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TODAY'S FOCUS: HR + DIVERSITY

Are you behind times? Listen to 'weak signals'

By Ashley Petry
Star correspondent

When American statistician W. Edwards Deming proposed his Total Quality Management philosophy to American businesses in the 1950s his ideas about improving business management fell on deaf ears.

After all, the U.S. was the leading economic power with products sought and envied the world over, and business leaders saw no need for change.

Demings took his ideas to a more receptive audience in Japan. And the rest is history.

Making business decisions would be easier if we had a crystal ball — one that could accurately predict changing consumer needs and preferences.

Companies that are first to the marketplace with innovative products sometimes seem to have such magical tools. But the real secret, business experts say, is identifying and responding to "weak signals" of changes on the horizon.

A weak signal is "a factor for change that's barely noticeable in the present time (but) has a potential to transition to a strong cultural trend," said Beverly Davis, an associate professor of organizational leadership and supervision at Purdue University.

Companies that fail to detect these early indicators often struggle to meet consumer demand and financial targets. Automakers, for example, are struggling to meet consumers' emerging demand for hybrid vehicles. Both watchmakers and traditional phone companies have suffered from consumers' increasing use of cell phones.

"If your company only reacts to strong signals, you're always going to be a follower," Davis said.

Successful companies and business leaders employ many strategies to identify trends early.

"The way I learn best is by observation," said Alex Oak, chairman and chief executive of Indianapolis-based Cripe Architects + Engineers.

Oak said he observes while volunteering with community organizations, serving in business leadership roles and talking with people in the community. He also engages his employees in regular brainstorming sessions, so that detecting and responding to weak signals is built into the company culture.

Other ways to identify weak signals include reading industry journals, attending conferences and networking, both within and outside of your industry.

Davis also recommends reading industry blogs and best-selling books, observing economic trends and monitoring the platforms of political parties and labor unions to identify changing habits and public sentiment.

Companies also need to listen to their employees, said Nancy Ahlrichs, president of EOC Strategies, an Indianapolis-based



MATT KRYGER / The Star

AHEAD OF CURVE: Nancy Ahlrichs, president of EOC Strategies, and Alex Oak, CEO of Cripe Architects + Engineers, know the value of heeding weak signals.

human resources consulting firm. In particular, pay attention to younger or newer employees, whose input often is dismissed.

Among watchmaking companies, "you just know that some of the younger employees said, 'Hey, I don't wear watches, and none of my friends wear a watch,'" Ahlrichs said. One possible reason: They read the clock on their mobile phones.

Be sure to maintain a global focus, too. Starbucks, for example, got its start by copying the long-entrenched European cafe lifestyle.

While some automakers were ignoring consumers' growing interest in environmental issues, Cripe Architects + Engineers was developing a spinoff company, Eco-Oxygen Technologies, that offers chemical-free wastewater-treatment technologies.

"A lot of the treatment of water is done with chemicals, and that's a bad thing environmentally," Oak said. "Twenty or 25 years ago, that wouldn't have been something anybody would have been concerned about. . . . (Now) we're doing projects all over the country."

The local venture is just one example of how companies can capitalize on weak signals.

The best way, Davis said, is to create a task force dedicated to monitoring and responding to such signals. That way, the focus on the future isn't lost in the rush to accomplish day-to-day tasks.

Asking the right questions during the hiring process for new employees also can help put a company on the right track.

"Ask people who are being interviewed . . . 'What would you do in the first three months?'" Ahlrichs said. "You might get a real surprise."

ARE YOU A VISIONARY?

Beverly Davis, an associate professor at Purdue University, created the following checklist to assess business leaders' ability to identify "weak signals." Those who answer "yes" to 10 or more statements are most likely to be able to detect those early indicators of change and respond appropriately.

- ◆ I am open to ideas that are irreverent and disruptive of the status quo.
- ◆ I am able to distinguish between fads and trends.
- ◆ I have an ongoing process to identify and monitor weak signals.
- ◆ I use multiple tools to detect weak signals.
- ◆ Faced with a barrage of data, I am able to focus on signals that are pertinent to my industry.
- ◆ I demonstrate the mental agility to detect weak signals and react appropriately.
- ◆ Once I detect weak signals, I am able to prioritize and create action steps or goals for the organization.
- ◆ I trust my intuition.
- ◆ I purposely envision differing scenarios for my organization's future.
- ◆ I try to see the big picture or the system rather than focusing on parts.
- ◆ I am aware of my and my organization's biases and the limitations of relying on past certainties in my industry.
- ◆ I consider varying future scenarios for my industry and test those scenarios.