

From:
Peter Drucker, *Managing for Results*. Pages 173-192.

11 Making the Future Today

We know only two things about the future:

- It cannot be known.
- It will be different from what exists now and from what we now expect.

These assertions are not particularly new or particularly striking. But they have far-reaching implications.

1. Any attempt to base today's actions and commitments on *predictions of future events* is futile. The best we can hope to do is to anticipate *future effects of events* which have already irrevocably happened.

2. But precisely because the future is going to be different and cannot be predicted, it is possible to make the unexpected and unpredicted come to pass. To try to make the future happen is risky; but it is a rational activity. And it is less risky than coasting along on the comfortable assumption that nothing is going to change, less risky than following a prediction as to what "must" happen or what is "most probable."

Business these last ten or twenty years has accepted the need to work systematically on making the future. But long-range planning does not—and cannot—aim at the elimination of risks and uncertainties. That is not given to mortal man. The one thing he can try is to find, and occasionally to create, the right risk and to exploit uncertainty. The purpose of the work on making the future is not to decide what should be done tomorrow, but what should be done today to have a tomorrow.

The deliberate commitment of present resources to an unknown and unknowable future is the specific function of the entrepreneur in the term's original meaning. J. B. Say, the great French economist who coined the word around the year 1800, used it to describe the man who attracts capital locked up in the unproductive past (e.g., in marginal land) and commits it to the risk of making a different future. English economists such as Adam Smith with their focus on the trader saw efficiency as the central economic function. Say, however, rightly stressed the creation of risk and the exploitation of the discontinuity between today and tomorrow as the wealth-producing economic activities.

Now we are learning slowly how to do this work systematically and with direction and control. The starting point is the realization that there are two different—though complementary—approaches:

- Finding and exploiting the time lag between the appearance of a discontinuity in economy and society and its full impact—one might call this *anticipation of a future that has already happened*.
- Imposing on the as yet unborn future a new idea which tries to give direction and shape to what is to come. This one might call *making the future happen*.

THE FUTURE THAT HAS ALREADY HAPPENED

There is a time lag between a major social, economic, or cultural event and its full impact. A sharp rise or a sharp drop in the birthrate will not have an effect on the size of the available labor force for fifteen to twenty years. But the change has already happened. Only catastrophe—destructive war, famine, or pandemic—could prevent its impact tomorrow.

These are the opportunities of the future that has already happened. They might therefore be called a potential. But unlike the potential discussed in the last chapter, the future that has already happened is not within the present business; it is outside: a change in society, knowledge, culture, industry, or economic structure.

It is, moreover, a major change rather than a trend, a break in the pattern rather than a variation within it. There is, of course,

Similarly, it would take a bold man to predict how fast the Negro will gain complete equality in American society. But that, as a result of the events of 1962 and 1963, there is a new awareness of race relations in the United States on the part of Negro and white alike; above all, that the "submissive Negro" has become a thing of the past, at least as far as the young people are concerned, is a fact that already happened. It is the kind of fact that is irreversible. It will have impact; the only question is how soon.

Industry and marketing structures too are areas where the future may have already happened—but where impacts are not yet accomplished.

The Free World economy may collapse again into economic nationalism and protectionism. The tremendous scope and impact of the movement toward a truly international economy in the nineteen fifties and nineteen sixties may have created so much stress and strain (e.g., political pressure from over-protected farmers) that a severe reaction will set in. But the businessman's awareness of the existence and extent of the international economy should persist. It is unlikely, barring catastrophe, that we shall within the next generation fall back into such easy illusions of the nineteen forties as that this or that industrial region can have something like an unchallengeable economic hegemony, or that a domestic industrial economy can be sealed off from the developments in the world economy. It is unlikely that the many businesses that have gone international these last fifteen years will move back to confining themselves, their operations, and their vision to one national economy and market.

These are—intentionally—big examples. But much smaller changes may also create opportunities to anticipate the future of the business today.

