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Making the Future Happen



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A “vision” is a call to action. The original Bill Gates vision — “a PC on every desk and in every home, using Microsoft software” — was specific, highly ambitious, and clearly linked to the company. It contrasts strongly with the vague visions drawn up by many large companies. Follow Microsoft’s example and invent your own future.

GET AHEAD OF THE GAME

The purpose of a vision is to train your sights on achieving a future that is better than your present — not by small degrees but by orders of magnitude. With this mind-set you (like Gates) win an enormous advantage over other people who are not purposeful and progressive. Draw up your own vision:

- Take a piece of paper.
- Write across the top where you want yourself (and/or your business) to be in no less than five years’ time.
- Write across the bottom — with merciless accuracy — where you are right now.
- Fill the space in-between with the steps you need to make in order to move from the bottom of the page to the top. The whole exercise should take no more than an hour, though you may well find that the most difficult part of the task is starting.

MAKE THINGS HAPPEN

A lot of managers are reluctant to take part in this exercise. If this includes you, ask yourself why:

- Are you just unambitious?
- Do you find it hard to think ahead?
- Are you reluctant to confront hard truths about the present?
- Are you put off by the major tasks and hard work that may be needed to create your future?
- Do you just prefer simply to wait on events?

If Gates and Allen had answered “yes” to any of these questions, the Microsoft phenomenon would never have been born. Be ambitious about your goals, think about the future, learn to face realities, and be prepared to work hard to make things happen.

1. Setting your Goals

Do you set evolutionary or revolutionary goals? In fact, to be successful, you must do both. Improve your products or services on a continuous basis to remain competitive, and launch totally new products or services to seize the chance of winning big.

GO FOR MEGA-AIMS

Most R&D at Microsoft has involved evolutionary improvement. You also need to look for better ways of doing what you are doing already. But mega-prizes are only possible with mega-aims: what have been called “big, hairy audacious goals”.

RECOGNIZING BIG, HAIRY AUDACIOUS GOALS

- They make a very large difference to future success.
- They stretch you well beyond the present levels of achievement.
- They involve a considerable degree of risk.
- They include major tasks that you have never previously accomplished.
- They appear “impossible” in the eyes of others, including competitors.

REVOLUTIONIZE YOUR THINKING

Typical examples of audacious goals at Microsoft were the offer of MSDOS for the IBM PC, and the investment in Windows and Internet Explorer. Each of these developments set the organization in a new direction and radically changed its prospects.

Big, hairy, audacious goals may look frightening at first, sight. But sometimes investing in them is the only way you can reach your revolutionary destination. Act without fear.

- Exploit the exceptional motivation of the big prize.
- Grab opportunities that you might otherwise have missed.
- Approach new tasks with new ideas.

Remember that you can often achieve far more than you actually expect of yourself. In addition, the perceived “impossibility” of your audacious goals will deter many other companies from competing effectively

2. Managing by Fear

To make the future happen, you need confidence: but fear is also valuable. It is a vital element in Gates's approach to business. He regards Microsoft as an underdog. Emulate his attitude: fear the competition, and you will be unlikely to fall into complacency.

BELIEVE IN THE OPPOSITION

Many managers are all too eager to write off the competition. That leads them either to delay response or, still worse, not to respond at all. It is very dangerous to underestimate competitors. On the contrary, you should always believe that the opposition is capable of:

- Doing the impossible
- Defeating you
- Destroying your success

When Microsoft attacked the browser market, which was totally occupied by Netscape, the latter believed that the attack could never succeed. But with Netscape charging for Navigator, Microsoft offered Explorer for free. Had Netscape responded to the challenge by immediately abandoning its prices, Microsoft Explorer would have faced a far harder task.

STAY AHEAD OF THE GAME

Even more damaging, Netscape did not maintain a clear product lead over Explorer: it failed to make evolutionary improvements. Failure to keep updating and improving your product runs unacceptable risks. It may make recovery difficult, if not impossible. To avoid this situation in your own business, keep asking your customers (not yourself) how well or badly they rate the products or services you offer — in detail.

ASK YOUR CUSTOMERS FOR THEIR VIEWS

- What attributes of my product and/or service do you value?
- How do you rank these attributes in order of importance?
- How do you rate my product and/or service against the competition (on all attributes)?

