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the world's military field glasses market; Tetra Food making 80 percent of the food for feeding tropical fish; and Becher producing 50 percent of the world's oversized umbrellas. These and other companies pursue well-defined niches in the global marketplace, and although they are less visible to the public, they are highly profitable.

orecasting and the Future

The company that doesn't see trouble ahead is headed for real trouble. That's why it hires economists, consultants, and futurists.

Yet people must be cautious about predicting the future. Ben Franklin said, "**It is easy to see; hard to foresee.**" An old saying is that those who live by the crystal ball will eat ground glass.

So many eminent observers have made wildly erroneous predictions.

- Thomas Edison opined that "the phonograph is of no commercial value."
- Irving Fisher, eminent Yale economics professor, said in September 1929, just before the Wall Street crash, "Stock prices have reached what looks like a permanently high plateau."

- Thomas J. Watson of IBM said in 1947: “I think there is a world market for about five computers.”
- Ken Olson, former CEO of Digital Equipment Corporation, said in 1977, “There is no reason for any individual to have a computer in their home.”
- Jack Welch, the retired chairman of GE, admitted to three forecasting errors during his career. When U.S. inflation was running at 20 percent, he forecasted that inflation would remain in the double digits. When oil hit \$35 a barrel, he predicted that oil’s price would rise to \$100. When Japan was in its prime, he predicted that the Japanese would continue to take over more American industries.

All of these show the weakness of using today’s situation to predict tomorrow’s situation. The story is told about an auto company that increased its production of green cars after noticing a spike in their sales. The company didn’t realize that dealers were slashing prices to get rid of green cars.

John R. Pierce of Bell Labs beautifully explained why so many predictions fail: **“The trouble with the future is that there are so many of them.”**

The inimitable Yogi Berra said that **“prediction is very hard, especially of the future.”** He also despaired: **“The future ain’t what it used to be.”**

The most truthful prediction is that business will be either better or worse. The same can be said for the economy.

Woody Allen commented on how to handle bad times: **“More than anytime in history, mankind faces a crossroads. One path leads to despair and utter hopelessness, the other to total extinction. Let us pray that we have the wisdom to choose correctly.”**

Businesses have relied on economists to predict the future. There are two types of economists: those who can’t predict the future and know it, and those who can’t predict the future and don’t

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know it. After asking different economists for an opinion, Harry Truman finally gave up and requested a one-handed economist. He did not want to hear the words: “On the other hand.” Basically, economists exist to make astrologers look good.

In spite of this, in order to be in front your business needs to forecast where customers and the economy are moving. Wayne Gretzky, the brilliant hockey star, when asked how he is always in the right position, said: **“It isn’t where the puck is; it’s where the puck will be.”**

Yet watch out for experts who give a forecast in the form of a number or a date, but not both.

The truth is that the future is already here; it has already happened. The task is to find and study what the small percentage of future-defining customers want. The future is already here but is unevenly distributed in different companies, industries, and countries.

Dennis Gabor, the business strategist, is less concerned with predicting the future. He believes: **“The best way to predict the future is to invent it.”** Your company faces an infinite number of futures and must decide on which one it wants.

Goals and Objectives

The most generic goal of business is to earn more than the cost of capital. The goal is to make today’s investment worth more tomorrow. If this happens, the company has achieved economic value added (EVA).