One example of a rather small shift in social and cultural habits that created such an opportunity was the change in the telephone habits of the younger Americans during World War II. Till then long-distance calls were not within the normal behavior of the great mass of the population; they were for emergencies only. During the war, however, the men in uniform were encouraged to keep in touch with their families through long-distance calls. As a result the long-

distance call became normal for the younger war-time generation. It would still be quite a few years before these young people of 1944 would become the heads of families and translate their new telephone behavior into the normal behavior of the population. The time could therefore be utilized by the telephone company to carry through a program of building long-distance facilities and equipment.

The changes that generate the future that has already happened can be found through systematic search. The first area to examine is always population. Population changes are the most fundamental—for the labor force, for the market, for social pressures, and economic opportunities. They are the least reversible in the normal course of events. They have a known minimum lead-time between change and impact: before a rise in the birthrate puts pressure on school facilities, at least five or six years will elapse—but then the pressure will come. And their consequences are most nearly predictable.

By the early 1960's it had become clear that the American population had undergone a drastic change in age structure, in basic cultural habits, and in expectations. While the events that brought this change about had already happened—for by 1961 everybody was already born who would be twenty by 1980—the impact had not yet begun to make itself felt. It would only begin to be felt in the late 1960's, and would reach its peak in the late 1970's.

By 1977 the American population will be the youngest it has been for 150 years, with at least two-thirds of the population under thirty-five years of age. The median age will be in the middle twenties. But unlike other countries of low average age, life expectancy in the United States is high, with an expected life-span of over seventy for both sexes. Never in history has there been such a relationship between average age and average life expectancy. Whenever in the past we had a young population, life expectancy was also short—and vice versa. What matters is, therefore, not only that people of fairly low chronological age will be the great majority in the American population of the late 1970's. They will also be people of very low relative or social age; that is, people who by the time they reach median life-span have lived no more than one-third of their life expectancy. This alone should mean tremendous changes in the behavior and expectations of the American people.

In addition, these young families will have an unprecedented degree of formal schooling. Half of them will contain at least one member, whether man or wife, who has had more than twelve years of schooling. This will mean different expectations on the part of the dominant groups in the labor force. As regards consumer behavior, we know, for instance that these couples (the young engineer employed in an electronics company and his wife, for instance) do not buy according to income. They buy according to expectations in respect to their future income and social position. Present income is a restraint on purchases rather than the motivating force.

Few changes in American economic history have been so striking or so fast as this change ahead. It is a change that has already happened.

Yet to my knowledge few if any American businesses have asked themselves: What does this change mean for us? What does it mean for employment and labor force? What does it mean in terms of new markets? How does it change the basic structure of the American market? What does it mean for our customers? Our products? Our entire business posture?

The two fastest-growing markets in the American economy are being created by this population change. But they are not yet to be found in economics books.

First there is an "activities market" which includes many goods and services hitherto not considered as belonging together: bowling, camping, and lawn care but also paperback books and adult higher education. All these activities are in competition with each other. All of them require something scarcer than money: discretionary time. The young engineer or manager who spends his evenings trying to acquire an advanced degree has no time to go bowling or to take care of his lawn. In the activities market, people do not buy to own but to do—in other words, they make no distinction between goods and services. The only distinction they can make is between time they have and time they do not have. The discretionary time market will therefore be both fast growing and rewarding and also competitive and difficult.

The other growth market ahead is the "office consumption market," i.e., the market for goods and services which, while not going to the individual family (and therefore not traditionally considered

consumer goods), also are not used up in the process of production and are, therefore, not traditional producer goods—things like typewriters, computers, and all kinds of goods and services to make knowledge workers productive. Again, while rewarding, this is also likely to be a highly competitive and rapidly changing market.

Another field that always should be searched for a future that has already happened is that of knowledge. This search should not, however, be confined to the present knowledge areas of the business. We assume, in looking for the future, that the business will be different. And one of the major areas in which we may be able to anticipate a different business is that of the knowledge resource on which the specific excellence of a business is founded. We must therefore look at major knowledge areas, whether they have a direct relation to the present business or not. And wherever we find a fundamental change which has not yet had major impact, we should ask: "Are there opportunities here which we should and could anticipate?"

