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Interviewer: Welcome to *Business Today*, a program for young entrepreneurs. Today our guest is Amanda Burns, who has an idea for starting her own business. Amanda, Welcome.

Entrepreneur Amanda Burns: Thank you for having me.

Interviewer: Well, let's jump in. What is your business idea?

Burns: Well, I want to focus on style and high fashion in wearable technology. Nice accessories for fashionable people who want to be healthy, and also look great. I see a big market out there.

Interviewer: Sounds like you have vision. Please explain a little more.

Burns: Sure, for example, we have a very fashion forward bracelet—with a fitness tracker to track steps, distance, calories burned, heart rate, and so on. Plus a stress monitor, so that the wearer can track both physical health and their mental health.

Interviewer: Other companies sell fitness trackers. What would make your business unique?

Burns: My products will look fantastic, not just track. People will love to wear them. My target market is 18- to 35-year-olds. The health and fashion-conscious group.

Interviewer: Have you thought about using an online fund-raising site, like Kickstarter?

Burns: Definitely. Kickstarter is a great way to raise awareness about a new product. Get people interested in buying it.

Interviewer: Do you have a name for your company yet?

Burns: I'm still working on ideas.

Interviewer: Good luck to you. Thanks for coming in today.

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Speaker: Good afternoon. Today we're going to talk about how to start a small business. First I want to focus on creating a business plan. A detailed business plan is essential once you have an idea for a business. After I talk about the business plan, I intend to talk about building a website to test the idea for the business. You need to find out what other people think of your idea. Both of these steps are essential to start a small business. All right, so now let's get started. Before we can create a business plan, we need an idea for a business. Who has an idea for what people might want or need?

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Professor Nancy Lee: E01 Hi. Today we're going to talk about how to succeed in today's economy. Of course, we all know that education is only one component of success. But being successful is not just about education. Today we're going to talk about *what else* is needed to be successful in today's economy. **E02** I plan to divide my lecture into two main parts. First, I want to survey the current business environment. Second, I'd like to outline the attributes needed in order to be successful in today's economy. OK? Let's get started. **E03** When we talk about "today's economy," what do we mean? Well, basically we're referring to a global system of people, resources, and ideas. This means that everything is connected—interrelated. Conditions change rapidly—all the time. We call this a "VUCA" environment. That's V-U-C-A. V is for volatility, U-uncertainty, C-complexity, and A-ambiguity. Let's look at these one by one. **E04 V:** Volatility. Volatility means the economy is likely to change suddenly. It may change in unpredictable ways. We don't know how or when the change will come. For example, the price of a barrel of oil might go up 20 percent in one day—this shows that the energy market is "volatile." **E04a** Then there is U: Uncertainty. We don't have all the information we want or need. We can't control events. We can't predict how everyone will react. For example, a while back, Google launched Google Glass—you know, the wearable gadget that fits over your eyes. It seems like you can see a secret world! Google thought it was a great product. They believed that consumers would love it. But the reaction was mixed. Why? Around that same time, the public was getting nervous about privacy. The company had no way of knowing that consumers would react this way. Consumer response is like the weather: It's uncertain. **E04b** And then there is C: Complexity. Business problems are often caused by a number of diverse factors. For example, a company may have a problem in a foreign country because of customs or cultural values the company did not understand. For example, a large US retailer, Walmart, recently tried to open a chain of stores in Germany. Walmart used their successful US model: They had cheap prices, very large stores, and long store hours. But it didn't work as well as they had hoped. They discovered that Germans generally don't trust low-priced products, they don't like large stores, and they don't want to go shopping at midnight. The process of opening a chain of stores was more complex than they thought. **E04c** And finally, there's Ambiguity. Ambiguity means things are unclear, or undefined.

