

Avoid becoming disaster just waiting to

If there is a terrifying natural phenomenon in the dictionary, sooner or later Geoffrey Moore will use it as a book title. Perhaps there's a lesson in branding to be learned from this, as Moore's latest book, *Living on the Fault Line*, continues the dramatic headline tradition that started with *Crossing the Chasm* and *Inside the Tornado*.

In Moore's eyes, every businessperson still making a profit is now straddling the fault line, a widening crack in the market where Web technologies meet old-guard businesses.

Flying without a parachute

To stop the fault line turning into a full-blown hole in the ground, companies must be able to keep packing data into it. If a company isn't generating more data than its managers can cope with, the company will probably plunge to its death when the fault line turns into that very large hole mentioned earlier. Simply, if a business is not being overwhelmed with data, it is simply not getting enough customers.

The downside to this is what to do with the data. Moore believes the internet is reaching a

point where it has managed to be reasonably effective at handling transactions, and volumes are growing fast. "Suddenly, management realises it is flying an aircraft through clouds without instruments," Moore says. "It only has the most basic information and doesn't know where or how fast it is going, how high it is, how much fuel it has or how the engines are performing. In the fast-developing internet age, it's very easy to lose track of profit margins, costs and other critical information."

In these newly-emerging markets it is hard to project and predict patterns, as they haven't been seen before. To provide effective controls, a firm must have one set of instruments looking at what is happening on the website and another set monitoring the back-office functions. Sadly, these two sets of technologies are not compatible with each other.



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Issues » The fault line economy: core versus context

In a recent presentation with www.mastersforum.com, Moore separated all business processes into those which are core (that enhance competitiveness) and context (everything else). The challenge we face is ensuring that we spend as much of our scarce resources on core as possible, and as little on context.

In a fault line economy, Moore says, nothing lasts for very long. Today's core has a way of becoming tomorrow's context, like going up a down escalator (see graph, opposite). "The old economy's core," Moore says, "is the new economy's context."

Generally, core work attracts youth, energy and ambition, while context work attracts that part of us that just wants to do our job. Scarce resources in the fault line economy are not capital, or software to perform context chores, or outside vendors to do things for you. The greatest scarcity in the fault line economy is time, followed by talent and management attention span (which Moore says is really another aspect of time). The old verities have given way to things that are faster, cheaper and easier to move. Atoms have given way to bits, assets to information, money to time. In the old economy we gave up time for money (we called it 'work'). In the fault line economy, that equation is reversed. So to survive the changes around us, we need to outsource our context, which is little more than organisational hygiene, and insource our core, that which distinguishes us and makes us special.

"This situation has created a market for analytical applications that can translate data 'on the fly' coming from all these incompatible systems," says Moore. "The back end looks like data acquisition and normalisation we used to do slowly and methodically at the end of the month; now it has to happen in real time."

The front end looks like a decision support system, with reports, graphs and other forms of management information, that allows managers to grasp what is going on in all areas of the business.

Another important aspect of the software is its ability to insert alarms, triggers and control points back into the operational systems. This means that the business will run automatically as long as it stays within its control limits, and will only alert managers when exceptions occur.

Transaction systems have always had the upper hand in enterprises, with decision support systems being something of an afterthought. Spending on each of the technologies was probably split 80:20. "We

an e-business happen



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are actually going to see the split move the other way, with 20 per cent of the money being spent on transactions and 80 per cent on what we used to call decision support, though it will be a lot more than decision support," predicts Moore. "It will consist of a lot of value-added software routines that help to create complex transactions."