The behavioral sciences provide an example of a major change in a knowledge area although few businesses would consider it directly relevant to them. Learning theory is one area in psychology where really new knowledge has been developed these last thirty years. Although this may seem rather remote to businessmen, the new knowledge is likely to have impact not only on the form and content of education but on teaching and learning materials, school equipment and school design, and even on research organization and research management. A wide range of industries—from publishing to construction—might be affected significantly, with great opportunities for those who first convert the potential of the new knowledge into actual goods and services.

One also looks at other industries, other countries, other markets, with the question: Has anything happened there that might establish a pattern for our industry, our country, our market?

In the early nineteen fifties every Japanese electronics manufacturer assumed—quite rationally—that incomes in Japan were too low for television and that the Japanese farmer, in particular, could not possibly afford anything so expensive as a TV set. Most Japanese companies therefore planned for limited production of cheap sets.

Only one small and almost unknown company tried to validate the assumption by looking at what had happened in other countries such as the United States, Great Britain, or Germany. It found that a television set apparently is not considered an ordinary article by the lower-income groups, but offers a satisfaction to them out of all proportion to its cost. In all countries the poor had been the most enthusiastic television customers; they had tended to buy more expensive sets than they could possibly justify by their income status. This one Japanese manufacturer therefore brought out larger and more expensive sets than his competitors. And he aimed a concentrated sales campaign at the Japanese farmer. Ten years later, two-thirds of the low-income households in the Japanese cities and more than half of the farm homes, had television, with the larger and more expensive sets in the lead. The formerly small and almost unknown company is now one of the largest Japanese electronics concerns.

Next, one always asks: Is anything happening in the structure of an industry that indicates a major change?

Such a change—now in progress throughout the entire industrial world—is the materials revolution, which erases or blurs the lines that traditionally separated different materials streams.

Only a generation ago materials streams were separate from beginning to end. Paper was, for instance, the main manufactured material into which wood could be converted. Paper, in turn, had to be made from a tree. The same situation held for other major materials, aluminum and petroleum, steel and zinc. Most of the finished products coming out of these material streams had specific and unique end-uses. In other words, most substances determined end-uses, and most end-uses determined substances.

Today, however, almost all materials streams are open-ended, first and last. The tree can go into a good many end-products other than paper. Substances that give the same performance as paper can be made from many starting materials other than trees. In respect to end-uses, materials have also become alternatives rather than complements. Paper is on the point of becoming an important material for clothing. There is a wide area of overlap within which products derived from different starting materials can be used to do the same job. Even the process is no longer unique. The paper people in-

creasingly incorporate into their processes techniques developed by the plastics manufacturers and converters; and the textile people increasingly adapt paper industry processes.

Every materials company is aware that its business is changing. A good many companies have done something about the change; the major American can companies have, for instance, bought container manufacturers using glass, paper, and plastics. But too few companies have, to my knowledge, realized that the fundamental change is not in their business, or even in business at all, but outside. Where we formerly saw individual substances, we now see materials. The change is so recent that no one can yet define what we mean by "materials." But it has already made obsolescent any business that defines itself in terms of one material stream.

Inside the business too there can usually be found clues to events which, while basic and irreversible, have not yet had their full impact.

One indication is often internal friction within the company. Something is being introduced—and it becomes a source of dissension. Unwittingly one has touched a sensitive spot—sensitive often, because the new activity is in anticipation of future changes and therefore in contradiction to the accepted pattern.

Wherever, in an American company, product planning is introduced as a new function and as a specific kind of work, it creates friction. Usually this manifests itself in a long wrangle as to where the new activity belongs. Does it belong in marketing? Or does it belong in research and engineering? Actually, this is much less a dispute over the new function than it is a dim first awareness that the marketing approach tends to make *all* functions secondary and that all functions are cost centers rather than producers of results. This, however, must lead to fundamental changes in organization. It is the anticipation of these changes that makes people react violently to the symptom, product planning.

Top management in the Bell Telephone System set up a new merchandising function ten years or so ago. Very few people in the telephone companies of the systems were affected by it; yet Bell Telephone managers were greatly upset. What had really happened

was that the Bell System had attained its major goal of the previous seventy-five years: to equip practically every American home and business with a telephone. Its primary market, the market for the telephone installation, had become saturated. Further growth, therefore, could only be obtained by promoting the maximum use of the telephone rather than by promoting subscriptions to telephone service on a minimum basis. This change that had already happened foreshadowed a radically altered situation in respect to opportunities as well as to risks for the telephone business in the United States; the internal friction over merchandising was only a first symptom.

