

Im OUTPUT-Gespräch: Prof. Stan Davis

Tomorrow's businesses today

Interview: Louis A. Venetz

OP: Prof. Davis, how do you define business, organization and information?

Prof. Davis: Business and organization are not the same. A business applies resources to create products and services that meet market needs, in relation to competitors. Automobile, book, computer, defense, energy, and food companies are each in different businesses.

An organization is the way in which those resources are administered – the house-keeping – which includes the structure, systems, employees, and culture of the organization.

Constant awareness of this simple distinction between business and organization, so often forgotten or ignored, is the key to good management. When people keep it in the forefront of their minds, they stay focused on *why* they are keeping house, not the *way* they are keeping house. When they invert that order, they and their company lose their effectiveness. Good house-keeping should never be an end in itself.

Information is the core technology of today's economy. Form and function are the essentials of the information's architecture, a distinction made as early as Aristotle. It comes in four forms: data, text, sound, and image. These forms are all mental impressions that we receive through the senses, and in this economy the senses of sight and hearing are the most important. Other forms that information comes in relate to other senses. Taste, touch, and smell, for example, may become important in the bio-

At the DEC Symposium on Concurrent Engineering in Zurich, Prof. Stan Davis introduced his latest book "2020 Vision". He looks ahead to the decades in the next century when our lives and businesses will be completely transformed by information and bio-technology. He demonstrates how companies will use information, not just to cut costs and add services, but to grow new life-cycle-businesses to guarantee their future.

If you know what the path of development is you can make some projections into the future.

Stan Davis ist 2,02 m gross und liebt es, auf zwei ineinander gestellten Stühlen zu sitzen. Wenn die Leute daran Anstoss nehmen, erklärt er seine Sitzweise damit, dass mittelgrosse Menschen auf zu kleinen Stühlen Schwierigkeiten haben. In derselben Weise betrachtet er auch das Geschäft: Er sucht nach Möglichkeiten, vorgegebene Situationen in einem völlig neuen Licht zu betrachten. Diese Denkweise widerspiegelt Stan Davis' einzigartige und anspruchsvolle Perspektive. Er kann Dinge auf dermassen einfache Art erklären, dass die Leute sagen: «Ja klar, daran habe ich noch gar nicht gedacht!» Seine kreative Denkweise schafft die Verbindungen zu völlig neuen Geschäftspraktiken. Die Zeitschrift Fortune nannte deshalb sein Buch «2020 Vision» das beste Managementbuch 1991: «The most mind-bending book of the bunch.» Auch für sein einflussreiches Buch «Future Perfect» erhielt er aus demselben Grund den Decade Award von Tom Peter. Stan Davis ist Autor von sieben Büchern, die in fünfzehn Sprachen übersetzt wurden.

Nachdem er sein Doktorat in Sozialwissenschaft beendet hatte, verbrachte Davis zwei Jahrzehnte an der Harvard Business School sowie an den Universitäten Columbia und Boston. Nach dieser akademischen Laufbahn wandte er sich mehr und mehr Geschäftstätigkeiten zu, um intellektuell möglichst aktiv zu bleiben. Nun ist er sehr aktiv in der Forschung, als Autor, als Berater, als Redner in Seminaren, Training und Video. Er arbeitet im Moment an zahlreichen Projekten mit, die vorwiegend mit Ausbildung zu tun haben.

Dr. Davis ist Berater in den Bereichen Strategie, Management und Organisation für grössere und schnell wachsende Unternehmungen. Viele seiner Kunden haben ihn in den geschäftsführenden Vorstand miteinbezogen. Zu diesen Kunden zählen Apple, Arco, Bank of America, Chase Manhattan Bank, Chemical Bank, Citibank, Digital Equipment, First Chicago, Herman Miller, Marriott, Mercedes-Benz, Metropolitan Life, Primerica, Olivetti, Sun Microsystems, Wang, Xerox und viele Mitglieder von Young Presidents Organization.

economy of the future, but their commercial engineering is many decades away. Other senses, such as intuition and extrasensory perception, are also in their infancy insofar as commercial applications are involved, and they too belong to the next economy, if at all. Neural network computers and artificial intelligence will have to evolve much further before we may even understand the potentials of these senses.

The basic forms of information start to get more complex when you realize what can be done with them – their func-

tion. Basically, we do four things with information: generate it, process it, store it and transmit it (*Figure p. 32: The Architecture of Information*). Anything that is done with any product or service, that deals with any of the four forms of information, can be described in this way. Doing one or more of these is what make the information aspect of business become the most valuable part in the future.

