

Business Guides on the Go

Jörg Blechschmidt

Trend Management

How to Effectively Use
Trend-Knowledge in
Your Company



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Trend-Knowledge in Your Company

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Preface

The future is an exciting topic. We are fascinated by the infinite possibilities that may arise. We are shocked as well by the incredible threats that could become reality. Entire industries thrive on the hopes and fears that people associate with the future. While many of these hopes and fears do not stand up to sober examination, others are entirely justified and should not be ignored.

When we talk about the future, however, we don't just mean the world 10 or 20 years from now. Virtually, every one of our very personal decisions today is based on often unconscious assumptions about the future. We buy a new piece of clothing because we are firmly convinced that we will wear it often and with pleasure, only to discover a year later that it has been hanging in our closet the whole time. We decide to take an apprenticeship on the assumption that it will set us on a promising career path, only to find ourselves in a completely different job a few years later. Many of the small decisions are not so important to examine them intensively beforehand. For some of them, you later regret not having done so.

This is exactly the situation we find in companies every day. There, projects are started or stopped, divisions are established or sold, people are hired or fired. Many of these decisions cannot be reversed, but they have an enormous impact on the economic success of the company and on the personal fates of many employees. And all these decisions are based on assumptions about future developments in the markets in which the company operates, the society from which the company's customers come, and the technologies used in production or on which the products are based. Thus, it is not surprising that companies put a lot of effort into understanding future developments. For this reason, trend management has established itself as an important element in many companies.

Trend management directs the view from the company to the outside. It analyzes developments in the economic environment and interprets them with respect to the company's individual situation. Since strategic decisions influence the direction of a company for many years to come, trend management must also look similarly far into the future—a future that is not even determined today. Trend management therefore works in tension between soft images of the future and hard business decisions. An uncertain future meets fact-oriented managers. It is a great challenge to unite these two worlds.

Good trend management requires a solid understanding of basic concepts and methodological approaches. Dealing with fuzzy information, alternative development paths, and the threat of yet unknown, surprising events requires a special approach. In this book, practical tips from real use complement the theory. After all, trend management has only fulfilled its task when it has led to positive changes.

The book starts with a brief introduction to basic terms and characteristics of trends and provides an overview of the tasks for which trend knowledge can be used in a business context. After explaining the procedure for researching and analyzing relevant information, the book introduces the essential result formats of trend analysis with the trend study and the trend radar. At the end of the book, you will learn how systematic trend management can be established in companies. You will gain a broad understanding of all the fundamental aspects of trend management and should be able to analyze trends yourself or install

systematic trend management in your company. The *transfer-to-practice* notes at the end of each chapter will guide you through the process.

But to curb the euphoria: The future remains uncertain. It will always surprise us, both positively and negatively. Even after reading this book, you will not be able to predict the future. Nevertheless, your recommendations and decisions will lead to better results.

This book is based on the author's own experience in a real business context as well as many conversations with other trend managers. Both the interested newcomer and the experienced trend manager should be able to take away a variety of impulses and thus be able to evaluate trends (even better) and derive concrete results. However, since there is no approach that fits all companies equally well, you will have to find and establish your specific working method yourself.

I wish you every success in this endeavor!

Zornheim, Germany

Jörg Blechschmidt

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1

About Trends in General

What You Take Away from This Chapter

- Why we deal with the future.
- What trends are.
- How trends develop over time.
- The different types of trends.

1.1 The Future

The future is the time after the present. It exists today only as an idea in our heads. Therefore, there is no *one future*. Due to his individual situation, his past, his knowledge, his cultural background, and many other factors, each person has a different idea of the future. We only know what the future will really be like when it has become the present.

Therefore, there can be no objectively correct statements about the future. We form our picture of the future on ideas, assumptions, and, in the best case, concrete forecasts. These are always based on assumptions,

which can be right or wrong, inaccurate, or incomplete. And unexpected events can render forecasts obsolete that once seemed realistic.

The occurrence probability of forecasts depends on the type of field under consideration. Some fields change very slowly and are stable to external influences. Good knowledge of the basic mechanisms can then lead to high forecast reliability. Then there are highly dynamic domains that are difficult to predict due to their complexity or their sensitivity to external influences. From chaos theory, we know systems in which the smallest change in initial values leads to enormously large changes in long-term behavior, the so-called butterfly effect. For example, strongly regulated markets are sluggish in the face of change, but the field of new digital technologies is highly dynamic and correspondingly less predictable.

It would certainly be easiest to take the future as it comes. However, we are constantly faced with a choice and have to make decisions that will not only change our personal future but can also influence the future of many other people. We usually make decisions in such a way that they lead to a more positive future for us. In any case, we deal with the future consciously or unconsciously.

All decisions are based on assumptions about the future.

When we choose an apprenticeship, we assume that we will be able to take up a job that we will enjoy and that pays attractive wages. When a company makes an investment decision, the management assumes that the financial and human resources invested will bring the company an attractive financial return within a defined period. In the lottery, we bet that the combination of numbers we have chosen is more likely to be drawn in the next draw than other numbers—even though we know rationally that this cannot be the case.

The future cannot be predicted. The high complexity and the many imponderables involved in dealing with the future make a reliable

forecast difficult. And hardly any forecast will come true exactly. Nevertheless, a methodically sound approach leads to a good assessment of possible futures and can significantly improve today's decisions.

We deal with the future in order to make better decisions in the present.

In particular, in a corporate context, it is usually a matter of concrete questions that are to be answered considering possible future developments. The complexity of the consideration is thus reduced to those aspects that are relevant for the respective decision. The accuracy of the required consideration can also be determined by the given problem. Often, no exact forecast is required. The future consideration must only be good enough to enable the intended decision. Only by reducing complexity in this way does dealing with the future become manageable at all.

1.2 Diffusion of Innovations

As uncertain and dynamic as the future may be, there are various development patterns that can repeatedly be found. One example is the diffusion model (Fig. 1.1) developed by Everett Rogers [1]. It describes the spread of innovations in a society. It focuses on the reaction of people to change, regardless of the innovation type. This can be not only product innovations, but also a change in product usage, new attitudes toward life, behaviors, and much more. The decisive factor is that the change is perceived as new by the individuals in question. The diffusion model thus describes a fundamental mechanism of many trends.

In the diffusion model, the *innovators* are the first group of people to adopt an innovation. They are curious, willing to take risks, and open to change. Through their supraregional networks, they recognize innovations early and consider them for themselves. On the one hand, they accept a product that is not yet fully developed; on the other hand, they can deal with occasional setbacks. The special role of innovators