Any business or activity which has reached its objective is heading into a period of major change. But most people in the business or the activity will continue for a long time to try to achieve the objective that has already been gained. During that period there is a future that has already happened, an opportunity to anticipate.

In the industrially developed countries, for instance, the goal of universal general education has been substantially accomplished. But most educators still think and act on the assumption—valid for the last two hundred years—that the task is to obtain more years of compulsory education. It usually takes a complete generation-shift for the new reality to become widely accepted. But those educational institutions that understand the situation and think through what it makes possible or what it requires will have educational leadership tomorrow.

In business, too, the company that sees that an objective has been reached and acts to redirect its efforts—while its competitors still strain to get to where they already are—will emerge as tomorrow's leader.

Two additional and related questions should be asked: "What do the generally approved forecasts assert is likely to happen ten, fifteen, twenty years hence? Has it actually happened already?" Most people can imagine only what they have already seen. If, therefore, a forecast meets with widespread acceptance, it is quite likely that it does not forecast the future, but in effect, reports on the recent past.

There is in American business history one famous illustration of the productivity of this approach.

Around 1910, in the early years of Henry Ford's success, the first forecasts appeared that predicted the growth of the automobile into mass transportation. Most people at that time still considered this unlikely to happen before another thirty years or so. But William C. Durant—then a small manufacturer—asked: "Has this not already happened?" As soon as he asked the question, the answer was obvious: It *had* happened, though the main impact was yet to come. The public's awareness had changed from regarding the car as a toy of the rich to demanding a car for mass transportation. And this would require large automobile companies. On this insight Durant imagined General Motors and began to pull together a number of small automobile manufacturers and small accessory companies into the kind of business that would be able to take advantage of this new market and its opportunity.

The final question should therefore be: "What are our own assumptions regarding society and economy, market and customer, knowledge and technology? Are they still valid?"

The English middle- and lower-class housewife was well known to be inflexibly conservative in her food buying and eating habits. The two companies in Great Britain that have emerged in the last ten or fifteen years as leading food distributors, however, raised the question in the late 1940's: Is this assumption still valid? It immediately became clear that the answer was: No. As a result of the food shortages of the war and postwar periods, the formerly conservative English housewife had become used to new foods and new food distribution methods, and was willing to experiment.

Looking for the future that has already happened and anticipating its impacts introduces new perception in the beholder. The new event is easily visible as the illustrations should have made clear. The need is to make oneself see it. What then could or might be done is usually not too difficult to discover. The opportunities, in other words, are neither remote nor obscure. The pattern, however, has to be recognized first.

As the examples should also have demonstrated, this is an approach of great power. But there is also major danger: the

temptation to see as a change what we believe to be happening, or worse, what we believe should happen. This is so great a danger that, as a general rule, any finding should be distrusted for which there is enthusiasm within the company. If everybody shouts, "This is what we wanted all along," it is likely that wishes rather than facts are being reported.

For the power of this approach is that it questions and ultimately overturns deeply entrenched assumptions, practices, and habits. It leads to decisions to work toward change in the entire conduct, if not in the structure, of the business. It leads to the decision to make the business different.

II

THE POWER OF AN IDEA

It is futile to try to guess what products and processes the future will want. But it is possible to make up one's mind what idea one wants to make a reality in the future, and to build a different business on such an idea.

Making the future happen also means creating a different business. But what makes the future happen is always the embodiment in a business of an idea of a different economy, a different technology, a different society. It need not be a big idea; but it must be one that differs from the norm of today.

The idea has to be an entrepreneurial one—an idea of wealth-producing potential and capacity, expressed in a going, working, producing business, and effective through business actions and behavior. It does not emerge from the question: "What should future society look like?"—the question of social reformer, revolutionary, or philosopher. Underlying the entrepreneurial idea that makes the future is always the question: "What major change in economy, market, or knowledge would enable us to conduct business the way we really would like to do it, the way we would really obtain the best economic results?"