KEEPING AHEAD

This analysis will immediately show where you have an advantage over the competition. But you can only keep one step ahead of the competition by deciding how to add value for your customers.

ASK HOW TO ADD VALUE

How can I enhance my perceived strengths?

How can I eliminate my perceived weaknesses and turn them into strengths?

What new attributes can I add to steal a march over the competition?

Paranoia helps you to tackle your task with real vigour. It did not avert Gates's near-fatal reluctance to see the overwhelming importance of the Internet; Gates had huge financial and technological resources to help him recover. You do not. Leaving well alone, although tempting, may not be well at all. It is a far riskier policy than making intelligent changes.

TAKING RISKS

One of the greatest fears is of taking risks. Logically, there is only one risk: that of being wrong. You can make mistakes in:

- Calculating the value of an idea
- Planning how to exploit the idea
- Implementing the plans

These risks can never be eliminated. But you must be sure that fear of risk is not a cover for lack of confidence in your own abilities. Use the fear of competition to overcome the fear of risks, keeping in mind Gates's words: "If you decline to take risks early, you'll decline in the market later".

HEALTHY PARANOIA

The principles that apply to corporations are just as important for Myself Ltd. You need a healthy paranoia that does not impair confidence, but keeps you on your toes. See any competition you face as potentially formidable and use the threat to motivate you to improve. Take very seriously the perceptions of your customers — and work relentlessly to shift those perceptions in your favour.

3. Owning the Customer

Gates ensured that IBM PCs came only with the Microsoft operating system, which meant that all IBM-compatible PCs also had to use MS-DOS. The PC customer had no choice but to “buy” Microsoft’s product. Like Gates, strive to bind the customer to you as closely as possible to establish unique market strength and secure your future.

SET THE STANDARD

It is unlikely that you have or could create a built-in position of such power as Microsoft’s. Still seek to ensure that your product is so good that customers can see no reason to buy anyone else’s. Gates would never have succeeded if Microsoft’s products had been markedly inferior to those of the competition. MS-DOS was good enough to deter purchasers from demanding something else.

You need to give the customer reasons to buy only from you even when there are plenty of options. Gates’s object was to make Microsoft the industry leader by:

- Offering the best products
- Making its products the most useful
- Keeping prices below the competition.

CREATING CAPTIVE CUSTOMERS

Getting your “business model” right is vital. That means not only the right relationship between costs and prices but the right route to retaining customers. King C. Gillette had dozens of rivals for the safety razor market. Although safety razors had advantages over the cutthroat, they cost \$5 - five times a day’s wage. The Gillette product was more expensive to make than others, but no better. All the same, Gillette swept the market. He sold the razor far below cost, but designed it so that only his patented blades could be used. He sold these with a 400 per cent mark-up. But customers happily paid five cents a blade because, with six or seven uses, each shave cost only a cent, which compared well with the 10 cents charged by barbers. Gillette had created captive customers by pricing shaves, not razors.

ANALYZE THE MARKET

You cannot sustain a dominant position in the marketplace with your product or service without having first analyzed carefully your customers and competitors. Find out more about customers — their perceptions and demands — by asking four more questions:

KNOW YOUR CUSTOMERS

- What do they want?
- When do they want it?
- How do they want it?
- What profitable price will they pay?

PROVIDE VALUE

Keep checking that you are meeting the demands of your customers. Microsoft overcomes the last hurdle - giving customers an acceptable yet profitable price — by “bundling” much of its software into the PC package. Customers are therefore unaware of the price. In most cases, that is an impossible ideal. But it is in your interest to keep price out of the decision to buy. If customers have strong enough reasons for buying your products, they will be relatively indifferent to price — so making your life much easier.

BUILD ON YOUR ASSETS

Think of the customer as your greatest asset — then think how to build on that asset. Gates did so by adding hugely profitable applications (such as Word and Powerpoint) to MS-DOS. To see where you can build, draw a square and complete the following customer/product matrix:

- Enter existing customers along the top line.
- Put existing products down the left side.
- Mark which customers make which products.

How can you fill in the blanks? Your first aim is to sell more existing products to existing customers. New products and new customers are vital, but harder to win, and they take longer to make a profit. Learn from Microsoft, which sometimes failed existing customers but made golden profits by correcting that failure.