People tend to make familiar choices because they don't like ambiguity. For example, if your company wants to open a new sales office in New York or Chicago, you may say, "I don't know much about Chicago, so let's choose New York." This is called the "ambiguity effect": People avoid choosing something they're not familiar with. **E04d** OK, that's VUCA: volatility, uncertainty, complexity, and ambiguity. These are a set of interrelated factors that describe the main challenges in business today. Do you see what I mean here? **E05** OK, well, how does someone succeed in the face of all of these challenging factors? Bob Johansen of the Institute for the Future in Palo Alto, California, identifies four characteristics a leader needs to succeed in business. He uses the same letters—V-U-C-A—to describe these characteristics: V is for vision, U for understanding, C for clarity, and A is for agility. He calls this VUCA Prime. Let's examine these characteristics and illustrate each one with an example of a successful business leader. **E06** First: Vision. Vision means having a clear idea for the direction of the company. What does the company want to achieve? What is the dream? Vision means making big decisions that align with this dream. Someone who clearly had vision was Jeff Bezos, the founder of Amazon. In the early days of the Internet, Bezos realized that Internet use was growing very rapidly. He had the vision that these Internet users would want to shop online. So he started Amazon—which today is a complete virtual shopping center. **E06a** Next: Understanding. Understanding involves taking time to look at "the big picture" to see what is going on outside of us. Understanding means paying attention to *opportunities* around us. Rashmi Sinha had this kind of understanding when she co-founded SlideShare. She saw a great opportunity in the concept of global sharing and started a company, SlideShare, that allows companies and individuals around the world to share presentations. **E06b** Then we have Clarity. Clarity means being able to see clearly what is most important—and being able to make a strong decision about what to do. One example of a leader seeing clearly is Laura Fitton, founder of the social business network Oneforty, which was later acquired by HubSpot. Fitton clearly envisioned that social media could be utilized as a marketing and investing tool. She saw clearly what was *missing*: a directory system for people to find goods, services, and opportunities easily. **E06c** Finally: Agility. Agility is being able to think and move quickly. A good example of agility is Pierre Omidyar, who started Ebay. He saw that people like to buy and sell their own goods and services in an open marketplace. So he designed an auction website. Very quickly, he adapted to people's feedback about what they wanted. That's agile thinking. **E07** So there you have it in a nutshell: If you want to succeed as a business leader, you need to have these qualities: vision, understanding, clarity, and agility. I hope you'll be inspired by these examples. These are exciting times to be in business—and I'd

like you to start thinking about how you can succeed. Think about this: Which VUCA Prime qualities do you possess? And what kind of business would you like to start? OK, that'll do it for now.

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Shelley: It looks like everyone is here. So, to get us started. Can anyone explain what the professor meant by a VUCA environment?

Ben: Sure, I'll start. Let's see, a VUCA environment ... In short, VUCA means a challenging, rapidly changing business environment.

Shelley: OK. Hugh? Kenzie? Any thoughts?

Hugh: When the professor said "today's economy," what does that mean?

Kenzie: Yes. I think it means the current business environment—the way business is run today, with the Internet, and everything being interrelated.

Hugh: Hm. OK. Thanks.

Kenzie: So, I have a question—about "ambiguity" and what that means.

Ben: Let me try. In business it means the situation is unclear, undefined. So you may feel unsure about what the best decision is.

Shelley: Exactly. OK. Let's move on. Let's talk about VUCA Prime. What do you think about the characteristics of VUCA Prime?

Ben: Well, I'd say to be successful. I mean, I think all of the points are very important. But I think the main point is Vision.

Kenzie: I'm not sure I agree. Sure, vision is important. But I would say Agility is more important. You've got to be quick. Able to adapt.

Shelley: Wait a second. *Adapt* is what?

Ben: Adapt. It means to change, based on the environment.

Shelley: Uh-huh. Alright. Thanks.

Hugh: I see both of their points. I think, actually, to be truly successful, you have to understand the big picture. So I say Understanding is number one. You have to understand how everyone, everybody in the business world is connected.

Shelley: OK. So it sounds like we don't agree about order: What's number one, most important. But I'm sure we *do* agree that all four VUCA Prime qualities are necessary in a good business leader. Don't we?

Kenzie, Ben, Hugh: Yeah. / Uh-huh. / Yes.

Kenzie: Hey, guys. Before we go, can I tell you about the business I'd like to start some day?