

Early bird or second mouse?



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Remember “first-mover advantage”?

It was an article of faith in the early days of the Internet economy: An army of upstart Davids was going to rise up and slay the incumbent Goliaths.

Great stuff to tell around the campfire at night. But after the dot-com juggernaut drove off a cliff, the “first mover” myth looked like just one more delusion dreamed up by the manic technoids of Silicon Valley and its global wannabes.

Sure, increasing returns on scale in e-business means that winning dominant market share early is everything. Even a far superior offering, if it’s late to the party, will have a very hard time getting much traction in the market.

But somehow “early dominant share” got translated into “first mover.” And the truth is, first movers rarely win.

The real advantage comes from waiting, watching and then figuring out how to execute.

Those who pursue this strategy are often known as “fast followers.” However, it’s a characterization that those desiring a more bleeding-edge self-image sometimes frown upon. “Smart successor” may be a more accurate epithet, as in, “Robert Fulton might have been the first one up the Hudson in a steamboat, but Cornelius Vanderbilt was the smart successor who made a killing in the shipping business.”

A smart-successor strategy has numerous benefits, the most obvious being the luxury of hindsight; the

most important, the ability to capitalize on the market’s growth with speed and care.

Typically, when a smart successor enters the market:

- Technologies have been tested (and may be less expensive)
- The time required for primary learning has been reduced
- The first mover has paid to educate the market and promote the innovative product or service.

Think interactive television—an industry in which dozens of early entrants have fizzled while trying to educate and convince buyers that the product satisfies a need.

Not only do first movers fail, but they are quickly forgotten. Often a company credited with being the first mover in a market is, in fact, simply that market’s first successful player.

The list of obscure market trailblazers is a long one. VisiCalc, for example, pioneered spreadsheet software but lost its lead to Lotus 1-2-3 (which, in turn, lost its lead to Microsoft Excel). The first jet airliner in passenger service? The De Havilland Comet. Zenith created the first laptop-style PC.

A similar scenario marked the beginning of the commercial use of the Internet. Most of the companies that were first movers have passed into Chapter 11 or have been absorbed by older, more experienced players that brought their breadth of experience and depth of infrastructure to better fulfill the promise of the innovation.

For these veterans, success was not simply the result of patience and timing. It was about their ability to quickly battle to a position of market preeminence at the point of inflection for major waves of technology-based business opportunities.

Of course, simply snoozing through the early acts of a new opportunity won't win the day either.

Thriving on points of inflection requires that portions of the organization behave and think like wild-eyed, evangelical first movers.

The conditioning is achieved through wide dissemination of the points of view with regular updates on the state of the art and the state of the market. These updates should be well seasoned with stories of success and failure as entrepreneurial scouts probe the limits of the technology and the market.

They realize prototypes and pilots.

A good future watch is necessary but not sufficient. Real learning comes from doing. Prototypes convert abstract ideas into deeper understanding and a sense of reality. Pilot projects

"The early bird gets the worm, but the second mouse gets the cheese."—Anonymous

Smart successors can be seen engaging in the following activities.

They develop, test and refine points of view. This starts early, with a technically informed vision of the future and the impact of this future on their enterprise.

This can be accomplished with a relatively small group of people, but the team must include technologists and strategists, insiders and outsiders to ensure foresight and relevance. Smart successors follow a process whereby their vision and points of view are regularly reviewed and refreshed.

They condition their team—both the leadership and the practitioners.

This way, when the time is right, they will be ready to embrace new opportunities with confidence and understanding.

teach lessons that observation and storytelling can't convey.

They locate, develop and network deep pools of specialized expertise. In the early days, skills will be associated with pioneering projects. Identifying the skills that will be needed as the market approaches the inflection point permits the smart successor to nurture and make real use of them. These embers of expertise will provide the heat needed to quickly burn your brand into the marketplace when the time is right.

After the e-meltdown, one principle not only survives but has been proven effective: Think big, start smart and scale fast. ■