trends are messy, uncertain, and often qualitative, but... these are what truly determine growth – or lack thereof.

Why do financial analysts research trends? Because they are always on the lookout for an opportunity – an information advantage - to better forecast future value. They are looking for explanations regarding future results, before they even happen, and thus provide better forecasts. They realize the future could well look entirely different than the past, and how a company competes in the future is what determines its future value. Not what it did in the past.

So what's the impact on the valuation of a company that sees and takes advantage of trends?



### Amazon vs. Walmart

Walmart's overall revenues for 1Q16 quarter fell 1.4% while net sales for Amazon grew 22%  
Online sales increased 12% for Walmart but increased 20% for Amazon.

Walmart was slow to implement online sales, fearful of cannibalization and certain that customers wanted a brick and mortar experience.

Meanwhile Amazon avoided looking at past “best practices” in retail and successfully disrupted the industry with online sales. And then took advantage of its investment in understanding future retail trends by selling its online experience to other companies.

Now Amazon is worth a whole lot more than Walmart – almost 50% more, in fact. And that value didn’t come from big asset piles. Instead it came from understanding one big trend, and building a business to deliver on it. Amazon’s *trend value* is greater than the entire value of Walmart – the world’s largest traditional retailer

What makes trends so difficult to use and easy to overlook is that they are outside the walls of our business. They are uncontrollable. They defy management mandates. They rely on interactions with suppliers, customers, technology, regulations and many other touch points. Because they don’t come with built-in data sets – like the company accounting system – they can be elusive to identify, and interpret. They take hard work to understand, but offer unbelievable value to those who seek them out and add them to their business.

Understanding trends is ***always*** a competitive advantage.

- Trends enable change, and give benefits to changers
- Trends reinforce, or disrupt, existing markets and relationships
- Trends are not cyclical - are often believed to be unpredictable – thus tricky to deal with in any planning system and usually left out
- Trends have the greatest impacts after they reach critical mass – but knowing the inflection point is as much art as science

Future planning should be all about trends, and how to leverage them. They require obtaining information, data, insights and often understanding from people who are outside the organization. They demand using external experts, and external data.

And when added to implementation skill, they create huge value.

Let us help you use trends to drive your innovation, positioning, organizational design, staffing, and culture to gain more revenues, higher profits and increased valuation. By adding our trend expertise to your organizational knowledge, you can build a company that is future focused for greater success.

Respond to this email right now, or call (847) 726-8465, and let’s talk about how a presentation at your management meeting, or a workshop with your team, can help you have a much more powerful plan for success in 2017 and beyond. Let us do for you what we’ve done for dozens of other companies, and industry conferences, and help you use trends to see avenues for new growth.

It’s a lot cheaper than you think, and the payoff can be extraordinary. Act like Amazon, and build a mountain of future value while others wait to be shown the way.

“Neither a wise man nor a brave man lies down on the tracks of history to wait for the train of the future to run over him.”

*Dwight D. Eisenhower*

Listen to my Sirius XM [interview](#) on how Sears and Kmart lost to Status Quo Risk

For more on how to include trends in your planning, I've created a "how-to" that you can adapt for your team. See my [Status Quo Risk Management Playbook](#).

### **Upcoming Conference Workshops on Status Quo Risk Management**

[NACD Director Professionalism Course](#) June Chicago  
[NACD Director Professionalism Course](#) August California

Recent Forbes Columns:

- [What Makes Snapchat Worth \\$20B? Trends](#)
- [Why Understanding 1 Retail Trend is Worth 50% More than All of Walmart](#)
- [Innovation- Why Bezos Succeeded, While Lampert Failed at Sears](#)