Getting caught in the loop

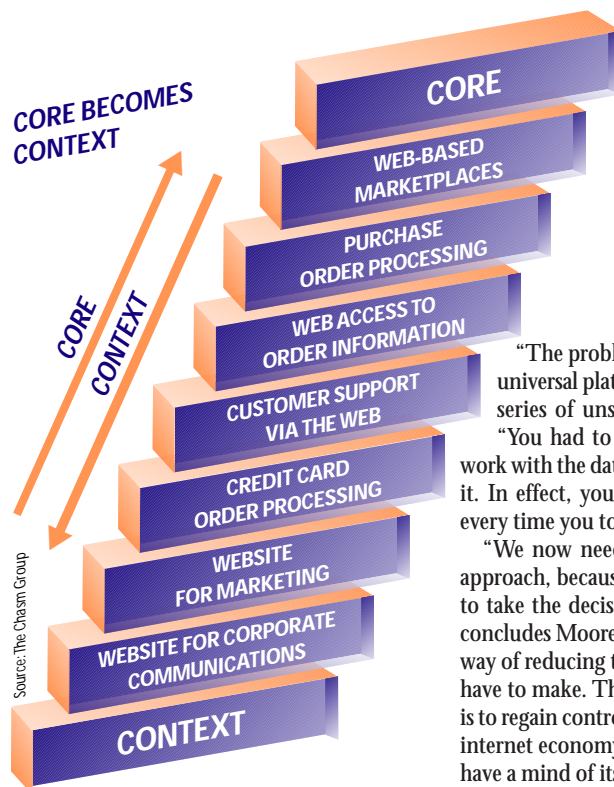
Moore believes that in the internet economy decision-makers shouldn't intervene frequently. Previously, a manager would study monthly or weekly reports, make adjustments to the business and monitor the effects through subsequent reports.

"As cycle times have got shorter and the volume of transactions has grown, you can't allow human beings in the loop," Moore argues. "To pull the human being out of the loop, you have to start modelling the decisions that the managers are making. Frequently repeated decisions fall into a pattern that you can capture in the analytical application."

Organisations need to start with interactive probing decisions where the user does most of the work. In *Living on the Fault Line*, Moore offers a sequence of six workshops that aim to provide executive teams with the tools, understanding and vocabulary to navigate technology-enabled or impacted markets.

Reducing decisions

If a firm can successfully navigate this voyage, it should be able to think through the history of decisions still being made by its human



The Escalator: today's core has a way of becoming tomorrow's context (see box, bottom left)

"The problem is people tried to create a universal platform to support a very broad series of unspecified uses," says Moore. "You had to commit systems analysts to work with the data until the user could exploit it. In effect, you needed semi-customisation every time you took on a new analytical task."

"We now need a fundamentally different approach, because for 20 years we never tried to take the decision-maker out of the loop," concludes Moore. "We now need a systematic way of reducing the number of decisions they have to make. The Holy Grail of the business is to regain control over this highly automated internet economy, which sometimes seems to have a mind of its own." ●

managers. If so, it can be programmed back into the transaction system to create a more complex transaction that runs automatically. This 'raises the bar' on what it takes to alert the decision-maker.

Traditionally, the 'chasm' between technology and user needs has made it hard to achieve success with decision support systems.

Intelligence gathering »

● Geoffrey Moore, *Living on the Fault Line*, Second Edition (Capstone), ISBN 1841121185, £18

● Geoffrey Moore, *Crossing the Chasm* (Capstone), ISBN: 1841120634, £14.99

● Geoffrey Moore, *Inside the Tornado* (Capstone), ISBN: 190096158X

Issues » Terms of business or business terms?

Moore's enduring metaphors, courtesy of www.mastersforum.com, where you can find out where you are on the Richter scale:

THE FAULT LINE: Not just the seismic geography of Silicon Valley, but the dangerous, quick moving milieu in which we all must do business.

THE ESCALATOR: While we designate our latest and most important processes as 'core', time is already turning them into 'context' – it's like trying to run up a down escalator.

THE BOWLING ALLEY: When it is necessary in market rollout to hit a few head pins (pragmatist customers) and build market share.

THE GORILLA: The mega-players in their industries (Microsoft, Intel, General Motors, Coca Cola, and so on).

THE TORNADO: The moment when all hell breaks loose and everyone wants what you have to sell.

THE CHASM: It has always been there – an enormous yawning canyon spreading as far as the eye can see, separating the dreams of organisations from the fulfilment of those dreams. The Chasm is what an idea must leap across to find a market. It is where business dreams most often die.