

The role of Technology

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Tech Experience Conference Milan, March 2017

“As we’re increasingly becoming more and more technology-obsessed, many business leaders have come to the false conclusion that technology should lead their brands”

The technology may lead the brand, if the brand is strictly related to that technology.

In all other cases, technology may empower the business but it is just a tool – not the solution by itself. Using correctly a powerful tool, help to have success or more success. Using it in a wrong way, it may deteriorate some KPI or disrupt the business [1].

Focusing on Business

To get the point more in deep, we need to consider the meaning of a business.

A business is a set of activities – like Shareholders, Capital and Financial Management, Human Capital Management, Supply Chain and Logistic Management, Research & Development, Production, Customers Relationship Management, IT and Technology Management, Innovation Management, etc. – which are focused into delivering value to a set of customer (market segment) in a more competitive way (improving innovation) or in a completely new way (disruptive innovation).

Surprisingly – the profit is not indicated as the final goal of a business.

This is correct because no-profit organisations are business, as well. Moreover, if a business is focused primarily on the profit, it tends to not build the fundamental structure necessary to deliver enough value to the customers. It tends to extract the most of value as quick as possible, which is the main idea behind speculation. So, speculative activities are not business because they do not require to care of the whole set of those activities that fully qualify a business.

Technology and Innovation

Once we defined which is a business and which is not, technology and innovation could be easier to be described and to be related to the business.

Technology is a powerful tool and innovation is the idea to improve the business compared to the day before or to change a business in a way it was not obvious the day before. The *day before* does not meaning literally the day before but the idea to compare a business with itself using a time frame [2].

The innovation gauge is about the competitive leap in our value proposition between yesterday and tomorrow.

We may agree to call *Innovation* those events driven by us that results in a successful disruptive change. By other and we may call *Improvement* or *Empowering* those actions that deliver a better business than in the past. This separation is very important to us in order to discriminate what is a useful, powerful tool and what is something else.

Technology is a powerful tool that could improve or empower a business and it could innovate a business, as well. For example, on-line sells could be an improvement but not an empowerment because they may help the business to reach such a volume to enable the scale factor, reducing the unit costs and raising the profit over each sell. The on-line sells may reach a broader market but suffer from more competition, so the price may fall. Even in this scenario the scale factor may lead a bigger profit, unless the on-line offer is not branded as the one offered by traditional channels. Because the competition of the same branded offer between two different channels may lead the fall of the price or the fall of the sells in the more profitable channel. By the opposite, the on-line sells may increase the sales in such a way that the production scales from a small steady size to a big size able to deal with fluctuation on-demand.

Business changes

In such simple scenario, technology may lead to: improvement, empowerment, failure, innovation or a set of these. What makes the difference is not the technology involved but the way in which the technology and innovation management match with the others dimension of the business management. Explaining.

The Financial is a dimension of a business that require a 1-dimension management. Technology requires a 2-dimensions management: how to integrate a new technology into the business and how to implement that idea. We choose to go for on-line sell but the on-line platform may have an ugly interface, a slow infrastructure, hidden costs or a cost plan that would not fit the future necessities. Innovation requires a multiple dimensions management and if a business is constituted by N dimensions then Innovation Management should work properly over N+1 dimensions: all those related to the business plus a proactively planing management in such a way that the changes will smoothly happens when the right time or favourable conditions will came in the scene.

When the production scales from a *small steady size* to a *big size able to deal with fluctuation on-demand* all the business dimension are affected. *Supply Chain and Logistic Management* and *Production* for sure, obviously. *Research & Development* and *Customers Relationship Management* to better deal with the different and faster feedbacks from the on-line market. *Information Technology Management* will be affected not only because the on-line sells platform, which could be completely outsourced, because the internal process of invoicing, communication and CRM will change in nature, instruments or speed. *Human Capital Management* will be affected because when the business change, roles change and people need to be mentored. *Shareholders, Capital and Financial Management* changes because shareholders change, financial should cope with a different nature of the cash flows and investors change because the property may be diluted in the aim to raise funds. This kind of innovation happens because technology improvement and adoption (artisan vs production lines, humans on lines vs robotic lines, etc.) and impacts on all the business dimensions.

Finally there is another type of innovation more strictly related to technology like digital vs films photography. In such a case technology has a preeminent role into the business. We call these technology driven businesses.

Conclusion

Technology is a powerful tool and we need to be curious about it: *what is it? how many ways could affect my business?* Not all technologies will be able to be products or services by itself. Which means that, they will not immediately able to drive a business but they can be integrated with existing business. However, every technology may lead to innovation and we need to keep in mind that innovation happens anyway. So, if we are not able to embrace it as an opportunity, we will suffer because of it.

Note

[1] Example: overestimate the importance of the information technology but underestimate the importance of the IT security and backup systems.

[2] *La misura dell'innovazione è il differenziale competitivo fra quello che era la nostra proposta di valore di ieri e quella che offriremo domani.* – La misura dell'Innovazione.