Because this seems so limited and self-centered an approach, historians tend to overlook it and to be blind to its impact. The great

philosophical idea has, of course, more profound effects. But few philosophical ideas have any effect at all. While each business idea is more limited, a large proportion of them are effective. Innovating businessmen have therefore had a good deal more impact as a group than the historians realize.

The very fact that an entrepreneurial idea does not encompass all of society or all of knowledge but just one narrow area makes it more viable. The people who have this idea may be wrong about everything else in the future economy or society. But that does not matter as long as they are approximately right in respect to their own business focus. All that they need to be successful is one small, specific development.

Thomas Watson who founded and built IBM did not see at all the development of technology. But he had the idea of data processing as a unifying concept on which to build a business. The business was, for a long time, fairly small and confined itself to such mundane work as keeping accounting ledgers and time records. But it was ready to jump when the technology came in—out of totally unrelated wartime work—which made data processing actually possible, the technology of the electronic computer. While Watson built a small and unspectacular business in the twenties, designing, selling, and installing punch-card equipment, the mathematicians and logicians of Logical Positivism (e.g., Bridgman in the United States and Carnap in Austria) talked and wrote a systematic methodology of quantification and universal measurements. It is most unlikely that they ever heard of the young, struggling IBM Company, and certain that they did not connect their ideas with it. Yet it was Watson's IBM and not their philosophical ideas that became operational when the new technology emerged in World War II.

The men who built Sears Roebuck—Richard Sears, Julius Rosenwald, Albert Loeb, and, finally, General Robert E. Wood—had active social concerns and a lively social imagination. Yet not one of them thought of remaking the economy. I doubt even that the idea of a mass market—as opposed to the traditional class markets—occurred to them until long after the event. Yet from its early beginnings, Sears Roebuck had the idea that the poor man's money could be made to have the same purchasing power as the rich man's. This was not a particularly new idea. Social reformers and economists

had bandied it around for decades. The cooperative movement in Europe largely grew out of it. But Sears was the first business built on the idea in the United States. It started out with the question: "What would make the farmer a customer for a retail business?" The answer was simply: "He needs to be sure of getting goods of the same dependable quality as do city people at the same low price." At the time this was an innovating idea of considerable audacity.

Great entrepreneurial innovations have been achieved by converting an existing theoretical proposition into an effective business.

The entrepreneurial innovation that has had the greatest impact converted the theoretical proposition of the French social philosopher Saint Simon into a bank. Saint Simon starting from Say's concept of the entrepreneur, developed a philosophical system around the creative role of capital. The idea became effective, however, through a banking business: the famous Credit Mobilier, which his disciples, the Brothers Pereire, founded in Paris in the middle of the nineteenth century. The Credit Mobilier was to be the conscious developer of industry through the direction of the liquid resources of the community. It became the prototype for the entire banking system of the then underdeveloped continent of Europe—beginning with the France, Holland, and Belgium of the Pereires' day. The Pereires' imitators then founded the "business banks" of Germany, Switzerland, Austria, Scandinavia, and Italy which became the main agents for the industrial development of their countries. After the Civil War the idea crossed the Atlantic. The American bankers who developed American industry—from Jay Cooke and the American Credit Mobilier that financed the transcontinental railroad, to J. P. Morgan—were all imitators of the Pereires, whether they knew it or not. So were the Japanese Zaibatsu, the great banker-industrialists who built the economy of modern Japan.

The most faithful disciple of the Pereires, however, has been Soviet Russia. The idea of planning through the controlled allocation of capital comes directly from the Pereires; all the Russians did was to substitute the State for the individual banker. (A step taken by an Austrian, Rudolf Hilferding, who started out in Vienna as a banker in the "business bank" tradition and ended as the leading theoretician of German democratic socialism. His book, *Finance Capital* (1910)

was acknowledged by Lenin to have been the source of his planning and industrialization concepts.) There is nothing of this in Marx, above all no "planning."

Every single development bank started today in an underdeveloped country is still a direct descendant of the original Credit Mobilier. Yet the Brothers Pereire did not start out to remake the economy. They started a business with the idea of making a profit.

