

## Technology Strategies: From Pleading Edge to Bleeding Edge

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*Here are a few points to consider when mulling over your business's technology strategy.*

I had lunch with a young man who had turned a deaf ear to his father's pleas to rejoin the family accounting firm. The firm's second generation would apparently be its last. Why? Because his father had turned a deaf ear to his sons' pleas to support plans to bring in personal computers and basic spreadsheet software to automate what were then manual calculations. Had this lunch occurred in April 1980, perhaps one could understand the father's reluctance to invest in relatively new commercial applications of some fairly heady technologies. But it didn't. It happened in April 2005.

In that same week, I talked with a manufacturer who had just finished working the kinks out of equipment utilizing bleeding edge technology brought in almost five years ago. That company chooses to stay ahead of the technology curve in its industry, in fact intending to define the technology curve – and live with the headaches and rewards that that strategy can bring. In a few short years they will be introducing another new technology to the market – and new challenges to their engineering, operations, and customer service staffs.

Conversations about early and late adopters of new technologies often revolve around risk aversion, but the father's technology strategy for the accounting firm described above can hardly be described as low risk for the company's viability.

*The stability of a technology is only one aspect of risk. The expectations of the market, financial implications, demands on resources, impact on recruiting -- these are just a few other considerations in developing your technology strategy.*

Here are a few examples to mull over as you review your company's technology strategy:

Perhaps you own a small business and spend hours calculating payroll taxes by hand. One question is "Should I buy software and a computer to help with this?" The technology is certainly proven, even if your ability to learn it is not. But the real business question is "Should I be spending my time doing this at all?" Is this use of your time and energy the best way to help your business grow and prosper? Small business owners often try to juggle so many balls, evaluating

and becoming adept at technology being only one of them, that they can easily lose focus on running the business. That potential loss of focus may be the real risk to your business.

*Are you considering automating something that you shouldn't be doing yourself at all? If so, hand it off, hand off the automation, or outsource it, but quit doing it yourself.*

How do you present your company to the market? Your operational capability must be designed to support that commitment. To appeal to the very rich as the upscale fashion store with unmatched customer service, your technology strategy may require outshining Prada's RFID work. As a major supplier to Wal-Mart, your strategy involves a different RFID application development, pouring in resources for a yet uncertain payoff. The owner of a single retail outlet in Estes Park, Colo., may have a very different technology strategy from either of those if it presents itself to the market differently.

*Match your market positioning to the resource commitment it will require and that your organization can support technically and financially. Understand how fast technology changes in your industry. That will impact the rent/lease/buy decisions and may impact the viability of your business plan.*

Everyone who interacts with your company may be impacted by the Murphy-driven uncertainty associated with imperfect technology. One may suspect the more bleeding edge the strategy, the more frequent and protracted the interruptions. As you move along the scale toward leading edge (often called early adopter), late adopter and then toward our friends at the accounting firm, the technology becomes more

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proven, but the risk is not eliminated. Problems may change to “that is no longer supported” or “parts are no longer available” to “we can’t do that.”

*Regardless of your technology strategy – pleading edge or bleeding edge or something in between – if it is to contribute to your success it must be integrated with the rest of your business and operations strategy.*

Technology decisions should not be unrelated to one another. They should be made as part of a strategic approach to how you deliver your goods and services to the market in a way that supports your business and market plans. Do your customers, suppliers, employees, and investors understand and support your technology strategy? Do you?



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