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## Digits and Ones: Some Excerpts from "Innovations"

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By John Gehl and Suzanne Douglas

These items have been excerpted from INNOVATION, by John Gehl and Suzanne Douglas. For a free trial subscription, send a message to: [innovation-trial@newsscan.com](mailto:innovation-trial@newsscan.com) with the word 'subscribe.pl' in subject line.

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### **Chequeless Society**

After waiting for the promised "checkless society" for a quarter of a century, America will see its arrival before the year 2000, since the country's biggest check-writer -- Uncle Sam -- will be forced by an unnoticed provision of the recent budget comprise to abandon paper checks almost entirely before 1999. All 1 billion government checks, including Social Security, Medicare and Medicaid, will have to be made through electronic transfers. The rest of the economy is certain to fall quickly in line. (Janet Novack, "Check-free," Forbes 9 Sep 96 p140)

### **And the Commencement of E-Money**

Representative Mike Castle (R-Del.) notes that the age of electronic money is no further away than the next round of university graduates. The reason? The prepaid cards that universities are providing students, which can be used to pay for food, photocopying and even tickets to sporting events: "You have a whole group of kids, 18 to 22, who will be very used to not handling money at all. If the entire college population of the U.S. is doing this, its members won't easily go back to check writing and more arcane banking practices." (Forbes ASAP 26 Aug 96 p72)

### **Organizational Change: Die a Little, Live a Little**

At some point a caterpillar (if it knows what's good for itself) has to decide to die as a caterpillar and become a butterfly; -- and at some point an organization (if it knows what's good for itself) has to decide to let its core business die a little, so it can move on to a new phase of life. Only a transformed, revitalized organization will be able compete successfully in a dynamic marketplace, and an established company's key to success in the years ahead will be to leverage its franchise into the electronic marketplace. However, this won't be easy, because for most incumbents "e-commerce will require broad changes in organizational approach and structure, as well as in skills, mindset, human resources, and measures of economic success. Many will have to cannibalize existing businesses or channels and risk demotivating the traditional organization while building the new one." And companies that succeed in creating innovative units will have to be careful not to stifle the venture by trying to convert it back into a traditional model in the longer term. "Long-term strategic plans relying on elaborate management processes are unlikely to prevail against nimble new entrants unencumbered by past decisions." Butterflies need to be free. (Lorraine Harrington & Greg Reed, "Electronic Commerce Finally Comes Of Age," McKinsey Quarterly 1996 No. 2 p68)

### **Move Over, Paradigm Shift**

Forget paradigm shifts, says a new report by Price Waterhouse LLP -- now we're getting into "isoquantic" shifts. The ability to turn nearly everything into a series of ones and zeroes "places the world at the crux of enormous change," says one of the authors. Now that everything can be made to look like everything else (at least as far as a computer is concerned), previously disparate industries are rapidly converging. Examples include the coming distribution of Hollywood films on CD-ROMs, magazine publishing on the Internet, and the rise of online banking and shopping. (Investor's Business Daily 2 Jul 96 A8)

## **Your Next Job Trainer May Be a Computer**

The hotel and banking businesses are investing big bucks in computerized job-training simulation packages that are showing up in high school computer labs around the country. The systems use interactive software and animated multimedia technology that's compatible with many of the older computers found in today's schools, and give the students a taste of what it's like to operate in the real world of business decision-making. In addition to business fundamentals, the systems teach basic workplace skills like courtesy and cooperation, as well as business ethics, such as whether to accept a big tip for bypassing bank procedures on a loan application. "The simulations engage students in a way that other approaches don't. This isn't something that they have already failed at," says a vo-tech instructor who trains high-school dropouts in New York City. (Wall Street Journal 7 May 96 B1)