OP: Are these forms and functions a kind of multimedia?

Prof. Davis: Yes, the combination of those is multimedia, anyone by itself is not.

OP: You are looking ahead to the decades in the next century. How do you know that?

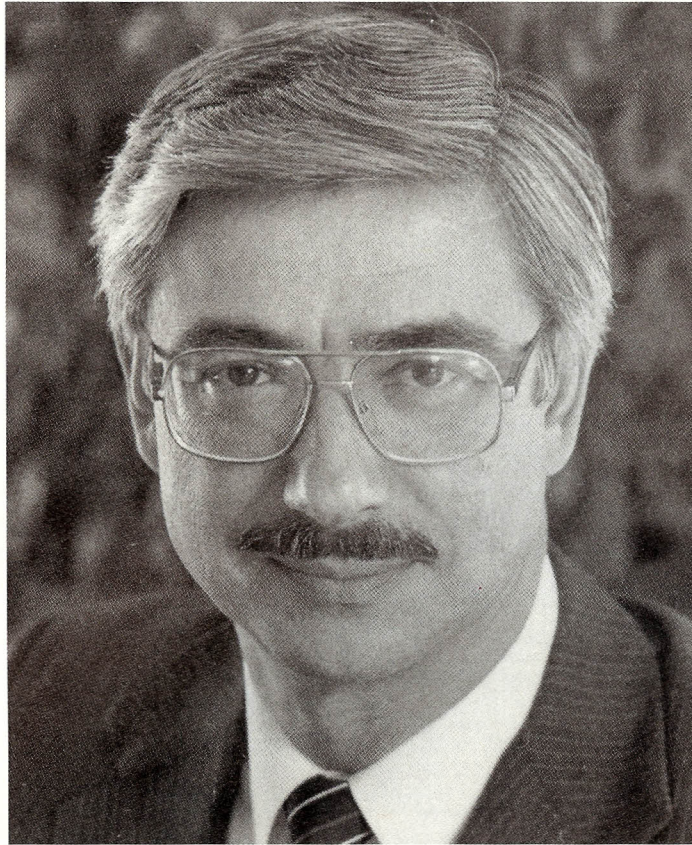
Prof. Davis: Economies, and the industries, businesses, and products within them — people and all other living things — have a *life cycle*. For each cycle, the first phase is *embryonic*, a gestation period within the framework of the previous economy, like a child born and reared by adults. After this relative long period of gestation and development, a critical take-off point is reached and the new economy enters the *growth* phase, comparable in human terms to early adulthood. Also like people, an economy develops further, into *maturity*. The forth and final phase is the *aging* where vitality and economic results diminish no matter how many resources are pumped into the effort.

In the life cycle of an economy, each technological breakthrough produces a subsequent quantum leap in business growth. When the particular technology matures, growth slows. For example, in the 1950s, biology discovers the double helix that have taken several decades to involve to what we have today in terms of bio-technology. And they are just now beginning to be commercial products.

So the answer is: If you know what the path of development is you can make some projections into the future.

OP: What do you mean by "informationalize the business"?

Prof. Davis: Today, information-based enhancements have become the main avenue to revitalize mature businesses and to transform them into new ones. In every economy, the core technology becomes the basis for revitalization and growth. Information technologies are the core for today's economy, and to survive all businesses must information-
alize. From small stores to giant global corporations, the point to grasp is not merely create and control their destiny. The value of any product can be increased by incorporating intelligence, information content, and serv-



Dr. Davis consults about the strategy, management and organization of both major corporations and fast growing enterprises.

ices. Businesses can modernize even their most mature products and services by embedding information features and functions. Increased value does not come from material changes so much as from new intangibles. Choice, variety, and service embedded in traditional products create smart products and new market opportunities. Profitability from the new features, in fact, often exceeds the profit from the original product or service. The more information you put into a product, or the more you are able to use a product to pull out information, the more you evolve beyond

the original purpose into new ones. These new ones, which are based on information, may present even far greater opportunities than the original.

OP: The title of chapter 4 in the book *2020 Vision*: "Is it time to kill your organization, before it kills your business" seems to be provocative?

Prof. Davis: What I mean here is if you or your company spend less than two-third of your time and energies on your business, and more than one-third on your organization, if so, then you have a business that exists to support an organization, not an organization that exists to support a business. Then, it may be time to kill your organization before it kills your business. Just keep your ears open the next time you are in your office. Are all the people you meet, whatever their jobs, energizing about the business or about customers or employees? About competitors in the marketplace? About products or protocol?

The number one-third I used is with regard to my defi-

nition of bureaucracy in the book *Future Perfect*.

