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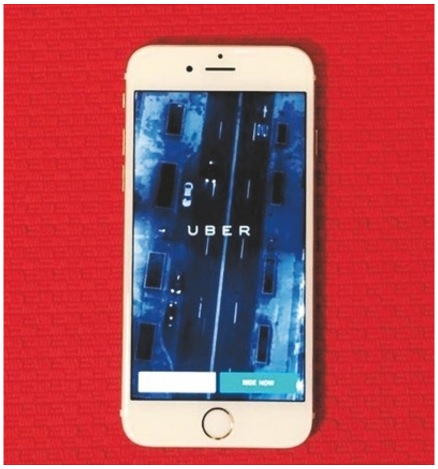
Convention will be steamrolled; will your business survive?

By Ira Wolfe, March 13, 2017 at 8:00 AM



Uber is a market disruptor that hurts taxi cab companies. Business leaders should be ready to react to potential disruptors in their industries.

This is how bad things are for many legendary companies.

A text alert went out about the impending doom of one-time retail powerhouse Sears. Its stock reached an all-time low recently as it announced plans to sell iconic brands Kenmore and Diehard.

Then, just a few minutes later, former technology giant IBM announced its 19th consecutive quarter with declining revenue.

Both institutions are case studies about how myopia blinds management to market disruption and how executive hubris asphyxiates innovation.

Next came an email exposing how not all companies are standing still.

Complex trading algorithms, some with machine-learning capabilities, have replaced nearly all of the equity traders at Goldman Sachs.

This isn't a futurist's prediction. It's present day reality.

In its heyday, circa 2000, the Goldman Sachs cash equities trading desk was packed with traders – 600 of them, to be exact. In 2017, though, four traders can be replaced by one computer engineer.

Job loss isn't only a threat to low-skill blue collar jobs but high-profile professional careers, too. And job extinction is not just the result of outsourcing, a fragile economy, or regulations, but automation.

Today, there are just two equity traders left, replacing 598 of their brethren with 200 computer engineers, a drop in the bucket compared to the 9,000 computer engineers on Goldman's staff. That's nearly one-third of all employees.

Goldman already set its sight on investment bankers. It mapped the 146 specific steps taken by this group and plans to transfer these job responsibilities to automation.

Goldman Sachs isn't the exception.

Another text announced Bank of America's plans to launch peopleless branches and a virtual assistant like Siri within the year. Its strategy includes “literally automating every single thing.”

FedEx followed with plans to launch an autonomous delivery fleet demonstrating the convergence of autonomous vehicles, sensors, artificial intelligence and robotics.

These technologies could revolutionize the multitrillion-dollar logistics market, affecting everything from the way people send and receive parcels to the global movement of large fleets of vehicles.

Executives and small-business owners often tune out these announcements when they are focused on day-to-day business, or they rely on their industry associations to protect them.

But the long-tail effect of disruptive technology extends its impact deep into nearly every supply chain. In a world connected by the internet and globalization, everything we do is interdependent.

Disruptive technologies fuel accelerating change, which is making mincemeat out of tradition and convention. Time-tested business models are crumbling. Consumer markets are experiencing unprecedented flux, turmoil and evolution.

In response, many organizations throw up flailing strategies equivalent to hiring more window cleaners while watching their buildings burn.

At a recent summit on exponential change, there was a brilliant question that pretty much sums up what every executive and business owner should be asking:

“What technological disruptors such as artificial intelligence, robotics, 3-D printing and sensors might bankrupt your business in the next two years?”

Who might be your Uber, Airbnb, Apple or Netflix that seemingly erupted out of nowhere to transform transportation, hospitality and entertainment industries?

Leaders in manufacturing, banking, retail, law, accounting or any business must answer this question. Because no industry is immune to exponential change.

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