Similarly, the modern chemical industry grew out of the conversion of an already existing idea into a business.

By all odds the modern chemical industry should have arisen in England. In the mid-nineteenth century, England with her highly developed textile industry was the major market for chemicals. It also had the scientific leadership at the time—the time of Faraday as well as of Darwin. The modern chemical industry did actually start with an English discovery: Perkin's discovery of aniline dyes (1856). Yet, twenty years after Perkin—that is, around 1875—leadership in the new industry had passed to Germany. German businessmen contributed the entrepreneurial idea that was lacking in England: the results of scientific enquiry—organic chemistry in this case—can be directly converted into marketable applications.

The idea on which a business might grow to greatness can be a much simpler one, of course.

The most powerful private business in history was probably the Japanese House of Mitsui, which before its dissolution after Japan's defeat in World War II is said to have employed a million people all over the world. (This at least was the official estimate of the American occupation authorities who decreed the dissolution of the Mitsui concern.) Its origin was the world's first department store, developed in Tokyo in the mid-seventeenth century by an early Mitsui. The entrepreneurial idea underlying this business was that of the merchant as a principal of economic life, rather than as mere middleman. This meant on the one hand fixed prices to the customer. On the other hand, Mitsui no longer acted the agent dealing with craftsman and manufacturer. He would buy for his own account and give firm orders for standardized merchandise to be made according to his specifications. In overseas trade the merchant had acted as a principal all along. Around 1650 however, overseas trade had just been suppressed in

Japan—whereupon Mitsui took the overseas-trade concepts and built a domestic merchant-business on them.

The basic entrepreneurial idea may be merely imitation of something that works well in another country or in another industry.

When Thomas Bata, the Slovak shoemaker, returned to Europe from the United States after World War I, he had the idea that everybody in Slovakia and the Balkans could have shoes to wear as everybody had in the United States. "The peasant goes barefoot," he is reported to have said, "not because he is too poor, but because there are no shoes." What was needed to make this vision of a shod peasant come true was a supply of cheap and standardized, but well-designed and durable footwear, as there was in America. On this analogy Bata built in a few years Europe's largest shoe business and one of Europe's most successful companies.

To make the future happen one need not, in other words, have a creative imagination. It is work rather than genius—and therefore accessible in some measure to everybody. The man of creative imagination will have more imaginative ideas, to be sure. But that the more imaginative idea will actually be more successful is by no means certain. Pedestrian ideas have at times been successful; Bata's idea of applying American methods to making shoes was not very original in the Europe of 1920, with its tremendous interest in Ford and his assembly line. What mattered was his courage rather than his genius.

To make the future happen one has to be willing to do something new. One has to be willing to ask: What do we really want to see happen that is quite different from today? One has to be willing to say: "This is the right thing to happen as the future of the business. We will work on making it happen."

"Creativity," which looms so large in present discussions of innovation, is not the real problem. There are more ideas in any organization, including businesses, than can possibly be put to use. What is lacking, as a rule, is the *willingness to look beyond products to ideas*. Products and processes are only the vehicle through which an idea becomes effective. And, as the illustrations

should have shown, the specific future products and processes can usually not even be imagined.

When DuPont started the work on polymer chemistry out of which Nylon eventually evolved, it did not know that manmade fibers would be the end-product. DuPont acted on the assumption that any gain in man's ability to manipulate the structure of large, organic molecules—at that time in its infancy—would lead to commercially important results of some kind. Only after six or seven years of research work did manmade fibers first appear as a possible major result area.

Indeed, as the IBM experience shows, the specific products and processes that make an idea successful often come out of entirely different and unrelated work. But the willingness to think in terms of the general rather than the specific, in terms of a business, the contributions it makes, the satisfactions it supplies, the market and economy it serves, comes hard to the average businessman.

Moreover, the businessman often lacks the courage to commit resources to such an idea. The resources that should be invested in making the future happen should be small, but they must be of the best. Otherwise nothing happens.

The greatest lack of the businessman is, however, a touchstone of validity and practicality. An idea has to meet rigorous tests if it is to be capable of making the future of a business.