OP: What about bureaucracy?

Prof. Davis: I define a *bureaucracy* as a business, or any other institution, that exists to carry out an organization. That means if more than one-third of the talk energy focus attention of the people then it's an organization and if less than two-thirds of these are on the business, then you have a bureaucracy.

OP: That means to focus on business more, and on organization less?

Prof. Davis: If you work in a company, whatever its characteristics, the chances are good that you would like to have a more flexible organization. And a more innovative one. A more risk-taking and entrepreneurial organization, and one that is more creative, adaptive, and responsive to change. You want all those good things. But do you know what you'll have if you really get them? You'll have more organization!

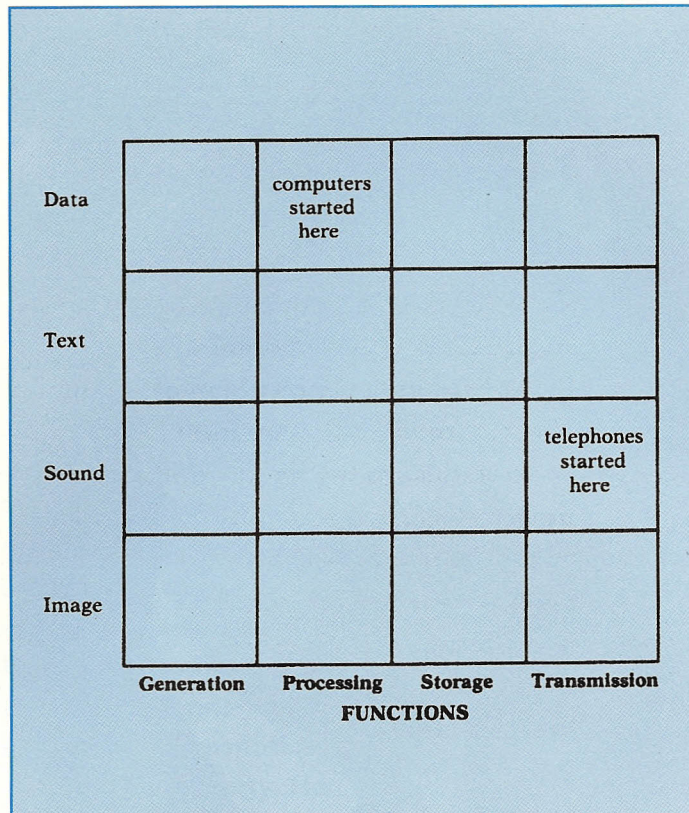
If you really want all these marvelous attributes in your organization, the way to get them is to focus on your business more, and on your organization less. Today, poised halfway through our economy, there is too much talk about organization, producing too few results. The more it is discussed, the more we foster its runaway growth. The more managers focus on it, the more of it we will have. We need less organization, not more. Of course, we do need management and organization, but how do we get the kind that accurately suits our human and economic needs? Here's how you might begin.

The present organization is generally a poor predictor of the kind that is needed for the future and, therefore, of the kinds of changes that will have to be made. Since you should organize in relation to the kind of business you will be in, that not-yet-existing businesses is the best source of information for what the future organization should look like. The process is straightforward. First, get the best possible fix on the business you will be-

**Information is the
core technology of
today's economy.**

come. Next, as best you can, understand what kind of organization it will take to run that future business. Then, compare the future organization with the one you have now, and initiate a plan to get you from here to there.

The best place to look for the basis of organization change is in the future business, and the worst place to look is in the current organization. The present organization, however, may be a good predictor of what will prevent you from developing the kind of organization you will need. Like all creatures, it has a vested interest in continuing to exist. Try telling a parent that the children are grown and no longer need parenting, or a business function or government branch that it is too powerful and needs trimming. Rather than correcting what is negative in your current organization, focus on trying to understand what kind of future



The Architecture of Information

business would be the most effective, and let the new organization evolve from it.

OP: Comparing your book "Future Perfect" with "The Mythical Man-Month" of Prof. Brooks, do you have to revise it as well?

Prof. Davis: It is more true now than it was then because I was writing about the future and this future is now. I wrote about time-base competition, and now, it is a very common business. Most of what I wrote about then has come to pass. I'm rather amazed that there is nothing in the book that I see that is not true. I am not going to issue another or a second edition but in many regards 2020 Vision is the son of Future Perfect, it is the extension of my thinking.

OP: Prof. Davis, I thank you very much for this edifying interview. It is impossible to treat the whole spectrum of your books, but therefore it is advisable to read them. **OP**

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