It has to have operational validity. Can we take action on this idea? Or can we only talk about it? Can we really do something right away to bring about the kind of future we want to make happen?

Sears Roebuck with its idea of bringing the market to the isolated American farmer could show immediate results. But DuPont with its idea of polymer chemistry could only organize research work on a small scale; all it could do was to underwrite the research of one first-rate man. Both, however, could *do* something right away.

To be able to spend money on research is not enough. It must be research directed toward the realization of the idea. The knowledge sought may be general—as was that of DuPont's

project. But it must be reasonably clear at least that if available, it would be applicable knowledge.

The idea must also have economic validity. If it could be put to work right away in practice, it should be able to produce economic results. We may not be able to do what we would like to see done—not for a long time, perhaps never. But if we could do it now, the resulting products, processes, or services would find a customer, a market, an end-use, should be capable of being sold profitably, should satisfy a want and a need.

The idea itself might aim at social reform. But unless a business can be built on it, it is not a valid entrepreneurial idea. The test of the idea is not the votes it gets or the acclaim of the philosophers. It is economic performance and economic results. Even if the rationale of the business is social reform rather than business success, the touchstone must be ability to perform and to survive as a business.

Businesses started to bring about social rather than economic results are not numerous—though some of the most successful entrepreneurs were primarily reformers in their outlook and approach (Robert Owen, for instance, or the young Henry Ford). But wherever an attempt succeeds in attaining a social goal through a business, it is because the test of economic validity is applied ruthlessly.

This is being done today, for instance, by Murray Lincoln of the Nationwide Insurance Companies. Describing himself as "Vice President in Charge of Revolution," Lincoln has dedicated his life to the advancement of the cooperative movement. He has little good to say of profit-making enterprise. Yet he has tried to promote cooperation through businesses—insurance companies and financial businesses by and large—and he demands of them better business performance than their more orthodox competitors among profit-seeking companies demand of themselves.

Finally, the idea must meet the test of personal commitment. Do we really believe in the idea? Do we really want to be that kind of people, do that kind of work, run that kind of business?

To make the future demands courage. It demands work. But it also demands faith. To commit ourselves to the expedient is simply not practical. It will not suffice for the tests ahead. For no

such idea is foolproof—nor should it be. The one idea regarding the future that must inevitably fail is the apparently “sure thing,” the “riskless” idea, the one “that cannot fail.” The idea on which tomorrow’s business is to be built must be uncertain; no one can really say as yet what it will look like if and when it becomes reality. It must be risky: it has a probability of success but also of failure. If it is not both uncertain and risky, it is simply not a practical idea for the future. For the future itself is both uncertain and risky.

Unless there is personal commitment to the values of the idea and faith in them, the necessary efforts will therefore not be sustained. The businessman should not become an enthusiast, let alone a fanatic. He should realize that things do not happen just because he wants them to happen—not even if he works very hard at making them happen. Like any other effort, the work on making the future happen should be reviewed periodically to see whether continuation can still be justified both by the results of the work to date and by the prospects ahead. Ideas regarding the future can become investments in managerial ego, too, and need to be carefully tested for their capacity to perform and to give results. But the people who work on making the future also need to be able to say with conviction: “This is what we really want our business to be.”

It is perhaps not absolutely necessary for every business to search for the idea that will make the future. A good many businesses and their managements do not even make their present business effective—and yet the companies somehow survive for a while. The big business, in particular, seems to be able to coast a long time on the courage, work, and vision of earlier executives.

But tomorrow always arrives. It is always different. And then even the mightiest company is in trouble if it has not worked on the future. It will have lost distinction and leadership—all that will remain is big-company overhead. It will neither control nor understand what is happening. Not having dared to take the risk of making the new happen, it perforce took the much greater risk of being surprised by what did happen. And this is a risk that even the largest and richest company cannot afford and that even the smallest business need not run.

192 : FOCUS ON OPPORTUNITY

To be more than a slothful steward of the talents given in his keeping, the executive has to accept responsibility for making the future happen. It is the willingness to tackle purposefully this, the last of the economic tasks in business enterprise, that distinguishes the great business from the merely competent one, and the business builder from the executive-suite custodian.